GUAN CHONG BERHAD
200401007722 (646226-K)

Exploring New Frontiers
Sustaining Growth

Integrated Annual Report 2021

18th Eighteenth Annual General Meeting

PLO 207, Jalan Tembaga Satu,
Kawasan Perindustrian Pasir Gudang,
81700 Pasir Gudang, Johor

Monday
30 May 2022
10 a.m.

Scan the QR Code or view our Integrated Annual Report PDF online version at https://www.gcbcocoa.com/content/annual-reports

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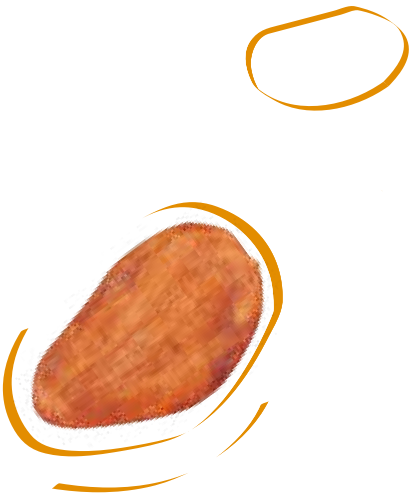


About This Report

We are proud to present our first Integrated Annual Report, an inclusive narrative of how we generate and sustain value within **Guan Chong Berhad**. This report is part of a broader reporting framework which includes:

Integrated Annual Report

Provides a comprehensive yet concise overview of our value creation process, performance in FY2021, outlook for the future, growth strategies and risk mitigation actions. Details how we are creating long-term, sustainable value through good governance and by embedding economic, environmental and social sustainability into our growth strategies.

Disclosures guided by:

- The International <IR> Framework January 2021 issued by Value Reporting Foundation
- Bursa Malaysia Main Market Listing Requirements
- Bursa Malaysia Corporate Governance Guide (4th edition)
- Malaysian Code on Corporate Governance 2021 issued by Securities Commission Malaysia
- Malaysian Companies Act 2016
- Malaysian Financial Reporting Standards

Our Integrated Annual Report is available for download at www.gcbcocoa.com/content/annual-reports.

Sustainability Report

Provides a comprehensive report of our performance in relation to economic, environmental and social sustainability issues that are material to the Group and our stakeholders.

Disclosures guided by:

- Bursa Malaysia's Sustainability Reporting Guide (2nd Edition)
- Bursa Malaysia Main Market Listing Requirements
- Global Reporting Initiative ("GRI") Sustainability Reporting Standards

Additional information on our robust corporate governance framework, organisational policies and codes of conduct can be found on our Group website at www.gcbcocoa.com/content/corporate-governance.

Scope & Boundary:

- This report extends beyond financial reporting to include non-financial performance and our achievements as a Group.
- It covers the period from 1 January 2021 to 31 December 2021 and builds on our previous publications.

Forward-looking Statements:

- This report contains certain forward-looking statements, relating to information on future directions, strategies, potential risks, actions to mitigate risks and our performance.
- These statements involve uncertainty as they describe future events and are not conclusive. Actual implementation and results may differ depending on various risk factors and market uncertainties, which may be unforeseeable.
- The inclusion of forward-looking statement in this report should not be regarded as a representation or warranty that the Group's plans and objectives will be achieved. Readers should not place undue reliance on such forward-looking statements, and we do not undertake any obligation to publicly update or revise any forward-looking statements.

Stakeholder Relationships and Materiality:

- We apply the principles of Stakeholder Relationships and the concept of Materiality to define and substantiate what creates value for the Group.
- This means understanding and responding to the needs of our stakeholders and material matters that significantly impact our ability to create value.
- Accordingly, we have identified five material matters (refer to 'Material Matters' on page 32), and our five key stakeholders (refer to 'Key Stakeholder Engagement' on page 30).

About This Report (Cont'd)

Our Capitals:

Financial Capital
Our financial assets and pool of funds to support the value creation process.

Manufactured Capital
Our factories, machinery and other physical assets that support our business strategies.

Intellectual Capital
Our brand values, reputation, collective knowledge, and our systematic processes and procedures.

Human Capital
Our skilful workforce, and their experience and competencies in alignment to our growth strategies.

Social & Relationship Capital
The relationships we maintain with our stakeholders to enhance individual and collective well-being.

Natural Capital
The natural resources we utilise in our processes to create value.

With the overarching aim of effectively detailing what constitutes value to our Group, and how it is created and sustained, this report uses the globally recognised 'Six Capitals' based on the <IR> Framework.

Value Creation:

Our value creation business model on page 28 contextualises how each of the capitals is deployed, in alignment with our business strategies and our internal governance and systems, to generate beneficial outputs and outcomes for the Group and our stakeholders.

Read more: Value Creation Business Model, page 28

Risk Categories:

The risks detailed in this report are segmented into four categories based on their area of impact. Please refer to "Key Risks and Risk Mitigation Actions" on page 34 for more details.

Strategic	Risks primarily caused by events that are external to the Group, but have a significant impact on our strategic decisions or activities.
Operational	Unfortunate events that have the potential to disrupt our day-to-day operations and processes of the Group.
Financial	Risks that have a direct financial impact on the Group.
Compliance	Non-compliance with laws and regulations in the countries where the Group is in operation, that may result in financial penalties, reputational damage or even revocation of business licenses.

Read more: Key Risks and Risk Mitigation Actions, page 34

Statement of Board Responsibility:

The Board acknowledges its responsibility of ensuring the integrity of this report, which in the Board's opinion addresses all the issues that are material to the Group's ability to create value and fairly presents the financial and non-financial performance of the Group.

The Board, supported by a dedicated reporting team, has applied its collective efforts towards the preparation and presentation of this Integrated Annual Report, which has been prepared and presented in accordance with the International <IR> Framework January 2021 issued by the Value Reporting Foundation.

This Integrated Annual Report was approved by the Group's Board of Directors on 5 April 2022.

Introduction

WHO WE ARE

Guan Chong Berhad was incorporated in Malaysia as a public limited company on 22nd March 2004 and listed on the Main Market of Bursa Malaysia on 8th April 2005.

Our business activities primarily comprise the manufacturing of cocoa-derived food ingredients, namely cocoa mass, cocoa butter, cocoa powder and cocoa cake, in addition to a full range of chocolates and couvertures that come in dark, milk and white varieties, and in solid or liquid form. Our cocoa products are sold under the trademark of "FAVORICH" - meaning "High in Flavour" and "Rich in Colour". Meanwhile, our industrial chocolate products are sold under the trademark of "SCHOKINAG".

Ambitious expansion plans have propelled us to become one of the world's leaders in our industry. Specifically, with the acquisition of SCHOKINAG Holding GmbH ("SCHOKINAG") in 2020, we gained a strong presence in the European industrial chocolate market, bolstered by SCHOKINAG's rich history over 90 years. Furthermore, our acquisitions enable us to diversify our business from the cocoa-derived ingredient market alone to serving the consumer chocolate market as well.

To drive our continuous growth, we are currently developing a new cocoa grinding facility in Ivory Coast and a chocolate production facility in the United Kingdom, to add to our existing facilities in Malaysia, Indonesia, Germany and the United States.

OUR HISTORY

The story of Guan Chong speaks to the value of a clear vision and a well-defined plan for growth, charting our expansion from being a small cocoa trader in the 1980s to a leading multinational player in the global cocoa and chocolate industry today.

In 1985, we started processing cocoa beans in Parit Jawa, Muar, Johor. We then sold the plant and built a new one in the Pasir Gudang Industrial Area under our subsidiary, Guan Chong Cocoa Manufacturer Sdn. Bhd. From just 6,000 MT in bean grinding capacity at the beginning of the plant's life, continuous capacity expansion and a culture of innovation have since enabled us to become the top cocoa processor in Asia. Today, we boast a total annual bean grinding capacity of 277,000MT worldwide, with our products gaining wide acceptance in local and international markets.

MILESTONES ON OUR JOURNEY

1985 Guan Chong Cocoa Manufacturer Sdn. Bhd. is incorporated.

1991 Our Pasir Gudang factory is built, thereby expanding our processing capacity.

1995 The FAVORICH brand is established and trademarked.

2005 Guan Chong Berhad is incorporated as a public listed company.

Guan Chong Berhad acquired Carlyle Cocoa Co., LLC, a value-added cocoa cake grinding facility in Delaware, United States.

2007 We achieved an annual capacity of 60,000MT.

2010 Expanded our footprint beyond Malaysia, we established a presence in Indonesia and Singapore through PT Asia Cocoa Indonesia and GCB Cocoa Singapore Pte Ltd.

2015 We established a wide-ranging joint venture with SMC Food21 Malaysia Sdn. Bhd., a leading sugar, milk and cocoa blender.

Introduction (Cont'd)

2017

We acquired Koko Budi Sdn. Bhd., a cocoa processing plant and subsequently renamed to GCB Cocoa Malaysia Sdn. Bhd.

2018

GCB Cocoa Malaysia Sdn. Bhd.'s annual capacity is then increased to 50,000MT, making us the top cocoa grinder in Asia and one of the top four cocoa grinders in the world by production volume.

Marked our first major expansion beyond our shores outside of Asia, GCB Cocoa Côte d'Ivoire is established, enabling us to directly source cocoa beans from the world's largest cocoa producing country.

2019

We joined the World Cocoa Foundation (WCF), aligning our practices with global sustainable cocoa standards.

2020

GCB Cocoa UK Limited is established, alongside the acquisition of Schokinag Holding GmbH, an industrial chocolate manufacturer from Germany.

2021

GCB Cocoa Europe B.V. and GCB Cocoa Trading Côte d'Ivoire are established, laying the groundwork for more cost-efficient supply of cocoa ingredients from Ivory Coast directly to our operations in Germany and the United Kingdom.

WHERE WE STAND TODAY

In our continuous quest for growth and expansion in the global cocoa industry, our total annual grinding capacity reached 277,000MT as of the end of FY2021. This was made possible due to investments in new machineries and the expansion of our facilities in Pasir Gudang, Malaysia, which now boast a grinding capacity of 150,000MT. Meanwhile, our facility in Batam, Indonesia contributes 120,000MT in grinding capacity and our facility in Mannheim, Germany contributes 7,000MT in grinding capacity up to cocoa mass.

Looking to the future, we are set to capture an even bigger share of the global cocoa-derived ingredient and chocolate market through strategic acquisitions and facility developments. Our new cocoa processing facility in Ivory Coast will expand the Group's total annual grinding capacity to 337,000MT upon its full completion, while also providing close proximity to major chocolate consuming markets in Europe. Meanwhile, by acquiring SCHOKINAG, we gained 90,000MT in annual capacity for the production of industrial chocolates and 7,000MT in annual grinding capacity up to cocoa mass, aiding our move to become an integrated chocolate producer and serve consumer chocolate markets.

Furthermore, following the announcement of our major expansion into Europe, we are able to make connections with a number of European customers through SCHOKINAG. In addition, with the establishment of GCB Cocoa UK Limited ("GCBCUK"), we have further expanded our customer base in the United Kingdom.

Snapshot of FY2021:

Financial and Non-Financial Performance Highlights

OUR FINANCIAL PERFORMANCE

Revenue	Profit before tax	Net profit
RM3,923.3 million	RM196.8 million	RM154.8 million

Earnings per share	Shareholders' equity	Net gearing ratio
14.86 sen	RM1,342.3 million	0.92 times

Continuing our trend of steady year-on-year growth, Group-wide revenue rose by 6.5% in FY2021. However, our net profit decreased by 30.5% mainly due to weaker butter ratio during the year and one-off gain on the disposal of an associate company in FY2020. Read more about our financial performance within the Financial Statements section of this report.

Read more: Financial Performance Review, page 40

OUR NON-FINANCIAL PERFORMANCE

In FY2021, we increased our annual cocoa grinding capacity by 20,000MT to a total of 277,000MT across our worldwide production facilities. We were also crowned the Company of the Year Award in food manufacturing and were recognised for our exemplary community care initiatives at the Sustainability and CSR Malaysia Awards.

Corporate Information

BOARD OF DIRECTORS

Tan Ah Lai
Independent Non-Executive Chairman
(Re-designated on 15 April 2021)

Tay Hoe Lian
Managing Director/Chief Executive Officer

Tay How Sik @ Tay How Sick
Executive Director/Chief Operating Officer

Hia Cheng
Executive Director/Chief Financial Officer

Ang Nyee Nyee
Independent Non-Executive Director

Nurulhuda Binti Abd Kadir
Independent Non-Executive Director

YBhg Dato Dr. Mohamad Musa bin Md Jamil
Non-Independent Non-Executive Chairman
(Resigned w.e.f 15 April 2021)

YBhg Datuk Tay Puay Chuan
Independent Non-Executive Director
(Resigned w.e.f 15 April 2021)

AUDIT COMMITTEE

Ang Nyee Nyee
Chairman, Independent Non-Executive Director
(Appointed as Committee Chairman on 15 April 2021)

Tan Ah Lai
Member, Independent Non-Executive Director
(Re-designated as Committee Member on 15 April 2021)

Nurulhuda Binti Abd Kadir
Member, Independent Non-Executive Director
(Appointed as Committee Member on 15 April 2021)

YBhg Dato Dr. Mohamad Musa bin Md Jamil
Member, Non-Independent Non-Executive Director
(Ceased as Committee Member w.e.f. 15 April 2021)

YBhg Datuk Tay Puay Chuan
Member, Independent Non-Executive Director
(Ceased as Committee Member w.e.f. 15 April 2021)

RISK MANAGEMENT COMMITTEE

Hia Cheng
Chairman, Executive Director

Tan Ah Lai
Member, Independent Non-Executive Director

Ang Nyee Nyee
Member, Independent Non-Executive Director
(Appointed as Committee Member on 15 April 2021)

YBhg Datuk Tay Puay Chuan
Member, Independent Non-Executive Director
(Ceased as Committee Member w.e.f. 15 April 2021)

NOMINATION COMMITTEE

Ang Nyee Nyee
Chairman, Independent Non-Executive Director
(Appointed as Committee Chairman on 15 April 2021)

Tan Ah Lai
Member, Independent Non-Executive Director

Nurulhuda Binti Abd Kadir
Member, Independent Non-Executive Director
(Appointed as Committee Member on 15 April 2021)

YBhg Datuk Tay Puay Chuan
Chairman, Independent Non-Executive Director
(Ceased as Committee Chairman w.e.f. 15 April 2021)

YBhg Dato Dr. Mohamad Musa bin Md Jamil
Member, Non-Independent Non-Executive Director
(Ceased as Committee Member w.e.f. 15 April 2021)

REMUNERATION COMMITTEE

Nurulhuda Binti Abd Kadir
Chairman, Independent Non-Executive Director
(Appointed as Committee Chairman on 15 April 2021)

Tan Ah Lai
Member, Independent Non-Executive Director

Ang Nyee Nyee
Member, Independent Non-Executive Director
(Appointed as Committee Member on 15 April 2021)

YBhg Dato Dr. Mohamad Musa bin Md Jamil
Chairman, Non-Independent Non-Executive Director
(Ceased as Committee Chairman w.e.f. 15 April 2021)

YBhg Datuk Tay Puay Chuan
Member, Independent Non-Executive Director
(Ceased as Committee Member w.e.f. 15 April 2021)

Corporate Information (Cont'd)

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

YBhg Datuk Tay Puay Chuan
(Ceased as Senior Independent Non-Executive Director w.e.f. 15 April 2021)

SECRETARIES

Ng Mei Wan (MIA 28862)
(SSM Practicing Certificate No.: 201908000801)

Tan Hui Khim (LS 0009936)
(SSM Practicing Certificate No.: 201908000859)

REGISTERED OFFICE

No. 7 (1st Floor) Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri
84000 Muar Johor

Tel : 06-954 1705
Fax : 06-954 1707

PRINCIPAL PLACE OF BUSINESS

PLO 273 Jalan Timah 2
Kawasan Perindustrian Pasir Gudang
81700 Pasir Gudang Johor

Tel : 07-254 8888
Fax : 07-251 1711
Website : www.gcbcocoa.com

SHARE REGISTRARS

Boardroom Share Registrars Sdn. Bhd.
Registration No.: 199601006647 (378993-D)
11th Floor Menara Symphony
No. 5 Jalan Semangat (Jalan Professor Khoo Kay Kim)
Seksyen 13
46200 Petaling Jaya
Selangor

Tel : 03-7890 4700
Fax : 03-7890 4670

AUDITORS

BDO PLT (LLP0018825-LCA & AF 0206)
Chartered Accountants
Suite 18-04 Level 18 Menara Zurich
15 Jalan Dato' Abdullah Tahir
80300 Johor Bahru Johor

PRINCIPAL BANKERS

Alliance Bank Malaysia Berhad
AmBank Berhad
Bangkok Bank Berhad
Bank Of China (Malaysia) Berhad
CIMB Bank Berhad
CIMB Bank Berhad, Singapore Branch
DBS Bank Limited
HL Bank Singapore
Hong Leong Bank Berhad
HSBC Amanah Malaysia Berhad
Malayan Banking Berhad
Maybank Singapore Limited
Oversea-Chinese Banking Corporation Limited
RHB Bank Berhad
Standard Chartered Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad

SOLICITORS

Chee Siah Le Kee & Partners

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : GCB
Stock Code : 5102

DATE OF LISTING

8 April 2005

Our Vision, Mission, Values & Promises

OUR VISION

To be the world's most preferred and leading cocoa partner.

OUR MISSION

We at GCB Cocoa are committed to deliver quality cocoa and chocolates while offering utmost flexibility and attention. Through forming strong alliances with local partners, we are dedicated to serving our customers worldwide and growing together with them in long-term partnerships.

OUR VALUES

Grit

Ambition

Sincerity

OUR PROMISES

Full Product Range
Providing an extensive product range from cocoa powder, liquor, cake and butter to liquid and solid chocolates in various shapes, sizes and packaging options.

Product Quality and Safety
Ensuring excellent throughput at our production facilities and compliance with all safety standards.

Competitive Prices
Offering fair market prices by sourcing competitively as one of the biggest players in the market.

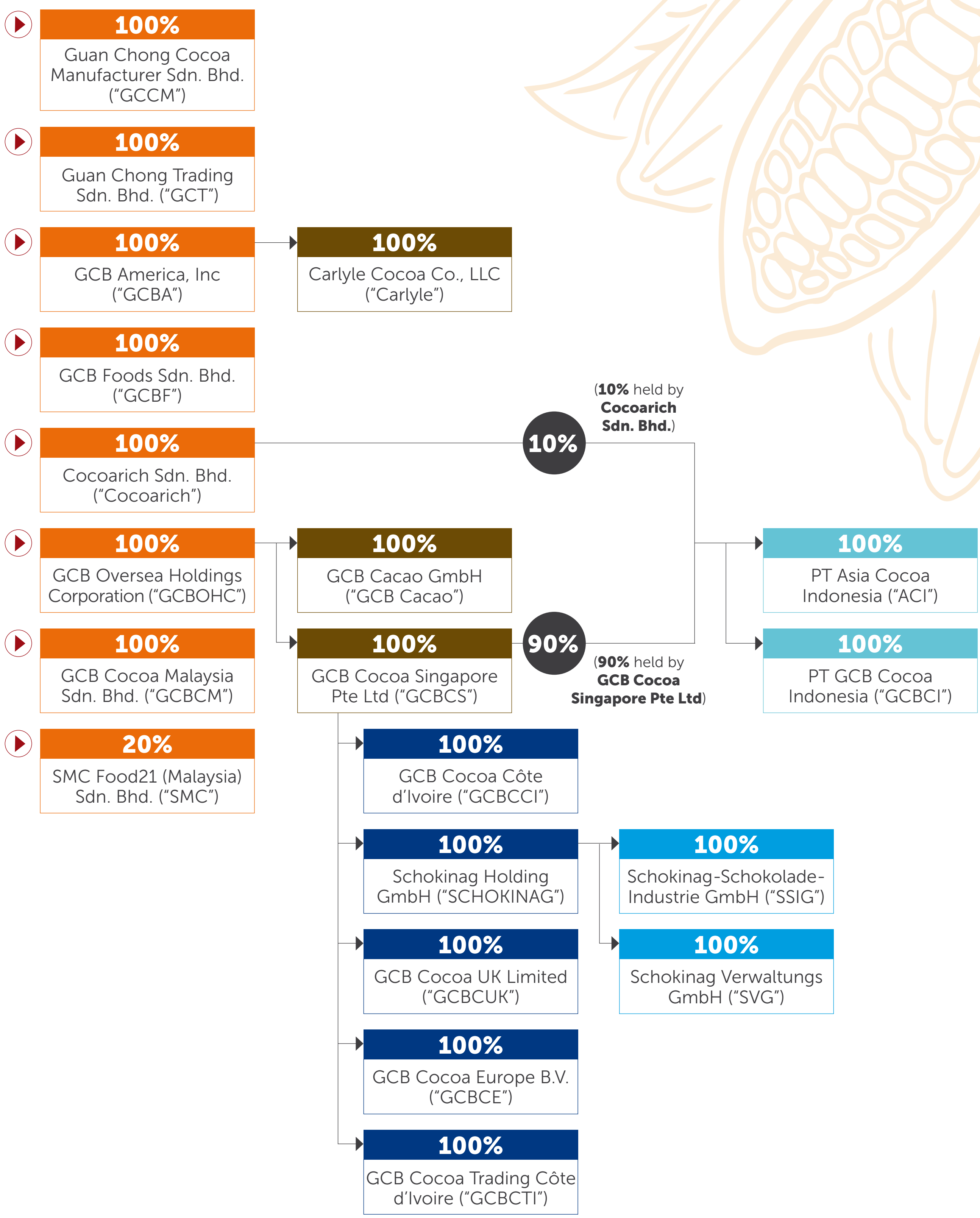
Flexibility and Excellence in Customer Service
Fulfilling customer orders as our top priority; seeking to establish long-term meaningful relationships.

Technical Support and Innovation
Crafting tailor-made recipes and developing new products with our experienced R&D team.

Ethical Operation
Upholding strict operational standards and treating people with dignity and respect. Our suppliers are expected and required to have the strictest environmental and social awareness.

Corporate Structure

GUAN CHONG BERHAD



Corporate Principal Activities, Market Environment, Competitive Landscape and Market Positioning

CORPORATE PRINCIPAL ACTIVITIES

Our business is principally involved in the manufacturing of cocoa-derived food ingredients including cocoa mass, cocoa butter, cocoa powder and cocoa cake, in addition to a full range of chocolates and couvertures that come in dark, milk and white varieties, and in solid or liquid form.

MARKET ENVIRONMENT

FY2021 presented a challenging year for the Group, as disruptions caused by the COVID-19 pandemic and geopolitical tensions have led to uncertainty, global inflation and supply chain disruptions.

Even so, market demand during FY2021 was better than FY2020 as economies gradually recovered from the impact of COVID-19. Alongside the rapid rollout of COVID-19 vaccines in most countries and travel restrictions that are gradually being lifted, there has been a surge in demand for chocolate in the market in the United States[1], and the industry is adopting a cautiously optimistic outlook over the medium-to-long-term.

Nevertheless, our expansion plans represent both a risk and an opportunity. While we stand to benefit from reduced supply chain risks, differences in market conditions, social and cultural practices, and business processes will pose challenges that will require coordinated and collective effort to overcome.

COMPETITIVE LANDSCAPE

Even with the recent expansion activities, as the world's fourth largest cocoa grinding company, we continue to face stiff competition from major international companies that boast wider market reach, stronger influence and greater financial resources. Furthermore, these international companies usually operate end-to-end, vertically integrated supply chains, thereby reducing their exposure to risks derived from logistical challenges and weakened market demand.

In addressing this issue, our new cocoa processing facility in Ivory Coast, expected to commence production activities in mid-2022, will have a transformative effect. It will enable us to source cocoa beans directly from origin, which will not only provide us a shorter bean-to-ingredients cycle compared to our other facilities, but also give us better control over the scheduling and supply reliability of quality beans. This will mitigate supply chain risks and empower greater control over the scheduling of our production and shipping activities.

Ultimately, by enabling the direct supply of cocoa ingredients to our operations in Germany and the United Kingdom, our facility in Ivory Coast will drive increased cost efficiencies, giving us increased leeway to capture market share and achieve long-term growth in these important markets and beyond.

MARKET POSITIONING

We are optimistic that the acquisitions and expansion we have made in the past few years stand us in good stead to strengthen our presence as a key multinational player in the global chocolate supply chain.

Firstly, through our new cocoa processing facility in Ivory Coast, we will benefit from direct access to raw materials in the world's largest cocoa bean producing country. This will unlock operational and cost efficiencies across the Group, enhancing our market position and competitiveness in the global cocoa market.

Secondly, our acquisition of SCHOKINAG in Germany has improved our production capabilities and widened our product portfolio, enabling us to compete strongly in the German and broader European consumer chocolate markets. To capitalise on growth opportunities in this region of the world, we plan to allocate RM50 million in 2022 towards upgrading SCHOKINAG's existing chocolate production lines and setting up additional machineries, thereby expanding its annual production capacity from 90,000 MT to 100,000MT. Concurrently, we have appointed a contractor to set up a new chocolate producing facility in the United Kingdom, set to be completed in Q4 2022, enabling us to expand our client base in the United Kingdom and other international markets.

As the global economy enters the post-pandemic era, these strategic moves that we proactively made mean we are both more integrated and more diversified than ever before. This not only gives us access to more avenues for growth but also mitigates against supply chain and demand risks that persist.

[1] Confectionary News (2022), *US Demand For Chocolate Drives Up Cocoa Prices*

Product Introduction

We offer a wide range of cocoa-derived ingredients and chocolates that cater to a multitude of applications, both within the food production industry and across other popular consumer categories.

Cocoa Mass
We produce raw cocoa paste, also called cocoa liquor, by roasting and grinding cocoa nibs from solid to fluid mass. Cocoa mass is complementary to the production of all chocolates, and especially dark chocolate, due to its smooth texture. It can also be further used to create cocoa cake and cocoa butter for further processing or for milk and white chocolate applications.

Cocoa Butter
An intermediary product used in the production of chocolates, personal care products, ointments and pharmaceutical products, cocoa butter is extracted from the pressing of cocoa mass.

Cocoa Cake
Derived from the cocoa mass pressing process, cocoa cake is the solid portion of cocoa nibs which are then broken into smaller pieces. It is mainly used in the industrial grinding process that creates cocoa powder.

Cocoa Powder
Produced by grinding cocoa cake, cocoa powder is used to manufacture chocolate confectioneries and chocolate paste, which is then used to produce desserts.

Chocolate Beverages
Our chocolate beverages are produced by blending different cocoa materials with sugar, milk powder and other ingredients, and can be mixed with water for consumption.

Chocolate Chips & Chunks
Chocolate chips and chunks are used in the baking of cakes and biscuits and for decoration purposes. Produced by our German subsidiary SCHOKINAG, our chips are designed to be easy to dose, quick to melt and to offer exact tempering, making the process of melting chocolate simpler.

Liquid Chocolate
Produced by processing cocoa butter and cocoa mass, our liquid chocolate is rich in flavonoids and antioxidants. By continually refining the complex production processes involved, we have been able to achieve consistently high quality liquid chocolate.

Where We Operate

Our production facilities span three continents, offering an annual bean grinding capacity of 277,000MT, annual value-added capacity of 99,000MT and annual industrial chocolate capacity of 90,000MT across our varied cocoa processing and chocolate production activities.

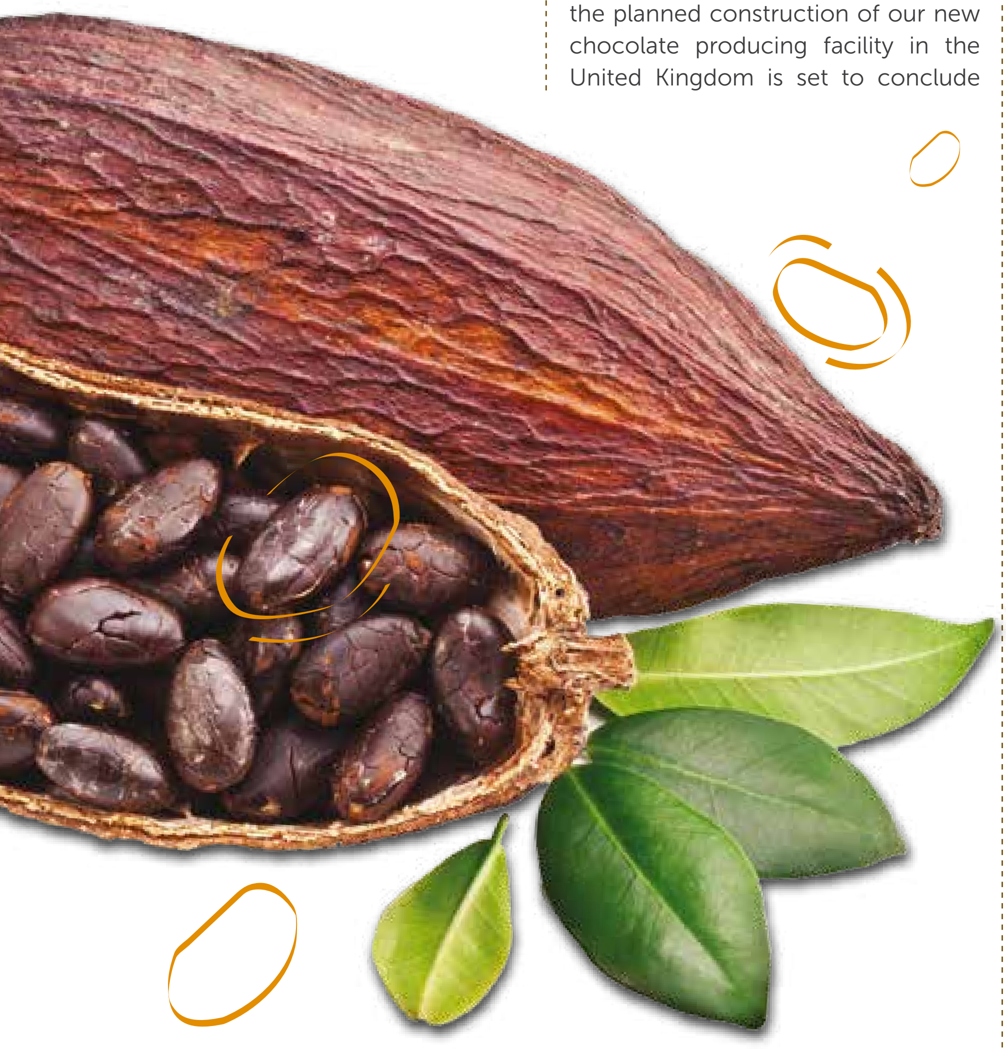
With new facilities set to launch in Ivory Coast and the United Kingdom during 2022, and additional machineries set to be installed at our SCHOKINAG plant in Germany, our annual bean grinding capacity is set to rise by a further 60,000MT and our annual industrial chocolate capacity by a further 26,000MT.

Facility	Location	Annual Bean Grinding Capacity (MT)	Annual Value-Added Capacity (MT)	Annual Industrial Chocolate Capacity (MT)
Guan Chong Cocoa Manufacturer Sdn. Bhd.	Pasir Gudang, Malaysia	87,000		
GCB Cocoa Malaysia Sdn. Bhd.	Pasir Gudang, Malaysia	63,000		
PT Asia Cocoa Indonesia	Batam, Indonesia	120,000		
SCHOKINAG Schokolade-Industrie GmbH	Mannheim, Germany	7,000 (Up to cocoa mass)		90,000
Carlyle Cocoa Co., LLC	Delaware, United States		9,000 (Cocoa cake grinding)	
Carlyle Cocoa Co., LLC	Swedesboro, United States		30,000 (Cocoa mass melting) 60,000 (Cocoa butter melting)	
TOTAL		**277,000**	**99,000**	**90,000**
Under Construction/Expansion				
GCB Cocoa Côte d'Ivoire	San Pedro, Ivory Coast	60,000		
GCB Cocoa UK Limited	Suffolk, United Kingdom			16,000
SCHOKINAG Schokolade-Industrie GmbH	Mannheim, Germany			10,000
TOTAL		**60,000**		**26,000**

Chairman's Statement

DEAR VALUED SHAREHOLDERS,

I am pleased to report that despite facing numerous challenges during the year, Guan Chong Berhad ("GCB" or "the Group") recorded an overall commendable performance for the financial year ended 31 December 2021 ("FY2021").



Numerous major events have impacted the cocoa grinding industry since our inception in the 1980s. However, just as we have surmounted our previous challenges to rise to the ranks of becoming a leading global cocoa grinder, we have similarly navigated with purpose to maintain a strong performance in the face of geopolitical tensions, global inflation and supply chain disruptions over the past year.

We have also seized opportunities to strengthen our position as a prominent global player in the cocoa supply chain, with many of our ongoing initiatives now reaching fruition. Phase 1 of our factory in Ivory Coast is approaching completion, the planned construction of our new chocolate producing facility in the United Kingdom is set to conclude in FY2022, and we have successfully enhanced the profitability, operational efficiency and improved utilisation of capacity of our German subsidiary SCHOKINAG.

I am humbled to see all business entities and corporate teams pulling together with determination and hard work to overcome the many unprecedented obstacles we faced during FY2021. With their concerted efforts, I am proud to report that we remain firmly on course towards achieving our vision of becoming "the world's most preferred and leading cocoa partner".

In our efforts to continually enhance the value we provide in our reporting to stakeholders, we are also thrilled to present you with our first Integrated Annual Report, which is written in accordance with the International <IR> Framework stipulated by the Value Reporting Foundation ("VRF"), previously known as the International Integrated Reporting Council ("IIRC") and the Sustainability Accounting Standards Board ("SASB").

This upgraded framework has enabled us to integrate and align our business objectives with our material matters, risks and risks mitigation actions to provide you with a better understanding of our approach towards value creation, innovation and expansion activities.

In this Integrated Annual Report FY2021, we look forward to presenting you with a complete account of our financial performance and operational activities for the year, as well as an overview of the current market landscape, our business growth strategies and our prospects for the future.

SUCCESSFULLY NAVIGATING ANOTHER YEAR OF UNCERTAINTY

The Group faced another challenging year in FY2021, as the protracted COVID-19 pandemic and geopolitical tensions contributed to global inflation and supply chain disruptions.

While our logistical efficiencies were already being impacted by multiple lockdowns and stringent safety protocols, we also had to contend with sharp freight increases and supply chain bottlenecks within the shipping industry that was suffering from a mismatch in demand and capacity.

Against this backdrop, we nevertheless continued to cement our position as the fourth largest cocoa grinder in the world, and maintained the grinding activities of our facilities at optimal utilisation rates to successfully meet the needs of our clientele. We still saw our production tonnage of cocoa ingredients (cocoa butter and cocoa solids) for FY2021 being sufficiently covered by committed sales. However, due to a fall in the price of cocoa butter, our Group-wide profit decreased.

During FY2021, we increased our grinding capacity by 20,000MT to end the year with a total cocoa grinding capacity of 277,000MT and industrial chocolate capacity of 90,000MT across our global operations.

We have also made great strides towards enhancing our competitiveness within the European markets, as recent strategic expansion plans in Ivory Coast, Germany and the United Kingdom will soon significantly increase our total capacity and unlock various crucial operational and cost efficiencies across the Group.

Read more: Market Overview and Outlook, page 26

OUR FINANCIAL PERFORMANCE

In a year marked by continued uncertainty and upheaval due to the COVID-19 pandemic and its varied effects, we nevertheless recorded a resilient financial performance, expanding our revenue in line with our ongoing global expansion plans, which remain unaffected by the overall slowdown that the global economy experienced.

While our profit before tax and net profit declined during the year in review, green shoots can clearly be seen in our quarterly financial performance, where Q3 of 2021 saw a rise in quarter-on-quarter revenue of 18.6% and Q4 a rise in net profit of 7.1% compared to the same quarter the year before. These encouraging results indicate that we are better positioned to rebound in FY2022.

Our total assets and total liabilities increased by 23.7% and 31.5% respectively in FY2021 as compared to the year before. The increase in total assets is mainly due to investment during the year in property, plants and equipment and higher inventory level whereas the increase in total liabilities is mainly due to increased borrowings to finance higher volume of raw materials purchased during the year. Nevertheless, our retained profits also rose 14.1%, bolstered by our continued profitability.

Read more: Financial Performance Review, page 40

EXPANDING OUR CAPACITY, CAPABILITIES AND COMPETENCIES

In FY2021, we made significant strides forward in our undertaking of various business growth strategies across our global operations.

In Malaysia, we were successful in increasing our grinding capacity at our Pasir Gudang plants by 20,000MT to reach a total of 150,000MT. This was achieved through an expansion exercise carried out on our existing facilities.

In Ivory Coast, we will commence Phase 1 operations with an initial annual grinding capacity of 60,000MT in mid-2022. The cocoa processing facility will boost our Group-wide annual grinding capacity to 337,000MT upon completion, empowering us to capture a greater share of the global cocoa market.

During FY2021, we **increased our grinding capacity by 20,000MT** to end the year with a total cocoa grinding capacity of 277,000MT and industrial chocolate capacity of 90,000MT across our global operations.

Chairman's Statement (Cont'd)

In the United Kingdom, we have appointed a contractor for the construction of a chocolate producing facility on a 17.8-acre site in Glemsford, United Kingdom, which will begin producing dark, milk and white chocolate for the United Kingdom and international markets in the fourth quarter of 2022.

Meanwhile in Germany, our optimization and enhancement exercise for SCHOKINAG proved to be a success, as we more than doubled our earnings in our second year of take over. SCHOKINAG posted RM32.8 million in earnings before interest, tax, depreciation and amortisation expenses ("EBITDA") for FY2021 compared to RM14.8 million in EBITDA recorded in the year before. The main drivers of this improvement were effective fulfilment of customers' orders, an increase in utilisation rates and enhanced operational efficiency.

We have also enhanced our overarching commitment towards maintaining top international standards across our facilities. Most of our cocoa grinding facilities have undergone comprehensive international certification processes and have been certified with Hazard Analysis Critical Control Points ("HACCP") and Food Safety Scheme Certification 22000 ("FSSC 22000"), in addition to having passed the Sedex Members Ethical Trade Audit. These certifications underscore our emphasis on maintaining stringent quality standards and meeting ethical standards of labour.

Read more: Operational Performance Review, page 45

We have thus far installed **2800 solar panels** capable of generating 1,120 kilowatts peak (kWp) of energy to meet the needs of our factories.

STRATEGIC PRIORITIES TO DRIVE LONG TERM SUCCESS

As part of our business development roadmap, we continue to place emphasis on advancing the three key strategic priorities of Growth/ Expansion, Sustainability and Innovation to drive our success in the medium-to-long-term.

As part of our expansion activities, we have continued diversifying our operations through the cocoa supply and value chain, with cocoa cake grinding, cocoa mass and cocoa butter melting, as well as cocoa butter deodorising now being supported by our facilities at Delaware and New Jersey in the United States.

Meanwhile, our plants in the Ivory Coast and the United Kingdom will enable us to unlock the efficiencies of bringing our products closer to customers, while our acquisition of SCHOKINAG in Germany has propelled us another crucial step forward towards expanding our market presence in Europe.

In terms of sustainability developments, 2021 was a notable year for us as it saw the Group's expansion of Corporate Social Responsibility ("CSR") activities, the launch of farmer programmes in Ivory Coast and greater transparency in sustainability reporting. The Group has also implemented greater use of solar energy and biomass machines across all entities to reduce our reliance on non-renewable energy sources. We have thus far installed 2800 solar panels capable of generating 1,120 kilowatts peak (kWp) of energy to meet the needs of our factories.

We have also adopted the use of biomass boilers that can convert our internally generated cocoa shells to steam energy for heating and the running of our machineries.

Chairman's Statement (Cont'd)

Our recycled cocoa shells currently account for up to 48% of the fuel we use for steam generation at our cocoa grinding facilities at Pasir Gudang, Malaysia, significantly reducing our consumption of natural gas.

We believe that constant innovation is the key to maintaining market superiority and place great importance on ensuring our facilities consistently produce quality products. We currently operate a research and development team that works closely with customers to develop new recipes and innovative products, while we have also appointed a capable process team that constantly explores opportunities to adopt advanced technology in our production processes.

Our acquisition and expansion activities have also served to enhance our innovative capabilities. Our recent acquisition of SCHOKINAG, which is one of the leading chocolate manufacturers in Europe, not only provided us with entry into the European industrial chocolate market, but also gave us access to their innovative technologies and processes.

Read More: Growth Strategies, page 38

SUPPORTING THE WIDER COMMUNITY

We acknowledge that contributing positively to the communities in which we operate represents an important part of our duty as a socially responsible corporation, and further enables us to bolster our relationships with key stakeholders.

This has led to the conception of our 'Caring Beyond Cocoa' programme, through which we undertake a wide variety of community driven initiatives each year within the scope of youth empowerment, environmental protection, community support and charitable donations.

Some of the activities undertaken during FY2021 include donating RM73,000 to Muar Chong Associated Chinese Schools, organising beach clean-up activities at Sembawang Park in collaboration with the Singapore National Environment Agency and funding renovation works at the Children of Guru Shree Raghavendra Charity Home at an expenditure of RM7,200.

We also stepped up to provide support to both our internal and external communities that were impacted by the COVID-19 pandemic. For the wider community, we took part in the COVID-19 Food Assistance Program initiated by the Rimbun Foundation, in which we donated 750 packs of 3-in-1 Chocolate Drink (540g) to 15 schools around the Klang Valley. Internally, we ensured that our employees were well taken care of during the pandemic through the provision of additional benefits, special leaves granted for vaccination appointments or to care for loved ones, and the flexibility of working remotely when required.

Read more: Sustainability Statement, page 49

Chairman's Statement (Cont'd)

UNDERSTANDING AND MITIGATING POTENTIAL RISKS

To ensure the continuous sustainability and profitability of our business, we constantly identify key external factors that may influence our ongoing operations and craft appropriate mitigation strategies to minimise their potential impact.

Despite being the fourth largest cocoa grinder in the world, we face competitive risks from major international companies that have a wider market reach, stronger influence, and greater financial resources. To ensure we stand out in the market, we continuously improve the quality of our products, effectively manage our operating costs to maintain our competitiveness and undertake global expansion activities that bring us closer to the markets we wish to penetrate and provide us greater stability and efficiency within our supply chain.

The risk of undersupply of raw materials is a threat to any business. However, we believe that our new cocoa grinding facility in Ivory Coast, which will provide us with direct access to cocoa in the world's largest cocoa producing country, will prove a game changer in improving the supply availability for the Group and supporting increasing customer orders from mid-2022 onwards.

Our global expansion activities across Germany, the United Kingdom and Ivory Coast have also raised our cognisance towards the potential geographical risks that may arise when entering new markets, such as differences in market conditions, social and cultural practices, as well as business processes. One of the strategies we have employed to address this is to nurture workforces with the right balance of local hires and experienced personnel from Malaysia and Indonesia to lead the set up. We will leverage on the wealth of experience we gained from our past expansions into Indonesia and the United States to guide our practices and ensure a smooth integration of operations.

Most of our trades are transacted in United States Dollar ("USD") and Great Britain Pound ("GBP") but our reporting currency is in Malaysian Ringgit ("RM"). Hence, we are subjected to potential currency fluctuations in the market. To alleviate this risk, we continue to practice natural hedging in which we match the currency used for the purchase of our raw materials to the currency of our sales.

In addition to the above, we have been proactively managing the impact of cocoa bean price volatility risks by entering into forward sales contracts of cocoa ingredients. This was especially pertinent in the early months of 2021 when the implementation of the Living Income Differential ("LID") levied in October 2020 caused pricing uncertainties within the market.

Read more: Key Risks and Risk Mitigation Actions, page 34

OUTLOOK

While countries around the world have loosened pandemic restrictions and re-opened borders, there remain market uncertainties fuelled by the potential reemergence of stronger variants. At the same time, the ongoing conflict between Russia and Ukraine has the potential to drastically influence oil prices and exert upward pressure on shipping rates.

Nevertheless, 2022 is generally forecasted to be a year of recovery as governments worldwide loosen COVID-19 restrictions and move to fully reopen borders and economies. The International Monetary Fund has forecasted global Gross Domestic Product ("GDP") growth of 4.4% in 2022, and we are further optimistic that the recommencement of travel activities will also serve to boost demand in the cocoa sector next year.

Our recent expansion into Europe - known for its high levels of chocolate consumption - has placed us in a prime position to capitalise on the strong demand. At the same time, the commencement of cocoa grinding operations at our facility in Ivory Coast will also see us begin to reap the fruits of our 'close to source' and 'close to market' expansion policies. Our newfound ability to source cocoa beans directly will provide us with a shorter bean-to-ingredient cycle compared to our other facilities, mitigate future supply chain risks and provide us greater control over our production and logistic operations.

To boost efforts in widening our European footprint, we plan to allocate RM50 million in capital expenditure to upgrade SCHOKINAG's existing chocolate production lines and set up additional machineries to increase production capacity at the SCHOKINAG plant during 2022. This will be complemented by the completion of our chocolate producing facility in the United Kingdom, which will commence production of milk, dark and white chocolate for the United Kingdom and other international markets in the fourth quarter of 2022.

With these expansion plans coinciding fortuitously with the expected uptick in global economic growth during FY2022, we remain optimistic in significantly furthering the GCB brand as a key multinational player in the global cocoa and chocolate supply chain in the coming year.

Read More: Market Overview and Outlook, page 26

ACKNOWLEDGEMENTS

I would like to hereby extend my heartfelt appreciation to all our customers, suppliers, employees and business partners, as well as our other valued stakeholders, for their unending trust and commitment towards supporting the Group as we navigated through the various challenges that came to the fore in the past year.

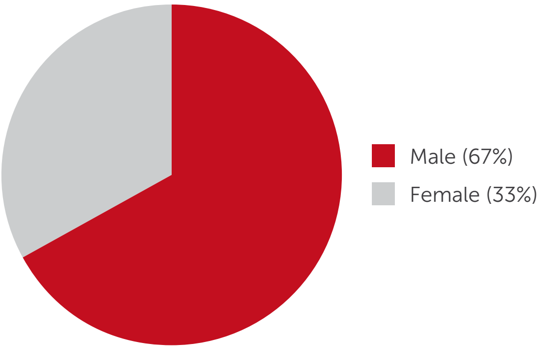
I would also like to thank the Board of Directors for their consistently dependable guidance, and express my sincere appreciation and admiration for our management team and employees, whose dedication and hard work form the very foundation of all of GCB's successes.

Inspired by the continuous support of all parties, we hope to incessantly improve on our efforts to enhance the stability, profitability and sustainability of our operations, and achieve progressively stronger performances for many years to come.

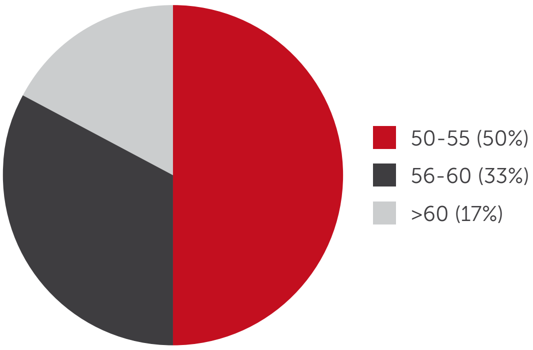
Directors' Profile

Board Composition

Gender of Directors



Age Group



Committee membership key

Nomination Committee

Remuneration Committee

Audit Committee

Risk Management Committee

TAN AH LAI

Independent Non-Executive Chairman

Nationality	Age	Gender
Malaysian	53	Male

Tan Ah Lai was appointed as the Independent Non-Executive Director of GCB on 26 October 2007 and was re-designated as Independent Non-Executive Chairman on 15 April 2021. He is a fellow member of the Association of Chartered Certified Accountants ("ACCA") and a Chartered Accountant of the Malaysian Institute of Accountants.

He started his career in 1990 as an Audit Assistant in a public accounting firm. In 2011, he incorporated his consulting firm which provides financial and management consultation, tax and accounting related services. He has extensive experience in corporate finance, management and tax related works. Currently, he is the Independent Non-Executive Director of Crescendo Corporation Berhad.

He was re-designated as a Member of the Audit Committee on 15 April 2021 and is a Member of the Risk Management Committee, Remuneration Committee and Nomination Committee of the Company. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted for any offences within the past 5 years.

He has attended all the five board meetings held in the financial year ended 31 December 2021.

Directors' Profile (Cont'd)

TAY HOE LIAN
Managing Director and
Chief Executive Officer

Nationality
Malaysian

Age
57

Gender
Male

Tay Hoe Lian was appointed as the Managing Director and Chief Executive Officer of GCB on 8 January 2005.

He graduated with a degree in Bachelor of Business Administration from the College of Business Administration at the University of Toledo in the United States in 1993. Upon his graduation, he was appointed as the Manager of Transport Division at JB Cocoa Group Sdn Bhd and oversaw the division's operations.

In 1997, he joined GCCM as the Marketing Manager and has successfully marketed cocoa powder to the European, Middle Eastern and South American markets. In 1999, he was elected as a Director of GCCM, and was later promoted to the position of General Manager in 2002 and Managing Director in 2003. With his contribution, GCCM has successfully expanded its production capacity to become one of the leading players in the global cocoa bean processing industry in terms of processing capacity and market share.

He was elected as a member of Malaysian Cocoa Board by the Ministry of Plantation Industries and Commodities and he held the position from 1 February 2013 to 31 January 2015.

He is not a director of any other public company. He is the cousin of Tay How Sik @ Tay How Sick, an Executive Director and shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past 5 years.

He has attended all the five board meetings held in the financial year ended 31 December 2021.

TAY HOW SIK @ TAY HOW SICK
Executive Director and
Chief Operating Officer

Nationality
Malaysian

Age
62

Gender
Male

Tay How Sik @ Tay How Sick was appointed as the Executive Director and Chief Operating Officer of GCB on 8 January 2005.

As a Director of JB Cocoa Group Sdn Bhd from 1987 to 2003, he was involved in the initial setting up of the cocoa bean processing plant including building facilities, setting up the production line and installing machineries. He took on the role of Director and Factory Manager of GCCM in 1989 and has since been in charge of the factory operations of GCCM. Over the years, he has gained extensive knowledge and experience in the production of cocoa-derived food ingredients as well as maintenance and modification of machines to enhance production efficiency and improve product quality.

He is not a director of any other public company. He is the cousin of Tay Hoe Lian, the Managing Director and shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past 5 years.

He has attended all the five board meetings held in the financial year ended 31 December 2021.

Directors' Profile (Cont'd)

HIA CHENG

Executive Director and Chief Financial Officer

Nationality Malaysian	
Age 57	**Gender** Male

Hia Cheng was appointed as the Executive Director and Chief Financial Officer of GCB on 8 January 2005.

He obtained professional accounting qualification from the ACCA in 1991 and became a fellow member of the ACCA in 2001. He was with TH Liew & Gan, a local audit firm from 1986 to 1990, before joining GCCM in 1991 as the Accounts Supervisor. In 1996, he was promoted to Finance and Trading Manager of GCCM, leading the department in the sourcing of cocoa beans and the marketing of cocoa butter, cocoa mass and cocoa cake.

Throughout the years, he has been actively involved in corporate strategy planning as well as in charge of the financial management and foreign currency management of GCB. In addition, he also carries out feasibility studies and investment appraisals for all expansion projects at GCB. He has successfully strengthened GCB's relationships with major players in the industry including international trading companies and cocoa-related organisations.

In February 2018, he was appointed as the General Manager of GCBCCI. He was actively involved in the due diligence studies and negotiation on the acquisition of Germany-based industrial chocolate producer SCHOKINAG. In July 2020, he was appointed as the Director of GCBCUK, which will be an industrial chocolate facility. In April 2021, he was appointed as the Director of GCBCE, the newly set up subsidiary in Netherlands. In June 2021, he was also appointed as the Director of GCBCTI, the newly set up subsidiary in Ivory Coast. Both of these subsidiaries will be trading in nature.

He is the Chairman of the Risk Management Committee of the Company. He is not a director of any other public company. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted for any offences within the past 5 years.

He has attended all the five board meetings held in the financial year ended 31 December 2021.

ANG NYEE NYEE

Independent Non-Executive Director

Nationality Malaysian	
Age 54	**Gender** Female

Ang Nyee Nyee was appointed as the Independent Non-Executive Director of GCB on 11 November 2020.

She obtained a Bachelor of Laws (Honours) degree from University of London, United Kingdom and is qualified with the Certificate in Legal Practice awarded by the Legal Profession Qualifying Board, Malaysia. She was called to the Bar and admitted as an advocate and solicitor in 1993. She joined Nik Saghir & Ismail (the precursor of Roger Tan & Partners ("RTNP")) as a legal assistant in year 1994 and was a partner of Nik Saghir & Ismail between the years 2004 to 2008. Currently, she is a partner of RTNP.

She was appointed as the Chairman of the Audit Committee and Nomination Committee and a member of the Risk Management Committee and Remuneration Committee of the Company on 15 April 2021. She has no family relationship with any director and/or major shareholder of the Company nor does she have any conflict of interest with the Company. She has not been convicted for any offences within the past 5 years.

She has attended all the five board meetings held in the financial year ended 31 December 2021.

