



KaWan

KAWAN FOOD BERHAD

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200401001942 (640445-V) (Incorporated in Malaysia)

2021 ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

GAN THIAM CHAI

Executive Chairman

GAN THIAM HOCK

Non-Independent Executive Director

KWAN SOK KAY

Non-Independent Executive Director

GAN KA BIEN

Non-Independent Executive Director

DR. NIK ISMAIL BIN NIK DAUD

Senior Independent Non-Executive Director

LIM HUN SOON @ DAVID LIM

Independent Non-Executive Director

EUGENE HON KAH WENG

Independent Non-Executive Director

ABDUL RAZAK BIN SHAKOR

Non-Independent Non-Executive Director

AUDIT COMMITTEE

LIM HUN SOON @ DAVID LIM

Chairman

DR. NIK ISMAIL BIN NIK DAUD

Member

EUGENE HON KAH WENG

Member

NOMINATING COMMITTEE

EUGENE HON KAH WENG

Chairman

DR. NIK ISMAIL BIN NIK DAUD

Member

LIM HUN SOON @ DAVID LIM

Member

REMUNERATION COMMITTEE

DR. NIK ISMAIL BIN NIK DAUD

Chairman

LIM HUN SOON @ DAVID LIM

Member

EUGENE HON KAH WENG

Member

REGISTERED OFFICE

BOARDROOM CORPORATE SERVICES SDN. BHD.

Registration No. 196001000110 (3775-X)

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
T +603 7890 4800
F +603 7890 4650

SHARE REGISTRAR

BOARDROOM SHARE

REGISTRARS SDN. BHD.

Registration No. 199601006647 (378993-D)

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
T +603 7890 4700
F +603 7890 4670

MANAGEMENT OFFICE

Lot 129351
Jalan Sungai Pinang 4/19
Taman Perindustrian Pulau Indah
Selangor Halal Hub, Fasa 2C
42920 Pulau Indah
Selangor Darul Ehsan, Malaysia
T +603 3099 1188
F +603 3099 1028
E info@kawanfood.com

SECRETARIES

TAI YIT CHAN (MAICSA 7009143 /

SSM Practicing Certificate No.
202008001023)

TAI YUEN LING (LS 0008513 /

SSM Practicing Certificate No.
202008001075)

AUDITORS

RSM MALAYSIA PLT

(LLP0030276-LCA) & AF 0768

5th Floor, Penthouse, Wisma RKT
Block A, No 2, Jalan Raja Abdullah
Off Jalan Sultan Ismail
50300 Kuala Lumpur, Malaysia
T +603 2610 2888
F +603 2698 6600

PRINCIPAL BANKERS

HSBC BANK MALAYSIA BERHAD

Registration No. 198401015221 (127776-V)

MALAYAN BANKING BERHAD

Registration No. 196001000142 (3813-K)

RHB BANK BERHAD

Registration No. 196501000373 (6171-M)

UNITED OVERSEAS BANK

(MALAYSIA) BHD

Registration No. 199301017069 (271809-K)

STOCK EXCHANGE LISTING

MAIN MARKET OF
BURSA MALAYSIA
SECURITIES BERHAD
Stock Short Name: KAWAN
Stock Code: 7216

WEBSITE

www.kawanfood.com



100%
KAWAN FOOD MANUFACTURING SDN. BHD.

(198401013456 (126016-A))
(Manufacturing and sale of frozen food products)

100%
KG PASTRY MARKETING SDN. BHD.

(200401014903 (653406-V))
(Investment property, rental of trucks and investment holding)

100%
KAWAN FOOD (HONG KONG) LIMITED

(1296613)
(Trading and distribution of frozen food products)

100%
KAWAN FOOD (NANTONG) CO., LTD.

(Manufacturing and trading of frozen food delicacies)

100%
KAWAN FOOD CONFECTIONERY SDN. BHD.

(200801007846 (809130-H))
(Investment holding)

50%
HOT AND GO MANAGEMENT SDN. BHD.

(201201028062 (1012548-T))
(In Members' Voluntary Liquidation)

60%
KLBG SDN. BHD.

(201801039710 (1301741-W))
(Manufacturing and exporting of frozen food products)

51%
DIKAWANI FOODS SDN. BHD.

(201601017410 (1188343-K))
(In Members' Voluntary Liquidation)

KAWAN AT A GLANCE

Kawan Food Berhad is an investment holding company based in Malaysia, operating in the food processing industry. Our Company's principal activities involve the manufacturing, sale, trading and distribution of frozen food products. With over 60 years of heritage dating back to the 1960s, we have grown to become one of Malaysia's leading exporter and largest manufacturer of frozen Asian food delicacies worldwide. We operate two manufacturing plants, one located in Pulau Indah, Selangor, and another in Nantong, China. With staff strength numbering 673, we produce a range of food products including paratha, spring roll, pastry, chapati, finger food, bakery and desserts that are sold under five brands.

Our products are exported to 38 countries and counting, utilising a range of distribution channels such as distributorship, direct sales to key account customers, e-Commerce, and sales to retailer and wholesalers.

EMPLOYEES

673

2020: 660

MANUFACTURING FACILITIES

2

2020: 2

REVENUE

RM 251.8 MILLION

2020: RM254.7 MILLION

PROFIT BEFORE TAXATION

RM 36.7 MILLION

2020: RM32.0 MILLION

PROFIT AFTER TAXATION

RM 31.8 MILLION

2020: RM27.7 MILLION

NET ASSETS PER SHARE

RM 1.03

2020: RM0.96

EARNINGS PER SHARE

8.84 SEN

2020: 7.79 SEN

DIVIDEND PER SHARE

3.0 SEN

2020: 2.5 SEN

SHARE PRICE

RM 1.64

2020: RM2.08

MARKET CAPITALISATION

RM 589.6 MILLION

2020: RM747.8 MILLION



COUNTRIES
38
2021



MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

On behalf of the Board and Management of Kawan Food Berhad (“Kawan” or the “Group”), I am pleased to present the Management Discussion and Analysis for financial year ended 31 December 2021 (“FY2021”).

This report serves to provide a brief analysis of Kawan’s operational performance for FY2021 as well as the Group’s outlook and prospects going forward.



OVERVIEW

FY2021 was a demanding year for the business. The resurgence of COVID 19 cases and the return of movement restriction had a significant impact on society and the economy as well as Kawan's operations, affecting our supply chain and the number of employees that were allowed to operate at our plant. Our exports were also constrained by the worldwide container shortage.

However, amid these challenges, we remained focused on ensuring business continuity and keeping our employees safe. I am proud of the resilience and responsiveness shown by our employees and am grateful for how quickly they adapted to the challenges which COVID 19 had presented.

Though we did not reach all the FY2021 targets and objectives that we had planned, we did broaden our distribution channel presence by securing new businesses with both existing and new customers. It was encouraging to note that the profit before tax ("PBT") has increased from RM32.0 million in FY2020 to RM36.7 million in FY2021 in such a difficult business environment, and the Group had retained its financial strength and flexibility with cash & cash equivalents of RM88.6 million. The Board had also taken steps to ensure adequate liquidity was available in light of the considerable uncertainty surrounding the impact of the ongoing pandemic.

RM88.6 mil
in Cash & Cash
Equivalents

Overall, I am pleased with the financial performance of the Group in FY2021. However, going forward, challenges remain in terms of maintaining market supply and product availability, given the intensifying supply chain uncertainties and labour constraints faced by the manufacturing and food industries. We will continue to monitor closely the potential implications on our business and adapt our strategies to mitigate its risks and capitalise on opportunities that may emerge from this ever-evolving scenario.

OPERATING ENVIRONMENT

Overall, FY2021 did not unfold as how we had envisaged at the beginning of the year. The resurgence of COVID 19 cases led to the reimplementing of a nation-wide lockdown in early June 2021, causing significant economic hardships for society. It also brought food security issues to the fore, with many in Malaysia raising white flags outside their homes in a plea for food and basic necessities.

The disruption of economic activities and continued employment uncertainty also resulted in a change in consumer behaviour and market trends, such as:



more conservative spending habits among the population



increased demand for home cooking and frozen food products



convenience gaining in value, which led to a surge in popularity of smaller convenience stores



growing popularity of plant-based foods, which are beneficial to both personal and planetary health

Operating within the food value chain, Kawan's classification as an essential business allowed for the continuation of our business activities amid the pandemic restrictions for much of the year. This licence to operate required adherence to a strict set of health and safety protocols that included a cap on the number of employees on premises, which restricted our productivity levels. An outbreak at the site of our production facility at Pulau Indah ("PI") and the surrounding area in June 2021 led to a temporary cessation of production activities at PI. Production recommenced after the two-week suspension, with workforce capacity returning to full in September 2021 upon the successful vaccination campaign, and we worked to gradually build back our supply inventory in the final quarter of the year.

Beyond production challenges, Kawan also grappled with a rise in raw material costs and freight costs, labour shortage and supply chain challenges which placed downward pressures on our profit margins.

STRATEGIC PRIORITIES

As we faced down another challenging year, the Board and Management continually reassessed our priorities against the operating environment to steer Kawan safely through this global crisis and sustain our growth trajectory in FY2021. Among our key focus in FY2021 was to ensure business and operational continuity to fulfil our role in nourishing the nation, while safeguarding the health and safety of our people as well as the wellbeing of the community as we ramped up our ESG agenda.

Our main strategic priorities for FY2021 are detailed below:



Ensuring Business Continuity

Since FY2020, we have implemented various initiatives to mitigate COVID 19's negative impacts to the business. Business continuity plans introduced in FY2020 continued to serve us well in FY2021, allowing us to sustain our food production and customer engagement activities despite the workforce limitation and other restrictions in place.

