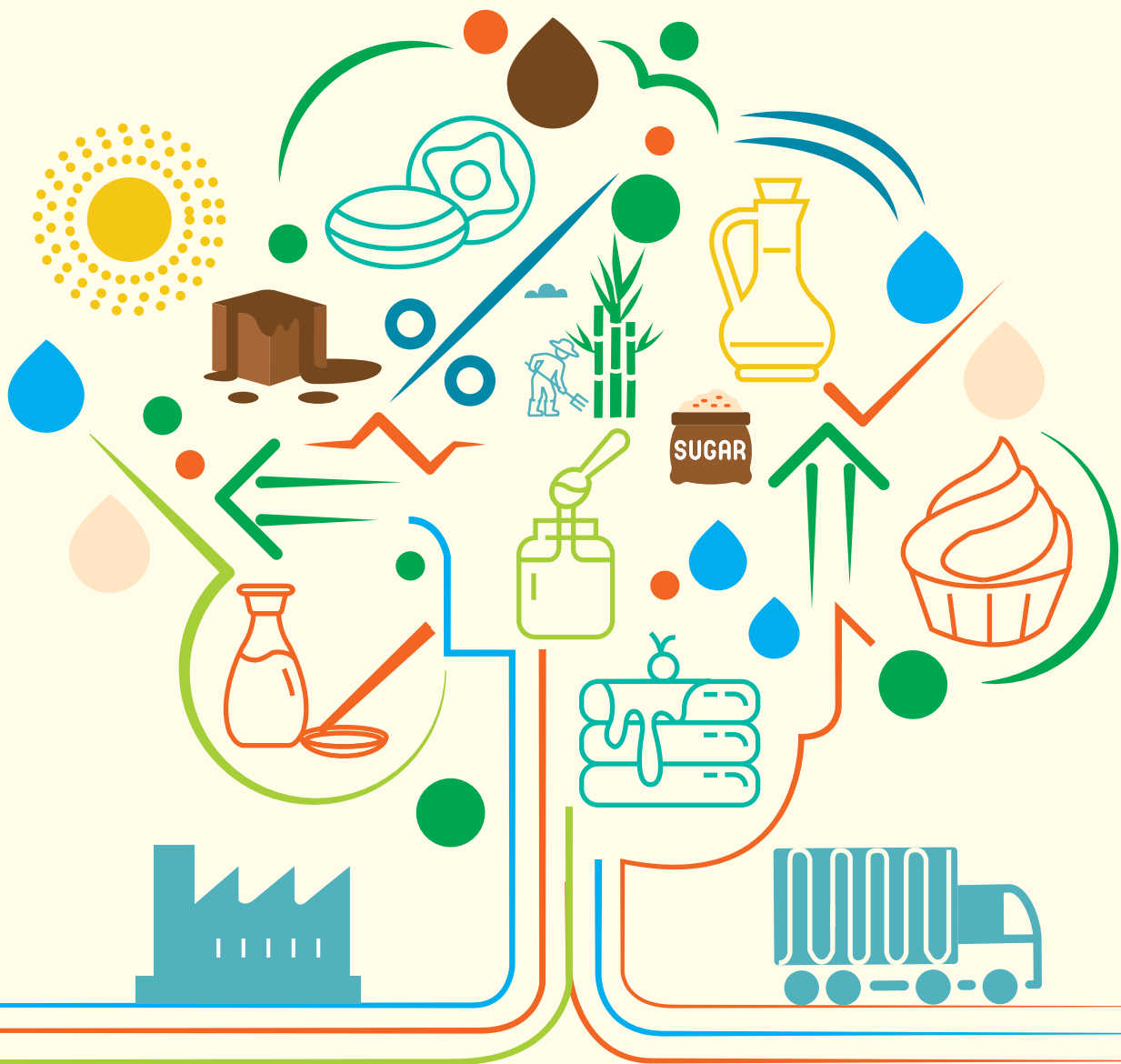




**THREE-A RESOURCES BERHAD**  
Registration No. 199901006659 (481559-M)

# SEEKING OPPORTUNITIES IN CHALLENGES

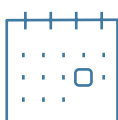


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**21<sup>ST</sup> ANNUAL GENERAL MEETING**  
of Three-A Resources Berhad  
Registration No. 199901006659  
(481559-M)



**Date:**  
26 May 2023 (Friday)



**Time:**  
10.00 a.m.



**Virtual basis through live streaming and online Remote Participation and Electronic voting (“RPEV”) from the Broadcast Venue:**  
Level 3A, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13, 46200, Petaling Jaya,  
Selangor Darul Ehsan.



## COVER RATIONALE

The Group continued to face adverse market conditions due to global and domestic economic uncertainties stemming from escalating geopolitical tensions, high inflationary pressures, and tight monetary policies. This has resulted in surging raw materials and operational costs impacting our earnings.

As depicted on the report cover design, we focused on efforts to enhance our value chain as a strategy for creating opportunities, sustainable value, and the resilience to strive and achieve better profitability amid the elevated headwinds. By prioritising higher quality goods and services, greater variety, and more innovation in our value chain, we aim to improve our business processes, increase efficiency, and establish a competitive advantage moving forward.

## CORPORATE GOVERNANCE

## FINANCIAL REPORT

## ADDITIONAL INFORMATION

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## VISION

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



## MISSION

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

# CORPORATE PROFILE



## ABOUT US

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

## OUR PRODUCT PORTFOLIO

- Liquid Caramel, Caramel Colour
- Fermented Vinegar, Distilled Vinegar, Rice Vinegar
- Glucose Syrup, High Maltose Syrup, Liquid Maltodextrin
- Soya Protein Sauce (**"SPS"**)
- Hydrolysed Vegetable Protein (**"HVP"**) Powder
- Caramel Powder
- Soya Sauce Powder
- Maltodextrin
- Golden Syrup

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

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

## OUR ACCREDITATION & RECOGNITION

FSSC 22000 Certification by  
Intertek Certification International Sdn. Bhd.

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

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

KOSHER Certification by  
Orthodox Union

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

**Fong Chu King @ Tong Chu King**  
*Managing Director*

**Chew Eng Chai**  
*Independent Non-Executive Director*

**Dato' Shamesh a/l Jeevaretnam**  
*Independent Non-Executive Director*

**Karmjit Kaur a/p Sarban Singh**  
*Independent Non-Executive Director*

**Fang Siew Ping**  
*Non-Independent Executive Director*

**Liew Kuo Shin**  
*Non-Independent Executive Director*

**Kee Thuan Chai**  
*Non-Independent Non-Executive Director*

**Lim Yee Mein**  
*Non-Independent Non-Executive Director*



## Board Committee

### Audit Committee

**Chew Eng Chai** (*Chairman*)  
**Dato' Shamesh a/l Jeevaretnam**  
**Karmjit Kaur a/p Sarban Singh**

### Remuneration Committee

**Karmjit Kaur a/p Sarban Singh**  
(*Chairperson*)  
**Chew Eng Chai**  
**Dato' Shamesh a/l Jeevaretnam**

### Nomination Committee

**Dato' Shamesh a/l Jeevaretnam**  
(*Chairman*)  
**Chew Eng Chai**  
**Karmjit Kaur a/p Sarban Singh**

### Risk Management Committee

**Karmjit Kaur a/p Sarban Singh**  
(*Chairperson*)  
**Fong Chu King @ Tong Chu King**  
**Fang Siew Ping**

### Company Secretaries

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

## Auditors

BDO PLT  
Chartered Accountants  
Level 8, BDO @ Menara CenTARa  
360 Jalan Tuanku Abdul Rahman,  
50100 Kuala Lumpur  
Tel no. : +603 2616 2888  
Fax no. : +603 2616 3190

## Registered Address

AL 308, Lot 590 & Lot 4196,  
Jalan Industri U19  
Kampung Baru Sungai Buloh,  
40160 Shah Alam,  
Selangor Darul Ehsan.  
Tel no : +603 6156 2655  
Fax no : +603 6156 2657  
E-mail : info@three-a.com.my

## Share Registrar

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

## Company No.

199901006659 (481559-M)

## Website

[www.three-a.com.my](http://www.three-a.com.my)

## Bankers

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

## Stock Exchange

Bursa Malaysia Securities Berhad

## Market

Main Market

## Sector

Consumer Products & Services

## Stock Name

3A

## Stock Code

0012

## Investor Relation

**Fong Peng Fai**, *Group Financial Controller*

**Jessica Fang**, *Senior Manager*

Tel no. : +603 6156 2655

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

# PROFILE OF BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT

## DATO' JAGJIT SINGH A/L BANT SINGH

*Independent Non-Executive Chairman*



Nationality



Age



Gender



Dato' Jagjit Singh a/l Bant Singh ("**Dato' Jagjit**") was appointed to the Board on 28 August 2019 and serves as an Independent Non-Executive Chairman of the Company and a Director of its wholly owned subsidiaries, San Soon Seng Food Industries Sdn Bhd ("**SSSFI**") and Three-A Food Industries (M) Sdn Bhd ("**3A Food**").

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

Dato' Jagjit was a former Judge and has served the Malaysian Legal and Judicial Service for 28 years in various positions including that of a Senior Federal Counsel, Deputy Treasury Solicitor, Legal Advisor to the Ministry of Health, Deputy Public Prosecutor and

Senior Assistant Parliamentary Draftsman.

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

Dato' Jagjit attended all five (5) Board Meetings held during the financial year ended 31 December 2022. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## MR FONG CHU KING @ TONG CHU KING

*Managing Director/Key Senior Management*



Nationality



Age



Gender



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

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

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

Mr Fong Chu King attended all five (5) Board Meetings held during the financial year ended 31 December 2022. He is a sibling of the major shareholder, Mr Fang Chew Ham. He has no conflict of interest with the Company and has no convictions for any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

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

## MR CHEW ENG CHAI

*Independent Non-Executive Director*



Nationality



Age



Gender



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

Mr Chew Eng Chai is a fellow of the Institute of Chartered Accountants in England and Wales. He is also a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He was formerly the Director of Yeo Hiap Seng (Malaysia) Berhad, a company he had joined

since 1975. He has more than 27 years of experience in the food & beverage industry.

Mr Chew Eng Chai attended all five (5) Board Meetings held during the financial year ended 31 December 2022. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## DATO' SHAMESH A/L JEEVARETNAM

*Independent Non-Executive Director*



Nationality



Age



Gender



Dato' Shamesh a/l Jeevaretnam ("**Dato' Shamesh**") was appointed to the Board on 8 June 2022 and serves as an Independent Non-Executive Director of the Company. He also serves as a Chairman of Nomination Committee and is a member of Audit Committee and Remuneration Committee of the Company.

Dato' Shamesh holds a Bachelor of Law ("**LLB Hons**") from University of London. He has been in legal practice for more than 20 years and has vast experience in civil and commercial law including handling of human resource and intellectual property issues. He also currently serves as a President of the Housing Tribunal.

Dato' Shamesh attended two (2) Board Meetings held during the financial year ended 31 December 2022 since his appointment as Director on 8 June 2022. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

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

## MS KARMJIT KAUR A/P SARBAN SINGH

*Independent Non- Executive Director*



Nationality



Age



Gender



Ms Karmjit Kaur a/p Sarban Singh (**"Ms Karmjit"**) was appointed to the Board on 8 June 2022 and serves as an Independent Non-Executive Director of the Company. She also serves as a Chairperson of Remuneration Committee and Risk Management Committee, and is a member of Audit Committee, Nomination Committee of the Company.

Ms Karmjit holds a Bachelor of Arts (**Economics**) degree from York University, Toronto, Canada. She has more than 30 years' experience in the banking sector having worked in commercial and investment banks and held various senior management positions and leadership roles including Senior Director of Affin Hwang Investment Bank (M) Berhad. She was also a member of asset and

liability committee, compliance risk and oversight committee, and early alert and watch list committee for the investment bank. She is currently a member of Institute of Corporate Directors Malaysia. Ms Karmjit is also a Director of TSA Group Berhad.

Ms Karmjit attended two (2) Board Meetings held during the financial year ended 31 December 2022 since her appointment as Director on 8 June 2022. She does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## MS FANG SIEW PING

*Non-Independent Executive Director/Key Senior Management*



Nationality



Age



Gender



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

Ms Fang Siew Ping holds a Bachelor Degree in Chemistry from the University of Kentucky, USA. She joined SSSFI in 2004 and currently serves as Senior Manager of Business Development cum R&D. She collaborates with the Sales & Marketing team

for new business opportunities and she is also Head of R&D and Quality Assurance Department of SSSFI.

Ms Fang Siew Ping attended all five (5) Board Meetings held during the financial year ended 31 December 2022. She is the daughter of Mr Fang Chew Ham and a sibling of Ms Fang Siew Yee, who both are major shareholders of the Company. She has no conflict of interest with the Company and has no convictions for any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.



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

## MR LIEW KUO SHIN

*Non-Independent Executive Director/Key Senior Management*



Nationality



Age



Gender



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

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

the Head of Logistic Department and Maintenance Department of SSSFI.

Mr Liew Kuo Shin attended all five (5) Board Meetings held during the financial year ended 31 December 2022. He is the spouse of Ms Fang Siew Yee, a major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## MR KEE THUAN CHAI

*Non-Independent Non-Executive Director*



Nationality



Age



Gender



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

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

Mr Kee Thuan Chai started his career as Trainee Accountant with Perlis Plantation Berhad (now known as PPB Group Berhad) in 1993. He was transferred to the group's oil palm plantation subsidiary and based in Central Kalimantan in 2006. In 2009,

he was transferred back to Kuala Lumpur, with PPB Oil Palms Berhad, now known as Wilmar Plantation Sdn Bhd (WPSB), a fully owned subsidiary of Wilmar International Limited. He now heads WPSB Finance Department as Group Manager (FAA).

Mr Kee Thuan Chai attended all five (5) Board Meetings held during the financial year ended 31 December 2022. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

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

## MS LIM YEE MEIN

*Non-Independent Non-Executive Director*



Nationality



Age



Gender



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

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

Ms Lim Yee Mein attended all five (5) Board Meetings held during the financial year ended 31 December 2022. She does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## MR FONG PENG FAI

*Group Financial Controller/Key Senior Management*



Nationality



Age



Gender



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

Mr Fong Peng Fai also holds a Masters of Business Administration from University of Strathclyde, UK. His professional working experience started in external audit firms. Then he moved

on to business recovery and consulting assignments in PriceWaterhouseCoopers and later, he joined Digi as Head of Accounting and Financial Reporting.

Mr Fong Peng Fai is the son of the Managing Director, Mr Fong Chu King @ Tong Chu King. He has no conflict of interest with the Company and has no convictions for any offences within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

# MANAGEMENT DISCUSSION AND ANALYSIS



as well as tightening financial conditions, as stated in the report. These factors have been driving food and oil prices to new highs. Some immediate short-term measures have been taken by governments around the world which include imposing price controls and trade restrictions. As for consumers, the price surge has certainly resulted in cutting back consumption including changing behaviour on food consumption.

The market and consumer data provider Statista has reported that revenue in the global food market amounted to US\$46.78 billion (RM206.77 billion) in 2022 and is expected to grow annually by 8.2% (compound annual growth rate [CAGR] in 2022 to 2027). The market's largest segment is confectionery and snacks with a volume of US\$9.2 billion in 2022. These statistics augurs well for companies such as 3A which depends on the transformation of consumer behaviour on F&B consumption.

## Profit Before Tax (PBT)



**RM47.8**  
million

## Profit After Tax (PAT)



**RM35.1**  
million

## INDUSTRY OVERVIEW

As we reflected on the unparalleled pace of change from the domino impact of COVID-19, companies need to evolve to overcome challenges in order to achieve their business objectives and to shape a better world for all. 3A Group continues to forge ahead on production efficiency and cost management with a focused mission of fulfilling the pent-up demand of our value chain partners and customers. The disruptions brought about by COVID-19 brought realisation that our team need to focus on plant modernisation and automation and more importantly align the operations and people in the quest of protecting the planet.

According to Malaysia's Economy Report 2022/2023 released by Bank Negara Malaysia in February 2023, Malaysia's domestic economy is seen to be driven by steady domestic demand, a vibrant service sector, implementation of new and ongoing high-multiplier infrastructure projects, and sustained exports. Nevertheless, the pace of economic recovery is also dependent on other factors, including the efforts in mitigating the downside risks, such as geopolitical uncertainties, global inflation

Given the price escalation trend as well as keen competition, food ingredient manufacturers have a lot more role to play. When partnering with food manufacturers and providers, 3A Group leverages on our own R&D to produce tailor-made products for specific customers. This has paved the way for the expansion of 3A's customer base and strengthening earnings in recent years. Backed by a strong local market presence, our Group is confident of our ability to support the growth of the region, with our solid manufacturing capabilities and a proven reputation for product quality. The Group is firm on its journey to unlock the potential of new customers through a customised



# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## INDUSTRY OVERVIEW (CONTINUED)

portfolio, deployment of resources, effective communication, enhanced visibility, and building consumer connect. 3A's ongoing investment in improving production efficiency is a confirmation of our confidence and key presence in Malaysia and throughout the region.

## 2022 BUSINESS AND OPERATIONAL PERFORMANCE

### (I) PERFORMANCE OVERVIEW

3A Group is established to be widely known as one of the country's leading food and beverage ingredients manufacturing company. Our products have a strong presence locally and are sold to many parts of the world. It is imperative that the Group ensures continued supply of these essential products to the Malaysian society and abroad through detailed strategies and planning as well as to adapt with agility to the fast-changing environment.

Our company has delivered a resilient performance across our product range for Financial Year 2022 ("FY 2022"). This is a strong indication to our financial discipline and flexibility in the face of challenging market conditions.

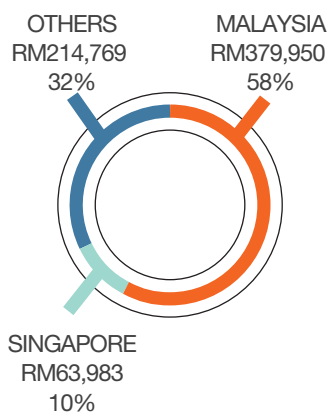
The Group recorded close to 28% increase in revenue of RM658.702 million in FY2022 as compared to

RM515.615 million in FY2021. This is the highest revenue achieved thus far in 3A Group's history, contributed predominantly by the higher Average Selling Prices (ASP) and increase in quantities of products sold across the board. Three (3) products namely Caramel, Maltodextrin and Glucose represented more than 80% of the Group's sales for FY2022. Total Sales and Domestic Sales for the year increased by 28% and 30% respectively. Growth in domestic and export sales was largely driven by higher ASP, higher volumes sold and across all products.

### (II) EXPORTS

Revenue from export of products comprised 42% of the overall revenue of the Group in FY2022.

#### Revenue By Geographical Location (RM'000)



During FY 2022, exports of our products remained stable with an overall increase of 25% mainly due to the following:

- continuous focus on the development of new markets
- new launch of tailored made products for selected customers
- continue to explore new markets for other categories



# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## (III) EARNINGS

Despite the record high revenue achieved, profit for the Group have been impacted by higher raw material costs, energy costs, labour, transportation and other related expenses in FY2022. The Group profit before tax and profit after tax had reduced to RM47.8 million and RM35.1 million respectively in FY2022 as compared with RM62.5 million and RM46.5 million respectively in FY2021. Nonetheless, the Group plans to continue to adjust product selling prices and new formulation of Marketing Strategies that involve product target market, sales mix and selling prices, in response to changes in the industry.

The Group's gross profit margin has also been affected as compared to the previous year from 18.7% to 13.4% in FY2022. The prices of major raw materials of the Group, particularly corn starch and tapioca starch had increased significantly in FY2022 as compared with FY2021.

## (IV) ASSETS & LIABILITIES

Total borrowings have also increased to RM20.247 million mainly in the form of bankers' acceptances to finance higher inventories holdings in tandem with current business requirements.

The inventory requirements have been the main factor on the cash and bank balances of the Group, as it registered a reduction of almost 62% as compared to previous year's figures. The Group required higher cash flow needs for our inventory holding and operational activities. Our major raw materials are tapioca and corn starch, sugar and soybean meal. The commodity price volatility continues to present challenges to the Group. Nevertheless, the Group continues to adopt a dynamic inventory holding

policy to mitigate this challenge and also attempts to pass on significant costs movement to customers through product selling price.

Total assets and shareholders' equity of the Group grew to RM509.048 million and RM420.107 million respectively as at 31 December 2022. In addition, the Group's earnings per share for the year was 7.2 sen and net asset per share was at 85.8 sen as at the end of 2022.

efficiency which will further generate our cost savings.

## (VI) MARKETING AND CUSTOMER BASE EXPANSION

In ensuring that 3A is ahead of its competitive edge, we are working closely with our existing customers and potential new customers to strengthen the business relationship for both short and long terms. More significantly,



## (V) PRODUCTION

Throughout the years, plant expansions, upgrading and modernisation continued to be undertaken as part of the long-term operational efficiency initiatives. The Group had acquired more advanced product packing machines, monitoring apparatus to improve efficiency such as flow meter and hydro heater. Plant expansion was also an important undertaking to achieve economies of scale. The outcome of ongoing improvements will increase automation which will enable us to reduce the dependence on foreign labour as well as enhance plant

we are striving to gain loyalty with our customers through deep understanding and hands-on information sharing regarding key matters such as varieties of business, food safety, formulas and batches, regulatory compliance, sales and profitability and critical success factors.

We are also trying to expand our business by reaching out to new customers in existing and new geographical areas either directly or indirectly through our local distributors. Company recognises the need to understand different markets and the customers' distinctive requirements

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

and try to adjust ourselves to cater for those requirements in order to expand and strengthen our sales position.

Concurrently, we are expanding our R&D team and facilities to be ahead on technical support and assistance to our customer, should there be any occurrence of issues on their operations. It is critical for the Group to continue to innovate and come up with new ways of doing things. Maximising the capacity of manufacturing and enhancing our product innovation capability are our top priority efforts to deliver solutions that are cost-competitive, flexible, secure, and reliable to customers.

## KEY BUSINESS OPPORTUNITIES AND RISKS

Exploring potential markets, plant efficiency improvement and innovation of new product offerings will indeed open-up new business possibilities and provide cost savings for 3A but will also bring along with them potential risks and challenges. The Board and Management team have been working hard to mitigate the potential threats that may be disrupting the smooth running of the business.

In reviewing new revenue stream, 3A employs its risk management process on risk identification, impact assessment, profiling matrix and the mitigation plans, based on the general principles of the international risk management framework. The Risk Management Committee continues to review its strategic, business and operational risks in tandem with changes in the external operating environment. Escalating energy costs and any further changes to its business model, business strategies and processes will affect our risk profile. This includes intensified competition because of slower global economic growth, supply chain disruptions, as well as changes in countries' regulations. The geographical risks have been somewhat lessened with the new Trans-Pacific Partnership ("TPP") agreement

whereby the import duty requirement for certain countries will be reduced which will in turn assist our cross-border expansion plans in the years to come.

We have created a structured framework to identify key risks factors within the group and thus develop action plans to mitigate them. At production level, plans are in place to ensure the necessary activities are carried out for the manufacturing plants to avoid unscheduled plant breakdown and lower plant utilisation rate. Apart from the above, 3A is committed in ensuring the implementation of its annual Safety, Health and Environmental ("SHE") programs to manage the number of reportable incidents, implement corrective and preventive actions, and raise employee health and safety awareness.

Specific details on 3A's risk management areas are provided in the Statement on Risk Management and Internal Control ("SORMIC") of this Annual Report.