NURULHUDA BINTI ABD KADIR

Independent Non-Executive Director

Nationality Malaysian	
Age 55	**Gender** Female

Nurulhuda Binti Abd Kadir was appointed as the Independent Non-Executive Director of GCB on 11 November 2020.

She obtained a Bachelor of Laws (Honours) degree from the International Islamic University of Malaysia. She was a partner of Nik Saghir & Ismail (the precursor of Roger Tan & Partners ("RTNP")) between the years 2004 to 2009 and was a senior partner of RTNP between the years 2010 to 2016. Currently, she is a partner of Faizah Aishah Rahman & Associates.

She was appointed as the Chairman of the Remuneration Committee and a member of Audit Committee and Nomination Committee of the Company on 15 April 2021. She has no family relationship with any director and/or major shareholder of the Company nor does she have any conflict of interest with the Company. She has not been convicted for any offences within the past 5 years.

She has attended all the five board meetings held in the financial year ended 31 December 2021.

Profile of Key Senior Management

TAY HOW YEH

Director

Malaysian | 56 | Male

Tay How Yeh was appointed as the Director of GCCM in January 2003. He is currently also Director of GCBCS and GCBCM.

He graduated with a Bachelor of Business Administration from the College of Business Administration of University of Toledo, United States in 1989. From 1990 to 1995, he served as Manager of GCT, where he was assigned with the task of sourcing cocoa bean in Tawau, Sabah. Over the years, he has gained considerable experience in logistic and cocoa beans quality assessment.

Since joining GCCM in 1995 as a Production Manager, he has been in charge of the production department and has assisted in production capacity expansion, production planning and quality control. In 2008, he was appointed as the Production and Operation Manager of GCBF, responsible for managing production planning, raw material procurement, inventory control and quality control.

In 2010, he was appointed as the Managing Director of Fuji Global Chocolates (M) Sdn Bhd, monitoring the overall company performance. From August 2016 to February 2020, he served as Director of Supply Chain of Fuji Global Chocolates (M) Sdn Bhd.

In June 2021, he was appointed as the Director of GCBCTI, the newly set up subsidiary in Ivory Coast, which will be trading in nature. He was also appointed as the Director of GCBCCI in August 2021.

He is not a director of any other public company. He is the cousin of Tay Hoe Lian, the Managing Director and shareholder of the Company, and brother of Tay How Sik @ Tay How Sick, an Executive Director and shareholder of the company. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past 5 years.

TAY SEE MIN

Commercial Director

Malaysian | 50 | Female

Tay See Min was appointed as the Commercial Director of GCBCS on 10 December 2010. She graduated with a Bachelor in Information System from Monash University, Australia in 1993. Upon graduation, she worked in the Information Technology ("IT") profession and was last associated to American International Assurance (AIA) as an IT Manager. Since joining GCCM, she has been actively involved in trading of cocoa beans and the sales and marketing of cocoa products. In 2012, she was appointed to be in charge of the Indonesian Market and has successfully set up a trading company in Jakarta, namely GCBCI. Since then, she has been managing the subsidiary and has successfully expanded the customer base in Indonesia.

In 2014, she has been appointed to be in charge of the Japanese market where she actively worked on building and strengthening relationships with Japanese trading companies and multinational companies ("MNC") customers. She is currently involved in corporate strategic planning and strategic projects management, focusing primarily on expansion and investment opportunities.

She was appointed as the General Manager of GCBCCI in January 2019. In July 2020, she was appointed as the Director of GCBCUK, which will be an industrial chocolate facility. In April 2021, she was appointed as the Director of GCBCE, the newly set up subsidiary in Netherlands. In June 2021, she was also appointed as the Director of GCBCTI, the newly set up subsidiary in Ivory Coast. Both of these subsidiaries will be trading in nature.

She is not a director of any other public company. She is the sister of Tay Hoe Lian, the Managing Director and shareholder of the Company. She does not have any conflict of interest with the Company and has not been convicted for any offences within the past 5 years.

YAU TEE WAN

Senior Operation Manager

Malaysian | 49 | Male

Yau Tee Wan was appointed as the Senior Operation Manager of GCCM on 01 January 2012. He graduated with a Bachelor of Physics from University of Malaya, Malaysia in 1997. Upon graduation, he joined Dunham Bush Sdn Bhd as a Research & Development Engineer, responsible for research and development of air conditioning equipment. Subsequently, he worked with Mewaholeo Industries Sdn Bhd as a Senior Production Executive, specialising in overall production of specialty fats including frying oil, margarine and shortening, before he left the job for the position of Maintenance Manager in GCCM in 18 March 2002.

He manages the overall plant maintenance, technical parts and machineries procurement, inventory control and project management for GCCM and was promoted to the position of Operation Manager in 2005 and Group Operating Manager in 2010, overseeing the production of GCCM, GCBF and ACI. Besides that, he is also the General Manager of ACI and successfully achieved maximum efficiency in overall production by maintaining high production yield and low processing cost. In March 2021, he was appointed as the Director of GCBCUK, which will be an industrial chocolate facility. In June 2021, he was appointed as the Director of GCBCTI, the newly set up subsidiary in Ivory Coast, which will be trading in nature. He was also appointed as the Director of GCBCCI in August 2021. Currently, he is leading the team and overseeing the constructions and development of projects in Ivory Coast and the United Kingdom.

He is not a director of any other public company. He has no family relationship with any director of the Company nor does he have any conflict of interest with the Company. He has not been convicted for any offences within the past 5 years.

EDGAR ALEXANDER BITTONG

President of Carlyle Cocoa Co., LLC

German | 38 | Male

Edgar Alexander Bittong was appointed as the President of Carlyle in June 2020. He obtained a Bachelor of Science in Industrial Engineering from the University of Central Florida in 2007. He started his career in 2008 with PLOT Enterprise Ghana Limited as Site Engineer, responsible for oversight of machine installations, civil works and factory building construction. He was subsequently promoted to Production Manager in 2009 and he managed the factory operations to ensure steady throughput, as well as oversaw plant improvements to enhance efficiency.

He joined Euromar Commodities GmbH as Process Engineer in 2011, moving on to the role of Project Engineer in the subsequent year. Over the years, he has gained extensive knowledge and experience in designing building layouts, project management and planning, enabling him to ensure continuous production efficiency improvements. He then worked for Cocoa Services LLC as Production Manager in 2013 before being promoted to Plant Manager in 2016.

He joined Carlyle in March 2018 as Vice President following the asset acquisition of Cocoa Services LLC by Carlyle. He has been working on growth management, staff development, and sales improvement of the Company's New Jersey and Swedesboro factories.

He is not a director of any other public company. He has no family relationship with any director of the Company nor does he have any conflict of interest with the Company. He has not been convicted for any offences within the past 5 years.

Management Discussion & Analysis

Strategic Review

MARKET OVERVIEW & OUTLOOK

We are operating within an undeniably turbulent macroeconomic environment, where existing imbalances caused by the COVID-19 pandemic have been exacerbated by the ongoing Russia-Ukraine conflict, creating a knock-on effect on consumer demand, business confidence and the global supply chain.

In a useful barometer of the global economy, the United States inflation rose to 8.5% in March 2022, the highest since December 1981, while its Consumer Price Index ("CPI") excluding volatile energy and food categories shot up by 6.5%, the biggest CPI increase in 40 years[1]. This phenomenon is largely due to continuing supply chain bottlenecks, a lingering effect of the movement restriction orders of the pandemic and its resultant labour shortages[2]. Even now, as economies re-open and restrictions are lifted, a lack of containers has led to an even greater mismatch between shipping demand and supply, causing freight costs to rise even further. In Malaysia, for instance, the Malaysian National Shippers' Council (MNSC) reported that sea freight rates have increased by up to 800% in some routes when compared to pre-pandemic levels[3].

Despite the sluggish global economy and logistical challenges detailed above, customers' demand for cocoa-derived ingredients remained strong in 2021 and as a result we have achieved a good increase in production capacity and turnover as compared to 2020. However, due to the fall in cocoa butter prices, we have recorded a lower profitability in 2021.

Nevertheless, if we look beyond short-term shocks, 2022 has shown signs of being an international year of recovery, spurred by loosening pandemic restrictions and newly reopened borders. Accordingly, the International Monetary Fund has forecasted a global growth rate of 4.4% for the year[4]. With chocolate consumption already on an upward trend in the market in the United States[5], and the resumption of global travel that is likely to drive increased chocolate consumption, we are adopting a cautiously optimistic outlook for 2022 due to the geopolitical tensions and worldwide inflation mentioned above.

Our optimism is bolstered by our past progressive expansion as we are now the world's fourth largest cocoa grinding company, with a total of 277,000MT in annual bean grinding capacity. This provides us both the scale to mitigate against any supply-side shocks and the financial clout to overcome dips in global demand that may happen.

More importantly, we continued with the rollout of our growth plans to remain competitive, chief among which is our new facility in Ivory Coast. This new facility will boost additional bean grinding capacity to the Group and will be a game-changer for our operations upon its launch, enabling us to be both 'close to source' - as Ivory Coast is the world's largest source of cocoa beans - and 'close to market' - empowering greater penetration of the major chocolate consuming markets of Europe.

Crucially, the new facility will shorten the bean-to-ingredients cycle compared to other facilities. By enabling us to directly source cocoa beans from Ivory Coast and deliver processed cocoa ingredients to our Europe-based operations, the impact of potential supply-side shocks will be greatly reduced.

Zeroing in further on Europe as a hub for growth in the mid-to-long term, we will continue to expand our presence in both Germany and the United Kingdom, while constantly monitoring our investment to adapt to the market trends .

To be specific, with the planned RM50 million to be invested on the upgrade of SCHOKINAG's existing chocolate production lines, its annual industrial chocolate production capacity will increase by 10,000MT. Meanwhile, with the commissioning of our new chocolate production plant in the United Kingdom in the fourth quarter of 2022, set to start with dark, milk and white chocolate, an additional 16,000MT annual industrial chocolate production capacity will be added. The new facility will supply to clients in the United Kingdom and other international markets, introducing our products to a wider client base than ever before.

Our global expansion strategy, which was planned in the years prior to the pandemic and is coming to fruition, set the stage for a resurgent performance as the world enters the 'new normal', securing our place as a key multi-national player in the global chocolate supply chain. These expansion plans are targeted to be completed by the end of 2022, with the benefits expected to come to realisation starting from 2023.

[1] U.S. Bureau of Labor Statistics (2022)
[2] IMF Blog (2022), *How Soaring Shipping Costs Raise Prices Around The World*
[3] The Malaysian Reserve (2022), *Sea Freights Rise 800% On Reduced Capacity*
[4] IMF (2022), *Rising Caseloads, A Disrupted Recovery, And Higher Inflation*
[5] Confectionary News (2022), *US Demand For Chocolate Drives Up Cocoa Prices*

Management Discussion & Analysis (Cont'd)

Strategic Review

VALUE CREATION BUSINESS MODEL

Using inputs across our six capitals as a basis, we carry out well-established business activities that generate favourable outputs, empowering our continued growth and expansion within the global cocoa-derived ingredient and chocolate industry. Our value creation business model below connects this further to the meaningful and tangible outcomes that our business activities deliver for our stakeholders.

INPUTS	BUSINESS ACTIVITIES
Financial Capital • Our strong and stable financial position • Share capital • Shareholders' equity • Borrowings	**Procurement** We work closely with our suppliers to ensure that our cocoa beans meet global quality, environmental and social standards in addition to our stringent internal standards.
Manufactured Capital Our existing facilities: • Pasir Gudang, Malaysia (2) • Batam, Indonesia (1) • Mannheim, Germany (1) • Delaware, United States (1) • Swedesboro, United States (1) Our facilities under construction/expansion: • San Pedro, Ivory Coast (1) • Suffolk, United Kingdom (1) • Mannheim, Germany (1)	**Production** We strive to maintain eco-efficient production processes that provide high quality cocoa products and maximum benefit to our customers while minimising environmental impact.
Intellectual Capital • Our innovative processes and technologies • Our brand reputation as one of the largest cocoa grinders in the world • Our energy management and data collection systems	**Quality Assurance (of products and processes)** We have implemented a standardised safety production process and system, in accordance with international food and safety related standards.
Human Capital • Our strong and diverse Board of Directors, supported by our corporate governance structure • Our experienced and diverse pool of talent which includes top management and general staff (1,387 employees)	**Sales & Marketing** Reflecting our responsibility to our consumers and society as a whole, we produce and sell high quality cocoa products and consistently seek feedback from our customers. This enables us to maintain long-term relationships and create sustainable value for our customers and our business.
Social & Relationship Capital • The strong and effective relationships we maintain with key stakeholders, including our customers, shareholders/investors, suppliers/contractors, employees and governments/regulators	**Distribution** We utilise a fully integrated and extensive distribution system and network to ensure that our products are efficiently distributed to our customers. In doing so, we strive to minimise negative environmental and social impacts by managing our energy use and taking steps to safeguard the safety of our personnel and local communities.
Natural Capital • The cocoa beans we use, which are supplied from Southeast Asia, Africa and South America • The energy we consume in our operations, including electricity, gas and steam • The solar energy we produce and consume from the 2,800 solar panels we have installed Group-wide • The steam we generate for heating and the running of production machines using residual cocoa shells • The water we consume in our production activities	**Research & Development** We maximise the output and quality of our products through research and development in order to consistently deliver innovative and environmentally friendly products to our customers.

Vision

To be the world's most preferred and leading cocoa partner.

Mission

We at GCB Cocoa are committed to deliver quality cocoa and chocolates while offering utmost flexibility and attention. Through forming strong alliances with local partners, we are dedicated to serving our customers worldwide and growing together with them in long-term partnerships.

Values

- Grit
- Ambition
- Sincerity

Our Promises

- Full Product Range
- Product Quality and Safety
- Competitive Prices
- Flexibility and Excellence in Customer Service
- Technical Support and Innovation
- Ethical Operation

Read More: Our Vision, Mission, Values & Promises, page 9

Our Stakeholders

- Customers
- Shareholders/Investors
- Suppliers/Contractors
- Employees
- Governments/Regulators

Read More: Key Stakeholder Engagement, page 30

Material Matters

- Product footprint, pricing and quality
- Sustainable operational performance and expansion
- Responsible and ethical suppliers
- Talent attraction, development and retention
- Governance and compliance

Read More: Material Matters, page 32

Risks

- Competitive risk
- Expansion and liquidity risk
- Cocoa bean supply risk
- Human workforce risk
- Compliance risk

Read More: Key Risks and Risk Mitigation Actions, page 34

Strategic Priorities

- Growth/Expansion
- Sustainability
- Innovation

Read More: Growth Strategies, page 38

OUTPUTS

- Cash and bank balance: RM52.9million
- Revenue: RM3.9billion
- Net profit: RM154.8million
- Share capital: RM297.1million
- Shareholders' equity: RM1.3billion
- Earnings per share: 14.86sen
- Net dividends per share: 3.01sen
- Total borrowings: RM1.3billion
- Net gearing ratio: 0.92 times

Our current capacity:
- Existing facilities:
  - Cocoa Grinding: 277,000MT
  - Value Added: 99,000MT
  - Industrial Chocolate: 90,000MT
- Facilities under construction:
  - Cocoa Grinding: 60,000MT
  - Industrial Chocolate: 26,000MT

- Increased usage of advanced machinery and technology that reduce our reliance on non-renewable energy sources
- Increased usage of solar panels and biomass machines for energy generation, resulting in an improvement to our net energy consumption
- Adoption and implementation of relevant international standards in producing high quality cocoa related products, including:
  - Food Safety Scheme Certification (FSSC)
  - International Food Standard (IFS)
  - Good Manufacturing Practices (GMP)
  - Hazard Analysis Critical Control Points (HACCP)
  - ISO 9001: Quality Management System
  - UTZ and Rainforest Alliance Standards
  - Fairtrade Standards
  - Halal and Kosher Certifications
- Monitoring of energy usage by measuring kWh consumed per MT of cocoa beans processed, thereby reducing our overall energy consumption

- A more diverse Board of Directors, which nevertheless delivers relevant knowledge and experience in key areas such as risk assessment, strategic planning, succession planning, financial and operational management and more
- 100% of our employees are trained on the latest occupational health and safety practices
- RM157.3million was distributed in FY2021 for directors' and employees' remuneration and benefits

- Provision of additional employee benefits and assistance during the COVID-19 pandemic, such as flexibility to work from home or remotely, occasional work from home arrangements for parents with sick children or childcare needs, provision of vaccination leave and more

- The quality cocoa beans we purchase
- The energy we consumed in FY2021:
- Electricity: 358,445 GJ
- Gas: 382,038 GJ
- Steam purchased: 13,277 GJ
- Solar energy: 4,857 GJ
- Steam generated from cocoa shells and saw dust: 98,179 GJ
- Total installed capacity of 1,120 kilowatts peak ("kWp") at our factory from 2021 onwards (due to installation of 2,800 solar panels, with each panel capable of generating 400W)
- 48% of the fuel requirement of our steam generation activities at our cocoa grinding facilities at Pasir Gudang, Malaysia are supported by biomass boilers which use residual cocoa shells from our production activities
- The volume of treated water discharged: 27,664m^3

OUTCOMES

Customers
- Strong collaborative relationships with our customers, enabling continuous fulfilment of their volume and quality requirements
- Continual expansion of our footprint in Asian and European markets

Shareholders/Investors
- Maintaining a consistently healthy financial position
- Consistent value creation through sustained capital appreciation and dividend payouts

Suppliers/Contractors
- Consistent growth in our base of quality suppliers
- Active promotion of social and environmental responsibilities across our cocoa bean supply chain
- Ongoing collaboration and communication with suppliers to ensure the use of high quality raw materials and the most advanced technology

Employees
- Attraction and retention of a skilled and competent work force with:
  - Regular provision of trainings which enhance relevant knowledge and skills
  - The upholding of the principles of non-discrimination and equal opportunity, as enshrined in the Business Ethics Policy and Code of Conduct.
  - The promotion of diversity in the workplace through our career advancement and hiring practices
  - The establishment of thorough grievance procedures and a whistleblowing policy
- The adoption of various international product quality and safety standards, such as FSSC, IFS, GMP, HACCP, ISO 9001, Halal and Kosher certifications
- An enhanced career progression and effective reward system

Governments/Regulators
- Continued contribution to the economies where we have presence in through sales of goods and taxes paid
- Continued support of government policies
- Continued involvement in key corporate social responsibility activities
- Maintenance of a strong corporate governance framework

Management Discussion & Analysis (Cont'd)

Strategic Review

KEY STAKEHOLDER ENGAGEMENT

Through concerted and constructive engagements with our stakeholders, we develop a deeper understanding of their needs, empowering the development and continual improvement of sustainable business strategies that create shared value.

Stakeholder Group	Why We Engage	How We Engage	How We Address Their Expectations
Customers	We engage with our customers to understand their requirements in detail. This helps us drive high product quality and delivery standards, and develop strategies that help us meet their expectations. Ultimately, our efforts help us build a strong and diversified customer base, thereby empowering our continued growth and expansion.	• Calls and online meetings • Email communication • Annual customer surveys • Our corporate website • Trade shows (before the COVID-19 pandemic)	• Maintaining continuous communication and driving compliance with their quality, shipment, delivery and other requirements as listed within sales contracts. • Ensuring social and legal (SEDEX) compliance with international standards, while developing and publicly committing to a long-term, Group-wide sustainability plan • Sharing market and future trends with our customers through weekly price updates and regular communication • Working closely with our customers to provide flexible solutions - such as technical support for product development - which helps expand our market share
Shareholders/ Investors	We engage with our shareholders and investors to understand their specific expectations. This enables us to develop strategies that deliver their expected growth and capital appreciation, and better support our management in achieving our goals.	• Investor briefings and other investor relations engagements • Our Annual General Meeting • Our Integrated Annual Report • Our corporate website	• Maintaining continuous communication between management and all departments in order to prioritise key investor expectations (e.g. expansion plans, profit growth and stability, dividends). • Corporate governance practices that ensure transparency and accountability, and help to prevent corporate scandals, fraud and issues pertaining to corporate liability, while building proper rules, policies and practices that create long-term shareholder value

Management Discussion & Analysis (Cont'd)

Strategic Review

Stakeholder Group	Why We Engage	How We Engage	How We Address Their Expectations
Suppliers/ Contractors	It is vital to ensure the consistent supply of raw materials that meet our quality requirements, especially when it comes to cocoa beans, which account for nearly 95% of our production inputs. We also engage with our suppliers to explore and encourage the adoption of the latest innovations in machineries and packaging materials. By nurturing healthy supplier relationships, we also improve our likelihood of receiving preferential treatment in terms of pricing, special terms, better services and more.	• Calls and online conferences • Email communication • Supplier evaluations • Our Supplier Code of Conduct • Our corporate website	• Setting clear expectations within our supplier relationships, defined through Key Performance Indicators ("KPIs"), targets and best practices in relation to product quality, product delivery and supplier payments • Maintaining the high ethical standards in our procurement processes, especially in relation to environmental and social issues • Maintaining regular two-way communication with our suppliers on the latest market developments, future trends and on our strategic plans, thereby enabling better raw material and machinery planning • Maintaining regular communication between suppliers and our internal departments (including shipping, trading, marketing, planning, production and quality control) to ensure that the supply of cocoa beans is consistent and of good quality
Employees	Engaging our employees drives benefit on two fronts. In addition to enabling us to better understand their needs and expectations, we also gain a greater understanding of the various skills and aptitudes at our disposal, enabling us to better deploy our human resources for sustainable growth.	• Monthly Workers' Committee meetings • Regular employee meetings (daily, weekly and monthly, depending on job profile) • Employee appraisal sessions • Team building activities • Regular, role-specific training modules	• Consistently recognising the hard work of our employees through a fair remuneration and reward system • Providing professional development and training opportunities to enhance the skills of our employees • Embedding our corporate vision, business direction and growth plans at all levels, thereby nurturing a greater sense of belonging and purpose at work
Governments/ Regulators	Our engagements with governments and regulators are crucial to remaining abreast of changing laws and regulatory regimes, thereby minimising the risk of any disruptions to our multinational operations.	• Regulator certifications • Reports produced by regulators • Visits by government officials and/or regulatory agents • Company announcements and statutory reporting	• Providing government officials and regulatory authorities with the reports and information they require in a timely manner • Facilitating smooth audits and visits • Deepening our involvement in government-initiated programmes, such as those pertaining to sustainable cocoa

Management Discussion & Analysis (Cont'd)

Strategic Review

MATERIAL MATTERS

Our material matters represent the core topics that are central to creating value in the short, medium and long-term. Guided by our materiality determination process, we continuously evaluate topics that are relevant to our stakeholders, our industry and our countries of operation. With the insights gained, we enhance our strategies in turn.

Our Materiality Determination Process

Identification

Based on internal analysis of our business and feedback gathered, we identified topics that are key to the Group, based on their impact on our financial and non-financial performance and in the context of the Six Capitals of the <IR> Framework

Evaluation & Prioritisation

After evaluating the importance of the topics in terms of their known or potential effect on value creation for our business and stakeholders, we prioritised five material matters to focus on for FY2021

Determination

After prioritising the material matters, we undertook an intensive exercise to determine relevant information to disclose about the scope and boundary of each material matter for reporting purposes

Our Material Matters

Material Matter	Description
Product Footprint, Pricing and Quality Stakeholders involved: Capitals impacted:	• We ensure the consistent quality of our products, their traceability to the farm level, and the sustainability of the processes involved in their production • We also recognise that our brand value (and the value of our products) is strongly linked to being seen as reasonably priced, and thereby strive to ensure that competitive price points are maintained • Above all, we prioritise product safety first and ensure the strictest compliance to food safety and other relevant regulations • On top of these three crucial focus areas, within each of which our performance greatly impact our reputation, we ensure that our Group is constantly growing in terms of capacity, market presence, product quality and innovation • This enables us to meet the demands and requirements of our established global customers while maintaining our product footprint, pricing and quality standards
Sustainable Operational Performance and Expansion Stakeholders involved: Capitals impacted:	• By managing and allocating resources effectively, we are best placed to maximise shareholder returns • To this end, we strive to maintain healthy performance in key financial metrics, thereby encouraging potential investors to place trust in our growth plans • Equally, we seek to minimise our risk exposure and build resilience against price fluctuations in the commodity market • These goals can only be achieved with a strong, competent and ethical management team possessing experience and strong decision-making skills, thereby boosting the confidence level of our existing investors and attracting new sources of capital

Material Matter	Description
Responsible and Ethical Suppliers Stakeholders involved: Capitals impacted:	• We strive to ensure that our cocoa bean suppliers only make purchases from farmers who strictly comply and adhere to regulatory standards in relation to child labor, forced labor, deforestation and other key social and environmental issues • Furthermore, we ensure that our suppliers value and commit to our sustainable practices in the supply of cocoa beans • In order to reduce our own environmental impact, we have adopted energy efficient machineries that also meet our output requirements • We have also established procedures which enhance the ability of our suppliers to fulfil our quantity and quality specification standards and food safety standards as stipulated within their contracts
Talent Attraction, Development and Retention Stakeholders involved: Capitals impacted:	• First and foremost, we strive to provide our employees with healthy and safe workplaces while safeguarding the need for work-life balance • In terms of employee rewards, we continue to adhere to a fair rewards system that takes into account the different levels and skillsets of employees across our business footprint • In line with driving continuous employee improvement, we have also introduced training initiatives that enhance the skills and knowledge of our workforce, towards achieving our shared goals as an organisation • This helps to forge a greater diversity in our workforce, not just in terms of background but also skills, which improves our ability to solve problems and address issues that our business encounters • Reflecting the priority we place on diversity, our management brings a variety of skills, experiences and backgrounds to the fore, empowering a flexible approach to business management and driving our rapid expansion
Governance and Compliance Stakeholders involved: Capitals impacted:	• We comply strictly with the relevant tax and Living Income Differential ("LID") levies within our respective import countries • Various actions and steps have been undertaken to ensure compliance with all legal requirements and regulations (in areas including environmental, social and governance (ESG), product quality, food safety, Halal certification, data protection and more) • Strong corporate governance plays an important role in driving synergy within our value creation approach, while driving alignment to our corporate values across our business divisions and subsidiaries • We also keep a keen eye for any changes in relevant laws and regulations that might impact our business operations within the respective jurisdictions where we are present

Legend:

Financial Capital | Manufactured Capital | Intellectual Capital | Human Capital | Social & Relationship Capital | Natural Capital

Customers | Shareholders/ Investors | Suppliers/ Contractors | Employees | Governments/ Regulators

Management Discussion & Analysis (Cont'd)

Strategic Review

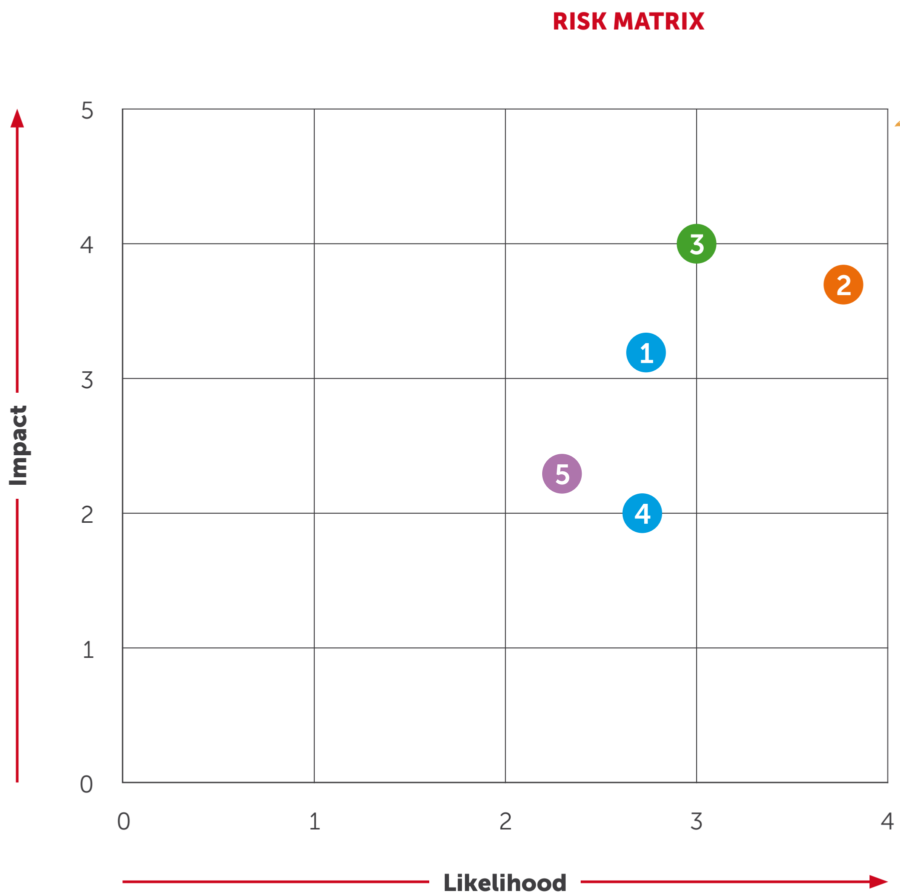
KEY RISKS & RISK MITIGATION ACTIONS

Given the multinational nature of our businesses, comprehensive risk management procedures are critical to our success. Below, we present the five risks which have been deemed to be most relevant to our business - each categorised by their area of impact - and the risk mitigation strategies we employ to reduce our exposure.

Our Risk Categories:

Risk Category	Description
Strategic	Risks primarily caused by events that are external to the Group, but have a significant impact on our strategic decisions or activities
Operational	Unfortunate events that have the potential to disrupt our day-to-day operations and processes
Financial	Risks that have a direct financial impact on the Group
Compliance	Non-compliance with laws and regulations in the countries where the Group is in operation, that may result in financial penalties, reputational damage or even revocation of business licenses

Our Risk Matrix:



1. Competitive Risk
2. Expansion and Liquidity Risk
3. Cocoa Bean Supply Risk
4. Human Workforce Risk
5. Compliance Risk

Risk Categories

- Strategic
- Operational
- Financial
- Compliance

Risk	Category	Description	Mitigation Actions
Competitive Risk **Material Matters impacted:** Product Footprint, Pricing and Quality **Stakeholders involved:**	Operational	• We are in constant competition with cocoa industry players from around the world. Therefore, failing to adapt to the latest production technologies may harm our competitiveness and result in the loss of valued customers • However, any adoption of new technologies must be thoroughly considered and deliberated as ill-advised investments may incur significant costs without delivering benefits, therefore reducing our profitability and harming our competitiveness • We must also stay alert to any potential health hazards and inadequate processes across our supply chain, which may result in customer complaints, food safety issues and reputational damage	• By expanding into the European market, we are better placed to compete and maintain healthy product margins. We are doing this by: - Capitalising on SCHOKINAG's existing marketing team and customer base, which also helps to eliminate language and cultural barriers - Redefining and diversifying our customer segments by selling specific bean blends to targeted markets based on their preferences and buying power - Ensuring that we offer competitive prices to our customers • We implement the Food Safety Quality Management system, based on FSSC 22000, which effectively mitigates against potential quality or safety issues in our supply chain • We employ experienced in-house personnel to design efficient and cost-saving machineries, while attending international exhibitions and engaging machinery suppliers to stay abreast of the latest technology developments • We perform due diligence assessments before purchasing any new machineries and technology • We assign internal teams to engage with customers and better understand their product requirements, empowering innovation that is geared to their specific needs
Expansion and Liquidity Risk **Material Matters impacted:** Sustainable Operational Performance and Expansion **Stakeholders involved:**	Financial	• In executing our expansion plans, inadequate assessments or other due diligence measurements can lead to significant financial costs • It is also essential that we match the sales of our products and purchases of beans to our production capacity, while stringently monitoring our cash flow in order to avoid cash flow deficits • We are also exposed to price fluctuations due to bean terminal market movements, which can lead to negative impacts on our margin and profit	• To reduce our exposure to risks from inadequately planned expansions, we focus our expansion efforts on our core areas of bean grinding and industrial chocolate • Before deciding to expand to a particular country, we evaluate predefined criteria including political issues, strategic location, government incentives, long-term supply, quality issues, environmental issues and more • In order to mitigate against cash flow risk, we constantly monitor marketing and trading positions, and report findings in a timely manner to the management in order to facilitate strategically sound business decisions • Working capital forecasts and bean inventory forecasts are consistently undertaken and updated to ensure sufficient cash flow • We constantly monitor and manage our gearing ratio to ensure that sufficient reserves are available for expansion projects, while undertaking detailed project forecasts to ensure sufficient financing is available for the project at hand • To mitigate against price fluctuation risks, we enter into hedging contracts

Management Discussion & Analysis (Cont'd)

Strategic Review

Risk	Category	Description	Mitigation Actions
Cocoa Bean Supply Risk **Material Matters impacted:** Responsible and Ethical Suppliers **Stakeholders involved:**	Strategic	If our suppliers do not adhere to our Code of Conduct, for instance by being involved in illegal activities such as deforestation or child labor, this may lead attention from global unions, market boycotts of our products and significant reputational damage	• We perform thorough background checks on all new suppliers and do not engage suppliers who lack an established company background or portfolio • We require all suppliers to sign and comply with our Supplier Code of Conduct • We regularly conduct supplier audits and request detailed evidence if audit results are not satisfactory • We practice procurement procedures that prioritise sustainability and work with suppliers on action plans to further improve their sourcing processes
Human Workforce Risk **Material Matters impacted:** Talent Attraction, Development and Retention **Stakeholders involved:**	Operational	• Improper assessment of potential candidates can lead to the hiring of incompetent employees, incurring financial and reputational costs • Similarly, if we are unable to retain our most talented employees, our human capital and the collective capabilities of our business may be compromised • We must also remain cognisant of any and all employee safety concerns including those derived from production accidents, machine failures and other factors • In addition, cultural and language barriers present a potential stumbling block to the smooth operation of our businesses, given our various foreign subsidiaries	• To mitigate against the risk of hiring underqualified talent, external recruitment agencies are engaged regularly to provide consultancy and shortlist suitably qualified candidates • To drive human capital growth and employee retention, we invest in well-established employee development programmes that provide ample training opportunities, while practicing internal promotion and succession planning across the Group • We carry out annual performance reviews with employees to canvass their feedback, identify strengths and weaknesses in their performance, and define goals for future career progression • In line with our goal to nurture safe and healthy workplaces, we ensure that all employees adhere to established health and safety guidelines in our offices, factories and warehouses, providing training on a regular basis • To drive consistency in standards and minimise cultural and language barriers, experienced management and operation teams are sent to train employees at our foreign subsidiaries, equipping them with relevant industry knowledge • Regular meetings are held between the management team at our HQ and employees at foreign subsidiaries in order to drive alignment with our corporate vision, mission and goals

Management Discussion & Analysis (Cont'd)

Strategic Review

Risk	Category	Description	Mitigation Actions
Compliance Risk **Material Matters impacted:** Governance and Compliance **Stakeholders involved:** 	Compliance	• Our multinational operations mean we must navigate complex regulatory regimes across tax, cybersecurity, food safety, manufacturing processes and more • Failure to comply with tax and financial regulations can lead to significant financial penalties • Failure to comply with cybersecurity rules can lead to compromised information as well as significant reputational damage • Failure to comply with food safety and quality regulations may lead to products being restricted from sales in specific jurisdictions, thereby incurring financial losses • The breach of laws and regulations such as the Personal Data Protection Act ("PDPA"), Employment Act and of HALAL certification standards can have a similarly damaging financial and reputational impact • Finally, we must adopt a cautious and considered approach when carrying out business activities in a country under sanctions or one deemed as high-risk	• We attend regular trainings organised by professional bodies to keep abreast of any changes in relevant regulations • We engage in regular discussions with local authorities in order to understand local requirements and incentives for any projects that we have in the pipeline • To mitigate against food safety and quality risks, we adhere to a Food Safety Quality Management system based on FSSC 22000 • We follow detailed internal controls and Standard Operating Procedures ("SOPs") to ensure the timely submission of required documents and information • We provide regular updates to marketers on the list of sanctioned and high-risk countries to avoid potential complications and scrutiny from relevant authorities • We ensure that requirements of the laws and regulations in our countries of operation are complied with at all times

Management Discussion & Analysis (Cont'd)

Strategic Review

GROWTH STRATEGIES

Our rise from a local producer to the fourth largest cocoa grinding company in the world has not quelled our ambition. As we look to the future and seek to further establish ourselves as an innovative and responsible industry giant, three core Growth Strategies underpin our efforts. These strategies leverage on the competitive advantages we have developed over the years, providing meaning and purpose to the specific actions we take across our global business footprint.

Strategic Priorities	Competitive Advantages	Business Strategies	Timeframe Short-term (1 year) Medium-term (2-3 years) Long-term (4-5 years)
Growth/Expansion	• We have an annual cocoa grinding capacity of 277,000MT per year and an annual industrial chocolate capacity of 90,000MT per year, supported by cocoa grinding facilities at Pasir Gudang (Malaysia), Batam (Indonesia) and an industrial chocolate factory in Mannheim (Germany) • Our cocoa cake grinding, cocoa mass and cocoa butter melting, as well as cocoa butter deodorising capabilities are supported by facilities in Delaware and New Jersey, United States • Our acquisition of SCHOKINAG in Germany is aiding our expansion in European markets • We are actively setting up plants in the United Kingdom and Ivory Coast, bringing our production activities closer to European markets	• Continue to keep a keen eye on favourable future expansion opportunities in order to increase our market share in the international cocoa-derived ingredient and industrial chocolate market • Continue to explore new markets and develop mutually beneficial relationships with customers across Asia and Europe	Medium-term
Sustainability	• We have reduced our reliance on non-renewable energy sources • We have improved our net energy consumption through the increased use of solar energy and biomass machines across all our business entities • Furthermore, our biomass boilers use internally generated cocoa shells, delivering up to 48% of our fuel requirements for steam generation and reducing our reliance on emissions-intensive natural gas	• We will continue to expand our efforts in harnessing renewable energy • We will continue to introduce energy conservation initiatives while keeping an eye on new methods and technologies that can reduce our overall power consumption and improve our energy efficiency	Medium-to-long-term

Strategic Priorities	Competitive Advantages	Business Strategies	Timeframe Short-term (1 year) Medium-term (2-3 years) Long-term (4-5 years)
Innovation	• We consistently adhere to stringent processes which maximise the quality of our products • Through the acquisition of SCHOKINAG, one of the leading chocolate manufacturers in Europe, we have gained a strong foothold in the industrial chocolate market • Our in-house R&D team works closely with customers to develop new recipes and innovative products • Leveraging the strong capabilities of our process team, we continuously explore opportunities to adopt advanced technology in our production lines which streamline our production processes and improve production efficiency	• We will continue to explore the use of technology that can improve our grinding capacity and production efficiency • Our R&D team will continue to play an active role in exploring and integrating best manufacturing standards that maintain and improve the quality of our products	Medium-to-long-term

Management Discussion & Analysis

Financial Performance Review

In FY2021, we showed resilience in recording a revenue of RM3,923.3 million, which was 6.5% higher compared to RM3,685.0 million in the previous financial year. The growth in revenue was driven by an overall global increase in sales tonnage for cocoa products as the world economy began its collective recovery.

Despite the higher revenue, the Group recorded a lower profit before tax ("PBT") of RM196.8 million in FY2021, compared to RM267.3 million in FY2020. While weakening cocoa butter prices contributed to our lower PBT in FY2021, it is important to note that our PBT was elevated in FY2020 due to a one-off gain on disposal of an associate, Fuji Global Chocolate (M) Sdn Bhd, during the year.

A similar trend is thus reflected in the Group's net profit, as we registered RM154.8 million during FY2021 compared to RM222.7 million previously.

The Group's total assets increased by 23.7% during the year, standing at RM3,495.5 million as at 31 December 2021 compared to RM2,826.4 million the previous year. This is attributable to an increase in our property, plants and equipment from expansion plans in Ivory Coast and the United Kingdom, as well as higher inventory levels. Inventory levels significantly increased due to our purchase of more raw materials to meet our sales commitments, while and at the same time, customers were delaying their shipments due to container shortages and unfavourable freight costs.

GCB's total liabilities as at 31 December 2021 increased to RM2,153.1 million from RM1,637.5 million the year before. The upturn was driven by higher loans and borrowings, which were necessary for the financing of inventory, and an increase in trade and other payables, which grew in line with the higher volume of raw materials purchased during the year.

Our continued profitability has seen us expand our retained profits from RM876.9 million last year to RM1,000.5 million in FY2021. We also saw elevated share capital during the year due to the conversion of warrants into shares. Total shareholders' equity increased by 12.9% to RM1,342.3 million as at 31 December 2021 in comparison with RM1,188.9 million last year.

Our net gearing remains at a manageable level of 0.92 times as at 31 December FY2021.

DIVIDEND

We appreciate the loyalty and support of our shareholders and are committed to rewarding shareholders for their continued investment in us. Accordingly, the Group has declared and proposed three dividend payments in FY2021. These include a first and second interim dividend of 1.0 sen per share, and a final dividend of 2.0 sen per share, which is subject to shareholders' approval at the Annual General Meeting.

This translates to a total dividend payout of RM41.9 million, which is equivalent to 27.1% of our FY2021 net profit attributable to shareholders.

Read more about our financial performance in the Financial Statements section of this report.

Summarised Group Income Statement For The Financial Year Ended 31 December (RM'000)	2017	2018	2019	2020	2021
Revenue	2,147,914	2,273,424	2,941,630	3,684,985	3,923,297
EBITDA	162,774	263,341	332,820	349,273	292,595
Profit/(Loss) Before Taxation	113,440	208,722	266,861	267,320	196,760
Net Profit/(Loss) Attributable to Equity Holders	91,045	190,115	217,948	222,709	154,838

Summarised Group Statement of Financial Position As At 31 December (RM'000)	2017	2018	2019	2020	2021
Total Non-Current Assets	427,513	500,067	534,718	964,932	1,072,428
Total Current Assets	1,152,655	1,284,084	1,507,086	* 1,861,440	2,423,044
Total Assets	1,580,168	1,784,151	2,041,804	2,826,372	3,495,472
Share Capital	121,832	121,832	220,407	263,236	297,059
Reserves	362,956	550,656	729,442	926,393	1,046,008
Treasury Shares	(5,195)	(5,347)	(226)	(720)	(720)
Shareholders' Equity	479,593	667,141	949,623	1,188,909	1,342,347
Minority Interests	-	-	-	-	-
	479,593	667,141	949,623	1,188,909	1,342,347
Total Non-Current Liabilities	51,217	80,940	93,933	556,263	516,242
Total Current Liabilities	1,049,358	1,036,070	998,248	* 1,081,200	1,636,883
	1,580,168	1,784,151	2,041,804	2,826,372	3,495,472

* Certain comparatives have been reclassified to conform with current year's presentation.

Management Discussion & Analysis (Cont'd)

Financial Performance Review

Summarised Group Cash Flows For the Financial Year Ended 31 Dec (RM'000)	2017	2018	2019	2020	2021
Operating Profit Before Working Capital Changes	154,009	255,790	330,050	338,739	277,912
Net Cash Flows (Used in)/From Operating Activities	(69,409)	302,542	(93,699)	*91,052	(79,134)
Net Cash Flows (Used in)/From Investing Activities	(66,224)	(99,174)	(62,068)	(321,221)	(164,591)
Net Cash Flows From/(Used in) Financing Activities	116,332	(199,713)	157,626	*254,771	241,231
Net (Decrease)/Increase in Cash and Cash Equivalents	(21,496)	4,420	1,714	25,266	(5,446)
Cash and Cash Equivalents at Beginning of Year	48,434	26,938	31,358	33,072	58,338
Cash and Cash Equivalents at End of Year#	26,938	31,358	33,072	58,338	52,892

including effect on exchange rate difference

Financial Analysis	2017	2018	2019	2020	2021
EBITDA Margin	7.58%	11.58%	11.31%	9.48%	7.46%
Profit Before Tax Margin	5.28%	9.18%	9.07%	7.25%	5.02%
Net Profit Margin	4.24%	8.36%	7.41%	6.04%	3.95%
Free Cash Flow (RM'000)	(128,392)	207,792	(156,229)	(312,302)	(243,321)
ROE (Average Equity)	19.0%	28.5%	23.0%	18.7%	11.5%
ROA (Average Total Assets)	5.8%	10.7%	10.7%	* 7.9%	4.4%
Earnings Per Share (sen)	19.05	19.89	22.51	21.82	14.86
Net Dividends Per Share (sen)	2.50	1.00	3.51	3.52	3.01
Payout Ratio	13.1%	5.0%	15.6%	16.1%	20.3%
Cash and Bank Balances (RM '000)	39,924	44,799	46,790	* 58,338	52,892
Total Borrowings (RM '000)	787,306	602,367	682,714	* 1,034,974	1,292,290
Gearing (net of cash)	1.56	0.84	0.67	* 0.82	0.92

* Certain comparatives have been reclassified to conform with current year's presentation.

Management Discussion & Analysis (Cont'd)

Financial Performance Review

Revenue (RM'000)

2017	2,147,914
2018	2,273,424
2019	2,941,630
2020	3,684,985
2021	**3,923,297**

EBITDA (RM'000)

2017	162,774
2018	263,341
2019	332,820
2020	349,273
2021	**292,595**

PBT (RM '000)

2017	113,440
2018	208,722
2019	266,861
2020	267,320
2021	**196,760**

Net Profit (RM '000)

2017	91,045
2018	190,115
2019	217,948
2020	222,709
2021	**154,838**

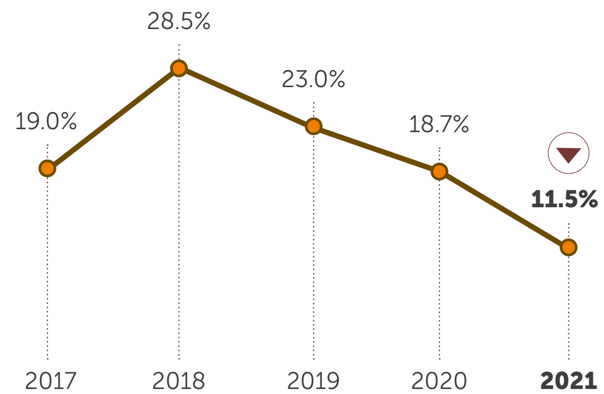
Total Assets (RM '000)

2017	1,580,168
2018	1,784,151
2019	2,041,804
2020	2,826,372
2021	**3,495,472**

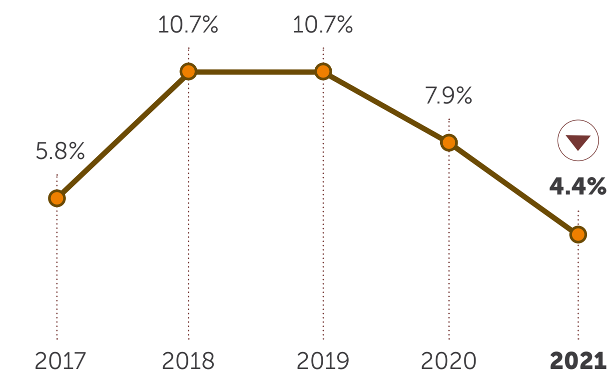
Shareholders' Equity (RM '000)

2017	479,593
2018	667,141
2019	949,623
2020	1,188,909
2021	**1,342,347**

Returns on Equity (ROE)



Returns on Assets (ROA)

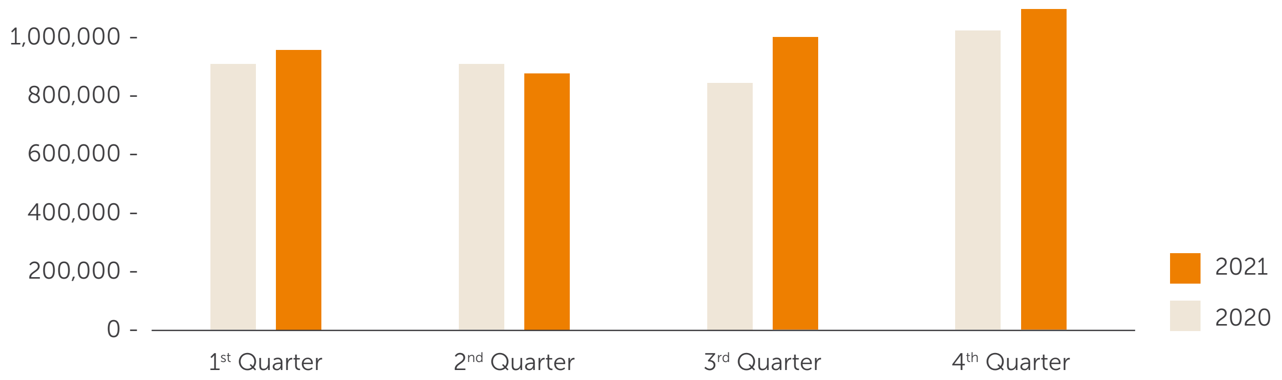


Management Discussion & Analysis (Cont'd)

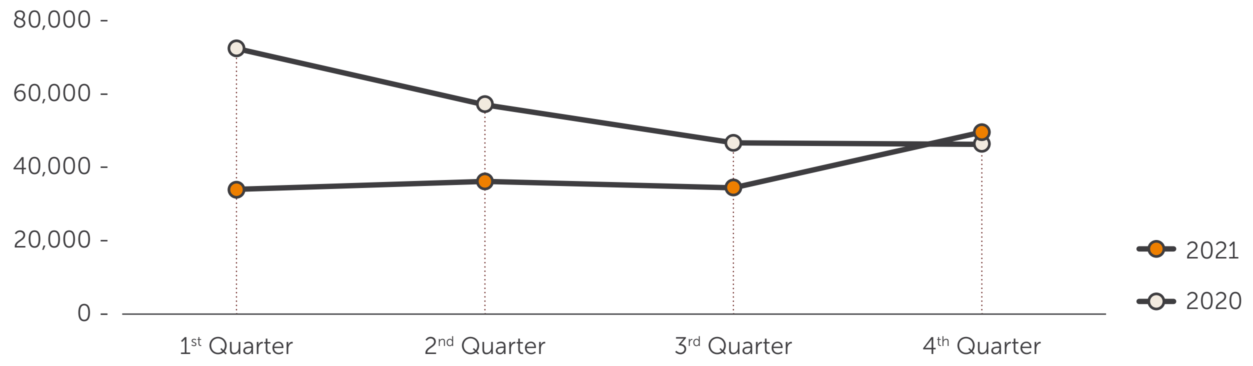
Financial Performance Review

Quarterly Analysis Year Ended 31 Dec (RM'000)	2020	2021	% Chg
Turnover			
1st Quarter	909,382	960,121	5.6%
2nd Quarter	910,777	876,226	-3.8%
3rd Quarter	841,587	998,104	18.6%
4th Quarter	1,023,239	1,088,846	6.4%
	3,684,985	3,923,297	6.5%
Net Profit			
1st Quarter	72,165	33,896	-53.0%
2nd Quarter	56,976	36,389	-36.1%
3rd Quarter	46,779	34,455	-26.3%
4th Quarter	46,789	50,098	7.1%
	222,709	154,838	-30.5%

Quarterly Turnover (RM'000)



Quarterly Net Profit (RM'000)



Management Discussion & Analysis

Operational Performance Review

FY2021 was a challenging year for businesses worldwide, with travel and social restrictions caused by the COVID-19 pandemic placing a dampener on consumer demand. This downturn has especially affected discretionary purchases such as chocolate, causing a chain effect that has in turn led purchasers of cocoa-derived ingredients to rein in their spending and to a decrease in the market prices of our core products.

Compounding the uncertainty that the pandemic has caused, a global shortage in containers has led to an unprecedented rise in freight costs. In December 2021, The Wall Street Journal reported that this mismatch between shipping demand and capacity was expected to cause the rates in many annual shipping contracts to double[1]. This has understandably led some of our customers to delay their shipments, resulting in higher inventory levels.

Furthermore, as of the publishing of this report, the ongoing Russia-Ukraine conflict is expected to compound global supply chain disruptions, with the rising price of oil and other commodities set to exert additional upward pressure on shipping rates[2].

However, amidst the challenges presented by our operating environment, we have recorded a resilient financial performance while maintaining grinding activities at our facilities at optimal utilisation rates, successfully meeting the needs of our client base. Furthermore, our production tonnage of cocoa ingredients (cocoa butter and cocoa solids) for FY2021 were covered by committed sales. This secured profitability during the year in review of RM154.8 million. However, due to the fall in the price of cocoa butter, this resulted in a drop in our annual profit.

Looking at our industrial chocolate business, we recorded strong contributions from SCHOKINAG, which saw encouraging improvements in the second year after our acquisition. SCHOKINAG posted RM32.8 million in EBITDA for FY2021, more than double the RM14.8 million in EBITDA recorded in the previous corresponding year. Contributing factors to this positive performance included effective fulfilment of customers' orders, an increase in utilisation rates and enhanced operational efficiency.

Taken as a whole, FY2021 evidenced the strength of our business during challenging times while providing a positive outlook for our business. This provides optimism as our expansion plans come to fruition in FY2023 and beyond, we will be able to fully capitalise on enhanced cost efficiencies and capture a greater share of the global cocoa-derived ingredients and chocolate market.