During the temporary cessation of production activities at PI in June 2021, our efforts shifted to focus on cost management to bridge the short-term negative impact of business shutdown while continuing to pursue the expansion of our distribution channels and enhance our presence in growth channels such as general trade.

When the restrictions were lifted, the team focused on rapidly rebuilding the business, working closely with customers and business partners to rationalise product ranges and overcome supply chain and labour force disruptions to deliver optimally.



Keeping our Employees Safe

Our employees' health and safety has been a top priority since the emergence of COVID 19. In addition to the stringent infection prevention measures introduced in FY2020, we have made COVID 19 self-tests mandatory for all employees in FY2021, which are conducted biweekly with the cost borne by Kawan. Our occupational health and safety teams supported all our employees working on site throughout the pandemic.

The Group also paid for the quarantine needs of our employees, and ensured the availability of pandemic prevention personal protective equipment ("PPE") such as masks, face shields, and sanitising equipment. We also encouraged our employees to be vaccinated and made arrangements for the vaccinations to be carried out at our premises. As of 31 December 2021, all (100%) of our employees had completed 2 doses of their COVID 19 vaccination.

All in all, the total cost incurred from these measures, including testing, quarantine, PPEs, and salary payment during the factory shutdown, amounted to over RM1.0 million.



**100% of
Employees
Vaccinated**



Giving Back to the Community

We continued to work with national charities and local communities to help redistribute our food to those in need during the pandemic. A special "buy two free one" food donation initiative was held on our online sales portal, where for every two packs of Kawan paratha purchased by consumers, one pack was donated to the charity of their choice – choosing from the Daily Bread Food Bank, PERTIWI Soup Kitchen or Great Heart Charity that Kawan had partnered with for this initiative. The value of our donation from this initiative totalled approximately RM20,000.

In addition to this initiative, Kawan continued to support a range of community-based programmes that serve to uplift schools in need and disadvantaged children with contributions totalling RM118,250 in value during FY2021.

More information on our Corporate Social Responsibility contributions is disclosed on pages 51 to 52 of our Sustainability Statement.



Embedding Sustainability

Playing our part in creating a more sustainable system has always been one of our top agendas. We recognise our responsibility to address the challenges of global sustainability, especially given climate changes impact upon us. Our government, regulators, investors and customers are increasingly calling on us to work with others to embrace sustainability and champion socially responsible initiatives.

Hence in FY2021, we have stepped up to accelerate the next phase in our sustainability journey for a better future. Key among the progress made in FY2021 includes:



Please see our Sustainability Statement on pages 22 to 69 of this report for a detailed account of our FY2021 EES initiatives and sustainability performance.

RISK MANAGEMENT

The Board and Management of Kawan continued to actively monitor risks that may potentially impact the performance of the Group as part of our robust risk management and internal control measures. The Audit Committee ("AC") has met four (4) times during the year under review to deliberate on the Group's risk management agenda. The following table highlights the key focus areas of their deliberations in FY2021 regarding risks arising from our operating environment, its potential implications and the corresponding mitigation measures implemented are shown below:

FOCUS AREAS (RISK IMPACT)	DESCRIPTION OF ITS IMPLICATIONS	MITIGATION MEASURES
Limited Shipping Capacity (High)	Global shipping container shortage due to the pandemic has caused supply chain disruption and shipping delays, and placed additional pressures on export revenues.	<ul style="list-style-type: none"> Engaged closely with logistics partners to minimise supply disruption Continued to engage customers to update them on delivery timelines and rationalise our product range Consistently monitored external developments and updated our strategies accordingly
Rising raw material costs and inflation (High)	Supply chain disruption from the pandemic, political instabilities, civil unrest and other social tensions may give rise to higher operational costs due to material shortage and inflationary pressure.	<ul style="list-style-type: none"> Focused effort on minimising business disruption and maintain supply chain resilience Closely monitored and tracked market geo-political developments Worked with major suppliers to identify key risks and implement mitigations to minimise impacts of delayed deliveries Implemented cost saving initiatives Ensured that our supply chains remained strong without significant impact to ongoing orders
Heightened ESG Focus (High)	With the growing focus among stakeholders on Environmental, Social and Governance ("ESG") matters such as human rights, social equality and climate change, companies flagged for ESG underperformance risked the loss of stakeholders' confidence.	<ul style="list-style-type: none"> Reviewed and updated our material sustainability matters in response to changes in the business landscape and emerging local and global sustainability trends Appointed the Executive Director of Marketing to oversee Sustainability in the Group Established the Sustainability Steering Committee and Sustainability Working Committee to drive the Group's sustainability agenda and efforts towards achieving our ESG goals
Pandemic Disruption (High)	The global COVID 19 pandemic has led to the implementation of global border closures and lockdowns in the ASEAN economies, resulting in supply chain disruptions and labour shortages.	<ul style="list-style-type: none"> Monitored our cash flow and financial position Built resilience by improving efficiencies of our processes and people Continued to drive Digitalisation 4.0 development and implementation of related technologies to enhance efficiencies Leveraged on data analytics to generate customer insights and enable better decision-making

The other key activities undertaken by the AC in FY2021 include:

- Monitored pandemic impacts on employee safety, business continuity, supply chain, business growth, productivity, operations, service delivery and financial resilience;
- Reviewed the implementation of Adequate Procedures for Corporate Liability;
- Reviewed risk in market competitiveness and business environment;
- Reviewed Kawan's approach in managing the business continuity programme and its implementation status;
- Reviewed top risks in terms of the risks' trend, the likelihood of their occurrence, potential impact and progress of mitigation action; and
- Reviewed key strategic, financial, regulatory, operational risks and actions based on the internal risk register, external assessments, internal audit findings and incidents.

As we continue our journey forward, the Group will remain vigilant in monitoring our operating environment for any emerging risks to minimise uncertainties that may impact our assets, our business performance, and the well-being of our employees and communities. Although these risks cannot be fully eliminated, we believe our risk management function remains effective in protecting our business against potential losses and liabilities, while enabling us to maximise opportunities towards achieving our goals and vision for a better future.

A detailed explanation of Kawan's risk management approach and internal control activities can be found in the Statement on Risk Management and Internal Control on pages 96 to 104 of this report.

REVIEW OF OPERATIONS

Operational Overview

As a growing company, Kawan is constantly seeking opportunities to expand in our chosen categories, widen our distribution channels and diversify our customer base in the food industry, which we continued to pursue in FY2021.

Although the year under review presented greater operational challenges for the Group in managing our supply chain, adjusting to the fluctuating supply and demand, and sustaining our manufacturing capabilities with outbreak prevention measures in place, Kawan has successfully navigated the demand challenges associated with the lockdown in June 2021 and maintained strong performance throughout the year.

Our products continued to be exported around the world, with 51.7% of our sales in FY2021 coming from the international market, mainly the United States of America ("USA"), while the Malaysian market accounted for 48.3% of our Group's total revenue. Although the global container shortage has resulted in a slight 1.2% drop in revenue compared to FY2020, we are happy to have delivered a profit before tax ("PBT") of RM36.7 million, which is an increase of 14.7% from the RM32.0 million PBT registered in FY2020.



Profit Before Tax:

RM36.7 mil

14.7% from FY2020

Our competitive advantage lies in the strength of our brand and products, and our embrace of innovation and technology accompanied by technical skills to further strengthen efficiency, quality and value as we progress with each year.

Export Market

Kawan moves our products through distributors in foreign countries. Most of our international customers are primarily traditional retailers, whereas in the Middle East and Asia, our customers are mainly a mixture of hypermarkets, supermarkets and traditional retailers.

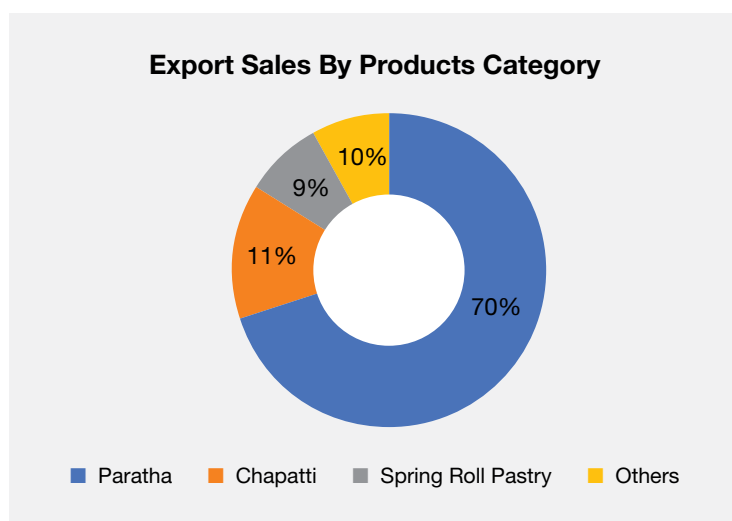
At present, we export our products to all major continents, particularly to countries such as USA, Canada, United Arab Emirates, United Kingdom and Australia, which have large Asian communities.

In FY2021, the PI facility's export revenue decreased by 8.9% to RM117.0 million from RM128.4 million in FY2020, due to the shortage of shipping containers. However, we managed to secure new businesses with new distributors and OEM customers.

Top five (5) export countries for the FY2021	
Countries	Sales (RM)
USA	53.9 million
UK	11.3 million
UAE	7.7 million
Canada	5.5 million
France	4.8 million

Paratha remained our core product for the export market, contributing 70% of our international sales, followed by Chapatti and Spring Roll Pastry, coming in at 11% and 9% of our export sales respectively for FY2021.

Malaysian Operation



Here at our home base, our products are distributed through traditional retailers, distributors, agents, hypermarkets, supermarkets, foodservice distributors, and to hotels, restaurants and caterers ("HORECA"). Our products are also sold online through our e-Commerce website www.kawanfood.my and various ecommerce platforms such as Lazada, Shopee, Potboy and Dropee.