## OUTLOOK AND PROSPECTS

Malaysia is working to ensure a stronger economic recovery and make life easier for its people. The F&B industry is an important pillar of this effort to change lifestyles and ensure food security. Notably, Malaysia has witnessed significant growth of this industry in the recent years. As the world recovers from the pandemic, the outlook for the F&B sectors in the coming year appears to be bright. Nonetheless, the growth for our economy could be hampered by escalating inflation, experienced in the larger economies such as Europe and the US.

FY2023 is expected to be as challenging as FY2022 – as raw materials will remain costly, while the security of supply chains cannot be assured. Added to this, there is a possibility of the world entering a recession. Most economists and financial experts believe that a rise in interest rates due to inflationary pressures will make a recession in some major economies very likely, and the



group expects similar challenges throughout fiscal 2023.

However, our results in 2022 make us optimistic. We believe that the various systems in place will put us in a stronger operational and financial position as we pursue our expansion plan and various facility improvement projects.

The Group views the heightened prices fluctuations in raw materials, prevailing supply chain disruptions and competition in the market as factors which will continue to significantly impact ASP as well as volume moving forward. Our immediate response to these would be on our commitment to pursue automation, efficiency improvement, sustainability, growth of existing business, and new business development towards achieving consistent growth. Our target is to approach those market which are still new or have low penetration and identify new customers and/or new agents/distributors in the new market. This will allow us to diversify our market and also help us to develop our brand in different parts of the world.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



With continuous investments, product innovation through research and development, convergence capabilities, pricing strategies and capturing of new markets, the leadership team is optimistic about prospects for 2023.

## DIVIDENDS

The Group regularly pays dividends to our shareholders for their continued support and confidence in the Company's performance over the years. Based on the strong historical performance, 3A Group's management has positive expectations of our future earnings growth. The Board of Directors have always taken the interests of the shareholders and the economic situation of the Group into account when making its decisions. Key factors such as liquidity needs arising from investing and operating activities and situations related to rising commodity prices in the food ingredients sector would certainly influence dividend payment decisions. After considering the financial positions of the Group, the Board of Directors had declared

an interim dividend per share of 2.5 sen for FY2022, amounting to total dividend payout of RM12.225 million and was paid on 21 December 2022.

## NOTE OF APPRECIATION

Reflecting on FY2022, it was certainly a challenging year for the Group and we are truly grateful for the unwavering support of

our customers and suppliers in ensuring that we were able to minimise the impact of the external challenges affecting our business and operations. Our heartfelt appreciation also goes out to our shareholders, who provide us with their continued trust; our consumers, who have demonstrated unwavering loyalty in navigating through the jittery market; as well as our business partners who have worked with us to create some amazing synergies.

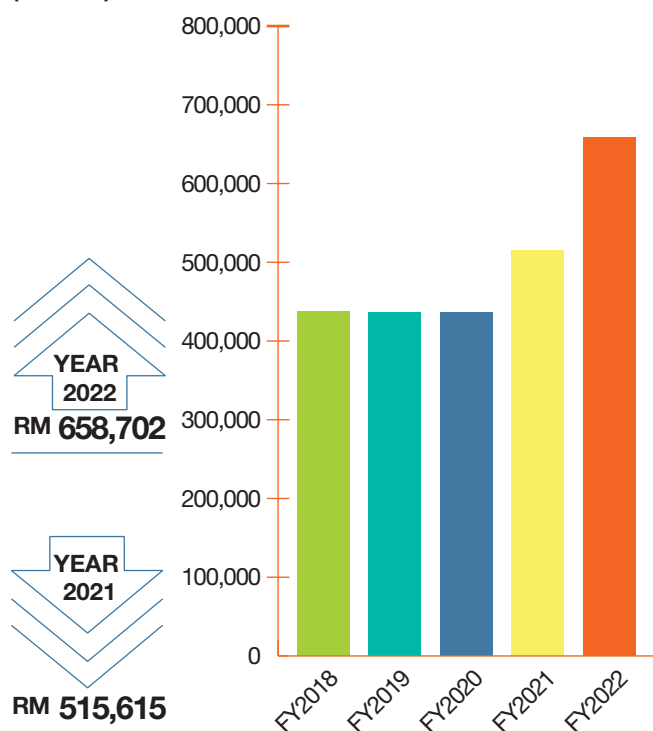
We would also like to extend our appreciation and gratitude to all the employees and management team of 3A Group for the full trust and conviction in embracing the Group's business strategies. These are the strong men and women who have put in tireless efforts to go above and beyond expectation to meet the customers' needs and delivering the highest revenue for the Group. We will continue to offer employment opportunities, developmental programme for talent and have welcomed people within the localities and communities where we operate through regular hiring.

Finally, we are truly grateful to our Chairman and directors for their great wisdom and foresight in leading the Group through our boldest endeavours. With your full support and faith in us, the team in 3A look forward to transforming the Group to be more resilient and agile towards achieving sustainable success.

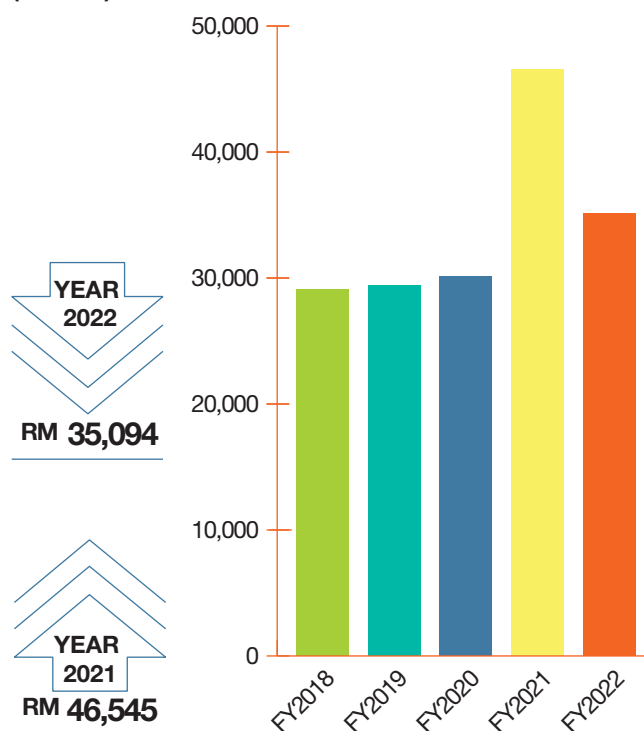


# FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

REVENUE  
(RM'000)



PROFIT AFTER TAX  
(RM'000)

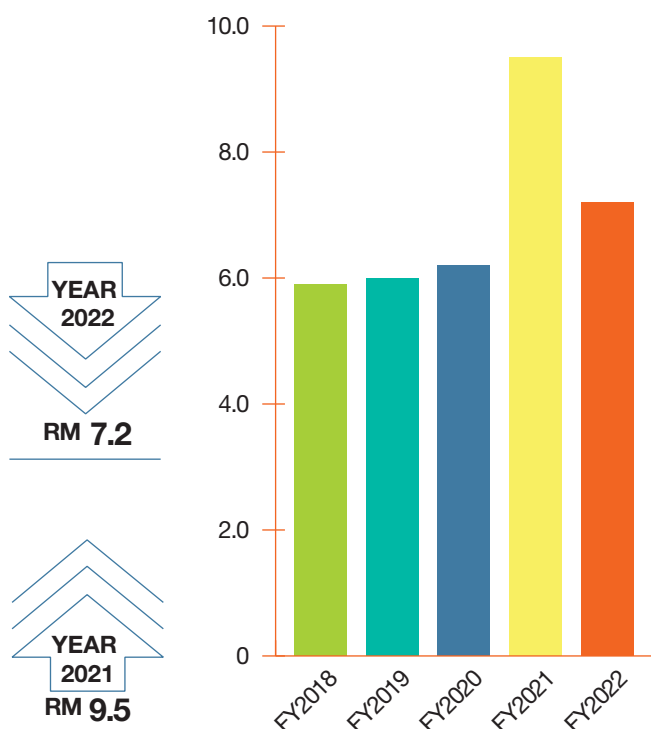


	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Revenue	658,702	515,615	436,166	436,066	437,977
Profit Before Tax	47,803	62,506	40,708	40,259	34,204
Profit After Tax	35,094	46,545	30,162	29,419	29,120
Total Assets	509,048	463,570	431,837	406,519	394,502
Total Liabilities	88,941	65,259	65,364	58,345	65,907
Share Capital	149,087	149,087	149,087	149,087	98,400
Shareholders' Equity	420,107	398,311	366,473	348,174	328,595

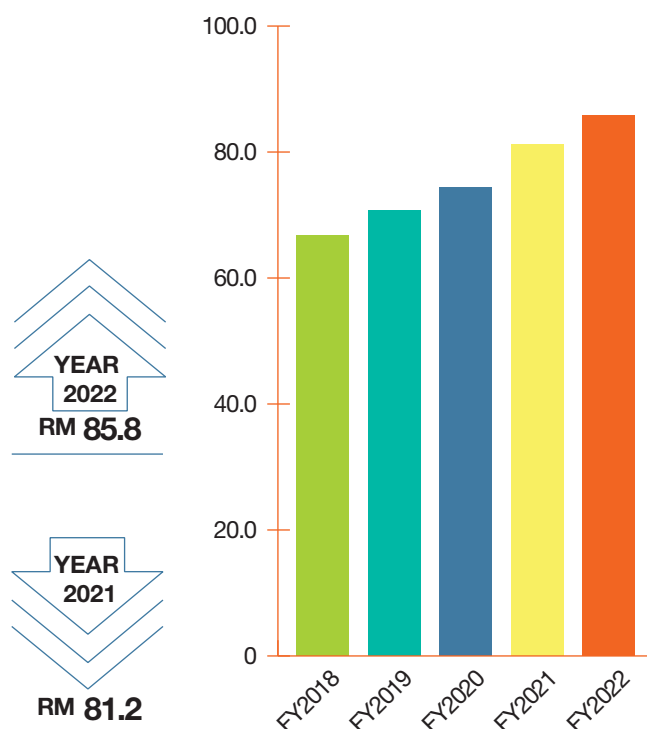


# FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS (CONTINUED)

EARNING PER SHARE (sen)



NET ASSETS PER SHARE (sen)



	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
Earnings per Share (sen)	7.2	9.5	6.2	6.0	5.9
Net Assets per Share (sen)	85.8	81.2	74.4	70.7	66.7
Net Dividend per Share (sen)	2.5	3.0	2.2	2.0	2.0
Return on Equity (%)	8.4	11.7	8.2	8.4	8.9
Return on Assets (%)	6.9	10.0	7.0	7.2	7.4
Dividend Payout Ratio (%)	34.9	31.6	35.7	33.3	33.9

# SUSTAINABILITY STATEMENT

## ABOUT THIS STATEMENT

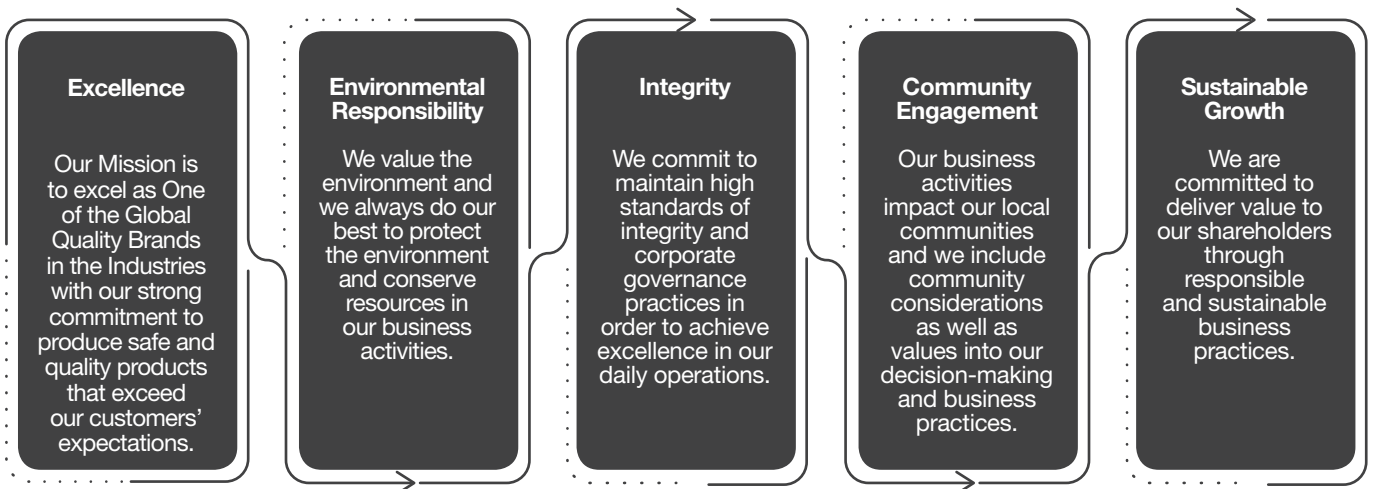
### INTRODUCTION

Three-A Resources Berhad (“3A” or “the Company”) and its subsidiaries (collectively known as “3A Group” or “the Group”) places great importance on its environmental, social, and governance (“ESG”) performance in pursuit of its Vision and Mission and presents its Sustainability Statement 2022 (“SS2022”) for financial year ended 31 December 2022 (“FY2022”). As a responsible corporate citizen, 3A Group is committed in preserving the environment, promoting fair business practices, maintaining high standards in manufacturing activities to deliver quality products, and cultivating positive relationships with stakeholders.

3A Group recognises that achieving its goal of becoming a globally recognised brand in the food and beverage industry with excellent quality products requires a focus on ESG considerations. By incorporating sustainable practices and social responsibility into its operations, 3A Group aims to become a global market leader that is known for its commitment to ESG principles.

The Group's sustainability strategy is anchored in its core values and business principles, which guide the operations to drive a more sustainable future. We firmly believe in upholding our values across all aspects of our operations and remain committed to this endeavour.

The following are the core values that are firmly ingrained in us:



Our ongoing sustainability journey has primarily driven the planning and application of relevant policies, processes and solutions that cement positive sustainability in all of our operations, while continually improving its ESG performance. By prioritising ESG considerations, 3A Group aims to achieve its long-term goals while contributing to a sustainable future for all.

### REPORTING SCOPE, PERIOD AND MATERIAL BOUNDARY

The scope of this report includes the operations of the Group which covers the reporting period from January to December 2022.

3A Group's sustainability reporting boundaries are governed by the prioritisation of its identified materiality topics and Bursa Malaysia's Sustainability Reporting Guideline.

### REPORT QUALITY AND DATA ASSURANCE

The report's data has been internally sourced and verified by the respective business units or information owners. 3A Group will continue to strengthen its data collection and analysis procedures to enhance the quality and accuracy of its data going forward.

The report's content is based significantly on our stakeholders' views and assessment of material topics and risk factors, as well as emerging trends and opportunities within the Group's industry environment.

# SUSTAINABILITY STATEMENT (CONTINUED)

## LIMITATIONS

3A Group understands that data-gathering challenges remain for some indicators. Therefore, we are continually working towards applying more robust data tracking and gathering mechanisms to improve our reporting in the future.

## FORWARD-LOOKING STATEMENTS

The SS2022 contains forward-looking statements such as targets, plans and prospects that are reasonably formulated based on expected future performance, current operating conditions and available data at present, all of which may change based on unforeseen circumstances beyond the 3A Group's control.

## AVAILABILITY

The SS2022 is prepared as part of 3A's Annual Report 2022 ("AR 2022"), which can be downloaded from the Group's website at <http://www.three-a.com.my/annual-report.php>.

## FEEDBACK

To continue our engagement with stakeholders, we welcome feedback and concerns which can be directed to:

Ms. Jessica Fang, Senior Manager

Mr. Fong Peng Fai, Group Financial Controller

**Investor Relations,**

**Three-A Resources Berhad,**

AL 308, Lot 590 & Lot 4196

Jalan Industri U19

Kg Baru Sungai Buloh

40160 Shah Alam

Selangor Darul Ehsan

Tel: +603 6156 2655

Email: [info@three-a.com.my](mailto:info@three-a.com.my)

## STAKEHOLDER IDENTIFICATION AND ENGAGEMENT


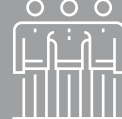




At 3A, we recognise the importance of collaborating with our stakeholders to develop a comprehensive sustainability agenda that aligns with their evolving needs and expectations. We have identified our key stakeholders based on their ability to influence 3A Group's business operations and their interests in our organisation.

Engaging stakeholders support the Board and Management to establish a more extensive range of materiality in determining material ESG topics for the Group by understanding of how these individuals or groups can impact 3A Group's business model in terms of its capital, brand reputation and value creation.

The perspectives of stakeholders as individuals, groups, and entities are crucial to ensuring the continued growth and success of the Group. Undertaking stakeholder engagement initiatives can result in stronger economies, higher living standards, and increased opportunities for individuals and groups by facilitating resource allocation and economic health.

# SUSTAINABILITY STATEMENT (CONTINUED)

## STAKEHOLDER ENGAGEMENT TABLE

 Shareholders	 Customers	 Suppliers	 Employees	 Regulators	 Local Communities
Engagement Method					
<ul style="list-style-type: none"> <li>Investor relationship feedback</li> <li>Company website</li> </ul>	<ul style="list-style-type: none"> <li>Regular virtual meetings</li> <li>Face-to-face meetings</li> <li>Survey feedback</li> </ul>	<ul style="list-style-type: none"> <li>Virtual meetings</li> <li>Online correspondences</li> <li>Face-to-face meetings</li> </ul>	<ul style="list-style-type: none"> <li>Virtual management meetings</li> <li>Feedback and surveys</li> <li>Face-to-face meetings</li> </ul>	<ul style="list-style-type: none"> <li>On-site inspection</li> <li>Regular updates and briefing by regulators</li> </ul>	<ul style="list-style-type: none"> <li>Communications with representatives of establishments</li> </ul>
Needs and Expectations					
<ul style="list-style-type: none"> <li>Continued profitability and growth</li> <li>Product innovation to meet changing demands</li> <li>3A's positive image and reputation</li> </ul>	<ul style="list-style-type: none"> <li>Food safety and quality</li> <li>Compliances to International Quality Standards</li> <li>Fair product pricing</li> </ul>	<ul style="list-style-type: none"> <li>Supply chains responsibility</li> <li>Ethical practices</li> <li>Clear contract specifications</li> </ul>	<ul style="list-style-type: none"> <li>Training, guidance, and support</li> <li>Workplace safety and health</li> <li>Welfare and safety</li> <li>Talent attraction</li> <li>Job satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Food safety and quality</li> <li>Compliance of specification/ allowable limit</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Social and Responsibility ("CSR") activities</li> <li>Avoid adverse impacts from operations to public safety, security and the environment</li> <li>Avoid quality of life deterioration</li> <li>Participation in community programmes</li> <li>Timely and responsive communication and actions</li> </ul>
Relevant Material Matters					
<ul style="list-style-type: none"> <li>Company performance</li> <li>Economic (good governance practices)</li> </ul>	<ul style="list-style-type: none"> <li>Safe and Quality products</li> <li>Customer privacy and data protection</li> </ul>	<ul style="list-style-type: none"> <li>Supply chain management</li> <li>Transparent procurement practices</li> </ul>	<ul style="list-style-type: none"> <li>Employees (health and safety)</li> <li>Training and development</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Environmental concerns – water usage, waste management</li> </ul>	<ul style="list-style-type: none"> <li>Environmental concerns – water usage, waste management</li> <li>Social infrastructure</li> </ul>

# SUSTAINABILITY STATEMENT (CONTINUED)

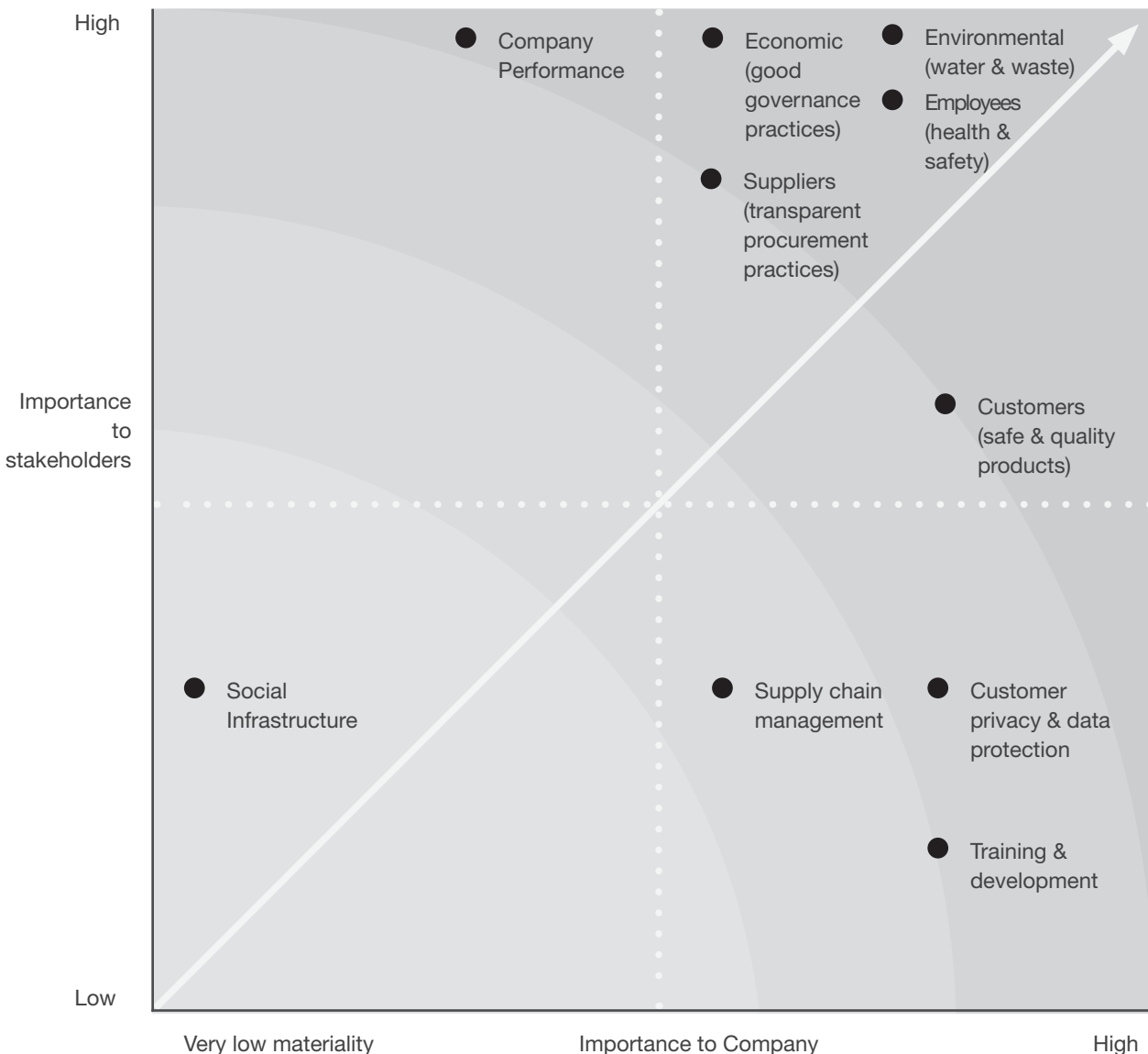
## MATERIALITY MATTERS

3A Group conducted a materiality assessment to identify the material matters which are significant to the Group. These material topics, which are considered to be of significant long-term importance for maintaining business resilience, are being strategically managed, with a particular focus on economic performance, environmental management, transparent procurement practices, product quality, and safety.