[1] Wall Street Journal (2021), Shipping and Logistics Costs Are Expected to Keep Rising in 2022

[2] Lloyd's List (2022), *UN Says Ukraine War To Lead To Even Higher Freight Rates*

Sustainability Report

SUSTAINABILITY HIGHLIGHTS IN FY2021

In a continued climate of challenges, we stayed the course and made significant progress on our planned sustainability initiatives, facilitating more support for the underserved communities and creating employment opportunities in new geographical regions, while seeking out innovations that may reduce our environmental impact.

The summary below outlines our major achievements in advancing sustainable economic, environmental and social outcomes in FY2021.

Improved

biomass

generated steam production in GCCM and installed a new biomass machine in GCBCM. Thus, reducing reliance on non-renewable gas

Provision

of life insurance to cocoa farmers within our direct sourcing network, offering them a level of financial security for their livelihood

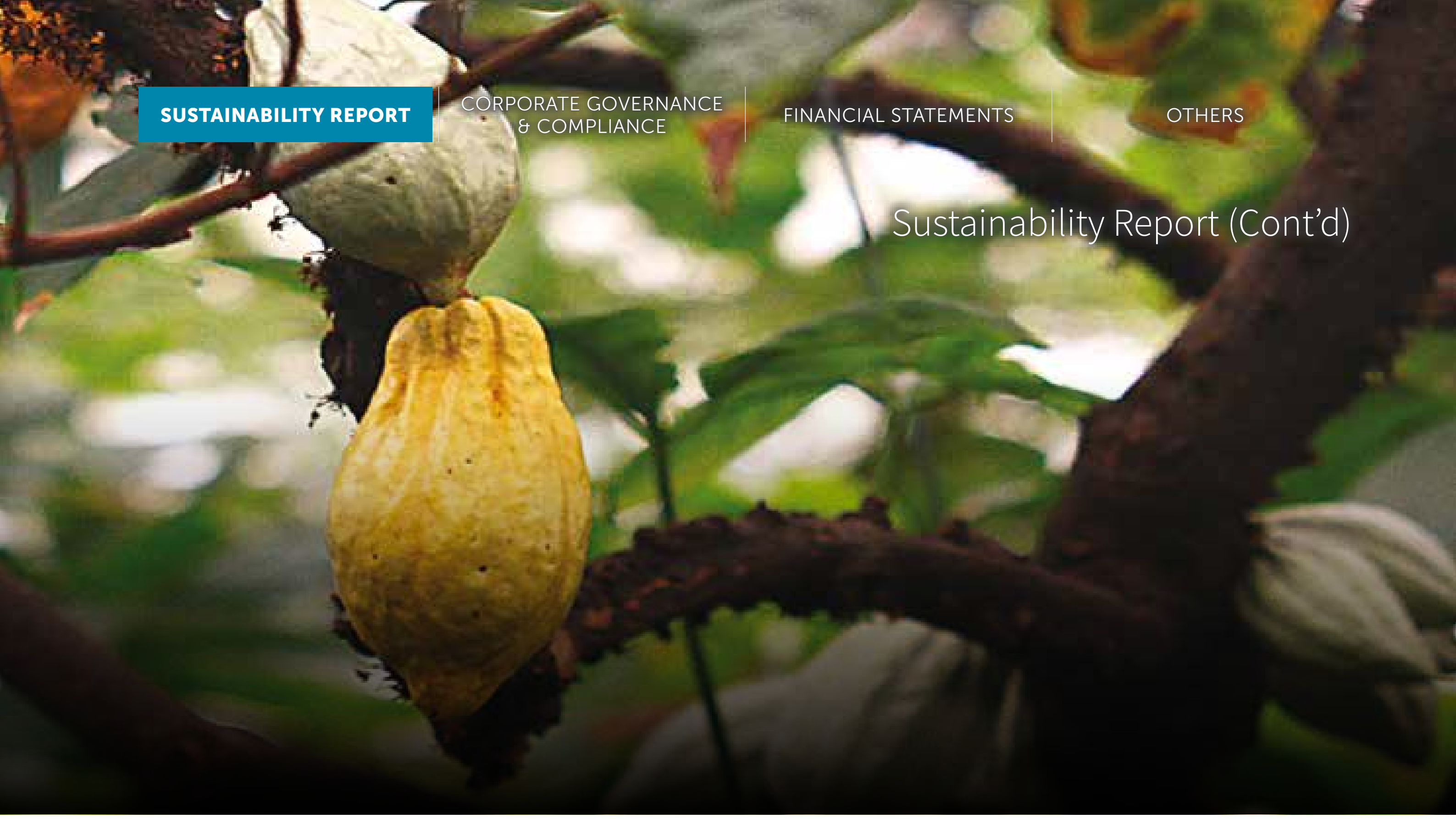
With the installation of

2,800

solar panels installed, GCCM will have access to a total capacity of 1,120 kilowatts peak (kWp) from 2021 onwards

Adoption of various product quality and safety standards at key factories in Malaysia, Indonesia & Germany, including:

- Food Safety Scheme Certification (FSSC)
- International Food Standard (IFS)
- Good Manufacturing Practices (GMP)
- Hazard Analysis Critical Control Points (HACCP)
- ISO 9001: Quality Management System
- UTZ and Rainforest Alliance Standards
- Fairtrade Standards
- Halal and Kosher Certifications



Sustainability Report (Cont'd)

REPORTING PRACTICE

Introduction

As a quickly expanding group with presence in multiple countries and regions, our practices and principles have the ability to make lasting impact and difference to the communities we operate in. With sustainability placed at the forefront of our operational and decision-making approaches, we ensure that economic, environmental and social considerations are taken into account at each stage of the value creation process.

This goes beyond our financial performance, and extends to encompass responsible business practices, positive impact on the lives of those in the communities we operate in and setting a meaningful example to peers in the industry.

As such, we believe in looking beyond our operational practices and building a thriving sustainable cocoa sector – where farmers are supported, natural resources are protected and preserved, employees are provided opportunities for growth, and economic benefits are shared equitably.

Our Reporting Approach

This report has been prepared in compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and in reference to the Global Reporting Initiative (GRI) Standards. With guidance from the GRI Standards, the report covers the following key principles:

- Stakeholder Inclusiveness – Capturing stakeholders' expectations and concerns;
- Sustainability Performance – Presenting key performance indicators within the wider context of sustainability;
- Material Matters – Prioritising the key sustainability issues most relevant to our Group;
- Completeness – Reporting on all sustainability issues that are relevant to our Group and in alignment with content requirements.

Further to this, the sustainability topics disclosed in this report have been aligned with relevant GRI Standards covering the following material matters:

- GRI 201 - Economic Performance 2016
- GRI 202 - Market Presence 2016
- GRI 302 - Energy 2016
- GRI 306 - Waste 2020
- GRI 307 - Environmental Compliance 2016
- GRI 401 - Employment 2016
- GRI 403 - Occupational Health and Safety 2018

Scope & Boundaries

This report refers to the sustainability performance and progress of GCB for the period from 1 January 2021 to 31 December 2021 (the reporting period of FY2021), unless otherwise stated. Specifically, the sustainability performance of the following subsidiaries under the Group are covered in this year's report:

- Guan Chong Cocoa Manufacturer Sdn Bhd (GCCM)
- GCB Cocoa Malaysia Sdn Bhd (GCBCM)
- PT Asia Cocoa Indonesia (ACI)
- GCB Cocoa Singapore Pte Ltd (GCBCS)
- SCHOKINAG-Schokolade-Industrie GmbH (SSIG)

References to 'GCB', 'the Group', 'the Company' and 'we' refer to Guan Chong Berhad and its subsidiaries.

Sustainability Report (Cont'd)

Restatement of Information

Last year, the Group transitioned to a more holistic and complete reporting approach in line with the requirements of the GRI Standards and prepared its first sustainability report. This will be the second year that the Group's sustainability report is prepared to these standards. Additionally, this will be the first year that SSIG will be included in the scope of the Group's reporting since its acquisition.

Memberships & Associations

We strive to be an active member of our industry by contributing to key associations including:

01 World Cocoa Foundation (WCF)

02 Cocoa & Forests Initiative (CFI)

03 German Initiative on Sustainable Cocoa (Forum Nachhaltiger Kakao)

04 International Cocoa Initiative (ICI)

Our Supply Chain

The Group strives to incorporate sustainability across our supply chain so as to align our strategies towards identifying our business impacts on Economic, Environmental and Social (EES) and its primary relevance within the chain. This is to ensure that we stay true to advocating sustainability beyond our organisation and continue to place high emphasis towards embedding more sustainable elements with external parties in our supply chain.

External Assurance

In development of our current year's approach towards sustainability reporting, we have maintained an internal assurance methodology for the disclosure of this year's Sustainability Report. As the Group makes further progress within our sustainability journey, we will firmly consider the adoption of an external assurance for our disclosures in the near future.

Feedback & Availability

This report is publicly available online via our website at **www.gcbcocoa.com**.
We welcome your comments, questions and remarks. Enquiries can be directed to our headquarters.

Guan Chong Berhad

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Telephone: +607-254 8888

Email: info@gcbcocoa.com

SUSTAINABILITY STATEMENT

RESPONSIBLY SUSTAINING OUR POSITION AS A TOP GLOBAL COCOA PROCESSOR

Dear Stakeholders,

"In this eventful year of 2021, businesses and communities across the globe continue to witness challenges alongside exciting developments. Despite the rollout of vaccines, the COVID-19 pandemic continues to impact many industries, including the cocoa industry, while climate events disrupted the lives of many. Disruptions to the global economy, supply chains and operational procedures placed a strain on our business processes and people."

Regardless of these challenges, we are proud to have remained adaptive to changes, guided by our company's core values and goals. Our employees' safety and health remain an utmost priority, making the implementation and enforcement of safety regulations our prime concern. At the same time, we continued to take great pride in maintaining the highest standards of product quality for our customers, as we work towards our vision of being the world's leading and preferred cocoa partner.

For GCB, the year held great significance as it marked the second year for many of our efforts: the continuation of the Sustainability Steering Committee (SSC) to veer us towards accountability and commitment towards sustainability, the implementation of several initiatives under the 'Good Cocoa & Beyond' programme and our adoption of the GRI Standards in sustainability reporting. It also saw the kick-off in the actualisation of our sustainability aspirations—the expansion of Corporate Social Responsibility (CSR) activities, the start of the Ivory Coast farmer programmes and greater transparency in reporting. With coordinated efforts to implement our sustainability vision across global operations, GCB is making steadfast progress in keeping to our commitments.

As a key player in the global cocoa sector, we are conscious of the growing gravity of sustainability within the industry. GCB continues to grow and learn through consistent action to uphold its responsibility of contributing to an ethical supply chain, striving to align ourselves to the best practices available. We are set on ensuring responsible practices throughout our supply chain, to safeguard the future of cocoa supply, build a diverse and forward-thinking workforce and, all the while, ensuring that high quality of goods and services are consistently delivered to our stakeholders.

This report aims to provide an objective and balanced account of the various sustainability initiatives that we have established across the EES spectrum, along with a detailed review of the significant progress that we have made in FY2021.

ETHICAL GOVERNANCE AND CONDUCT

As a growing cocoa business, GCB acknowledges the importance of administering a robust sustainability framework that addresses the impacts of our business activities. We prioritise the interests of our various stakeholders and adopt a proactive approach in identifying the potential risks associated with our operations. Given our extensive years of experience in the cocoa industry, we have established and implemented the highest standards of safety and quality assurance across our business operations, in compliance with international industrial best practices.

With business facilities across the world, we are cognizant of the varying regulations and legislations specific to geographical boundaries where each entity operates. We understand the need for developing a responsible corporate culture within all regional and international operation centres.

At GCB, we believe it is pertinent to address the broader context of sustainability within the global cocoa sector. In 2021, the SSC devised operating procedures in accordance to international sustainability best practices, putting in place policies to govern the ethical operations of the GCB value chain and striving to create an environment of integrity within the organisation.

Sustainability Report (Cont'd)

VALUING OUR PEOPLE AND COMMUNITY

GCB recognises that human capital is the core upon which sustainable success can be attained. Therefore, we are committed to dedicating significant resources into upholding our people's safety, training and personal growth, while promoting the development of a diverse and inclusive workforce.

As many were forced to work remotely during this pandemic, employee welfare was thrusted into the spotlight. In aiding GCB's workforce to adapt to the 'new normal', we provided support to our employees in novel ways. We continued to hold informative virtual sessions for the health and wellness of our work-from-home employees, deliver gift packages to combat COVID-19 and launched stay-home bonding activities among employees to keep the ties strong between teams physically apart.

Given our prominence in the global cocoa industry, it requires us to be more present and involved in the various communities that form the worldwide cocoa producing eco-system. In view of the people adversely affected by the pandemic, we stepped forward to lend support to vulnerable communities in Malaysia, including children affected by COVID-19. Additionally, in our efforts to counter child labour within the supply chain, GCB has also become an official signatory of the International Cocoa Initiative (ICI), strengthening our efforts to address the issue in our direct supply chain. GCB is dedicated to continue working with industry players to ensure the ethicality of cocoa production.

UPHOLDING ENVIRONMENTAL CONSCIOUSNESS

The most recent report by the Intergovernmental Panel on Climate Change (IPCC) found that the global temperature is expected to exceed 1.5°C of warming over the next decades if no significant emission reductions are carried out.

In the face of this, GCB acknowledges the urgency to reduce our impact on the planet and places concerted effort in reducing our environmental footprint. This is achieved through a holistic approach prioritising the optimisation of energy usage, waste production and water consumption in all our business operations.

In addition to harnessing of solar power, GCB has also stepped-up recycling efforts in the past years and committed resources towards addressing environmental impacts in our supply chain. Under our Good Cocoa & Beyond programme, we have also begun the implementation of a traceability programme across farms within our direct cocoa bean sourcing network, in Ivory Coast and is pursuing multiple accreditations to ensure the validity of our environmental efforts.

Moving forward, we aim to continue exploring ways to adopt environmental best practices with a two-pronged approach of enhancing the business continuity while protecting the environment in which we operate.

IN CONCLUSION

Despite the continued uncertainties in 2021, the development of global events spurred us on towards developing strategic initiatives to stay the course in advancing our sustainability objectives.

In the second year of our Good Cocoa & Beyond programme, GCB attained commendable progress with the unyielding efforts of our employees. Looking ahead, GCB will aim to address key challenges in our supply chain in order to achieve our final goal of delivering 100% traceable and sustainable cocoa ingredients by 2030. Taking on the responsibility to these initiatives reflect our unwavering commitment towards approaching sustainability thoughtfully, progressively and comprehensively.

In the context of the current operating environment, we are truly encouraged by the progress we have made collectively. We are sincerely appreciative of all the contributions, support and loyalty of our stakeholders, both internally and externally throughout this journey. We trust that this sustainability report will inform and inspire you towards further bolstering your mutually beneficial relationship with GCB. Together, we can reap the rewards of building a sustainable future. Let us come together to strengthen our commitment towards a sustainable future!

Thank you.

Brandon Tay Hoe Lian
Chief Executive Officer

SUSTAINABILITY GOVERNANCE

The governance of sustainability matters at GCB is underscored by our commitment to the highest standards of corporate governance across all our operations. To this end, a detailed and Group-wide corporate governance framework has been developed based on the following:

- Malaysian Code on Corporate Governance (referred to herein as "MCCG")
- Bursa Malaysia's Corporate Governance Guide (3rd Edition)
- Bursa Malaysia's Main Market Listing Requirements (Listing Requirements)
- Bursa Malaysia's Sustainability Reporting Guide (2nd Edition)

Furthermore, our approach to value creation is based on a principle of "shared growth", whereby we believe that our actions must always balance the need of achieving operational targets with matters that are important to our stakeholders and the surrounding communities and environment. In accordance with this, the following economic, environmental and social considerations and practices have been embedded at the Group level:

Economic

Business practices are continuously reviewed to ensure a focus on long-term sustainable growth for our stakeholders, with the imperative of achieving economic targets while complying with all relevant laws, rules and regulations

Environmental

Processes are continuously monitored and improved to optimise our environmental impact. Initiatives are regularly introduced to:

- Reduce and/or mitigate our environmental footprint
- Enhance awareness of the importance of lowering energy consumption
- Uphold compliant environmental practices
- Adopt operational processes that minimise environmental harm

Social

Across our subsidiaries, best practices are adopted to ensure the highest standards in occupational health and safety, while an understanding of the needs of local communities is forged at all levels in order to deliver initiatives that improve lives and livelihoods.

Sustainability Report (Cont'd)

Our Sustainability Governance Structure

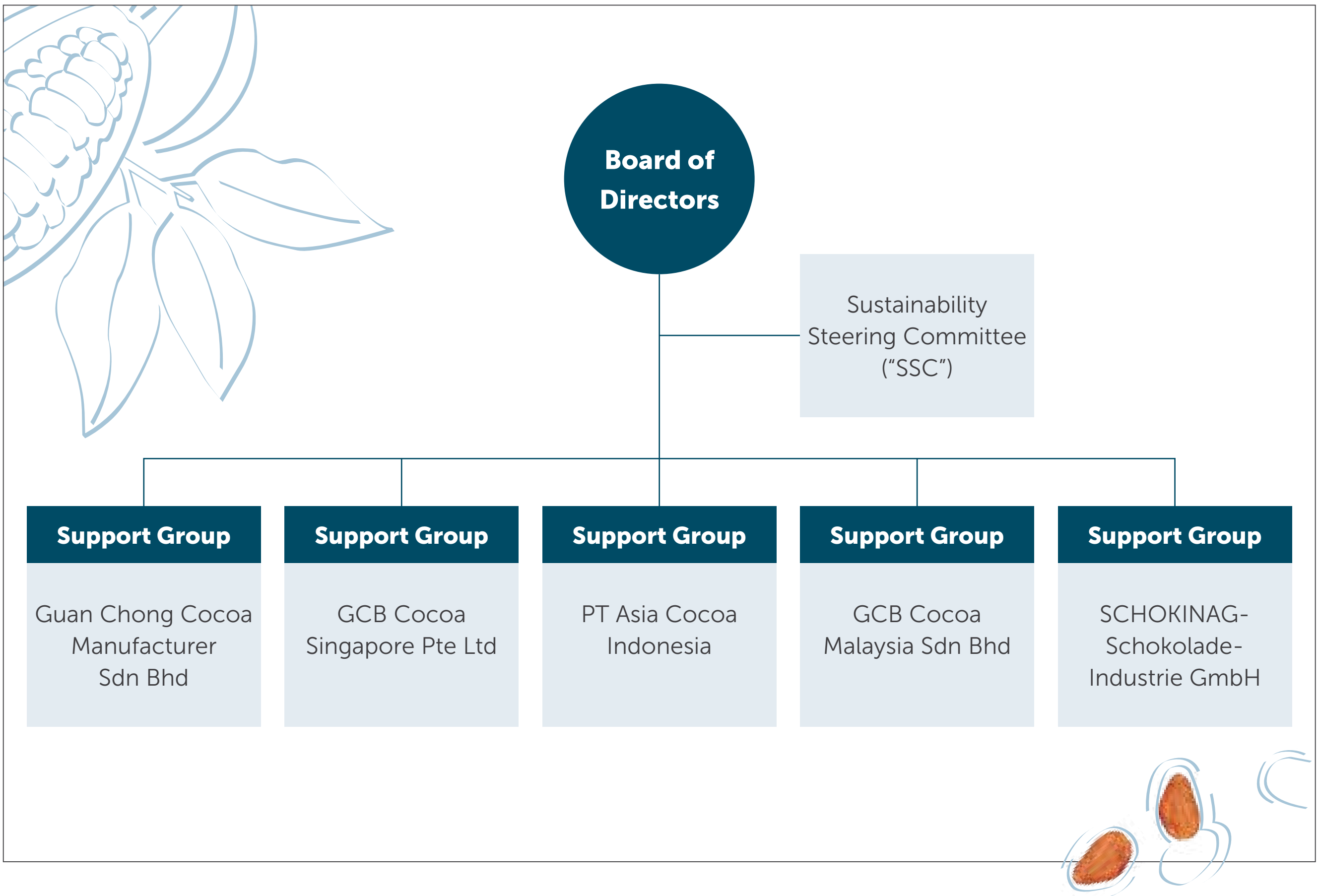
As detailed above, the integration of business and sustainability is spearheaded at the highest levels of governance, with the Group's Board of Directors (Board) assuming the vital role of driving awareness and adoption of sustainability practices across the Group.

Supporting the Group's sustainability agenda, a Sustainability Steering Committee (SSC) is responsible for overseeing the process of embedding sustainability practices in the business processes of each of the Group's subsidiaries, in line with the Board's direction. The roles of the SSC also include:

- Preparing the Group's annual Sustainability Report in line with the Bursa Malaysia Requirements, in addition to preparing other sustainability disclosures as and when required;
- Carrying out detailed materiality assessments to identify sustainability topics relevant to the Group's business;
- Carrying out stakeholder engagement activities with the aim of identifying the importance of sustainability topics to specific stakeholder groups;
- Undertaking thorough assessments of the risks and opportunities relevant to specific sustainability topics; and
- Overseeing the management of strategies and initiatives related to all sustainability topics identified.

As detailed in the diagram below, the SSC is chaired by an Executive Director of the Group while also comprising General Managers and Senior Managers of all functional units, ensuring that issues relevant to all areas of the Group's wide business footprint are adequately considered.

To promote the efficient adoption of initiatives at the subsidiary level, five Support Groups work collaboratively with the SSC, comprising members of GCCM, GCBCS, ACI, GCBCM and SSIG respectively. Moving forward, the Group will consider the establishment of a sustainability governance structure that incorporates a wider range of its business units.



Business Ethics Policy & Code of Conduct

The Group's core values and culture are enshrined at all levels with the Business Ethics Policy & Code of Conduct (henceforth referred to as "Code of Conduct"), which sets forth appropriate guidelines in the following areas among others:

- Dealing with stakeholders including employees, customers and business associates
- Managing work environments
- Dealing with company assets
- Dealing with potential conflicts of interest

Relevant policies guiding practices at the subsidiary level are continuously monitored and updated as and when necessary to ensure they comply with industry and jurisdictional regulations while remaining relevant to the Group's processes.

Our full Business Ethnics Policy & Code of Conduct is available on GCB's corporate website.

Group-wide Sustainability Policies

The Group's Environmental Policy provides specific strategies with regard to conserving natural resources in the natural environments within which we operate, promoting the preservation of biodiversity, and complying with all relevant environmental legislation in our operating countries. The policy also dictates that all suppliers of the Group should adopt specific measures to minimise any negative environmental impact associated with their operations.

Similarly, our commitment to sustainability is reflected in the introduction of a Group-level Water Policy that governs water withdrawal and discharge. The aim of the policy is to reduce wastewater, reduce water contamination and maximise the use of recycled water.

Anti-Corruption Policy and Whistleblower Procedure

The Group's Anti-Corruption Policy and Whistleblower Procedure was adopted with the purpose of ensuring that our operations and business conduct are conducted with robust safeguards against bribery, corruption or other similarly unethical acts.

The policy dictates that all Group employees or agents acting for or on behalf of the Group are prohibited from, directly or indirectly, receiving or providing benefits such as gifts, commissions, kickbacks or any benefits in similar nature from or to any persons or entities who deal with GCB (third parties), where the benefits would reasonably be expected to influence the performance of employees' or agents' duties in any aspect. In addition, all employees are required to inform third parties of the Anti-Corruption Policy and to request the third party's compliance.

In establishing the policy, the Board took cognisance of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 which came into force on 1 June 2020. In implementing the practices outlined in the policy, relevant trainings are provided to Directors, management and all other employees across the Group to ensure they are aware of and understand the policy, upon which a pledge is formally executed by each individual to stipulate their commitment.

The Group's whistleblower procedure provide a mechanism for all employees of the Group to report instances of unethical behavior, actual or suspected fraud or dishonesty, illegal activities or violation of the Group's Code of Conduct. If the case in question cannot be resolved through normal reporting lines and procedures, it is elevated to the attention of the Chairman of the Audit Committee, who will then assign the case to Enterprise Risk Management (ERM) Coordinators or appropriate independent management teams for further investigation. With each report received, the identities of whistle-blowers or issues as reported are kept at strict confidentiality throughout the whistleblowing process.

Our full Anti-Corruption Policy and Whistleblowing Procedure is available on GCB's corporate website.

Sustainability Report (Cont'd)

STAKEHOLDER ENGAGEMENT

EMPOWERING STAKEHOLDER INTERESTS

With our business interests spread across multiple sectors and jurisdictions, stakeholder consultations are integral to enabling a fully integrated view of our business and its economic, environmental and social impacts, and thereby identifying issues that are essential to our ability to operate sustainably. Aided by our feedback channels and collaborative platforms, we are able to identify these matters that are most pertinent to our stakeholders and devise our sustainability initiatives in alignment with these action areas.

As we move ahead in our sustainability journey, the Group intends to implement a more structured approach towards stakeholder engagement, involving both internal and external stakeholders, in order to facilitate better outcomes.

The following is a summary of our stakeholder engagements in FY2021.

Stakeholders	Key/ Primary	Active Engagement	Mode of Engagement	Frequency of Engagement
Shareholders / Investors - This includes institutional investors, analysts, retail shareholders	Yes	High	Annual General Meeting Extraordinary General Meeting Quarterly investor briefing	Annually As needed Quarterly
Media - This includes journalists from tri-media and online news sites	Neutral	Low	Press interview / release	As needed
Government / Regulators - This includes national and local government authorities, regulators	Yes	Moderate	Meetings Electronic communication	As needed
Suppliers / Contractors - This includes organisation and groups that provides services and/or products	Yes	High	Meetings Electronic communications Supplier assessment	As planned/ needed As planned/ needed Annually
Customers - This includes purchasers and product users	Yes	High	Online conferencing meetings Electronic communications	As planned/ needed
Employees - This includes employees of top management and general staff	Yes	Moderate	Face-to-face meetings Online conferencing meetings Annual appraisals Email announcements, Whistleblowing channel	As needed As needed Annually
Local Communities - This includes the group of interacting people sharing an environment where the business operates	Neutral	Low	Corporate Social Responsibility (CSR) donation events CSR volunteer events	As planned/ needed

MATERIALITY ASSESSMENT

PRIORTISING OUR KEY SUSTAINABILITY MATTERS

The Group has developed a comprehensive materiality assessment process to provide an objective view on the sustainability issues that matter most. The process includes consultations with internal and external stakeholders, leading to the identification of the sustainability topics disclosed in this report.

The Group's materiality assessment process includes:

1

Identification

The SSC undertakes detailed research of peer companies and business trends to develop a robust list of sustainability issues relevant to the cocoa industry

2

Shortlisting

A preliminary shortlist of sustainability topics is established by narrowing down the list formulated at the identification stage, aided by interviews with key internal stakeholders comprising the senior management team

3

Prioritisation

Topics are then further prioritised through an analysis of the potential influence of the issue on stakeholder assessments of the Group and the potential influence of the issue on the Group's economic, environmental and social impacts

4

Validation

The identified material issues are then presented to the Chief Executive Officer for validation, resulting in the finalisation of key sustainability topics which are disclosed in this report

Moving forward, we will continue to review and refine our materiality assessment process to cater to evolving needs in our operations and optimise the quality and breadth of stakeholder inputs.

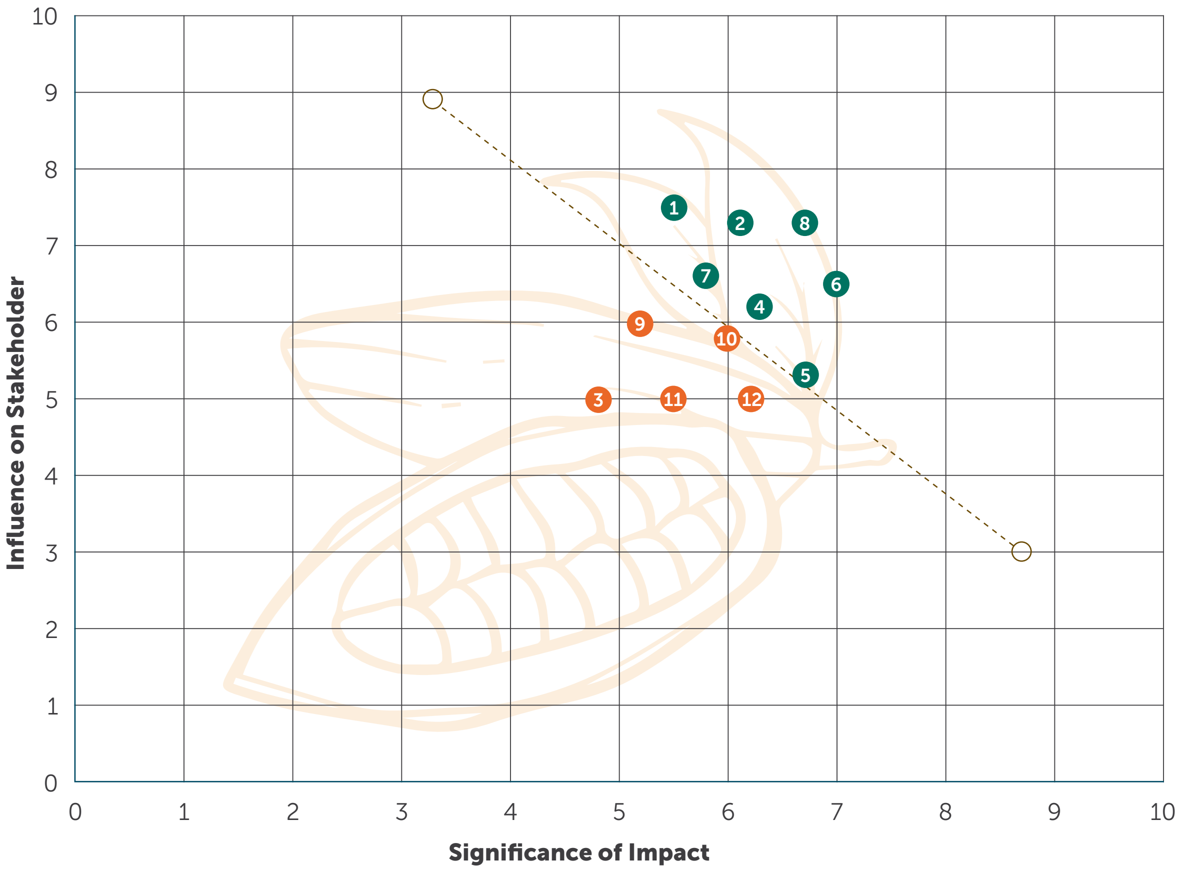
Sustainability Report (Cont'd)

Materiality Matrix

A key tool used in the materiality assessment process is the materiality matrix, which is deployed at stage 3 (prioritisation) to cross-analyse each topic's potential impact on stakeholder considerations against the topic's impact on the Group's sustainability impacts.

With 12 sustainability topics identified from the broader assessment process, the Materiality Matrix facilitated the prioritisation of seven topics as High Priority, for which our impacts will be disclosed to our best ability in this report. A further five topics were identified as Emerging Priority, and will be subject to continued monitoring with a view to inclusion in reports during future years in review.

MATERIALITY MATRIX



HIGH PRIORITY

1. Economic Performance
2. Market Presence
4. Energy
5. Effluents and Waste
6. Environmental Compliance
7. Employment
8. Occupational Health & Safety

EMERGING PRIORITY

3. Procurement Practices
9. Training & Education
10. Non-discrimination
11. Local Communities
12. Customer Safety & Health

ECONOMIC PERFORMANCE

SUSTAINING GROWTH AND PROFITABILITY THROUGH ETHICAL AND RESPONSIBLE CONDUCT

Why It Matters

In these extraordinary times, GCB remains committed to delivering value to our trusted stakeholders and achieve long-term economic growth. Our growth is motivated by our innate determination to conduct ourselves responsibly, while placing emphasis on reinvesting into both our business and our people. With this approach, we are able to harness new business opportunities, manage and enhance existing stakeholders' confidence and maintain a highly motivated and vibrant workforce. In establishing this synergy, we are able to reach outcomes which accelerates our growth and ensures the relevance and viability of our business.

How We Approach It

GCB aims to deliver continued and sustained quality growth whilst staying committed to sustainable business operations and the highest professional standards within the industry. Supported by a strong governance structure, we ensure that business operations are fully complied across the various subsidiaries and business operations. This includes upholding the integrity of compliant disclosures and ethical business conducts, as applicable in areas where we operate.

With support from our Board, the Chief Financial Officer, the Finance and Administration Department to our executive-level managers, our governance structure enables the Group to coordinate and monitor its business activities effectively. The implementation of measures such as our Code of Conduct and Anti-Corruption Policy also showcases how our Group is capable of promoting integrity throughout its business operations, thus ensuring the sustainability of our core business activities.

Through the years, we have emphasised and continuously strived at several key objectives for our Group's core business, i.e., cocoa bean processing which includes high utilization of cocoa grinding facility, cost efficiency optimization, adaptable and agile response towards changes in the cocoa business, forward thinking in planning strategy, ethical and responsible business conduct.

This strategic and dynamic approach firmly applies to our products where we are deeply dedicated to creating high-quality and consumer safe products. Leading on such ambition, our Group has adopted various local and international standards to ensure this at our key factories in Malaysia, Indonesia and Germany, which includes our adherence to various standards such as:

- Food Safety Scheme Certification (FSSC)
- International Food Standard (IFS)
- Good Manufacturing Practices (GMP)
- Hazard Analysis Critical Control Points (HACCP)
- ISO 9001: Quality Management System
- UTZ and Rainforest Alliance Standards
- Fairtrade Standards
- Halal and Kosher Certifications

In addition to these accreditations, GCB conducts annual enterprise risk assessment exercise, which helps us to accurately identify risks and implement mitigation actions across all our different business functions – from manufacturing, strategic, financial, legal and compliance related matters, among others. This is complemented by other monitoring activities, such as our monthly operation meetings for key departments which are dedicated to specific aspect of our operations (such as on purchasing and storage strategy, trading and etc.) as well as weekly reviews for sales, marketing and production planning. GCB also utilises internal and external audits to provide an objective assessment of business performance and to identify areas for improvement, if applicable.

Our Performance

In 2021, GCB continued in its concerted effort to remain resilient amidst the impact of COVID-19. We are pleased with the encouraging performance. Our business has good momentum, with a recorded revenue of RM 3.9 billion. As compared to RM 3.7 billion in 2020. Despite the higher revenue, the Group's Profit After Tax (PAT) stood lower at RM154.8 million in comparison to RM222.7 million in the previous financial year. For further details, kindly refer to the economic performance of the Group in the Financial Section of this report.

Read more: Financial Performance Review, page 40

Sustainability Report (Cont'd)

MARKET PRESENCE

DRIVING SUSTAINABILITY THROUGH INDIRECT ECONOMY CONTRIBUTION

Why It Matters

In GCB's pursuit for economic growth, we strongly believe in achieving growth in a sustainable manner, thus placing emphasis on generating positive effects, in the process, for our people and society at large. We remain committed to providing wages above the threshold required by applicable legislation in order to benefit local communities and our employees. This is aligned with our view that wage is a key element in bringing a direct impact onto a society, which also ideally enable individuals to safeguard their well-being. In this regard, we are wholly committed to providing wages that are fair.

How We Approach It

GCB recognises that people are the core of our operation and therefore, we ensure a fairly compensated working environment. In doing so, we not only incorporate a fair wage system, we also place a significant importance on the fulfilment of our people – including the advocacy for participating in trainings and workshops outside of their job focus. As a Group with operations in multiple regions, we strongly adhere to minimum wage requirements as stipulated by local legislation in the jurisdictions where we operate, for example, adherence to the Employment Act (1955) in Malaysia and Indonesian Labour Laws.

Our dedicated Finance and Administration Department, with coordination and support of the Human Resources Department, manages all matters related to wages, helping to guarantee that our wages are consistent, standardised and fair. The Group determines its remuneration structure according to the latest market trends and practices, while proactively seeking improved ways to align our remuneration structures with our values of equality and non-discrimination. GCB's designated management team also regularly participates in trainings and briefings in order to keep abreast on the knowledge of current market requirements. Base salaries for all our employees are continuously evaluated and adjusted according to various factors, such as job requirements, market conditions, educational qualifications and experience. In addition to prevailing regulations, our approach on this is guided by the values as embodied in our Code of Conduct.

In order to establish an open and transparent communication with our employees, we encourage all to share constructive feedback on matters related to remuneration through our annual employee appraisals or via the respective Department Heads. We also maintain clear and effective grievance policies and procedures for employees to communicate their concerns in a safe and confidential manner. This supports the aforementioned approach and that our management is unceasingly open to feedback, in order to create an environment that is beneficial for both the employees and the business.

Our performance on this matter is assessed through the conduct of internal audits, providing assurance that we comply with all applicable minimum wage standards. If areas of improvement are identified, we work promptly and thoughtfully to address the issue and implement necessary improvements with all parties involved.

Our Performance

For FY2021, we are pleased to report complete compliance with minimum wage thresholds as determined by applicable laws within the regions which our reported entities operate. This means that no employees operating within our Group was compensated less than the required in FY2021, with the distribution of such entry level wages being similarly equal in terms of gender.

Looking ahead, we will continue to uphold our values of maintaining and promoting equality throughout our operations, ensuring that our remuneration structure is equal and fair regardless of factors such as age, gender or race.

In doing so, we believe that we will continue to maintain a strong and motivated workforce – a vital ingredient for sustainable economic growth.

ENERGY

ESTABLISHING RESPONSIBLE AND RENEWABLE ENERGY PRACTICES

Why It Matters

As a cocoa processor, we are ever conscious of the energy consumption across our business activities. It is in our beliefs that responsible and sustainable energy consumption is a key aspect to building effective climate action to accelerate the adoption of renewable energy in processing facilities. Additionally, based on the World Energy Transition Outlook published by the International Renewable Energy Agency (IRENA), energy efficiency is crucial to reducing the world's carbon emission and limit the global temperature rise.

How We Approach It

As part of our multipronged approach, we target reductions in the current forms of energy we consume—electricity, gas and steam, and began a concerted effort to switch to renewable energy sources. Recognising that management change alone is not sufficient, GCB is also working to raise awareness and gradually educate our employees about the subject of sustainable energy consumption.

Our mission to optimise energy consumption has evolved over the years. In recent years, GCB has set up energy management and data collection systems across the subsidiaries covered in this report, with a focus to be better positioned to monitor and manage our energy consumption. The energy measured is reported via the key indicator of Giga Joules per metric ton of cocoa beans processed (GJ/mt). The successful roll out of this initiative enables us to consistently review and improve the energy efficiency of our operations. At GCB, we are set on continuously improving, staying in the loop with global best practices and seeking to align ourselves with the relevant standards.

As we look ahead, we aim to further expand our efforts in harnessing renewable energy and vastly improving our energy conservation efforts. We strive to keep abreast on new methods and technologies to leverage on, in our endeavour to optimize our power consumption and increase energy efficiency.

Our Performance

GCB is pleased to see an upward trajectory with our progress in FY2021, towards the reduction of our reliance on non-renewable energy sources. With the introduction of solar energy usage at GCCM in June 2020 and GCBCM in December 2021, we are gradually seeing meaningful change to our net energy consumption over the next few years.

Of the total renewable energy, a vast majority came from GCCM as the GCBCM plant only started the implementation of steam generation by biomass in May 2021. However, despite the shorter runway for impacting change, a significant shift towards renewable energy has been achieved. This process minimizes our dependence on natural gas, reduce CO_2 emissions as well as provide an avenue for the reusing of cocoa processing by-products. Thus, promoting a circular economy and eliminating the need to purchase additional fuel source that pollute the environment.

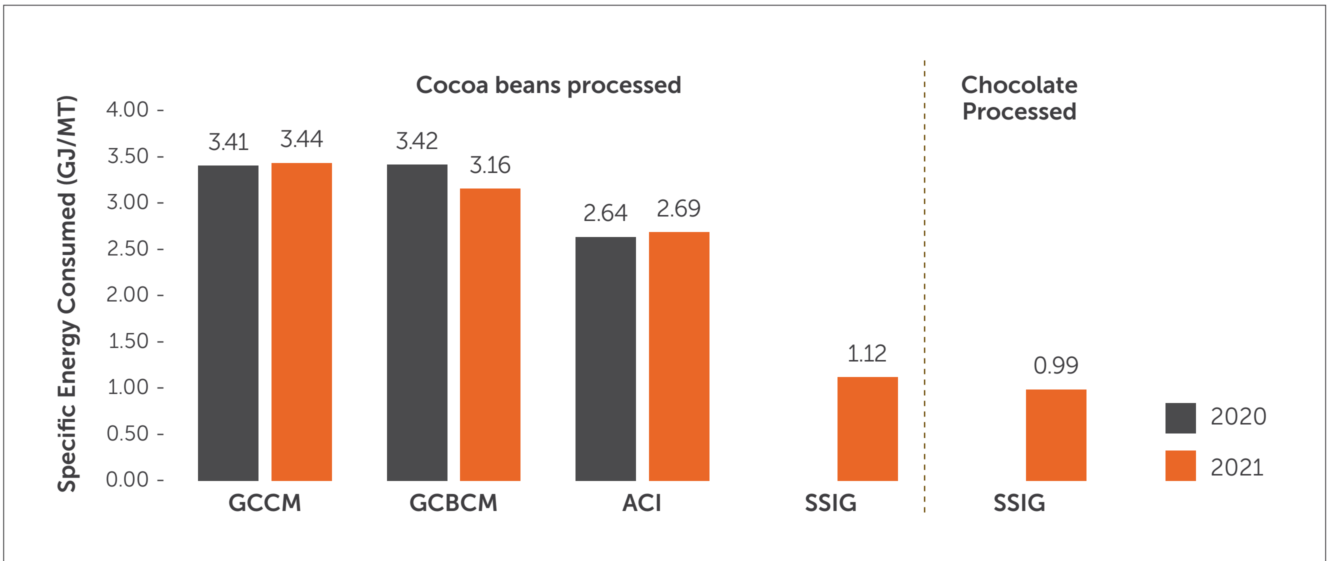


Figure 1. Specific Energy Consumed per MT of Cocoa Beans or Chocolate Processed

Sustainability Report (Cont'd)

In 2021, GCCM's processing consisted of more energy-intensive cocoa butter production, based on the order demands. Hence, there was a slight increase in energy consumed. GCBCM, on the other hand, experienced an improvement in energy efficiency since the installation of new modern biomass boilers. These boilers were able to generate higher energy yield. Lastly, ACI had started additional bleaching process in 2021, which is steam-intensive.

SSIG's operation includes processing cocoa beans and manufacturing chocolate products. Hence the energy consumed is split between two processes for accurate representation of energy consumption. SSIG only process cocoa beans to liquor stage, unlike the other subsidiaries which process a full range of cocoa products. Cocoa beans processing is a small part of SSIG's operation, while chocolate mixing is the main operation of the facility.

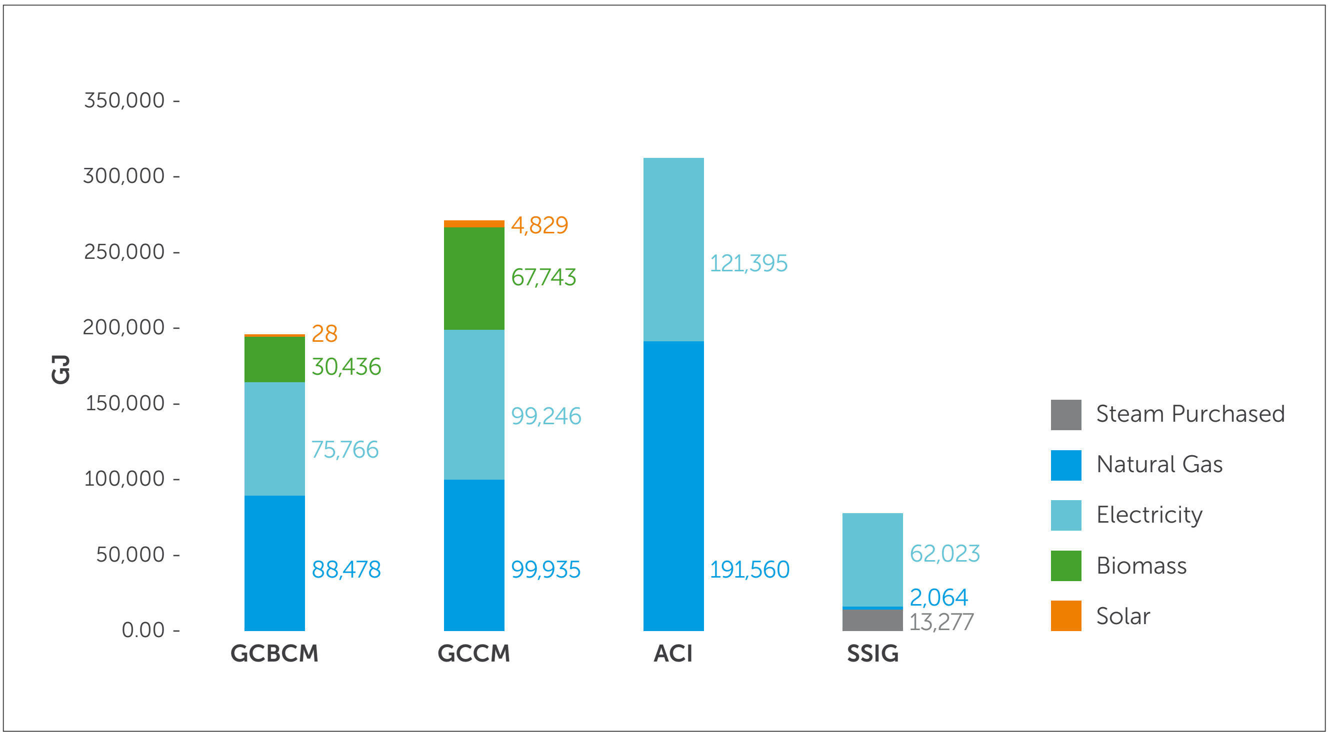


Figure 2. Energy Consumption by Entity

The in-depth energy breakdown per ton of cocoa beans for GCBCM and GCCM are provided above in Figure 2 to visualise the positive increase in renewable energy harnessed as well as the lowered reliance on non-renewable energy sources. Of the subsidiaries, ACI had the highest total energy consumption, while having the highest output – resulting in a lower energy consumed per MT of cocoa beans processed as compared to GCCM and GCBCM, which have similar production processes. Additionally, in comparison to 2020, ACI had a slight 2% increase due to the additional process of bleaching, which led to an increase in energy consumption via natural gas in 2021.

Note:

- This performance data excludes GCBCS as the subsidiary is only involved in the business segment of trading cocoa beans, cocoa-derived food ingredients and cocoa products.
- GCCM and GCBCM increased cocoa beans processed by 12% and 10% respectively, as compared to 2020.
- This is the first year for the inclusion of SSIG's data into our report. Therefore, prior year's data are reflected as 0, unless otherwise stated. SSIG manufactures chocolate, apart from processing cocoa beans. Hence energy data was split to illustrate both production units respectively.
- For the performance data from 2020 onwards, the group expanded the measurement of total energy consumption to include electricity, natural gas, steam and renewable energy.

Following the launch of the solar energy pilot project in GCCM in 2020, GCCM has since generated a total of 4,830 GJ of energy in FY2021. The small but significant success of this initiative has paved the way for GCB to continue with such implementations in other areas of the business. Hence, reducing the reliance on non-renewable energy sources will be the cornerstone of GCB's endeavour towards sustainable energy consumption. Similar solar energy initiatives are slated to be implemented at other entities within the organization in the coming years.

Amidst the increment of input by 10% in 2021, GCBCM has recorded a reduction of 8% in energy consumed per ton of cocoa beans processed. This is the result of the new modern biomass boilers installed at GCBCM, which is able to obtain higher energy yield from the biomass hence displacing natural gas consumption and lowering overall energy to process cocoa beans.

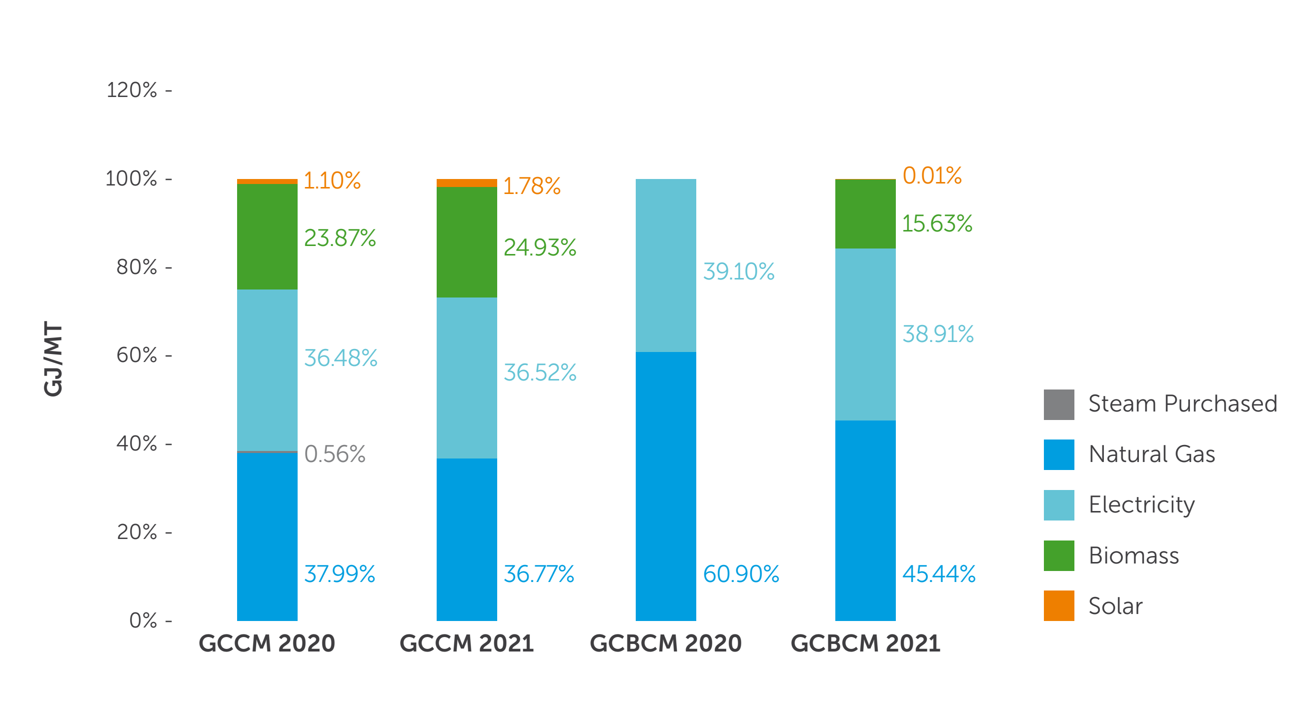


Figure 3. Energy Breakdown by Percentage

Overall, GCCM consumed a slightly higher specific energy in 2021 due to greater natural gas usage for steam-intensive cocoa butter production. GCCM had stepped up renewable biomass-generated steam, resulting in increased renewable energy harnessed and lower natural gas percentage in their overall facility energy usage breakdown. Significantly, biomass-generated steam makes up a quarter of the energy requirement for GCCM. The facility did not purchase any additional steam as all requirements could be fulfilled internally in 2021. In 2020, GCCM electricity consumption was lower than 'business-as-usual' due to the shutdown of the powder plant for three months. Hence, in comparison to 2020, the electricity consumption presented in Figure 3 has increased. However, in 2021, GCCM saved 166 GJ of energy due to the process temperature control optimisation measures and upgrade of facility ventilation.

As shared in our report last year, following the success at GCCM, GCBCM has implemented the use of new technology, high-efficiency biomass boiler in their plant using internally generated cocoa shells since May 2021. This has resulted in a significant reduction of 16% in natural gas reliance. GCCM prioritise biomass more than natural gas in steam generation. Additionally, the facility can expect increasing renewable energy input via solar energy as the solar panel system started operation only in the final month of 2021.