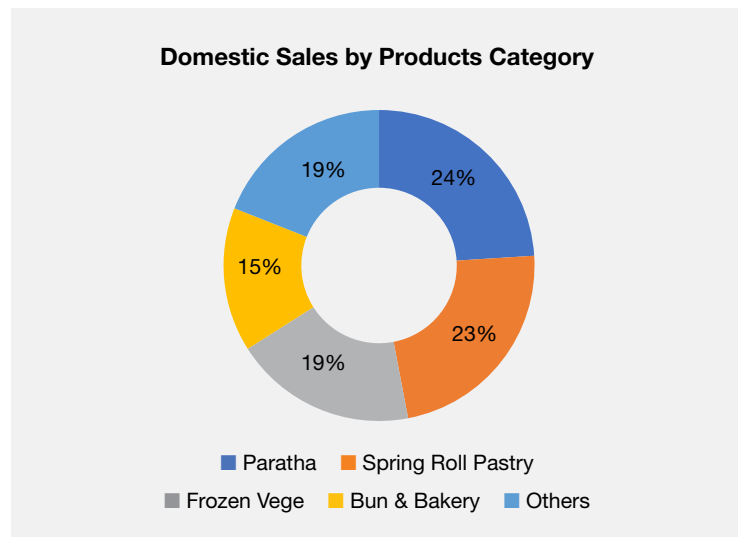
Despite the challenging local economic conditions, our domestic sales increased by 9.3% to RM121.6 million in FY2021, up from RM111.3 million in FY2020. The increase in revenue was mainly contributed by the growth from the following sales channels:

Domestic market channels	Growth %	Amount (RM)
Key account customers	27.1	53.1 million
Distributors	13.5	41.2 million
Retail, wholesaler & cash sales	12.9	13.6 million
e-Commerce	20.0	1.2 million

The majority of our domestic sales were through retailers. Our top five (5) customers contributed 26.3% to our total domestic sales in FY2021:



Meanwhile, foodservices revenue had increased by 26.3% from RM9.9 million in FY2020 to RM12.5 million in FY2021 due to rising demand from quick service restaurants. The foodservice sector is expected to continue recovering from Covid-19 impacts and chart further growth as consumer preference shift towards home deliveries and takeaways, due to the pandemic and the increasingly busy and mobile consumer lifestyle. The long-term potential of the foodservice sector continues to be promising and remains a key strategic segment of the Group where we intend to keep building our market share.



Similar to the export market, Paratha was our largest domestic product category, contributing 24% to the local sales. This was followed by the Spring Roll Pastry and Frozen Vegetable categories, contributing 23% and 19% of our local revenue respectively, followed by Bun and Bakery products at 15%.

Our Malaysian market revenue grew in FY2021 through a combination of new and existing customers. We continued to build on our strengths by supporting existing customers with further growth in categories, channels and customers. In FY2021, we successfully extended our channel in convenience store distribution and we aim to continue expanding the channel further in the coming year.

e-Commerce Segment

Our e-Commerce segment derives sales through our e-Commerce website and platforms such as Lazada, Shopee, Potboy and Dropee, selling directly to consumers ("B2C") and to small business retailers ("B2B").

In FY2021, we continued to grow this segment and had increased the registered members on Kawan's E-Commerce store by 18.6% to 14.5k, of which 11.2k members also registered in our loyalty programme. We have also partnered with Potboy on the "Potboy Mart 020 Concept Shopping Experience", with up to 45 freezers listed throughout the Klang Valley in 2021.

With our e-Commerce segment gaining ground, our sales managers also analysed our e-commerce dashboards to gain insights into consumers' decision-making process at the point of sales, utilising it in combination with external market research to form our views on changing consumer trends and behaviour to tailor our overall marketing strategy and maximise sales.

We will continue to use new media like web-videos, blogs and online social networks to engage customers and enhance the experience of Kawan's virtual touchpoints. At the same time, we will also pursue further digitalisation of our business in line with the Industrial Revolution 4.0 ("IR 4.0").



Leveraged e-commerce dashboards to gain insights into market trends and consumer behaviour

China Operations

Our China base of operations consists of a manufacturing facility as well as a distribution network that primarily services China's mainland while supporting our global export operations.

In FY2021, domestic sales accounted for 35.0% of our revenue in China, with the remainder 65.0% of the segment's revenue coming from sales to KFM and customers in our export markets.



RM13.2 million
in Revenue from China
Operations

Rising raw materials prices, congestion at ports, insufficient labour and skyrocketing costs for shipping containers resulted in higher product prices and lower customer services. China's energy crisis and the accompanying cost increase also affected operations at factories in China and exacerbated supply chain disruptions. Consequently, it has impacted the foodservice business, resulting in lower domestic sales in China and a corresponding decrease in revenue by 12.0% from RM15.0 million in FY2020 to RM13.2 million in FY2021.

GROUP FINANCIAL REVIEW

Financial Performance

Our strong position in the frozen food supply value chain benefitted from the sales surge during the pandemic to deliver an outstanding performance in FY2021, providing safe and delicious food to our customers amid disruptions to production and global supply chains.

Group revenue was maintained at RM251.8 million in FY2021, driven by domestic sales which grew by 9.3%, offsetting export sales fall of 8.9%. Paratha remained the highest contributor to the Group sales revenue in terms of product type, accounting for 44.4% of all sales. In terms of revenue contribution by geographical segments, Malaysia remained the largest market for Kawan, generating 48.3% of the Group turnover, followed by North America at 21.4% and Asia at 18.0%.

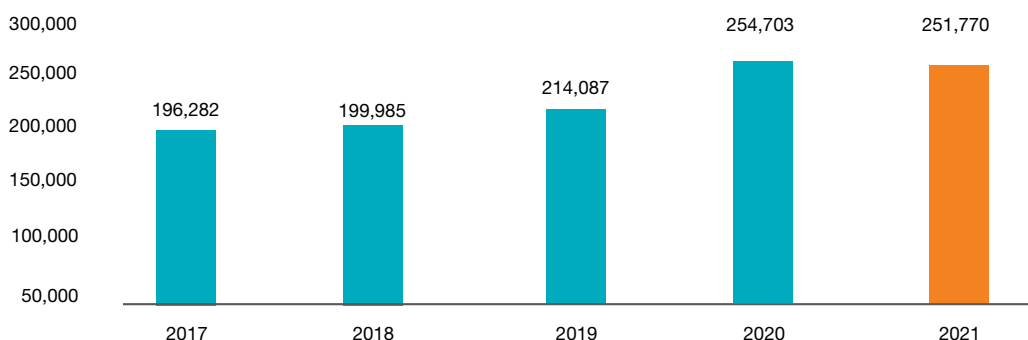
The Group's PBT in FY2021 increased by 14.7% to RM36.7 million, mainly due to lower sales promotion cost and administrative expenses incurred.



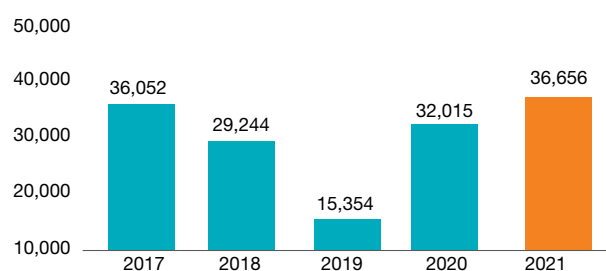
Achieved
RM251.8 mil
in Revenue

Key Performance Indicators

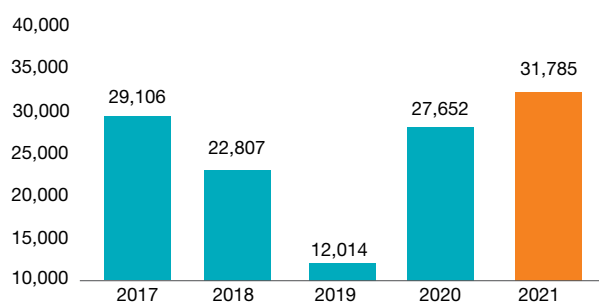
REVENUE (RM'000)



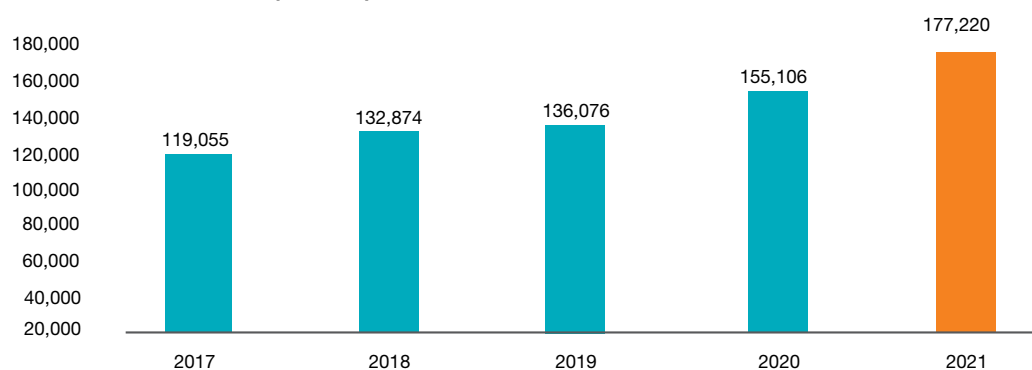
PROFIT BEFORE TAX (RM'000)