The materiality matrix, which reflects the identified material topics, was approved by both the Board and Sustainability Committee (“SC”). Management commentary and opinions are evaluated throughout the Group for assessment and refinement purposes.

To further enhance our materiality processes, the Group aims to solicit feedback from a broader range of stakeholders. This feedback will allow for a more comprehensive understanding of our material topics, as well as their relative priority to operations across the value chain.

## MATERIALITY MATRIX:



# SUSTAINABILITY STATEMENT (CONTINUED)

## SUSTAINABILITY GOVERNANCE

Effective corporate governance is essential in driving the organisation towards becoming an ESG-driven company. By practicing good corporate governance, the entire organisation can maintain integrity, corporate responsibility, and accountability in all of its operations.

To this end, the Group has implemented a comprehensive set of governance frameworks and policies to manage sustainability at 3A and its subsidiaries. These frameworks and policies provide a solid foundation for ensuring that sustainability is embedded within the Group's operations and decision-making processes.

3A adopted the following policies and Terms of References of the respective Board Committees:

Board Charter	Anti-Bribery and Corruption Policy	Code of Conducts and Ethics
Directors Fit Proper Policy	Remuneration Policy & Procedures	Whistleblowing Policy
Terms of Reference - Audit Committee	Terms of Reference - Nomination Committee	Terms of Reference - Remuneration Committee

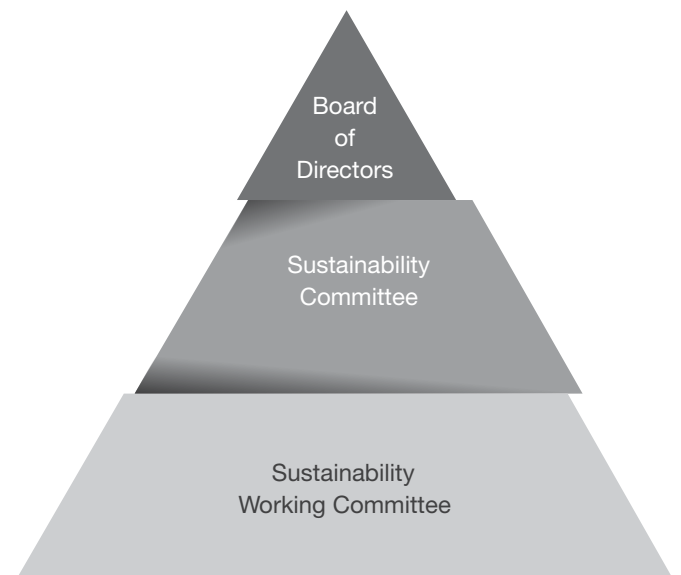
The terms of references and policies mentioned above are available for viewing on our Investor Relations portal at the Governance and Sustainability section, which can be accessed at <http://www.three-a.com.my/annual-report.php>.

To ensure that our corporate governance policies remain relevant and up-to-date, they will be periodically reviewed by the Board. Any updates or changes made to these policies will be in line with the evolving needs of the Group and any new regulatory requirements that must be adhered to.

## GOVERNANCE STRUCTURE

The Board of Directors plays a key role in governing and supervising the sustainability matters of the Group. To assist the Board in this task, SC has been established and replacing the Management Sustainability Committee in 2022. The SC is comprised of an independent director and executive directors who provide recommendations to the Board on significant economic, environmental, and social (“EES”) sustainability matters.

In turn, a Sustainability Working Committee (“SWC”) has been established to support the SC. The SWC is responsible for identifying, implementing, assessing, monitoring, and reporting on sustainability matters. By working closely with the SC, the SWC helps to ensure that sustainability is integrated into the Group's operations and decision-making processes at all levels.



# SUSTAINABILITY STATEMENT (CONTINUED)

## GOVERNANCE STRUCTURE (CONTINUED)

The Roles and Responsibilities of the SC include:

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

The Board has taken into consideration the relevant EES sustainability matters and is pleased to present the Group's Sustainability Statement for FY2022. The statement serves as a testament to the Group's efforts in continuously improving its sustainability practices and addressing the sustainability challenges that it faces.

## BOARD COMPOSITION

The 3A Group is committed to promoting diversity within its Board of Directors by selecting individuals from a wide range of professional backgrounds, experiences, and competencies. By doing so, the Group aims to create a diverse range of skills, talents, and capabilities that will contribute to a more inclusive and effective decision-making process.

The Group recognises the importance of supporting the Malaysian government's aspiration and Practice 5.9 of the Malaysia Code of Corporate Governance 2021 ("MCCG"), which aims to increase the representation of women on the boards of public listed companies to at least 30%.

At the end of FY2022, the Board meets the MCCG's recommended target of at least 30% women representation on the Board. In terms of board composition, four out of nine of the Board members are independent directors to ensure that the Board benefits from a diverse range of perspectives, expertise, and experiences that are not tied to the Group's management or operations.

Overall, the 3A Group's Board composition for FY2022 reflects its commitment to diversity and inclusivity, with a focus on gender and independence.

## CODE OF CONDUCT AND ETHICS

The Code of Conduct and Ethics ("**the Code**") developed by 3A since its establishment provides a comprehensive set of guidelines and standards for ethical corporate conduct. It sets out clear expectations for how the company's representatives should interact with stakeholders, including vendors, suppliers, contractors, and business partners. The Code establishes rules for addressing conflicts of interest, corrupt or unethical practices, and identifies unacceptable behaviour or practices that should not be replicated by anyone in the Group.

The Code's guiding principles including:

1. Duties of Good Faith, Diligence, and Integrity
2. Company Information, Records and Assets
3. Workplace Culture and Environment

As part of their induction process, all new employees receive a thorough briefing on corporate integrity and ethical conduct. 3A's Human Resource Department oversees compliance with the Code and any non-compliance with its provisions is reported directly to the Human Resources Department for disciplinary action.

In FY2022, there were zero cases of non-compliance or unethical conduct. The Code is readily accessible to all employees via the Investors Relation webpage at <http://www.three-a.com.my/investor-relations/policy/3A-Sec-Policy-Code-of-Conduct-and-Ethics-CCE-REV01-20200529.pdf>

## ANTI-BRIBERY AND CORRUPTION

Corruption has a detrimental impact on sustainable development, society's well-being, and economic growth. Thus, eliminating corruption is a crucial component of ESG, and it requires implementing good practices, governance mechanisms, and policies to promote sustainable and transparent business, community, and society. An organisation lacking anti-corruption practices will result in its employees being less aware of the consequences of committing fraud, leading to a negative impact on the organisation through the erosion of trust in its relationships with partners, suppliers, and vendors.

Given the consequences, the Group practices a zero-tolerance approach to any form of corruption and bribery within the Group and its third-party partners. The Group has established and implemented the Anti-Bribery and Corruption ("**ABC**") Policy in FY2021, pursuant to the Malaysian Anti-Corruption Commission ("MACC") Act 2009 and the MACC (Amendment) Act 2018. The ABC Policy consists of procedures, compliance factors and

# SUSTAINABILITY STATEMENT (CONTINUED)

## ANTI-BRIBERY AND CORRUPTION (CONTINUED)

monitoring protocols for the Group regarding anti-corruption. The ABC Policy can be viewed at the Investor Relations portal at our website: <http://www.three-a.com.my/investor-relations/policy/3A-Sec-Policy-Anti-Bribery-and-Corruption-Policy-REV-20210503.pdf>.

Our ABC Policy provides clear guidance to identify and deal with bribery and corruption issues as well as set out the roles and responsibilities in observing and upholding the position on bribery and corruption.

The Policy covers a wide range of behaviours that constitute bribery and corruption, including gifts and hospitality, entertainment, political contributions and donations, gratifications, charitable support, and other stipulated activities. However, the Policy also allows for exceptional circumstances where certain types of charitable donations, educational donations, and public welfare sponsorships for legitimate reasons and as permitted by existing laws and regulations.

The Board oversees the anti-corruption efforts of the Group and is supported by the Risk Management Committee in ensuring compliance with the Policy. All managers and employees are required to be familiar with and comply with the Policy. The Group commits to continue its anti-bribery and anti-corruption efforts in order to maintain its reputation and standards. Audits will be conducted to monitor, review, and assess the ongoing effectiveness of these efforts, and any results will be reported to the Audit Committee and acted upon accordingly.

The Group identifies Procurement, Sales, Production, HR, Security, and Transportation departments as the most vulnerable to corruption. However, in FY2022, there were no reported cases of corruption within the Group. The ABC Policy will be amended and revised as necessary to ensure its adequacy in implementation and enforcement, with any changes reviewed and endorsed by the Board.

### Anti-Corruption Training and Communication

The Group conducts regular internal training sessions on anti-corruption topics for both new and existing employees. To ensure widespread awareness, anti-corruption messaging is disseminated throughout the Group via various communication channels on a regular basis.

All employees, including senior management and staff received anti-corruption training in FY2021 and they have reviewed and comprehended 3A Group's stance on anti-bribery and corruption. Going forward, 3A Group is committed to conduct regular awareness programmes and training on anti-bribery and anti-corruption for all personnel to maintain a culture of transparency and ethical conduct.

## WHISTLEBLOWING MECHANISM

3A Group has a comprehensive Whistleblowing Policy in place to encourage stakeholders to report any misconduct, wrongdoings, corruption, fraud, or abuse of power. The policy provides a whistleblowing channel that can be accessed by both internal and external stakeholders, either through a Whistleblower Reporting form or by sending an email to [info@three-a.com.my](mailto:info@three-a.com.my). Stakeholders are reminded of the existence of this channel periodically.

The Group recognises the importance of maintaining confidentiality and protecting whistleblowers from victimisation, harassment or disciplinary action. As such, the identity of the whistleblower will remain confidential to the extent possible, as long as the disclosure is made in good faith. Upon receipt of the report, an investigating panel will be formed by the Audit Committee, which may consist of the relevant business division or personnel best-placed to address the reported issue.

The investigating panel will make a finding concerning the complaint and its validity. This finding will be detailed in a written report containing the findings of the investigations and conclusion. The report will be passed to the relevant Managing Director or Chairman, as appropriate, who will then decide what action to take. If the complaint is found to be valid, disciplinary or other appropriate procedures will be invoked.

The whistleblower will be kept informed of the progress of the investigation, if appropriate, and of the final outcome. If the whistleblower is not satisfied that his/her concern is being properly dealt with by the investigating panel, he/she has the right to raise it in confidence with the Audit Committee or one of the designated persons described above.

In FY2022, there were zero cases reported under the whistleblowing channel.

## CONFLICT OF INTEREST

Employees of 3A Group are strictly prohibited from engaging in any other occupation, business, or activity that conflicts with their position in the company. This applies to all roles, including but not limited to employee, agent, consultant, director, advisor, shareholder, and partner. If an employee believes there is a potential conflict of interest, they must report it to management through the Conflicts of Interest Disclosure Form.

Private matters must not interfere with an employee's duties or the interests of the company in any way. Employees are not permitted to benefit financially or in any other way while performing their duties. Additionally, they are prohibited from engaging in any activity that competes with or creates a rival interest in the company's business.



# SUSTAINABILITY STATEMENT (CONTINUED)

## CONFLICT OF INTEREST (CONTINUED)

If an employee is unsure about a situation of potential conflict of interest, they are advised to consult the HR department or the management of 3A Group.

## UPHOLDING DATA PRIVACY

Being a food and beverage ingredient manufacturing company, 3A Group handles significant amounts of personal data, particularly customer data. In accordance with the Personal Data Protection Act of 2010 (PDPA), the Group treats all data as confidential and private and will not disclose it to third parties unless it has the consent of the stakeholder, or mandated by law or enforcement agencies.

All data has been collected with the consent of our stakeholders and with their full understanding and awareness that such data being collected by the Group may be used for internal purposes or such purposes as agreed. The Group acknowledges that data security is of utmost importance and the Group is committed to safeguarding personal data of our stakeholders.

In FY2022, there have been zero cases of data breaches throughout the Company's operations.

## ECONOMIC

3A Group recognises that implementing good governance practices is crucial in achieving sustainable growth and

profitability. We firmly believe that upholding high ethical standards and conducting business with strict adherence to applicable laws and regulations in Malaysia and other countries where our products are sold is crucial for maintaining the trust and credibility with our stakeholders.

The Code of Ethics and Conduct of our Group defines the values and behaviours that are expected of our employees in the workplace and outlines the key principles that guide our interactions with stakeholders. We firmly believe that our commitment to ethical and responsible business practices is critical to the success of our organization and the sustainability of our business operations.

## ECONOMIC VALUE DISTRIBUTED

The Group understands that maintaining strong economic performance is essential to sustain earnings and enhance shareholder value. We believe that product innovation and driving environmental and social performance are key components of our strategy to achieve sustainable financial growth and improvement. Our aim is to use resources efficiently to sustain and improve financial performance, promoting long-term business growth.

As ESG goes hand-in-hand with robust and improving financial performance, 3A Group intends to serve as a catalyst for socio-economic development of local communities. This is achieved through the creation of financial values for stakeholders as well as other socio-economic multiplier effects.

In FY2022, the following is a snapshot of 3A's economic performance:

INDICATOR	FY2020	FY2021	FY2022
Group revenue (RM'000)	436,166	515,615	658,702
Group profit before tax (RM'000)	40,708	62,506	47,803
Group profit after tax (RM'000)	30,162	46,545	35,094
Shareholders' equity (RM'000)	366,473	398,311	420,107
Total assets (RM'000)	431,837	463,570	509,048
Cash flow and bank balances (including cash and cash equivalents) (RM'000)	26,618	55,100	21,006
Earnings per share (sen)	6.2	9.49	7.17
Dividends (sen)	2.2	3.0	2.5
Dividend pay-out ratio to profits (%)	35.7	31.6	34.9

Specific details of the Group's financial performance and direct economic values created are provided in the Management Discussion and Analysis section of this Annual Report 2022.

# SUSTAINABILITY STATEMENT (CONTINUED)

## LOCAL PROCUREMENT AND SUPPLY CHAIN

3A Group supports local procurement wherever possible. This is seen in its intentional preference to always select local goods and service providers in order to heighten the multiplier effect on the local economy. Exceptions would only be made in instances where local providers are unable to provide such goods and services at the required specifications, quality and in a timely manner.

Local is defined as in local to where 3A Group operates.

The case for local procurement is made based on the many socio-economic benefits generated for local supply chains, local talent and local communities. 3A Group's size and market position provide the unique opportunity to generate employment opportunities and develop many Malaysian small-medium enterprise and industries, which are essential to the economic growth of the nation.

Local procurement generally enables the reduction of carbon footprint when compared to importing goods or services from abroad. This is because local procurement typically involves shorter transportation and delivery distances than importing from abroad, resulting in fewer resources consumed, which may include fuel and packaging material to produce and supply goods or services.

The Group holds business partners, including suppliers, to the same high ethical standards that we follow. We expect them to adhere to ethical procurement practices and adopt best practices in their standard operating and fair trading procedures. We encourage our suppliers to comply with industry best practices such as obtaining Hazard Analysis and Critical Control Point (HACCP) and FSSC 22000 Food Safety System certifications wherever possible.

3A Group's management regularly reviews our policies and procedures and makes continuous improvements to our corporate governance practices, including implementing policies such as the Anti-Bribery and Corruption Policy in the Supplier Code of Conduct and the Whistle-Blowing Policy to encourage the reporting of improper conduct. Suppliers are being informed about these policies periodically and obtain their signed acknowledgment.

One of the key elements of our Supplier Code of Conduct is to ensure transparent procurement practices when purchasing raw materials and services. The Group has established a transparent and fair tendering process that involves at least three members from the procurement and management teams. Additionally, we encourage the reporting of suspected bribery and other unethical business practices by our business partners.

To evaluate the performance of our suppliers in terms of product and service quality and deliverables, we conduct Supplier Risk Assessments. Through these assessments, we aim to ensure that our suppliers meet our standards of excellence and that we maintain a high level of transparency and integrity in our procurement practices.

## PRODUCT QUALITY AND FOOD SAFETY

As one of the leading food and beverage ingredients manufacturer in the country, we are dedicated to providing safe and high-quality products to our customers. Over the years, we have consistently ensured compliance with Food Safety System certifications, including HALAL and KOSHER certifications.

At 3A Group, we prioritise the quality of our manufacturing processes, and food safety is of utmost importance. All of our manufacturing facilities are certified with external food safety programs such as Hazard Analysis Critical Control Point (HACCP), to ensure that we demonstrate compliance with food safety control requirements while maintaining a system for food hygiene and process control, including food safety assurance and food traceability.

All of our products are HALAL certified, adhering to Islamic Shariah requirements. The certification process involves stringent quality control and hygienic conditions that must be met before the Group can be accorded with this recognition.

We are committed to delivering quality and safe food products for consumption. The Group continually explores different ways to enhance food safety, such as through the use of machinery automation to reduce human interaction and prevent product contamination during the manufacturing process. Our dedication to food safety and quality is unwavering, and we will continue to prioritise these values in all of our operations.

## CUSTOMER SATISFACTION

At the core of our business philosophy is our unwavering commitment to meeting our customers' expectations. To that end, 3A Group regularly engages with customers to foster long-term relationships based on trust, integrity, and respect. By truly understanding their needs and challenges, we can tailor and innovate our product and service solutions to effectively address their evolving needs.

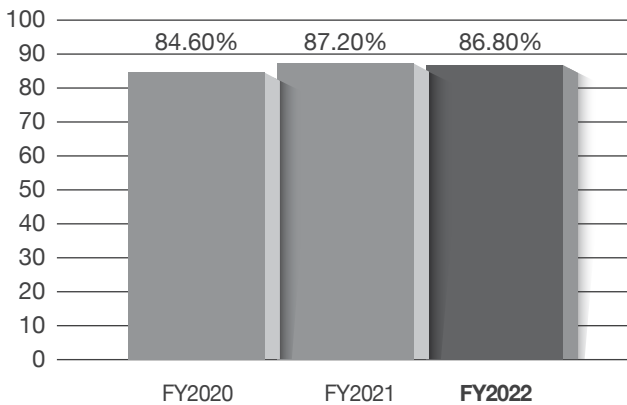
The Group recognises that monitoring customer satisfaction is essential to achieving the goal of providing exceptional service. To this end, we provide our customers with a survey at least once

# SUSTAINABILITY STATEMENT (CONTINUED)

## CUSTOMER SATISFACTION (CONTINUED)

a year, which is a primary way of measuring their satisfaction with our products and services. The survey covers various aspects such as product quality, delivery services, and sales services.

We take great pride in the fact that our efforts have consistently resulted in high customer satisfaction rates throughout the years. As a testament to our commitment to excellence, the average customer satisfaction rate was 86.80% in FY2022. Going forward, we remain committed to maintaining our high standards and aim to achieve an 80% target for customer satisfaction.



Indicator	FY2020	FY2021	FY2022
Customer satisfaction rate (%)	84.60	87.20	86.80
Target (%)	80.00	80.00	80.00

In FY2022, the Group received 9 cases of customer complaints, all of which were resolved to the customer's satisfaction, resulting in a 100% resolution performance. However, we understand that customer satisfaction is not just about resolving complaints, but also about preventing them in the first place. Going forward, we plan to strengthen our customer satisfaction initiatives even further and constantly strive to improve our processes and services to exceed our customers' expectations.

## ENVIRONMENTAL CONSCIOUSNESS

3A Group is committed to reducing negative environmental impact and promoting sustainable practices. The Group remains cognisant of how its business operations in particular, its food and beverages ingredients manufacturing operations impact the environment, through managing and reducing environmental impacts based on good operating practices and adherence to relevant international and local standards.

To achieve this, we prioritise eco-friendly work routines and efficient use of resources to minimise waste and reduce our carbon footprint. We also employ smart energy usage and responsible waste management practices to further mitigate our environmental impact.

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

## CLIMATE CHANGE AND EMISSIONS

As a dynamic business entity, 3A Group recognises that our manufacturing activities rely on commodities and natural resources such as gas and petroleum products. However, we understand that climate change poses a significant threat to the supply chain and the sources of many of the products we need. Therefore, we are committed to playing our part in promoting sustainability and reducing our environmental impact.

As an example, the products we make rely heavily on tapioca and corn starch as main raw materials. However, climate change-related challenges like rising temperatures and water shortages can significantly affect the production of these crops, leading to a potential supply chain problem that could impact even 3A Group.

In addition to the urgent threat posed by climate change, the Group acknowledges that the ecosystems in which we operate are also vulnerable to its effects. These impacts can have direct consequences on financial performance and the welfare of local communities. Moreover, the rising demand for electricity is likely to escalate consumption expenses and carbon emissions.

3A Group has SC dedicated to overseeing climate change as a critical risk factor for the organisation. To mitigate this risk, the SC has proposed several initiatives to reduce the group's carbon emissions.

As solar power is a clean and renewable energy source that does not rely on fossil fuels, one of these proposals involves the implementation of a solar panel energy generation project, which will reduce reliance on electricity from TNB and thereby lower greenhouse gas ("GHG") emissions. Additionally, a VRV (Variable Refrigerant Volume) System was installed at the office building to control refrigerant flow and uses heat pumps with inverter technology to enhance efficiency and promote climate solutions.

Moving forward, the Group is committed to have short and long-term targets to reduce GHG emissions and is currently in the planning phase.

# SUSTAINABILITY STATEMENT (CONTINUED)

## ENERGY CONSUMPTION

3A Group is committed to managing its energy consumption, particularly where the use of fossil fuels is concerned. Generally, the Group relies on fuel for powering a wide range of machinery and equipment such as boilers, as well as diesel for its fleet of company vehicles. Consumption of these fossil fuels contributes to the emission of carbon, which, in turn, is a significant driver of global warming and climate change.

The Group is also mindful of electricity consumption from the national grid, with its manufacturing facilities and office operations being the largest consumers of indirect energy sources. In Peninsular Malaysia, such electricity is still mainly produced through fossil fuel combustion, contributing to GHG emissions.

To manage its energy consumption, the Group has implemented various measures and practices in its operations. These practices include:

- Replacing old lighting systems with LED lightings
- Installation of gas flowmeters for boilers to optimise fuel performance
- Installation of Inverters at boilers ID Fan to optimise energy efficiency
- Installation of APV Evaporator and Hydroheaters to optimise steam usage efficiency
- Implemented Smart Control System for electricity usage (lighting and air conditioning)
- Installation of VRV (Variable Refrigerant Volume) System at Office Building

## WATER CONSUMPTION

3A Group understands the importance of water as a finite and vital resource that needs to be managed by adhering to industry best practices. Hence, the Group readily participates in the movement to promote water resilience across all business operations and ensure efficient water consumption.

The large amounts of water consumed during the Group's business operations are primarily sourced from municipal sources. In order to optimise water usage, the Group has implemented measures to recycle hot water from equipment such as the evaporators and heat exchangers for operational use.

As a manufacturer of food and beverage ingredients, ensuring high-quality water is crucial for maintaining the safety and quality of our products, as well as ensuring a safe working environment. To achieve this, we have implemented measures to regularly test all incoming water on a monthly basis, to closely monitor its quality.

## MATERIAL (PACKAGING)

At 3A Group, there is a consistent effort to promote the use of reused materials while implementing resource efficiency measures to minimise our environmental impact and also achieving cost-effectiveness.

To contribute to the protection of the environment, we have implemented a strategy to refurbish our plastic packaging containers and reused them for our products. This approach has resulted in a significant reduction of plastic usage in our operations.