Sustainability Report (Cont'd)

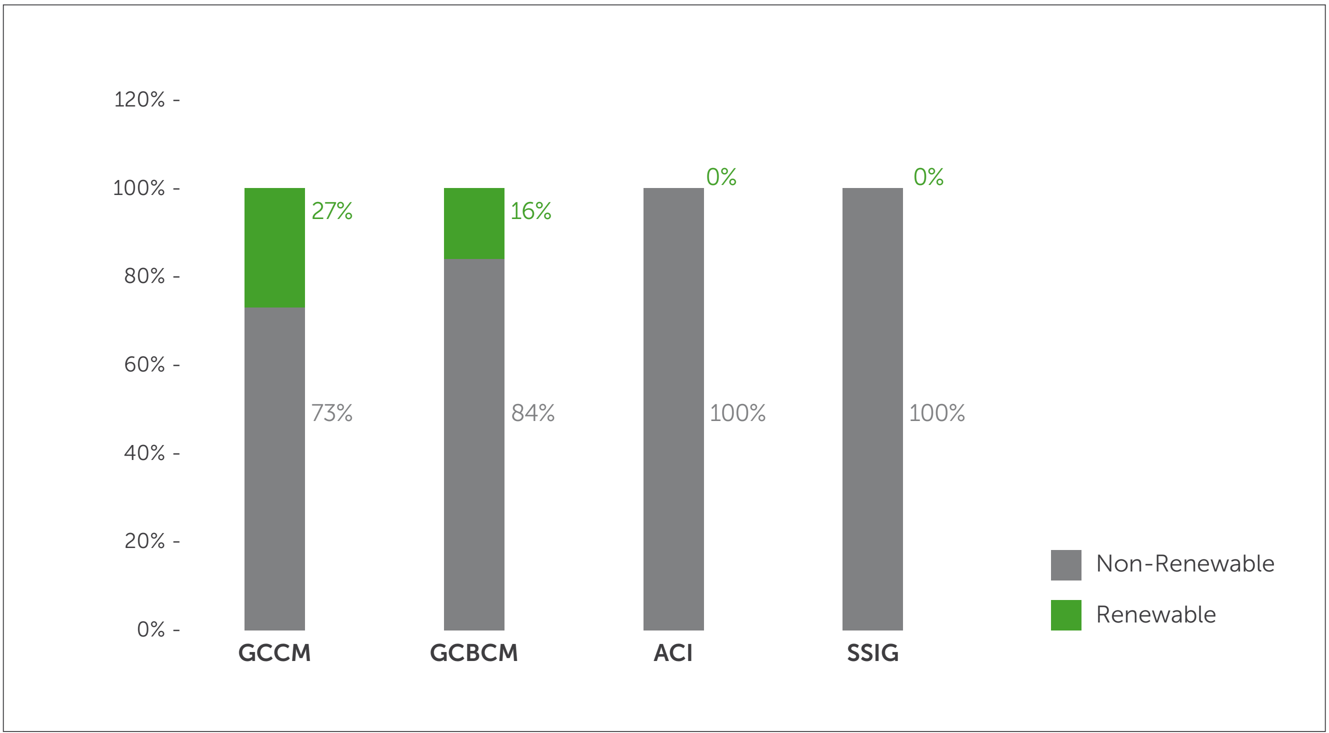


Figure 4. Energy Source Composition by Entity in 2021

The energy source composition for processing facilities were represented to show the share of renewable and non-renewable energy usage in each facility.

Note:

Figure 4 excludes GCBCS as the subsidiary is only involved in the business segment of trading cocoa beans, cocoa-derived food ingredients and cocoa products.

WASTE

A MINDFUL APPROACH TO WASTE MANAGEMENT

Why It Matters

Given the growing global population, paired with unsustainable resource consumption, it is inevitable that we see the effects of an accelerating climate change. As part of our mission to reduce environmental impact and align with regulations, GCB is extensively committed towards mitigating any negative impacts caused by our business activities. Over the past years, GCB has established practices extending beyond minimum legal requirements. As a topic of concern for our customers, GCB is also committed to be consistent in our efforts to regulate our waste.

Group wide sustainable waste management processes are also progressively initiated across our operations, to optimize resource efficiency as well as greatly minimise the environmental impact of waste we produce.

How We Approach It

GCB continues to prioritise full compliance towards all relevant statutory and regulatory bodies, with regard to internal waste management. In Malaysia, this entails adherence to the Environment Quality (Industrial Effluent) Regulations 2009 (Standard A) and the conditions stipulated within said regulation's Fifth Schedule, while in Indonesia, we remain fully compliant with regulations specified within PERMENLHK-05-2014 ref 47 and PP22-2021, Undang-undang Pemerintah No. 18 tahun 2008 and Peraturan Pemerintah No. 81 tahun 2012. Additionally, SSIG strictly adheres to German's Federal Water Act for water disposal and local waste disposal by The Waste Management Act.

We established specialised water treatment facilities within the factories of all subsidiaries covered in this report, to ensure minimal adverse environmental impact on the grounds we operate in. These treatment facilities serve to remove contaminants from the wastewater so that the effluent may be returned to nature's water cycle.

Treated wastewater is monitored daily with the use of a barometer. Monthly reports on the results of daily quality check are submitted to relevant local authorities, such as the Department of Environment (DOE). A Safety Officer or Health, Safety and Environment (HSE) representative is assigned to ensure the ongoing effectiveness of the wastewater treatment process.

In line with the above activities, GCB also stringently advocates responsible recycling practices amongst employees through the provision of designated collection areas for recyclable items such as cartons, papers, scrap metals and plastic. A supervisor is assigned to oversee this process and ensure maximum compliance at each of our operating premise. Internally generated cocoa shells are reused as fuel for biomass boilers in GCCM and GCBCM, promoting a circular economy instead of purchasing additional fuel source.

Our Performance

Conscientiously driven by our underlying objective to mitigate any negative impact to the environment caused by our operational activities, GCB remains attentive towards the increasing adoption of best practices in managing the waste we produce.

Overall, the amount of waste generated across the group has increased due to higher production capacity in 2021.
In addition, we also included the waste disposed by SSIG in 2021, which was not accounted for in 2020. Ultimately, we aim to continually enhance our waste treatment processes and waste recycling initiatives, while keeping an eye open for additional measures that can be undertaken to improve our performance year after year.

Sustainability Report (Cont'd)

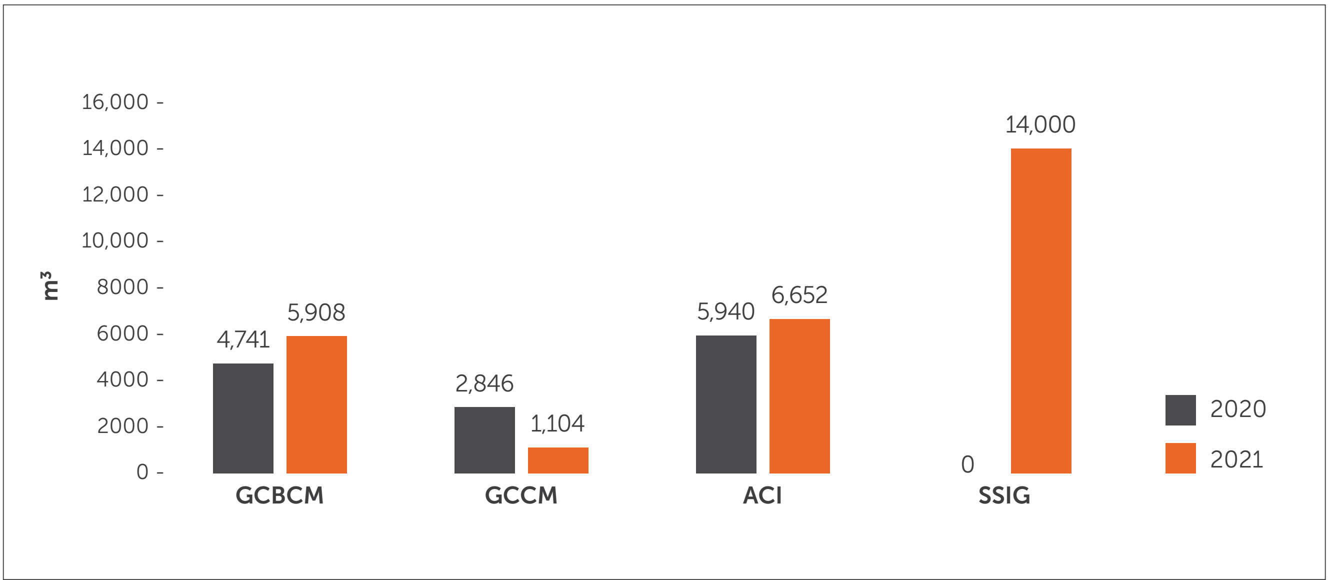


Figure 5. Volume of Treated Water Discharged (m^3)

In 2021, GCBCM recorded an increase in production capacity, which explains the increase in water discharged. At GCCM however, the wastewater plant was shut down for two months due to upgrading works. Therefore, the facility reported a much lower volume of water discharged as waste water was diverted to a third-party for treatment. The increase in water discharged in ACI was due to changes in the process recipe to meet more stringent customer demands in 2021.

Since the last report, we have improved upon our data collection methods. As a result, the waste management data value for 2020 were updated to reflect a more accurate comparison. Hazardous waste disposed across the subsidiaries amounted to 100 MT in 2021. No comparative figure is presented as the data collection in 2020 was incomplete. Improvement in data collection process is underway to gather accurate and comparable data in the coming years.

Note:

The above figure presents data of water discharged in processing facilities only. Hence, GCBCS is excluded.

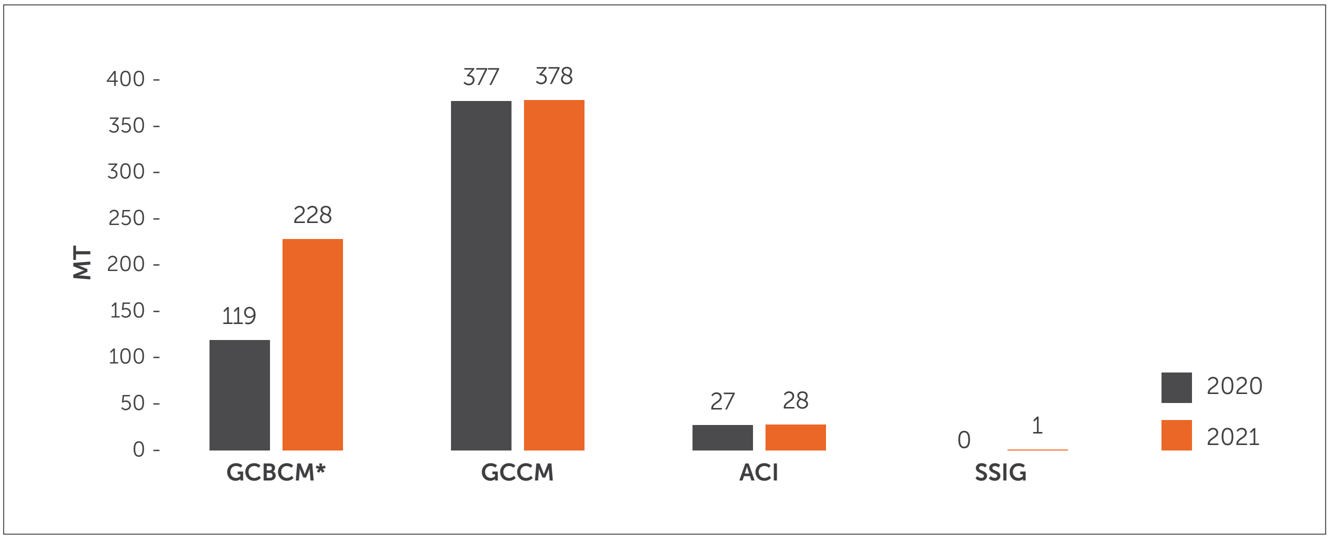


Figure 6. Total Non-hazardous Waste Disposed (MT)

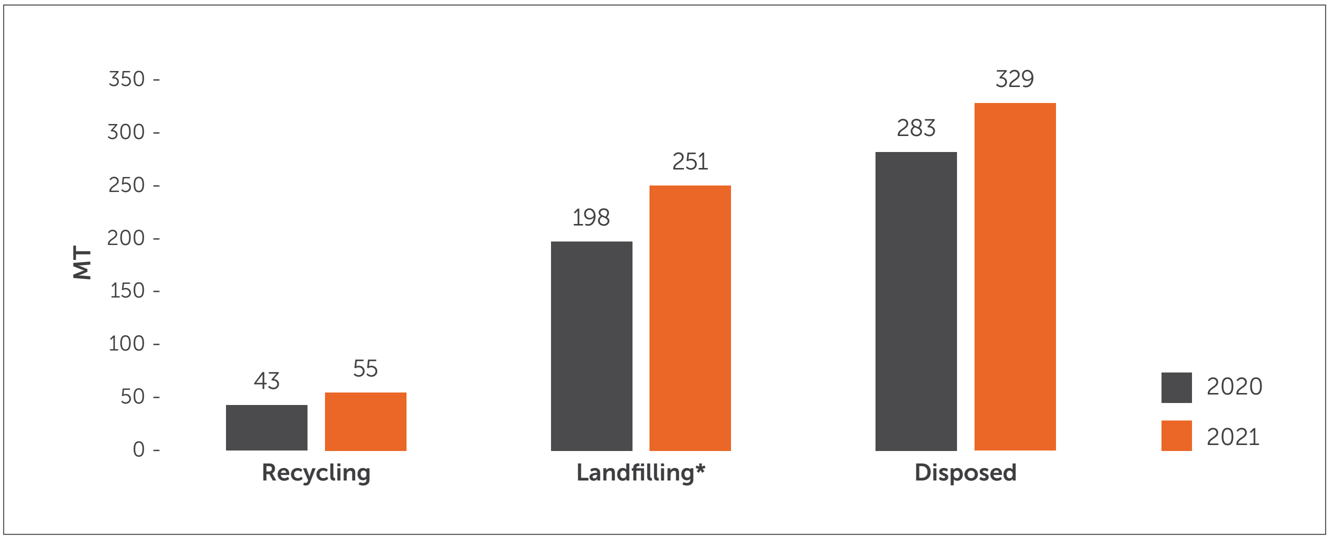


Figure 7. Breakdown of Non-hazardous Waste by Treatment or Disposal Method (MT)

Note:

* Due to improved data collection methods, landfilling data for GCBCM is only accounted for starting in 2021.
Hence the increment of non-hazardous waste for GCBCM and landfilling increased due to the additional data input.

ENVIRONMENTAL COMPLIANCE

UPHOLDING RIGOROUS ENVIRONMENTAL COMPLIANCE

Why It Matters

In 2021, there was an upward trend in conversations surrounding the sustainability agenda where more emphasis is placed on actionable sustainable measures as a result of physical manifestations of climate change. The Glasgow Pact to halt and reverse forest loss and land degradation by 2030 was signed by 141 countries as of 2021. At COP26, world leaders recognise the importance of forests, biodiversity and sustainable land use in achieving a balance between anthropogenic greenhouse gas emissions and removal by carbon sinks. The concept of net zero has also been prominent within the corporate industry and fortunately, in parallel to this discussion, there has been a visible increase in corporate commitments driven and endorsed at a CEO-level in companies that are readily embracing sustainable transformation.

As part of the food processing business, GCB also see ourselves closely tied to environmental sustainability within our operations. Our management remains firm on adhering to environmental compliance, minimising impact where we operate in.

We continue to embrace an active stance in addressing environmental matters, keeping ourselves attuned to best practices, while implementing measures to meet the expectations of regulatory authorities and our valued customers.

How We Approach It

In GCB, our operations are guided by our overarching Environmental Policy covering all subsidiaries. It necessitates the key commitments of the Group, setting the foundational initiatives to address them. Compliance to environmental regulation is firmly enforced across all our subsidiaries, meeting the respective local regulations. Depending on the entity, responsibility for the monitoring will be assumed by the Health, Safety & Environment (HSE) Committee or appointed Safety Officer.

In efforts to further formalise our commitment, GCCM and GCBCM are training competent personnel for waste water treatment and schedule waste management. Both entities are also set to meet Standard A, which includes Environment Quality (Industrial Effluent Regulations, 2009) as well as Fifth Schedule to The Industrial Effluent Regulations, 2009 in Malaysia.

Monitoring of compliance is undertaken within all aspects of our operations to ensure constant adherence with local environmental rules and regulations, specifically the Environment Quality Act 1974 in Malaysia, Law No. 32/2009 on Environmental Protection and Management in Indonesia and Waste Management Act in Germany.

Various key compliance initiatives were carried out previously were continued in FY2021, including air emission and stack emission monitoring, monthly lab testing of water quality (with reports sent to the DOE), annual boundary noise assessment, depending on the entity ambient air quality inspections. All these key initiatives are to ensure that our practices and by-product from our operations stay in compliant with applicable regulations whist ensuring as well that such initiatives bring wider value to our environmentally conscious objectives.

Our Performance

In FY2021, GCB maintained its unrelenting commitment in ensuring that all entities and operational units within the Group meet or surpass the necessary environmental related regulations, undertake strict compliance monitoring and continue to adopt relevant and beneficial eco-conscious initiatives. Our dedication ensured that there were no significant non-compliance concerns for all entities within this reporting period.

EMPLOYMENT

FOSTERING AN ENVIRONMENT WHERE TALENT FLOURISHES

Why It Matters

At GCB, it is established that our growth and expansion is reliant on our most valuable asset – our people. They bring forth an array of industry knowledge and trends, along with a deep understanding of our processes. This sets the tone for continuous improvement within GCB, actualising a foundation for our business sustainability in the long run.

We stringently adhere to employment practices that promote diversity and inclusion. In doing so, we pride ourselves as being a progressive and socially responsible organisation. We have created a meritocratic environment in which achievement is fairly rewarded and equal opportunities for professional development is readily provided for all employees. Ultimately, as our global footprint continues to expand, our reputation as a progressive and equitable employer will allow us to attract and retain talent that can maximise the potential of the opportunities our presence offers.

How We Approach It

While the aim to be a good employer begins with the right intentions, the actionable aspect of it can only be carried out when practices are ingrained and enshrined at a structural level. As such, we have inculcated a firm belief in fair employment within our organisation, on the basis that such a practice will lead to favourable business outcomes.

In making this a reality, our Human Resource & Admin Department governs all employer-employee dealings across the entities covered in this reporting. The department is responsible for overseeing all matters relating to employee (such as general welfare, remuneration, benefits, training and other related areas) and applying procedures that ensure decisions are made objectively and without any element of discrimination. From there, the department also monitors and reports on key employment-related performance such as employee turnover rate and leave utilisation in monthly meetings. Recognising that the relationship between employer and employee is two-way in nature, GCB's Employee Handbook and Code of Conduct outlines the principal guidelines that employees must adhere and practice in any circumstances. In this area, our Human Resource & Admin Department plays a key role by ensuring that awareness, guidance and updates are regularly disseminated across to the employees through refresher courses and suitable training programmes.

Besides, we also strive to stay abreast and in line with best practices on employee entitlements and benefits. Prevailing market requirements and standards are regularly monitored, and our policies are adapted to adhere to the specific requirements of each country where we operate. We constantly aim to provide the same benefits to contract and intern-level employee as we do to our entire permanent workforce wherever possible.

Furthermore, we place specific emphasis on supporting the needs of new parents among our employees. Maternity leave of between 60 – 90 days (depending on the respective entity) and paternity leave of 2 days are provided to all parents within our workforce, while all our factories have designated nursing rooms and reserved car parks for pregnant women. As we continue to benchmark ourselves and seek for improvements, the conduct of monthly performance review on matters relating to our employees is carried out with such objective.

We are equally cognisant of the importance of giving our employees a formal avenue to build an interactive relationship as well as a platform to discuss and relay any concerns related to their daily working affairs. In Malaysia, this is carried out through the Sports Recreational Welfare Club (SRWC) which, apart from organising sports and welfare activities to promote healthy lifestyles and team bonding, also meet once a month to discuss any employee welfare issues and propose action items to be elevated to the attention of management. In Indonesia, a similar workers' committee, i.e., BIPARTIT, plays this important role.

In instances where employees feel that anonymous disclosure of a particular issue is required (for example, if the issue involves the employee's immediate superior), our well-established grievance procedures and whistleblowing channel are adequately in place and open for all to access. All grievances are dealt with confidentially by the Human Resource & Admin Department and are escalated to the relevant senior management team, Audit Committee or the Board when necessary. This structure is to ensure that all issues are adequately addressed with priority and rectified with the best course of actions.

Sustainability Report (Cont'd)

Our Performance

Given the volatility in the global business landscape, we fell short of our aim of maintaining an overall employee turnover rate of 10% or less. Nevertheless, our continued efforts to enhance our employment practices will allow us to strike a balance between immediate business success and long-term employee-oriented achievements in due course.

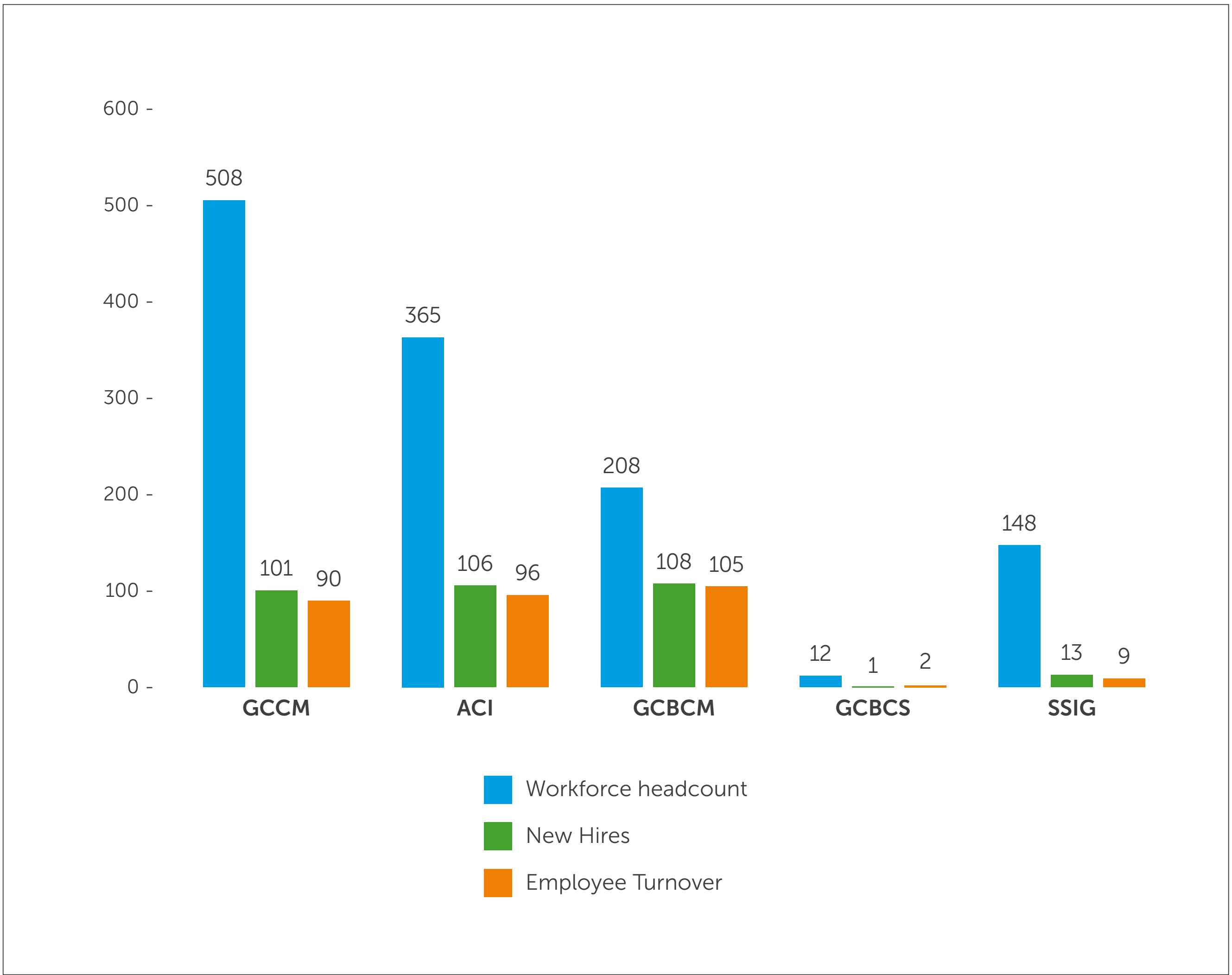


Figure 8. Workforce Headcount, New Hires and Employee Turnover in 2021, By Entity

For the year 2021, a breakdown of parental leave entitlement and utilisation between our and male and female employees throughout the year is summarised in the following figures:

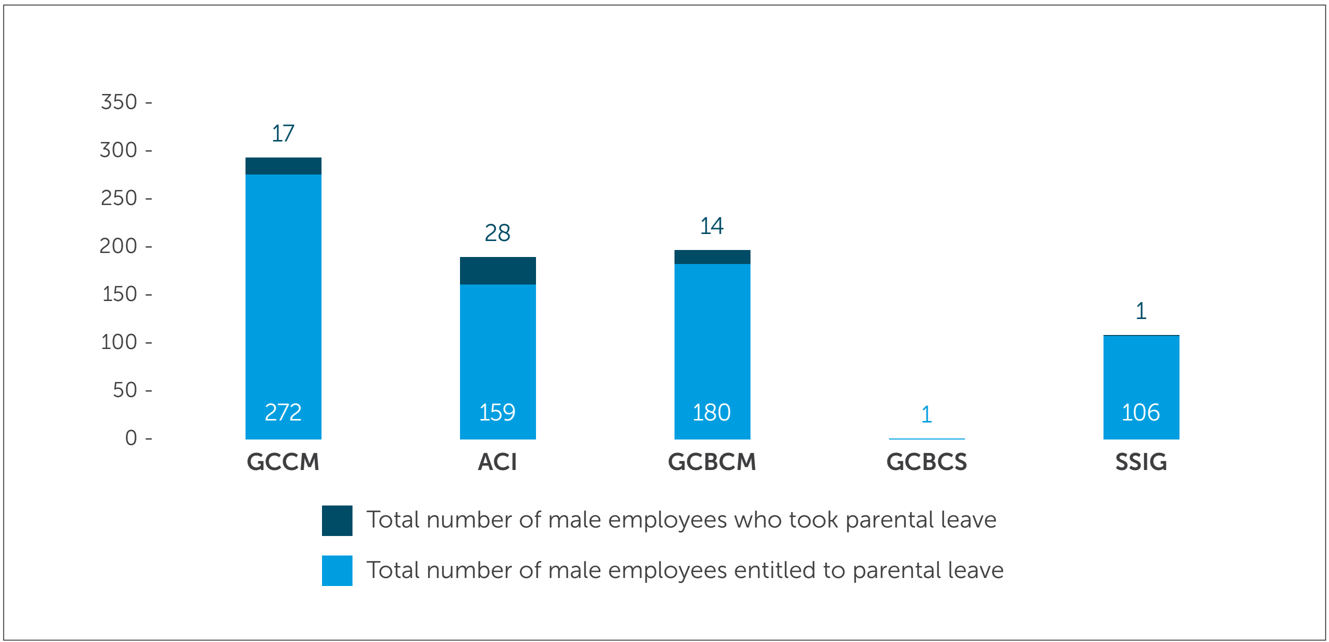


Figure 9. Utilization of Parental Leave by Male Employees (By Entity)

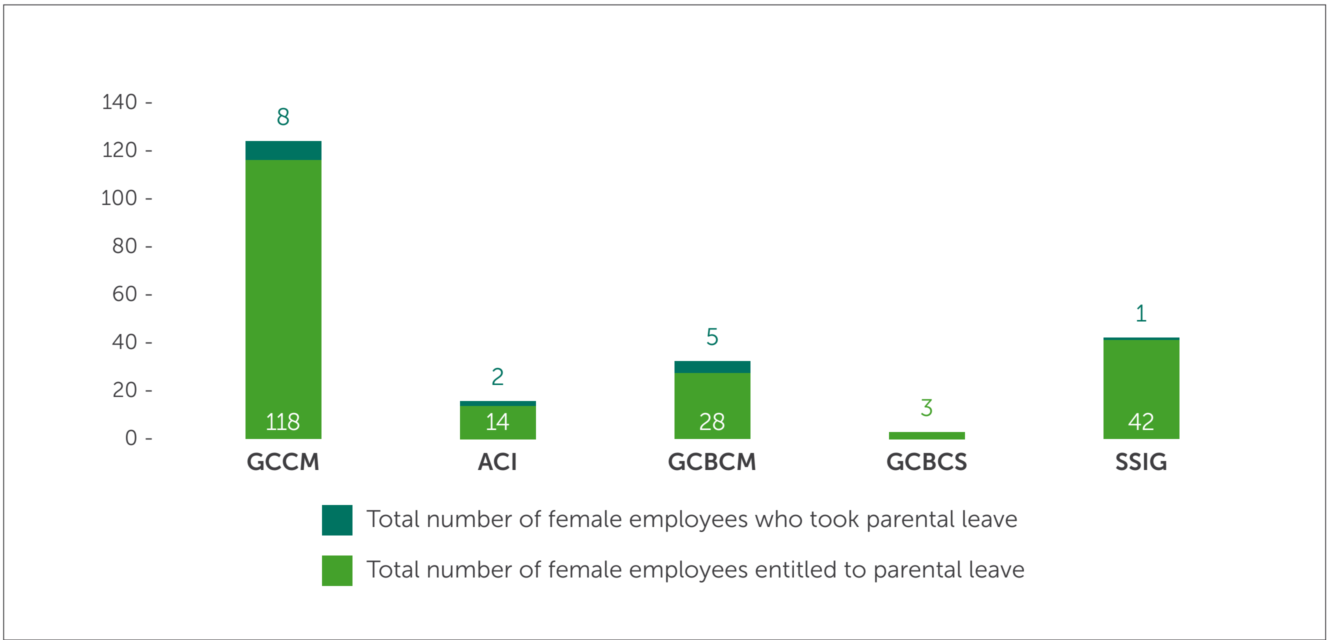


Figure 10. Utilization of Parental Leave by Female Employees (By Entity)

Sustainability Report (Cont'd)

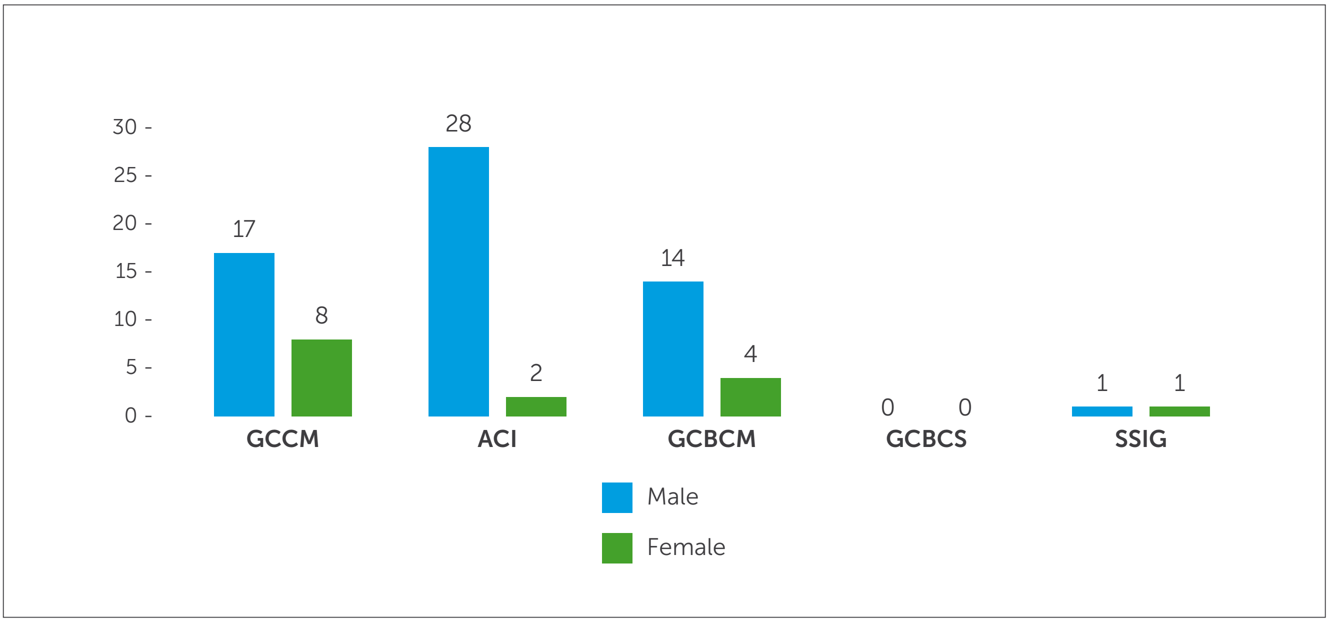


Figure 11. Total Number of Employees That Returned to Work in The Reporting Period After Parental Leave Ended (By Entity)

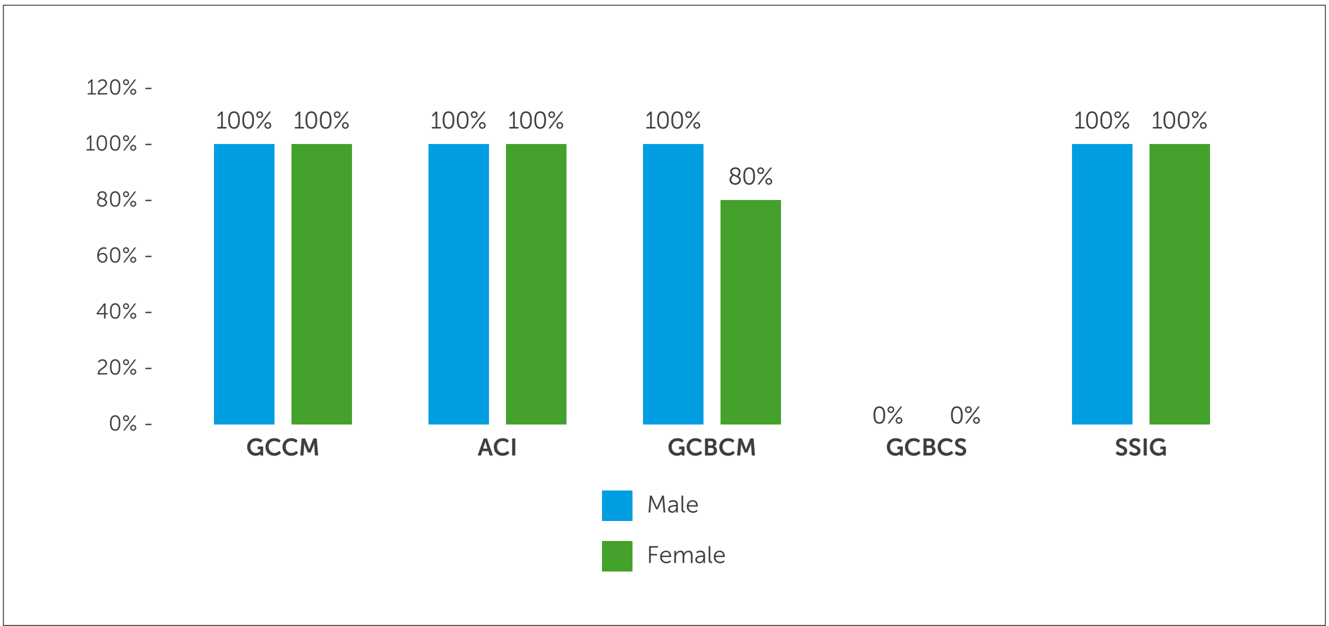


Figure 12. Return to Work Rate of Employees That Took Parental Leave (By Entity)

Note:

No employees from GCBCS utilised the parental leave during the reporting period as no employee were eligible for it.

In order to provide a comprehensive outlook to the abovementioned baseline year's performance, we will pursue further in assessing and disclosing our retention rate of employees who took parental leave (by the respective entities) upon 12 months after their return to work.

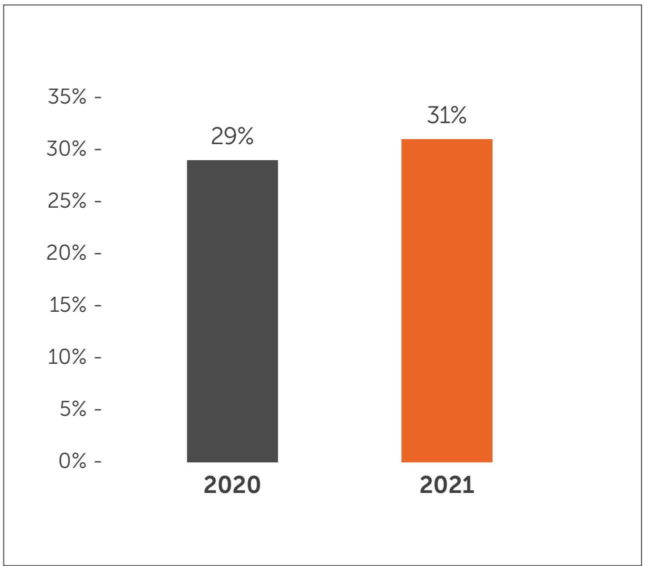


Figure 13. Rate of New Hires (Group)

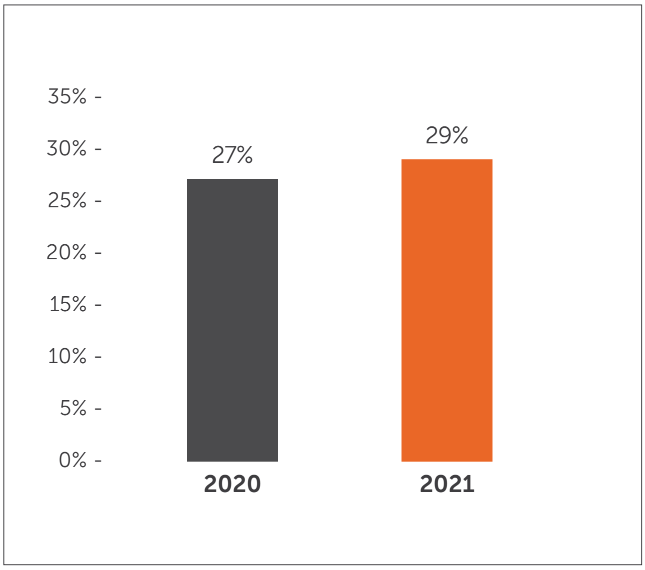


Figure 14. Rate of Employee Turnover (Group)

Similar to the previous year, the group has increased hiring in 2021. This is a result of expansion plans and to make up headcount for employee turnover. The expansion in headcount mainly came from ACI and GCBCM in 2021.

OCCUPATIONAL HEALTH AND SAFETY

DRIVING CONTINUAL IMPROVEMENT IN HEALTH AND SAFETY OUTCOMES

Why It Matters

Occupational health and safety play an important role in ensuring the sustainability of our business. Apart from the basic essential of maintaining a safe working environment and providing protective wear for our employees, ensuring that safety is a priority means that our employees are able to focus on being productive, without having to worry about their wellbeing at work. At GCB, we take proactive actions toward occupational health and safety as this allows us to position ourselves as a practicable and progressive place to work, while easing the process of establishing operations in new jurisdictions. As such, we are committed to going beyond the requirements of regulations alone and strive to stand as an example of best practices in health and safety within our industry as a whole.

How We Approach It

A detailed and all-encompassing Safety and Health Policy governs the occupational health and safety procedures adopted across the Group, outlining safety standards for daily operations in adherence to local regulations such as Occupational Safety and Health Act 1994, Factories and Machineries Act 1977, Fire Services Act 1988 and the UU No. 1 Tahun 1970. In implementing said standards, responsibility falls to the Health and Safety Committee and our safety officers, who work as an extension of the committee on the ground within each of our subsidiaries. In striving to create inclusive and transparent discussions around health and safety, the committee comprises a balanced representation of 50% management and 50% workers, and includes representatives from all departments of the Group, including foreign workers. The committee meets on a quarterly basis to discuss safety issues as well as to highlight any accidents and near-miss incidents for further assessment, in line with the local requirements.

Beyond this structure, it is equally important that employees on the ground are given the resources and knowledge to respond to health and safety threats. As such, emergency response teams that include certified first aider and trained fire fighters have been established at all subsidiaries. Members within this response team are required to undergo refresher training courses every two years to ensure that their competencies remain in line with the requirements of the industry and operations of the entities. Additionally, all safety officers undergo regular training to ensure they are updated of the latest developments in health and safety practices and regulations.

As part of our effort in promoting the culture of health and safety across our entire workforce, all employees undertake yearly training programmes in health and safety, including situational training that avails them of strategies to mitigate against specific emergencies or accidents. In the case of new employees, detailed health and safety briefings are provided before access to our facilities is granted.

Leveraging on these Group-wide policies, standard operating procedures have been developed and are continually refined across our offices and production facilities. All employees working in high-risk environments are provided with personal protective equipment, which includes safety helmets, safety shoes and ear plugs. A safety checklist is also maintained to provide a step-by-step guide for employees on the safety measures to implement during a specific situation within our operation. Meanwhile, whiteboards are located within all production facilities to track the ongoing accident and incident rate at the facility in question, encouraging employees to take greater responsibility in ensuring safe working practices at all times.

Targeted procedures have also been implemented in the vital area of fire hazard response. Among others, fire drills are organised on an annual basis to ensure employees are familiar with and internalise evacuation practices, firefighting equipment (including fire extinguishers, water tanks, fire hydrants and sprinklers) are located at strategic areas within our production facilities and all premises have obtained Fire Certificates issued by their relevant local government which adequately represent that our firefighting measures are on par and adequately maintained.

Lastly, we understand the importance of continuous review and improvement in up keeping our health and safety performance. All matters on occupational health and safety is discussed in our monthly management meetings in line with our monthly safety reporting requirements. This is further complemented with the role of our internal and external safety audits which enables us to identify ways of improving our processes at all levels of the Group. Our grievance mechanism also covers health and safety in the workplace. Thus, providing all employees with an anonymous channel through which they can raise concerns in this area. Collectively, these measures mean that we are well-equipped to avoid organisational complacency in this critical area.

During FY2021, the COVID-19 pandemic continued to present a major health threat to the Group. We kept to the standard operating procedures that were devised to minimise any potential risk of exposure faced by employees working onsite. This included regular temperature checks, compulsory use of face masks, the provision of sanitisers and the implementation of cross-premise disinfection exercises whenever necessary. We also encouraged all employees to receive their vaccination, when the opportunity was presented to them.

Our Performance

We aim to maintain a Group-wide accident rate of not more than 20 cases per year, and to have 100% of our employees trained on the latest occupational health and safety practices. However, we have fallen short of the stipulated goals, despite a reduction in overall number of incidents.

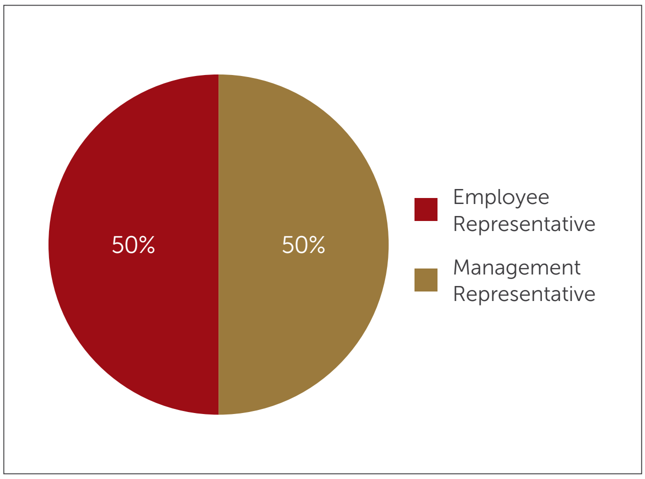


Figure 15. Representation Within The Health and Safety Committee*

Note:

* The abovementioned data is relevant to GCCM, ACI and GCBCM as there is no dedicated Health and Safety Committee in GCBCS due to its small scale of operations.

Sustainability Report (Cont'd)

Subsidiary / ***Indicator* (Count)**	GCCM 2020	GCCM 2021	ACI 2020	ACI 2021	GCBCM 2020	GCBCM 2021	SSIG 2020^	SSIG 2021	GCBCS 2020	GCBCS 2021	Total 2020	Total 2021
Total number of **fatalities**	0	0	0	0	0	0	N/A	0	0	0	0	0
Total number of **injuries**	7	6	7	6	16	14	N/A	4	0	0	30	30
*Total number of **occupational disease cases**	0	0	0	0	0	0	N/A	0	0	0	0	0
*Total number of **incidents resulting in lost workdays**	7	6	4	2	16	14	N/A	4	0	0	27	26
*Total number of **lost workdays**	55	56	58	56	119	139	N/A	67	0	0	232	318
*Total number of **missed (absentee) days**	2,226	2,492	1,071	1,150	837.5	1,277	N/A	3,712	4	2.5	4,138.5	8,633.5+

Figure 16. Total Cases Count as per Indicator by Subsidiary in Year 2020 and 2021

Subsidiary / ***Indicator***	GCCM	ACI	GCBCM	GCBCS
Change in number of **fatalities**	0	0	0	0
Change in number of **injuries**	-1	-1	-2	0
Change in number of **occupational disease cases**	0	0	0	0
Change in number of **incidents resulting in lost workdays**	-1	-2	-2	0
Change in number of **lost workdays**	1	-2	20	0
Change in **average missed (absentee) days/headcount**	1	0#	2	0#

Figure 17. Tabulated Change in Number of Cases as per Indicator by Subsidiary

In the FY2021, we observed a decrease in the total number of incidents resulting in lost workdays across the group. Upon enquiry from GCBCM, we found that the increase of lost workdays in contrast to lower number of accidents occurred due to instances of improper housekeeping and lack of usage for personal protective equipment. Moving forward, we will look into increasing the frequency of checks for compliance within each operation. The facility will improve its risk management measures by regularly inspecting and maintaining the equipment based on the manufacturer's recommendations and focus on developing the safety awareness of all employees through enhanced safety training.

Note:

^ No comparison recorded for SSIG as reporting of data was only started in 2021.

* Total number of occupational disease cases = The number of cases resulting from disease contracted primarily as a result of an exposure to risk factors arising from work activity.

* Total number of incidents resulted in lost workdays = The number of cases that contained lost workdays (each incident only counts as one for the purposes of this calculation, no matter how many days of work were missed as a result).

* Total number of missed (absentee) days = The number of days where worker absent from work because of incapacity of any kind, but not as the result of work-related injury.

+ The increase in the number of missed days recorded in 2021 is attributed to the ongoing pandemic as significant number of employees were unwell due to the side effects of vaccination, resulting in an average increase of 1 missed day per headcount across the group in 2021.

Change is negligible (-0.2)

ADDITIONAL FEATURED SECTION

GCB'S EMERGING SUSTAINABILITY TOPICS

Alongside priority topics that we have chosen to focus our main sustainability disclosures on this year, we have committed a considerable amount of time and efforts in building other areas of sustainability to forge a more purposeful future. These areas, also known as emerging topics, are equally as important as our priority topics. This is because they are the sustainability topics in which we are making early provisions to be able to contribute or make a more positive impact on the stakeholders and its surrounding environment in the foreseeable future in addition to their current efforts.

While the five topics are developing, we have begun initiatives to bolster these in the hope of enhancing our sustainability journey. The table below further summarises the Group's activities and achievement for FY2021.

EMERGING TOPICS	INITIATIVES & PERFORMANCE
Procurement Practices	• Established a group-wide commitment towards 100% traceable and sustainable cocoa ingredients by 2030. • Joined the International Cocoa Initiative (ICI), reaffirming our commitment to prevent and address child labour and forced labour in cocoa-growing areas. • Adopted strict sustainable procurement policy and procedures based on international standards and United Nations Global Compact (UNGC) principles and conventions.
Training and Education	• Utilisation of the Human Resource Development Fund (HRDF) to support the Group's efforts for employee's training and development. • Provision of trainings covering a wide range of topics for employees across various departments and allowing employees to expand their horizons beyond their existing focus at work to explore new areas of interest and ensuring utmost employee care. • Some of the trainings participated by our employees in 2021 include: - Enterprise Risk Management Course - Food Handlers Course - Safe Forklift/Stacker Handling Course - Basic Occupational First Aid, CPR & AED Training
Non-Discrimination	• Commitment to ensure non-discrimination and equal opportunities in the workplace, which is enshrined in our group's Code of Conduct. • Promotion of diversity in the workplace by ensuring diversity in our career advance and hiring practices in building a strong culture of inclusivity, opportunity, non-discrimination and fairness throughout our group. • Establishment of grievances procedures and whistleblowing policy that provides any parties with the necessary platform to report on conduct/ issues remotely related to non-discrimination for the actions of the management.

Sustainability Report (Cont'd)

EMERGING TOPICS	INITIATIVES & PERFORMANCE
Local Communities	• Caring Beyond Cocoa programme which has led to other CSR initiatives and achievements in 2021, as below: - Beach Clean-up at the coast of Sembawang Park in Singapore, to restore its native habitat and reduce plastic pollution. - Supporting Orphanages o Provided five sets of desktops to Grace Covenant Community Care, Johor, Malaysia; o Gave Duit Raya (includes AEON vouchers and cash) to Persatuan Kebajikan Darul Hanan, Johor, Malaysia; o In collaboration with Canon, GCB donated a photocopier machine to Guru Shree Raghavendra Charity, Johor, Malaysia, to support home-based learning during the pandemic. In addition, a monetary donation of RM7,200 for minor renovation works and hand dryer installation to improve the home facilities; o Donation made to Singapore Children's Society; and o Donation made to Malaysian Medical Relief Society (MERCY Malaysia), Kuala Lumpur, Malaysia, under a food relief program. - Fruit Day – Distributed 37,600 units of fruits and milk to employees in Malaysia to promote and encourage healthy eating habits at work. - COVID-19 package – Distributed 1,126 care packages filled with items such as masks and vitamins across all 7 subsidiaries. - Partnered with insurance company Leadway to provide life insurance for farmers in our direct sourcing network, increasing their level of security and resilience in times of acute crisis such as accident, illness or death.
Customer Safety & Health	• Adoption of international quality control and food safety standards, such as FSSC, IFS, GMP, HACCP, ISO 9001, Halal and Kosher certifications. • Active role of the research and development team in constantly exploring and integrating best manufacturing standards that maintain and improve the quality of our products. • Commitment to ensure that every product delivered to customers meet stringent safety and quality control standards.

GOOD COCOA & BEYOND

GCB'S COCOA SUSTAINABILITY STRATEGY

Why It Matters

At GCB, we are committed to making a conscious and concerted effort to embrace cocoa sustainability, partnering with stakeholders in the whole cocoa supply chain to secure the future supply of cocoa and ensure a thriving, sustainable cocoa sector. Our cocoa sustainability programme, "Good Cocoa & Beyond" reflects this commitment and places sustainability at the core of what we do.

How We Approach It

Our efforts are guided by four strategic pillars, which address the fundamental economic, social and environmental challenges to cocoa sustainability.

We aim to achieve our goals by working in partnership with suppliers and customers, participating in industry-wide sustainability initiatives, and implementing direct origin sustainability programming.

Strategic Pillar 1

Improving Farmer Income

In order to achieve sustainable cocoa production, the interconnected issues of low cocoa yields and low incomes must be addressed. Our programme aims to achieve this by building farmer capacities to adopt Good Agricultural Practices (GAPs) and strengthening farm management. Farmers providing sustainable cocoa are also paid premiums.

Strategic Pillar 2

Benefitting Farmers & their Communities

Only when cocoa-growing communities thrive, can cocoa be sustainable. Therefore, our programme also supports farmers and their communities to address the social challenges they face and foster community development. This includes reducing and eventually eliminating child labour, promoting women's empowerment and improving infrastructure and access to services.

Sustainability Report (Cont'd)

Strategic Pillar 3

Protecting the Environment

For sustainable cocoa production as well as for the health of our planet, we must protect and preserve natural resources. As a signatory of the Cocoa and Forests Initiative (CFI), we aim to prevent sourcing from deforested areas through farm mapping, deforestation risk assessments and farm-level traceability. These initiatives are complemented by training on GAPs as well as forest protection and agroforestry, which prevent and mitigate negative environmental impacts and increase environmental stewardship.

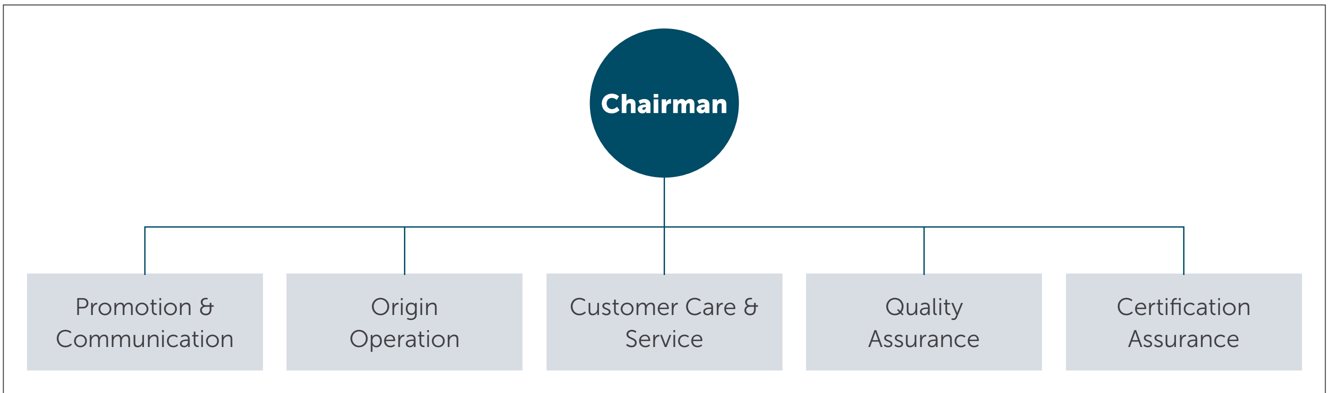
Strategic Pillar 4

Providing Responsible Cocoa

Responsible cocoa results from a sustainable cocoa supply chain, from the production of beans to customers. By improving farmer incomes, benefitting farmers and their communities and protecting the environment, we will provide 100% responsible and sustainable cocoa by 2030. Through the use of Digital Management and Traceability Systems we hope to enable full traceability and transparency of supply chain, sustainability activities and premium payments. Third-party audit and certification will provide an independent guarantee that sustainability standards are met.