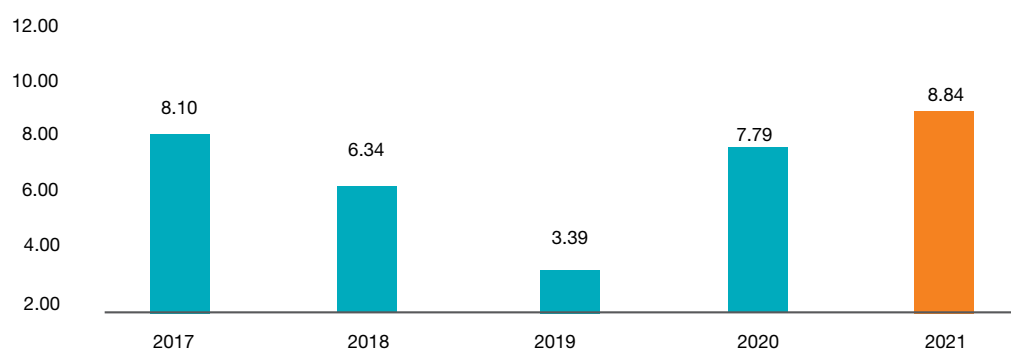
PROFIT AFTER TAX (RM'000)



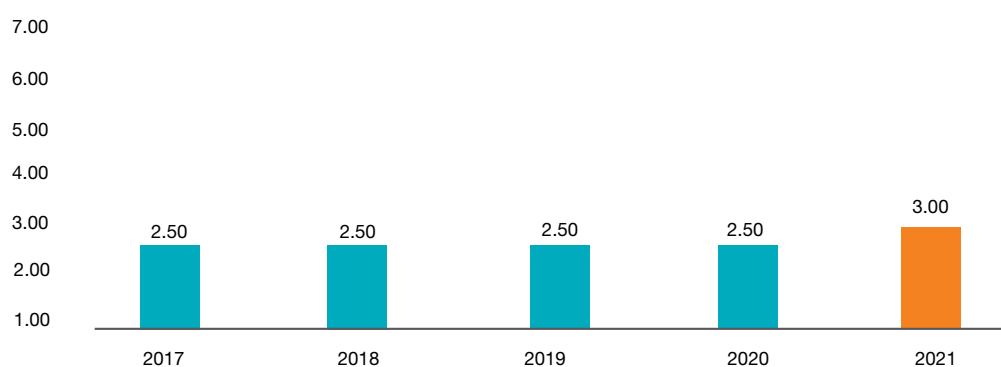
RETAINED EARNINGS (RM'000)



EARNINGS PER SHARE ("EPS") (sen)



DIVIDEND PER SHARE ("DPS") (sen)



STATEMENT OF PROFIT AND LOSS (RM'000)

	2017	2018	2019	2020	2021
Revenue	196,282	199,985	214,087	254,703	251,770
Profit Before Tax	36,052	29,244	15,354	32,015	36,656
Taxation	6,946	6,437	3,340	4,363	4.871
Profit After Tax	29,106	22,807	12,014	27,652	31,785
Non-Controlling Interests	-	-	(176)	(365)	-
Dividends	6,741	8,988	8,988	8,988	10,786
Bonus Issues	7,405	-	-	-	-
Retained Earnings (opening)	104,095	119,055	132,874	136,076	155,106
Retained Earnings (closing)	119,055	132,874	136,076	155,106	177,720

STATEMENT OF FINANCIAL POSITION (RM'000)

	2017	2018	2019	2020	2021
Issued and Paid-up Share Capital	179,760	179,760	179,760	179,760	179,760
Non-Distributable Reserve	9,985	8,831	8,080	10,141	11,364
Retained Earnings	119,055	132,874	136,076	155,106	177,220
Shareholders' Fund	308,800	321,465	323,916	345,008	368,344
Non-Controlling Interests	-	-	1,024	659	658
Deferred Taxation	1,199	5,660	7,384	9,220	13,618
Long-Term Borrowings	16,603	12,980	9,358	5,736	2,113
	326,602	340,105	341,682	360,623	384,733
Property, Plant and Equipment, Investment Properties, Right-of-use assets and Prepaid Lease Payments	236,463	249,827	252,185	254,185	246,047
Deferred Taxation	407	476	465	486	464
Net Current Assets	89,732	89,802	89,802	105,952	138,222
	326,602	340,105	341,682	360,623	384,733

FINANCIAL RATIOS

	2017	2018	2019	2020	2021
Revenue growth (%)	4.99	1.89	7.05	19.0	(1.2)
Current ratio (times)	3.17	3.44	3.15	2.89	3.8
Cash ratio (times)	1.52	1.07	1.18	1.40	1.80
P/E ratio (times)	36.30	30.13	41.00	26.70	18.55
Total borrowings/Equity (%)	7.89	5.16	4.85	4.39	3.28
Long-term borrowings/ Equity (%)	5.38	4.04	2.88	1.66	0.57
Basic earnings per share (sen)	8.10	6.34	3.39	7.79	8.84
Dividend per share (sen)	2.50	2.50	2.50	2.50	3.00
Net assets per share attributable to shareholders of the Company (RM)	0.86	0.89	0.90	0.96	1.03
Share Price - High (RM)	5.07	3.08	1.96	2.88	2.16
Share Price - Low (RM)	2.90	1.81	1.18	0.82	1.57
Share price at 31 December	2.94	1.91	1.39	2.08	1.64
Company market capitalisation (RM'000)	1,056,988	686,683	499,732	747,801	589,612

FIVE YEAR DIVIDEND PAYMENT AS % OF PROFIT AFTER TAX

	2017	2018	2019	2020	2021
Profit After Tax (RM'000)	29,106	22,807	12,014	27,652	31,785
Dividend Paid (RM'000)	6,741	8,988	8,988	8,988	10,786
Dividend Payment as % of Profit after Tax	23%	39%	75%	33%	34%

Capital Expenditure

During the year under review, the Group incurred capital expenditure amounting to RM10.9 million, which was utilised mainly on infrastructure and equipment upgrades for our PI manufacturing facilities to achieve further operational and cost efficiencies. The amount was financed through internally generated funds.

We look forward to continue investing in digitalisation initiatives with an emphasis on technology and process improvements, embracing the IR 4.0 trend to empower greater growth through innovation.



Invested
RM10.9 mil
in IR 4.0 upgrades

Dividend

An interim single tier dividend of 3.0 sen per ordinary share amounting to RM10.8 million for FY2021 was paid during the financial year under review. Additionally, Kawan had on 1 March 2022, declared an interim single-tier dividend of 3.0 sen per ordinary share amounting to RM10.8 million in respect of the FY2022, which was paid on 30 March 2022.

2022 OUTLOOK AND PROSPECTS

The year ahead will be exciting, albeit also a challenging one. While we are cautiously optimistic that regional growth will improve following the reopening of more economic sectors, we remain vigilant as new COVID 19 variants continue to emerge, and the geopolitical landscape remains uncertain.

The World Bank has forecasted Malaysia's gross domestic product ("GDP") to grow at a rate of 5.5% in 2022, with inflation expected to remain at a modest 2% to 3%, while GDP for the East Asia and Pacific region is expected to expand to 5%.



Malaysia's
GDP growth
forecast:

5.5%

Barring a significant turn of events, we will continue to focus on building our portfolio across our markets and explore untapped market potentials in 2022, aiming to diversify into the mainstream in western countries. We have also set aside funds for capital expenditure to upgrade our production facilities towards enabling higher automation at the plant to reduce labour reliance and deliver greater performance sustainability.

At the same time, we will continue to strengthen the Group's operational resilience through robust business continuity plans including ongoing enhancements of processes, and continuous assessment of our business, infrastructure and workplace requirements. We also intend to review and improve our employees' remuneration packages, and provide additional paths for their development to foster an engaged workforce and a sustainable pipeline of talent to see us through the coming years.

In line with the current health and sustainability trends, we plan to launch a range of plant-based products in Malaysia this year. We are keen to develop a portfolio of food products that are healthy and environmentally impactful as we embark on this path towards greater Environmental, Social and Governance ("ESG") responsibility. As part of our sustainability commitment, we will also be setting initial milestone targets in 2022 to guide the progress of our new sustainability strategy.

As the Executive Chairman, I am truly grateful for the strong support and counsel Kawan receives from our Board, and I look forward to working alongside them again in 2022.

On behalf of the Board, I extend our gratitude to our shareholders for their support, and to the Management and employees for their unyielding efforts and continued commitment. We would also like to express our appreciation to our customers and suppliers, who have been instrumental in ensuring the continued success of Kawan Food Berhad.

Thank you.

On behalf of the Board and Management,

Mr Gan Thiam Chai
Executive Chairman

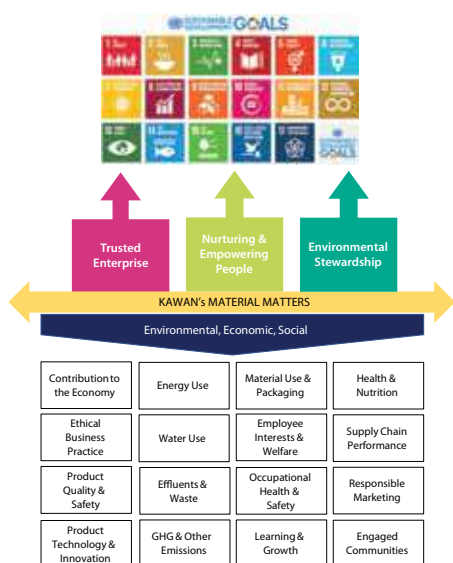


SUSTAINABILITY STATEMENT

Kawan Food Berhad (“Kawan” or “the Company”) is pleased to present its 2021 Annual Sustainability Report (“SR2021”).

SR2021 provides a comprehensive account of Kawan Food’s ongoing efforts in its Economic, Environmental, and Social (“EES”) performance, as well as how it drives the sustainability in its day-to-day operations. This includes managing related risks and opportunities coexisting with the Company’s corporate governance framework, its organisational culture, providing value chain to relevant stakeholders and corporate social responsibility (“CSR”).