Below are the percentages of plastic packaging containers that we have successfully reconditioned and reused by weight:

Indicator	FY2020	FY2021	FY2022
Percentage of used plastic packaging containers reconditioned and reused by weight yearly (%)	29	27	30
Target (%)	20	20	20

On a separate note, 3A Group is also committed to responsible waste management practices, and as such, we have partnered with approved contractors who specialise in managing waste generated from our manufacturing activities.

## SOCIAL

An organisation's strength, success, and durability heavily depend on establishing a common organisational culture that inspires and empowers workers to perform at their highest level using their developed potential.

To achieve this objective, 3A Group is committed to investing in its workforce by implementing cultural development and communication programs that reinforce essential company values and desirable behaviours. These programs are designed to cultivate a workplace environment that values diversity, equality, safety, and meritocracy. Additionally, we are committed to complying with local labour laws and regulations as a group.

## DIVERSITY AND EQUAL OPPORTUNITY

3A Group is committed to creating a diverse and inclusive workplace, where every employee has an equal opportunity to succeed regardless of their age, gender, race, religion, sexual orientation, disability, or nationality. This commitment ensures that each individual is free from prejudice and discrimination, enabling them to achieve their full potential.

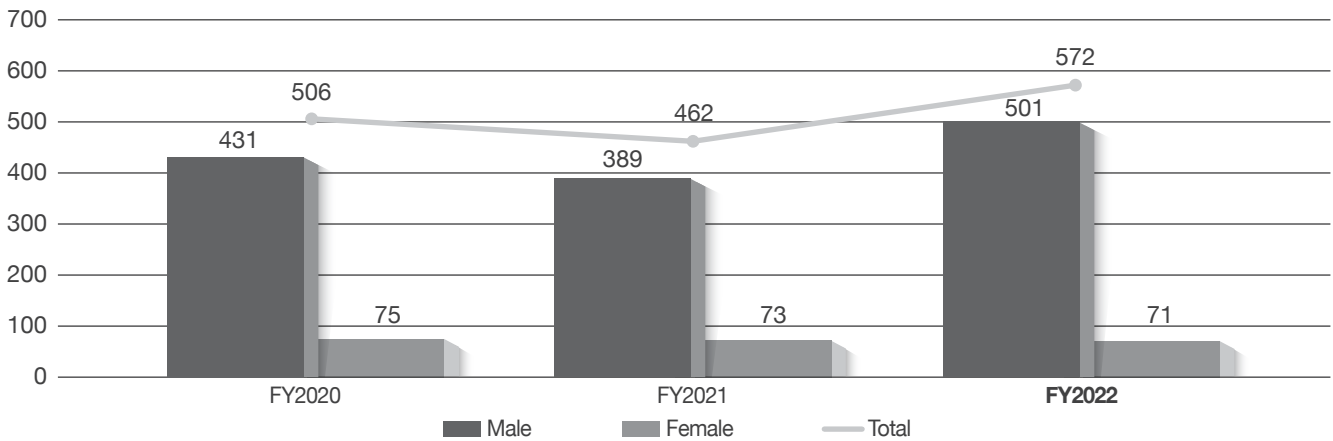
# SUSTAINABILITY STATEMENT (CONTINUED)

## DIVERSITY AND EQUAL OPPORTUNITY (CONTINUED)

At 3A, our approach to talent management is rooted in the principles of diversity and equal opportunity. We understand that diversity brings different perspectives and experiences, which facilitate informed decision-making. We believe in championing diversity to ensure that individuals from marginalised and underrepresented groups have equal access to employment opportunities.

Consistent with this view, 3A Group aims to build a dynamic high-performance work environment that supports the resilience and wellbeing of our employees.

**Total Workforce by Gender**

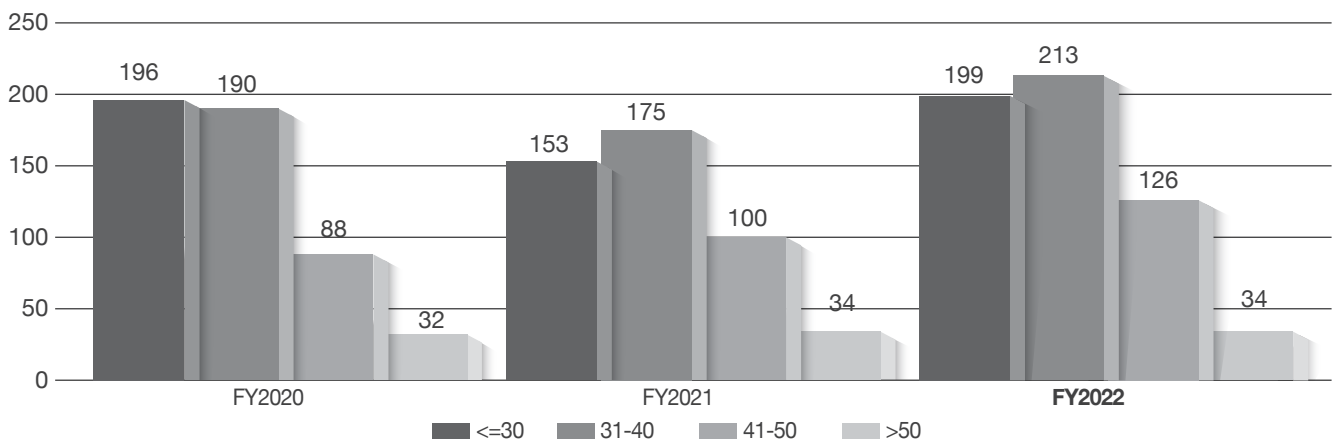


While the majority of our workforce is male, there is a more balanced gender representation among office-related employees. The physical demands and intensive nature of work in our manufacturing and operational sites explain the overall male-dominant composition of our workforce.

The Group ensures that basic salary and employee remuneration are based on the principle of equal opportunity, regardless of gender. We maintain an equal distribution of salary ratios between male and female employees to ensure fairness and impartiality in compensation.

A significant portion of our workforce comprises general workers, the majority of whom are foreign nationals. Given the high demand for our manufacturing operations, we require a substantial number of foreign workers to ensure the smooth and efficient operation of our production processes. Our recruitment of foreign workers is based on the need to maintain the productivity and competitiveness of our business, while also complying with all relevant laws and regulations related to foreign employment.

**Total Workforce by Age Group**

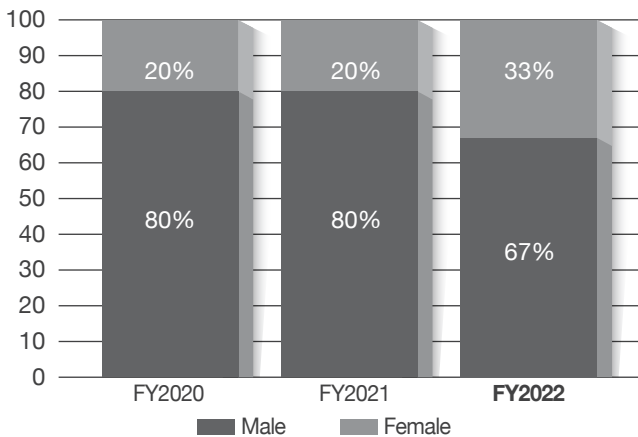


# SUSTAINABILITY STATEMENT (CONTINUED)

## DIVERSITY AND EQUAL OPPORTUNITY (CONTINUED)

Most of the employees fall between the age group of below 30 to 40 years old, providing 3A Group with sufficient talent to support succession planning initiatives across the Group.

**Board of Directors by Gender**



## TALENT MANAGEMENT

The professional expertise and experience of 3A Group's workforce is a crucial aspect for the Group's success, and we are committed to maintaining a small but dedicated team of skilled professionals. Our organisational culture prioritises merit-based hiring, retention, rewards, promotions, and training opportunities, solely based on an individual's competence, skills, capabilities, and experience. Our Human Resource department oversees talent management to ensure that we nurture our employees' development and progress.

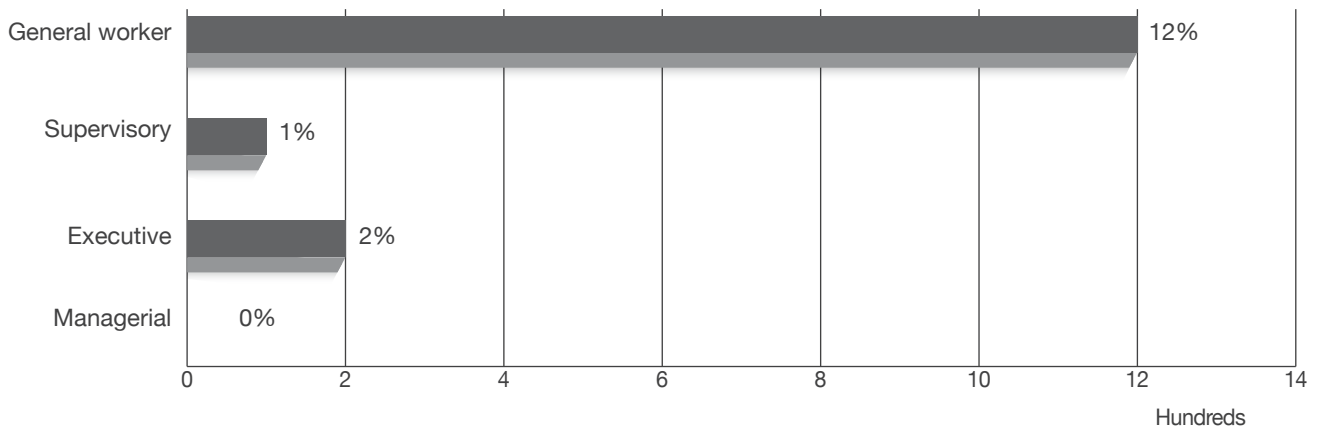
To upscale our employees' skills and knowledge, we conduct various training programs. These initiatives aim to help our employees adapt to the changing business environment, acquire new skills, and enhance their performance. We recognise that our workforce's continuous learning and development are vital to the Group's growth and success.

At 3A Group, we comply with the Malaysian government's minimum wage policy, ensuring that all our employees receive a basic salary that meets or exceeds the national minimum wage prescribed under the National Wages Consultative Council Act 2011 [Act 732], Minimum Wages Order 2020. This policy demonstrates our commitment to fair and equitable compensation for all employees.

We also comply with the local laws and regulations concerning working hours. The employment contract regulates our employees' workweeks, and we ensure that they do not exceed the maximum set by the Malaysia Employment Act 1955 and the Employment (Limitation of Overtime Work) Regulations 1980. Our commitment to following these laws and regulations ensures that our employees have a healthy work-life balance and can perform their jobs effectively.

3A Group recognise the importance of retaining skilled talent as they form the knowledge foundation of our Group. However, we are faced with the challenge of job mobility being a common practice, particularly among the younger generation. Despite this, we remain committed to reducing our employee turnover rates. As a reference, the turnover rate of the Group has been reported as follows:

**Turnover rate**



## TRAINING AND DEVELOPMENT

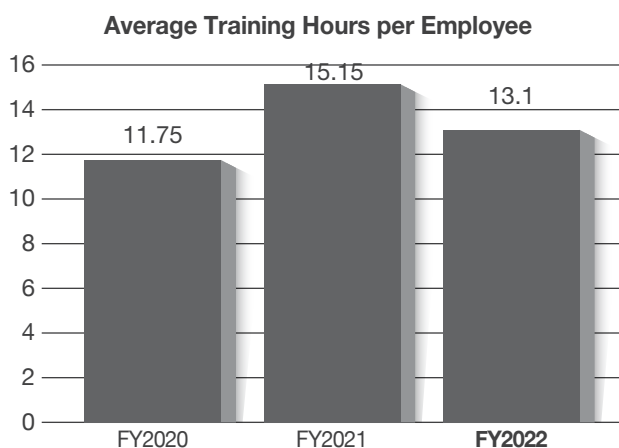
3A Group is committed to providing fair and equal training opportunities to all employees at every level of the organisation. Our objective is to facilitate ongoing professional development to promote high performance and productivity that drives both financial and non-financial value creation for the company. We believe that attracting top talent and developing employee capabilities is crucial for maintaining a competitive edge in the market, and we strive to keep our employees engaged by creating a psychologically safe working environment.

# SUSTAINABILITY STATEMENT (CONTINUED)

## TRAINING AND DEVELOPMENT (CONTINUED)

We are committed to providing our employees with ample learning opportunities that facilitate their career development and help them realise their goals. We recognise the collective knowledge and talent of our employees, and thus, we consistently invest in their training and development. Our training programs include on-the-job training, refresher training, skills upgrading, and new knowledge training. We also adopt mentoring, coaching, and follow-up strategies to track employee performance and talent.

As part of our commitment to employee development, we ensure that all staff receives training in food safety knowledge, technical and soft skills, as per the yearly training planner. Our employees devoted a significant amount of time to training in FY2022 as outlined below:



Indicator	FY2020	FY2021	FY2022
Average Training Hours/Employee	11.75	15.15	13.10
Target (hours)	10	10	10

At 3A Group, we recognise that employee training and development are critical components of our success, and we are committed to providing our employees with the necessary resources and opportunities to achieve their career aspirations.

## EMPLOYEE REMUNERATION

The Group recognises that attracting top talents and retaining our current workforce is essential for the success of our company. To this end, we offer comprehensive workforce benefits and competitive compensation packages to all employees. We also provide performance based rewards like monetary bonuses to encourage employees.

Compensation packages at 3A Group are based on industry standards and are proportional to the employee's job performance, seniority, and tenure with the company. We provide financial and non-financial rewards through a transparent 360-degree appraisal process, which ensures that employees are compensated fairly and that their contributions are recognised.

As a responsible employer, 3A Group is fully compliant with all applicable laws and regulations on salary, hours of work, overtime and benefits, as required by law in Malaysia.

Full-time employees are entitled to the following benefits:

<b>Leave</b>	<ul style="list-style-type: none"> <li>• Annual</li> <li>• Medical</li> <li>• Hospitalisation</li> <li>• Paternity</li> <li>• Maternity</li> </ul>
<b>Allowances</b>	<ul style="list-style-type: none"> <li>• Shift allowances</li> <li>• Hardmanship allowances</li> <li>• Increment and bonus</li> </ul>

We believe that these benefits and rewards demonstrate our commitment to our employees' well-being and professional development.

The Group provides parental leave for male and female employees. Beginning January 2023, married male employees are given seven paid paternity days per annum while female employees are given 98 days paid maternity leave for each confinement period, in line with the Employment (Amendment) Act 2022.

PARENTAL LEAVE	FY2022
Employees Who Took Paternity Leave	19
Employees Who Took Maternity Leave	16
Return to Work Rates (return to work after parental leave period)	100%

To ensure that our employees' performance and development are continuously assessed, we conduct annual appraisals for all employees. Through this process, we evaluate their performance against their KPIs and provide feedback on their strengths and areas for improvement. The appraisal process also serves as an opportunity to discuss career development plans and identify training needs to help employees achieve their goals. We believe that regular performance evaluations are crucial to maintaining a high-performing workforce and promoting employee growth and development.

# SUSTAINABILITY STATEMENT (CONTINUED)

## OCCUPATIONAL HEALTH AND SAFETY

At 3A Group, we take our responsibility of providing a safe and secure work environment for all stakeholders involved in our business operations seriously. This includes employees, suppliers, visitors, and others.

Our Safety and Health Policy guides us in reinforcing the significance of occupational health and safety (OHS) to our Group and outlines our management approach in maintaining high OHS standards and complying with regulations.

The following are some key points that demonstrate our commitment to this responsibility:

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

Regular occupational health and safety (OHS) reports are submitted to both the Board and Senior Management, providing them with vital information on lost-time injuries (LTIs), fatalities, injuries, near-misses, non-compliance issues, and other health and safety key performance indicators (KPIs). These reports also outline the root causes of any incidents and detail the remedial or preventive measures taken to minimise or eradicate any potential future occurrences. The Group's performance indicator is based on the number of major accidents, with the target of zero major accidents.

Furthermore, the Board and Senior Management have endorsed the Health and Safety Guidelines, and a safety and health committee, led by General Factory Manager, Mr. Derek Liew, has been established. All Heads of Departments are held responsible for ensuring the health and safety of their respective department's staff. An Environmental, Safety, and Health Committee meeting is held every three months to discuss safety and environmental issues.

3A Group conducts safety and health risk assessments through third-party audits in accordance with SMETA requirements. Additionally, we perform monthly internal audits and assessments to ensure a safe working environment. As a result of these measures, there have been no identified high-incidence or high-risk diseases.

Training remains a crucial aspect of OHS matters. A total of 91 employees participated in both internal and external safety-related training.

Indicator	FY2020	FY2021	FY2022
No. of Major Accidents	0	0	2
Target	0	0	0

In FY2022, there were no reported incidents of fatalities. Nevertheless, two major accidents were recorded, resulting in an average of four days of medical leave.

## OUR COMMUNITY

As a socially responsible company, we prioritise our relationships with the local community and are concerned about their well-being and welfare. The Group is committed to carrying out various initiatives and activities, including providing employment opportunities to people from surrounding communities, contributing to charitable causes, and sponsoring social events.

Due to the COVID-19 pandemic/endemic, physical CSR activities were not encouraged in FY2022. However, we continued to provide charitable donations to non-governmental organisations to contribute positive outcomes for society and support the community in any way possible.

We at 3A Group believe in encouraging our staff to engage in various CSR activities and recognise their volunteerism efforts.

Furthermore, the Group has established a grievance mechanism for customers and the community to voice their complaints and concerns regarding our business operations, services, business practices, or employee conduct. Our whistleblowing policy is aimed at providing a safe and confidential platform for customers and the community to raise any grievances they may have with our operations or services.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

This Corporate Governance Overview Statement, which highlights key focus areas on how the Company applied the principles, practices and step-ups of the Code for the financial year ended 31 December 2022 (“**financial year 2022**”), is to be read in conjunction with the Corporate Governance Report (“**CG Report**”) which contains a detailed application for each practice as set out in the Code for the financial year 2022 and is made available on the corporate website: [www.three-a.com.my](http://www.three-a.com.my).

The Board considers that the Company has adopted the CG practices and applied the main principles of the CG Code for the financial year 2022 except:

- Practice 1.4 (The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.)
- Practice 5.2 (At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.)
- Practice 5.6 (In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates. If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.)
- Practice 5.10 (The board discloses in its annual report the company’s policy on gender diversity for the board and senior management.)

## A. BOARD LEADERSHIP AND EFFECTIVENESS

### 1.0 Board’s Leadership on Governance and Objectives

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

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

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

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

Certain functions of the Board have been delegated to various Board Committees, which reviews and make recommendations to the Board on specific areas. There are currently four (4) Board committees, namely:

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

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

### 1.1 Duties and Responsibilities of the Board

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

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

The Board's principal functions include the following responsibilities:

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

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

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 1.1 Duties and Responsibilities of the Board (Continued)

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

### 1.2 Board Meetings and Supply of Information to the Board

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

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

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

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

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

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

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

### 1.3 Board Charter

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 1.4 Sustainability of Business

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

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

### 1.5 Board Gender Diversity Policies and Targets and the Measures

Currently, the Board composes of six (6) males and three (3) females to ensure a good mix of gender as well.

Therefore, the composition of the Board fulfils Practice 5.9 of the Code of 30% composition of women on the Board. The Board takes note of the need to establish a policy formalising the approach to gender diversity for the board and senior management. The Board will consider gender diversity as part of its future selection to identify suitable candidates if the need arises. If any, such candidates will be strictly assessed based on merit, their competencies, time commitment, experience, gender diversity, age and cultural background, and competencies required for an effective Board.

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

### 1.6 Code of Conduct and Ethics

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

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

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

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

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

The Whistle-Blowing Policy and Anti-Bribery and Corruption Policy are made available on 3A's website, [www.three-a.com.my](http://www.three-a.com.my).

### 1.8 Promoting Sustainability

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

The Board and Management of 3A uphold Sustainability efforts in terms of achieving Economic, Environment and Social sustainable objectives as part of its responsibility to its stakeholders and the communities in which it operates.

The Group is committed to the implementation of safe work practices and aims to provide an injury-free workplace for all its employees. Besides, 3A is dedicated to do its part to protect the environment in its business activities and support the local communities. More details of the Group's efforts in incorporating sustainability in its business operations can be found in the Sustainability Statement on pages 16 to 30 of the Annual Report.

### 1.9 Qualified and Competent Company Secretaries

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

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2.0 Board Composition

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

The Board consists of nine (9) members; comprising two (2) Non-Independent Non-Executive Directors, three (3) Non-Independent Executive Directors (including the Managing Director) and four (4) Independent Non-Executive Directors.

The Board comprises members with a wide range of business, financial and technical service background. The size of the Board is optimum given the scope, size and complexity of the Group's operations. The composition of the Board complies with the Paragraph 15.02(1)(a) of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**") that requires a minimum of two (2) or one-third (1/3) of the Board, whichever is the higher, to be Independent Directors.

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

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

### 2.1 Appointment to the Board

Any proposed appointment of a new Member to the Board is deliberated by the full Board upon the recommendation by the NC, of which NC will review based on the necessity for and qualification as well as experience of the proposed new member.

The NC will also conduct the Fit and Proper assessment prior to the appointment of any additional Board member to the Board to ensure the Board quality and integrity for the appointment to the Group.

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

During the financial year 2022, the Board appointed two (2) Independent Non-Executive Directors on 8 June 2022 as the replacement for the outgoing Directors. Furthermore, the NC had conducted the Fit and Proper assessment prior to their appointment.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2.2 Re-Election of Directors

Clause 76(3) of the Company's Constitution provides that at every Annual General Meeting ("AGM"), at least one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at the conclusion of the AGM and be eligible for re-election provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

The re-election of Directors at the AGM is subject to the assessment by the NC pursuant to the fit and proper policy adopted by the Group on 21 April 2022. For the forthcoming AGM, the following Directors will be retiring by rotation in accordance with Clause 76(3) of the Company's Constitution, and being eligible, have offered themselves for re-election:

- Dato' Jagjit Singh a/l Bant Singh; and
- Ms Fang Siew Ping.

The following newly appointed Directors will be retiring by rotation in accordance with Clause 78 of the Company's Constitution, and being eligible, have offered themselves for re-election:

- Dato' Shamesh a/l Jeevaretnam; and
- Ms Karmjit Kaur a/p Sarban Singh.

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

The NC had on 23 February 2023 at its NC meeting conducted the assessment pursuant to the directors' fit and proper policy, was satisfied that the abovementioned Directors have met the requirements set out above and recommended to the Board for their re-election at the forthcoming AGM.

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

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

### 2.3 The Board Committees

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

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

The various Committees report the outcome of their meetings to the Board which are then incorporated in the Board's minutes. The Board Committees are AC, NC, RC and RMC.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2.4 Nomination Committee (“NC”)

The Board has established a NC and its principal objectives are in line with the Terms of Reference of the NC which is available on the Company’s website, [www.three-a.com.my](http://www.three-a.com.my).

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

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

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

The NC had furnished the Board Evaluation Questionnaire in relation to Environmental, Social and Governance (“ESG”) or Sustainability to the Board for the review of the ESG or Sustainability performance of the Board and Senior Management in addressing the Company’s material sustainability risks and opportunities as recommended under Practice 4.4 of the Code.

The NC had on 23 February 2023 conducted the annual assessment in respect of the financial year 2022 and was satisfied with the existing Board composition and was of the view that all the Directors and Board Committee of 3A had discharged their responsibilities in a commendable manner and had performed competently and effectively. The Board’s effectiveness is assessed in the areas of composition, administration and process, accountability and responsibility, conduct and communication, decision-making and Boardroom activities, each Director’s skills and competencies, as well as Board diversity.