As we continue our sustainability journey, GCB hopes to achieve, by 2025, 100% traceable* cocoa from our direct cocoa bean sourcing network^ and, by 2030, 100% traceable and sustainable** cocoa from our direct cocoa bean sourcing network by 2030.

This is overseen by the Group's Cocoa Sustainability Committee, which brings together colleagues across all business areas, to keep our objectives and goals relevant, and to fully integrate these across our activities. The committee structure is as reflected below and is aimed to keep the organisation and our supply chain accountable at every step of the journey.



Note:

* Traceable cocoa: Cocoa beans that can be traced up to farm level

^ Direct cocoa bean sourcing network refers to the full visibility of supply chain all through to farm-level. This implies that we are able to trace the flow of beans down to the farm-level, which provides the potential for segregation or identity preservation through to end-product.

A direct cocoa supply chain also has documentation of and sharing of records of farmer members, which includes GPS farm locations, polygon boundary mapping etc

** Traceable and Sustainable cocoa: Cocoa that is produced according to internationally recognised sustainability standards which include traceability with location mapping and addressing child labour and deforestation concerns

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Sustainability Report (Cont'd)

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Sustainability Report (Cont'd)

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Corporate Governance Overview Statement

The Board of Directors of the Company ("the Board") recognises the importance of good corporate governance in ensuring that the interest of the Company, shareholders and other stakeholders are protected. The Board is committed to the establishment and implementation of a proper framework for governance and controls that are consistent with the principles recommended in the Malaysian Code on Corporate Governance ("MCCG") and other applicable laws, regulations, directives and guidelines.

This corporate governance overview statement ("Statement") sets out the adoption and practices of the principles as set out in the MCCG and the relevant chapters of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") on corporate governance.

The manner in and the extent in which the corporate governance framework is applied throughout the financial year ended 31 December 2021 is summarised as follows:

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Principal Responsibilities of the Board of Directors

The Board directs the risk assessment, strategic planning, resource allocation, succession planning and financial and operational management of the Company and each of its subsidiaries (collectively referred to as "the Group" or "GCB Group") to ensure that obligations to shareholders and other stakeholders are understood and met. The Board provides the leadership necessary to enable the Group's business objectives to be met within the framework of internal controls described in this Statement.

The Board, together with the Senior Management, takes responsibility for the governance of sustainability in the Group in accordance to Practices 4.1, 4.2 and 4.3 in the MCCG. The Board takes into account sustainability considerations when developing and implementing company strategies, business plans, major plans of action and risk management. The Board ensures that it constantly stays abreast with sustainability issues relevant to the company and its business and that sustainability initiatives undertaken by the Group are effectively communicated to stakeholders.

As set out in the MCCG's Practice 1.2, the Board is led by a Chairman, who is responsible for:
- Representing the Board to shareholders and ensuring effective communication with shareholders;
- Ensuring effective operation of the Board and its committees in conformity with the highest standards of corporate governance;
- Setting the agenda, style and tone of Board discussions to promote constructive debate and effective decision-making;
- Ensuring that all Board committees are properly established, composed and operated;
- Ensuring comprehensive induction programmes for new Directors and updates for all Directors as and when necessary; and
- Supporting the Chief Executive Officer and establishing a harmonious and open relationship with the Chief Executive Officer.

The Board is supported by a suitably qualified and competent Company Secretary, who provides sound governance advice, ensures adherence to rules and procedures and advocates the adoption of corporate governance best practices, in compliance to the MCCG's Practice 1.5.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Principal Responsibilities of the Board of Directors (Cont'd)

To assist in the discharge of its stewardship role, the Board has established four (4) Board Committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee, to which it has delegated certain responsibilities. The Board Committees have their roles and functions, written terms of reference, operating procedures and authority to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. All deliberations and decisions taken by the Board Committees are documented and approved by the respective Chairman of the Board Committees prior submission to the Board for deliberations and decisions. The ultimate responsibility for decision making, however, still lies with the Board. The Board reviews the Board Committees' authority and terms of reference from time to time to ensure their relevance.

The Board is guided by the Board Charter, which clearly identifies the respective roles and responsibilities of the Board, Board Committees, individual Directors and Senior Management, and issues and decisions reserved for the Board in compliance to the MCCG's Practice 2.1. The Board establishes the Business Ethics Policy & Code of Conduct and Whistleblower Procedure that aim to promote good business conduct and maintain a healthy corporate culture which engenders integrity, transparency and fairness in compliance to Practices 3.1 and 3.2 in the MCCG. Details of the Board Charter, Business Ethics Policy & Code of Conduct and Whistleblower Procedure can be found on the Company's website at www.gcbcocoa.com.

Clear roles and responsibilities

The Board has a collective responsibility for the management of the Group. The Non-Executive Directors are responsible for bringing independent judgment and scrutiny to decisions taken by the Board and providing objective challenges to Management.

The Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group to ensure that they are capable of exercising judgment objectively and act in the best interest of the Group, its stakeholders and shareholders, including minority shareholders. Instead, the day-to-day business operations of the Group are led by the Chief Executive Officer. The positions of the Chairman and the Chief Executive Officer are held by different individuals in accordance to the MCCG's Practice 1.3. To enhance accountability, the Board has specific functions reserved for the Board and those delegated to the Management. There is a schedule of key matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Group are in its hands.

Key matters reserved to the Board for decision that were discussed in the financial year ended 31 December 2021 comprise the following:

- declaration of dividends and approval of financial statements, including accounting policies of the Group;
- establishment of new company;
- annual strategic plan;
- capital investment and disposal of tangible assets from existing business to third party;
- increase by a subsidiary of its issued capital;
- financing on the Group's activities;
- strategy and business plans of the Company and its subsidiaries and of any subsequent material changes in strategic direction or material deviations in business plans by the Company and its subsidiaries;

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Clear roles and responsibilities (Cont'd)

Key matters reserved to the Board for decision that were discussed in the financial year ended 31 December 2021 comprise the following: (Cont'd)

- material acquisitions and disposal of assets not in the ordinary course of business of the Company and its subsidiaries;
- change relating to the capital structure, including but not limited to, reduction of capital, share and other securities issues (except under employee share option schemes) and share buy-backs (including the use of treasury shares) (including the terms and conditions of such changes in capital structure) of the Company and its subsidiaries;
- raise or increase borrowing facilities involving material amounts of the Company and its subsidiaries;
- changes to the structure, size and composition of the Board of the Company and its subsidiaries, following recommendations from the Nominating Committee;
- any delegation of authorities to Chief Executive Officer and the Executive Directors of the Company and its subsidiaries;
- risk management policies of the Company and its subsidiaries;
- establishment of Board Committees of the Company and its subsidiaries (to the extent applicable), their membership, delegated duties and authorities and the terms of reference; and
- remunerations payable in relation to the contract of employment of the Director of the Company and its subsidiaries.

Board Meetings and Supply of Information

A total of five (5) Board Meetings were held for the financial year ended 31 December 2021. Board meetings are held separately from Board Committee Meetings. The details of attendance of each Board Member are as follows:

Name of Directors	Attendance
Tay Hoe Lian	5/5
Tay How Sik @ Tay How Sick	5/5
Hia Cheng	5/5
Tan Ah Lai	5/5
Ang Nyee Nyee	5/5
Nurulhuda Binti Abd Kadir	5/5
YBhg Dato Dr. Mohamad Musa bin Md. Jamil (Resigned w.e.f 15 April 2021)	2/2
YBhg Datuk Tay Puay Chuan (Resigned w.e.f 15 April 2021)	2/2

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Board Meetings and Supply of Information (Cont'd)

The Company Secretary ensures a balanced flow of information is disseminated so that the Board and the Board Committees receive timely and up-to-date information for an effective discharge of the Board's responsibilities and for decisions to be made on an informed basis. The Board firmly believes that effective deliberation and its decision making process are highly dependent on the quality of information furnished by the Management.

Where any direction or decisions are required expeditiously or urgently for the Board between the regular meetings, special meetings of the Board are convened by the Company Secretary, after consultation with the Chairman. The agenda for the meeting of the Board is set by the Chairman in consultation with the Company Secretary and the Chief Executive Officer.

Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions between scheduled and special meetings.

The Board Meeting's proceedings follow Practice 1.6 as set out in the MCCG. A formal and structured agenda, together with a set of Board and Board Committees papers, are forwarded to all Directors at least seven (7) days prior to the Board and Board Committees meetings, to enable the Board to make decisions and for Directors to be prepared to deal with matters arising from such meetings. The Board has a regular schedule of matters which are typically on the agenda and reviewed during the course of the year, namely, presentation on quarterly reports; the quarterly unaudited consolidated results; recommendations of the various Board Committees; announcements to Bursa Securities; the Company's audited financial statements; the Company's annual report which includes Sustainability Statement, this Statement, Statement of Risk Management and Internal Control, Audit Committee Report, Risk Management Report and Statement of Directors' responsibilities. Presentations to the Board and the Board Committees are prepared and delivered in a manner that ensures a clear and adequate understanding of the subject matter. In addition, reading materials on the subject matter are prepared and circulated prior to each meeting to assist Directors in having an understanding of the subject matter. Members of the Management team are invited, as and when required, to attend Board and Board Committees meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings and circulated to Board of Directors accordingly.

It is the policy of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of their appointment. Furthermore, in ensuring time commitment of Directors, meeting dates are made known to the Directors prior to the beginning of a new financial year. Directors are also required to notify the Board before accepting any new directorship.

II. Board Composition

The Composition of the Board

The Board, through the Nomination Committee, ensures that the composition of the Board is refreshed periodically. The tenure of each Director is reviewed by the Nomination Committee and annual re-election of a Director is contingent on satisfactory evaluation of the Director's performance and contribution to the Board, in accordance to Practice 5.1 as set out in the MCCG.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

The Composition of the Board (Cont'd)

The Board consists of six (6) members, comprising three (3) Executive Directors including the Managing Director/Chief Executive Officer and three (3) Independent Non-Executive Directors. Presently, two (2) out of six (6) members of the Board are women Directors, making the total female representation on the Board of 33%. The Board members provide an effective Board with a mix of industry-specific knowledge and broad business, financial, regulatory and technical experience. Furthermore, there is effective check and balance on the Board, with half (1/2) of the Board members being Independent Non-Executive Directors. Based on the independence assessment conducted by the Board, the Board believes that the existing Independent Directors are able to continue bringing in their independent objective and judgement during the Board and Board Committee's proceedings. As a large company, the Group is actively searching for candidates for Independent Directors and making gradual progression to comply with Practice 5.2 in the MCCG.

YBhg Datuk Tay Puay Chuan has resigned as the Senior Independent Non-Executive Director of the Company w.e.f 15 April 2021. A brief description of the background of each Director is presented in the Directors' Profile on pages 20 to 23 of this Annual Report.

Independence of the Board

The Independent Directors provide the necessary independent perspective and rigour in the formulation of strategies, deliberation of issues and implementation of major undertakings to ensure that the interest of not only the Group, but also stakeholders and the public in general are represented. The Board, through the Nomination Committee reviewed and was satisfied that all such Directors had satisfied the criteria for an Independent Director as prescribed in the Listing Requirements and Practice Note 13. This mixture of experience and expertise is deemed necessary in light of the increasing challenging economic and operating environment in which the Group operates.

The MCCG's Practice 5.3 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 the Board upon reaching the nine (9) years limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval through a two-tier voting process. In justifying the decision, the Nomination Committee is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria and definition of an Independent Director as set out under Paragraph 1.01 of Listing Requirements on independence and recommend to the Board for its consideration.

Nomination Committee

The Nomination Committee was established on 26 April 2005 and is primarily responsible for the identification of the desired mix of expertise, competencies and experiences for an effective Board and the assessment of the performance of the members of the Board. As and when the need arises, the Nomination Committee shall also identify and recommend candidates with the necessary qualities to strengthen the Board.

The Nomination Committee is currently chaired by Independent Non-Executive Director, Ang Nyee Nyee, and comprises wholly of Independent and Non-Executive Directors. The Nomination Committee operates under its terms of reference, which has been approved by the Board.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Nomination Committee (Cont'd)

In compliance with Practices 5.6 and 5.7 in the MCCG, the Committee considers independent sources and recommendations from existing Board members, Management and major shareholders when identifying candidates for appointment of Directors. The Committee ensures that shareholders have the information they require to make an informed decision on the appointment and reappointment of the Directors.

On appointment of new Directors, the Management would facilitate the Directors' induction by providing the Directors with relevant information about the Group and encouraging them to visit the sites of the Group's operating units and meet with key senior executives. The Nomination Committee will also ensure that orientation programme is provided for new members of the Board and is also tasked to review the Directors' continuing education programmes.

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Constitution also provides that at least one third (1/3) of the remaining Directors be subject to re-election by rotation at each Annual General Meeting ("AGM") provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

The Nomination Committee has access to any form of independent professional advice, information and the advice and services of the Company Secretary, if and when required, in carrying out its functions. Directors seeking re-election and re-appointment abstain from all deliberations regarding his/her re-election and re-appointment to the Board and/or Board Committees. The Nomination Committee meets at least once in a financial year or more frequent if needed.

The Nomination Committee had one (1) meeting during the financial year ended 31 December 2021, which was attended by all members. The activities carried out by the Nomination Committee during the financial year under review were as follows:

- Assessed and reviewed the boardroom diversity in respect of the desired mix of skills, competencies and experience of the Board, including the core competencies which Non-Executive Directors should bring to the Board as encouraged by Bursa Securities and Practices 5.9 of the MCCG;
- Assessed the effectiveness and performance of the Board, the Board Committees and individual Directors, and make recommendations to the Board with regard to any adjustments to the structure, size and composition that are deemed necessary in accordance to Practice 6.1 of the MCCG;
- Developed the Board action plan for improvement on areas identified in the Boards effectiveness evaluation, where application; and
- Reviewed the Directors' continuing education programmes.

Directors' Training

Under the Listing Requirements, the Nomination Committee has assumed the onus of determining or overseeing the training needs of the Directors. All the Directors have attended the Mandatory Accreditation Programme.

During the financial year ended 31 December 2021, all Directors have attended relevant courses and training programmes to enhance their knowledge to effectively discharge their duties and obligations.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Directors' Training (Cont'd)

The courses and training programmes attended by the Directors are as follows:

Name of Director	Courses/Training Programmes Attended
Tan Ah Lai	Audit Committee Conference 2021 2022 Budget Seminar Workshop on Malaysian Property Tax, Estates and Trusts Workshop on Tax Incentives
Tay Hoe Lian	Leading with an Infinite Mindset Cultivating a Positive Organizational Culture in Remote Working Environment Present & Post Covid Syndrome Treatment Global, Regional & Malaysia Economic Updates Post Pandemic Sales and Marketing Strategies
Tay How Sik @ Tay How Sick	Related Party Transaction
Hia Cheng	Withholding Taxes – Law and Implications on Cross Border Transactions Managing Cross Border Transaction Sustainable Finance & ESG for Value Creation 2022 Budget Seminar Enterprise Risk Management Training
Ang Nyee Nyee	Mandatory Accreditation Programme for Directors of Public Listed Companies Malaysian Probate Systems: Sabah, Sarawak and Peninsular Perspective Climate Change, Reporting and Sustainability Trends: The Inter-Links Towards Addressing Sustainable Development Goals and Climate Change
Nurulhuda Binti Abd Kadir	A Caring Blueprint for a Better Corporate Malaysia Securities Commission Guidelines on the Conduct of Directors of Listed Corporations and their Subsidiaries

The Directors are mindful that they shall continue to undergo the relevant training programmes in order to stay abreast with the latest developments in the industry and to better enable them to fulfill their responsibilities.

The Company Secretary and external auditors have also regularly updated the Directors on the latest relevant regulatory requirements and accounting standards to enable them to keep abreast with such developments and amendments.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration

Remuneration Committee

The Remuneration Committee was established on 26 April 2005 and is primarily responsible for the development and review of the remuneration policy and packages for the Board members.

The Remuneration Committee is currently chaired by Independent Non-Executive Director, Nurulhuda Binti Abd Kadir, and comprises wholly of Independent and Non-Executive Directors. The Remuneration Committee operates under its terms of reference, which has been approved by the Board.

The Committee has in place policies and procedures to determine the remuneration of Directors, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policy is reviewed from time to time to ensure the remuneration of Directors is on par with other publicly listed companies. In compliance with Practices 7.1 and 7.2 in the MCCG, the Committee has updated the remuneration policy to include the remuneration of Senior Management for the financial year ending 31 December 2022.

The Remuneration Committee had one (1) meeting during the financial year ended 31 December 2021, which was attended by all members. The activities carried out by the Remuneration Committee during the financial year under review were as follows:

- Reviewed and recommended to the Board the remuneration packages for Executive Directors based on the outcome of performance review;
- Determined the remuneration packages needed to attract, retain and motivate Executive Directors of the quality required to manage the business of the Group successfully;
- Ensured the remuneration and incentives for Independent Directors does not conflict with their obligation in bringing objectivity and independent judgment on matters discussed;
- Reviewed the Group's compensation policy for the Executive Directors and ensure alignment of compensation to corporate performance, and compensation offered in line with market practice; and
- Approved the annual salary increment of the Executive Directors in respect of each financial year.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration (Cont'd)

Directors' Remuneration

The details of Directors' remuneration payable to the Directors of the Company for the financial year ended 31 December 2021 are as follows:

	Group (RM'000)						Company (RM'000)				
	Fees	**Salaries & Allowances**	**Bonuses**	**Performance Incentive**	**EPF & SOCSO**	**Benefits-in-kind**	**Fees**	**Salaries & Allowances**	**Bonuses**	**EPF & SOCSO**	**Benefits-in-kind**
Executive Directors											
Tay Hoe Lian	180	1,840	3,754	3,071	309	16	-	-	-	-	-
Tay How Sik @ Tay How Sick	180	1,006	1,905	-	42	17	-	-	-	-	
Hia Cheng	180	1,905	3,038	2,485	231	77	-	-	-	-	-
Non-Independent Non-Executive Director											
YBhg Dato Dr. Mohamad Musa bin Md. Jamil (Resigned w.e.f 15 April 2021)	-	-	-	-	-	-	18	-	-	-	-
Independent Non-Executive Directors											
YBhg Datuk Tay Puay Chuan (Resigned w.e.f 15 April 2021)	-	-	-	-	-	-	36	-	-	-	-
Tan Ah Lai	-	-	-	-	-	-	63	4	-	-	-
Ang Nyee Nyee	-	-	-	-	-	-	64	1	-	-	-
Nurulhuda Binti Abd Kadir	-	-	-	-	-	-	45	1	-	-	-

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration (Cont'd)

Key Senior Management's Remuneration

The details of Key Senior Management's remuneration in successive band of RM50,000 for the financial year ended 31 December 2021 are as follows:

Band	Number of Key Senior Management
RM700,001 – RM750,000	1
RM1,200,001 – RM1,250,000	1
RM2,800,001 – RM2,850,000	1
RM3,400,001 – RM3,450,000	1

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

Uphold Integrity in Financial Reporting by Company

The Board has established an Audit Committee which is tasked to oversee matters relating to financial reporting, auditing, internal controls, related party transactions, conflicts of interest situation and assessment carried out on the independence, performance and objectivity of the external auditors and internal auditors.

The Audit Committee comprises three (3) Independent Non-Executive Directors. The requirements for the Audit Committee to consist of at least three (3) members, all of whom shall be Non-Executive with majority being Independent Directors and the requirement for the Audit Committee's Chairman to be an Independent Director are articulated in the Audit Committee's Terms of Reference.

The Audit Committee brings to the Board an independent and objective approach that safeguards the integrity of the Company's financial reporting, which includes ensuring the independence and quality of audit activities which are important in providing necessary assurance to the Audit Committee in forming its basis for recommendation to the Board.

The Audit Committee activities and oversights of external and internal auditors are detailed in the Audit Committee Report and Statement of Risk Management and Internal Control.

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of results to shareholders, as well as the interview with the Managing Director/Chief Executive Officer and review of the Group's operations in this Annual Report.

The Audit Committee is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended. In preparing the financial statements, the Directors ensure that accounting standards approved by the Malaysian Accounting Standards Board in Malaysia and the provisions of the Companies Act 2016 are complied with and reasonable and prudent judgments and estimates have been made. The Directors' overall responsibilities also include taking such steps as are reasonably open to them to safeguard the assets of the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention of fraud and other irregularities.

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Group's position and prospects in the Directors' Report and the Financial Statements set out in this Annual Report.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. Risk Management and Internal Control Framework

Recognise and Manage Risk of the Group

The Board recognises its responsibility over the principal risks of various aspects in the Group's business.

The Board and Management are mindful of measures required to identify risks residing in any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment.

The responsibilities of identifying and managing risks are delegated to the respective Head of each business units. A Risk Management Committee is responsible in assisting the Board by taking the responsibility of monitoring the effectiveness of the Group's approach on risk management which function was previously delegated to the Audit Committee. The composition and details of activities carried out by the Risk Management Committee are set out in the Risk Management Committee Report of this Annual Report.

The key features of the risk management and internal controls are set out in the Statement on Risk Management and Internal Control as stated on pages 94 to 99 of this Annual Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

Ensure Timely and High Quality Disclosure

An essential aspect of an active and constructive communication policy is the promptness in disseminating information to shareholders and investors. The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures pertaining to the Group to the regulators, shareholders and stakeholders of the Company.

The Company acknowledges the need for investors to be informed of all material business and corporate developments affecting the Group.

The timely release of quarterly results of the Group and the issue of the Company's Annual Reports provide regular information on the state of affairs of the Group. These, together with the announcements to Bursa Securities, circulars to shareholders and, where appropriate, ad-hoc press statements and interviews are the principal channels for dissemination of information by the Company to its investors, stakeholders and the public generally. This information is also accessible by the public through the Bursa Securities' website at www.bursamalaysia.com.

In addition, the Company's website at www.gcbcocoa.com provides information on the Group's business, corporate development and announcements to Bursa Securities. Other information relevant to shareholders and investors such as Annual Reports, circulars to shareholders and quarterly reports are available for download at the Company's website.

Promoting Sustainability

The Company manages its business responsibly by managing the economic, social and environmental aspects of its operations. The Company produces the annual report, which highlights the financial aspects of the business and provides a clear, comprehensive and transparent representation of the Company's performance annually.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II. Conduct of General Meetings

Annual Report and General Meetings

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including minority shareholders, are protected. The Board provides its shareholders and investors with information on its business, financials and other key activities in this Annual Report and the contents of which are continuously enhanced to take into account the developments, amongst others, in corporate governance.

The conduct of the meeting follows Practices 13.1, 13.2, 13.3, 13.4, 13.5 and 13.6 of the MCCG. Notice for the general meetings is given to shareholders at least 28 days prior to the meeting. The Board is cognisant of the advantages of poll voting at general meetings to ensure accurate, transparency and efficiency of the voting process and outcomes at general meetings. All the resolutions tabled at the general meetings are voted by poll. All Directors attended the 17th Annual General Meeting held on 31 May 2021. Technology was leveraged during the meeting in order to be accessible to all shareholders and to support a meaningful engagement between the Board, Senior Management and shareholders. Minutes of the general meetings are also circulated to shareholders within 30 business days of the meeting.

COMPLIANCE STATEMENT

The Board is pleased to report that this Statement together with the Corporate Governance Report ("CG Report") which is available on the Company's website at www.gcbcocoa.com provides the corporate governance practices of the Company with reference to the MCCG. The Board considers and is satisfied that the Company has fulfilled its obligations under the broad Principles as set out in the MCCG. However, the Board has reserved several of the Practices and has rationalized and provided justifications for the deviations in the CG Report. Nevertheless, the Company will continue to strengthen its governance practices to safeguard the best interests of its shareholders and other stakeholders.

This Statement was presented and approved at the meeting of the Board on 5 April 2022.

Statement on Risk Management and Internal Control

INTRODUCTION

Paragraph 15.26(b) of the Listing Requirements requires the Board of Directors (the "Board") of any given Listed Issuer to include in its annual report a Statement on Risk Management and Internal Control. The Board is pleased to provide the following statement that is prepared in accordance with the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers* (the "Guidelines") endorsed by Bursa Malaysia which outlines the nature and scope of the risk management and internal controls of the Group during the financial year under review until the date of approval.

BOARD'S RESPONSIBILITY

The Board is committed to the continuous improvement of internal controls and risk management practices within the Group to meet its business objectives. The Board affirms its overall responsibility to maintain a sound system of internal controls and effective risk management, and for reviewing the adequacy, integrity and effectiveness of these systems to safeguard shareholders' investment and the Group's assets. It covers not only financial controls but operational and compliance controls, and risk management.

However, such systems, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement, losses or fraud. These systems were designed to manage, rather than eliminate, the risk of failure to achieve business objectives of the Group.

RISK MANAGEMENT FRAMEWORK

In dealing with its stewardship responsibilities, the Board recognises that an effective risk management is part of good business management practice. The Board acknowledges that all areas of the Group's activities involve some degree of risk and is committed to ensuring that the Group has an effective risk management framework which will allow the Group to be able to identify, evaluate, monitor and manage risks continuously that affect the achievement of the Group's business objectives.

This process is annually reviewed by the Board. It is intended that any key risk or significant control failings or weaknesses shall be identified and discussed in these reports including the impact they have had or may have on the Group and the actions to rectify them.

The key elements of the Group's Risk Management Framework are described below:

- **Structure**

  The Group adopts a decentralised approach to risk management which comprises strategic and operational risks (including financial and compliance risks).

Type of Risks	Accountability
Strategic risk	The Board, Group Chief Executive Officer ("CEO"), Group Chief Financial Officer("CFO") and Group Chief Operating Officer ("COO")
Operational risk (including financial and compliance risks)	Senior Management and Head of Department

  › **Strategic risks** are risks primarily caused by events that are external to the Group, but have a significant impact on its strategic decisions or activities. Accountability for managing strategic risks therefore rests with the Board, Group CEO and Group CFO. The benefit of effectively managing strategic risks is that the Group can better forecast and quickly adapt to the changing demands that are placed upon the Group. It also means that the Group is less likely to be affected by some external event that calls for significant change.

RISK MANAGEMENT FRAMEWORK (CONT'D)

- **Structure (Cont'd)**

  - **Operational risks, including financial and compliance risks** are inherent in the ongoing activities within the different subsidiaries of the Group. Typically, some of the risks cover foreign exchange, credit, competency, technology, etc. Senior management needs ongoing assurance that these operational risks are identified and managed. Accountability for managing operational risks rests specifically with the respective Heads of Department.

- **Risk Awareness Culture**

  Risk awareness culture is reflected by the emphasis on strong corporate governance, organisational structure with clearly defined roles and responsibilities, effective communication and training, commitment to compliance with laws, regulations and internal controls, integrity in fiduciary responsibilities and clear policies, procedures and guidelines.

- **Risk Assessment**

  Senior Management identifies and assesses risks from time-to-time based on business nature and objective. Senior Management reports quarterly to the Board for any significant risk identified or control failure.

- **Risk Appetite**

  The Group's risk appetite defines the amount and types of risk that the Group is able and willing to accept in pursuit of its business objectives. It also reflects the level of risk tolerance and limits set to govern, manage and control the Group's risk taking activities.

  A clear Limit of Authority has been formalised to approve transactions to ensure that they are within the risk appetite of the Group.

INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control system are described below:

- **Control Environment**

  The importance of a proper control environment is emphasised throughout the organisation. Focus is directed towards the quality and abilities of the Group's employees with continuing education and training to enhance the skills of employees and reinforce qualities of professionalism and integrity. Such training also includes internal briefings and external seminars for selected employees to enhance the level of awareness and knowledge on matters relating to risk management and internal controls.

- **Code of Conduct**

  Code of Conduct is the cornerstone of setting the proper tone at the top for the business's culture. The Board and management have formalised it as the standard of expected ethical behaviour for the all employees. It spells out about workplace safety and health, bribery, equal opportunities, workplace environment, etc.

Statement on Risk Management and Internal Control (Cont'd)

INTERNAL CONTROL SYSTEM (CONT'D)

- **Organisational Structure**

  The Group operates on a hierarchical organisation structure that defines the authority limits, lines of responsibility and reporting mechanism. All Subsidiaries have clear accountabilities to ensure appropriate control procedures are in place.

  The key elements of the Group's organisational structure are as follows:

  › **Management**

  o **Policy and Procedures:** Management has implemented series of documented Policy and Procedures to govern the Group's key business processes. These policies and procedures deal with, amongst others, control issues for procurement, credit control, warehousing, information technology, health and safety, etc. These procedures are reviewed annually by senior management to ensure its relevancy.

  o **Human Capital:** There are guidelines within the Group for hiring and termination of staff, formal training programmes for staff and annual performance appraisals to enhance the level of staff competency in carrying out their duties and responsibilities.

  o **Safeguarding of Assets:** Adequate insurance and physical safeguarding of major assets are in place to ensure that they are sufficiently covered against any mishap that may result in material losses to the Group.

  o **Related Party Transactions:** Internal control procedures are established to ensure that related party transactions are undertaken in compliance with the Group's practices, the Listing Requirements, and to ensure that these transactions are carried out on an arm's length basis and on normal commercial terms, which are in the best interest of the Group's stakeholders.

  o **Communication:** Information is communicated through circulars, emails, meetings and internal memos.

  o **Site Visit:** Annual visits by the head office personnel to business units in remote location to ascertain compliance with the established Policy and Procedures of the Group by local management.

  o **Management Meetings:** Quarterly meetings with the Heads of Departments provide a sound platform for the information communicate with, and provide feedback to and from, Management.

  › **Internal Audit**

  The Group has outsourced its internal audit function to an independent professional service provider (the "Internal Auditors") which carries out its functions independently with risk-based approach and provides the Audit Committee and the Board with the assurance on the adequacy and effectiveness of the system of internal controls. The cost of internal audit function for the financial year ended 31 December 2021 was about RM24,000.

  Any significant control lapses and/or deficiencies noted from the reviews will be documented and communicated to management for review and corrective actions. The Internal Auditors report to the Audit Committee all significant non-compliance, internal control weaknesses and actions taken by management to resolve the audit issues identified.

INTERNAL CONTROL SYSTEM (CONT'D)

- **Organisational Structure (Cont'd)**

  › **Internal Audit (Cont'd)**

  The Internal Auditors are solely responsible for planning, implementing and reporting the audits for the Group. The Internal Auditors:

  o Prepare a detailed Internal Audit Plan in consultation with the senior management for submission to the Audit Committee for approval;

  o Carry out all activities to conduct the audits in an effective, professional and timely manner;

  o Discuss with the audit committee upon completion of each audit for any significant control lapses and/or deficiencies noted from the reviews for their review and corrective actions; and

  o Submit quarterly report to the Audit Committee for all significant non-compliance, internal control weaknesses and actions taken by management to resolve the audit issues identified.

  › **Audit Committee**

  The Audit Committee reviews, monitors and evaluates the effectiveness and adequacy of the Group's internal controls and financial issues raised by the External and Internal Auditors, regulatory authorities and management. The review includes reviewing written reports from the Internal and External Auditors, to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by management.

  The Audit Committee also convenes meeting with External Auditors without the presence of management. In addition, the Audit Committee reviews the adequacy of the scope, functions and competency of the Internal and External Auditors. The Audit Committee also reviews and evaluates the procedures established to ensure compliance with applicable legislation, the Listing Requirements and the Group practices.

  The Audit Committee Report set out on pages 100 to 101 of this Annual Report contains further details on the activities undertaken by the Audit Committee in 2021.

  › **Risk Management Committee**

  The Risk Management Committee reviews and recommends the Group's risk management framework and evaluates the effectiveness and adequacy of the Group's overall risk assessment procedures and risk action plans. The review includes reviewing quarterly reports from Enterprise Risk Management Committee, to ensure that where risks have been identified, appropriate and prompt remedial action is taken by management.

  The Risk Management Committee Report set out on pages 102 to 103 of this Annual Report contains further details on the activities undertaken by the Risk Management Committee in 2021.

Statement on Risk Management and Internal Control (Cont'd)

INTERNAL CONTROL SYSTEM (CONT'D)

- **Organisational Structure (Cont'd)**

  › **Board**

  The Board holds regular discussions with the Audit Committee, Risk Management Committee and management and considers their reports on matters relating to internal controls and deliberates on their recommendations for implementation.

  o **Business Direction:** The Group's vision, mission, corporate philosophy and strategic direction have been formalised and communicated to employees at all levels. The Board retains control over the Group with appropriate management reporting mechanisms which enable the Board to review the Group's progress.

  o **Reporting and Information:** Senior management reports to the Board for the strategic plans and business units' performances on a quarterly basis. The monitoring of individual business units' performances is conducted monthly, with major variances followed up and management action taken, where necessary.

  Comprehensive information is provided to management every quarter, covering financial performance, key business indicators, key business risks and legal, environmental and regulatory matters. Quarterly meetings attended by management, led by the Group CEO, are held to discuss the various aspects of the business, including financial and operational performance of the Group. Key matters affecting the Group are brought to the attention of the Audit Committee and are reported to the Board on a quarterly basis. Management also ensures that it has the knowledge of key market information in respect of the Group's products/performance and takes pro-active measures, as appropriate, in the best interests of the Group.

  o **Monitoring and Review:** There are processes for monitoring the system of internal controls and reporting any significant weaknesses together with details of corrective action. The system is reviewed on an ongoing basis by the Board (through the Audit Committee), management and Internal Auditors. Heads of Department are also actively involved in continually improving the control processes within their respective departments.

WEAKNESSES IN INTERNAL CONTROLS WHICH RESULTED IN MATERIAL LOSSES

There were no major weaknesses in internal controls which resulted in material losses during the financial year under review until the date of approval of this Statement.

ASSURANCE PROVIDED BY THE GROUP CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

In line with the Guidelines, the Group CEO and Group CFO have provided assurance to the Board that the Group's risk management and internal control systems have been operated adequately and effectively, in all material aspects, to meet the Group's business objectives during the financial year under review.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the year ended 31 December 2021. Their review was performed in accordance with the Audit and Assurance Practice Guide 3("AAPG 3") issued by the Malaysian Institute of Accountants. The External Auditors' procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the system of internal control for the Group.

AAPG3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. Based on the procedures performed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material respects, in accordance with the disclosure required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

CONCLUSION

The Board has taken the necessary steps to ensure that appropriate systems are in place for the assets of the Group to be adequately safeguarded through the prevention and detection of fraud and other irregularities and material misstatements.

The Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report save for those mentioned above. The Board continues to take pertinent measures to sustain and, where required, to improve the Group's risk management and internal control systems in meeting the Group's strategic objectives.

This Statement was approved by the Board on 5 April 2022.

Audit Committee Report

MEMBERSHIP

Chairman : Ang Nyee Nyee
(Independent Non-Executive Director)
(Appointed as Committee Chairman on 15 April 2021)

Members : Tan Ah Lai
(Independent Non-Executive Director)
(Re-designated as Committee Member on 15 April 2021)

Nurulhuda Binti Abd Kadir
(Independent Non-Executive Director)
(Appointed as Committee Member on 15 April 2021)

YBhg Dato Dr. Mohamad Musa bin Md Jamil
(Non-Independent Non-Executive Director)
(Ceased as Committee Member w.e.f. 15 April 2021)

YBhg Datuk Tay Puay Chuan
(Independent Non-Executive Director)
(Ceased as Committee Member w.e.f. 15 April 2021)

TERMS OF REFERENCE

The terms of reference of the Audit Committee is available for download on the Company's website at www.gcbcocoa.com.

SUMMARY OF WORK

A total of five (5) Audit Committee meetings were held for the financial year ended 31 December 2021. The details of attendance of each Audit Committee member are as follows:

Name of members	Attendance
Ang Nyee Nyee (Appointed as Committee Chairman on 15 April 2021)	3/3
Tan Ah Lai (Re-designated as Committee Member on 15 April 2021)	5/5
Nurulhuda Binti Abd Kadir (Appointed as Committee Member on 15 April 2021)	3/3
YBhg Dato Dr. Mohamad Musa bin Md Jamil (Ceased as Committee Member w.e.f. 15 April 2021)	2/2
YBhg Datuk Tay Puay Chuan (Ceased as Committee Member w.e.f. 15 April 2021)	2/2

During the financial year under review, the Audit Committee discharged its functions and duties in accordance with its existing Terms of Reference.

SUMMARY OF WORK (CONT'D)

The main work undertaken by the Audit Committee during the financial year included the following:

- considered the nomination of external auditors for recommendation to the Board for re-appointment;
- considered the audit fees payable to the external auditors for recommendation to the Board for approval;
- reviewed the performance of the external auditors in relation to the audit and performed follow-up measures, where required;
- reviewed and evaluated factors relating to the independence of the external auditors. The Audit Committee worked closely with the external auditors in establishing procedures in assessing the suitability and independence of the external auditors, in 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 Malaysian Institute of Accountants;
- reviewed the external auditors' scope of work and audit plans and strategy for the year prior to the audit;
- reviewed the results of the audit, the audit report and the management letter, including management's response, and the assistance given by the employees to the external auditors;
- reviewed the audited financial statements for the financial year ended 31 December 2021 and matters relating to management judgments and estimates;
- reviewed quarterly unaudited financial statements of the Company prior to submission to the Board for their consideration and approval;
- reviewed whether the financial statements provide a true and fair view of the Company's financial position and performance;
- met with external auditors without the presence of management on 22 November 2021 and 21 February 2022 and discussed on matters arising from the interim and final results;
- reviewed the provision of non-audit services by the external auditors and/or its network firms to eliminate or reduce the threat to objectivity and independence;
- reviewed the internal auditors' programmes and plans for the financial year under review and the assessment of the effectiveness of internal audit activities;
- reviewed the re-appointment of the internal auditors and audit fee;
- reviewed the internal audit plans, reports, recommendations and management's response;
- reviewed related party transactions and conflict of interest situations, including reviewing recurrent related party transactions of a revenue or trading nature and control procedures for those transactions in the shareholders' mandate;
- reviewed the anti-bribery and corruption policy and recommended the amendment and/or modification, if any to the Board;
- reviewed processes and controls that were in place for effective and efficient financial reporting and disclosures under the financial reporting standards;
- ensured that the Group is in compliance with the regulations of Companies Act 2016, the applicable approved accounting standards as per Malaysian Accounting Standards Board, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysia Code on Corporate Governance and other legislative and reporting requirements; and
- reviewed the Corporate Governance Overview Statement, Corporate Governance Report, Audit Committee Report and the Statement on Risk Management and Internal Control and recommended their adoption to the Board, deliberated the disclosure requirements for sustainability statement and noted the management action plan.

INTERNAL AUDIT FUNCTION

The Board acknowledges that it is responsible for maintaining a sound system of internal controls which provide reasonable assessment of effective operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines.

The Company has engaged an external independent consultant to carry out the internal audit function to assist the Audit Committee in maintaining a sound system of internal control. The internal audits were undertaken to provide independent assessments on the accuracy, efficiency and effectiveness of the Group's internal control systems.

An overview of the Group's approach in maintaining a sound system of internal control is set out in the Statement on Risk Management and Internal Control on pages 94 to 99 of this Annual Report.

Risk Management Committee Report

For an effective risk management framework, the Risk Management Committee was set up to oversee the risk management of the Group pursuant to step up practice 10.3 of the Malaysian Code on Corporate Governance.

MEMBERSHIP

Chairman : Hia Cheng
(Executive Director)

Members : Tan Ah Lai
(Independent Non-Executive Director)

Ang Nyee Nyee
(Independent Non-Executive Director)
(Appointed as Committee Member on 15 April 2021)

YBhg Datuk Tay Puay Chuan
(Independent Non-Executive Director)
(Ceased as Committee Member w.e.f. 15 April 2021)

TERMS OF REFERENCE

The terms of reference of the Risk Management Committee is available for download on the Company's website at www.gcbcocoa.com.

SUMMARY OF WORK

A total of five (5) Risk Management Committee meeting was held for the financial year ended 31 December 2021. The details of attendance of each Risk Management Committee member are as follows:

Name of members	Attendance
Hia Cheng	5/5
Tan Ah Lai	5/5
Ang Nyee Nyee (Appointed as Committee Member on 15 April 2021)	3/3
YBhg Datuk Tay Puay Chuan (Ceased as Committee Member w.e.f. 15 April 2021)	2/2

The Risk Management Committee is responsible in assisting the Board to monitor the effectiveness of the Group's approach on risk management. The Group has a formal risk management policy and framework approved by the Board and the Risk Management Committee is supported by the Enterprise Risk Management Committee comprises of heads of department, headed by the Chief Financial Officer in overseeing the risk management efforts within the Group.

For risk management, the Group has in place an on-going process for identifying principal business risks within the organisation, assessing the likelihood of occurrence and impact of exposures and determining the corresponding risk mitigation and treatment measures.

SUMMARY OF WORK (CONT'D)

Risk management activities are practised throughout the organisation to support the Risk Management Committee in its corporate governance responsibilities. Enterprise Risk Management Committee and the respective departmental heads would proactively and effectively manage significant risks that might affect the Group's objectives. A set of risk indicators has been developed and is used to enhance the monitoring and mitigation of risks events.

During the financial year under review, the Risk Management Committee discharged its functions and duties in accordance with its existing Terms of Reference.

The main work undertaken by the Risk Management Committee during the financial year included the following:

- Provided guidance for the direction of the Group Enterprise Risk Management (ERM) committee;
- Reviewed and recommended the Group's risk management framework for the Board's approval;
- Monitored the implementation of the risk management framework and activities conducted by the Group ERM committee;
- Reviewed and advised on the Group's risk appetite and risk tolerance;
- Reviewed the adequacy of the Group's overall risk assessment procedures to ensure all material risks are identified;
- Reviewed material risks and evaluated the adequacy and effectiveness of risk action plans, vis-à-vis the risk appetite and risk profile of the Group;
- Reviewed the Group's risk profile on an annual basis and ensured that all material risks outside of the Group's tolerable ranges are being addressed in risk action plans in a timely manner;
- Reported to the Board regarding the Group's risk exposures;
- Reviewed the adequacy of infrastructure and resources for the Group's risk management; and
- Reviewed the Risk Management Committee Report to ensure that all relevant information as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is disclosed.

Statement of Directors' Responsibilities

The Directors are responsible for the preparation of financial statements for each financial year. They are responsible for ensuring that these financial statements are properly drawn up in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company and the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have adopted suitable accounting policies and applied them consistently, and made estimates and judgements which are reasonable and prudent. The financial statements have been prepared on a going-concern basis. It is the duty of the Directors to review the appropriateness of the basis before adopting the financial statements and present them before the Annual General Meeting together with their Report and the Auditors' Report thereon.

The Directors are responsible for ensuring that proper accounting and other records are kept to sufficiently explain the transactions recorded. In preparing the financial statements, the Directors are required to exercise judgement to make certain estimates that are reasonable, prudent and relevant to be incorporated in the financial statements. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

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 Company is principally engaged in business of investment holding and provision of management services to subsidiaries. The principal activities and details of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	154,838,455	24,572,107
Profit attributable to owners of the parent	154,838,455	24,572,107

DIVIDENDS

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

	RM
In respect of financial year ended 31 December 2020:	
Final single tier dividend of 1.0 sen per ordinary share, paid on 4 June 2021	10,383,701
In respect of financial year ended 31 December 2021:	
First interim single tier dividend of 1.0 sen per ordinary share, paid on 9 July 2021	10,383,851
Second interim single tier dividend of 1.0 sen per ordinary share, paid on 20 January 2022	10,544,068
	31,311,620

The Directors proposed a final single tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 December 2021, which is subject to the approval of members at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2022.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary shares of the Company was increased from 1,034,307,898 to 1,054,806,783 by way of issuance of 20,498,885 new ordinary shares pursuant to 20,498,885 warrants exercised at an exercise price of RM1.65 each for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

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

TREASURY SHARES

As at 31 December 2021, the Company held 400,000 (2020: 400,000) of its ordinary shares as treasury shares out of its total 1,054,806,783 (2020: 1,034,307,898) issued and fully paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM720,042 (2020: RM720,042) and further details are disclosed in Note 19 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

WARRANTS 2019/2022

On 12 November 2019, the Company issued 168,022,058 free warrants on the basis of one (1) warrant for every three (3) existing ordinary share.

The warrants were constituted under the Deed Poll dated 14 October 2019. During the financial year, 20,498,885 warrants (2020: 25,957,028 warrants) are exercised and the total number of warrants that remain unexercised is 121,548,179 (2020: 142,047,064).

The salient terms of the Warrants are disclosed in Note 20 to the financial statements.

DIRECTORS

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

<u>Guan Chong Berhad</u>

Tay Hoe Lian*
Tay How Sik @ Tay How Sick*
Hia Cheng*
Tan Ah Lai
Nurulhuda Binti Abd Kadir
Ang Nyee Nyee
Dato Dr. Mohamad Musa Bin Md. Jamil (Resigned on 15 April 2021)
Datuk Tay Puay Chuan (Resigned on 15 April 2021)

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

Directors' Report (Cont'd)

DIRECTORS (CONT'D)

Subsidiaries of Guan Chong Berhad

Tay How Yeh
Tay See Min (f)
Yau Tee Wan
Werner Rudolf Ludwig

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 1.1.2021	**Addition**	**Sold**	**Balance as at 31.12.2021**
Shares in the Company				
Direct interests:				
Tay Hoe Lian	28,791,582	-	-	28,791,582
Tay How Sik @ Tay How Sick	11,079,096	-	-	11,079,096
Hia Cheng	18,296,358	-	-	18,296,358
Indirect interests:				
Tay Hoe Lian[a]	620,000	-	-	620,000
Tay How Sik @ Tay How Sick[b]	2,580,000	-	(10,000)	2,570,000
Hia Cheng[c]	31,163,598	-	-	31,163,598
Ang Nyee Nyee[d]	8,000	-	-	8,000
Shares in the ultimate holding company				
Guan Chong Resources Sdn. Bhd. ("GCR")				
Direct interests:				
Tay Hoe Lian	19,000	5,111,000	-	5,130,000
Tay How Sik @ Tay How Sick	13,934	3,748,246	-	3,762,180
Hia Cheng	5,000	1,345,000	-	1,350,000

DIRECTORS' INTERESTS (CONT'D)

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: (Cont'd)

	Number of warrants				
	Balance as at 1.1.2021	**Addition**	**Exercised**	**Sold**	**Balance as at 31.12.2021**
Warrants in the Company					
Direct interests:					
Tay Hoe Lian	1,288,595	-	-	-	1,288,595
Tay How Sik @ Tay How Sick	1,079,849	-	-	-	1,079,849
Hia Cheng	2,116,059	-	-	-	2,116,059
Indirect interests:					
Tay Hoe Lian[a]	100,000	-	-	-	100,000
Tay How Sik @ Tay How Sick[b]	20,000	-	-	-	20,000
Hia Cheng[c]	3,533,932	-	-	-	3,533,932

a Deemed interest by virtue of his wife, Yap Kim Hong's and his daughter, Tay Jing Ying's shareholding in the Company.

b Deemed interest by virtue of his daughters, Tay Jing Ye's, and Tay Sing Ye's, and his son, Tay Lian Shi's shareholding in the Company.

c Deemed interest by virtue of his wife, Wong Saow Lai's and his daughters, Hia Sin Yee's and Hia Sin Che's shareholding in the Company.

d Deemed interest by virtue of her husband, Leong Chee Foong's shareholding in the Company.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company have received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the following:

(a) remuneration received by certain Directors as Directors of the Company and its subsidiaries as disclosed in Note 32 to the financial statements; and

(b) by virtue of transactions entered into in the ordinary course of business as disclosed in Note 34 to the financial statements.

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

Directors' Report (Cont'd)

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 32 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance amounted to RM19,855 during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

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 have satisfied themselves that all known bad debts had been 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 had 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 render the amount written off for bad debts or 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 Company misleading or inappropriate.

(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.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(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 the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of the significant events during the financial year are set out in Note 38 to the financial statements.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of the significant event subsequent to the end of financial year are set out in Note 39 to the financial statements.

ULTIMATE HOLDING COMPANY

The Directors regard Guan Chong Resources Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

AUDITORS

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

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2021 are disclosed in Note 27 to the financial statements.

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

Tay Hoe Lian
Director

Tay How Sik @ Tay How Sick
Director

Johor Bahru
5 April 2022

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 117 to 215 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,

Tay Hoe Lian
Director

Tay How Sik @ Tay How Sick
Director

Johor Bahru
5 April 2022

Statutory Declaration

I, Tay Hoe Lian, being the Director primarily responsible for the financial management of Guan Chong Berhad, do solemnly and sincerely declare that the financial statements set out on pages 117 to 215 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)
Johor Bahru, Johor this)
5 April 2022)

Before me:

Independent Auditors' Report

To the Members of Guan Chong Berhad
(Incorporated in Malaysia)

REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Guan Chong 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 117 to 215.

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 financial 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.

Key Audit Matters of the Group

1) Carrying amount of inventories at lower of cost and net realisable value

As at 31 December 2021, the inventories of the Group of RM1,875,457,509 that mainly comprised cocoa beans and related cocoa products. Details of the inventories have been disclosed in Note 14 to the financial statements.

We determined this to be a key audit matter because of the valuation of inventories, in particular write down of finished goods to net realisable values is mainly based on management estimates and subject to price volatility, which may result in the carrying amount of inventories not stated at lower of cost and net realisable values.

Independent Auditors' Report (Cont'd)

To the Members of Guan Chong Berhad
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Key Audit Matters of the Group (Cont'd)

1) Carrying amount of inventories at lower of cost and net realisable value (Cont'd)

Audit response

Our audit procedures included the following:

(i) Obtained an understanding of the process implemented by management over the determination of lower of cost and net realisable value used in the valuation of inventories;

(ii) Analysed the inventories turnover period by comparing that to the assessment of management on the identification of slow moving and obsolete inventories; and

(iii) Assessed the appropriateness of inventories written down by verifying selling prices subsequent to the end of the reporting period.

2) Recoverability of trade receivables

As at 31 December 2021, the net carrying amount of trade receivables of the Group was RM363,322,763 and cumulative allowance for impairment on trade receivables was RM23,697,767 as disclosed in Note 15 to the financial statements.

We determined 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.

Audit response

Our procedures included the following:

(i) Recomputed the probability of default using historical data and forward looking information adjustment applied by the Group;

(ii) Inquiries of management to assess the rationale underlying the relationship between the forward looking information and expected credit losses;

(iii) Verified the level of cash received subsequent to the end of the reporting period for its effect in reducing the amounts outstanding as at the end of the reporting period; and

(iv) Recomputed the correlation coefficient between forward looking factors and historical credit losses to determine the appropriateness of the forward looking information of the Group.

Key Audit Matters of the Company

We have determined that there are no key audit matters to communicate in our report in respect of 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 Group's and of the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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 the Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report (Cont'd)

To the Members of Guan Chong Berhad
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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: (Cont'd)

(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 Group's or the Company's ability 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.

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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 11 to the financial statements.