Sustainability is critical in enabling Kawan’s continued value creation, particularly in the realisation of non-financial values along with its organisational and brand reputation, stakeholder relationships, social and environmental impacts, as well as ensuring a meaningful contribution to Kawan’s adopted United Nations Sustainable Development Goals (“UNSDGs”).



FY2021 served as a year of calibration for Kawan’s approach to and strategy for sustainability. Through the Company’s calibrating process, Kawan developed a Sustainability Strategic Framework around three pillars to enable the Company to execute its UNSDG aspirations and targets: Trusted Enterprise, Nurturing and Empowering People, and Environmental Stewardship.

These pillars will govern the allocation of scarce resources for addressing its material matters in order to meet targets based on the respective indicators. This will ensure that Kawan is progressively contributing to the UNSDG goals while also establishing a sustainable organisation going forward.

The Sustainability Strategic Framework aims to address risks and opportunities, resulting from Kawan’s significant economic, environmental and social impacts. Implementing the framework will also provide information to portray Kawan’s efforts in addressing potential financial implications associated with its sustainability material matters, ie ESG related information

REPORTING SCOPE AND BOUNDARY

This Sustainability Statement for FY2021 is prepared in accordance with the Bursa Malaysia Sustainability Reporting Guide (Second Edition), as well as with the Global Reporting Initiative (“GRI”) Standards: Core Option. The GRI Content Index is provided at the end of this report. Unless otherwise stated, this Sustainability Statement covers Kawan’s sustainability performance of its operations in Malaysia for FY2021.

Kawan exercises a “local-where-we-operate” practice. In FY2021, Kawan revised its approach to sustainability and structured reporting while aligning to Bursa’s Sustainability Reporting Guidelines. Kawan’s boundaries for its material matters are established through the prioritisation process reflecting where significant economic, environmental and social impacts occur taking into account GRI’s Reporting Principles for defining report content and quality.

Going forward, the Company will maintain a strong focus to this area and will continue to monitor, review, and improve its approach to sustainability.

REPORTING PERIOD

SR2021 covers the reporting period from 1 January 2021 to 31 December 2021 ("FY2021").

The majority of the statistics offered in this report are based on a three-year span. This allows for the creation of trend lines and allows readers to more accurately assess the Company's performance over time.

DATA VALIDATION

For certain disclosures, Kawan has sought to provide a comprehensive and transparent perspective of its sustainability performance. The information contained in this statement was gathered internally and verified by the relevant business entities or information owners. Kawan is constantly looking for ways to enhance data collection and analysis in order to heighten accuracy and strengthen disclosures.

SUSTAINABILITY STRATEGY FRAMEWORK

In FY2021, Kawan refined its approach to managing its significant Economic, Environmental, and Social impacts and governance by adopting a Sustainability Strategic Framework encompassing three major pillars: Trusted Enterprise, Nurturing and Empowering People, and Environmental Stewardship. Within the Sustainability Strategic Framework, Kawan has incorporated short-, mid-, and long-term commitments in the form of quantitative or qualitative targets to ensure effective implementation of its Sustainability Policy.

TRUSTED ENTERPRISE Building an ethical and efficient enterprise which contributes to sustainable development	NURTURING & EMPOWERING PEOPLE Focus on of our people and community in everything we do	ENVIRONMENTAL STEWARDSHIP Minimise negative impacts on the environment including people throughout our products' lifecycle	Base year, 2022
Our Approach: <ul style="list-style-type: none"> Growth That Benefits All Stakeholders Optimise Use of Automation and Industry 4.0 to enhance productivity and drive efficiencies Product Innovation Sound corporate governance and risk management 	Our Approach: <ul style="list-style-type: none"> Promote Wellbeing Developing Competence Giving Back to Society 	Our Approach: <ul style="list-style-type: none"> Adopt Circularity Measures Reduce CO2 Emissions Practice Responsible Sourcing 	Planned Timeline until 2030
Relevant Material Matters: <ul style="list-style-type: none"> Contribution to the Economy Ethical Business Practices Production Technology & Innovation Product Quality & Safety Responsible Marketing 	Relevant Material Matters: <ul style="list-style-type: none"> Employee Interests & Welfare Occupational Health & Safety Health & Nutrition Learning & Growth Engaged Communities 	Relevant Material Matters: <ul style="list-style-type: none"> Energy Use Water Use GHG & Other Emissions Effluents & Waste Material Use & Packaging Supply Chain Performance 	

OUR COMMITMENTS

<ol style="list-style-type: none"> 1. Improve customer satisfaction <ol style="list-style-type: none"> a. To improve satisfaction rating, and/or; b. To reduce customer complaints by 10% 2. Maintain zero incidents of corruption <ol style="list-style-type: none"> a. Conduct risk assessment for corruption in operations and of 100% existing and new business partners (set an estimated completion date for existing partners) 3. Maintain HALAL certification <ol style="list-style-type: none"> a. To have a robust HALAL assurance system 4. Minimise food safety incidents <ol style="list-style-type: none"> a. Maintain BRC certification Grade b. Reduce total number of notices of food safety and quality violation received; Complaints Per Million Units (CPMU): <ul style="list-style-type: none"> • 10% Reduction of CPMU (within 1 year) • 12.5% Reduction of CPMU (within 3 years) • 20% Reduction of CPMU (within 10 years) 	<ol style="list-style-type: none"> 1. Enhance skills in business automation and IR 4.0 <ol style="list-style-type: none"> a. Increase training programmes focusing on technology adoption 2. Establish sustainability related learning in employees' competence development <ol style="list-style-type: none"> a. Minimum of 2 training hours in sustainability subjects (GHG, human rights, sustainable procurement) for employee category 3. Achieve zero workplace accidents <ol style="list-style-type: none"> a. To reduce LTI by 30% b. Obtain ISO45001 certification 4. Enhance the nutritional value of our product <ol style="list-style-type: none"> a. Aim to attain healthier choice standard for our products 	<ol style="list-style-type: none"> 1. Achieve zero environmental legal non-compliance 2. Obtain ISO 14001 certification 3. To reduce non-hazardous waste to landfill from our production facilities by 20% 4. To establish a water monitoring and management system and to reduce use of water (based on a quantitative target set at end 2023) 	<p>Short Term 2022- 2023</p>
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OUR COMMITMENTS

<ol style="list-style-type: none"> 1. Increase locally procured products/services (based on a quantitative target set at end 2022) 2. Establish policies on stakeholder engagement, human rights including migrant worker rights, water, energy, GHG, ingredients selection, packaging, marketing, and sustainable procurement (sourcing) 	<ol style="list-style-type: none"> 1. Conduct sustainability focused engagements and community programmes annually including on the following themes: biodiversity, healthy eating, food waste, plastic waste, volunteerism aid, etc. 	<ol style="list-style-type: none"> 1. Reduction in absolute GHG emissions and intensity (based on a quantitative target set at end 2023 - this is a suggestion, can be made earlier if possible e.g., end 2022) 2. Increase use of renewable energy for electricity at production facilities (based on a quantitative target set at end 2023) 	Mid- term 2024- 2026
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OUR COMMITMENTS			
<ol style="list-style-type: none"> 1. Attain membership in sustainability related initiatives e.g. RSPO, UN Global Compact, etc. 2. Establish an in-house platform for idea generation and onward product development and commercialisation 3. Increase business automation with a focus on energy efficiency 	<ol style="list-style-type: none"> 1. Recruit underserved communities such as other marginalized groups <ol style="list-style-type: none"> a. Set target for example at least 1 individual 2. Achieve a minimum score of 85% for overall employee satisfaction from all employees including topics such as physical work environment, work culture, compensation & benefits and equal opportunities 3. Provide attractive remuneration packages aligned with sector and work situation 	<ol style="list-style-type: none"> 1. Determine product carbon footprint <ol style="list-style-type: none"> a. Conduct Life Cycle Assessment for a selected product 2. Improve sustainability performance of our packaging material (based on a quantitative target set at end 2023) <ol style="list-style-type: none"> a. Increase use of sustainable packaging materials (use packaging with recycled content and/or renewable materials) b. Increase use of recyclable packaging (use reusable, recyclable or compostable packaging) 3. Use sustainably sourced ingredients (define sustainably sourced, identify priority products such as focusing on high volume ingredients such as, sugar, flour, fats and oils) (based on a quantitative target set at end 2023) 4. Increase use of CSPO in our products (based on a quantitative target set at end 2023) (% of products) 	Long term 2027- 2030

1. GOVERNANCE: THE CORNERSTONE OF TRUST AND SUSTAINABILITY

1.1. Sustainability Governance

At Kawan, sustainability is driven by a robust, well-defined governance structure. In line with the Malaysian Code of Corporate Governance (April, 2021) guidelines, the Sustainability Governance Structure is intended to embed sustainability within the organisation and, to the extent possible, to cascade the necessary awareness and consciousness along the value chain.

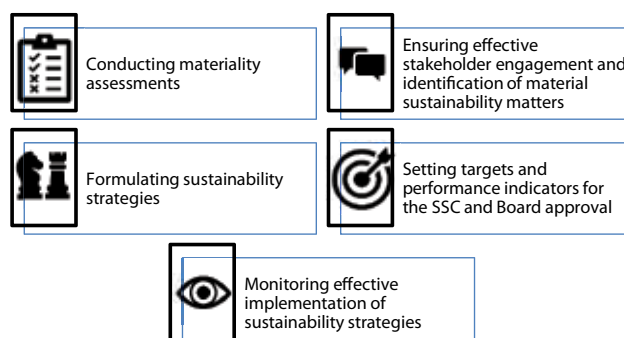
The governance structure enables the Board and Senior Management to monitor critical material sustainability topics and their progress, as well as the risks and opportunities associated with them.