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

For the financial year 2022, the NC met once (1) and the composition of the NC and their attendance at meetings of Committee are as follows:

#### Members of NC and Meeting Attendance during the financial year ended 2022

Membership Status	Name	Attendance
Chairman	Mohd Zaki Bin Hamzah	1/1
Independent Non-Executive Director	(Resigned on 8 June 2022)	
Chairman	Dato’ Shamesh a/l Jeevaretnam	-
Independent Non-Executive Director	(Appointed on 7 September 2022)	
Member	Chew Eng Chai	1/1
Independent Non-Executive Director		
Member	Khoo Wee Boon	1/1
Independent Non-Executive Director	(Resigned on 8 June 2022)	
Member	Dato’ Jagjit Singh a/l Bant Singh	1/1
Independent Non-Executive Director	(Resigned on 7 September 2022)	
Member	Karmjit Kaur a/p Sarban Singh	-
Independent Non-Executive Director	(Appointed on 7 September 2022)	



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2.4 Nomination Committee (“NC”) (Continued)

The NC had undertaken the following activities in respect of the financial year 2022:

- Reviewed the Self and Peer Assessment Forms of the Directors retiring pursuant to the Company’s Constitution and re-election of Directors and submitted their recommendation for re-election at the AGM;
- Reviewed the yearly Self and Peer Assessment Forms of Board Members, the Board’s mix of skills and the performance of Board committees;
- Reviewed the continuation in office of Mr Chew Eng Chai as the Independent Non-Executive Director, who had served the Board for more than nine (9) years;
- Reviewed the independence of Independent Directors;
- Reviewed the Key Officer’s evaluation;
- Reviewed and recommended to the Board the adoption of the Fit and Proper Policy of the Group;
- Reviewed and recommended to the Board the adoption of updated Terms of Reference of NC;
- Reviewed and recommended to the Board the appointment of new directors and committee members of the Company; and
- Reviewed and recommended to the Board the change in the composition of the Board Committees.

In 3A Group, all appointments and employments are based on merits and not determined by gender, ethnicity and age bias. The current structure of gender, ethnicity and age of the employees of the Group as at 8 March 2023 are as follows:

Gender	Age	Ethnicity			
Male	88%	18 – 30	35%	Malaysian – Bumiputera	26.2%
Female	12%	31 – 40	38%	Malaysian – Chinese	10.9%
	100%	41 – 50	21%	Malaysian – Indian	0.1%
		Above 50	6%	Foreigners	62.8%
			100%		100%

### 2.5 Remuneration Committee (“RC”)

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

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

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

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

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

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2.5 Remuneration Committee (“RC”) (Continued)

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

The RC held two (2) meetings during the financial year 2022 to review and recommend to the Board on the remuneration of the Directors.

#### Members of RC and Meeting Attendance during the financial year 2022

Membership Status	Name	Attendance
Chairman Independent Non-Executive Director	Tan Chon Sing @ Tan Kim Tieng (Retired on 8 June 2022)	1/1
Chairman Independent Non-Executive Director	Karmjit Kaur a/p Sarban Singh (Appointed on 7 September 2022)	1/1
Member Independent Non-Executive Director	Chew Eng Chai	2/2
Member Independent Non-Executive Director	Khoo Wee Boon (Resigned on 8 June 2022)	1/1
Member Independent Non-Executive Director	Dato’ Jagjit Singh a/l Bant Singh (Resigned on 7 September 2022)	1/1
Member Independent Non-Executive Director	Dato’ Shamesh a/l Jeevaretnam (Appointment on 7 September 2022)	1/1

### 2.6 Remuneration of Directors

The remuneration package for Directors comprises the following elements:

#### Directors’ Fees

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

#### Salaries and Bonuses

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2.6 Remuneration of Directors (Continued)

#### Salaries and Bonuses (Continued)

The details of the remuneration Directors for the financial year 2022 are as follows:

	Fees (RM)	Salaries (RM)	Allowance (RM)	Bonus (RM)	Other Emoluments (RM)	Total (RM)
<b>Received from the Company</b>						
Dato' Jagjit Singh a/l Bant Singh	156,000	-	-	-	-	156,000
Chew Eng Chai	92,000	-	-	-	-	92,000
Tan Chon Sing @ Tan Kim Tieng (Retired on 8 June 2022)	21,000	-	-	-	70,000	91,000 <sup>^</sup>
Mohd Zaki Bin Hamzah (Resigned on 8 June 2022)	21,000	-	-	-	70,000	91,000 <sup>^</sup>
Khoo Wee Boon (Resigned on 8 June 2022)	21,000	-	-	-	70,000	91,000 <sup>^</sup>
Lim Yee Mein	30,000	-	-	-	-	30,000
Kee Thuan Chai	30,000	-	-	-	-	30,000
Dato' Shamesh a/l Jeevaretnam (Appointed on 8 June 2022)	35,000	-	-	-	-	35,000
Karmjit Kaur a/p Sarban Singh (Appointed on 8 June 2022)	35,000	-	-	-	-	35,000
	441,000	-	-	-	210,000	651,000
<b>Received from Subsidiaries</b>						
Dato' Jagjit Singh a/l Bant Singh	66,000	-	-	-	-	66,000
Fong Chu King @ Tong Chu King	-	684,000	-	712,000	55,840	1,451,840
Fang Siew Ping	-	480,000	60,000	420,000	115,200	1,075,200
Liew Kuo Shin	-	480,000	60,000	420,000	115,200	1,075,200
	66,000	1,644,000	120,000	1,552,000	286,240	3,668,240

#### Notes:

<sup>^</sup> Directors' remuneration in respect of financial year ended 31 December 2022 amounted to RM273,000.00 paid to the outgoing directors had been approved by the shareholders at the Twentieth Annual General Meeting ("20th AGM") of the Company held on 8 June 2022. The aforementioned Directors' remuneration had also been paid to the outgoing directors following their retirement and resignation from the Company in 2022.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2.7 Independence of the Board

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

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

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

The Board through the NC assessed the independence of its Independent Non-Executive Directors based on criteria set out in the Listing Requirements. The Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Director. However, an Independent Director may continue to serve on the Board upon reaching the nine (9) year limit subject to the designation of the said Independent Director as a Non-Independent Director. In the event, the Board intends to retain the Director as an Independent Non-Executive Director who serves beyond nine (9) years, the Company is required to seek shareholders' approval at general meeting. In justifying the decision, the Board is required to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence assessment as adopted by the Board.

The Independent Non-Executive Director, namely Mr Chew Eng Chai who has served the Board for more than twelve (12) years, has indicated that he will be stepping down as Independent Director after the conclusion of the forthcoming AGM.

Upon the resignation of Mr Chew Eng Chai, the Company will not be in compliance with Paragraph 15.09(1) of the Listing Requirements and must fill the vacancies within three (3) months from the date of his resignation. The Company will source the replacement soonest possible and make the necessary announcements relating thereto Bursa Securities.

### 2.8 Board Meetings

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

The Board met five (5) times during the financial year 2022. The dates of the Board Meetings are as follows:

- 24 February 2022
- 21 April 2022
- 20 May 2022
- 18 August 2022
- 24 November 2022

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2.8 Board Meetings (Continued)

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

Director	Number of Board Meetings Held	Number of Board Meetings Attended
Dato' Jagjit Singh a/l Bant Singh (Chairman)	5	5/5
Fong Chu King @ Tong Chu King	5	5/5
Chew Eng Chai	5	5/5
Tan Chon Sing @ Tan Kim Tieng (Retired on 8 June 2022)	3	3/3
Mohd Zaki bin Hamzah (Resigned on 8 June 2022)	3	3/3
Khoo Wee Boon (Resigned on 8 June 2022)	3	3/3
Fang Siew Ping	5	5/5
Liew Kuo Shin	5	5/5
Kee Thuan Chai	5	5/5
Lim Yee Mein	5	5/5
Dato' Shamesh a/l Jeevaretnam (Appointed on 8 June 2022)	2	2/2
Karmjit Kaur a/p Sarban Singh (Appointed on 8 June 2022)	2	2/2

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

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

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

### 2.9 Directors' Training

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

For the financial year 2022, the conferences, seminars and training programmes attended by each of the Directors were in respect of the following areas:

Director	Seminars/Training Programmes Attended	Date
Dato' Jagjit Singh a/l Bant Singh	• Cybersecurity, Business Continuity, and Sustainability and Environmental, Social and Governance	14 October 2022
Fong Chu King @ Tong Chu King	• Cybersecurity, Business Continuity, and Sustainability and Environmental, Social and Governance	14 October 2022
Chew Eng Chai	• Cybersecurity, Business Continuity, and Sustainability and Environmental, Social and Governance	14 October 2022
Fang Siew Ping	• Cybersecurity, Business Continuity, and Sustainability and Environmental, Social and Governance	14 October 2022

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

### 2.9 Directors' Training (Continued)

Director	Seminars/Training Programmes Attended	Date
Liew Kuo Shin	• Cybersecurity, Business Continuity, and Sustainability and Environmental, Social and Governance	14 October 2022
Lim Yee Mein	• Cybersecurity, Business Continuity, and Sustainability and Environmental, Social and Governance	14 October 2022
Kee Thuan Chai	• Cybersecurity, Business Continuity, and Sustainability and Environmental, Social and Governance	14 October 2022
Karmjit Kaur a/p Sarban Singh	• Cybersecurity, Business Continuity, and Sustainability and Environmental, Social and Governance	14 October 2022
Dato' Shamesh a/l Jeevaretnam	• Cybersecurity, Business Continuity, and Sustainability and Environmental, Social and Governance	14 October 2022

The Company Secretary regularly update the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefs the Board quarterly on these updates, where applicable, at Board meetings. The Directors will continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

## B. EFFECTIVE AUDIT AND RISK MANAGEMENT

### 1.0 Audit Committee ("AC")

The AC currently comprises three (3) Independent Non-Executive Directors. The AC meets not less than four (4) times a year and is governed by clearly defined Terms of Reference. In the financial year 2022, the Committee met five (5) times. The main responsibilities of the AC are to ensure integrity of financial reporting, a sound internal control system with effective risk monitoring procedures and adherence to compliance matters.

The Chairman of AC is not the Chairman of the Board. Details of the composition of the AC, attendance of Members at meetings held during the financial year 2022 and the activities carried out by the AC during the year are set out under the AC Report on pages 52 to 54 on this Annual Report.

### 1.1 Financial Reporting

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

The AC who assists the Board in overseeing the financial reporting process of the Company and the Group, has adopted a policy for the types of non-audit services permitted to be provided by the External Auditors, including the need for the Audit Committee's approval prior to such services can be provided by the External Auditors.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## B. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

### 1.1 Financial Reporting (Continued)

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

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

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

AC had on 23 February 2023 conducted an assessment on the suitability and independence of the external auditors, Messrs BDO PLT. Having considered their independence, competency, resources and the audit team assigned and the tenure of the change of its audit engagement partner, the AC had recommended to the Board on their suitability and independence and to re-appoint Messrs BDO PLT as Auditors of the Group for the ensuing year. The Board has recommended Messrs BDO PLT for re-appointment as Auditors of the Group for the shareholders' approval at the forthcoming AGM.

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

### 1.2 Statement on Directors' Responsibility

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

- adopted suitable accounting policies and applied them consistently;
- made judgments and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed; and
- prepared the financial statements on the going concern basis.

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

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

### 1.3 Risk Management and Internal Control Framework

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

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

## B. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

### 1.3 Risk Management and Internal Control Framework (Continued)

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

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

On 23 February 2023, the AC performed an assessment and review of the adequacy and scope of the Internal Audit Function and the backgrounds of Internal Auditors as part of ongoing effort to ensure an effective and sound internal controls system. The areas covered are the competency and independence of Internal Auditors as well as the scope, functions, resources and authority of the Internal Audit Function that is in place.

For further details on the focus areas for internal audit during the financial year, please refer to the Statement of Risk Management and Internal Control on pages 48 to 51 on this Annual Report.

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

The cost incurred for the internal audit function in respect of the financial year 2022 was RM82,000.

## C. INTEGRITY IN CORPORATE REPORTING & RELATIONSHIP WITH STAKEHOLDERS

### 1.0 Communication with Stakeholders

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

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

The Company maintained a website ([www.three-a.com.my](http://www.three-a.com.my)) to which shareholders can access information related to the Group. The Group's website is continuously updated to provide timely and accurate information to the users. The notice of general meetings, proxy form, Annual Report, Circulars to shareholders, Questions and Answers from the Minority Shareholders Watchdog Group and Summary of Key Matters Discussed at the AGM are also published on the Company's website.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

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

### 1.0 Communication with Stakeholders (Continued)

Investors and the public who wish to assess corporate and financial information that is made public such as the quarterly announcement of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirement of Listing Requirements and other corporate information and events related to the Company can channel their queries to the following personnel:

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

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

### 1.1 Conduct of General Meeting

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

The 20th AGM of the Company held on 8 June 2022 was conducted through a virtual basis via Remote Participation and Electronic voting ("**RPEV**") facilities from the broadcast venue at Level 12, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. Shareholders were encouraged to participate (including posting questions to the Board via real time submission of typed texts) and vote remotely at the 20th AGM of the Company by using the RPEV facilities provided by the Company's Share Registrar via <https://meeting.boardroomlimited/my>.

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

At the 20<sup>th</sup> AGM, all Directors of the Company, along with the Group Financial Controller, Company Secretary and the External Auditors were present to respond to the shareholders' queries, where applicable and necessary. Further, in line with good corporate governance practices, the Annual Report 2021 and notice of the last AGM were made available to the shareholders of the Company at least twenty-eight (28) days prior to the AGM. The notice of AGM is also published in a national newspaper. The notice would include explanatory statements for proposed resolutions to facilitate understanding and evaluation of issues involving the shareholders.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“**Board**”) of Three-A Resources Berhad is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2022. The disclosure in this Statement is presented pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”), the relevant principles and practices of the Malaysian Code on Corporate Governance (“**MCCG**”) and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

## RISK MANAGEMENT

The performance of the risk management processes covering risk identification, impact assessment, risk profiling, and documentation are guided by the international risk management framework principles.

The Risk Management Committee (“**RMC**”) comprises of three (3) members: an Independent Non-Executive Director and two (2) Executive Directors. The RMC assists the Board in overseeing the risk management framework and ensuring the management implements appropriate measures to manage material risk exposure in the Group.

During the financial year 2022, the RMC conducted four (4) meetings. In these meetings, RMC deliberated the overall progress and the status and effectiveness of the risk mitigation plans in each department reported by the Risk Management Working Committee.

The Group continues to face challenges from the increase of volatility in raw materials costs stemming from the COVID-19 pandemic, the rise of energy and other costs arising from the ongoing Russia-Ukraine war, and the uncertainty in the global economic landscape.

In facing these headwinds, the Group has undertaken the following initiatives to continue its ongoing efficiency, product quality and productivity improvements and to optimise its economies of scale and cost:

- Inventory planning in managing the inventory costs of the raw materials, the margin of the selling price, and on-time and adequate supplies of finished goods to the customers;
- Exploration of new and alternative supplies of raw materials and packaging materials;
- Expansion of the production plants and warehouses to support the increase in customer orders;
- Automation and enhancement of certain production lines; and
- Customer engagement and consultation for price improvement, order size differentiation, quality and service level.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

## INTERNAL CONTROLS

In addition to the risk management processes, the Group has always put in place internal control systems covering the following:

- i. Organisational structure with defined lines of responsibility, hierarchical reporting and delegation of authorities at the Senior Management and the Heads of Department levels;
- ii. Limit of authority and approval facilitating delegation of authority;
- iii. The adoption, certification and compliance of Food Safety System 22000 version 5.1 consisting of ISO 22000: 2018 and ISO/TS 22002-1:2009 for the products ensuring food safety;
- iv. Continual implementation and compliance with Halal, Kosher, and HACCP Certifications, setting the fundamental of management control in the Group;
- v. Insurance program to protect the assets such as boiler and pressure vessel, goods in transit, money in transit and safekeeping and collection of cash, and interests of the Group against the risks of public liability, general and product liability, contaminated products, fire, fire consequential loss, and employee dishonestly;
- vi. Guidelines for selection and hiring of staff, formal training programmes as well as annual performance appraisals to ensure that staff are competent and adequately trained in carrying out their responsibilities; and
- vii. The establishment and implementation of the Anti-Bribery and Corruption ("**ABC**") Policy and Whistleblowing Policy.

In addition, various operational management review meetings are held to discuss operational issues; and monitor and review the effectiveness of actions taken to ensure that the business performance objectives are met. These meetings include:

### a. Food Safety Team Meeting

Quarterly Food Safety Team ("**FST**") meetings are conducted to review the achievements of the Key Results Areas ("**KRA**") of respective departments, the root cause for not achieving the KRAs and the corrective action plans, updates for pest control, results of audits undertaken by FST, customer audits and FST training. The key KRAs include production quality, yield, downtime, customer goods returned, customer complaint, vendor corrective action requests and accident rate.

### b. Credit Control Committee Meeting

Credit Control Committee conducts quarterly meetings to review the customer collection status, the proposed credit term and limit, the number of new customers, the account receivable ageing and impairment, the related party transactions and the annual credit review of credit risk.

### c. Sales Meeting

Regular sales meetings are held between Senior Management, Sales & Business Development Manager and the Sales team to discuss the collection, orders and product prices.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

## BOARD RESPONSIBILITY

Under the Malaysian Code of Corporate Governance, the Board should:

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

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

The followings are the Board's oversight mechanisms to monitor the effectiveness and adequacy of the risk management and internal control systems of the Group:

- The Audit Committee's reviews of the quarterly financial results, annual report, and audited financial statements in consultation with Management, the internal control issues reported by the External and Internal Auditors; and the status of Management's implementation for improvement;
- The Board deliberation on the External Audit Memorandum covering the risk and control issues noted in the annual statutory audit;
- The RMC to oversee the risk management of the Group;
- The Internal Audit function to assist the Audit Committee and the Board in conducting independent assessments of the governance practices, risk management and internal control systems of the Group;
- The periodic business, financial and operational performances briefings by the Managing Director, Executive Directors and Group Financial Controller to the Board; and
- The discussions with Management during the board meetings on business and operational issues and the measures taken by Management to mitigate and manage the business and operational challenges and risks.

## MANAGEMENT RESPONSIBILITIES AND ASSURANCE

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

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

## BOARD ASSURANCE AND LIMITATION

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

The Board is satisfied that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group and that the existing internal control and risk management systems are adequate and effective to enable the Group to achieve its business objectives. No material loss resulted from significant control weaknesses for the financial year under review.

The Board wishes to reiterate that risk management and internal control would be continuously improved in line with the evolving business environment. However, it should be noted that risk management and internal control systems are only designed to manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems can only provide reasonable but not absolute assurance against material misstatements, fraud and losses.

## REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement in accordance with the Audit and Assurance Practice Guide 3 (**“AAPG3”**) issued by the Malaysia Institute of Accountants.

The External Auditors reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board and Management in reviewing the adequacy and effectiveness of the risk management and internal control systems of the Group.

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

# AUDIT COMMITTEE REPORT

## COMPOSITION AND ATTENDANCE

The Audit Committee (“AC”) of the Company comprises three (3) members who are all Independent Non-Executive Directors:

### Chairman

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

### Members

Dato’ Shamesh a/l Jeevaretnam  
Independent Non-Executive Director

Karmjit Kaur a/p Sarban Singh  
Independent Non-Executive Director

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

A total of five (5) meetings were held during the financial year ended 31 December 2022 (“FYE 2022”). The record of attendance of each member at the AC Meetings held during the FYE 2022 is as follows:

Name of AC Members	Number of AC Meeting Attended
Chew Eng Chai (Chairman)	5/5
Tan Chon Sing @ Tan Kim Tieng (Retired on 8 June 2022)	3/3
Mohd Zaki bin Hamzah (Resigned on 8 June 2022)	3/3
Khoo Wee Boon (Resigned on 8 June 2022)	3/3
Dato’ Jagjit Singh a/l Bant Singh (Resigned on 7 September 2022)	4/4
Dato’ Shamesh a/l Jeevaretnam (Appointed on 7 September 2022)	1/1
Karmjit Kaur a/p Sarban Singh (Appointed on 7 September 2022)	1/1

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

## TERMS OF REFERENCE (“TOR”)

The latest TOR of the AC is available for reference at the Company’s website, [www.three-a.com.my](http://www.three-a.com.my).

# AUDIT COMMITTEE REPORT (CONTINUED)

## SUMMARY OF ACTIVITIES IN 2022

In line with the TOR of the AC, the following activities were carried out by the AC for the FYE 2022 under review in accordance with its functions and duties:

1. At the meeting held in February 2022, the AC reviewed the Audit Completion Report in respect of the audit of the Company and the Group for the financial year ended 31 December 2021 from External Auditors, Messrs BDO PLT (**"BDO"**). A private session with BDO without the presence of the Executive Directors and Management was carried out at the said meeting.
2. At the meeting held in April 2022, the AC reviewed and deliberated the following:
  - Assessed the independence and suitability of external auditors and being satisfied with the performance of the External Auditors, recommended the re-appointment of BDO to the Board for further recommendation to the shareholders for approval at the Twentieth Annual General Meeting.
  - Reviewed the adequacy of the scope, functions, competency and resources of the outsourced Internal Auditors of the Company and was satisfied with their performance and resources.
  - Reviewed the draft Statement to Shareholders in relation to the Proposed Renewal of Authority for Share Buy Back.
  - Reviewed the draft Statement on Risk Management and Internal Control (**"SORMIC"**) and AC Report and recommended the same to the Board for inclusion in the Annual Report 2021.
  - Reviewed the draft Audited Financial Statements for the financial year ended 31 December 2021 and recommended the same to the Board for approval.
  - Discussed and recommended to the Board the adoption of the updated Terms of Reference of AC and External Auditors Assessment Policy of the Company.
3. At the meeting held in November 2022, the AC reviewed and deliberated the following:
  - Audit Planning Memorandum (**"APM"**) for the FYE 2022 as prepared by BDO in relation to statutory audit services as well as non-audit services. In the APM, BDO gave assurance that they have complied with the independence requirement and further described BDO's engagement and reporting responsibilities, audit scope and approach to the statutory audit for FYE 2022. The non-audit services of BDO and its affiliate firm involve the annual review of the SORMIC as well as tax compliance services for the Group.
  - Report from the Risk Management Committee.
  - Assessed the solvency of the Company and recommended the payment of interim dividend for the FYE 2022 to the Board for consideration.
  - Reviewed the proposed audit fees of BDO and recommend the same to the Board for consideration.
4. On financial reporting, the AC reviewed every quarterly financial report during the AC meetings and subsequently recommended the reports to the Board for approval. The reviews of quarterly reports were conducted in Feb 2022, May 2022, August 2022 and November 2022 respectively. The AC also reviewed and discussed the recommendations from the Credit Control Committee on matters in relation to the proposed reversal of impairment of trade receivables or any other matters relating thereto.
5. The AC reviewed and discussed the Internal Audit Reports of the Group that were prepared and presented by the Internal Auditors on a quarterly basis. The AC reviewed the findings of Internal Audit Reports and discussed recommendations and updates on follow-up matters with the Internal Auditors as and when required.
6. The AC reviewed the recurrent related party transactions of a revenue nature within the Group and provided an opinion on whether they are fair and reasonable and not detrimental to the interest of the minority shareholders of the Company on a quarterly basis.

# AUDIT COMMITTEE REPORT (CONTINUED)

## INTERNAL AUDIT FUNCTION

The Paragraph 15.27 of Listing Requirements of Bursa Securities provides that a listed issuer must establish an internal audit function independent of the activities it audits and ensure it reports directly to the AC.