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

Sia Yeak Hong
03413/02/2023 J
Chartered Accountant

Johor Bahru
5 April 2022

Statements of Financial Position

As at 31 December 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	957,460,382	844,749,732	-	-
Investment properties	9	20,318,799	21,134,674	-	-
Intangible assets	10	88,360,555	93,165,869	-	-
Investments in subsidiaries	11	-	-	127,232,530	127,232,530
Investments in associates	12	4,551,667	4,219,947	5,000,000	5,000,000
Deferred tax assets	22	1,737,084	1,661,447	-	-
Other receivables	15	-	-	459,318,721	427,533,493
		1,072,428,487	964,931,669	591,551,251	559,766,023
Current assets					
Inventories	14	1,875,457,509	1,302,063,828	-	-
Trade and other receivables	15	431,642,871	420,329,021	22,014,551	17,824,905
Derivative financial assets	16	33,463,683	52,684,505	-	2,623,803
Current tax assets		8,670,990	8,151,799	-	10,078
Cash and bank balances	17	73,808,713	78,210,530	6,509,926	6,665,753
		2,423,043,766	1,861,439,683	28,524,477	27,124,539
TOTAL ASSETS		3,495,472,253	2,826,371,352	620,075,728	586,890,562
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	18	297,058,820	263,235,660	297,058,820	263,235,660
Treasury shares	19	(720,042)	(720,042)	(720,042)	(720,042)
Reserves	20	1,046,008,051	926,393,559	767,993	7,507,506
TOTAL EQUITY		1,342,346,829	1,188,909,177	297,106,771	270,023,124

Statements of Financial Position (Cont'd)
As at 31 December 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
LIABILITIES					
Non-current liabilities					
Borrowings	21	391,826,113	428,935,832	300,000,000	300,000,000
Lease liabilities	8	46,105,563	50,029,356	-	-
Deferred tax liabilities	22	75,094,836	74,159,101	-	-
Retirement benefits obligations	23	3,215,651	3,138,249	-	-
		516,242,163	556,262,538	300,000,000	300,000,000
Current liabilities					
Trade and other payables	24	683,185,977	364,194,581	12,010,547	16,867,438
Derivative financial liabilities	16	27,277,508	75,133,038	10,605,177	-
Borrowings	21	900,463,455	606,037,722	-	-
Lease liabilities	8	12,929,847	9,095,249	-	-
Current tax liabilities		13,026,474	26,739,047	353,233	-
		1,636,883,261	1,081,199,637	22,968,957	16,867,438
TOTAL LIABILITIES		2,153,125,424	1,637,462,175	322,968,957	316,867,438
TOTAL EQUITY AND LIABILITIES		3,495,472,253	2,826,371,352	620,075,728	586,890,562

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

Statements of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 31 December 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	26	3,923,297,392	3,684,984,802	39,892,236	18,673,468
Cost of sales		(3,575,187,299)	(3,308,983,120)	-	-
Gross profit		348,110,093	376,001,682	39,892,236	18,673,468
Other income		65,987,129	112,415,027	14,072,329	32,340,133
Net impairment (losses)/reversal on trade and other receivables	15(h)	(1,911,264)	2,540,145	35,072	230,000
Selling and distribution costs		(61,287,949)	(50,839,094)	-	-
Administrative expenses		(98,176,320)	(77,303,128)	(2,378,595)	(4,016,975)
Other expenses		(23,555,393)	(70,212,550)	(13,228,980)	(3,355,971)
Finance costs	27	(32,817,049)	(25,618,764)	(11,520,000)	(883,726)
Share of profit of associates, net of tax		410,611	336,535	-	-
Profit before tax	27	196,759,858	267,319,853	26,872,062	42,986,929
Tax expense	28	(41,921,403)	(44,610,818)	(2,299,955)	(50,180)
Profit for the financial year		154,838,455	222,709,035	24,572,107	42,936,749
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
- hedge of net investments in foreign operations	28(c)	(9,266,971)	2,428,506	-	-
- foreign currency translation	28(c)	5,312,869	8,073,128	-	-
- share of other comprehensive loss of associates	28(c)	(78,891)	(36,874)	-	-
Items that will not be reclassified subsequently to profit or loss					
- remeasurement of employee benefits liability, net of tax	28(c)	120,650	(265,667)	-	-
Total other comprehensive (loss)/income, net of tax		(3,912,343)	10,199,093	-	-
Total comprehensive income		150,926,112	232,908,128	24,572,107	42,936,749

Statements of Profit or Loss and Other Comprehensive Income (Cont'd)

For the Financial Year Ended 31 December 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Profit attributable to owners of the parent		154,838,455	222,709,035	24,572,107	42,936,749
Total comprehensive income attributable to owners of the parent		150,926,112	232,908,128	24,572,107	42,936,749
Earnings per ordinary share attributable to owners of the parent (sen):					
- Basic	29	14.86	21.82		
- Diluted	29	14.17	20.64		

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

Statements of Changes in Equity
For the Financial Year Ended 31 December 2021

		Non-Distributable				Distributable	
Group	**Note**	**Share capital RM**	**Treasury shares RM**	**Foreign exchange translation reserve RM**	**Hedging reserve RM**	**Retained earnings RM**	**Total equity RM**
Balance as at 1 January 2021		263,235,660	(720,042)	47,099,030	2,428,506	876,866,023	1,188,909,177
Profit for the year		-	-	-	-	154,838,455	154,838,455
Other comprehensive income/(loss) for the year:							
- hedge of net investments in foreign operations	28(c)	-	-	-	(9,266,971)	-	(9,266,971)
- foreign currency translation differences	28(c)	-	-	5,312,869	-	-	5,312,869
- remeasurement of post-employment benefit obligation, net of tax	28(c)	-	-	-	-	120,650	120,650
- share of other comprehensive loss of associates	28(c)	-	-	(78,891)	-	-	(78,891)
Total comprehensive income, net of tax		-	-	5,233,978	(9,266,971)	154,959,105	150,926,112
Transactions with owners							
Dividends	30	-	-	-	-	(31,311,620)	(31,311,620)
Issuance of ordinary shares	18	33,823,160	-	-	-	-	33,823,160
Total transactions with owners		33,823,160	-	-	-	(31,311,620)	2,511,540
Balance as at 31 December 2021		297,058,820	(720,042)	52,333,008	(6,838,465)	1,000,513,508	1,342,346,829

Statements of Changes in Equity (Cont'd)

For the Financial Year Ended 31 December 2021

Group	Note	Share capital RM	Treasury shares RM	Foreign exchange translation reserve RM	Hedging reserve RM	Retained earnings RM	Total equity RM
		← Non-Distributable			→	Distributable	
Balance as at 1 January 2020		220,406,564	(225,702)	39,062,776	-	690,378,829	949,622,467
Profit for the year		-	-	-	-	222,709,035	222,709,035
Other comprehensive income/(loss) for the year:							
- hedge of net investments in foreign operations	28(c)	-	-	-	2,428,506	-	2,428,506
- foreign currency translation differences	28(c)	-	-	8,073,128	-	-	8,073,128
- remeasurement of post-employment benefit obligation, net of tax	28(c)	-	-	-	-	(265,667)	(265,667)
- share of other comprehensive loss of associates	28(c)	-	-	(36,874)	-	-	(36,874)
Total comprehensive income, net of tax		-	-	8,036,254	2,428,506	222,443,368	232,908,128
Transactions with owners							
Dividends	30	-	-	-	-	(35,956,174)	(35,956,174)
Issuance of ordinary shares	18	42,829,096	-	-	-	-	42,829,096
Purchase of treasury shares	19	-	(494,340)	-	-	-	(494,340)
Total transactions with owners		42,829,096	(494,340)	-	-	(35,956,174)	6,378,582
Balance as at 31 December 2020		263,235,660	(720,042)	47,099,030	2,428,506	876,866,023	1,188,909,177

Statements of Changes in Equity (Cont'd)

For the Financial Year Ended 31 December 2021

		Non-distributable		Distributable	
Company	**Note**	**Share capital RM**	**Treasury shares RM**	**Retained earnings RM**	**Total RM**
Balance as at 1 January 2020		220,406,564	(225,702)	526,931	220,707,793
Profit for the financial year		-	-	42,936,749	42,936,749
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		-	-	42,936,749	42,936,749
Transactions with owners					
Dividends	30	-	-	(35,956,174)	(35,956,174)
Issuance of ordinary shares	18	42,829,096	-	-	42,829,096
Purchase of treasury shares	19	-	(494,340)	-	(494,340)
Total transactions with owners		42,829,096	(494,340)	(35,956,174)	6,378,582
Balance as at 31 December 2020/Balance as at 1 January 2021		263,235,660	(720,042)	7,507,506	270,023,124
Profit for the financial year		-	-	24,572,107	24,572,107
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		-	-	24,572,107	24,572,107
Transactions with owners					
Dividends	30	-	-	(31,311,620)	(31,311,620)
Issuance of ordinary shares	18	33,823,160	-	-	33,823,160
Total transaction with owners		33,823,160	-	(31,311,620)	2,511,540
Balance as at 31 December 2021		297,058,820	(720,042)	767,993	297,106,771

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

Statements of Cash Flows

For the Financial Year Ended 31 December 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		196,759,858	267,319,853	26,872,062	42,986,929
Adjustments for:					
Amortisation of intangible assets	10	790,196	773,417	-	-
Bad debts recovered		(17,705)	(51,428)	(1,614,928)	-
Depreciation of:					
- property, plant and equipment	7	61,538,789	55,014,193	-	-
- investment properties	9	1,004,733	1,008,321	-	-
Fair value loss on other investment	13	-	854,474	-	-
Gain on lease termination		(680)	-	-	-
(Gain)/Loss on disposals of					
- property, plant and equipment		(2,748,422)	142,429	-	-
- associate	12(c)	-	(27,892,184)	-	(29,716,330)
Impairment loss on:					
- intangible assets	10	1,002,169	-	-	-
- property, plant and equipment	7	331,005	-	-	-
- trade receivables	15(h)	4,247,440	3,822,831	-	-
Increase in defined benefit obligation	23(d)	163,887	548,182	-	-
Interest expense	27	32,817,049	25,618,764	11,520,000	883,726
Interest income		(314,717)	(461,930)	-	-
Inventories written down	14(b)	13,905,591	3,180,967	-	-
Net fair value (gain)/loss on derivatives	16(d)	(28,634,708)	25,240,842	13,228,980	(2,623,803)
Property, plant and equipment written off	7	5,045	5,099	-	-
Reversal of impairment loss on:					
- trade receivables	15(h)	(2,336,176)	(6,350,373)	(35,072)	(230,000)
- other receivables	15(h)	-	(12,603)	-	-
Share of profit of associates		(410,611)	(336,535)	-	-
Net unrealised (gain)/loss on foreign exchange translations		(190,342)	(9,685,318)	(10,053,742)	3,355,371
Operating profit before changes in working capital		277,912,401	338,739,001	39,917,300	14,655,893

Statements of Cash Flows (Cont'd)

For the Financial Year Ended 31 December 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Operating profit before changes in working capital carried forward		277,912,401	338,739,001	39,917,300	14,655,893
Inventories		(574,100,538)	(212,578,905)	-	-
Trade and other receivables		8,996,469	115,294,122	(24,271,132)	(356,882,852)
Trade and other payables		296,424,920	(65,916,290)	107,659	777,889
Net cash generated from/(used in) operations		9,233,252	175,537,928	15,753,827	(341,449,070)
Interest paid		(31,329,272)	(24,546,006)	(11,520,000)	(883,726)
Interest received		314,717	461,930	-	-
Retirement benefits paid	23(d)	(48,052)	(72,871)	-	-
Tax paid		(57,435,481)	(60,462,515)	(1,936,644)	(54,190)
Tax refunded		131,088	133,951	-	-
Net cash (used in)/from operating activities		(79,133,748)	91,052,417	2,297,183	(342,386,986)
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisitions/Addition of:					
- investment in subsidiary		-	-	-	(6,240,000)
- subsidiaries, net of cash and cash equivalents acquired	11(c)	-	(134,247,761)	-	-
Advances from ultimate holding company		-	358,441	-	358,441
Placements of deposits with licensed banks with original maturity of more than three months		(403,183)	(6,972,262)	(120,781)	(5,773,019)
Proceeds from disposals of:					
- associate	12(c)	-	32,000,000	-	32,000,000
- property, plant and equipment		10,124,131	100,328	-	-
Purchase of property, plant and equipment	7(a)	(174,311,461)	(212,459,864)	-	-
Net cash (used in)/from investing activities		(164,590,513)	(321,221,118)	(120,781)	20,345,422

Statements of Cash Flows (Cont'd)

For the Financial Year Ended 31 December 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid		(36,276,170)	(20,447,556)	(36,276,170)	(20,447,556)
Net movements in borrowings		257,851,225	242,504,060	-	300,000,000
Net placement of fixed deposits pledged		(641,173)	817,967	-	-
Proceeds from issuance of new shares	18	33,823,160	42,829,096	33,823,160	42,829,096
Purchase of treasury shares	19	-	(494,340)	-	(494,340)
Repayments of lease liabilities	8	(13,526,480)	(10,438,285)	-	-
Net cash from/(used in) financing activities		241,230,562	254,770,942	(2,453,010)	321,887,200
Net (decrease)/increase in cash and cash equivalents		(2,493,699)	24,602,241	(276,608)	(154,364)
Effects of exchange rate changes on cash and cash equivalents		(2,952,474)	663,511	-	-
Cash and cash equivalents at beginning of financial year		58,338,255	33,072,503	892,734	1,047,098
Cash and cash equivalents at end of financial year	17(d)	52,892,082	58,338,255	616,126	892,734

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 8) Group RM	Lease liabilities (Note 8) Company RM	Borrowings (Note 21) Group RM	Borrowings (Note 21) Company RM
At 1 January 2020	3,885,119	-	682,713,526	-
Cash flows	(10,438,285)	-	242,504,060	300,000,000
Non-cash flows:				
- Acquisition of subsidiaries (Note 11(c))	25,446,452	-	113,390,506	-
- Additions of property, plant and equipment	36,426,958	-	-	-
- Effect of foreign exchange	2,731,603	-	(3,634,538)	-
- Unwinding of interest	1,072,758	-	-	-
At 31 December 2020/At 1 January 2021	59,124,605	-	1,034,973,554	300,000,000
Cash flows	(13,526,480)	-	257,851,225	-
Non-cash flows:				
- Additions	14,439,345	-	-	-
- Effect of foreign exchange	(2,338,853)	-	(535,211)	-
- Termination	(150,984)	-	-	-
- Unwinding of interest	1,487,777	-	-	-
At 31 December 2021	59,035,410	-	1,292,289,568	300,000,000

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

Notes to the Financial Statements

31 December 2021

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No.7 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor Darul Takzim.

The principal place of business is located at PLO 273, Jalan Timah 2, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor Darul Takzim.

The ultimate holding company of the Company is Guan Chong Resources Sdn. Bhd., which is incorporated in Malaysia.

The consolidated financial statements for the financial year ended 31 December 2021 comprise the Company and its subsidiaries and interests of the Group in associates. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 5 April 2022.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services to subsidiaries. The principal activities and details of the subsidiaries are set out in Note 11 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 set out on pages 117 to 215 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 5 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

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.

The preparation of financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

Notes to the Financial Statements (Cont'd)
31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

(a) The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights;

(b) Substantive potential voting rights held by the company and by other parties;

(c) Other contractual arrangements; and

(d) Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

4.3 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

(a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

(b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and

(c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Business combinations (Cont'd)

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

(a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity.

(b) Other contingent consideration that:

  (i) is within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss in accordance with MFRS 9; and

  (ii) is not within the scope of MFRS 9 shall be measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profits or loss.

Components of non-controlling interests in the acquire that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value, or at the present ownership instruments' proportionate share in the recognised amounts of the acquire identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the consolidated statement of financial position. The accounting policy for goodwill is set out in Note 4.8 to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

4.4 Property, plant and equipment and depreciation

All items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the item and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment (excluding right-of-use assets) with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

Notes to the Financial Statements (Cont'd)
31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Property, plant and equipment and depreciation (Cont'd)

After initial recognition, property, plant and equipment (excluding right-of-use assets) are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and rates are as follows:

Factory buildings and renovation	5 years to 50 years
Plant, machineries, tools and equipment	5% - 12.5%
Motor vehicles	16% - 20%
Furniture, fittings and office equipment	5% - 16.7%

Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress represents machineries and software systems under installation and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

4.5 Leases

The Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and

(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Leases (Cont'd)

The Group as a lessee (Cont'd)

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recorded at cost, which comprises:

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date of the lease, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use asset is measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

Factory buildings and renovation:	
- Rented buildings	2-3 years
- Leasehold warehouse	34 years
Leasehold land	25-60 years
Plant, machineries, tools and equipment	2-4 years
Motor vehicles	3-5 years

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest in the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group as a lessor

Leases in which the Group and the Company do not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and are recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the Financial Statements (Cont'd)
31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Investment properties

Investment properties are properties which are held to earn rental yields or for capital appreciation or for both and are not occupied by the Group. Investment properties also include properties that are being constructed or developed for future use as investment properties. Investment properties are initially measured at cost, including transaction costs, less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the carrying amount of the investment properties or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of investment properties are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the investment properties are acquired, if applicable.

After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods for the investments properties are as follows:

Freehold building	30 years
Leasehold buildings	43 years
Leasehold land	13 years
Leasehold office	27 years

At the end of each reporting period, the carrying amount of an item of the investment properties is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the investment properties. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

4.7 Investments

(a) Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Investments (Cont'd)

(a) Subsidiaries (Cont'd)

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment loss, if any. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

(b) Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less any impairment losses.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the interest of the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

Notes to the Financial Statements (Cont'd)
31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Investments (Cont'd)

(b) Associates (Cont'd)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

4.8 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the net fair value of net assets of the associates' identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

(b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Intangible assets (Cont'd)

(b) Other intangible assets (Cont'd)

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process research and development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development is not met.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

An intangible asset has an indefinite useful life when based on the analysis of all the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows to the Group. Intangible assets with indefinite useful lives are tested for impairment annually and wherever there is an indication that the carrying amount may be impaired. Such intangible assets are not amortised. Their useful lives are reviewed at the end of each reporting period to determine whether events and circumstances continue to support the indefinite useful life assessment for the asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

<u>Trademark</u>

Acquired trademark with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of trademark over its estimated useful lives of fifteen (15) years.

Acquired trademark with indefinite useful lives are carried at cost less any accumulated impairment losses.

<u>Non-contractual customer relationships</u>

Acquired non-contractual customer relationships have finite useful lives and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of non-contractual customer relationships over its estimated useful lives of twenty (20) years.

Notes to the Financial Statements (Cont'd)

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries and associates), inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately, if any.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out formula. The cost of raw materials comprises all cost of purchase plus other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and liability.

An embedded derivative is recognised separately from the host contract where the host contact is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contact is not measured at fair value through profit or loss. The host contact, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contact.

(a) Financial assets

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss (FVTPL), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to the Financial Statements (Cont'd)

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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below: (Cont'd)

(i) Financial assets measured at amortised cost (Cont'd)

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of any impairment losses if any.

(ii) Financial assets measured at fair value

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income (FVTOCI), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Group in the management of its short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention. A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Financial instruments (Cont'd)

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

(i) Financial liabilities measured at FVTPL

Financial liabilities measured at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivatives liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for the Group's own credit risk increase or decrease which is recognised in other comprehensive income. Net gain or losses on derivatives include exchange differences.

(ii) Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities measured at amortised cost, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

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

Notes to the Financial Statements (Cont'd)

31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.11 Financial instruments (Cont'd)

(b) Financial liabilities (Cont'd)

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

(c) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

When the Group repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statements of financial position.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sales consideration and the carrying amount is shown as a movement in equity.

(d) Hedge of net investment in foreign operation

Hedge of net investment in foreign operation are hedges against the exposure to exchange rate fluctuations on the net asset of the Group's foreign operations. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised directly in the hedging reserve in equity via other comprehensive income while any gain or loss relating to the ineffective portion is recognised directly in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised in other comprehensive income is reclassified to profit or loss.

4.12 Impairment of financial assets

The Group and the Company applies the simplified approach to measure expected credit loss ("ECL"). This entails recognising a lifetime expected loss allowance for all trade receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Impairment of financial assets (Cont'd)

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

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

Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

In measuring the expected credit losses on trade receivables, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for other receivables and amounts due from subsidiaries 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. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment other receivables and amounts due from subsidiaries is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the other receivables and amounts due from subsidiaries.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

4.13 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.14 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries to the Group and Company, and real property gains taxes payable on disposal of properties.

Notes to the Financial Statements (Cont'd)

31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 Income taxes (Cont'd)

Taxes in the statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

(a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties, if any.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profits would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profits would be available, such reductions would be reversed to the extent of the taxable profits.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax would be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 Provisions

Provisions are recognised 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.

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

4.16 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

4.17 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted and are expensed when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current periods entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

Notes to the Financial Statements (Cont'd)
31 December 2021

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Employee benefits (Cont'd)

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

(c) Defined benefit plans

The Group operates an unfunded defined benefit plan for eligible employees of the Group.

The recognition and measurement of the defined benefits plan involve:

(i) Determining the deficit or surplus by:

(a) Using an actuarial technique, the projected unit credit method, to make a reliable estimate of the ultimate cost to the Group of the benefit that employees have earned in return for their service in the current and prior periods;
(b) Discounting that benefit in order to determine the present value of the defined benefit obligation and the current service cost; and
(c) Deducting the fair value or any plan assets from the present value of the defined benefit obligation.

(ii) Determining the amount of the net defined benefit liability as the amount of the deficit or surplus as determined above, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling; and

(iii) Determining amounts to be recognised in profit or loss, i.e. current service cost, any past service cost and gain or loss on settlement and net interest on the net defined benefit liability.

The Group determines the net defined benefit liability annually so that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

The Group recognises the net defined benefit liability in the statements of financial position.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

The Group uses the yield rate of high quality government or corporate bonds which have AA rating or higher to discount the post-employment benefit obligations. The currency and term of the government bonds (corporate bonds) are consistent with the currency and estimated term of the post-employment benefit obligations of the Group.

The re-measurement of the net defined obligation is recognised directly within equity. The re-measurement includes:

(i) Actuarial gains and losses;
(ii) Return on plan assets, excluding interest; and
(iii) Any asset ceiling effects, excluding interest.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Employee benefits (Cont'd)

(c) Defined benefit plans (Cont'd)

Services costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the balance of the net defined benefit obligation, considering the effects of contributions and benefit payments during the reporting period. Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

Settlement of defined benefit schemes are recognised in the period when the settlement occurs.

If there is no minimum funding requirement for contributions relating to future service, the economic benefit available as a reduction in future contributions is the present value of future service cost to the entity at the end of each reporting period over the shorter of the expected life of the plan and the expected life of the entity. The Group would assume no change to the benefits provided by a plan in the future until the plan is amended and shall assume a stable workforce in the future unless it is demonstrably committed at the end of the reporting period to make a reduction in the number of employees covered by the plan.

4.18 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

(b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

(c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to items reflected in profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

Notes to the Financial Statements (Cont'd)
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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 Foreign currencies (Cont'd)

(c) Foreign operations (Cont'd)

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

4.19 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group performs;

(b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers.

<u>Sale of goods</u>

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

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 Revenue recognition (Cont'd)

Revenue recognition not in relation to performance obligations is described below:

(a) Dividend income

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

(b) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

(c) Management fee

Management fee from rendering of services is recognised when the services are rendered.

(d) Interest income

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

4.20 Operating segments

Operating segments are defined as components of the Group that:

(a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);

(b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and

(c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

(a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.

(b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:

(i) The combined reported profit of all operating segments that did not report a loss; and

(ii) The combined reported loss of all operating segments that reported a loss.

(c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Notes to the Financial Statements (Cont'd)
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4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 Operating segments (Cont'd)

Total external revenue reported by operating segments shall constitute at least seventy five percent (75%) of the Group's revenue. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

4.21 Earnings per share

(a) Basic

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.

(b) Diluted

Diluted 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 adjusted for the effects of dilutive potential ordinary shares.

4.22 Fair value measurement

The fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

(a) The condition and location of the asset; and

(b) Restrictions, if any, on the sale or use of the asset.

The fair value measurement for a non-financial asset takes into account the ability of the market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

(a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and

(b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

5. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

5.1 New MFRSs adopted during the financial year

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

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

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

5.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 *Reference to the Conceptual Framework*	1 January 2022
Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*	1 January 2022
Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*	1 January 2022
Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current*	1 January 2023
MFRS 17 *Insurance Contracts*	1 January 2023
Amendments to MFRS 17 *Insurance Contracts*	1 January 2023
Initial Application of MFRS 17 and MFRS 9 – Comparative Information (Amendment to MFRS 17 *Insurance Contracts*)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 *Presentation of Financial Statements*)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*)	1 January 2023
Deferred tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)	1 January 2023
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards since the effects would only be observable for the future financial years.

Notes to the Financial Statements (Cont'd)
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6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

6.2 Critical judgements made in applying accounting policies

There are no critical judgments made by management in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Adequacy of write down of inventories to net realisable value

Management focused on the valuation of inventories, in particular write down of finished goods to net realisable values is mainly based on management estimates and subject to price volatility, which may result in the carrying amount of inventories not stated at lower of cost and net realisable value.

(b) Recoverability of trade receivables

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

7. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Leasehold land RM	Factory buildings and renovation: Owned RM	Factory buildings and renovation: Right-of-use assets RM	Plant, machineries, tools and equipment: Owned RM	Plant, machineries, tools and equipment: Right-of-use assets RM	Motor vehicles: Owned RM	Motor vehicles: Right-of-use assets RM	Furniture, fittings and office equipment RM	Capital work-in-progress RM	Total RM
Cost											
Balance as at 1 January 2021	72,974,297	55,042,613	246,806,601	29,506,494	633,507,130	17,522,457	13,636,314	2,448,090	40,664,772	110,993,777	1,223,102,545
Additions	-	13,231,342	15,438,520	11,915,158	21,813,546	-	3,030,836	1,927,017	1,854,316	119,540,071	188,750,806
Disposals	(5,561,915)	-	-	-	(1,811,558)	-	(642,825)	-	(5,411)	(109,239)	(8,130,948)
Lease termination	-	-	-	(38,548)	-	-	-	(573,903)	-	-	(612,451)
Written off	-	-	-	(3,340,402)	-	-	-	-	(7,239)	-	(3,347,641)
Reclassification	-	-	-	-	8,628,115	-	-	-	-	(8,628,115)	-
Translation differences	(916,715)	(721,003)	4,468,496	(861,961)	3,075,121	(805,324)	210,359	(69,163)	(820,825)	(8,245,482)	(4,686,497)
Balance as at 31 December 2021	66,495,667	67,552,952	266,713,617	37,180,741	665,212,354	16,717,133	16,234,684	3,732,041	41,685,613	213,551,012	1,395,075,814
Accumulated depreciation											
Balance as at 1 January 2021	-	(7,689,245)	(48,782,518)	(10,344,522)	(270,192,054)	(3,078,494)	(10,884,039)	(1,121,597)	(24,047,989)	-	(376,140,458)
Charge for the financial year	-	(1,963,855)	(7,776,542)	(7,287,601)	(36,450,429)	(2,003,469)	(774,913)	(812,336)	(4,469,644)	-	(61,538,789)
Disposals	-	-	-	-	107,703	-	642,825	-	4,711	-	755,239
Lease termination	-	-	-	24,093	-	-	-	438,054	-	-	462,147
Written off	-	-	-	3,340,402	-	-	-	-	2,194	-	3,342,596
Translation differences	-	(158,247)	(830,382)	261,157	(1,964,287)	217,257	(234,943)	33,783	722,855	-	(1,952,807)
Balance as at 31 December 2021	-	(9,811,347)	(57,389,442)	(14,006,471)	(308,499,067)	(4,864,706)	(11,251,070)	(1,462,096)	(27,787,873)	-	(435,072,072)
Accumulated impairment losses											
Balance as at 1 January 2021	-	-	-	-	(2,212,355)	-	-	-	-	-	(2,212,355)
Additions	-	-	-	-	(331,005)	-	-	-	-	-	(331,005)
Balance as at 31 December 2021	-	-	-	-	(2,543,360)	-	-	-	-	-	(2,543,360)
Net carrying amount											
Balance as at 31 December 2021	66,495,667	57,741,605	209,324,175	23,174,270	354,169,927	11,852,427	4,983,614	2,269,945	13,897,740	213,551,012	957,460,382

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land RM	Leasehold land RM	Factory buildings and renovation Owned RM	Factory buildings and renovation Right-of-use assets RM	Plant, machineries, tools and equipment Owned RM	Plant, machineries, tools and equipment Right-of-use assets RM	Motor vehicles Owned RM	Motor vehicles Right-of-use assets RM	Furniture, fittings and office equipment RM	Capital work-in-progress RM	Total RM
Cost											
Balance as at 1 January 2020	40,120,470	24,743,801	176,463,815	6,617,819	494,249,004	-	12,920,972	1,127,229	16,843,133	6,639,461	779,725,704
Acquisition of subsidiaries (Note 11(c))	10,283,168	-	24,620,838	15,926,832	100,788,277	12,170,510	-	1,010,785	21,465,562	1,295,762	187,561,734
Additions	19,933,844	29,939,950	46,447,920	5,746,828	35,776,128	4,291,744	895,345	227,712	879,095	104,748,256	248,886,822
Disposals	-	-	-	-	(5,623,185)	-	(27,242)	-	(16,756)	-	(5,667,183)
Written off	-	-	-	-	-	-	-	-	(6,580)	-	(6,580)
Reclassification	-	-	-	-	4,746,223	-	-	-	-	(4,746,223)	-
Translation differences	2,636,815	358,862	(725,972)	1,215,015	3,570,683	1,060,203	(152,761)	82,364	1,500,318	3,056,521	12,602,048
Balance as at 31 December 2020	72,974,297	55,042,613	246,806,601	29,506,494	633,507,130	17,522,457	13,636,314	2,448,090	40,664,772	110,993,777	1,223,102,545
Accumulated depreciation											
Balance as at 1 January 2020	-	(6,786,758)	(39,099,093)	(3,010,998)	(217,726,199)	-	(10,523,969)	(211,331)	(7,747,222)	-	(285,105,570)
Acquisition of subsidiaries (Note 11(c))	-	-	(3,500,032)	(1,817,440)	(23,263,267)	(1,255,497)	-	(306,227)	(11,092,977)	-	(41,235,440)
Charge for the financial year	-	(1,162,223)	(6,535,352)	(5,349,507)	(34,860,632)	(1,676,063)	(515,195)	(568,455)	(4,346,766)	-	(55,014,193)
Disposals	-	-	-	-	5,380,428	-	27,242	-	16,756	-	5,424,426
Written off	-	-	-	-	-	-	-	-	1,481	-	1,481
Translation differences	-	259,736	351,959	(166,577)	277,616	(146,934)	127,883	(35,584)	(879,261)	-	(211,162)
Balance as at 31 December 2020	-	(7,689,245)	(48,782,518)	(10,344,522)	(270,192,054)	(3,078,494)	(10,884,039)	(1,121,597)	(24,047,989)	-	(376,140,458)
Accumulated impairment losses											
Balance as at 1 January 2020/ 31 December 2020	-	-	-	-	(2,212,355)	-	-	-	-	-	(2,212,355)
Net carrying amount											
Balance as at 31 December 2020	72,974,297	47,353,368	198,024,083	19,161,972	361,102,721	14,443,963	2,752,275	1,326,493	16,616,783	110,993,777	844,749,732

7. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

	Group	
	2021 RM	2020 RM
Additions of property, plant and equipment	188,750,806	248,886,822
Rented right-of-use assets recognition for:		
- leasehold land	(1,362,105)	(26,403,996)
- factory buildings and renovation	(11,915,158)	(5,503,506)
- plant, machineries, tools and equipment	-	(4,291,744)
- motor vehicles	(1,162,082)	(227,712)
Cash outflow for acquisition of property, plant and equipment	174,311,461	212,459,864

(b) The carrying amount of certain property, plant and equipment of the Group charged to financial institutions for credit facilities granted to the Group as disclosed in Note 21 to the financial statements at the end of the reporting period are as follows:

	Group	
	2021 RM	2020 RM
Freehold land	9,409,543	9,862,835
Factory buildings and renovation - owned	78,775,658	78,781,374
Leasehold land	480,000	500,000
Plant and machineries - owned	91,783,281	102,091,609
	180,448,482	191,235,818

(c) Impairment loss on certain plant and machineries of the Group of RM331,005 was recognised during the financial year due to decline in down-stream operations of a subsidiary in Malaysia. Management estimated the recoverable amounts based on fair value less costs of disposal. Following the impairment loss recognised, the recoverable amount was equal to the carrying amount. The recoverable amounts were determined using Level 3 fair value measurements.

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

Rights-of-use assets related to leased properties, motor vehicles and plant, machinery and equipment that do not meet the definition of investment property are presented as property, plant and equipment.

Right-of-use assets are re-presented and analysed as follows:

Group Carrying amount	Balance as at 1.1.2021 RM	Additions RM	Depreciation RM	Termination RM	Translation difference RM	Balance as at 31.12.2021 RM
Leasehold land (Note 7)	47,353,368	13,231,342	(1,963,855)	-	(879,250)	57,741,605
Factory buildings and renovation (Note 7)	19,161,972	11,915,158	(7,287,601)	(14,455)	(600,804)	23,174,270
Plant, machineries, tools and equipment (Note 7)	14,443,963	-	(2,003,469)	-	(588,067)	11,852,427
Motor vehicles (Note 7)	1,326,493	1,927,017	(812,336)	(135,849)	(35,380)	2,269,945
	82,285,796	27,073,517	(12,067,261)	(150,304)	(2,103,501)	95,038,247

Carrying amount	Balance as at 1.1.2020 RM	Acquisition of subsidiaries RM	Additions RM	Depreciation RM	Translation difference RM	Balance as at 31.12.2020 RM
Leasehold land (Note 7)	17,957,043	-	29,939,950	(1,162,223)	618,598	47,353,368
Factory buildings and renovation (Note 7)	3,606,821	14,109,392	5,746,828	(5,349,507)	1,048,438	19,161,972
Plant, machineries, tools and equipment (Note 7)	-	10,915,013	4,291,744	(1,676,063)	913,269	14,443,963
Motor vehicles (Note 7)	915,898	704,558	227,712	(568,455)	46,780	1,326,493
	22,479,762	25,728,963	40,206,234	(8,756,248)	2,627,085	82,285,796

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

Lease liabilities

	Group 2021 RM	Group 2020 RM
Balance as at 1 January	59,124,605	3,885,119
Acquisition of subsidiaries (Note 11(c))	-	25,446,452
Additions	14,439,345	36,426,958
Lease payments	(13,526,480)	(10,438,285)
Interest expense	1,487,777	1,072,758
Termination	(150,984)	-
Translation difference	(2,338,853)	2,731,603
Balance as at 31 December	59,035,410	59,124,605
Represented by:		
Current liabilities	12,929,847	9,095,249
Non-current liabilities	46,105,563	50,029,356
	59,035,410	59,124,605
Lease liabilities owing to financial institutions	9,994,856	13,663,055
Lease liabilities owing to non-financial institutions	49,040,554	45,461,550
	59,035,410	59,124,605

(a) The Group has certain leases of hostel, warehouse and machineries with lease term of 12 months or less. The Group applies the "short-term lease" exemption for these leases.

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

	Group 2021 RM	Group 2020 RM
Depreciation charge of right-of-use assets	12,067,261	8,756,248
Interest expense on lease liabilities	1,487,777	1,072,758
Expense relating to short-term leases (included in cost of sales and administration expenses)	9,013,859	8,289,339
	22,568,897	18,118,345

Notes to the Financial Statements (Cont'd)
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8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(c) The following are total cash outflows for leases as a lessee:

	Group 2021 RM	Group 2020 RM
Included in net cash from operating activities:		
Payment relating to short-term leases	9,013,859	8,289,339
Interest paid in relation to lease liabilities	1,487,777	1,072,758
Included in net cash from investing activities:		
Purchase of right-of-use assets	12,634,172	3,779,276
Included in net cash from financing activities:		
Payment of lease liabilities	13,526,480	10,438,285
Total cash outflow for leases	36,662,288	23,579,658

(d) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

There is no undiscounted potential future rental payments that are not included in the lease term as at the end of each reporting period.

(e) Weighted average incremental borrowing rates of the lease liabilities of the Group as at the end of the reporting period ranged from 1.30% to 11.00% (2020: 1.82% to 11.00%) per annum.

9. INVESTMENT PROPERTIES

	Group 2021 RM	Group 2020 RM
Cost		
Balance as at 1 January	27,222,320	27,365,483
Translation differences	278,790	(143,163)
Balance as at 31 December	27,501,110	27,222,320
Accumulated depreciation		
Balance as at 1 January	(6,087,646)	(5,131,861)
Charge for the financial year	(1,004,733)	(1,008,321)
Translation differences	(89,932)	52,536
Balance as at 31 December	(7,182,311)	(6,087,646)
Net carrying amount		
Balance as at 31 December	20,318,799	21,134,674

9. INVESTMENT PROPERTIES (CONT'D)

(a) The investment properties consist of the following:

	Group 2021 RM	Group 2020 RM
Freehold building	3,633,638	3,678,934
Leasehold buildings	11,874,420	12,195,350
Leasehold land	3,363,979	3,779,222
Leasehold office	1,446,762	1,481,168
	20,318,799	21,134,674

(b) Rental income and direct operating expenses arising from investment properties during the financial year are as follows:

	Group 2021 RM	Group 2020 RM
Rental income	3,192,693	2,461,613
Quit rent and assessment		
- generating rental income	(65,241)	(65,989)
Insurance		
- generating rental income	(32,700)	(39,047)

(c) The fair value of the investment properties of approximately RM23,300,000 (2020: RM23,600,000) at Level 3 was recommended by the Directors as at the end of reporting period based on comparison method that makes reference to recent market value of a similar property in the vicinity on a price per square feet basis. Any changes in the price per square feet will result in a reasonable change in the fair value of the investment property.

(d) Freehold building with an aggregate carrying amount of RM3,633,638 (2020: RM3,678,934) are charged to a financial institution for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

The Group as lessor

The Group had entered into non-cancellable lease agreements on certain premises and equipment with third parties. The monthly rental consists of a fixed base rent.

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9. INVESTMENT PROPERTIES (CONT'D)

The Group as lessor (Cont'd)

The Group has aggregate future minimum lease receivable under the above non-cancellable operating leases as at the end of each reporting period as follows:

	Group 2021 RM	Group 2020 RM
Less than one (1) year	1,193,238	3,320,836
One (1) to two (2) years	501,205	1,030,189
Two (2) to three (3) years	368,712	365,711
Three (3) to four (4) years	368,712	365,711
Four (4) to five (5) years	220,397	365,711
More than five (5) years	-	225,823
	2,652,264	5,673,981

10. INTANGIBLE ASSETS

Group At 31 December 2021	Goodwill RM	Trademark RM	Non-contractual customer relationships RM	Total RM
Cost				
At beginning of financial year	66,982,386	11,286,575	15,696,684	93,965,645
Translation differences	(1,819,491)	(645,841)	(613,914)	(3,079,246)
At end of financial year	65,162,895	10,640,734	15,082,770	90,886,399
Accumulated amortisation				
At beginning of financial year	-	(3,732)	(796,044)	(799,776)
Charge for the financial year	-	(887)	(789,309)	(790,196)
Translation differences	-	(141)	66,438	66,297
At end of financial year	-	(4,760)	(1,518,915)	(1,523,675)
Accumulated impairment loss				
At beginning of financial year	-	-	-	-
Impairment	(1,002,169)	-	-	(1,002,169)
At end of financial year	(1,002,169)	-	-	(1,002,169)
Net carrying amount	64,160,726	10,635,974	13,563,855	88,360,555

10. INTANGIBLE ASSETS (CONT'D)

Group At 31 December 2020	Goodwill RM	Trademark RM	Non-contractual customer relationships RM	Total RM
Cost				
At beginning of financial year	11,944,983	13,159	-	11,958,142
Acquisition of subsidiaries (Note 11(c))	47,699,568	10,228,079	14,791,234	72,718,881
Translation differences	7,337,835	1,045,337	905,450	9,288,622
At end of financial year	66,982,386	11,286,575	15,696,684	93,965,645
Accumulated amortisation				
At beginning of financial year	-	(2,923)	-	(2,923)
Charge for the financial year	-	(903)	(772,514)	(773,417)
Translation differences	-	94	(23,530)	(23,436)
At end of financial year	-	(3,732)	(796,044)	(799,776)
Net carrying amount	66,982,386	11,282,843	14,900,640	93,165,869

(a) Goodwill and intangible asset with indefinite useful lives has been allocated to the identified cash generating units ("CGU") according to relevant operating segments based on the geographical location of customers as follows:

	Group 2021 RM	Group 2020 RM
Goodwill		
Germany	49,398,045	51,777,727
Indonesia	8,392,458	8,094,240
United States	6,370,223	7,110,419
	64,160,726	66,982,386
Trademark		
Germany	10,627,344	11,273,660
	74,788,070	78,256,046

(b) For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

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10. INTANGIBLE ASSETS (CONT'D)

(c) The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period with various inputs, assumptions and terminal value. The following key assumptions are used to generate the financial budgets:

	Group	
	2021	**2020**
	%	**%**
Sales growth rates		
Germany	3	3
Indonesia	1	1
United States	2	2
Pre-tax discount rate		
Germany	10.4	10.6
Indonesia	18.1	10.3
United States	8.3	9.1

Germany and Indonesia CGUs

Based on the annual impairment testing undertaken by the Group, no impairment losses were required for the carrying amounts of goodwill and intangible asset with indefinite useful lives as at 31 December 2021 as their recoverable amounts were in excess of their carrying amounts.

United States CGU

Impairment loss of RM1,002,169 (2020: nil) was recognised to reduce the carrying amount to their recoverable amount due to decline in operations. The impairment loss was allocated fully to goodwill, and is recorded in the statements of profit or loss and other comprehensive income of the Group.

Management is not aware of any reasonable possible changes in the key assumptions that would cause the carrying amount of the United States CGU to materially exceed its recoverable amount.

(d) The calculations of value in use for the CGUs are most sensitive to the following assumptions:

(i) Sales growth rate

The forecasted sale growth rate has considered business past performance and management's expectations of market development.

(ii) Pre-tax discount rate

Discount rate reflects the current market assessment of the risks specific to each CGU. This is the benchmark used by management to assess the operating performance of the CGUs.

11. INVESTMENTS IN SUBSIDIARIES

	Group	
	2021	**2020**
	RM	**RM**
At cost		
Unquoted equity shares		
At beginning of financial year	79,828,114	73,588,114
Additions (Note 11(d))	-	6,240,000
At end of financial year	79,828,114	79,828,114
Accumulated impairment loss		
At beginning/end of financial year	(4,870,001)	(4,870,001)
Unquoted equity shares, at cost	74,958,113	74,958,113
Equity loan	52,274,417	52,274,417
	127,232,530	127,232,530

(a) Equity loan

Equity loans to subsidiaries, which are unsecured, interest-free and the subsidiary has the unconditional right to avoid settlement of the loan in cash, and are considered to be part of the investments of the Company in providing the subsidiaries with a long term source of additional capital.

Impairment for equity loans to subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model.

No expected credit loss is recognised arising from equity loans to subsidiaries of the Company as it is negligible.

The Directors of the Company have reassessed the nature of the amounts owing by subsidiaries and determined that an outstanding balance amounting to RM52,274,417 (2020: RM52,274,417) shall constitute an equity loan to subsidiaries as these amounts are unsecured, interest free and settlement is neither planned nor likely to occur in the foreseeable future and are considered to be part of the investment of the Company providing the subsidiaries with a long term source of additional capital.

Notes to the Financial Statements (Cont'd)

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11. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) The details of the subsidiaries are as follows:

Name of companies	Country of incorporation/ Principal place of business	Effective interest in equity 2021 %	2020 %	Principal activities
Guan Chong Cocoa Manufacturer Sdn. Bhd.#	Malaysia	100	100	Production of cocoa-derived food ingredients.
Guan Chong Trading Sdn. Bhd.#	Malaysia	100	100	Dormant.
GCB Foods Sdn. Bhd.#	Malaysia	100	100	Manufacture, marketing and promotion of cocoa related products.
GCB Cocoa Malaysia Sdn. Bhd. ("GCBCM")#	Malaysia	100	100	Manufacture of cocoa cake, cocoa butter, cocoa powder, cocoa mass and other related cocoa products.
GCB America, Inc ("GCBA")*	United States of America	100	100	Investment holding.
Cocoarich Sdn. Bhd.#	Malaysia	100	100	Investment holding.
GCB Oversea Holdings Corporation ("GCBOHC")^	Federal Territory of Labuan, Malaysia	100	100	Investment holding.
(i) Subsidiaries of GCBOHC				
GCB Cacao GmbH*	Germany	100	100	Dormant.
GCB Cocoa Singapore Pte. Ltd. ("GCBCS")#	Singapore	100	100	Trading of cocoa beans, cocoa-derived food ingredients and cocoa products.
(ii) Subsidiaries of GCBCS				
PT Asia Cocoa Indonesia^	Indonesia	90 (Direct) **10 (Indirect)	90 (Direct) **10 (Indirect)	Manufacture of cocoa butter, cocoa cake and cocoa liquor.
PT GCB Cocoa Indonesia^	Indonesia	90 (Direct) **10 (Indirect)	90 (Direct) **10 (Indirect)	Trading of cocoa products.

11. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) The details of the subsidiaries are as follows: (Cont'd)

Name of companies	Country of incorporation/ Principal place of business	Effective interest in equity 2021 %	2020 %	Principal activities
(ii) Subsidiaries of GCBCS (Cont'd)				
GCB Cocoa Cote D'Ivoire#	Ivory Coast	100	100	Processing of cocoa into semi- finished and finished products.
Schokinag Holding GmbH ("SCHOKINAG")#	Germany	100	100	Investment holding.
GCB Cocoa UK Limited ("GCBCUK")^	United Kingdom	100	100	Manufacturing of cocoa related products and providing value-added services for cocoa products.
GCB Cocoa Trading Cote D'Ivoire ("GCBCTI")***	Ivory Coast	100	-	Dormant.
GCB Cocoa Europe B.V. ("GCBCE")***	Netherlands	100	-	Trading of cocoa products.
(iii) Subsidiary of GCBA				
Carlyle Cocoa Co., LLC*	United States of America	100	100	Manufacture of cocoa ingredients.
(iv) Subsidiaries of SCHOKINAG				
Schokinag Verwaltungs GmbH ("SVG")#	Germany	100	100	Property holding company.
Schokinag-Schokolade-Industrie GmbH ("SSIG")#	Germany	100	100	Production and sales of chocolate products.

Audited by BDO, BDO Member Firms or BDO Alliance Firm.
^ Audited by firms other than BDO in Malaysia and BDO Member Firms.
* Not a legal requirement to be audited, consolidated based on unaudited management accounts.
** Indirect interest held through Cocoarich Sdn. Bhd.
*** Newly incorporated during the financial year, consolidated based on unaudited management accounts for the financial period ended 31 December 2021.

Notes to the Financial Statements (Cont'd)

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11. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) Acquisition of subsidiaries in the previous financial year ended 31 December 2020

(i) In previous financial year, GCBCS, an indirect wholly owned subsidiary incorporated in Singapore, had acquired 100% equity interest in SCHOKINAG for a total cash consideration of RM147,554,107 (equivalent to EUR32,230,048). SCHOKINAG has 100% equity interest in SVG and SSIG. Arising from the acquisition, these companies have become indirect wholly owned subsidiaries of the Group.

The fair value of the identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisitions in financial year 2020 were as follows:

	Note	At date of acquisition RM
Property, plant and equipment	7	146,326,294
Intangible assets (trademark and non-contractual customer relationships)	10	25,019,313
Other investment	13	818,026
Inventories		55,904,397
Trade and other receivables		124,317,402
Cash and bank balances		13,306,346
Trade and other payables		(90,654,744)
Borrowings		(113,390,506)
Lease liabilities	8	(25,446,452)
Current tax liabilities		(5,967,804)
Deferred tax liabilities	22	(30,377,733)
Total identified net assets		99,854,539
Goodwill	10	47,699,568
Purchase consideration		147,554,107
Cash and cash equivalents of the subsidiaries acquired		(13,306,346)
Net cash outflow of the Group on acquisition		134,247,761

The goodwill recognised on the acquisition of SCHOKINAG was attributable mainly to the skills and technical talents of the acquired business's work force and the synergies expected to be achieved from integrating the company into the Group's existing business.

(ii) In the previous financial year, the Group has acquired 100% equity interest in newly incorporated GCBCUK for total cash consideration of RM27,452,000 (equivalent to GBP5,000,000). Upon incorporation, GCBCUK become indirect wholly owned subsidiary of the Group.

(d) In the previous financial year, the Company subscribed for an additional 6,240,000 ordinary shares in a wholly owned subsidiary, GCBCM for a total cash consideration of RM6,240,000. Consequently, there was no change in the effective equity interest held by the Company in GCBCM.

(e) During the financial year, the Group has acquired 100% equity interest in newly incorporated GCBCTI and GCBCE for total cash consideration of RM1,505,206 (equivalent to CFA200,066,885) and RM49,351 (equivalent to EUR10,000) respectively. Upon incorporation, GCBCTI and GCBCE become wholly owned subsidiaries of the Group.

11. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(f) The Group does not have any subsidiary that has non-controlling interests, which is individually material to the Group for both financial years ended 31 December 2021 and 31 December 2020.

12. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unquoted equity shares, at cost	5,000,000	5,000,000	5,000,000	5,000,000
Share of post-acquisition reserves, net of dividends received	(448,333)	(780,053)	-	-
	4,551,667	4,219,947	5,000,000	5,000,000

(a) The details of the associates are as follows:

Name of Company	Country of incorporation/ Principal place of business	Effective interest in equity 2021 %	Effective interest in equity 2020 %	Principal activities
SMC Food21 Malaysia Sdn. Bhd. ("SMC")^	Malaysia	20	20	Production of blended cocoa-derived food ingredients.

^ Audited by firms other than BDO in Malaysia and BDO Member Firms.

(b) The Group does not have any associate, which is individually material to the Group for both financial years ended 31 December 2021 and 31 December 2020.

(c) In the previous financial year, the Company had disposed whole of its 27.75% equity interest in Fuji Global Chocolate (M) Sdn. Bhd. ("FGC"), for a total cash consideration of RM32,000,000. Upon the completion of disposal, FGC is no longer an associate of the Company.

Details of the disposal in financial year 2020 were as follows:

	At date of disposal	
	Group RM	Company RM
Cost of investment	2,283,670	2,283,670
Share of post-acquisition reserves	1,824,146	-
Share of interest in an associate	4,107,816	2,283,670
Consideration received	(32,000,000)	(32,000,000)
Gain on disposal of an associate	(27,892,184)	(29,716,330)

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12. INVESTMENTS IN ASSOCIATES (CONT'D)

(d) The Group recognised its share of results in SMC based on unaudited financial statements as at 31 December 2021. The summarised unaudited financial information for the associate is as follows:

	SMC		FGC	
	2021 RM	2020 RM	2021 RM	2020 RM
Assets and liabilities				
Current assets	42,740,964	38,514,433	N/A	N/A
Non-current assets	59,139,161	59,609,025	N/A	N/A
Total assets	101,880,125	98,123,458	N/A	N/A
Current liabilities	70,609,872	66,529,676	N/A	N/A
Non-current liabilities	11,540,293	13,522,422	N/A	N/A
Total liabilities	82,150,165	80,052,098	N/A	N/A
Results				
Revenue	147,871,917	185,585,799	N/A	8,646,858
Profit/(Loss) for the financial year	2,053,055	2,160,200	N/A	(344,161)
Other comprehensive loss	(394,455)	(184,370)	N/A	-
	1,658,600	1,975,830	N/A	(344,161)

(e) The reconciliation of net assets of the associates to the carrying amount of the investments in associates are as follows:

	SMC		FGC	
	2021 RM	2020 RM	2021 RM	2020 RM
Share of net assets of the Group	3,945,992	3,614,272	N/A	N/A
Goodwill	605,675	605,675	N/A	N/A
Carrying amount in the statements of financial position	4,551,667	4,219,947	N/A	N/A
Share of results for the financial year/ disposal date				
Share of profit/(loss)	410,611	432,040	N/A	(95,505)
Share of other comprehensive loss	(78,891)	(36,874)	N/A	-
Share of total comprehensive income/ (loss)	331,720	395,166	N/A	(95,505)

13. OTHER INVESTMENT

	Group 2021 RM	Group 2020 RM
At fair value through profit or loss		
Equity securities:		
- Unquoted shares outside Malaysia	-	-

(a) The following table shows a reconciliation of Level 3 fair values of other investments:

	Group 2021 RM	Group 2020 RM
Balance as at 1 January	-	-
Acquisition of subsidiaries (Note 11(c))	-	818,026
Translation differences	-	36,448
Fair value changes	-	(854,474)
Balance as at 31 December	-	-

(b) Unquoted ordinary shares of the Group are categorised as Level 3 in the fair value hierarchy. Fair value of unquoted ordinary shares of the Group are estimated based on adjusted net asset method.

(c) Sensitivity analysis for investments in unquoted shares is not material to the Group.

(d) There is no transfer between levels in the hierarchy during the financial year.

14. INVENTORIES

	Group 2021 RM	Group 2020 RM
At cost		
Raw materials	1,328,301,185	853,254,121
Work-in-progress	12,837,741	17,557,877
Finished goods	416,373,727	338,611,061
Packaging materials	7,536,232	6,764,641
Stores and supplies	20,832,243	22,859,867
	1,785,881,128	1,239,047,567
At net realisable value		
Finished goods	85,549,985	59,280,479
Work-in-progress	4,026,396	3,735,782
	1,875,457,509	1,302,063,828

Notes to the Financial Statements (Cont'd)

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14. INVENTORIES (CONT'D)

(a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM3,318,460,313 (2020: RM3,086,065,371).

(b) During the financial year, the Group had written down inventories of RM13,905,591 (2020: RM3,180,967) in cost of sales.

(c) Inventories with carrying amounts of RM69,908,925 (2020: RM59,295,977) are held as security by way of floating charge for the Group's banking facilities as disclosed in Note 21 to the financial statements.

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-current				
Other receivables				
Amounts owing by:				
- subsidiaries (interest bearing)	-	-	451,609,203	425,019,713
- subsidiaries (non-interest bearing)	-	-	7,709,518	2,513,780
	-	-	459,318,721	427,533,493
Current				
Trade receivables				
Third parties	385,264,881	334,734,282	-	-
Amounts owing by:				
- an associate	1,234,337	-	-	-
- a related party	521,312	1,619,025	-	-
- subsidiaries	-	-	45,000	50,072
	387,020,530	336,353,307	45,000	50,072
Less: Allowance for impairment losses	(23,697,767)	(21,588,187)	-	(35,072)
	363,322,763	314,765,120	45,000	15,000
Other receivables				
Sundry receivables	54,252,245	80,540,170	-	-
Amounts owing by:				
- a related party	190,253	190,253	-	-
- a subsidiary (dividend receivable)	-	-	10,000,000	15,300,000
- subsidiaries (non-interest bearing)	-	-	11,963,951	2,505,305
	54,442,498	80,730,423	21,963,951	17,805,305
Less: Allowance for impairment losses	(3,583,304)	(3,455,974)	-	-
	50,859,194	77,274,449	21,963,951	17,805,305
Subtotal	414,181,957	392,039,569	22,008,951	17,820,305

15. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Deposits and prepayments				
Deposits	7,047,891	12,035,403	5,600	4,600
Prepayments	10,413,023	16,254,049	-	-
	17,460,914	28,289,452	5,600	4,600
	431,642,871	420,329,021	22,014,551	17,824,905
Grand total	431,642,871	420,329,021	481,333,272	445,358,398

(a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from 30 days to 120 days (2020: 30 days to 120 days). They are recognised at their original invoice amounts which represent their fair value on initial recognition.