It enables swift development of policies and initiatives from the Board and Senior Management, while all facets of the Company operations support the execution and implementation of action plans. This governance structure facilitates a speedy and effective two-way dissemination of information about these activities between senior leadership and the working level. Ultimately, the structure will result in the continuing development of an sustainability conscious culture throughout the organisation and value chain.

The Executive Director of Marketing and ESG is responsible for facilitating sustainability governance and oversight of assisted by the Sustainability Steering Committee ("SSC") and Sustainability Working Committee ("SWC"). The SSC, chaired by the CEO and comprised senior management who is responsible for driving sustainability across the Company through the following roles and responsibilities:



Assisting the SSC in implementing sustainability initiatives is the SWC, composed of various Heads of Departments (HODs) and also headed by the Compliance Manager with the following roles and responsibilities:



Collectively, the members of the committees above possess a breadth of knowledge, skills, and experience relevant to Kawan's material sustainability matters.

1.2. Sustainability Policy

Kawan's Sustainability Policy incorporates stakeholder expectations and establishes a three-part commitment to EES with the following objectives:



The Company's goal in developing its Sustainability Policy is to support the frozen foods sector's sustainability goals in the markets in which we operate. Kawan recognises that its business has the potential to create impacts on the economy, environment and society throughout the lifecycle of its products, through sourcing of material, use of raw materials and natural resources, food and packaging design, production, consumption and disposal. We are particularly aware of our impact on consumer health through the consumption of food that we produce.

Kawan's performance is evaluated in accordance with internationally recognised benchmarks and principles such as the Fair Trade Principles, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles on Business and Human Rights, as well as the UNSDGs.

This policy is reviewed and updated on a regular basis, and it is distributed across the organisation and to our stakeholders for transparency and governance.

Our customers, employees, suppliers, and contractors are encouraged to read, understand, and uphold the intent of our policy within the Company, as well as to convey this policy to those who are interested in our activities, products, and services. Our Sustainability Policy is available at: www.kawanfood.com

1.3. Corporate Governance and Ethics

Good corporate governance at Kawan entails more than simply adhering to existing rules and regulations. It is also about ethics, trust, and the values that guide Kawan's business conduct. This boosts stakeholders' confidence and sets the benchmark of conduct for the organisation.

Kawan's Code of Conduct and Ethics ("COCE") serves as a guide for internal and external stakeholders regarding expected corporate standards and behaviour. The COCE establishes the expected standards of corporate behaviour for the Board of Directors, Management, employees, and related stakeholders. During their induction, all new Board members and personnel are informed of the COCE, with periodic refreshers provided.

The COCE is intended to promote a corporate culture that fosters ethical behaviour throughout the Company; it embodies the Company's commitment to integrity, accountability, transparency, and self-regulation. The purpose of the Code for employees is to direct their attention to areas of ethical risk, to provide guidance to Directors in identifying and resolving ethical issues, to establish procedures for reporting unethical practices, and to promote the development of an organisational culture of honesty, trust, responsibility, and accountability.

The Code of Conduct and Ethics can be viewed here: <http://kawanfood.com/wp-content/uploads/2020/06/COCE.pdf>

1.3.1. Anti-Corruption and Anti-Bribery Policy ("ABC Policy")

Kawan has always maintained a zero-tolerance approach towards any form of bribery, corruption, and/or misconduct in any business dealings involving the Company, its subsidiaries, suppliers, and business partners.

The ABC Policy, which was amended in FY2020, complies with Section 17A of the Malaysian Anti-Corruption Commission ("MACC") (Amendment) Act 2018. The policy can be viewed here: <http://kawanfood.com/wp-content/uploads/2020/09/KFB-ABC-100920.pdf>

The ABC Policy outlines what constitutes a corrupt act and strictly prohibits its execution in any capacity within the Company's organisation. This is also extended as a prerequisite in any dealings between external parties and Kawan Food Berhad, including agents of the Company such as the Board, management, employees. All Directors, personnel and intermediaries are expected to uphold the ABC Policy.

In FY2021, all Board Directors and HODs received anti-corruption training; their knowledge and awareness were refreshed through various programmes and courses. The Directors and HODs received 5 hours of training on anti-corruption policies and procedures. HODs were then responsible for communicating this to their respective subordinates in order to raise awareness within their day-to-day operations.

Anti-corruption awareness is instilled in all staff members at their induction training and also on a frequent basis through refresher sessions.

All Board members approved and comprehend the ABC policy, attesting to their commitment to uphold the policy at all times and in all of their activities as agents of the Company.

There were no reports of any bribery or corruption in FY2021. Hence, there were no instances of workers being penalised or terminated for non-compliance with the anti-corruption policy, and no fines were imposed for the financial year.

1.3.2. Whistleblowing

As part of good corporate governance, Kawan is committed to conducting its activities in an ethical and transparent manner. As a result, Kawan has instituted a whistleblowing policy. The policy can be viewed here: <http://kawanfood.com/wp-content/uploads/2020/09/Whistleblowing-Policy-100920.pdf>

The policy outlines a Whistleblowing Channel that serves as a confidential grievance mechanism for any internal or external stakeholder to report actual or suspected bribery, corruption, and other wrongdoings. This Policy safeguards the reporting individual's identity and information, as well as protection against any form of retaliation. The Senior Independent Non-Executive Director would assemble an Investigation Team, and their observations would be reported to the Board for deliberation and action.

In FY2021, no whistleblowing reports were received.

2. STAKEHOLDER ENGAGEMENT

Despite the numerous COVID-19-related repercussions in FY2021, Kawan remained proactive in its engagement strategy with various stakeholders through a wide range of communication channels.

To ensure the sustainability of strong business growth and performance, Kawan maintained its multi-channel, multi-level strategy in engaging its stakeholders, constructing a comprehensive stakeholder mapping of its stakeholder universe and developing a robust, comprehensive engagement plan.

At Kawan, stakeholder engagement is essential to strengthening connections with relevant stakeholders, gaining a better understanding of customer needs, and generating valuable insights for further improvement on processes, products, and service levels to support current and future growth.

The table below outlines Kawan's stakeholder engagement approach for FY2021:

No.	Stakeholders	Mode of Engagement	Frequency	Relevant needs & expectations	Material Matters
1.	Government / Regulatory Authorities e.g. DOSH, DOE, MOH, JAKIM, Labour Department	<ul style="list-style-type: none"> Statutory Submissions Meetings/Work-shops Site visits/ Conferences 	<ul style="list-style-type: none"> Monthly/ Yearly/ Quarterly Ad-hoc Ad-hoc 	1) Demonstration of compliance with respective authorities' legal requirements and compliance obligations 2) Support national plans such as the National Plan of Action for Nutrition of Malaysia (2016-2025), the National Strategic Plan for Non-Communicable Disease (2016-2025) and Policy to Combat Obesity (2016-2025) 3) Timely and responsive communication and actions	<ul style="list-style-type: none"> Ethical Business Practices Product Quality & Safety Health & Nutrition Employee Interests & Welfare Occupational Health & Safety Effluent & Waste Contribution the Economy GHG & Other Emissions Energy Use Water Use

No.	Stakeholders	Mode of Engagement	Frequency	Relevant needs & expectations	Material Matters
2.	Employees	<ul style="list-style-type: none"> Sports & Social Club Events – Annual Dinner, Festive celebrations, etc. Departmental Meetings Teambuilding Townhall Kawan Connect Policies and Procedures 	<ul style="list-style-type: none"> Ad-hoc Ad-hoc Ongoing Ad-hoc Ad-hoc Quarterly Yearly 	<ol style="list-style-type: none"> 1) Safe and healthy workplace - work life balance, having quality time on personal level and family, while having a professional career 2) Fair treatment of employees, workers according to legal requirements and labour standards (mandatory and voluntary) 3) Competitive remuneration 4) Equal opportunity and career development 5) Training, guidance and support 6) Diversity at the workplace, representation 7) Job security 	<ul style="list-style-type: none"> Employee Interests & Welfare Learning & Growth Occupational Health & Safety Contribution to the Economy
3.	External goods and service providers e.g. suppliers, vendors	<ul style="list-style-type: none"> Contractual/ Annual Review Regular Meetings Supplier Evaluation Audits 	<ul style="list-style-type: none"> Quarterly Yearly Ad-hoc 	<ol style="list-style-type: none"> 1) Clear contract specification, instructions 2) Honouring contractual agreements - prompt payment 3) Fair pricing - remuneration 4) Responsive and timely communication e.g. feedback on supplier performance 5) Continuing business 6) Guidance on improving supplier performance 	<ul style="list-style-type: none"> Supply Chain Performance Ethical Business Practices Contribution to the Economy Occupational Health & Safety

No.	Stakeholders	Mode of Engagement	Frequency	Relevant needs & expectations	Material Matters
6.	Local communities	<ul style="list-style-type: none"> Corporate Social Responsibility Activities 	<ul style="list-style-type: none"> Ad-hoc 	<ol style="list-style-type: none"> Potential job opportunities No impact from operations to the surrounding environment, public safety & security, livelihoods, day to day life etc. Participation in community programmes Timely and responsive communication/ action 	<ul style="list-style-type: none"> Engaged Communities Contribution to the Economy Ethical Business Conduct Effluent & Waste GHG & Other Emissions
7.	Media	<ul style="list-style-type: none"> Interviews/Press Release Advertisements New Product Launches 	<ul style="list-style-type: none"> Ad-hoc Ad-hoc Ad-hoc 	<ol style="list-style-type: none"> Timely and responsive communication 	<ul style="list-style-type: none"> Specific to communicated information
8.	Industrial affiliates / Industry and Trade Associations e.g. FMM, MATRADE, OHS Organization (MSOSH), Malaysian Institute of Food Technology	<ul style="list-style-type: none"> Association meetings Trainings Exhibitions 	<ul style="list-style-type: none"> Ad-hoc Ad-hoc Ad-hoc 	<ol style="list-style-type: none"> Demonstration of compliance obligations Knowledge/ information sharing Adherence to affiliates' charter/ code Timely and responsive communication/ action Participation and support in programmes 	<ul style="list-style-type: none"> Contribution to the Economy Product Quality & Safety Production Technology & Innovation Health & Nutrition Supply Chain Performance Others specific to industrial affiliate