The Company has outsourced its internal audit function to an internal audit consulting firm. The primary responsibility of this internal audit function is to assist the Board and the AC in reviewing and assessing the management systems of internal control and to provide recommendations to strengthen these internal control procedures.

The internal audit function is headed by a director whom a manager and audit executives assist. The Director in charge is Mr Chong Kian Soon, he is a member of Chartered Accountants Australia and New Zealand, the Malaysian Institute of Certified Public Accountants and the Institute of Internal Auditors Malaysia, while the team members are accounting graduates.

The Internal Auditors have carried out their work with reference to the principles of the International Professional Practice Framework (“**IPPF**”) of the Institute of Internal Auditors (“**IIA**”). These principles include the audit planning, execution, documentation, communication of findings and consultation with key stakeholders.

An Internal Audit Plan will be proposed and presented to the AC for deliberation and approval before internal audit reviews are carried out. The Internal Audit Plan is developed in consultation with management and the AC, and after considering the significant risk factors identified by the Risk Management Working Group, changes in the compliance landscape and requirements, the audit emphasis of the External Auditor, the audit universe in the Group and past internal audit findings. Subsequent changes to the approved Internal Audit Plan due to changes in business environment will be discussed with the AC and seek its approval prior to the commencement of the audit.

The Internal Auditors report and present the Internal Audit reports to the AC on a periodic basis. These reports contained the conclusion of control status, an overview of management performance, audit findings, management actions for improvement and target completion dates. In addition, the Internal Auditors also conduct follow-up audits to ascertain the management action status.

The costs incurred for the Internal Audit function in respect of the FYE 2022 was about RM82,000.

During the FYE 2022, the Internal Auditors attended four (4) AC meetings. The summary of work conducted and reported by the Internal Auditors in the current financial year is as follows:

- Assessed the adequacy of the anti-corruption and bribery preventive measures;
- Conducted follow-up audit to ascertain the status of management actions;
- Prepared draft SORMIC prior to submission to the Board for consideration and approval for inclusion in the Annual Report;
- Evaluated the adequacy and effectiveness of management control procedures in the Glucose plant, Soya Protein Sauce plant and Vinegar plant;
- Evaluated the adequacy and effectiveness of management control procedures in Warehouse and Stock Management; and
- Briefed AC on the New Bursa Sustainability Reporting Framework.

The AC and the Board are satisfied with the performance of the Internal Auditor and have the interest of greater independence and continuity in the Internal Audit function, taking the decision to continue with the outsourcing of the Internal Audit Function.



# ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

## 1. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the Company’s External Auditors and a firm affiliated to the External Auditors’ by the Company and Group for the financial year ended 31 December 2022 are as follows:

	<b>Company (RM'000)</b>	<b>Group (RM'000)</b>
Audit Fees	53	139
Non-Audit Fees	13	25
Total	66	164

## 2. Material Contracts

There were no material contracts entered into by the Company or its subsidiaries which involve Directors’ and major shareholders’ interest either still subsisting at the end of the financial year ended 31 December 2022 or entered into since the end of the previous financial year that have been entered by the Company or its subsidiary involving the interests of the Directors and major shareholders.

## 3. Utilisation of Proceeds

There were no proceeds raised by the Company from any corporate proposal during the financial year ended 31 December 2022.

## 4. Recurrent Related Party Transactions of a Revenue or Trading Nature (“RRPT”)

The Company did not seek any mandate from its shareholders pertaining to recurrent related party transactions of revenue or trading nature during the financial year ended 31 December 2022.

## 5. Employee Share Scheme

The Company did not establish any employee share scheme and does not have any subsisting employee share scheme during the financial year ended 31 December 2022.

# FINANCIAL REPORT

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# DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

## PRINCIPAL ACTIVITIES

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

## RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, attributable to owners of the parent	35,094	12,587

## DIVIDEND

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

	RM'000
In respect of financial year ended 31 December 2022:	
Interim single tier dividend of 2.5 sen per ordinary share, paid on 21 December 2022	12,225

The Directors do not recommend any payment of final dividend for the financial year ended 31 December 2022.

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

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

## OPTIONS GRANTED OVER UNISSUED SHARES

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

# DIRECTORS' REPORT (CONTINUED)

## REPURCHASE OF OWN SHARES

At the Annual General Meeting held on 8 June 2022, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to purchase its own shares up to 10% of existing issued and paid-up share capital of the Company.

During the financial year, the Company repurchased 1,231,200 of its issued ordinary shares at a total cost of RM1,072,681 which were held as treasury shares.

As at 31 December 2022, a total of 3,000,000 issued and fully paid ordinary shares at a total cost of RM2,150,920 are held as treasury shares by the Company. The number of ordinary shares as at 31 December 2022 net of treasury shares is 489,000,010.

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

## DIRECTORS

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

Dato' Jagjit Singh a/l Bant Singh*	
Fong Chu King @ Tong Chu King*	
Chew Eng Chai	
Liew Kuo Shin	
Fang Siew Ping*	
Kee Thuan Chai	
Lim Yee Mein	
Dato' Shamesh a/l Jeevaretnam	(Appointed on 8 June 2022)
Karmjit Kaur a/p Sarban Singh	(Appointed on 8 June 2022)
Khoo Wee Boon	(Resigned on 8 June 2022)
Mohd Zaki Bin Hamzah*	(Resigned on 8 June 2022)
Tan Chon Sing @ Tan Kim Tieng	(Retired on 8 June 2022)

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

## DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 ("CA2016") in Malaysia were as follows:

	Number of ordinary shares			Balance as at 31.12.2022
	Balance as at 1.1.2022	Bought	Sold	
	<b>Direct interests:</b>			
Fong Chu King @ Tong Chu King	13,745,500	-	-	13,745,500
Chew Eng Chai	200,000	-	-	200,000
Liew Kuo Shin	125,000	-	-	125,000

# DIRECTORS' REPORT (CONTINUED)

## DIRECTORS' INTERESTS (continued)

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2022 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the CA2016 in Malaysia were as follows (continued):

	Number of ordinary shares			Balance as at 31.12.2022
	Balance as at 1.1.2022	Bought	Sold	
<b>Indirect interests:</b>				
Fong Chu King @ Tong Chu King <sup>a</sup>	1,714,975	-	-	1,714,975
Chew Eng Chai <sup>b</sup>	8,750	-	-	8,750

<sup>a</sup> Indirect interest via shareholdings of his son, Fong Peng Fai (137,375 ordinary shares) pursuant to Section 59(11)(c) of CA2016 and Seong Chan Sauce & Foodstuff Sdn. Bhd. (1,577,600 ordinary shares) pursuant to Section 8 of CA2016.

<sup>b</sup> Indirect interest via shareholdings of his spouse, Lim Tong Lean pursuant to Section 59(11)(c) of CA2016.

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

## DIRECTORS' BENEFITS

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

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

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

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

# DIRECTORS' REPORT (CONTINUED)

## DIRECTORS' REMUNERATION

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

	<b>Group RM'000</b>	<b>Company RM'000</b>
Executive Directors' remuneration:		
- Salaries and other emoluments	3,602	-
Non-Executive Directors' remuneration:		
- Fees	507	441
- Retirement benefits	210	210
Total	<u>4,319</u>	<u>651</u>

## INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS

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

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

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

### (I) AS AT THE END OF THE FINANCIAL YEAR

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

# DIRECTORS' REPORT (CONTINUED)

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (continued)

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

- (c) The Directors are not aware of any circumstances:
  - (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

### (III) AS AT THE DATE OF THIS REPORT

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

## SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 3 October 2022, a subsidiary of the Company, San Soon Seng Food Industries Sdn. Bhd. entered into a Sale and Purchase Agreement with a third party for the acquisition of a piece of land with three (3) units of single-storey detached factory building for a total consideration of RM5,250,000.

The transaction has not been completed as at the end of the reporting period.

# DIRECTORS' REPORT (CONTINUED)

## AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2022 were as follows:

	<b>Group RM</b>	<b>Company RM</b>
Statutory audit	138,600	52,500
Other services	8,000	8,000
	<u>146,600</u>	<u>60,500</u>

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

**Fong Chu King @ Tong Chu King**  
Director

**Fang Siew Ping**  
Director

Kuala Lumpur  
20 April 2023



# STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 68 to 100 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 2022 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Fong Chu King @ Tong Chu King**  
Director

**Fang Siew Ping**  
Director

Kuala Lumpur  
20 April 2023

# STATUTORY DECLARATION

I, Fong Peng Fai (CA 23408), being the officer primarily responsible for the financial management of Three-A Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 68 to 100 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
the abovenamed at )  
Kuala Lumpur, this )  
20 April 2023 )

**Fong Peng Fai**

Before me:

# INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Three-A Resources Berhad, which comprise the statements of financial position as at 31 December 2022 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 68 to 100.

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 2022, 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.

#### ***Recoverability of trade receivables***

As at 31 December 2022, trade receivables of the Group amounted to RM141,008,000. The details of trade receivables and their credit risk have been disclosed in Note 9 to the financial statements.

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

# INDEPENDENT AUDITORS' REPORT

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

## Key Audit Matters (continued)

### *Audit response*

Our audit procedures included the following:

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

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

## Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

## Responsibilities of the Directors for the Financial Statements

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

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

# INDEPENDENT AUDITORS' REPORT

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

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

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

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

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

## **Other Matters**

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

**BDO PLT**  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

**Ho Kok Khiaw**  
03412/02/2025 J  
Chartered Accountant

Kuala Lumpur  
20 April 2023

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	175,238	162,622	-	-
Right-of-use assets	6	62,722	62,761	-	-
Investments in subsidiaries	7	-	-	163,382	163,382
		<b>237,960</b>	225,383	<b>163,382</b>	163,382
<b>Current assets</b>					
Inventories	8	105,412	57,016	-	-
Trade and other receivables	9	144,670	126,071	-	-
Cash and bank balances	10	21,006	55,100	1,235	2,009
		<b>271,088</b>	238,187	<b>1,235</b>	2,009
<b>TOTAL ASSETS</b>		<b>509,048</b>	463,570	<b>164,617</b>	165,391
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	11	149,087	149,087	149,087	149,087
Treasury shares	11	(2,151)	(1,078)	(2,151)	(1,078)
Reserves	12	273,171	250,302	17,238	16,876
<b>TOTAL EQUITY</b>		<b>420,107</b>	398,311	<b>164,174</b>	164,885
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	14	5,012	2,720	-	-
Deferred tax liabilities	13	20,223	16,068	-	-
		<b>25,235</b>	18,788	-	-
<b>Current liabilities</b>					
Trade and other payables	15	46,573	34,823	442	500
Borrowings	14	15,235	5,294	-	-
Current tax liabilities		1,898	6,354	1	6
		<b>63,706</b>	46,471	<b>443</b>	506
<b>TOTAL LIABILITIES</b>		<b>88,941</b>	65,259	<b>443</b>	506
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>509,048</b>	463,570	<b>164,617</b>	165,391

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 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	18	<b>658,702</b>	515,615	<b>13,500</b>	15,750
Cost of sales		<b>(570,497)</b>	(418,942)	-	-
Gross profit		<b>88,205</b>	96,673	<b>13,500</b>	15,750
Other income	19	<b>5,676</b>	3,714	<b>14</b>	17
Administrative expenses	20	<b>(33,346)</b>	(29,441)	<b>(923)</b>	(737)
Other operating expenses	20	<b>(12,301)</b>	(8,062)	-	-
Profit from operations		<b>48,234</b>	62,884	<b>12,591</b>	15,030
Finance costs	21	<b>(431)</b>	(378)	-	-
Profit before tax		<b>47,803</b>	62,506	<b>12,591</b>	15,030
Tax expense	22	<b>(12,709)</b>	(15,961)	<b>(4)</b>	(3)
Profit for the financial year		<b>35,094</b>	46,545	<b>12,587</b>	15,027
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		<b>35,094</b>	46,545	<b>12,587</b>	15,027
Profit attributable to owners of the parent		<b>35,094</b>	46,545	<b>12,587</b>	15,027
Total comprehensive income attributable to owners of the parent		<b>35,094</b>	46,545	<b>12,587</b>	15,027
Earnings per share attributable to equity holders of the parent (sen):					
Basic and diluted	23	<b>7.2</b>	9.5		

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Note	Share capital RM'000	Treasury shares RM'000	<i>Distributable</i>	Total equity RM'000
				Retained earnings RM'000	
<b>Balance as at 1 January 2021</b>		149,087	(1,078)	218,464	366,473
Profit for the financial year		-	-	46,545	46,545
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	46,545	46,545
<b>Transaction with owners</b>					
Dividends paid	24	-	-	(14,707)	(14,707)
<b>Balance as at 31 December 2021</b>		149,087	(1,078)	250,302	398,311
Profit for the financial year		-	-	35,094	35,094
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	35,094	35,094
<b>Transactions with owners</b>					
Dividend paid	24	-	-	(12,225)	(12,225)
Purchase of treasury shares	11(b)	-	(1,073)	-	(1,073)
<b>Balance as at 31 December 2022</b>		149,087	(2,151)	273,171	420,107

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



# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Company	Note	Share capital RM'000	Treasury shares RM'000	<i>Distributable</i>	Total equity RM'000
				Retained earnings RM'000	
<b>Balance as at 1 January 2021</b>		149,087	(1,078)	16,556	164,565
Profit for the financial year		-	-	15,027	15,027
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	15,027	15,027
<b>Transaction with owners</b>					
Dividends paid	24	-	-	(14,707)	(14,707)
<b>Balance as at 31 December 2021</b>		149,087	(1,078)	16,876	164,885
Profit for the financial year		-	-	12,587	12,587
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	12,587	12,587
<b>Transactions with owners</b>					
Dividend paid	24	-	-	(12,225)	(12,225)
Purchase of treasury shares	11(b)	-	(1,073)	-	(1,073)
<b>Balance as at 31 December 2022</b>		149,087	(2,151)	17,238	164,174

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

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		<b>47,803</b>	62,506	<b>12,591</b>	15,030
Adjustments for:					
Depreciation of property, plant and equipment	5	<b>10,346</b>	9,227	-	-
Depreciation of right-of-use assets	6	<b>1,523</b>	1,478	-	-
Dividend income from a subsidiary	18	-	-	<b>(13,500)</b>	(15,750)
Interest expense	21	<b>431</b>	378	-	-
Interest income	19	<b>(360)</b>	(523)	<b>(14)</b>	(17)
Gain on disposal of property, plant and equipment	19	<b>(138)</b>	-	-	-
Property, plant and equipment written off	20	<b>9</b>	14	-	-
Reversal of impairment losses on trade receivables	9(e)	<b>(13)</b>	(534)	-	-
Net unrealised loss/(gain) in foreign exchange	19, 20	<b>1,643</b>	(917)	-	-
Operating profit/(loss) before changes in working capital		<b>61,244</b>	71,629	<b>(923)</b>	(737)
Changes in working capital:					
Inventories		<b>(48,396)</b>	18,094	-	-
Trade and other receivables		<b>(20,225)</b>	(12,440)	-	2
Trade and other payables		<b>11,484</b>	(1,109)	<b>(58)</b>	4
Cash generated from/(used in) operations		<b>4,107</b>	76,174	<b>(981)</b>	(731)
Tax refunded		<b>25</b>	-	-	-
Tax paid		<b>(13,035)</b>	(10,892)	<b>(9)</b>	(10)
Net cash (used in)/from operating activities		<b>(8,903)</b>	65,282	<b>(990)</b>	(741)

# STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Additions of right-of-use assets	6	(1,484)	(3,393)	-	-
Dividend received from a subsidiary	18	-	-	13,500	15,750
Interest received	19	360	523	14	17
Proceeds from disposal of property, plant and equipment		247	-	-	-
Purchase of property, plant and equipment	5(b)	(22,782)	(14,186)	-	-
Net cash (used in)/from investing activities		(23,659)	(17,056)	13,514	15,767
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid	24	(12,225)	(14,707)	(12,225)	(14,707)
Interest paid	21	(431)	(378)	-	-
Net drawdown of bankers' acceptances	14(h)	13,792	-	-	-
Repayments of term loans	14(h)	(1,559)	(4,664)	-	-
Purchase of treasury shares	11(b)	(1,073)	-	(1,073)	-
Net cash used in financing activities		(1,496)	(19,749)	(13,298)	(14,707)
Net (decrease)/increase in cash and cash equivalents		(34,058)	28,477	(774)	319
Effect of exchange rate changes on cash and cash equivalents		(36)	5	-	-
Cash and cash equivalents at beginning of financial year		55,100	26,618	2,009	1,690
Cash and cash equivalents at end of financial year	10	21,006	55,100	1,235	2,009

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2022

### 1. CORPORATE INFORMATION

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

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

The consolidated financial statements for the financial year ended 31 December 2022 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 20 April 2023.

### 2. PRINCIPAL ACTIVITIES

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

### 3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 28.1 to the financial statements.

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

### 4. OPERATING SEGMENTS

#### Segmental information

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

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

The Board of Directors review the business performance of the Group as a whole and management monitors the operating results of its business for the purpose of making decisions on resources allocation and performance assessment.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 4. OPERATING SEGMENTS (continued)

### Geographical information

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

	Group	
	2022 RM'000	2021 RM'000
<b>Revenue:</b>		
Malaysia	379,950	292,110
Singapore	63,983	50,736
Other foreign countries	214,769	172,769
	<b>658,702</b>	<b>515,615</b>

### Major customers

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

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	Factory and office buildings	Plant and machinery, tools and implements	Furniture and fittings and equipment	Renovations and electrical installations	Motor vehicles	Construction-in-progress	Total
2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>							
As at 1 January 2022	73,530	138,661	7,268	8,633	16,353	27,853	272,298
Additions	5,572	11,099	2,214	1,712	2,267	216	23,080
Transfers	11,470	14,447	-	-	-	(25,917)	-
Disposals	-	-	-	-	(1,033)	-	(1,033)
Written off	-	(6)	(30)	-	-	-	(36)
As at 31 December 2022	<b>90,572</b>	<b>164,201</b>	<b>9,452</b>	<b>10,345</b>	<b>17,587</b>	<b>2,152</b>	<b>294,309</b>
<b>Accumulated depreciation</b>							
As at 1 January 2022	16,032	76,110	5,092	3,745	8,697	-	109,676
Charges for the financial year	1,714	6,259	460	652	1,261	-	10,346
Disposals	-	-	-	-	(924)	-	(924)
Written off	-	(2)	(25)	-	-	-	(27)
As at 31 December 2022	<b>17,746</b>	<b>82,367</b>	<b>5,527</b>	<b>4,397</b>	<b>9,034</b>	<b>-</b>	<b>119,071</b>
<b>Carrying amount</b>							
As at 31 December 2022	<b>72,826</b>	<b>81,834</b>	<b>3,925</b>	<b>5,948</b>	<b>8,553</b>	<b>2,152</b>	<b>175,238</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Plant and	Furniture	Renovations	Motor	Construction-	Total	
	Factory	and fittings	and				electrical
	and office	machinery,	and	and			
	buildings	tools and	equipment	installations			
	RM'000	implements	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2021</b>							
<b>Cost</b>							
As at 1 January 2021	71,076	136,906	6,541	7,698	16,394	18,963	257,578
Additions	2,454	1,755	730	935	17	8,890	14,781
Written off	-	-	(3)	-	(58)	-	(61)
As at 31 December 2021	73,530	138,661	7,268	8,633	16,353	27,853	272,298
<b>Accumulated depreciation</b>							
As at 1 January 2021	14,569	70,262	4,767	3,367	7,531	-	100,496
Charges for the financial year	1,463	5,848	326	378	1,212	-	9,227
Written off	-	-	(1)	-	(46)	-	(47)
As at 31 December 2021	16,032	76,110	5,092	3,745	8,697	-	109,676
<b>Carrying amount</b>							
As at 31 December 2021	57,498	62,551	2,176	4,888	7,656	27,853	162,622

Company	Furniture and fittings	
	2022	2021
	RM'000	RM'000
<b>Cost</b>		
At 1 January/31 December	5	5
<b>Accumulated depreciation</b>		
At 1 January/31 December	(5)	(5)
<b>Carrying amount</b>		
At 31 December	-	-

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 5. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Group	
	2022 RM'000	2021 RM'000
Purchase of property, plant and equipment	23,080	14,781
Financed by credit purchase (Note 15(c))	(298)	(595)
	<b>22,782</b>	<b>14,186</b>

(c) As at the end of the current financial year, certain factories and office buildings of the Group with a total carrying amount of RM7,316,000 (2021: RM7,545,000) have been charged to a licensed bank for credit facilities granted to the Group as disclosed in Note 14(b) to the financial statements.

## 6. RIGHT-OF-USE ASSETS

Carrying amount	Balance as at 1.1.2022 RM'000	Additions RM'000	Depreciation RM'000	Balance as at 31.12.2022 RM'000
	Long-term leasehold land	56,907	1,484	(856)
Short-term leasehold land	5,854	-	(667)	5,187
	<b>62,761</b>	<b>1,484</b>	<b>(1,523)</b>	<b>62,722</b>

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

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

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

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

Long-term leasehold land	60 to 99 years
Short-term leasehold land	60 years

(b) As at the end of the reporting period, certain leasehold land with a carrying amount of RM16,532,000 (2021: RM16,815,000) were charged as securities for bank facilities granted to the Group as disclosed in Note 14(b) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 6. RIGHT-OF-USE ASSETS (continued)

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

	Group	
	2022 RM'000	2021 RM'000
Depreciation charge of right-of-use assets (included in administrative expenses)	1,523	1,478
Expense relating to short-term leases (included in administrative expenses)	845	404
	<b>2,368</b>	<b>1,882</b>

## 7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Unquoted shares - at cost	189,923	189,923
Less: Impairment losses	(26,541)	(26,541)
	<b>163,382</b>	<b>163,382</b>

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

(b) Details of the subsidiaries are as follows:

Name of companies	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2022 %	2021 %	
San Soon Seng Food Industries Sdn. Bhd.	Malaysia	100	100	Manufacturing and sale of food and beverages ingredients
Three-A Food Industries (M) Sdn. Bhd.	Malaysia	100	100	Investment holding

All subsidiaries of the Company are audited by BDO PLT.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 8. INVENTORIES

	Group	
	2022 RM'000	2021 RM'000
<b>At cost</b>		
Raw materials	67,739	29,127
Work-in-progress	10,107	6,150
Packing materials	2,967	2,518
Finished goods	24,599	19,221
	<b>105,412</b>	<b>57,016</b>

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

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

(b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM549,040,000 (2021: RM397,464,000).

## 9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Trade receivables</b>				
Third parties	143,713	113,252	-	-
Related parties	216	188	-	-
	<b>143,929</b>	<b>113,440</b>	-	-
Less: Impairment losses				
- third parties	<b>(2,921)</b>	<b>(2,934)</b>	-	-
	<b>141,008</b>	<b>110,506</b>	-	-
<b>Other receivables</b>				
Other receivables	77	1	-	-
Deposits	1,185	464	-	-
	<b>1,262</b>	<b>465</b>	-	-
Total receivables	<b>142,270</b>	<b>110,971</b>	-	-
Prepayments	<b>2,400</b>	<b>15,100</b>	-	-
	<b>144,670</b>	<b>126,071</b>	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2022 (CONTINUED)

### 9. TRADE AND OTHER RECEIVABLES (continued)

- (a) Trade receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 150 days (2021: 30 to 150 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Amounts owing by related parties are due from Seong Chan Sauce & Foodstuff Sdn. Bhd. and Holistic Food Sdn. Bhd., companies in which certain Directors have financial interests. Amounts owing by related parties are non-interest bearing and credit terms range from 60 to 90 days (2021: 60 to 90 days) and 30 to 60 days (2021: Nil) respectively.
- (d) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach by applying the provisional matrix using the flow-rate approach to calculate the lifetime expected credit losses ("ECL").