Certain comparatives have been restated to conform with current year's presentation as disclosed in Note 40 to the financial statements.

(b) Non-current and non-trade amounts owing by subsidiaries amounted to RM451,609,203 (2020: RM425,019,713) are unsecured and analysed as follows:

(i) RM150,193,229 (2020: RM130,013,630) that bears interest at rate of 3.9% (2020: 3.9%) per annum and receivable on 31 December 2025.

(ii) RM18,390,000 (2020: RM18,390,000) that bears interest at rate of 3.9% (2020: 3.9%) per annum and receivable on 31 December 2027.

(iii) RM283,025,974 (2020: RM276,616,083) that bears interest at rate of 3.1% (2020: 3.1%) per annum and receivable on 31 December 2027.

(c) Current and non-trade amounts owing by subsidiaries are unsecured, interest-free and receivable within the next twelve (12) months in cash and cash equivalents.

(d) The currency exposure profile of trade and other receivables (excluding deposits and prepayments) is as follows:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
United States Dollar	132,013,892	197,651,341	293,061,735	276,838,345
British Pound	131,566,803	116,292,008	-	-
Euro	53,269,419	33,786,101	-	-
Indonesian Rupiah	39,519,127	16,423,416	-	-
Chinese Yuan	26,547,246	7,002,355	-	-
Ringgit Malaysia	13,540,299	17,945,061	188,265,937	168,515,453
Singapore Dollar	112,788	208,028	-	-
Others	17,612,383	2,731,259	-	-
	414,181,957	392,039,569	481,327,672	445,353,798

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15. TRADE AND OTHER RECEIVABLES (CONT'D)

(e) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses ("ECL"). Loss rates are based on actual credit loss experience over past years.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

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

(f) Lifetime expected loss provision for trade receivables of the Group and of the Company are as follows:

Group	Gross carrying amount RM	Lifetime ECL RM	Carrying amount RM
As at 31 December 2021			
Not past due	235,899,553	(68,344)	235,831,209
Past due:			
1 to 30 days	81,259,926	(88,237)	81,171,689
31 to 60 days	26,777,673	(230,747)	26,546,926
61 to 90 days	12,755,154	(225,296)	12,529,858
Over 90 days	8,405,888	(1,162,807)	7,243,081
	129,198,641	(1,707,087)	127,491,554
Individual assessment	21,922,336	(21,922,336)	-
	387,020,530	(23,697,767)	363,322,763
As at 31 December 2020			
Not past due	213,740,471	(116,082)	213,624,389
Past due:			
1 to 30 days	76,058,759	(101,612)	75,957,147
31 to 60 days	22,594,713	(140,986)	22,453,727
61 to 90 days	744,429	-	744,429
Over 90 days	5,036,029	(3,146,897)	1,889,132
	104,433,930	(3,389,495)	101,044,435
Individual assessment	18,178,906	(18,082,610)	96,296
	336,353,307	(21,588,187)	314,765,120

15. TRADE AND OTHER RECEIVABLES (CONT'D)

(f) Lifetime expected loss provision for trade receivables of the Group and of the Company are as follows: (Cont'd)

Company	Gross carrying amount RM	Lifetime ECL RM	Carrying amount RM
As at 31 December 2021			
Not past due	45,000	-	45,000
Individual assessment	-	-	-
	45,000	-	45,000
As at 31 December 2020			
Not past due	15,000	-	15,000
Individual assessment	35,072	(35,072)	-
	50,072	(35,072)	15,000

During the financial year, the Group and the Company did not renegotiate the terms of any trade receivables. These receivables are not secured by any collateral.

(g) Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model.

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

(h) Trade and other receivables that are past due and impaired at the end of the reporting period and the reconciliation of movements in allowance for impairment accounts is as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables				
At 1 January	21,588,187	27,289,250	35,072	265,072
Charge for the financial year	4,247,440	3,822,831	-	-
Reversal	(2,336,176)	(6,350,373)	(35,072)	(230,000)
Written off	-	(3,019,752)	-	-
Translation differences	198,316	(153,769)	-	-
At 31 December	23,697,767	21,588,187	-	35,072
Other receivables (individually impaired)				
At 1 January	3,455,974	3,533,638	-	-
Charge for the financial year	-	-	-	-
Reversal	-	(12,603)	-	-
Translation differences	127,330	(65,061)	-	-
At 31 December	3,583,304	3,455,974	-	-

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15. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) The Group sold certain trade receivables to a financial institution with non-recourse conditions for cash proceeds. These trade receivables have been derecognised from the statements of financial position because the Group transferred substantially all the risks and rewards – primarily credit risk. Consequently, comparatives have also been reclassified to conform with current year's presentation.

The following information shows the carrying amount of trade receivables at the reporting date that have been sold with non-recourse arrangement and derecognised from trade receivables:

	Group	
	2021 RM	**2020 RM**
Carrying amount of trade receivables sold with non-recourse arrangement	89,964,732	88,747,156

(j) Included in other receivables of the Group is an amount due from brokers of RM8,099,059 (2020: RM68,937,609) includes margin accounts which represents cash deposits held with brokers as collateral against open future contracts.

(k) Information on financial risks of trade and other receivables is disclosed in Note 37 to the financial statements.

16. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	**Contract/ Notional amount Net long/(short) RM**	**Assets RM**	**Liabilities RM**
2021			
Group			
Commodity futures contracts (Note a)	851,550,764	27,867,682	(11,815,905)
Commodity option contracts (Note a)	(228,497,431)	307,614	(1,001,716)
Cross currency swap contracts (Note b)	286,838,465	-	(10,605,177)
Foreign currency forward contracts (Note c)	708,350,724	5,288,387	(3,854,710)
	1,618,242,522	33,463,683	(27,277,508)
2020			
Group			
Commodity futures contracts (Note a)	(754,697,723)	47,589,150	(70,950,005)
Commodity option contracts (Note a)	56,757,615	1,264,785	(325,273)
Cross currency swap contracts (Note b)	276,645,886	2,623,803	-
Foreign currency forward contracts (Note c)	166,177,363	1,206,767	(3,667,130)
Foreign currency option contracts (Note c)	2,188,140	-	(190,630)
	(252,928,719)	52,684,505	(75,133,038)

16. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

Company	Contract/ Notional amount Net long/(short) RM	Assets RM	Liabilities RM
2021			
Company			
Cross currency swap contracts (Note b)	286,838,465	-	(10,605,177)
2020			
Company			
Cross currency swap contracts (Note b)	276,645,886	2,623,803	-

(a) Commodity futures or option contracts

The Group uses commodity futures contracts and commodity options contracts to manage open sales and purchase commitments and movements in cocoa bean prices in the respective commodity markets. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with fair value changes exposure.

(b) Cross currency swap contracts

The cross currency swap contracts of the Group and of the Company are as follows:

(i) Cross currency swap contract, which swapped a fixed rate of RM200,000,000 liability to a fixed rate of USD49,140,049 liability ("USDRM CCS1"). The effective period for this cross currency swap is from December 2020 to December 2027. The carrying amount of derivative liability in respect of the USDRM CCS1 as at the end of the financial year is RM7,638,002 (2020: derivative asset of RM1,843,162); and

(ii) Cross currency swap contract, which swapped a fixed rate of RM80,000,000 liability to a fixed rate of USD19,728,730 liability ("USDRM CCS2"). The effective period for this cross currency swap is from December 2020 to December 2027. The carrying amount of derivative liability in respect of the USDRM CCS2 as at the end of the financial year is RM2,967,175 (2020: derivative asset of RM780,641).

The Group entered into cross currency swap contracts to serve as a net investment hedge against the Group's USD denominated assets arising from its investments in foreign subsidiaries whose net assets are exposed to currency translation risks and which are held for long term investment purposes.

(c) Foreign currency forward or option contracts

The Group uses forward currency contracts and forward currency option contracts to hedge the Group's sales and purchases denominated in foreign currencies for which firm commitments existed at the reporting period. The forward currency contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair value of these components has been determined based on the difference between the contracted rate and the forward exchange rate as applicable to a contract of similar amount and maturity profile at the end of the reporting period.

As at the end of the reporting period, the settlements dates for foreign currency forward contracts range from 1 to 6 months (2020: 1 to 6 months).

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16. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONT'D)

(d) During the financial year, the Group recognised a total fair value gain of RM28,634,708 (2020: fair value loss of RM25,240,842) and the Company recognised a total fair value loss of RM13,228,980 (2020: fair value gain of RM2,623,803) arising from fair value changes of derivative financial instruments. The fair value changes are attributable to changes in foreign exchange spot and forward rates. The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 36(d) to the financial statements.

(e) The currency exposure profile of derivative financial assets/liabilities is as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Derivative financial assets				
United States Dollar	22,490,152	48,188,298	-	2,623,803
British Pound	10,555,111	4,496,207	-	-
Others	2,852	-	-	-
	33,048,115	52,684,505	-	2,623,803
Derivative financial liabilities				
United States Dollar	(23,768,195)	(70,611,423)	(10,605,177)	-
British Pound	(3,065,036)	(4,519,036)	-	-
Others	(28,709)	(2,579)	-	-
	(26,861,940)	(75,133,038)	(10,605,177)	-

(f) Information on financial risks of derivative financial assets/liabilities is disclosed in Note 37 to the financial statements.

17. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Cash and bank balances	52,892,082	58,338,255	616,126	892,734
Deposits with licensed banks	20,916,631	19,872,275	5,893,800	5,773,019
	73,808,713	78,210,530	6,509,926	6,665,753

(a) Deposits with licensed banks of the Group have maturity period ranging from six months to twelve months, except for deposits pledged to licensed banks which have maturity period of twelve months (2020: twelve months).

(b) As at the end of reporting period, the deposits placed with licensed banks of the Group amounting to RM13,541,186 (2020: RM12,900,013) has been charged to financial institutions as security for credit facilities granted to the Group as disclosed in Note 21 to the financial statements.

17. CASH AND BANK BALANCES (CONT'D)

(c) The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
United States Dollar	40,072,065	25,476,513	31,035	31,885
Ringgit Malaysia	11,590,340	12,718,019	6,478,891	6,633,868
British Pound	6,269,194	20,122,884	-	-
Euro	5,463,112	13,921,678	-	-
Indonesian Rupiah	5,331,172	3,412,927	-	-
Singapore Dollar	1,112,491	668,301	-	-
Others	3,970,339	1,890,208	-	-
	73,808,713	78,210,530	6,509,926	6,665,753

(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Cash and bank balances	52,892,082	58,338,255	616,126	892,734
Deposits with licensed banks	20,916,631	19,872,275	5,893,800	5,773,019
	73,808,713	78,210,530	6,509,926	6,665,753
Less: Deposits pledged	(13,541,186)	(12,900,013)	-	-
Less: Deposits tenure more than three (3) months	(7,375,445)	(6,972,262)	(5,893,800)	(5,773,019)
	52,892,082	58,338,255	616,126	892,734

(e) No expected credit losses are recognised arising from the deposits with financial institutions because the probability of default by these financial institutions are negligible.

(f) Information on financial risks of cash and bank balances is disclosed in Note 37 to the financial statements.

Notes to the Financial Statements (Cont'd)

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18. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of shares	RM	Number of shares	RM
Issued and fully paid up ordinary shares with no par value				
At beginning of financial year	1,034,307,898	263,235,660	1,008,350,870	220,406,564
Issuance of ordinary shares pursuant to:				
- Warrant exercised	20,498,885	33,823,160	25,957,028	42,829,096
At end of financial year	1,054,806,783	297,058,820	1,034,307,898	263,235,660

(a) During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 1,034,307,898 to 1,054,806,783 ordinary shares by way of issuance of 20,498,885 new ordinary shares pursuant to 20,498,885 warrants exercised at an exercise price of RM1.65 each for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(b) In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 1,008,350,870 to 1,034,307,898 ordinary shares by way of issuance of 25,957,028 new ordinary shares pursuant to 25,957,028 warrants exercised at an exercise price of RM1.65 each for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(c) 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.

19. TREASURY SHARES

	Group and Company			
	2021		2020	
	Number of shares	RM	Number of shares	RM
Ordinary shares				
At beginning of financial year	400,000	720,042	195,200	225,702
Purchase of treasury shares	-	-	204,800	494,340
At end of financial year	400,000	720,042	400,000	720,042

The shareholders of the Company have approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders.

In the previous financial year, the Company acquired 204,800 shares in the Company from the open market on Bursa Malaysia Securities Berhad.

20. RESERVES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-distributable				
Foreign currency translation reserve	52,333,008	47,099,030	-	-
Hedging reserve	(6,838,465)	2,428,506	-	-
Distributable				
Retained earnings	1,000,513,508	876,866,023	767,993	7,507,506
	1,046,008,051	926,393,559	767,993	7,507,506

(a) The movements in each category of reserves are disclosed in the statements of changes in equity.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items, which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Hedging reserve

The hedging reserve arising from changes in the fair value relating to the effective portion on the hedge of net investments in foreign operations.

(d) Warrants

On 12 November 2019, the Company issued 168,022,058 free warrants on the basis of one (1) warrant for every three (3) existing ordinary shares held in the Company. The warrants were listed on the Main Market of Bursa Malaysia Securities on 12 November 2019.

The warrant issued are constituted by a Deed Poll dated 14 October 2019.

The salient features of the warrants are as follows:

(i) Each warrants entitles the registered holder at any time during the exercise period to subscribe for one new ordinary shares in the Company at an exercise price of RM1.65.

(ii) The warrants shall be exercisable at any time within the period commencing from and inclusive the date of issue of the warrants and ending on the date immediately preceding the third (3rd) anniversary of the date of issue, or if such day is not a Market day, then it shall be the Market Day immediately preceding the said non-Market Day.

(iii) All new ordinary shares to be issued pursuant to the exercise of the warrants shall, upon issue and allotment, be of the same class and rank pari passu in all respects with the existing ordinary shares, save and except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and/or other distributions, at the entitlement date of which is prior to the date of the allotment of these new ordinary shares.

Notes to the Financial Statements (Cont'd)
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20. RESERVES (CONT'D)

(d) Warrants (Cont'd)

The salient features of the warrants are as follows: (Cont'd)

(iv) Any warrants not exercised during the exercise period will lapse and cease to be valid.

(v) Movements in the Warrants since the listing and quotation thereof are as follows:

	Number of Warrants
As of 12 November 2019	168,022,058
Exercised in financial year 2019	(17,966)
Exercised in financial year 2020	(25,957,028)
Exercised in financial year 2021	(20,498,885)
As of 31 December 2021	121,548,179

21. BORROWINGS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Short term borrowings				
Secured:				
Revolving credits	114,805,648	54,812,593	-	-
Term loans	27,127,340	20,162,832	-	-
Trade loans	758,530,467	531,062,297	-	-
	900,463,455	606,037,722	-	-
Long term borrowings				
Secured:				
Term loans	91,826,113	128,935,832	-	-
Unsecured:				
Sukuk Wakalah (Note (b))	300,000,000	300,000,000	300,000,000	300,000,000
	391,826,113	428,935,832	300,000,000	300,000,000
Total borrowings				
Revolving credits	114,805,648	54,812,593	-	-
Sukuk Wakalah (Note (b))	300,000,000	300,000,000	300,000,000	300,000,000
Term loans	118,953,453	149,098,664	-	-
Trade loans	758,530,467	531,062,297	-	-
	1,292,289,568	1,034,973,554	300,000,000	300,000,000

21. BORROWINGS (CONT'D)

(a) The revolving credits, term loans and trade loans of the Group are secured by:

(i) Corporate guarantee from the Company;

(ii) A legal charges over certain property, plant and equipment (Note 7(b)), and investment properties (Note 9(d)) of the Group;

(iii) A floating charge over a subsidiary's inventories (Note 14(c));

(iv) A fixed and floating charge over a subsidiary's assets;

(v) Deposits pledged with licensed banks of the Group (Note 17(b)); and

(vi) Negative pledge by certain subsidiaries.

(b) The Sukuk Wakalah are issued under Islamic medium term notes ("Sukuk Wakalah") programme of up to RM800,000,000 in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar ("Sukuk Wakalah Programme"). The Sukuk Wakalah Programme has a tenure of twenty (20) years from 3 December 2020. The tenure of each issuance of Sukuk Wakalah shall be more than one (1) year and up to twenty (20) years, provided that the Sukuk Wakalah matures on or prior to the expiry of the Sukuk Wakalah Programme.

The proceeds raised from the issuance of the Sukuk Wakalah shall be utilised to finance its general working capital, capital expenditure, refinancing of existing financing/borrowings and/or future financing and other general corporate purposes and/or to provide advance via Shariah-compliant manner to its subsidiaries for general working capital, capital expenditure, refinancing of existing financing/borrowings and/or future financing and other general corporate purposes.

On 3 December 2020, the Company completed an issuance of Sukuk Wakalah of RM300,000,000 in notional value ("First Issuance") with a tenure of seven (7) years from the date of issuance and due for repayment in December 2027. The Sukuk Wakalah under the First Issuance bears a profit rate of 3.84% per annum and payable semi-annually.

(c) The currency exposure profile of borrowings is as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
United States Dollar	548,455,935	554,402,528	-	-
British Pound	350,590,916	67,139,503	-	-
Ringgit Malaysia	301,781,767	302,193,201	300,000,000	300,000,000
Euro	91,460,950	111,238,322	-	-
	1,292,289,568	1,034,973,554	300,000,000	300,000,000

Certain comparatives have been restated to conform with current year's presentation.

(d) Information on financial risks of borrowings and their remaining maturity is disclosed in Note 37 to the financial statements.

Notes to the Financial Statements (Cont'd)

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22. DEFERRED TAX LIABILITIES/(ASSETS)

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

	Group 2021 RM	Group 2020 RM
Balance as at 1 January	72,497,654	44,250,656
Acquisition of subsidiaries (Note 11(c))	-	30,377,733
Recognised in profit or loss (Note 28)	1,407,189	(4,127,906)
Recognised in other comprehensive income	33,231	(66,452)
Translation differences	(580,322)	2,063,623
Balance as at 31 December	73,357,752	72,497,654
Reflected in the statements of financial position as follow:		
Deferred tax liabilities	75,094,836	74,159,101
Deferred tax assets	(1,737,084)	(1,661,447)
Balance as at 31 December	73,357,752	72,497,654

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

Deferred tax liabilities/(assets) of the Group

	Property, plant and equipment RM	Other temporary differences RM	Total RM
Balance as at 1 January 2021	80,844,103	(8,346,449)	72,497,654
Recognised in profit or loss	7,022,204	(5,615,015)	1,407,189
Recognised in other comprehensive income	-	33,231	33,231
Translation differences	(856,480)	276,158	(580,322)
Balance as at 31 December 2021	87,009,827	(13,652,075)	73,357,752
Balance as at 1 January 2020	47,176,694	(2,926,038)	44,250,656
Acquisition of subsidiaries (Note 11(c))	27,115,728	3,262,005	30,377,733
Recognised in profit or loss	4,537,347	(8,665,253)	(4,127,906)
Recognised in other comprehensive income	-	(66,452)	(66,452)
Translation differences	2,014,334	49,289	2,063,623
Balance as at 31 December 2020	80,844,103	(8,346,449)	72,497,654

22. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D)

(c) The amount of temporary differences for which no deferred tax asset has been recognised in the statements of financial position are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Unused tax losses				
- No expiry date	6,901,000	-	-	-
- Expires by 31 December 2025	-	2,570,000	-	1,309,000
- Expires by 31 December 2028	2,408,000	-	1,268,000	-
Unabsorbed capital allowances				
- No expiry date	5,165,000	-	-	-
	14,474,000	2,570,000	1,268,000	1,309,000

Deferred tax assets of the Company and certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits would be available against which the deductible temporary differences could be utilised. The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

23. RETIREMENT BENEFITS OBLIGATIONS

(a) Certain foreign subsidiaries of the Group in Indonesia operate an unfunded defined benefits retirement plan required under the Labour Laws of that country in which they operate. The Group is required to pay their employees termination, appreciation and compensation benefits in case of employment dismissal based on the employees' number of years of services provided.

(b) Under the plan, all of the eligible permanent employees of the certain foreign subsidiaries of the Group are entitled to retirement benefits based on last drawn final salary and length of service attainment of the retirement age of 55.

(c) The amounts recognised in the statements of financial position are determined as follows:

	2021	2020
Group	**RM**	**RM**
Present value of defined benefit obligations	3,215,651	3,138,249
Analysed as follows:		
Non-current liabilities	3,215,651	3,138,249

Notes to the Financial Statements (Cont'd)
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23. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(d) The following table sets out the reconciliation of defined benefit plan:

Group	2021 RM	2020 RM
Balance as at 1 January	3,138,249	2,410,961
Current service costs	504,822	386,682
Interest costs	224,099	199,974
Past service costs - vested	(526,790)	-
Translation differences	(38,244)	(38,474)
Included in profit or loss	163,887	548,182
Remeasurement:		
Effects of experience adjustment	(153,620)	(79,194)
Effects of changes in financial assumptions	(261)	411,313
Translation differences	115,448	(80,142)
	(38,433)	251,977
Benefits paid	(48,052)	(72,871)
Balance as at 31 December	3,215,651	3,138,249

(e) The principal actuarial assumptions used were as follows:

	Group	
	2021	2020
Retirement age	55 years	55 years
Discount rate	7.00%	7.00%
Expected rate of salary increases	8.00%	8.00%

23. RETIREMENT BENEFITS OBLIGATIONS (CONT'D)

(f) The following table demonstrates the sensitivity analysis of the Group if the significant actuarial assumptions at the end of each reporting period changed by one hundred (100) basis points with all other variables held constant:

	Group 2021 Increase RM	Group 2021 Decrease RM
Discount rate		
Present value of defined benefit obligation	(354,129)	425,250
Current service cost	(47,550)	56,571
Salary increment rate		
Present value of defined benefit obligation	416,346	(353,792)
Current service cost	55,215	(47,343)

	Group 2020 Increase RM	Group 2020 Decrease RM
Discount rate		
Present value of defined benefit obligation	(381,783)	460,967
Current service cost	(50,518)	61,621
Salary increment rate		
Present value of defined benefit obligation	451,692	(381,783)
Current service cost	60,377	(50,518)

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24. TRADE AND OTHER PAYABLES

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Trade payables				
Third parties	562,520,825	260,743,425	-	-
Other payables				
Other payables	45,131,716	25,400,962	-	-
Accruals	63,520,744	61,019,241	1,379,841	1,272,182
Deposits received	1,467,791	1,521,532	-	-
Dividend payable	10,544,068	15,508,618	10,544,068	15,508,618
Amounts owing to related parties	833	803	-	-
Amount owing to a subsidiary	-	-	86,638	86,638
	120,665,152	103,451,156	12,010,547	16,867,438
	683,185,977	364,194,581	12,010,547	16,867,438

(a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranged from 30 days to 60 days (2020: 30 days to 60 days).

(b) The currency exposure profile of trade and other payables are as follows:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
United States Dollar	294,962,057	163,354,660	86,638	86,638
British Pound	202,617,604	44,506,758	-	-
Euro	84,386,962	82,062,634	-	-
Ringgit Malaysia	48,783,616	53,370,772	11,923,909	16,780,800
Singapore Dollar	17,469,546	13,784,263	-	-
Indonesian Rupiah	10,596,870	4,166,665	-	-
Others	24,369,322	2,948,829	-	-
	683,185,977	364,194,581	12,010,547	16,867,438

(c) Information on financial risks of trade and other payables is disclosed in Note 37 to the financial statements.

25. CAPITAL COMMITMENTS

	Group	
	2021	2020
	RM	RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	71,876,000	64,232,000
Contracted but not provided for	101,303,000	99,114,000
	173,179,000	163,346,000

26. REVENUE

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Revenue from contracts with customers				
- Sale of goods	3,923,162,234	3,684,804,837	-	-
Other revenue				
- Dividend income from subsidiaries	-	-	25,000,000	15,300,000
- Interest income	135,158	179,965	14,832,236	3,313,468
- Management fees	-	-	60,000	60,000
	3,923,297,392	3,684,984,802	39,892,236	18,673,468

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market, major products and service lines and timing of revenue recognition.

Major product and service line/Timing of revenue recognition
Sales of goods/Transferred at point in time

	Malaysia	Singapore	Indonesia	Germany	Others	Total
	RM	RM	RM	RM	RM	RM
31 December 2021	1,271,363,043	1,389,169,995	264,671,968	931,630,400	66,461,986	3,923,297,392
31 December 2020	1,269,978,226	1,421,297,651	140,736,422	789,286,096	63,686,407	3,684,984,802

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31 December 2021

27. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
After charging:				
Auditors' remuneration				
- statutory audit fees	910,818	737,388	93,500	78,000
- under provision in prior year	73,576	15,256	-	-
- non-audit fees	44,337	5,000	5,000	5,000
Interest expense:				
- bank commission	5,599,742	5,509,284	-	-
- bank overdraft	1,425	73,531	-	-
- hire purchase	3,806	-	-	-
- lease liabilities	1,487,777	1,072,754	-	-
- receivable financing	833,755	764,304	-	-
- revolving credit	89,337	200,591	-	-
- term loans	4,170,188	3,711,083	-	-
- trade loans	9,111,019	13,403,491	-	-
- Sukuk Wakalah	11,520,000	883,726	11,520,000	883,726
	32,817,049	25,618,764	11,520,000	883,726
And after crediting:				
Bad debt recovered	(17,705)	(51,428)	(1,614,928)	-
(Gain)/Loss on disposal of property plant and equipment	(2,748,422)	142,429	-	-
Insurance claim income	(7,352,890)	(342,712)	-	-
Interest income	(314,717)	(461,930)	-	-
Net fair value realised loss/(gain) on derivatives	134,449	(42,355,747)	-	-
Net unrealised (gain)/loss on foreign exchange	(190,342)	(9,685,318)	(10,053,742)	3,355,371
Net realised (gain)/loss on foreign exchange	(5,021,303)	5,104,128	(2,403,659)	600

28. TAX EXPENSE

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Current tax expense				
- Malaysia income tax	24,717,847	38,072,259	1,725,278	-
- Foreign income tax	17,356,761	11,303,560	-	-
	42,074,608	49,375,819	1,725,278	-
(Over)/Under provision in prior years				
- Malaysia income tax	(1,059,020)	(849,963)	574,677	50,180
- Foreign income tax	(727,485)	212,868	-	-
	(1,786,505)	(637,095)	574,677	50,180
	40,288,103	48,738,724	2,299,955	50,180
Deferred tax (Note 22)				
- Relating to origination and reversal of temporary differences	1,473,090	1,457,170	-	-
- Relating to changes in tax rates	-	(4,704,809)	-	-
- Over provision in prior years	(65,901)	(880,267)	-	-
	1,407,189	(4,127,906)	-	-
Real property gains tax	226,111	-	-	-
	41,921,403	44,610,818	2,299,955	50,180

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profits for the fiscal year. Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

Notes to the Financial Statements (Cont'd)
31 December 2021

28. TAX EXPENSE (CONT'D)

(b) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	196,759,858	267,319,853	26,872,062	42,986,929
Tax expense at the applicable tax rate of 24% (2020: 24%)	47,222,366	64,156,765	6,449,295	10,316,863
Tax effects in respect of:				
Different tax rate in foreign subsidiaries	(4,820,462)	(5,973,650)	-	-
Effect of changes in tax rates on deferred tax in foreign subsidiaries	-	(4,704,809)	-	-
Non-taxable income	(7,292,334)	(6,509,249)	(10,027,243)	(10,847,819)
Non-deductible expenses	9,931,492	5,272,659	5,312,980	544,766
Real property gains tax	226,111	-	-	-
Tax incentives	(4,350,322)	(6,094,642)	-	-
Deferred tax assets not recognised / (Utilisation of deferred tax assets previously not recognised)	2,856,958	(18,894)	(9,754)	(13,810)
	43,773,809	46,128,180	1,725,278	-
(Over)/Under provision in prior years				
- income tax	(1,786,505)	(637,095)	574,677	50,180
- deferred tax	(65,901)	(880,267)	-	-
	41,921,403	44,610,818	2,299,955	50,180

28. TAX EXPENSE (CONT'D)

(c) Tax on each component of other comprehensive income is as follows:

Group **2021**	**Before tax** **RM**	**Tax effect** **RM**	**After tax** **RM**
Items that may be reclassified subsequently to profit or loss			
Hedge of net investments in foreign operations	(9,266,971)	-	(9,266,971)
Foreign currency translation	5,312,869	-	5,312,869
Share of other comprehensive income of an associate	(78,891)	-	(78,891)
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post-employment benefit obligation	153,881	(33,231)	120,650
	(3,879,112)	(33,231)	(3,912,343)

Group **2020**	**Before tax** **RM**	**Tax effect** **RM**	**After tax** **RM**
Items that may be reclassified subsequently to profit or loss			
Hedge of net investments in foreign operations	2,428,506	-	2,428,506
Foreign currency translation	8,073,128	-	8,073,128
Share of other comprehensive income of associates	(36,874)	-	(36,874)
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of post-employment benefit obligation	(332,119)	66,452	(265,667)
	10,132,641	66,452	10,199,093

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29. EARNINGS PER ORDINARY SHARE

(a) Basic

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.

	Group	
	2021	**2020**
Profit attributable to equity holders of the parent ("RM")	154,838,455	222,709,035
Weighted average number of ordinary shares in issue	1,041,775,699	1,020,441,700
Basic earnings per ordinary share (sen)	14.86	21.82

(b) Diluted

Diluted 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 adjusted for the effects of dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that warrants are exercised at the beginning of the financial year.

	Group	
	2021	**2020**
Profit attributable to equity holders of the parent (RM)	154,838,455	222,709,035
Weighted average number of ordinary shares in issue	1,041,775,699	1,020,441,700
Effects of dilution due to warrants	50,680,866	58,638,646
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	1,092,456,565	1,079,080,346
Diluted earnings per ordinary share (sen)	14.17	20.64

30. DIVIDENDS

	Group and Company 2021 RM	2020 RM
In respect of financial year ended 31 December 2021:		
First interim single tier dividend of 1.0 sen per ordinary share, paid on 9 July 2021	10,383,851	-
Second interim single tier dividend of 1.0 sen per ordinary share, paid on 20 January 2022	10,544,068	-
In respect of financial year ended 31 December 2020:		
Final single tier dividend of 1.0 sen per ordinary share, paid on 4 June 2021	10,383,701	-
First interim single tier dividend of 1.0 sen per ordinary share, paid on 10 July 2020	-	10,223,778
Second interim single tier dividend of 1.5 sen per ordinary share, paid on 20 January 2021	-	15,508,618
In respect of financial year ended 31 December 2019:		
Final single tier dividend of 1.0 sen per ordinary share, paid on 10 July 2020	-	10,223,778
	31,311,620	35,956,174

The Directors proposed a final single tier dividend of 2.0 sen per ordinary share, in respect of the financial year ended 31 December 2021, which is subject to the approval of members at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2022.

31. EMPLOYEE BENEFITS

	Group 2021 RM	2020 RM
Salaries, wages and bonuses	134,968,363	125,155,473
Defined contribution plan	6,106,825	5,333,424
Social security contribution	9,663,383	8,368,688
Defined benefit plan	167,345	548,182
Other benefits	6,391,801	6,063,232
	157,297,717	145,468,999

Included in the employee benefits of the Group are Executive Directors' remuneration amounting to RM25,240,632 (2020: RM24,074,136).

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32. DIRECTORS' REMUNERATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Executive Directors of the Company:				
- Fees	540,000	540,000	-	-
- Other emoluments	19,586,384	18,557,445	-	-
	20,126,384	19,097,445	-	-
Estimated money value of benefits-in-kind	109,653	121,298	-	-
	20,236,037	19,218,743	-	-
Executive Directors of the subsidiaries:	5,654,248	5,516,691	-	-
Estimated money value of benefits-in-kind	22,700	22,700	-	-
	5,676,948	5,539,391	-	-
Total Executive Directors' remuneration	25,912,985	24,758,134	-	-
Non- Executive Directors of the Company:				
- Fees	225,500	209,700	225,500	209,700
- Other emoluments	5,000	5,600	5,000	5,600
	230,500	215,300	230,500	215,300
Total Directors' remuneration including benefits-in-kind	26,143,485	24,973,434	230,500	215,300

33. CONTINGENT LIABILITIES

	Company	
	2021 RM	2020 RM
Corporate guarantees – unsecured		
Issued to banks for banking facilities granted to subsidiaries		
- limit of guarantee	2,156,421,295	2,131,173,291
- amount utilised	(997,963,804)	(710,988,600)

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to subsidiaries for banking facilities are negligible.

34. RELATED PARTY 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 could be individuals or other entities.

The Company has related party relationships with its direct, indirect subsidiaries, associates and ultimate holding company. In addition, the Company also has related party relationships with the following party:

Related party	**Relationship with the Group**
Enrich Mix Sdn. Bhd.	A related party by virtue of the directorship of certain Directors of the Company, Hia Cheng and Tay Hoe Lian.

(b) 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	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Subsidiaries				
- Management fee income	-	-	60,000	60,000
- Interest income	-	-	14,697,078	3,133,503
Related parties				
- Sale of goods	(3,112,984)	(8,291,127)	-	-
Associates				
- Sale of goods	(4,129,832)	(1,493,137)	-	-
- Purchase of goods	-	5,534	-	-

Material balances of the above related parties are disclosed in Note 15 and Note 24 to the financial statements.

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with the related parties.

Notes to the Financial Statements (Cont'd)
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34. RELATED PARTY DISCLOSURES (CONT'D)

(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 (whether executive or otherwise) and any other members of key management personnel of the Group and the Company. Comparatives have been restated to conform with current year's presentation.

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Directors' remuneration including estimated money value of benefits-in-kind (Note 32)	26,143,485	24,973,434	230,500	215,300
Other key management personnel's remuneration	4,157,002	3,989,150	-	-
	30,300,487	28,962,584	230,500	215,300

35. OPERATING SEGMENTS

Guan Chong Berhad and its subsidiaries are principally engaged in investment holding, manufacturing, distributing and trading in cocoa butter, cocoa cake, cocoa powder and cocoa-derived food ingredients.

Guan Chong Berhad has arrived at four (4) reportable segments that are Malaysia, Singapore, Indonesia and Germany.

Other operating segments that do not constitute reportable segments comprise operations related to investment holding and provision of management services.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Inter-segment revenue is priced along the same lines as sales to external customers and conditions and is eliminated on the consolidated financial statements. These policies have been applied constantly throughout the current and previous financial years.

The respective subsidiaries' chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment profit or loss before tax, interest, depreciation and amortisation.

Segment assets

The amounts provided to the chief operating decision maker with respect to total assets are based on all assets allocated to each reportable segment other than deferred income tax assets and tax recoverable.

Segment liabilities

The amounts provided to the chief operating decision maker with respect to total liabilities are based on all liabilities allocated to each reportable segment other than income tax liabilities and borrowings.

Certain comparatives have been restated to conform with current year's presentation.

35. OPERATING SEGMENTS (CONT'D)

The following tables provide an analysis of the Group's revenue, results, assets, liabilities and other information by geographical segments:

2021	Malaysia RM	Singapore RM	Indonesia RM	Germany RM	Others RM	Eliminations RM	Consolidated RM
Revenue							
Total external revenue	1,271,363,043	1,389,169,995	264,671,968	931,630,400	66,461,986	-	3,923,297,392
Inter-segment revenue	1,894,921,636	3,201,676,611	1,095,564,553	24,077	57,034,108	(6,249,220,985)	-
Total revenue	3,166,284,679	4,590,846,606	1,360,236,521	931,654,477	123,496,094	(6,249,220,985)	3,923,297,392
Segment results	156,070,156	83,564,974	31,053,761	33,024,743	28,036,378	(39,154,104)	292,595,908
Interest income	143,776	60,078	110,244	578	41	-	314,717
Finance cost	(19,607,834)	(12,842,543)	(373,361)	(2,644,716)	(12,633,423)	15,284,828	(32,817,049)
Depreciation and amortisation	(20,325,949)	(624,153)	(16,775,896)	(21,011,340)	(4,596,380)	-	(63,333,718)
Segment profit before tax							196,759,858
Tax expense							(41,921,403)
Profit for the financial year							154,838,455
Segment assets	1,569,348,562	313,648,213	909,078,406	300,697,726	392,291,272	-	3,485,064,179
Current tax assets							8,670,990
Deferred tax assets							1,737,084
Total assets							3,495,472,253
Segment liabilities	82,185,126	441,964,224	48,401,695	81,506,029	59,622,062	-	713,679,136
Current tax liabilities							13,026,474
Deferred tax liabilities							75,094,836
Borrowings							1,292,289,568
Lease liabilities							59,035,410
Total liabilities							2,153,125,424
Other information:							
Capital expenditure	39,807,426	808,475	16,667,891	13,299,325	103,728,344	-	174,311,461
Net fair value (gain)/loss on derivatives	(4,481,497)	(37,766,801)	-	384,610	13,228,980	-	(28,634,708)
Non-cash expenses/(income) (other than depreciation and amortisation)	10,825,567	8,750,056	1,501,290	3,137,804	(10,263,516)	-	13,951,201

Notes to the Financial Statements (Cont'd)

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35. OPERATING SEGMENTS (CONT'D)

The following tables provide an analysis of the Group's revenue, results, assets, liabilities and other information by geographical segments: (Cont'd)

2020	Malaysia RM	Singapore RM	Indonesia RM	Germany RM	Others RM	Eliminations RM	Consolidated RM
Revenue							
Total external revenue	1,269,978,226	1,421,297,651	140,736,422	789,286,096	63,686,407	-	3,684,984,802
Inter-segment revenue	1,922,128,626	2,820,040,975	1,171,898,946	-	18,493,503	(5,932,562,050)	-
Total revenue	3,192,106,852	4,241,338,626	1,312,635,368	789,286,096	82,179,910	(5,932,562,050)	3,684,984,802
Segment results	200,350,280	84,159,457	27,664,569	14,984,959	45,349,938	(23,236,585)	349,272,618
Interest income	85,749	237,754	138,345	82	-	-	461,930
Finance cost	(17,251,524)	(7,581,452)	(254,634)	(1,765,954)	(1,898,703)	3,133,503	(25,618,764)
Depreciation and amortisation	(16,921,408)	(474,425)	(16,457,654)	(19,181,631)	(3,760,813)	-	(56,795,931)
Segment profit before tax							267,319,853
Tax expense							(44,610,818)
Profit for the financial year							222,709,035
Segment assets	1,197,966,396	369,002,963	612,812,967	369,589,049	267,186,731	-	2,816,558,106
Current tax assets							8,151,799
Deferred tax assets							1,661,447
Total assets							2,826,371,352
Segment liabilities	52,530,276	247,785,969	37,624,168	81,002,927	23,522,528	-	442,465,868
Current tax liabilities							26,739,047
Deferred tax liabilities							74,159,101
Borrowings							1,034,973,554
Lease liabilities							59,124,605
Total liabilities							1,637,462,175
Other information:							
Capital expenditure	48,139,484	10,902	12,041,304	6,822,042	145,446,132	-	212,459,864
Net fair value (gain)/loss on derivatives	(644,629)	28,725,658	-	(216,384)	(2,623,803)	-	25,240,842
Non-cash (income)/expenses (other than depreciation and amortisation)	(10,466,143)	(6,834,502)	4,144,620	1,979,498	(24,597,932)	-	(35,774,459)

35. OPERATING SEGMENTS (CONT'D)

Major customer

The following is major customer with revenue equal to or more than 10% of Group's total revenue:

	Revenue		Segment
	2021	**2020**	
	RM	**RM**	
Customer A	378,019,496	383,436,952	Malaysia and Singapore

36. FINANCIAL INSTRUMENTS

(a) Capital management

The Group manages its capital to ensure that entities within the Group would be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings and lease liabilities from financial institutions less cash and bank balances. Capital includes equity attributable to the owners of the parent.

As it is common in the cocoa industry for manufacturers or processors to carry cocoa beans inventory that are sufficient to mitigate the impact of seasonality and varieties of crops, and normally the bean inventory is financed through trade finance facilities. The interest cost of this is recouped and imputed through cocoa product pricing. In order to reflect better Group's gearing position, the net debt is adjusted to exclude trade finance facilities which are used to finance cocoa bean or raw material. There was no change in the Group's approach to capital management during the reporting period.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:

	Group	
	2021	**2020**
	RM	**RM**
Borrowings (Note 21)	1,292,289,568	1,034,973,554
Lease liabilities owing to financial instituitions (Note 8)	9,994,856	13,663,055
Less: Cash and bank balances (Note 17)	(73,808,713)	(78,210,530)
Net debt	1,228,475,711	970,426,079
Total equity	1,342,346,829	1,188,909,177
Debt-to-equity ratio (time)	0.92	0.82

The Group is not subject to any other externally imposed capital requirements

Notes to the Financial Statements (Cont'd)
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36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial instruments

Categories of financial instruments

Group	2021 RM	2020 RM
Financial assets		
Fair value through profit or loss		
Derivative financial assets	33,463,683	52,684,505
Equity investment	-	-
	33,463,683	52,684,505
Amortised cost		
Trade and other receivables, excluding deposits and prepayments	414,181,957	392,039,569
Cash and bank balances	73,808,713	78,210,530
	487,990,670	470,250,099
	521,454,353	522,934,604
Financial liabilities		
Fair value through profit or loss		
Derivative financial liabilities	27,277,508	75,133,038
Amortised cost		
Trade and other payables	683,185,977	364,194,581
Borrowings	1,292,289,568	1,034,973,554
Lease liabilities	59,035,410	59,124,605
	2,034,510,955	1,458,292,740
	2,061,788,463	1,533,425,778

36. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial instruments (Cont'd)

Categories of financial instruments (Cont'd)

Company	2021 RM	2020 RM
Financial assets		
Fair value through profit or loss		
Derivative financial assets	-	2,623,803
Amortised cost		
Trade and other receivables, excluding deposits	481,327,672	445,353,798
Cash and bank balances	6,509,926	6,665,753
	487,837,598	452,019,551
	487,837,598	454,643,354
Financial liabilities		
Fair value through profit or loss		
Derivative financial liabilities	10,605,177	-
Amortised cost		
Trade and other payables	12,010,547	16,867,438
Borrowings	300,000,000	300,000,000
	312,010,547	316,867,438
	322,615,724	316,867,438

(c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are at reasonable approximation of fair value.

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and floating rate borrowings, are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

Notes to the Financial Statements (Cont'd)
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36. FINANCIAL INSTRUMENTS (CONT'D)

(c) Methods and assumptions used to estimate fair value (Cont'd)

(ii) Derivatives

The fair values of commodity futures contracts are determined based on the quoted closing price on the relevant commodity markets at the end of the reporting period.

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.

The fair value of the interest rate swap contracts is the amount that would be payable or receivable upon termination of the position at the end of each reporting period, and is calculated as the difference between the present value of the estimated future cash flows at the contracted rate compared to that calculated at the spot rate as at the end of each reporting period.

(iii) Unquoted shares

The fair value of unquoted shares outside Malaysia are estimated based on adjusted net asset method.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(i) The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest.

(ii) Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value hierarchy (Cont'd)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value				
2021	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**	**Carrying amount**
Group	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Financial assets								
Fair value through profit or loss								
Derivative financial assets								
- Commodity futures contracts	-	27,867,682	-	-	-	-	27,867,682	27,867,682
- Commodity option contracts	-	307,614	-	-	-	-	307,614	307,614
- Foreign currency forward contracts	-	5,288,387	-	-	-	-	5,288,387	5,288,387
	-	33,463,683	-	-	-	-	33,463,683	33,463,683
Financial liabilities								
Fair value through profit or loss								
Derivative financial liabilities								
- Commodity futures contracts	-	11,815,905	-	-	-	-	11,815,905	11,815,905
- Commodity option contracts	-	1,001,716	-	-	-	-	1,001,716	1,001,716
- Cross currency swap contracts	-	10,605,177	-	-	-	-	10,605,177	10,605,177
- Foreign currency forward contracts	-	3,854,710	-	-	-	-	3,854,710	3,854,710
	-	27,277,508	-	-	-	-	27,277,508	27,277,508

Notes to the Financial Statements (Cont'd)

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36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value hierarchy (Cont'd)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (Cont'd)

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value				
2020	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**	**Carrying amount**
Group	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Financial assets								
Fair value through profit or loss								
Derivative financial assets								
- Commodity futures contracts	47,589,150	-	-	-	-	-	47,589,150	47,589,150
- Commodity option contracts	1,264,785	-	-	-	-	-	1,264,785	1,264,785
- Cross currency swap contracts	-	2,623,803	-	-	-	-	2,623,803	2,623,803
- Foreign currency forward contracts	-	1,206,767	-	-	-	-	1,206,767	1,206,767
	48,853,935	3,830,570	-	-	-	-	52,684,505	52,684,505
Financial liabilities								
Fair value through profit or loss								
Derivative financial liabilities								
- Commodity futures contracts	70,950,005	-	-	-	-	-	70,950,005	70,950,005
- Commodity option contracts	325,273	-	-	-	-	-	325,273	325,273
- Foreign currency forward contracts	-	3,667,130	-	-	-	-	3,667,130	3,667,130
- Foreign currency option contracts	-	190,630	-	-	-	-	190,630	190,630
	71,275,278	3,857,760	-	-	-	-	75,133,038	75,133,038

36. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair value hierarchy (Cont'd)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (Cont'd)

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value				
2021	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**	**Total fair value**	**Carrying amount**
Company	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Financial liabilities								
Fair value through profit or loss								
Derivative financial liabilities								
- Cross currency swap contracts	-	10,605,177	-	-	-	-	10,605,177	10,605,177
2020								
Company								
Financial assets								
Fair value through profit or loss								
Derivative financial assets								
- Cross currency swap contracts	-	2,623,803	-	-	-	-	2,623,803	2,623,803

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange, interest rates and unpredictably of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review, internal control systems and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, foreign currency risk, interest rate risk, commodity price risk as well as liquidity and cash flow risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major international institutions and reputable multinational organisations. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade and other receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 days to 120 days (2020: 30 days to 120 days). Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control officer to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two (2) customers (2020: two (2) customer) which constituted approximately 16% (2020:16%) of its trade receivables at the end of the reporting period.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(i) Credit risk (Cont'd)

Credit risk concentration profile (Cont'd)

The Group determines concentration of credit risk by monitoring the country and industry sector profiles of its trade receivables (including amounts owing by a related party and associates) on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period are as follows, comparatives have been restated to conform with current year's presentation:

	Group		Company	
By Country	**2021 RM**	**2021 % of total**	**2020 RM**	**2020 % of total**
By Country				
Indonesia	58,527,379	16.1%	16,415,125	5.2%
China	50,456,424	13.9%	20,675,212	6.6%
United States	34,926,048	9.6%	53,420,601	17.0%
Netherlands	32,984,422	9.1%	38,673,879	12.3%
Singapore	31,153,326	8.6%	25,218,768	8.0%
Malaysia	27,765,825	7.6%	27,311,015	8.7%
Russia	17,728,460	4.9%	23,097,921	7.3%
India	14,185,848	3.9%	10,814,612	3.4%
Germany	12,984,165	3.6%	15,579,064	5.0%
Italy	10,958,808	3.0%	6,566,637	2.1%
Switzerland	10,346,261	2.8%	10,226,671	3.2%
Brazil	6,066,472	1.7%	15,482,804	4.9%
Other countries	55,239,325	15.2%	51,282,811	16.3%
	363,322,763	100.0%	314,765,120	100.0%

(ii) 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 on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), British Pound ("GBP"), Euro ("EUR") and Indonesian Rupiah ("RUPIAH"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward currency contracts to hedge against its foreign currency risk. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

The majority of the Group transactional currency risk arises from its foreign currency based forward sales and purchase of commodity items, contracted along the cocoa bean price chain. These non-financial forward contracts denominated in foreign currency are exposed to economic risk due to currency fluctuations and accounted as financial instruments with fair value impact to its financial statements. These forward contracts on fulfillment at maturity will result in book receivables or payables in foreign currency.

Notes to the Financial Statements (Cont'd)

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(ii) Foreign currency risk (Cont'd)

The Group entity's currency exposure and corresponding foreign currency contract are mark-to-market and fair value quarterly for operational hedge effectiveness testing and for management reporting and oversight. Monthly long-short positions on foreign currencies and foreign currency derivatives are also produced for timely control and intervention.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group and the Company to a reasonably possible change in United States Dollar ("USD"), British Pound ("GBP"), Euro ("EUR") and Indonesian Rupiah ("RUPIAH") exchange rate against the respective functional currencies of the Group entities, with all other variables held constant, comparatives have been restated to conform with current year's presentation:

		Group		Company	
Profit after tax		**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
USD/RM	- strengthen by 5% (2020: 5%)	(25,559,200)	(19,648,000)	10,731,200	10,617,500
	- weaken by 5% (2020: 5%)	25,559,200	19,648,000	(10,731,200)	(10,617,500)
GBP/RM	- strengthen by 5% (2020: 5%)	(15,499,500)	940,300	-	-
	- weaken by 5% (2020: 5%)	15,499,500	(940,300)	-	-
EUR/RM	- strengthen by 5% (2020: 5%)	(4,450,400)	(5,532,500)	-	-
	- weaken by 5% (2020: 5%)	4,450,400	5,532,500	-	-
RUPIAH /RM	- strengthen by 5% (2020: 5%)	1,301,600	595,400	-	-
	- weaken by 5% (2020: 5%)	(1,301,600)	(595,400)	-	-

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates. The exposures to market risk of the Group for changes in interest rates relates primarily to the deposits placed with licensed banks and interest bearing borrowings of the Group. There is no formal hedging policy with respect to interest rate exposure.

The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk, comparatives have been restated to conform with current year's presentation:

Group	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
As at 31 December 2021						
Fixed rates						
Deposits with licensed banks	17	1.81	20,916,631	-	-	20,916,631
Sukuk Wakalah	21	3.84	-	-	(300,000,000)	(300,000,000)
Floating rates						
Revolving credits	21	0.52	(114,805,648)	-	-	(114,805,648)
Term loans	21	3.13	(27,127,340)	(87,040,596)	(4,785,517)	(118,953,453)
Trade loans	21	1.14	(758,530,467)	-	-	(758,530,467)
As at 31 December 2020						
Fixed rates						
Deposits with licensed banks	17	1.81	19,872,275	-	-	19,872,275
Sukuk Wakalah	21	3.84	-	-	(300,000,000)	(300,000,000)
Floating rates						
Revolving credits	21	0.71	(54,812,593)	-	-	(54,812,593)
Term loans	21	3.30	(20,162,833)	(120,510,692)	(8,425,139)	(149,098,664)
Trade loans	21	1.35	(531,062,297)	-	-	(531,062,297)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iii) Interest rate risk (Cont'd)

The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of reporting period and the remaining maturities of the financial instruments of the Company that are exposed to interest rate risk:

Company	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
As at 31 December 2021						
Fixed rates						
Deposits with licensed banks	17	2.10	5,893,800	-	-	5,893,800
Sukuk Wakalah	21	3.84	-	-	(300,000,000)	(300,000,000)
Floating rate						
Amounts owing by subsidiaries	15	3.40	-	150,193,229	301,415,974	451,609,203
As at 31 December 2020						
Fixed rates						
Deposits with licensed banks	17	2.10	5,773,019	-	-	5,773,019
Sukuk Wakalah	21	3.84	-	-	(300,000,000)	(300,000,000)
Floating rate						
Amounts owing by subsidiaries	15	3.38	-	-	425,019,713	425,019,713

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(iii) Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of reporting period changed by 100 basis points with all other variables held constant.

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Profit after tax				
- Increase by 1% (2020: 1%)	(7,541,000)	(5,586,000)	3,432,000	3,230,000
- Decrease by 1% (2020: 1%)	7,541,000	5,586,000	(3,432,000)	(3,230,000)

The Group's exposure to the interest rate risk is higher in 2021 than in 2020 due to the increase in outstanding borrowings during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

(iv) Commodity price risk

The manufacturing of the Group's cocoa-derived food ingredients products require raw materials such as cocoa beans. The Group seeks to protect itself from the volatility of cocoa bean price risk through the use of commodity futures contracts in a cost effective manner.

The value of the Group's open sale and purchase commitments and inventory of raw materials changes continuously in line with cocoa bean price movements in the respective commodity markets.

The Group uses commodity futures manage its price risk and exposure by having policies and procedures governing its limits on volume and tenure, mark-to-market losses and on approval. The Group's marketing and trading operations are centralised and long-short positions are monitored closely.

Sensitivity analysis for commodity price risk

The following table demonstrates the sensitivity analysis of the Group if commodity price index at the end of reporting period changed by 100 basis points with all other variables held constant.

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Profit after tax				
- Increase by 1% (2020: 1%)	200,395	3,410,369	-	-
- Decrease by 1% (2020: 1%)	(200,395)	(3,410,369)	-	-

Notes to the Financial Statements (Cont'd)

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(v) Liquidity and cash flow risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group would encounter difficulty in meeting its financial obligations when due.