No.	Stakeholders	Mode of Engagement	Frequency	Relevant needs & expectations	Material Matters
9.	NGO e.g. consumers association, charitable organisations	<ul style="list-style-type: none"> Corporate Social Responsibility Activities 	<ul style="list-style-type: none"> Ad-hoc 	1) Support NGOs objectives - upholding of human rights, consumer protection, environmental protection, provision of aid or other humanitarian assistance etc.	<ul style="list-style-type: none"> Employee Interests & Welfare Product Quality & Safety Engaged Communities Energy Use Water Use GHG & Other Emissions Others specific to NGO
10.	Financial Institutions e.g. banks	<ul style="list-style-type: none"> Meetings 	<ul style="list-style-type: none"> Ad-hoc 	1) Prompt payment 2) To utilise their credit facilities 3) Adequate insurance coverage-sum insured (not under insured and risks) 4) Management of physical risks (related to insurance) 5) Management of ESG risks	<ul style="list-style-type: none"> Contribution to the Economy Ethical Business Conduct Product Quality & Safety GHG & Other Emissions Supply Chain Performance
11.	Learning institutions - Universities	<ul style="list-style-type: none"> Training Internships 	<ul style="list-style-type: none"> Ad-hoc Ad-hoc 	1) Potential internship opportunities for students 2) Knowledge/ information sharing 3) Opportunities for research collaboration	<ul style="list-style-type: none"> Engaged Communities Production Technology & Innovation

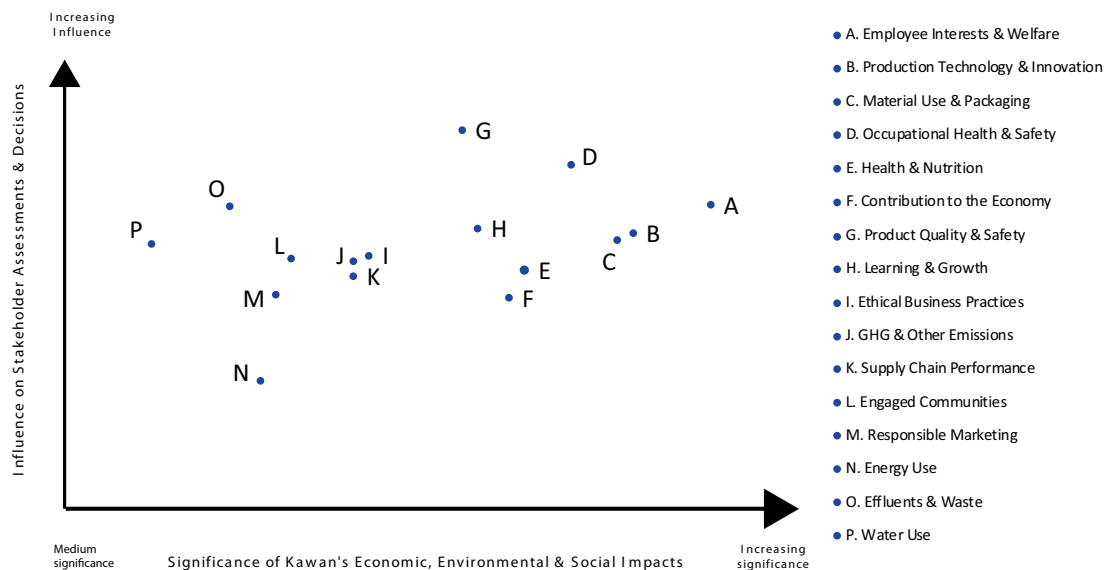
3. MATERIAL MATTERS

3.1. Kawan's Approach to Materiality

The Company will conduct a materiality assessment periodically in order to identify, assess and prioritise, material matters reflecting Kawan's significant EES impacts taking a product life cycle perspective throughout its supply chain, and those affecting its relevant stakeholders. This is subjected to a thorough internal process in which EES impacts were reviewed against criteria developed for significance. In addition stakeholder views were taken into account through the conduct of a survey including from the Board of Directors, employees, customers (distributors), investors, and suppliers, among others. The significance criteria used for assessing EES impacts were also cross referenced with global sustainability initiatives, in particular the UNSDGs. Kawan has established commitments encompassing targets to address the material matters as described previously by ensuring resources allocated to their achievement are based on their prioritisation.

In FY2021, the Company had identified 16 key material issues that have an influence on the identified key stakeholders and their associated economic, environmental, and social impacts on Kawan.

3.1.1. FY2021 Materiality Matters Matrix



3.1.2.1 FY2021 Materiality Matters, Risks, Opportunities

Material Matter	Risks	Opportunities	Initiatives in Place
EMPLOYEE INTERESTS & WELFARE Ensuring employee satisfaction by upholding the rights of KFB's employees through fair treatment practices. Corresponding UNSDGs: 1.2, 10.2, 10.3, 10.4	<p>Poor management of employees' interests & welfare will demoralize and affect their performance. Unsatisfied employees can lead to high turnover and poor work quality, leading to increased cost arising from delays, reduced product and service quality, fines and compensation etc. which will ultimately lead to reputational damage and loss of confidence among our stakeholders including customers and shareholders.</p>	<p>Employees are an important asset of the company and building high-performing individuals who are committed will benefit the company in the long run</p>	<ol style="list-style-type: none"> 1) Adhering to local employment legal requirements 2) COVID 19 <ul style="list-style-type: none"> - Additional PPE for employees - Sanitising chemicals were provided at each company hostel and briefing given to the occupants on proper usage - Affected foreign workers were self-quarantined in the rooms respectively. Food and vitamins were provided to them on a daily basis. HR and safety officers monitored their progresses until recovery
PRODUCTION TECHNOLOGY & INNOVATION Enhancing production processes through technology and innovation to maximise KFB's operational efficiency and manage its sustainability impacts. Corresponding UNSDGs: 8.2, 8.3	<p>Failure to stay in the forefront of technological advancement will likely result in higher production cost, compromised quality and failing to keep pace with changing consumer preferences</p>	<p>Remaining in the forefront of new technologies will enable proactive response to changing customer preferences</p> <p>Adopt an IR 4.0. Roadmap</p>	<ol style="list-style-type: none"> 1) Investing in green technology (solar energy, cooling system, rainwater harvesting system, etc.) 2) Embarked on roadmap for IR 4.0 3) Implementation of automation in production and the ASRS
MATERIAL USE & PACKAGING Minimising environmental and social impacts of KFB's products through sourcing of ingredients and other materials, taking into consideration the product lifecycle. Corresponding UNSDGs: 12.5	<p>Selection and procurement of materials from unsustainable sources i.e. raw ingredients and packaging, can lead to loss of competitive advantage (e.g. EU/US markets) and brand reputation due to being seen as not embracing sustainability e.g. using plastics, non CSPO; and increased vulnerability to supply chain related risks e.g. high dependency on one ingredient.</p>	<p>Sourcing sustainable raw material for production and packaging will ensure steady supply of raw material and manage any potential supply chain disruptions. Also right sourcing will allow the company to cater to specific target market such as "green consumers"</p> <p>Focus on environmentally sound supplies (biodegradable & recyclable packaging material)</p> <p>Collaborate with local university on packaging R&D.</p>	<ol style="list-style-type: none"> 1) Ensuring efficient planning on Raw material and packaging material

3.1.2.1 FY2021 Materiality Matters, Risks, Opportunities (Cont'd)

Material Matter	Risks	Opportunities	Initiatives in Place
OCCUPATIONAL HEALTH & SAFETY Ensuring the provision of a healthy and safe work environment for KFB's employees and those working on its behalf. Corresponding UNSDGs: 3.9, 8.8	<p>Poor OHS management will lead to injuries and diseases which will increase operating costs in terms of compensation/remuneration, work delays, penalties/fines and reputational loss among stakeholders, loss of business opportunities and reduced sales.</p>	<p>Safe and healthy work environment will reduce wastage, loss time and attract a more qualified work force.</p>	<ol style="list-style-type: none"> 1) Developing a formal OHS Management System 2) Adhering to OHS legal requirements 3) Providing relevant training 4) Monitoring OHS performance
HEALTH & NUTRITION Enhancing the health impacts of KFB's products and ensuring its product portfolio considers diverse dietary needs. Corresponding UNSDGs: 2.2	<p>Not making healthy and nutritious products means not catering to current demands of various lifestyles in society which will cause the company loss of competitive advantage, product leadership and prospective investors</p>	<p>Remaining relevant in a fast-changing consumer preferences and expanding market presence</p> <p>Initiate meat-free products and more nutritious product</p>	<ol style="list-style-type: none"> 1) Exploring product innovation into healthier range of products 2) Initiating meat free products and more nutritious products
CONTRIBUTION TO THE ECONOMY KFB's contribution to the reduction of economic inequality in society and empowerment of vulnerable groups in its value chain Corresponding UNSDGs: 8.1, 8.2, 9.1, 9.2	<p>Poor sales and low profits lead to loss of reputation and trust from stakeholders, particularly investors/shareholders, reduced market share, lower employee morale and higher turnover rates, causing operational delays and incurring extra costs.</p> <p>Potential risk of under-valuation of the company.</p> <p>Loss of sustainability centric customers and investors</p>	<p>Growing the business in line with changing market sentiment and creating viable alternative for "green" investors</p> <p>Enhance efficiency and manage costs effectively</p>	<ol style="list-style-type: none"> 1) Implementing sound business plans with growth as a focus 2) Managing operations to ensure efficiency 3) Identifying means for becoming an employer of choice