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

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

During this process, the probabilities of non-payments by the trade receivables are adjusted by forward-looking information based on macroeconomic factors such as unemployment rate, gross domestic product ("GDP") and inflation rate and multiplied by the amounts of the expected loss arising from defaults to determine the lifetime expected credit losses for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

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

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

	Group Lifetime ECL	
	2022 RM'000	2021 RM'000
At the beginning of the year	2,934	3,468
Reversal of impairment losses	(13)	(534)
At the end of the year	<b>2,921</b>	2,934

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 9. TRADE AND OTHER RECEIVABLES (continued)

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

Group	Gross carrying amount RM'000	Lifetime ECL RM'000	Net balance RM'000
<b>As at 31 December 2022</b>			
Not past due	138,349	-	138,349
Past due:			
- 1 to 30 days	2,062	-	2,062
- 31 to 60 days	486	-	486
- 61 to 90 days	26	-	26
- 91 to 120 days	85	-	85
- more than 120 days	2,921	(2,921)	-
	5,580	(2,921)	2,659
	<b>143,929</b>	<b>(2,921)</b>	<b>141,008</b>
<b>As at 31 December 2021</b>			
Not past due	110,107	-	110,107
Past due:			
- 1 to 30 days	253	-	253
- 31 to 60 days	109	-	109
- 61 to 90 days	37	-	37
- more than 120 days	2,934	(2,934)	-
	3,333	(2,934)	399
	<b>113,440</b>	<b>(2,934)</b>	<b>110,506</b>

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the end of the reporting period. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2022 (CONTINUED)

### 9. TRADE AND OTHER RECEIVABLES (continued)

#### (g) (continued)

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

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

The probability of non-payment by other receivables is adjusted by forward-looking information based on macroeconomic factors such as unemployment rate, gross domestic product ("GDP") and inflation rate and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit losses for other receivables.

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

#### (h) Credit risk concentration profile

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

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

	2022		2021	
	RM'000	% of total	RM'000	% of total
<b>By country:</b>				
Malaysia	96,321	69%	80,620	73%
Singapore	13,288	9%	10,955	10%
Other foreign countries	31,399	22%	18,931	17%
	<b>141,008</b>	<b>100%</b>	<b>110,506</b>	<b>100%</b>

At the end of each reporting period, approximately 57% (2021: 58%) of the trade receivables of the Group were due from 10 (2021: 10) major customers.

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	98,757	82,381	-	-
Singapore Dollar	2,762	2,696	-	-
United States Dollar	40,751	25,894	-	-
	<b>142,270</b>	<b>110,971</b>	<b>-</b>	<b>-</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 9. TRADE AND OTHER RECEIVABLES (continued)

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Effects of 3% changes to RM against foreign currencies</b>				
Profit after tax				
- United States Dollar	929	590	-	-
- Singapore Dollar	63	61	-	-

- (k) Included in deposits is an amount of RM525,000 (2021: Nil) representing deposit paid in relation to the acquisition of land and factory buildings.

## 10. CASH AND BANK BALANCES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	21,006	39,100	1,235	2,009
Fixed deposits with licensed banks	-	16,000	-	-
	21,006	55,100	1,235	2,009

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

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
<b>Fixed deposits with licensed banks</b>				
- Fixed rates	-	1.74	-	-

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

	Group	
	2022 RM'000	2021 RM'000
<b>Profit after tax</b>		
<b>Fixed deposits with licensed banks</b>		
- increase by 1% (2021: 1%)	-	122
- decrease by 1% (2021: 1%)	-	(122)

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 10. CASH AND BANK BALANCES (continued)

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	17,201	53,876	1,235	2,009
United States Dollar	3,787	1,202	-	-
Other foreign currencies	18	22	-	-
	<b>21,006</b>	<b>55,100</b>	<b>1,235</b>	<b>2,009</b>

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

	Group	
	2022 RM'000	2021 RM'000
<b>Effects of 3% changes to RM against foreign currency</b>		
Profit after tax		
- United States Dollar	86	27

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

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

## 11. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	2022 Number of shares ( '000)	2022 RM'000	2021 Number of shares ( '000)	2021 RM'000
<b>Issued and fully paid with no par value</b>				
At beginning/end of financial year	492,000	149,087	492,000	149,087

- (a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 11. SHARE CAPITAL AND TREASURY SHARES (continued)

### (b) Treasury shares

At the Annual General Meeting held on 8 June 2022, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase up to 10% of existing issued and paid-up share capital of the Company.

During the financial year, the Company repurchased 1,231,200 of its issued ordinary shares at a total cost of RM1,072,681 which were held as treasury shares.

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

As at 31 December 2022, a total of 3,000,000 (2021: 1,768,800) issued and fully paid ordinary shares at a total cost of RM2,150,920 (2021: RM1,078,000) are held as treasury shares by the Company. The number of ordinary shares as at 31 December 2022 net of treasury shares is 489,000,010 (2021: 490,231,210).

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

## 12. RESERVES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Distributable</b>				
Retained earnings	<b>273,171</b>	250,302	<b>17,238</b>	16,876

## 13. DEFERRED TAX LIABILITIES

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

	Group	
	2022 RM'000	2021 RM'000
Balance as at 1 January	<b>16,068</b>	14,446
Recognised in profit or loss (Note 22)	<b>4,155</b>	1,622
Balance as at 31 December	<b>20,223</b>	16,068

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 13. DEFERRED TAX LIABILITIES (continued)

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

### Deferred tax assets of the Group

	Provisions RM'000	Offsetting RM'000	Total RM'000
Balance as at 1 January 2021	(2,345)	2,345	-
Recognised in profit or loss	275	(275)	-
Balance as at 31 December 2021	(2,070)	2,070	-
Recognised in profit or loss	(371)	371	-
Balance as at 31 December 2022	(2,441)	2,441	-

### Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Others RM'000	Offsetting RM'000	Total RM'000
Balance as at 1 January 2021	16,791	-	(2,345)	14,446
Recognised in profit or loss	1,347	-	275	1,622
Balance as at 31 December 2021	18,138	-	(2,070)	16,068
Recognised in profit or loss	4,920	(394)	(371)	4,155
Balance as at 31 December 2022	23,058	(394)	(2,441)	20,223

## 14. BORROWINGS

	Group	
	2022 RM'000	2021 RM'000
<b>Non-current liabilities</b>		
Secured:		
Term loans	5,012	2,720
<b>Current liabilities</b>		
Secured:		
Bankers' acceptances	13,792	-
Term loans	1,443	5,294
<b>Total borrowings</b>	<b>20,247</b>	<b>8,014</b>



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 14. BORROWINGS (continued)

	Group	
	2022 RM'000	2021 RM'000
Secured:		
Bankers' acceptances	13,792	-
Term loans	6,455	8,014
	<b>20,247</b>	<b>8,014</b>

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) As at the end of the financial year, the bank borrowings of the Group are secured by the following:
- fixed charges over the long-term leasehold land, short-term leasehold land, factories and office buildings of a subsidiary as disclosed in Note 5(c) and 6(b) to the financial statements respectively;
  - negative pledge on two adjoining pieces of leasehold land of a subsidiary; and
  - corporate guarantees by the Company.
- (c) All borrowings are denominated in RM.
- (d) At the end of the reporting period, the interest rate profiles of the borrowings were as follows:

	Group	
	2022 RM'000	2021 RM'000
- Fixed rates	13,792	-
- Floating rates	6,455	8,014
	<b>20,247</b>	<b>8,014</b>

- (e) Sensitivity analysis for fixed rates borrowings as at the end of the reporting period was not presented as fixed rate instruments are not affected by changes in interest rates. Sensitivity analysis of interest rate for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant, is as follows:

	Group	
	2022 RM'000	2021 RM'000
<b>Profit after tax</b>		
Floating rate instrument		
- increase by 1% (2021: 1%)	(49)	(61)
- decrease by 1% (2021: 1%)	49	61

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 14. BORROWINGS (continued)

- (f) The table below summarises the maturity profile of the borrowings of the Group at the end of each reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one year RM'000	One to five years RM'000	Total RM'000
<b>As at 31 December 2022</b>			
Bankers' acceptances	13,963	-	13,963
Term loans	1,815	5,839	7,654
Total undiscounted financial liabilities	15,778	5,839	21,617
<b>As at 31 December 2021</b>			
Term loans	5,525	2,977	8,502
Total undiscounted financial liabilities	5,525	2,977	8,502

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

Group	WAEIR %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	Total RM'000
<b>As at 31 December 2022</b>							
<u>Fixed rates</u>							
Bankers' acceptances	3.14	13,792	-	-	-	-	13,792
<u>Floating rates</u>							
Term loans	4.31	1,443	1,483	1,671	992	866	6,455
<b>As at 31 December 2021</b>							
<u>Floating rates</u>							
Term loans	4.55	5,294	730	767	807	416	8,014

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 14. BORROWINGS (continued)

- (h) Reconciliation of liabilities arising from financing activities

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

	Group	
	Term loans RM'000	Bankers' acceptances RM'000
<b>2022</b>		
At 1 January 2022	8,014	-
Cash flows	(1,559)	13,792
At 31 December 2022	<b>6,455</b>	<b>13,792</b>
<b>2021</b>		
At 1 January 2021	12,678	-
Cash flows	(4,664)	-
At 31 December 2021	<b>8,014</b>	<b>-</b>

## 15. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Trade payables</b>				
Third parties	<b>23,363</b>	16,353	-	-
<b>Other payables</b>				
Other payables	<b>7,411</b>	5,160	-	-
Deposit received	<b>1,337</b>	1,456	-	-
Accruals	<b>14,462</b>	11,854	<b>442</b>	500
	<b>23,210</b>	18,470	<b>442</b>	500
	<b>46,573</b>	34,823	<b>442</b>	500

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 days (2021: 30 to 60 days).
- (c) Included in other payables of the Group are credit purchase of property, plant and equipment amounting to RM298,000 (2021: RM595,000) as disclosed in Note 5(b) to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 15. TRADE AND OTHER PAYABLES (continued)

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Ringgit Malaysia	25,815	25,986	442	500
United States Dollar	19,521	7,738	-	-
Other foreign currencies	1,237	1,099	-	-
	<b>46,573</b>	<b>34,823</b>	<b>442</b>	<b>500</b>

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

	Group	
	2022 RM'000	2021 RM'000
<b>Effects of 3% changes to RM against foreign currency</b>		
Profit after tax		
- United States Dollar	(445)	(176)

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

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

## 16. CAPITAL COMMITMENTS

	Group	
	2022 RM'000	2021 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	7,717	5,147

## 17. CONTINGENT LIABILITIES

	Company	
	2022 RM'000	2021 RM'000
Corporate guarantees given to banks for credit facilities granted to a subsidiary	20,247	8,014

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 17. CONTINGENT LIABILITIES (continued)

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

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

## 18. REVENUE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers:				
Sale of goods	658,702	515,615	-	-
Other revenue:				
Dividend income from a subsidiary	-	-	13,500	15,750
	<b>658,702</b>	<b>515,615</b>	<b>13,500</b>	<b>15,750</b>

### *Disaggregation of revenue from contracts with customers*

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

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

	Group	
	2022 RM'000	2021 RM'000
<b>Timing of revenue recognition</b>		
Transferred at a point in time	<b>658,702</b>	<b>515,615</b>

### (i) Sale of goods

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2022 (CONTINUED)

### 18. REVENUE (continued)

(i) Sale of goods (continued)

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

(ii) Dividend income

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

### 19. OTHER INCOME

Included in other operating income are:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Gain on disposal of property plant and equipment	138	-	-	-
Interest income	360	523	14	17
Realised gain in foreign exchange	4,709	1,217	-	-
Unrealised gain in foreign exchange	-	917	-	-
Reversal of impairment losses on trade receivables (Note 9(e))	13	534	-	-
Insurance claims	96	436	-	-
Other income	360	87	-	-
	<b>5,676</b>	<b>3,714</b>	<b>14</b>	<b>17</b>

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

### 20. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Auditors' remuneration:				
- statutory audit	139	132	53	50
- over-provision in prior year	-	(2)	-	-
- other services	8	8	8	8
Property, plant and equipment written off	9	14	-	-
Rental of machineries	113	91	-	-
Rental of hostel	276	241	-	-
Rental of premises	456	72	-	-
Unrealised loss in foreign exchange	1,643	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 20. ADMINISTRATIVE AND OTHER OPERATING EXPENSES (continued)

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

## 21. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense on:				
- term loans	256	368	-	-
- bankers' acceptances	163	4	-	-
- others	12	6	-	-
	<b>431</b>	<b>378</b>	<b>-</b>	<b>-</b>

## 22. TAX EXPENSE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax				
Current tax expense based on profit for the financial year	8,636	15,405	-	-
(Over)/Under-provision in prior years	(82)	(1,066)	4	3
	<b>8,554</b>	<b>14,339</b>	<b>4</b>	<b>3</b>
Deferred tax (Note 13):				
Relating to origination and reversal of temporary differences	4,133	637	-	-
Under-provision in prior years	22	985	-	-
	<b>4,155</b>	<b>1,622</b>	<b>-</b>	<b>-</b>
	<b>12,709</b>	<b>15,961</b>	<b>4</b>	<b>3</b>

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profits for the fiscal year.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 22. TAX EXPENSE (continued)

- (b) The numerical reconciliations between the average effective tax rates and the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax	47,803	62,506	12,591	15,030
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	11,473	15,001	3,022	3,607
Tax effects in respect of:				
Non-allowable expenses	1,299	1,166	221	177
Non-taxable income	(3)	(125)	(3,243)	(3,784)
	12,769	16,042	-	-
(Over)/Under-provision of tax expense in prior years	(82)	(1,066)	4	3
Under-provision of deferred tax in prior years	22	985	-	-
	12,709	15,961	4	3

## 23. EARNINGS PER SHARE

- (a) Basic earnings per ordinary share

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

	Group	
	2022 RM'000	2021 RM'000
Profit attributable to owners of the parent	35,094	46,545
Weighted average number of ordinary shares in issue ('000)	489,557	490,231
Basic earnings per ordinary share (sen)	7.2	9.5

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 24. DIVIDEND

	Group and Company			
	2022		2021	
	Dividend per share Sen	Amount of dividend RM'000	Dividend per share Sen	Amount of dividend RM'000
In respect of financial year ended 31 December 2021:				
Interim single tier dividend	-	-	2.2	10,785
Special single tier dividend	-	-	0.8	3,922
In respect of financial year ended 31 December 2022:				
Interim single tier dividend	<b>2.5</b>	<b>12,225</b>	-	-
	<b>2.5</b>	<b>12,225</b>	3.0	14,707

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2022.

## 25. EMPLOYEE BENEFITS

	Group	
	2022 RM'000	2021 RM'000
Salaries, wages, allowances and bonuses	<b>36,065</b>	30,602
Contributions to defined contribution plan	<b>1,969</b>	2,069
Social security contributions	<b>302</b>	252
Other employee benefits	<b>50</b>	41
	<b>38,386</b>	32,964

Included in the employee benefits of the Group are Executive Directors' remuneration amounting to RM3,602,000 (2021: RM3,456,000).

## 26. RELATED PARTIES DISCLOSURES

### (a) Identities of related parties

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2022 (CONTINUED)

### 26. RELATED PARTIES DISCLOSURES (continued)

#### (a) Identities of related parties (continued)

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

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

#### (b) Significant related party transactions

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Sale of goods				
- Seong Chan Sauce & Foodstuff Sdn. Bhd.	1,008	931	-	-
- Holistic Food Sdn. Bhd.	100	5	-	-
Rental expenses				
- Excellent Chemicals Industrial Sdn. Bhd.	77	45	-	-
Dividend income from a subsidiary				
- San Soon Seng Food Industries Sdn. Bhd.	-	-	13,500	15,750

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

Information regarding outstanding balances arising from related party transactions as at 31 December 2022 is disclosed in Note 9 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 26. RELATED PARTIES DISCLOSURES (continued)

### (c) Compensation of key management personnel

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

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term employee benefits	4,164	3,955	-	-
Contributions to defined contribution plan	379	363	-	-
Directors' fees	507	529	441	460
Retirement benefits	210	-	210	-
	<b>5,260</b>	<b>4,847</b>	<b>651</b>	<b>460</b>

## 27. CAPITAL AND FINANCIAL RISK MANAGEMENT

### (i) Capital management

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

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 27. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

### (i) Capital management (continued)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Borrowings	20,247	8,014	-	-
Trade and other payables	46,573	34,823	442	500
Total liabilities	66,820	42,837	442	500
<u>Less:</u>				
Cash and bank balances	(21,006)	(39,100)	(1,235)	(2,009)
Fixed deposits with licensed banks	-	(16,000)	-	-
Net debt/(cash)	45,814	(12,263)	(793)	(1,509)
Total equity	420,107	398,311	164,174	164,885
Net debt/(cash)	45,814	(12,263)	(793)	(1,509)
	465,921	386,048	163,381	163,376
Ratio (%)	10%	- <sup>^</sup>	- <sup>^</sup>	- <sup>^</sup>

<sup>^</sup> Gearing ratio is not presented as the Group and the Company are in net cash's position.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement during the financial year ended 31 December 2022.

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

### (ii) Financial risk management

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

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

#### (a) Credit risk

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

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022 (CONTINUED)

## 27. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

### (ii) Financial risk management (continued)

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

#### (b) Liquidity and cash flow risk

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

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

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

#### (c) Interest rate risk

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

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

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

#### (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk as a result of the foreign currency denominated transactions entered into by the Group during the course of business. The foreign currencies primarily involved are the United States Dollar and Singapore Dollar. In addition, the Group has a natural hedge position of sales and purchases that are both denominated in a foreign currency. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2022 (CONTINUED)

### 28. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

#### 28.1 New MFRSs adopted during the financial year

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

Title	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

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

#### 28.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 16 <i>Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial periods.

### 29. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 3 October 2022, a subsidiary of the Company, San Soon Seng Food Industries Sdn. Bhd. entered into a Sale and Purchase Agreement with a third party for the acquisition of a piece of land with three (3) units of single-storey detached factory building for a total consideration of RM5,250,000.

The transaction has not been completed as at the end of the reporting period.

# PARTICULARS OF PROPERTIES HELD BY THE GROUP

<b>Location</b>	Title No. PM 472 Lot 4196 Jalan Industri 1, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. PN 21710 Lot 47720 (Lot 590) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. PN 57895 Lot 53150 (PT 585 & PT 586) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
<b>Existing use</b>	Office Building Production Factory Warehouse	Office Building Production Factory Warehouse	Production Factory Warehouse
<b>Types of Land</b>	Industrial Land	Industrial Land	Industrial Land
<b>Tenure</b>	Leasehold 99 years	Leasehold 99 years	Leasehold 99 years
<b>Remaining Lease Period (Expiry Date)</b>	47 years (30 May 2070)	79 years (03 Jul 2102)	79 years (03 Jul 2102)
<b>Age of Property</b>	27 years	46 years	18 years
<b>Land Area (Sq. Feet)</b>	110,976	34,950	93,032
<b>Cost (RM'000)</b>	15,707	4,435	8,886
<b>Net Book Value as at 31 Dec 2022 (RM'000)</b>	10,268	2,666	6,271
<b>Date of Acquisition</b>	31 Jan 1996	24 Jan 1997	13 Jan 1998
<b>Year of Last Revaluation</b>	2003	2003	2003

<b>Location</b>	Title No. H.S.(M) 4098 PT 2317 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 4651 PT 5938 Jalan Industri 1, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 3999 PT Lot 584 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
<b>Existing use</b>	Warehouse	Warehouse	Production Factory
<b>Types of Land</b>	Residential Land	Residential Land	Industrial Land
<b>Tenure</b>	Leasehold 60 years	Leasehold 60 years	Leasehold 60 years
<b>Remaining Lease Period (Expiry Date)</b>	19 years (22 Jun 2042)	23 years (26 Jun 2046)	18 years (24 May 2041)
<b>Age of Property</b>	24 years	24 years	15 years
<b>Land Area (Sq. Feet)</b>	8,168	6,806	46,005
<b>Cost (RM'000)</b>	577	874	5,555
<b>Net Book Value as at 31 Dec 2022 (RM'000)</b>	303	459	3,773
<b>Date of Acquisition</b>	19 Dec 1997	25 Nov 1998	25 May 2005
<b>Year of Last Revaluation</b>	2003	2003	2010

# PARTICULARS OF PROPERTIES HELD BY THE GROUP (CONTINUED)

<b>Location</b>	Title No. H.S.(M) 11086 Lot 66 Jalan Industri 1, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(D) 264602 PT 12294 (PT 589) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 9078 PT 669 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
<b>Existing use</b>	Warehouse	Production Factory Warehouse	Hostel
<b>Types of Land</b>	Industrial Land	Industrial Land	Residential Land
<b>Tenure</b>	Leasehold 99 years	Leasehold 60 years	Leasehold 60 years
<b>Remaining Lease Period (Expiry Date)</b>	47 years (30 May 2070)	47 years (25 Jul 2070)	31 years (19 Jul 2054)
<b>Age of Property</b>	13 years	12 years	13 years
<b>Land Area (Sq. Feet)</b>	87,123	43,560	7,631
<b>Cost (RM'000)</b>	7,307	6,288	681
<b>Net Book Value as at 31 Dec 2022 (RM'000)</b>	5,510	4,730	495
<b>Date of Acquisition</b>	12 Sep 2006	18 Dec 2008	30 Sep 2009
<b>Year of Last Revaluation</b>	2009	2008	2009

<b>Location</b>	Title No. H.S.(M) 9111 PT 27687 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. PN 67417 Lot 2306 Jalan Welfare, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 14513 PT 12493 (Lot 9107 & Lot 9108) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
<b>Existing use</b>	Vacant	Hostel	Production Factory Warehouse
<b>Types of Land</b>	Industrial Land	Residential Land	Industrial Land
<b>Tenure</b>	Leasehold 99 years	Leasehold 60 years	Leasehold 99 years
<b>Remaining Lease Period (Expiry Date)</b>	70 years (22 Sep 2093)	42 years (17 July 2065)	70 years (22 Sep 2093)
<b>Age of Property</b>	-	13 years	19 years (Lot 9108) 12 years (Lot 9107)
<b>Land Area (Sq. Feet)</b>	42,281	7,535	103,570
<b>Cost (RM'000)</b>	999	1,030	19,584
<b>Net Book Value as at 31 Dec 2022 (RM'000)</b>	861	786	15,641
<b>Date of Acquisition</b>	14 Apr 2010	28 Apr 2010	22 Jun 2010 (Lot 9108) 10 Mar 2010 (Lot 9107)
<b>Year of Last Revaluation</b>	-	-	2010



# PARTICULARS OF PROPERTIES HELD BY THE GROUP (CONTINUED)

<b>Location</b>	Title No. H.S.(D) 321305 PT 13116 (PT 847 & PT 848) Jln Khalifah Zakaria 2, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(D) 261056 PT 12202 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(D) 312040 PT 582 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
<b>Existing use</b>	Warehouse	Hostel	Warehouse
<b>Types of Land</b>	Industrial Land	Residential Land	Industrial Land
<b>Tenure</b>	Leasehold 99 years	Leasehold 99 years	Leasehold 99 years
<b>Remaining Lease Period (Expiry Date)</b>	89 years (15 Jan 2112)	85 years (21 Dec 2108)	91 years (05 Oct 2114)
<b>Age of Property</b>	7 years (PT 847) 5 years (PT 848)	11 years	6 years
<b>Land Area (Sq. Feet)</b>	161,674	7,623	46,005
<b>Cost (RM'000)</b>	23,216	1,025	7,891
<b>Net Book Value as at 31 Dec 2022 (RM'000)</b>	19,730	840	7,299
<b>Date of Acquisition</b>	23 Aug 2010 (PT 847) 26 Apr 2013 (PT 848)	5 Sep 2011	2 Nov 2016
<b>Year of Last Revaluation</b>	2010 (PT 847) 2013 (PT 848)	-	2015