The Group monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations. Comparatives have been restated to conform with current year's presentation.

As at 31 December 2021	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities				
Trade and other payables	683,185,977	-	-	683,185,977
Borrowings	910,511,714	127,968,304	313,617,178	1,352,097,196
Derivative financial liabilities	27,277,508	-	-	27,277,508
Lease liabilities	14,226,484	23,603,139	30,235,217	68,064,840
	1,635,201,683	151,571,443	343,852,395	2,130,625,521
Company				
Financial liabilities				
Trade and other payables	12,010,547	-	-	12,010,547
Derivative financial liabilities	10,605,177	-	-	10,605,177
Borrowings	11,520,000	46,080,000	311,520,000	369,120,000
	34,135,724	46,080,000	311,520,000	391,735,724

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(v) Liquidity and cash flow risk (Cont'd)

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations. Comparatives have been restated to conform with current year's presentation. (Cont'd)

As at 31 December 2020	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
Financial liabilities				
Trade and other payables	364,194,581	-	-	364,194,581
Borrowings	618,798,871	170,471,248	331,652,003	1,120,922,122
Derivative financial liabilities	75,133,038	-	-	75,133,038
Lease liabilities	10,015,859	24,871,689	33,367,465	68,255,013
	1,068,142,349	195,342,937	365,019,468	1,628,504,754
Company				
Financial liabilities				
Trade and other payables	16,867,438	-	-	16,867,438
Borrowings	11,520,000	46,080,000	323,040,000	380,640,000
	28,387,438	46,080,000	323,040,000	397,507,438

(vi) Net investment hedge

The Group's foreign operations of various functional currencies when translated into its parent's reporting currency based on closing rates (for assets and liabilities) and average transaction rates (for income and expenses) at consolidation, gives rise to foreign currency translation gain or loss that will be recognised in other comprehensive income.

A foreign currency exposure arises from the Group's net investment in its Singapore subsidiary that has a USD functional currency. The risk arises from the fluctuation in spot exchange rates between USD and RM, which causes the amount of the net investment to vary. The hedged risk in the net investment hedge is the risk of a weakening USD against the RM that will result in a reduction in the carrying amount of the Group's net investment in the Singapore subsidiary.

Part of the Group's net investment in its Singapore subsidiary is hedged by cross currency swap contracts, which mitigates the foreign currency risk arising from the subsidiary's net assets. The swap contracts are designated as a hedging instrument for the changes in the value of the net investment that is attributable to changes in the RM/USD spot rate. The Group applies a hedge ratio 1:1.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the swap contracts that is attributable to a change in the mark-to-market with changes in the investment in the foreign operation due to movements in the spot rate. The Group's policy is to hedge the net investment only to the extent of the swap contracts principal.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(vi) Net investment hedge (Cont'd)

The amounts related to items designated as hedged items of the Group were as follows:

	Change in value used for calculating hedge effectiveness RM	Foreign currency translation reserve RM	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied RM
2021			
- Overseas subsidiary	(6,838,465)	(6,838,465)	-
2020			
- Overseas subsidiary	2,428,506	2,428,506	-

The amounts related to items designated as hedging instruments of the Group were as follows:

	Notional amount RM	Carrying amount of assets/ (liabilities) RM	Line item in the statement of financial position where the hedging instrument is included	Hedging gain or loss recognised in OCI RM	Hedge ineffectiveness recognised in profit or loss RM	Line item in the statement of comprehensive income that includes hedge ineffectiveness
2021						
- Cross currency swap contracts	286,838,465	(10,605,177)	Derivative financial liabilities	(6,838,465)	(3,938,813)	Other expenses
2020						
- Cross currency swap contracts	276,645,886	2,623,803	Derivative financial assets	2,428,506	-	-

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) In last financial year, PT Asia Cocoa Indonesia, an indirect wholly owned subsidiary of the Group, entered into a Sale and Purchase Agreements ("SPA") with PT Tunas Sakti Mas, to acquire two (2) separate leasehold land and warehouses in Komplek Tunas Industrial Estate, Batam, Indonesia for total purchase consideration of approximately RM13,617,408 (equivalent to SGD4,480,000).

Acquisition on one of the leasehold land and warehouse was completed and recognised in property, plant and equipment of the Group in last financial year with purchase consideration of approximately RM6,808,704 (equivalent to SGD2,240,000).

During the financial year, the acquisition of remaining piece of leasehold land and warehouse was completed and recognised in current year's property, plant and equipment of the Group.

(b) In last financial year, GCBCM, a wholly owned subsidiary of the Company, entered into a SPA with Honda Autoparts Manufacturing (M) Sdn. Bhd. to acquire two (2) pieces of leasehold land together with buildings in Mukim Plentong, Johor Bahru, Johor for a total purchase consideration of RM6,900,000.

During the financial year, the SPA was completed and recognised in current year's property, plant and equipment of the Group.

(c) On 19 August 2021, Guan Chong Cocoa Manufacturer Sdn. Bhd., a wholly owned subsidiary of the Company, entered into a SPA with Nozomi Logistics Sdn. Bhd. for the disposal of two (2) pieces of freehold land in Mukim Plentong, Johor Bahru, Johor for a total sales consideration of RM7,537,031. The transactions have been completed and a gain on disposal of RM1,975,116 had been recognised in the financial statements for the financial year ended 31 December 2021.

39. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to the financial year, Russia and Ukraine conflict resulting in the imposition of various economic sanctions on Russia by several countries across the world. These developments resulted in soaring global commodities and energy prices, supply chain disruption, significant decrease in value of Ruble and a temporary halt of trading on the Moscow Exchange.

Known facts and financial impact of non-adjusting events since the end of the reporting period are as follows:

(a) Credit risk on trade receivables

Total trade receivables as at reporting date that exposed from conflict zones amounting to RM17,728,460 as disclosed in Note 37(i) to the financial statements. Substantial portion of these amounts have been collected and the remaining uncollected balance is insignificant to the Group.

(b) Increasing energy cost in Germany

The energy prices in Germany, in particular electricity and gas prices, are on the rise even before the above-mentioned conflict. The conflict has further driven up the energy costs in the country. For existing sales contracts that have already been locked in, the company is unable to pass on the increased costs to customers. However, the Group will mitigate such risk by incorporating the increased costs into our new selling prices.

The Russia-Ukraine conflict is still evolving and remains unpredictable. Despite that the Group's exposure in Russia is not significant, the Group is closely monitoring and managing the operations of the Group to minimise any impact arising from these developments.

Notes to the Financial Statements (Cont'd)

31 December 2021

40. COMPARATIVES

Certain comparatives have been reclassified to conform with current year's presentation.

(a) Trade receivables sold with non-recourse arrangement

The Group sold certain trade receivables to a financial institution with non-recourse conditions for cash proceeds as disclosed in Note 15(i) to the financial statements.

Group	As previously reported RM	Reclassification RM	As restated RM
Consolidated statement of financial position as at 31 December 2020			
Trade and other receivables	509,076,177	(88,747,156)	420,329,021
Borrowings - short term	(694,784,878)	88,747,156	(606,037,722)
Consolidated statement of cash flow for the financial year ended 31 December 2020			
Cash flows from operating activities			
Changes in trade and other receivables	26,546,966	88,747,156	115,294,122
Cash flows from financing activities			
Net movements in borrowings	331,251,216	(88,747,156)	242,504,060

(b) Reclassification of prepaid lease payments for presentation purpose.

Group	As previously reported RM	Reclassification RM	As restated RM
Consolidated statement of financial position as at 31 December 2020			
Property, plant and equipment	834,797,978	9,951,754	844,749,732
Prepaid lease payments	9,951,754	(9,951,754)	-
Consolidated statement of cash flow for the financial year ended 31 December 2020			
Cash flows from operating activities			
Amortisation of:			
- leasehold land	574,536	(574,536)	-
- warehouse	52,600	(52,600)	-
Depreciation of property, plant and equipment	54,387,057	627,136	55,014,193

40. COMPARATIVES (CONT'D)

(c) Reclassification of impairment of trade and other receivables for presentation purpose.

	As previously reported RM	Reclassification RM	As restated RM
Group			
Consolidated statement of profit or loss for the financial year ended 31 December 2020			
Other income	118,778,003	(6,362,976)	112,415,027
Other expenses	(74,035,381)	3,822,831	(70,212,550)
Net impairment reversal on trade and other receivables	-	2,540,145	2,540,145
Company			
Statement of profit or loss for the financial year ended 31 December 2020			
Other income	32,570,133	(230,000)	32,340,133
Net impairment reversal on trade and other receivables	-	230,000	230,000

List of Properties

Location	Tenure / Term of lease	Approximate Land Area (sq m)	Approximate Age of building	Existing Use	Date of Acquisition	Net book Values @ 31 December 2021
Malaysia						
PLO273 Jalan Timah 2, 81700 Pasir Gudang, Johor	60 years (expiring on 8 May 2043)	7,976	31 years (Main factory and office) 25 years (second factory)	Industrial premises / factory consists of GCC main office, production area for GCC and temporary warehouse	7 December 1989	7,016,803
No. 49 Jalan 10/9, Perjiranan 10, Pasir Gudang, Johor	99 years (expiring on 6 May 2082)	143	38 years	Hostel	28 July 1994	47,563
PLO725, Jalan Keluli 9, 81700 Pasir Gudang, Johor	60 years (expiring on 17 February 2068)	27,523	15 years	Factory / warehouse	9 January 2006	17,227,444
Lot 4-0104(P) Mukim of Plentong, Johor	Freehold	3,502	N/A	Industrial land	1 July 2013	2,032,207
Lot 4-0117 Mukim of Plentong, Johor	Freehold	4,073	N/A	Industrial land	1 July 2013	2,364,104
Lot 4-0118 Mukim of Plentong, Johor	Freehold	4,073	N/A	Industrial land	1 July 2013	2,364,104
Lot 4-0119 Mukim of Plentong, Johor	Freehold	4,073	N/A	Industrial land	1 July 2013	2,364,104
Lot 4-0120 Mukim of Plentong, Johor	Freehold	5,565	4 years (Warehouse)	Warehouse	1 July 2013	7,358,630
Lot D30 & D31, Distripark B, Pelepas Free Zone, Johor	13 years (expiring on 23 March 2025)	16,107	11 years	Rental	2 July 2014	15,238,399
PLO81, Jalan Timah 3, 81700 Pasir Gudang, Johor.	60 years (expiring on 21 July 2036)	12,747	N/A	Industrial land	4 January 2019	3,000,000
PLO207, Jalan Tembaga Satu, 81700 Pasir Gudang, Johor	60 years (expiring on 30 September 2045)	8,093.71	4 years (Main office and factory)	Industrial premises / factory consists of GCBCM main office, production area for GCBCM and temporary warehouse	26 December 1990	14,282,013
PLO233, Jalan Tembaga Satu, 81700 Pasir Gudang, Johor	60 years (expiring on 16 January 2049)	8,044	35 years	Industrial premises with a two storey office with a single storey factory and warehouse	15 October 2020	8,224,060

List of Properties (Cont'd)

Location	Tenure / Term of lease	Approximate Land Area (sq m)	Approximate Age of building	Existing Use	Date of Acquisition	Net book Values @ 31 December 2021
PLO308, Jalan Tembaga Dua, 81700 Pasir Gudang, Johor	60 years (expiring on 22 September 2045)	8,093	35 years	Industrial premises / factory / warehouse	15 October 2020	7,989,519
PLO480, Jalan Keluli Tiga, 81700 Pasir Gudang, Johor	60 years (expiring on 17 October 2053)	20,234	10 year	Warehouse	30 June 2021	9,282,903
PLO546, Jalan Keluli Sepuluh, 81700 Pasir Gudang, Johor	60 years (expiring on 7 October 2057)	20,166	13 year	Warehouse	30 June 2021	7,315,473
Singapore						
The Cascadia 943 Bukit Timah Road #05-47 Singapore 589659	Freehold	111	12 years	Residential	17 January 2011	3,633,641
1 Commonwealth Lane #08-04 One Commonwealth Singapore 149544	30 years (expiring on 28 February 2038)	111	14 years	Office	19 January 2011	1,446,764
United States						
400, Eagle Court Swedesboro, Logan Township, Gloucester County, NJ 08085	Freehold	6,113.02	N/A	Industrial premises / Factory consists of CCC main office, production area for CCC	10 April 2017	8,425,148
Ivory Coast						
Zone Industrielle de San Pédro Bardot 18, Lot 208 TF No. 1138 Bas-Cavally, Ivory Coast	Leasehold	63,566	N/A	Industrial land	28 January 2019	21,416,520
Indonesia						
Komplek Tunas Industrial Estate Type 7 No. A-F, Batam, Indonesia	30 years (expiring on 24 August 2030)	33,181	12 years	Industrial premises / Factory consists of PT Asia main office, production area for PT Asia	21 June 2010	36,280,591
Komplek Tunas Industrial Estate Type 6 No. 7-G, Batam, Indonesia	Leasehold (expiring on 24 August 2030)	6,985	16 years	Industrial premises and warehouse	17 March 2011	4,048,634

List of Properties (Cont'd)

Location	Tenure / Term of lease	Approximate Land Area (sq m)	Approximate Age of building	Existing Use	Date of Acquisition	Net book Values @ 31 December 2021
Komplek Tunas Industrial Estate Type 6 No. 6-D, Batam, Indonesia	Leasehold (expiring on 24 August 2030)	1,257	16 years	Industrial premises and warehouse	17 March 2011	871,129
Komplek Tunas Industrial Estate Type 7 No. 7-H, Batam, Indonesia	Leasehold (expiring on 24 August 2030)	4,388	15 years	Industrial premises and warehouse	4 August 2020	6,683,870
Komplek Tunas Industrial Estate Type 7 No. 7-I, Batam, Indonesia	Leasehold (expiring on 24 August 2030)	4,513	15 year	Industrial premises and warehouse	11 January 2021	7,206,910
Komplek Perumahan Diamond Palace Blok B No. 26, Batam, Indonesia	Leasehold (expiring on 13 August 2030)	170	17 years	Hostel	23 September 2011	442,346
Komplek Perumahan Purimas Residence Blok B3 No. 11, Batam, Indonesia	Leasehold (expiring on 28 May 2030)	132	16 years	Hostel	6 May 2011	158,525
Komplek Perumahan Purimas Residence Blok B3 No. 15, Batam, Indonesia	Leasehold (expiring on 28 May 2030)	132	16 years	Hostel	6 May 2011	158,525
Komplek Perumahan Purimas Residence Blok B5 No. 23, Batam, Indonesia	Leasehold (expiring on 28 May 2030)	132	18 years	Hostel	6 May 2011	158,525
Kawasan Industri Kelurahan IV, Batam Centre, Indonesia	Leasehold (expiring on 8 August 2031)	30,000	9 year	Industrial premises / Factory consists of PT Asia main office, production area for PT Asia	10 January 2012	34,186,532
Komplek. Tunas Industrial Estate Type 6 No. 6-C, Batam, Indonesia	Leasehold (expiring on 24 August 2030)	942	16 years	Industrial premises and warehouse	8 June 2012	848,543
Kawasan Daan Mogot Arcadia, G15 No.5, Jl Raya Daan Mogot KM21, Batu Ceper, Jakarta, Indonesia.	Leasehold (expiring on 4 August 2035)	864	9 years	Industrial premises	2 October 2012	2,804,787

List of Properties (Cont'd)

Location	Tenure / Term of lease	Approximate Land Area (sq m)	Approximate Age of building	Existing Use	Date of Acquisition	Net book Values @ 31 December 2021
Palu warehouse Jalan Trans Sulaiwesi, Taipa, Palu-Sulaiwesi Tengah 94352.	Leasehold (expiring on 21 January 2027)	15,551	15 years	Warehouse	13 December 2013	6,719,884
Makassar Warehouse Jl. Kima 10 Kav A/5-a Makassar 90241	Leasehold (expiring on 29 October 2028)	10,890	23 years	Warehouse	10 December 2013	4,464,454
Komplek Villa Bukit Indah Blok H3 No.1, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	174	6 years	Hostel	29 December 2015	523,259
Komplek Villa Bukit Indah Blok H3 No.2, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	6 years	Hostel	29 December 2015	338,314
Komplek Villa Bukit Indah Blok H3 No.3, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	6 years	Hostel	29 December 2015	338,314
Komplek Villa Bukit Indah Blok H3 No.3A, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	6 years	Hostel	29 December 2015	338,314
Komplek Villa Bukit Indah Blok H3 No.5, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	6 years	Hostel	29 December 2015	338,314
Komplek Villa Bukit Indah Blok H3 No.6, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	6 years	Hostel	29 December 2015	338,314
Komplek Villa Bukit Indah Blok H3 No.9, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	6 years	Hostel	29 December 2015	338,314
Komplek Villa Bukit Indah Blok H3 No.10, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	6 years	Hostel	29 December 2015	338,314
Komplek Villa Bukit Indah Blok H3 No.11, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	6 years	Hostel	29 December 2015	338,314

List of Properties (Cont'd)

Location	Tenure / Term of lease	Approximate Land Area (sq m)	Approximate Age of building	Existing Use	Date of Acquisition	Net book Values @ 31 December 2021
Komplek Villa Bukit Indah Blok H3 No.12, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	6 years	Hostel	29 December 2015	338,314
Komplek Villa Bukit Indah Blok H3 No.12A, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	6 years	Hostel	29 December 2015	338,314
Komplek Villa Bukit Indah Blok H3 No.12B, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	174	6 years	Hostel	29 December 2015	523,259
Rukan Daan Mogot Permai Blok G15 No.1 Jalan Raya Daan Mogot KM 21 Batu Ceper, Tangerang 15122, Indonesia	Leasehold (expiring on 21 August 2039)	605	3 years	Warehouse	22 August 2019	2,008,050
Germany						
Neckarvorlandstraße 21-25, 68159 Mannheim, Germany	Freehold	13,044	51 years	Industrial premises / factory consists of SVG main office, production area for SVG and residential building	1 January 2020	29,286,587
Fruchtbahnhofstraße 35-41, 68159 Mannheim, Germany	Leasehold (expiring on 30 September 2050)	20,840	N/A	Industrial premises	1 October 2020	25,965,918
Am Salzkai, 68159 Mannheim Germany	Leasehold (expiring on 31 May 2024)	703	N/A	Car Park	1 June 2020	134,468
United Kingdom						
Lower Road, Glemsford, Sudberry, Suffolk	Freehold	71,872	71 years (Building One) 21 years (Building Two)	Industrial premises / factory consists of main office and production area for GCBCUK	25 September 2020	45,606,611

Other Compliance Information

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

2. AUDIT AND NON-AUDIT FEES

The fees payable to the external auditors in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 31 December 2021 are as follows:

	COMPANY RM	GROUP RM
Audit fees	93,500	910,818
Non audit fees	5,000	44,337

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year under review or entered into since the end of the previous financial year.

Analysis of Shareholdings

As at 5 April 2022

Issued Share Capital	1,057,132,383 ordinary shares (including treasury shares) 1,056,732,383 ordinary shares (excluding treasury shares)
Voting Right	One vote per ordinary share
Number of Shareholders	4,873

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%* of Shareholders	No. of Shares held*	%* of Issued Share Capital
Less than 100 shares	74	1.52	4,159	Neg
100 to 1,000 shares	1,139	23.37	743,472	0.07
1,001 to 10,000 shares	2,567	52.68	11,359,967	1.08
10,001 to 100,000 shares	842	17.28	24,570,437	2.32
100,001 to less than 5% of issued shares	250	5.13	499,387,410	47.26
5% and above of issued shares	1	0.02	520,666,938	49.27
TOTAL	**4,873**	**100.00**	**1,056,732,383**	**100.00**

Notes:
Neg – Negligible
* – Excluding 400,0000 shares held as treasury shares

LIST OF SUBSTANTIAL SHAREHOLDERS

	No. of Shares held			
Name	**Direct**	**%***	**Indirect**	**%***
Guan Chong Resources Sdn. Bhd.	520,666,938	49.27	-	-

Notes:
* Excluding 400,000 shares held as treasury shares.

DIRECTORS' SHAREHOLDINGS

	No. of Shares held			
Name	**Direct**	**%***	**Indirect**	**%***
Tay Hoe Lian	28,791,582	2.72	620,000[(1)]	0.06
Tay How Sik @ Tay How Sick	11,079,096	1.05	2,570,000[(2)]	0.24
Hia Cheng	18,296,358	1.73	33,592,894[(3)]	3.18
Tan Ah Lai	-	-	-	-
Ang Nyee Nyee	-	-	8,000	Neg
Nurulhuda Binti Abd Kadir	-	-	-	-

Analysis of Shareholdings (Cont'd)

As at 5 April 2022

HOLDING COMPANY – GUAN CHONG RESOURCES SDN. BHD.

	No. of ordinary shares			
Name	**Direct**	**%***	**Indirect**	**%***
Tay Hoe Lian	5,130,000	19.00	-	-
Tay How Sik @ Tay How Sick	3,762,180	13.93	-	-
Hia Cheng	1,350,000	5.00	-	-

Other than as disclosed above, the Directors of the Company did not have any other interest in the shares of the Company and its related corporations as at the date of the Analysis of Shareholdings.

Notes:

* Excluding 400,000 shares held as treasury shares.

(1) Deemed interest by virtue of his spouse, Yap Kim Hong's and his daughter, Tay Jing Ying's shareholding in the Company

(2) Deemed interest by virtue of his daughter, Tay Jing Ye's, Tay Sing Ye's and Tan Lian Shi shareholding in the Company

(3) Deemed interest by virtue of his spouse, Wong Saow Lai's and his daughter, Hia Sin Yee's and Hia Sin Che's shareholding in the Company

GUAN CHONG BERHAD – ORDINARY SHARES
THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares held	%*
1.	Guan Chong Resources Sdn. Bhd.	520,666,938	49.27
2.	Misi Galakan Sdn. Bhd.	47,159,998	4.46
3.	Lembaga Tabung Haji	35,834,900	3.39
4.	Syarikat PJ Enterprise Sdn. Bhd.	29,049,398	2.75
5.	DB (Malaysia) Nominee (Tempatan) Sedirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Value Fund	27,350,000	2.59
6.	Wong Saow Lai	27,092,894	2.56
7.	Tay Hoe Lian	25,191,584	2.38
8.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	20,683,100	1.96
9.	Hia Cheng	18,296,358	1.73
10.	Tay Hoe Chin	15,000,000	1.42
11.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	12,642,000	1.20
12.	Tay How Yeh	12,088,171	1.14

Analysis of Shareholdings (Cont'd)

As at 5 April 2022

GUAN CHONG BERHAD – ORDINARY SHARES (CONT'D)
THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares held	%*
13.	DB (Malaysia) Nominee (Tempatan) Sedirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Balanced Fund	11,150,000	1.06
14.	Tay How Sik @ Tay How Sick	10,379,698	0.98
15.	Tan Hui Yang	7,624,188	0.72
16.	Tan Bak Keng @ Tang Ka Guek	7,488,048	0.71
17.	Chan Lee Yin	6,343,595	0.60
18.	Ngiam Ping-Shin	6,283,798	0.59
19.	Tay Lie Siang	5,983,837	0.57
20.	Tay Lee Goh	5,821,207	0.55
21.	Tay Lee Shein	5,718,839	0.54
22.	T & T Family Sdn. Bhd.	5,100,000	0.48
23.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AsianIslamic)	4,848,400	0.46
24.	Amanahraya Trustees Berhad Public Islamic Select Treasures Fund	4,514,800	0.43
25.	Hia Sin Yee	4,500,000	0.43
26.	Tay Lee Lin	4,234,037	0.40
27.	T & T Family Sdn. Bhd.	3,765,458	0.36
28.	Cartaban Nominees (Tempatan) Sdn. Bhd. TMF Trustees Malaysia Berhad for Affin Hwang Wholesale Equity Fund	3,515,500	0.33
29.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AFFHWG6939-403)	3,416,200	0.32
30.	Oon Ai Fen	3,402,800	0.32
Total		**895,145,746**	**84.70**

Note:
* - Excluding 400,000 shares held as treasury shares.

Analysis of Warrantholdings

As at 5 April 2022

Number of Warrant B Issued	: 168,022,058
Number of Warrant B Exercised	: 48,799,479
Number of Warrant Unexercised	: 119,222,579
Voting Rights	: The holder of warrants is not entitled to any voting rights
Exercise Price Per Warrant	: RM1.65
Number of Warrant holders	: 1,825

DISTRIBUTION OF WARRNTHOLDINGS

Size of Warrantholdings	No. of Warrantholdings	%* of Warrantholdings	No. of Warrants held	% of Warrants
Less than 100 warrants	564	30.90	24,995	0.02
100 to 1,000 warrants	512	28.06	282,821	0.24
1,001 to 10,000 warrants	509	27.89	2,052,827	1.72
10,001 to 100,000 warrants	194	10.63	6,301,320	5.29
100,001 to less than 5% warrants	44	2.41	26,922,794	22.58
5% and above of warrants	2	0.11	83,637,822	70.15
TOTAL	**1,825**	**100.00**	**119,222,579**	**100.00**

LIST OF SUBSTANTIAL WARRANTHOLDERS

	No. of Warrants held			
Name	**Direct**	**%**	**Indirect**	**%**
Guan Chong Resources Sdn. Bhd.	73,944,489	62.02	-	-
Misi Galakan Sdn. Bhd.	9,693,333	8.13	-	-
Tan Mary @ Safiah Tan Mary	35,333	0.03	9,693,333[(1)]	8.13

Notes:

[(1)] Deemed interest by virtue of her substantial warrantholding in Misi Galakan Sdn. Bhd.

DIRECTORS' WARRANTHOLDINGS

	No. of Warrants held			
Name	**Direct**	**%**	**Indirect**	**%**
Tay Hoe Lian	1,288,595	1.08	100,000[(1)]	0.08
Tay How Sik @ Tay How Sick	1,079,849	0.91	20,000[(2)]	0.02
Hia Cheng	2,116,059	1.77	5,147,148[(3)]	4.32
Tan Ah Lai	-	-	-	-
Ang Nyee Nyee	-	-	-	-
Nurulhuda Binti Abd Kadir	-	-	-	-

Notes:

[(1)] Deemed interest by virtue of his spouse, Yap Kim Hong's warrantholding in the Company

[(2)] Deemed interest by virtue of his daughter, Tay Jing Ye's warrantholding in the Company

[(3)] Deemed interest by virtue of his spouse, Wong Saow Lai's and his daughter, Hia Sin Yee's warrantholding in the Company

Analysis of Warrantholdings (Cont'd)

As at 5 April 2022

GUAN CHONG BERHAD – WARRANTS B
THIRTY (30) LARGEST WARRANTHOLDERS

No.	Name of Warrantholders	No. of Warrants held	%*
1.	Guan Chong Resources Sdn. Bhd.	73,944,489	62.02
2.	Misi Galakan Sdn. Bhd.	9,693,333	8.13
3.	Syarikat PJ Enterprise Sdn. Bhd.	4,841,566	4.06
4.	Wong Saow Lai	4,813,815	4.04
5.	Hia Cheng	2,116,059	1.77
6.	Tan Hui Yang	1,984,349	1.66
7.	Ngiam Ping-Shin	1,047,299	0.88
8.	Oung Chee Seng	1,004,049	0.84
9.	Lo Chee Meng	984,300	0.83
10.	Tay How Sik @ Tay How Sick	963,283	0.81
11.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yock Wan Ching	714,800	0.60
12.	Tay Hoe Lian	688,596	0.58
13.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chiew Chieng Siew (E-PDG)	582,000	0.49
14.	Oon Ai Fen	567,133	0.48
15.	Lim Hwee Chen	495,366	0.42
16.	Hia Sin Yee	333,333	0.28
17.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tay Hoe Lian	333,333	0.28
18.	Tay Lee Shein	330,673	0.28
19.	Chow Yew Shing @ Chew Yeow Chong	311,000	0.26
20.	Chuah Chai Pore	306,933	0.26
21.	Affin Hwang Nominees (Asing) Sdn. Bhd. Phillip Securities Pte Ltd for Chan Sek Keong	300,000	0.25
22.	Yee Yet Moon	300,000	0.25
23.	Tay Lee Goh	290,000	0.24
24.	Tay Hoe Lian	266,666	0.22
25.	Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund J724 for SPDR S&P Emerging Markets ETF	227,666	0.19
26.	Maybank Nominees (Tempatan) Sdn. Bhd. Ivan The Fu Sun	200,000	0.17
27.	Tey Moi Hong	198,200	0.17
28.	HLB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chang Sen Siang	188,900	0.16
29.	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for William Desmond York	180,000	0.15
30.	Tay Lee Lin	174,506	0.15
Total		**108,381,647**	**90.92**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of GUAN CHONG BERHAD ("GCB" or "the Company") will be conducted entirely through live streaming from the meeting venue at PLO 207, Jalan Tembaga Satu, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor on Monday, 30 May 2022 at 10.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors' and Auditors' Reports thereon.

2. To approve the payment of Directors' fees and allowances up to RM850,000 for the financial year ending 31 December 2022 payable monthly in arrears after each month of completed service of the Directors during the subject financial year. **Ordinary Resolution 1**

3. To declare a final single tier dividend of 2.0 sen per ordinary share in respect of the financial year ended 31 December 2021. **Ordinary Resolution 2**

4. To re-elect the following Directors who retire in accordance with Regulation 91 of the Company's Constitution:

   i) Hia Cheng **Ordinary Resolution 3**

   ii) Tay Hoe Lian **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**

As Special Business

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

6. **Authority to Directors to allot and issue shares pursuant to Section 75 of the Companies Act 2016** **Ordinary Resolution 6**

   "THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and the approvals of Bursa Malaysia Securities Berhad and other relevant governmental or regulatory bodies, where such approvals are necessary, the Directors be hereby empowered, pursuant to Section 75 of the Act, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

Notice of Annual General Meeting (Cont'd)

7. **Proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("RRPT")** **Ordinary Resolution 7**

"THAT pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be hereby given for the renewal of and new shareholders' mandate for the GCB Group to enter into and to give effect to specified RRPT and with the related parties as stated in Section 4.3 of the Circular to Shareholders dated 28 April 2022, which are necessary for its day-to-day operations, to be entered into by the GCB Group on the basis that these transactions are or to be entered into on terms which are not more favorable to the Related Parties involved than generally available to the public and are not detrimental to the minority shareholders of the Company" ("Proposed Shareholders' Mandate");

THAT the Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall only continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which the Proposed Shareholders' Mandate has been passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company and/or any of them be hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Shareholders' Mandate."

8. **Proposed renewal of authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued share capital** **Ordinary Resolution 8**

"THAT, subject to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Company be hereby given full authority, to seek shareholders' approval for the renewal of authority for the Company to purchase such amount of ordinary shares in the Company ("Shares") through Bursa Securities upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:

(i) the aggregate number of Shares so purchased and/or held pursuant to this ordinary resolution ("Purchased Shares") does not exceed ten percent (10%) of the total issued share capital of the Company; and

(ii) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the aggregate of the retained profits of the Company;

"THAT the Directors be hereby authorised to decide at their discretion either to retain the Purchased Shares as treasury shares (as defined in Section 127 of the Act) and/or to cancel the Purchased Shares and/or to retain the Purchased Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or cancelled subsequently and/or to retain part of the Purchased Shares as treasury shares and/or cancel the remainder and to deal with the Purchased Shares in such other manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force;

AND THAT such approval and authorisation shall only continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;

AND FURTHER THAT the Directors of the Company be authorised to do all such acts and things (including, without limitation executing all such documents as may be required) as they may consider expedient or necessary to give full effect to this mandate."

9. **Proposed retention of Tan Ah Lai as Independent Director** **Ordinary Resolution 9**

THAT approval be hereby given to Tan Ah Lai who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance.

10. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016.

NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Eighteenth Annual General Meeting, the proposed final single tier dividend of 2.0 sen per share in respect of the financial year ended 31 December 2021, will be paid on 10 June 2022 to depositors registered in the Record of Depositors of the Company at the close of business on 18 May 2022.

A depositor shall qualify for entitlement only in respect of:-

a) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 18 May 2022 in respect of ordinary transfers; or

b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

Notice of Annual General Meeting (Cont'd)

By order of the Board,

NG MEI WAN
(SSM Practicing Certificate No.: 201908000801) (MIA 28862)
TAN HUI KHIM
(SSM Practicing Certificate No.: 201908000859) (LS 0009936)
Company Secretaries

Muar, Johor
28 April 2022

Notes:

1. **IMPORTANT NOTICE**

   The Meeting 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/proxies/corporate representatives/attorneys **WILL NOT BE ALLOWED** to attend the Eighteenth Annual General Meeting ("AGM") in person at the Meeting Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM via the Remote Participation and Electronic Voting ("RPEV") facility provided by Boardroom Share Registrars Sdn. Bhd. via https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC – D6A357657)

2. Only depositors whose names appear in the Record of Depositors as at 23 May 2022 shall be regarded as members and be entitled to attend, speak and vote at the Meeting.

3. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Act. There shall be no restriction as to the qualification of the proxy. A member who has appointed a proxy or power of attorney or authorised representative at the AGM via RPEV facility must request his/her proxy to register himself/herself for RPEV facility at https://investor.boardroomlimited.com. Please refer to the Administrative Details for AGM.

4. 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.

5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised. In the event the member(s) duly executes the proxy form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).

6. To be valid, the duly completed proxy form or power of attorney or certificate of appointment of corporate representatives must be deposited at the Share Registrars of the Company situated at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor or by electronic lodgement via https://investor.boardroomlimited.com not less than twenty-four (24) hours before the time for holding the meeting as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of AGM to be put to vote by poll. Please refer to the Administrative Details for AGM on the procedures for electronic lodgement of proxy form or power of attorney or certificate of appointment of corporate representatives.

Explanatory Notes:

7. **Item 1 of the Agenda**

   This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.

8. **Item 2 of the Agenda – Ordinary Resolution 1**
   Approval of Directors' fees and allowances for the financial year ending 31 December 2022

   Directors' fees and allowances approved for the financial year ended 31 December 2021 were RM850,000. The Directors' fees and allowances proposed for the financial year ending 31 December 2022 are calculated based on the number of scheduled Board and Committee Meetings for year 2022 and assuming that all Non-Executive Directors will hold office until the conclusion of the next annual general meeting.

   This resolution is to facilitate payment of Directors' fees and allowances on current financial year basis. In the event the Directors' fees and allowances proposed are insufficient (e.g. due to more meetings), approval will be sought at the next annual general meeting for additional fees and allowances to meet the shortfall.

9. **Item 6 of the Agenda – Ordinary Resolution 6**
   Authority to Directors to allot and issue shares pursuant to Section 75 of the Companies Act 2016

   (a) The proposed Ordinary Resolution no. 6, if passed, will empower the Directors of the Company, from the date of the forthcoming Annual General Meeting ("AGM") to allot and issue shares in the Company up to an amount not exceeding ten percent (10%) of the issued share capital of the Company for the time being for such purposes as they may deem fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next AGM of the Company.

   (b) The mandate now sought is a renewal from the previous mandate obtained at the last AGM held on 31 May 2021 which will expire at the conclusion of the forthcoming AGM.

   (c) As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 31 May 2021.

   (d) The authority will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

10. **Item 7 of the Agenda – Ordinary Resolution 7**
    Proposed renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("RRPT") ("Proposed Shareholders' Mandate")

    The proposed Ordinary Resolution no. 7, if passed, will approve RRPT which are necessary for the Group's day-to-day operations to be entered into by the Company and its subsidiaries with the respective related parties from the forthcoming Annual General Meeting ("AGM") to the next AGM; subject to the condition that the transactions are entered into on terms which are not more favorable to the related parties involved than generally available to the public and are not detrimental to the minority shareholders of the Company. Further details on the Proposed Shareholders' Mandate are provided in the Circular to Shareholders dated 28 April 2022.

Notice of Annual General Meeting (Cont'd)

11. **Item 8 of the Agenda – Ordinary Resolution 8**
Proposed renewal of authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued share capital ("Proposed Shares Buy-Back Authority")

The proposed Ordinary Resolution no. 8, if passed, will empower the Directors to purchase shares in the Company up to an amount not exceeding ten percent (10%) of the issued share capital of the Company as they consider would be in the interest of the Company. Further details on the Proposed Shares Buy-Back Authority are provided in the Circular to Shareholders dated 28 April 2022.

12. **Item 9 of the Agenda – Ordinary Resolution 9**
Proposed Retention of Tan Ah Lai as Independent Director

The Board has assessed the independence of the Director, Tan Ah Lai who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, and recommended him to continue to act as Independent Non-Executive Director of the Company based on the following justifications:

i) He fulfill the criteria under the definition of an Independent Director (except for item h) as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and thus, he will be able to function as check and balance, provide a broader view and bring an element of objectivity to the Board;
ii) During his tenure in office, he not developed, established or maintained any significant relationship which would impair his independence as Independent Director with the Executive Directors and major shareholders other than normal engagements and interactions on a professional level consistent and expected of them to carry out his duties as Independent Non-Executive Director and Chairman or member of the Board's Committees;
iii) During his tenure in office, he has never transacted or entered into any transactions with, nor provided any services to the Company and its subsidiaries, within the scope and meaning as set forth under Paragraph 5 of Practice Note 13 of Listing Requirements;
iv) He has currently not sitting on the board of any other public and/or private companies having the same nature of business as that of the Company and its subsidiaries;
v) During his tenure in office as Independent Non-Executive Director in the Company, he has not been offered or granted any options by the Company. Other than Director's fees and allowances paid which have been an industry norm and within acceptable market rates and duly disclosed in this Annual Report, no other incentives or benefits of whatsoever nature had been paid to them by the Company;
vi) His vast experience and legal and accounting background enable him to provide the Board with a diverse set of experience, expertise and independent judgment; and
vii) He has performed his duties diligently and in the best interest of the Company and provide a broader view, independent and balanced assessment of proposals from the management.

13. **ANNUAL REPORT**

The Annual Report for the financial year ended 31 December 2021 is now available at the Company's corporate website, www.gcbcocoa.com. Printed copy of the Annual Report shall be provided to the shareholders upon request soonest possible from the date of receipt of the request.

Shareholders who wish to receive the printed Annual Report may email your request to Boardroom Share Registrars Sdn. Bhd. [199601006647 (378993-D)] at Mohamed.Sophiee@boardroomlimited.com or Muhammad.Taufiq@boardroomlimited.com

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS

No individual is seeking election as a Director at the Eighteenth Annual General Meeting of the Company.

Administrative Details

For Eighteenth Annual General Meeting ("18th AGM") of Guan Chong Berhad

Due to the unprecedented circumstances arising from the measures that have been implemented nationally to limit the spread of the COVID-19, and in particular, the Government of Malaysia ("Government")'s official guidance for practising social distancing, the Board of Directors of GUAN CHONG BERHAD ("Board") has decided that the 18th AGM of GUAN CHONG BERHAD ("the Company" or "GCB") shall be held on virtual basis and entirely via Remote Participation and Electronic Voting ("RPEV") facilities on the date, time and at the Meeting Venue, as follows:

Date	:	Monday, 30 May 2022
Time	:	10.00 a.m.
Meeting Venue	:	PLO 207, Jalan Tembaga Satu, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor
Online Meeting Platform	:	https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC – D6A357657)
Mode of Communication	:	1. Type text in the meeting platform. The Messaging window facility will be opened concurrently with the Virtual Meeting Portal, i.e. one (1) hour before the 18th AGM, which is from 9.00 a.m. on Monday, 30 May 2022 2. Shareholders may submit questions in advance on the 18th AGM resolutions and Annual Report 2021 commencing from 29 April 2022 and in any event not later than Sunday, 29 May 2022 at 10.00 a.m. via Boardroom's website at https://investor.boardroomlimited.com using the same user ID and password provided in Step 2 below, and select "SUBMIT QUESTION" to pose questions ("Pre-AGM Meeting Questions").

PRECAUTIONARY MEASURES ON COVID-19

1. The Company invites shareholders to participate in the upcoming 18th AGM from their home or office and follow the entire proceedings as the 18th AGM would be conducted via RPEV facilities. The AGM will be conducted in accordance with the practices that have already been adopted by other internationally developed capital markets. The 18th AGM is transparent, has a high level of integrity and is environmentally friendly. Our approach also supports the Government's initiative to ban mass gathering as part of its safety measure to contain the spread of COVID-19, while concurrently observes 18th AGM deadline as stipulated in the Companies Act 2016. Furthermore, throughout the years, the resolutions in our 18th AGM have been passed electronically, and the adoption of a virtual AGM is one step ahead for good corporate governance practice.

   Please note that the Meeting Venue is strictly for the purpose of compliance with Section 327(2) of the Companies Act 2016 and Regulation 73 of the Company's Constitution. **NO SHAREHOLDERS/PROXIES/POWER OF ATTORNEY/ CORPORATE REPRESENTATIVES** should be physically present at or admitted to the Meeting Venue on the day of the AGM.

VOTING PROCEDURE

1. The voting procedure will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad ("Bursa Malaysia") Main Market Listing Requirements. The Company has appointed Boardroom Share Registrars Sdn. Bhd. ("Boardroom") as Poll Administrator to conduct the poll by way of electronic voting ("e-voting") and Independent Scrutineers to verify and validate the poll results.

2. For the purposes of this 18th AGM, e-voting will be carried out via the following voting devices:

   a. Personal smart mobile phones , tablets or Laptops

3. There are two (2) methods for members and proxies who wish to use their personal voting device to vote. The methods are as follows:

    a. Use QR Scanner Code given in the email to you; OR
    b. Go to the website URL https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC – D6A357657)

4. The polling will only commence after the announcement of poll being opened by the Chairman and until such time when the Chairman announces the closure of poll.

5. The Scrutineers will verify the poll result reports upon closing of the poll session by the Chairman and the Chairman will declare whether the resolutions put to vote were successfully carried or not.

6. You must ensure that you are connected to the internet at all times in order to participate and vote remotely when the 18th AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the 18th AGM is maintained. Kindly note that the quality of the connectivity to Virtual Meeting Portal for live webcast as well as for remote online voting is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.

ONLINE REGISTRATION PROCEDURE

7. Please note that the RPEV facilities is available to **(i) Individual Members; (ii) Corporate Shareholders; (iii) Authorised Nominee; and (iv) Exempt Authorised Nominee** shall use the RPEV facilities to participate and vote remotely at the 18th AGM.

8. If you choose to participate in the Meeting online, you will be able to view a live webcast of the Meeting, ask questions and submit your votes in real time whilst the Meeting is in progress.

9. Kindy follow the steps below on how to request for login ID and password.

Step 1 – Register Online with Boardroom Smart Investor Portal (for first time registration only) *(Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2. Submit request for Remote Participation user ID and password)* a. Access website https://investor.boardroomlimited.com b. Click <<**Register**>> to sign up as a user. c. Complete registration and upload softcopy of MyKAD (front and back) or Passport in JPEG, PNG or PDF format. d. Please enter a valid email address and wait for Boardroom's email verification. e. Your registration will be verified and approved within one (1) business day and an email notification will be provided.
Step 2 – Submit Request for Remote Participation User ID and Password *(Note: The registration for remote access will be opened on 29 April 2022)* **Individual Members** - Login to https://investor.boardroomlimited.com using your. login credentials created with Boardroom Smart Investor Portal from Step 1 above. - Select "**GUAN CHONG BERHAD (18th) ANNUAL GENERAL MEETING**" from the list of Corporate Meetings and click "**Enter**". - Click on "Register for RPEV" - Read and agree to the terms & conditions and confirm the declaration by clicking "**Next**". - Enter your CDS Account Number and thereafter submit your request.

Administrative Details (Cont'd)

For Eighteenth Annual General Meeting ("18th AGM") of Guan Chong Berhad

Appointment of Proxy

- Log in to https://investor.boardroomlimited.com using your login credentials created with Boardroom Smart Investor Portal from Step 1 above.
- Select "**GUAN CHONG BERHAD (18th) ANNUAL GENERAL MEETING"** from the list of Corporate Meetings and click "**Enter**".
- Click on "**Submit eProxy Form**".
- Read and accept the General Terms and Conditions by clicking "**Next**".
- Enter your CDS Account Number and number of securities held.
- Select your proxy – either the Chairman of the meeting or individual named proxy(ies) and enter the required particulars of your proxy(ies).
- Indicate your voting instructions-"**FOR**" or "**AGAINST**", otherwise your proxy will decide your vote.
- Review and confirm your proxy appointment and click "**Apply**".
- Download or print the eProxy form as acknowledgement.

Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee

- Write in to bsr.helpdesk@boardroomlimited.com by providing the name of shareholder, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy (as the case may be) to submit the request.
- Please provide a copy of the Corporate Representative's or Proxy Holder's MyKad (front and back) or Passport in JPEG, PNG or PDF format as well as his/her email address.

a. You will receive a notification from Boardroom that your request has been received and is being verified.
b. Upon system verification against the 18th AGM's Record of Depositories, you will receive an email from Boardroom either approving or rejecting your registration for remote participation.
c. You will also receive your remote access user ID and password along with the email from Boardroom if your registration is approved.
d. Please note that the closing time to submit your request is at 10:00am on 29 May 2022 to avoid any delay in the registration process.

Step 3 – Login to Virtual Meeting Portal

(Please note that the quality of the connectivity to Virtual Meeting Portal for live webcast as well as for remote online voting is highly dependent on the bandwidth and the stability of the internet connectivity available at the location of the remote users)

a. The Virtual Meeting portal will be open for login starting an hour (1 hour) before the commencement of 18th AGM at **9:00am on 30 May 2022**.
b. Follow the steps given to you in the email along with your remote access user ID and password to login to the Virtual Meeting portal. *(Refer to Step 2(c) above)*.
c. The steps will also guide you on how to view live webcast, ask questions and vote.
d. The live webcast will end and the Messaging window (for asking questions) will be disabled the moment the Chairman announces the closure of the 18th AGM.
e. You can now logout from Virtual Meeting Portal.

PARTICIPATION THROUGH LIVE WEBCAST, QUESTION AND VOTING AT THE 18TH AGM

1. The Chairman and the Board will endeavour their best to respond to the questions submitted by shareholders which are related to the resolutions to be tabled at the 18th AGM, as well as financial performance/prospect of the Company.

2. All modes of communications are accepted for the purpose of posting questions to the Chairman and Board before or during the 18th AGM. Shareholders are however encouraged to post questions via the online platform during the 18th AGM.

3. Shareholders may proceed to cast votes on each of the proposed resolutions, to be tabled at the 18th AGM, after the Chairman has opened the poll on the resolutions. Shareholders are reminded to cast their votes before the poll is closed.

4. Shareholders who participate in the 18th AGM are able to view the Company's presentation or slides via the live webcast.

ENTITLEMENT TO PARTICIPATE AND VOTE

In respect of deposited securities, only members whose names appear in the Record of Depositors on **23 May 2022** (General Meeting Record of Depositors) shall be eligible to participate in the AGM or appoint proxy(ies) to participate and/or vote on his/her behalf.

FORM(S) OF PROXY

1. You may download the Proxy form(s) from our website at https://www.gcbcocoa.com/content/annual-reports.

2. If you are unable to attend the online 18th AGM and wish to appoint the Chairman of the18th AGM as your proxy to vote on your behalf, please deposit your proxy form at the office of the company's share registrar, Boardroom Share Registrars Sdn. Bhd. at **11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor** no later than 10.00 a.m. on 29 May 2022 (24 hours before the 18th AGM). Any alteration to the Form of Proxy must be initialled.

3. Alternatively, the proxy appointment may also be lodged electronically at https://investor.boardroomlimited.com, which is free and available to all individual shareholders no later than 10.00 a.m. on 29 May 2022 (24 hours before the 18th AGM). For further information, kindly refer to the "**Online Registration Procedure**" above.

4. **If you wish to participate in the 18th AGM yourself, please do not submit any proxy form for the AGM. You will not be allowed to participate in the 18th AGM together with a proxy appointed by you**

REVOCATION OF PROXY

If you have submitted your Form(s) of Proxy and subsequently decide to appoint another person or wish to participate in our electronic 18th AGM by yourself, please write in to bsr.helpdesk@boardroomlimited.com to revoke the earlier appointed proxy 24 hours before the meeting.

RECORDING OR PHOTOGRAPHY AT THE ONLINE AGM

No recording or photography of the AGM proceeding is allowed without the prior written permission of the Company.

ANNUAL REPORT 2021 – *GO DIGITAL & PAPERLESS!*

1. As part of our dedicated commitment to sustainable practices, the Annual Report 2021 can be downloaded from our website at https://www.gcbcocoa.com/content/annual-reports and also at Bursa Malaysia website under "Company Announcements".

2. Since the 18th AGM will be conducted electronically, there will be NO DISTRIBUTION of the Annual Report 2021 during the meeting.

Administrative Details (Cont'd)

For Eighteenth Annual General Meeting ("18th AGM") of Guan Chong Berhad

PERSONAL DATA PRIVACY

By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

ENQUIRY

If you have general administrative enquiries on the AGM, please contact the following during office hours:

<u>Boardroom Share Registrars Sdn. Bhd.</u>

Office Helpdesk	:	+60 3 7890 4700
Encik Mohamed Sophiee Ahmad Nawawi	:	+60 3-7890 4716
Encik Muhammad Taufiq Lokman	:	+60 3-7890 4705
Fax No.	:	+60 3 7890 4670
E-mail	:	bsr.helpdesk@boardroomlimited.com
	:	mohamed.sophiee@boardroomlimited.com
	:	muhammad.taufiq@boardroomlimited.com

GUAN CHONG BERHAD

REGISTRATION NO.: 200401007722 (646226-K)
(Incorporated in Malaysia)

PROXY FORM

No of Shares held	
CDS Account No.	

I/We ______________________________ NRIC/Passport/Registration No. ______________________
(full name in capital letters)

of ____
(full address)

being a member/members of GUAN CHONG BERHAD, hereby appoint ______________________

______________________________ NRIC/Passport No. ______________________
(full name in capital letters)

of ____
(full address)

and ______________________________ NRIC/Passport No. ______________________
(full name in capital letters)

of ____
(full address)

or failing him/her*, the CHAIRMAN OF THE MEETING as my/our* proxy to vote for me/us* on my/our* behalf at the Eighteenth Annual General Meeting of the Company to be conducted entirely through live streaming from the meeting venue at PLO 207, Jalan Tembaga Satu, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor on Monday, 30 May 2022 at 10.00 a.m. and at any adjournment thereof in respect of my/our* shareholding in the manner indicated below:-

No.	Ordinary Resolution	For	Against
1	Approval of Directors' fees and allowances for the financial year ending 31 December 2022		
2	Payment of final single tier dividend of 2.0 sen per ordinary share		
3	Re-election of Hia Cheng as Director		
4	Re-election of Tay Hoe Lian as Director		
5	Re-appointment of Messrs BDO PLT as Auditors		
6	Authority for Directors to allot and issue shares pursuant to Section 75 of the Companies Act 2016		
7	Renewal of and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
8	Renewal of authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued share capital		
9	Retention of Tan Ah Lai as Independent Director		

[Please indicate with a "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific instructions, your proxy will vote or abstain as he/she thinks fit]

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

Proxy	No of Shares	Percentage
1		
2		
Total		100%

____
Signature of Shareholder or Common Seal

Dated this __________ day of __________ 2022

Fold this flap for sealing

Notes:

1. **IMPORTANT NOTICE**

   The Meeting 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/proxies/corporate representatives/attorneys **WILL NOT BE ALLOWED** to attend the Eighteenth Annual General Meeting ("AGM") in person at the Meeting Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM via the Remote Participation and Electronic Voting ("RPEV") facility provided by Boardroom Share Registrars Sdn. Bhd. via https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC – D6A357657)

2. Only depositors whose names appear in the Record of Depositors as at 23 May 2022 shall be regarded as members and be entitled to attend, speak and vote at the Meeting.

3. A member shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead pursuant to Section 334 of the Act. There shall be no restriction as to the qualification of the proxy. A member who has appointed a proxy or power of attorney or authorised representative at the AGM via RPEV facility must request his/her proxy to register himself/herself for RPEV facility at https://investor.boardroomlimited.com. Please refer to the Administrative Details for AGM.

4. 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.

Then fold here

AFFIX
STAMP

The Share Registrars
Guan Chong Berhad
Registration No.: 200401007722 (646226-K)
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya, Selangor

1st fold here

5. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. If the appointor is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised. In the event the member(s) duly executes the proxy form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, provided always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).

6. To be valid, the duly completed proxy form or power of attorney or certificate of appointment of corporate representatives must be deposited at the Share Registrars of the Company situated at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor or by electronic lodgement via https://investor.boardroomlimited.com not less than twenty-four (24) hours before the time for holding the meeting as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of AGM to be put to vote by poll. Please refer to the Administrative Details for AGM on the procedures for electronic lodgement of proxy form or power of attorney or certificate of appointment of corporate representatives.

Personal Data Privacy

By submitting the proxy form, the member or proxy accepts and agrees to the collection, use and disclosure of their personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the Eighteenth Annual General Meeting (including any adjournment thereof).

GUAN CHONG BERHAD
200401007722 (646226-K)

PLO 273, Jalan Timah Dua,
Kawasan Perindustrian Pasir Gudang,
81700 Pasir Gudang, Johor Darul Takzim, Malaysia.

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