<b>Location</b>	Title No. H.S.(M) 9109 PT 27685 Jalan Industri 1, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(D) 295891 PT 583 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 12526 PT 64 Jalan Industri 1, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
<b>Existing use</b>	Under Construction	Production Factory	Office Building Production Factory
<b>Types of Land</b>	Industrial Land	Industrial Land	Industrial Land
<b>Tenure</b>	Leasehold 99 years	Leasehold 99 years	Leasehold 99 years
<b>Remaining Lease Period (Expiry Date)</b>	70 years (22 Sep 2093)	89 years (30 Dec 2112)	47 years (30 May 2070)
<b>Age of Property</b>	-	3 years	1 year
<b>Land Area (Sq. Feet)</b>	48,265	47,641	87,123
<b>Cost (RM'000)</b>	5,684	11,412	21,602
<b>Net Book Value as at 31 Dec 2022 (RM'000)</b>	5,375	10,774	20,400
<b>Date of Acquisition</b>	19 Oct 2016	7 Aug 2017	15 Jun 2017
<b>Year of Last Revaluation</b>	2015	2017	2017

# PARTICULARS OF PROPERTIES HELD BY THE GROUP (CONTINUED)

<b>Location</b>	Title No. H.S.(M) 9110 PT 27684 Jalan Industri 1, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 4626 PT 587 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 2168 PT 63 Jalan Industri 1, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
<b>Existing use</b>	Under Construction	Vacant Land	Vacant Land
<b>Types of Land</b>	Industrial Land	-	Industrial Land
<b>Tenure</b>	Leasehold 99 years	Leasehold 60 years	Leasehold 99 years
<b>Remaining Lease Period (Expiry Date)</b>	70 years (22 Sep 2093)	7 years (20 Jan 2030)	49 years (23 Feb 2072)
<b>Age of Property</b>	1 year	3 years	-
<b>Land Area (Sq. Feet)</b>	43,637	49,826	84,066
<b>Cost (RM'000)</b>	6,452	2,404	6,054
<b>Net Book Value as at 31 Dec 2022 (RM'000)</b>	6,160	1,764	5,828
<b>Date of Acquisition</b>	06 Jun 2018	23 Jun 2020	17 Aug 2020
<b>Year of Last Revaluation</b>	2018	2020	2019

<b>Location</b>	Title No. H.S.(D) 314676 PT 2313 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 9025 PT 591 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
<b>Existing use</b>	Under Construction	Under Construction
<b>Types of Land</b>	Residential Land	Industrial Land
<b>Tenure</b>	Leasehold 60 years	Leasehold 60 years
<b>Remaining Lease Period (Expiry Date)</b>	53 years (12 Dec 2075)	6 years (1 Mar 2029)
<b>Age of Property</b>	-	-
<b>Land Area (Sq. Feet)</b>	7,351	34,574
<b>Cost (RM'000)</b>	830	7,541
<b>Net Book Value as at 31 Dec 2022 (RM'000)</b>	794	6,760
<b>Date of Acquisition</b>	11 Aug 2020	25 Feb 2021
<b>Year of Last Revaluation</b>	2019	2020

# ANALYSIS OF SHAREHOLDINGS

## AS AT 31 MARCH 2023

Total Number of Issued Shares : 492,000,010 (including 3,000,000 treasury shares)  
 Class of Shares : Ordinary Share  
 Voting Rights : One (1) Voting Right per Ordinary Share

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Shareholders (%)	No. of Shares	Shareholdings (%)
Less than 100	315	7.42	13,388	0.00
100 to 1,000	502	11.83	214,012	0.04
1,001 to 10,000	1,871	44.09	9,684,902	1.98
10,001 to 100,000	1,286	30.30	41,073,001	8.40
100,001 to 24,449,999(*)	267	6.29	234,939,707	48.05
24,450,000 and above(**)	3	0.07	203,075,000	41.53
Total	4,244	100.00	489,000,010	100.00

Note: (\*) Less than 5% of total issued shares

Note: (\*\*) 5% and above of total issued shares

Note: Exclude treasury shares

### List of Top Thirty (30) Shareholders

No.	Name of Shareholders	No. of Shares	(%)
1.	FANG CHEW HAM HOLDINGS SDN. BHD.	86,250,000	17.64
2.	WILMAR INTERNATIONAL LIMITED	77,000,000	15.75
3.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEO KWEE HOCK	39,825,000	8.14
4.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI	23,965,400	4.90
5.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	17,239,275	3.53
6.	FOONG CHIEW FATT	16,218,825	3.32
7.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR FANG CHEW HAM HOLDINGS SDN. BHD. (MY3185)	14,500,000	2.97
8.	FONG CHU KING @ TONG CHU KING	13,687,500	2.80
9.	FONG CHIEW HEAN HOLDINGS SDN. BHD.	10,198,600	2.09
10.	CITIGROUP NOMINEES (ASING) SDN. BHD. CBNY FOR NORGES BANK (FI 17)	6,000,000	1.23
11.	TEO KWEE HOCK	4,849,950	0.99
12.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SC E)	4,563,175	0.93
13.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD LEMBAGA TABUNG HAJI (AL-WARA')	4,125,300	0.84
14.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR FONG PENG MAN (MY3238)	4,053,000	0.83

# ANALYSIS OF SHAREHOLDINGS (CONTINUED)

AS AT 31 MARCH 2023

No.	Name of Shareholders	No. of Shares	(%)
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' SRI TAN HOW YAP (7004055)	4,000,000	0.82
16.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR YOONG KAH YIN	3,230,000	0.66
17.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR DATO' SRI TAN HOW YAP	3,200,000	0.65
18.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. ETIQA LIFE INSURANCE BERHAD (LIFE PAR)	2,747,100	0.56
19.	CHONG CHEONG LEONG	2,620,000	0.54
20.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR NG FAAI @ NG YOKE PEI (SRB/PMS)	2,243,625	0.46
21.	T.B.R SHOPPING CENTRE (M) SDN. BHD.	2,200,000	0.45
22.	CHAN CHAI BEE	2,000,050	0.41
23.	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOH CHOOI TENG (JLNKUNINGDUA-CL)	2,000,000	0.41
24.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (EASTSPRINGESG)	2,000,000	0.41
25.	CHAN CHU WEI	1,978,750	0.40
26.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN AH CHAI (E-SRB)	1,875,100	0.38
27.	CHAN SEONG KUN	1,828,900	0.37
28.	CHIN SWEE CHEW	1,823,000	0.37
29.	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN BOON SEONG (E-SRB)	1,774,850	0.36
30.	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR KAWAN FOOD MANUFACTURING SDN. BHD. (PB)	1,762,300	0.36

## SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	Percentage of Issued Shares (%)	No. of Shares	Percentage of Issued Shares (%)
Fang Chew Ham Holdings Sdn. Bhd.	100,750,000	20.60	1,577,600 <sup>(1)</sup>	0.32
Wilmar International Limited	77,000,000	15.75	-	-
Fang Chew Ham	100,000	0.02	102,327,600 <sup>(2)</sup>	20.93
Fang Siew Yee	-	-	102,327,600 <sup>(2)</sup>	20.93
Teo Kwee Hock	44,674,950	9.14	554,375 <sup>(3)</sup>	0.11
Prudential Plc	-	-	28,367,750 <sup>(4)</sup>	5.80

# ANALYSIS OF SHAREHOLDINGS (CONTINUED)

AS AT 31 MARCH 2023

## DIRECTORS' SHAREHOLDINGS

Name	Direct Interest		Indirect Interest	
	No. of Shares	Percentage of Issued Shares (%)	No. of Shares	Percentage of Issued Shares (%)
Dato' Jagjit Singh a/l Bant Singh	-	-	-	-
Fong Chu King @ Tong Chu King	13,745,500	2.81	1,714,975 <sup>(5)</sup>	0.35
Chew Eng Chai	200,000	0.04	8,750 <sup>(6)</sup>	negligible
Liew Kuo Shin	125,000	0.03	-	-
Fang Siew Ping	-	-	-	-
Kee Thuan Chai	-	-	-	-
Lim Yee Mein	-	-	-	-
Dato' Shamesh a/l Jeevaretnam	-	-	-	-
Karmjit Kaur a/p Sarban Singh	-	-	-	-

### Notes:

- <sup>(1)</sup> Deemed interest through Seong Chan Sauce & Foodstuff Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("the Act").
- <sup>(2)</sup> Indirect interest via shareholdings of Fang Chew Ham Holdings Sdn. Bhd. (100,750,000 ordinary shares) and Seong Chan Sauce & Foodstuff Sdn. Bhd. (1,577,600 ordinary shares) pursuant to Section 8 of the Act.
- <sup>(3)</sup> Deemed interest via shareholdings held by his family pursuant to Section 8 of the Act.
- <sup>(4)</sup> Deemed interest through Eastspring Investments Berhad's Managed Funds and Eastspring Al-Wara' Investments Berhad's Managed Funds pursuant to Section 8 of the Act.
- <sup>(5)</sup> Indirect interest via shareholdings of his son (137,375 ordinary shares) pursuant to Section 59 (11) (c) of the Act, and Seong Chan Sauce & Foodstuff Sdn. Bhd. (1,577,600 ordinary shares) pursuant to Section 8 of the Act.
- <sup>(6)</sup> Indirect interest via shareholdings of his spouse pursuant to Section 59 (11) (c) of the Act.

# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-First Annual General Meeting (“**21<sup>st</sup> AGM**”) of the Company will be conducted on a virtual basis through live streaming and online Remote Participation and Electronic voting (“**RPEV**”) from the Broadcast Venue at Level 3A, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan on Friday, 26 May 2023 at 10.00 a.m. to transact the following business:

## **AGENDA**

### **ORDINARY BUSINESS**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1 on Ordinary Business)*
2. To approve the payment of Directors’ fees of RM444,000.00 for the financial year ended 31 December 2022. *(Ordinary Resolution 1)*  
*(Please refer to Explanatory Note 2 on Ordinary Business)*
3. To approve the payment of Director’s Remuneration of RM109,000.00 for the period from 1 January 2023 to 26 May 2023 payable to Mr Chew Eng Chai, the Independent Non-Executive Director of the Company who will be stepping down after the conclusion of the 21<sup>st</sup> AGM. *(Ordinary Resolution 2)*  
*(Please refer to Explanatory Note 2 on Ordinary Business)*
4. To re-elect the following Directors who retire by rotation pursuant to Clause 76(3) of the Company’s Constitution: *(Please refer to Explanatory Note 3 on Ordinary Business)*
  - (i) Dato’ Jagjit Singh a/l Bant Singh *(Ordinary Resolution 3)*
  - (ii) Fang Siew Ping *(Ordinary Resolution 4)*
5. To re-elect the following Directors who retire by rotation pursuant to Clause 78 of the Company’s Constitution: *(Please refer to Explanatory Note 4 on Ordinary Business)*
  - (i) Dato’ Shamesh a/l Jeevaretnam *(Ordinary Resolution 5)*
  - (ii) Karmjit Kaur a/p Sarban Singh *(Ordinary Resolution 6)*
6. To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 7)*  
*(Please refer to Explanatory Note 6 on Ordinary Business)*

### **SPECIAL BUSINESS**

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

7. **SPECIAL RESOLUTION** *(Please refer to Explanatory Note 1 on Special Business)*  
**WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE COMPANIES ACT 2016** *(Special Resolution)*

“THAT pursuant to Section 85 of the Companies Act 2016 (“**the Act**”) read together with Clause 12(3) of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares in the Company ranking equally to the existing issued shares in the Company arising from any issuance of new shares in the Company to the allottees subject to passing Ordinary Resolution 8 – Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Act.

# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (CONTINUED)

AND THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing Ordinary Resolution 8 – Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Act.”

8. **ORDINARY RESOLUTION  
AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF  
THE COMPANIES ACT 2016**

*(Please refer to Explanatory  
Note 2 on Special Business)  
(Ordinary Resolution 8)*

“THAT contingent upon the passing of the Special Resolution on waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016 (“**the Act**”) and subject always to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the approvals of the relevant governmental/regulatory authorities, the Directors of the Company be and are hereby authorised to issue and allot shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being (“**Proposed General Mandate**”) and THAT the Directors be and are hereby also authorised to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.”

9. **ORDINARY RESOLUTION  
PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR THE AUTHORITY TO THE  
COMPANY TO PURCHASE ITS OWN SHARES UP TO TEN PER CENTUM (10%) OF THE  
TOTAL NUMBER OF ISSUED SHARES**

*(Please refer to Explanatory  
Note 3 on Special Business)  
(Ordinary Resolution 9)*

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

- (i) the aggregate number of issued shares in the Company (“**Shares**”) purchased (“**Purchased Shares**”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and

# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (CONTINUED)

- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase.

(“**Proposed Renewal of Share Buy-Back Mandate**”).

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

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

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

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

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

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



# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (CONTINUED)

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

By Order of the Board,

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

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

Company Secretaries

Kuala Lumpur

27 April 2023

## NOTES: IMPORTANT NOTES

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

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

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

## APPOINTMENT OF PROXY

- (a) For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 19 May 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM.
- (b) A member who is entitled to participate in this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- (c) A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the General Meeting.
- (d) Where a member of the Company is an authorised nominee as defined in the Securities Industries (Central Depositories) Act 1991 (“**Central Depository Act**”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (f) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (g) The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. In the case of the appointment of a proxy made in electronic form, the proxy form must be deposited through the Share Registrar’s website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please refer to the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form. All proxy forms submitted must be received by

# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (CONTINUED)

the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.

- (h) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (i) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- (j) Last date and time for lodging this proxy form is **Wednesday, 24 May 2023 at 10:00 a.m.**
- (k) For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

## EXPLANATORY NOTES ON ORDINARY BUSINESS

### 1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2022

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

### 2. Ordinary Resolutions 1 and 2 – Payment of Directors' Fees and Remuneration

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. The proposed Ordinary Resolution 1 is to facilitate the payment of Directors' fees for the financial year ended 31 December 2022.

The proposed Ordinary Resolution 2 for the payment of Director's Remuneration of RM109,000.00, which consists of Director's fee of RM39,000 and retirement benefits of RM70,000, if approved, shall be paid to Mr Chew Eng Chai, for his services rendered from 1 January 2023 to 26 May 2023. The Director's Remuneration had taken into account the tenure of the services of Mr Chew Eng Chai for the financial year ending 31 December 2023 and is a token of appreciation for his long service tenure with the Company.

### 3. Ordinary Resolutions 3 and 4 – Re-election of Directors pursuant to Clause 76(3) of the Company's Constitution

Dato' Jagjit Singh a/l Bant Singh ("**Dato' Jagjit**") and Ms Fang Siew Ping ("**Ms Fang**") are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 21<sup>st</sup> AGM.

# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (CONTINUED)

Pursuant to Practice 5.7 of the Malaysian Code on Corporate Governance (“MCCG”), the profiles of both Directors are set out in the Directors’ profile of the Annual Report 2022. The Board has through the Nomination Committee (“NC”), considered the assessment of the said Directors pursuant to the Fit and Proper Policy adopted by the Company and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Securities on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. The justifications to support the Board’s recommendation to re-elect the aforementioned Directors are as follows:

- (a) Dato’ Jagjit, the Independent Non-Executive Chairman of the Company, has remained objective and independent in expressing his view and participating in Board deliberations and decision-making. He has vast experience in the legal and judicial service industry and is able to provide the Board with a diverse set of expertise and perspective. Dato’ Jagjit has exercised his due care and carried out his professional duties proficiently during his tenure as Independent Non-Executive Chairman of the Company
- (b) Ms Fang, the Executive Director of the Company, has an extensive career and vast experience in the food chemical industry. Ms Fang is primarily responsible for new business opportunities and collaborates with the Sales and Marketing team. She is familiar with the Group’s business operation and is able to provide valuable input to boost the Group’s performance.

Based on the above, the Board collectively agreed that both Directors had met the criteria as prescribed under Paragraph 2.20A of the Listing Requirements of Bursa Securities on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors and recommended the said Directors be re-elected as Directors of the Company.

#### 4. **Ordinary Resolutions 5 and 6 – Re-election of Directors pursuant to Clause 78 of the Company’s Constitution**

Dato’ Shamesh a/l Jeevaretnam (“Dato’ Shamesh”) and Ms Karmjit Kaur a/p Sarban Singh (“Ms Karmjit”) are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 21<sup>st</sup> AGM.

Pursuant to Practice 5.7 of the MCCG, the profiles of both Directors are set out in the Directors’ profile of the Annual Report 2022. The Board has through the NC considered the assessment of the said Directors pursuant to the Fit and Proper Policy adopted by the Company and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Listing Requirements of Bursa Securities on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. The justifications to support the Board’s recommendation to re-elect the aforementioned Directors are as follows:

- (a) Dato’ Shamesh, an Independent Non-Executive Director, has demonstrated his independence through his engagement with the Board, Board Committees and Management by providing his professional feedback on the Company’s policy and procedures and annual performance review for the board and committees. He also exercised due care and carried out his duties during his tenure as an Independent Non-Executive Director and Chairman of the NC of the Company.
- (b) Ms Karmjit fulfills the requirements of independence set out in the Listing Requirements of Bursa Securities. She has remained objective and independent in expressing her view and participating in Board deliberations and decision-making. Ms Karmjit has exercised her due care and carried out her professional duties proficiently during her tenure as Independent Non-Executive Director and Chairperson of the Remuneration Committee of the Company.

# NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING (CONTINUED)

## 5. Cessation as Independent Non-Executive Director

Mr Chew Eng Chai, the Independent Non-Executive Director who has served the Board for more than twelve (12) years, has indicated to the Company that he will be stepping down upon the conclusion of this AGM.

Upon the resignation of Mr Chew Eng Chai, the Company will not be in compliance with Paragraph 15.09(1) of the Listing Requirements of Bursa Securities and must fill in the vacancy within three (3) months from the date of his resignation. The Company will source the replacement soonest possible and make the necessary announcements relating thereto to Bursa Securities.

## 6. Ordinary Resolution 7 – Re-appointment of Auditors

The Audit Committee had at its meeting held on 23 February 2023 assessed the suitability and independence of the External Auditors and recommended the re-appointment of Messrs BDO PLT as External Auditors of the Company for the financial year ending 31 December 2023. The Board had reviewed the recommendation of the Audit Committee and recommended to table the same to the shareholders for approval at this AGM of the Company under Ordinary Resolution 7.

## EXPLANATORY NOTES ON SPECIAL BUSINESS

### 1. Special Resolution – Waiver of Pre-emptive Rights

The Special Resolution is pertaining to the waiver of pre-emptive rights pursuant to Section 85 of the Act. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive right. The Special Resolution if passed, would allow the Directors to issue new shares to any person without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

### 2. Ordinary Resolution 8 – Authority to issue and allot shares pursuant to Sections 75 and 76 of the Act

Subject to the passing of the Special Resolution on waiver of pre-emptive rights pursuant to Section 85 of the Act, the proposed Ordinary Resolution 8, if passed, would renew the mandate granted to the Directors at the 20<sup>th</sup> AGM held on 8 June 2022 and provide flexibility to the Directors to undertake fundraising activities including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), business expansion, working capital and/or acquisition(s) at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

As at the date of this Notice, the Company did not allot any shares pursuant to the shareholders' mandate granted to the Directors at the 20<sup>th</sup> AGM as there were no requirements for such fundraising activities.

### 3. Ordinary Resolution 9 – Proposed Renewal of Shareholders' Mandate for the Authority to the Company to purchase its own shares up to ten per centum (10%) of the total number of issued shares

The proposed Ordinary Resolution 9, if passed, will allow the Company to purchase its own shares through Bursa Securities up to ten per centum (10%) of the total number of issued shares of the Company. Please refer to the Statement to Shareholders dated 27 April 2023 in relation to the Proposed Renewal of Shareholders' Mandate for the Authority to the Company to purchase its own shares up to ten per centum (10%) of the total number of issued shares for further details.

# PROXY FORM

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

<b>CDS Account No.</b>

<b>No. of Shares Held</b>

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

of \_\_\_\_\_  
(Address)

being a member of **THREE-A RESOURCES BERHAD**, hereby appoint:

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

and/or^

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

or failing him/her, the Chairman of the Meeting as ^my/our proxy(ies) to vote for ^me/us and on ^my/our behalf, at the Twenty-First Annual General Meeting (“**21<sup>st</sup> AGM**”) of the Company to be conducted on a virtual basis through live streaming and online Remote Participation and Electronic voting (“**RPEV**”) from the Broadcast Venue at Level 3A, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan on Friday, 26 May 2023 at 10.00 a.m. and at any adjournment thereof:-

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

ITEM	AGENDA	RESOLUTION	FOR	AGAINST
<b>ORDINARY BUSINESS</b>				
1.	To approve the payment of Directors’ Fees for the financial year ended 31 December 2022.	ORDINARY RESOLUTION 1		
2.	To approve the payment of Director’s Remuneration for the period from 1 January 2023 to 26 May 2023 payable to Mr Chew Eng Chai.	ORDINARY RESOLUTION 2		
3.	To re-elect Dato’ Jagjit Singh a/l Bant Singh as Director.	ORDINARY RESOLUTION 3		
4.	To re-elect Ms Fang Siew Ping as Director.	ORDINARY RESOLUTION 4		
5.	To re-elect Dato’ Shamesh a/l Jeevaretnam as Director.	ORDINARY RESOLUTION 5		
6.	To re-elect Ms Karmjit Kaur a/p Sarban Singh as Director.	ORDINARY RESOLUTION 6		
7.	To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	ORDINARY RESOLUTION 7		
<b>SPECIAL BUSINESS</b>				
8.	To waive pre-emptive rights.	SPECIAL RESOLUTION		
9.	To grant authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.	ORDINARY RESOLUTION 8		
10.	To approve the Proposed Renewal of Shareholders’ Mandate for the Authority to the Company to purchase its own shares up to ten per centum (10%) of the total number of issued shares.	ORDINARY RESOLUTION 9		

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

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023

Signature\*  
Member

*^Delete whichever is inapplicable*

*\*Manner of execution:*

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

**Notes:**

**IMPORTANT NOTES**

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

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

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

**APPOINTMENT OF PROXY**

- (a) For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 19 May 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM.
- (b) A member who is entitled to participate in this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

- (c) A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the General Meeting.
- (d) Where a member of the Company is an authorised nominee as defined in the Securities Industries (Central Depositories) Act 1991 (“**Central Depository Act**”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (f) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (g) The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan. In the case of the appointment of a proxy made in electronic form, the proxy form must be deposited through the Share Registrar’s website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please refer to the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.
- (h) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (i) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- (j) Last date and time for lodging this proxy form is **Wednesday, 24 May 2023 at 10:00 a.m.**
- (k) For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company’s registered office earlier.

*Please fold here*

STAMP/SETEM

**THREE-A RESOURCES BERHAD**  
C/O BOARDROOM SHARE REGISTRARS SDN BHD  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13  
46200 Petaling Jaya, Selangor Darul Ehsan

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[www.three-a.com.my](http://www.three-a.com.my)

**THREE-A RESOURCES BERHAD**  
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