3.1.2.1 FY2021 Materiality Matters, Risks, Opportunities (Cont'd)

Material Matter	Risks	Opportunities	Initiatives in Place
LEARNING & GROWTH Empowering KFB's employees through provision of training and education to advance their skills and competence, as well as support their career development. Corresponding UNSDGs: 4.4	<p>Highly skilled and talented employees will drive growth of the business with expansions to new market and new products.</p>	<p>Safe and healthy work environment will reduce wastage, loss time and attract a more qualified work force.</p>	<ol style="list-style-type: none"> 1) Providing competency based training (HR, BRCGS, Halal, etc.) 2) Improving training programs by continuously evaluating training needs
PRODUCT QUALITY & SAFETY Ensuring the quality and safety of KFB's products meet relevant standards and customer expectations Corresponding UNSDGs: 3.9	<p>Poor quality & safety affects consumer health and safety, which can incur remedial and compensation costs, leading to fines/summons/litigation, damage reputation and trust from stakeholders, and reduced sales.</p>	<p>Food safety remains the primary criteria for consumption and any improvement will advance consumer confidence and product loyalty</p>	<ol style="list-style-type: none"> 1) Implementing a food safety and quality management system which has obtained accredited certifications for BRC, Halal, HACCP, GMP, GIF, Mesti, Vegetarian Trademark Society requirements and standards 2) Compliance department to monitor and evaluate compliance status
ETHICAL BUSINESS PRACTICES Management of ethical issues such as corruption, anti-competitive behaviour and fair procurement practices within KFB's operations and the supply chain. Corresponding UNSDGs: 12.6, 16.5, 16.6, 16.7	<p>Corruption and other unethical governance issues in the organization and supply chain incurs penalties/summons, damages reputation and trust from stakeholders and affects employee morale.</p>	<p>Eliminating activities that distorts the pricing mechanism in market economy will allow for more transparent price points reflective of actual production cost</p>	<ol style="list-style-type: none"> 1) Implementation of Anti-Bribery & Corruption procedures and awareness training. Whistle Blowing and grievance policy in place 2) Compliance department to monitor and evaluate compliance status

3.1.2.1 FY2021 Materiality Matters, Risks, Opportunities (Cont'd)

Material Matter	Risks	Opportunities	Initiatives in Place
SUPPLY CHAIN PERFORMANCE Management of KFB's suppliers and their environmental, social and ethical performance in the supply chain Corresponding UNSDGs: 8.7, 8.8, 12.6	<p>Poor performance in the supply chain leads to increased environmental impacts e.g. GHG emissions, resource use, pollution; and social impacts e.g. human rights abuse etc. Underperforming suppliers also affect product delivery and quality causing Kawan not to meet customer requirements and standards. These issues can incur extra production/operations/remedial costs, leading to fines/summons/litigation, damaged reputation and trust from stakeholders(boycotts), and reduce sales</p>	<p>Promoting sustainable practices in the supply chain network will reduce disruption, advance supply chain resilience and will benefit the company</p>	<ol style="list-style-type: none"> 1) Periodic audits of suppliers as part of conforming to Kawan's food safety management systems 2) Expanding scope of supplier audits to include environmental and social criteria
GHG & OTHER EMISSIONS Management of KFB's greenhouse gas and other emissions throughout its operations and supply chain. Corresponding UNSDGs: 13.1, 13.2	<p>GHG emissions from use of energy, as well as emissions of other pollutant gases, at operations level and throughout supply chain contributes to climate change and pollution, which can lead to reputational loss among public, investors, business partners, etc.</p> <p>Climate change can also impact the business through increased production costs due to increased cost of raw ingredients, increased climate adaptation and mitigation costs, including safety and health, potential market instruments and laws.</p>	<p>Being proactive to the changing business environment will ensure the company is prepared to meet the varying expectations of the stakeholders.</p>	<ol style="list-style-type: none"> 1) Investing in green technology (solar energy, cooling system, rainwater harvesting system, etc.)

3.1.2.1 FY2021 Materiality Matters, Risks, Opportunities (Cont'd)

Material Matter	Risks	Opportunities	Initiatives in Place
ENGAGED COMMUNITIES Managing the sustainability impacts of KFB's operations to surrounding communities wherever it operates, and upholding its role as a member of society Corresponding UNSDGs: 17.17	Not maintaining engaged communities/ good relationship with surrounding communities and general public can make the company appear uninterested leading to potential reputational loss, boycotts and loss of customer, investors and potential future employees.	Staying engaged with the community will benefit the company in the form of ready supply of workforce, brand advancement, building reputation and being a good neighbour	1) Organising and carrying out activities related to CSR for communities 2) Adhering to local laws affecting the public at large
RESPONSIBLE MARKETING Marketing KFB's products through provision of accurate and adequate information, including sustainability impacts of the products, as well as ensuring protection of customer data privacy.	False labelling/product information can affect consumer health and safety, which can incur remedial costs (product recall), lead to fines/summons/litigation, damage reputation and trust from stakeholders, and reduced sales. Mismanagement of customers' personal data impedes customers right to data privacy and will also affect reputation and may incur fines/penalties.	Enables the building of strong "Kawan" brand creating brand trustworthiness and loyalty, delivering high intangible value to the company	1) Adhering to local regulations consistently
ENERGY USE Management of energy consumption throughout KFB's operations including transportation related activities. Corresponding UNSDGs: 7.2, 7.3	Dependence on energy from non-renewable sources depletes stock for future use hence causing scarcity and thus increasing energy prices, leading to increased costs for production etc.	An early awareness of GHG awareness and climate change impact will enable the company to plan ahead for the future as a going concern entity in its capital asset acquisition and factory modernization programs Corporate Policy of buying high efficiency machines	1) Investing in green technology (solar energy, cooling system, rainwater harvesting system, etc.)

3.1.2.1 FY2021 Materiality Matters, Risks, Opportunities (Cont'd)

Material Matter	Risks	Opportunities	Current Initiatives in Place
EFFLUENTS & WASTE Management of water and land pollution arising from KFB's operations, including liquid and solid waste. Corresponding UNSDGs: 6.3, 12.5, 14.1	Not managing effluents & waste may incur cost due to fines, penalties, remediation, and lead to reputational loss , boycotts, and potential loss of investors	Extending the compliance of effluent and waste management to incorporate sustainability enables the company to remain proactive in addressing any potential leakages and reduce foreseeable harm to the environment	1) Adhering to effluent and waste legal requirements consistently
WATER USE Management of water consumption throughout KFB's operations. Corresponding UNSDGs: 6.4	Overconsumption of water may lead to depletion of water resources will lead to disruption in production and affect product quality leading to nonfulfillment of orders.	Early awareness of water scarcity will enable the company to identify alternative water source and plan accordingly to harvest such source for consumption	1) Rain water harvesting & reservoir to store water for non production related activities 2) Prudent monitoring of water consumption throughout the plant

4. TRUSTED ENTERPRISE

According to Edelman's Trust Barometer, an organisation is trusted for its ethics and its ability to get things done. Kawan's entrepreneurial spirit is reflected in this philosophy, as we strive to be an ethical and efficient enterprise that contributes to sustainable development.

Apart from already establishing strong corporate governance and risk management, our strategy to being a trusted enterprise entails cultivating growth that benefits all stakeholders, optimising automation and industry 4.0, and driving product innovation.

4.1. Growth That Benefits All Stakeholders

Apart from sustaining operations and delivering shareholder returns, sustainable financial performance is essential for business growth and expansion. Kawan seeks to drive long-term economic value creation and share this amongst its internal and external stakeholders within its business ecosystem, while minimising adverse effects on the community's social, environmental, and cultural elements.

This is demonstrated in the following table, which illustrates the breakdown of the economic indicators:

Economic Indicators	FY2019 (RM'000)	FY2020 (RM'000)	FY2021 (RM'000)
Economic Value Generated*	214,087	254,703	251,770
Operating Expenses	59,243	74,525	61,055
Total Payout to Employees (salaries and benefits)	32,348	41,843	30,516
Total Contributions to State Plans (EPF, SOCSO, HRDF, etc.)	2,933	2,771	2,927
Employee Share Option Scheme (ESOS)	-	1,115	480
*Group Taxation	3,340	4,363	4,871
Repayments to Financiers	998	777	596
Monies Distributed for Community Development, CSR, etc.	120	80	100
Dividend Returns to Shareholders	8,988	8,988	10,786
Economic Value Distributed*	107,970	136,260	110,918
Economic Value Retained*	106,117	118,443	140,852

* Refers to Kawan and its subsidiaries

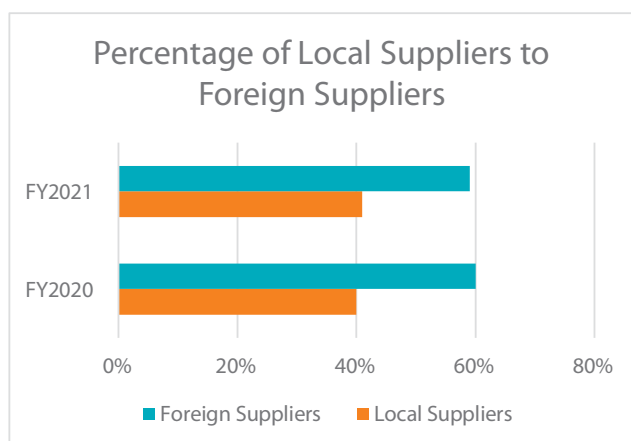
For more information on Kawan's Financial Performance, please refer to the Management Discussion and Analysis section of this report.

4.1.1. Local Procurement

At Kawan, "Local" refers to the geographic regions in which we operate. Kawan seeks to incorporate local sourcing into its procurement strategy in order to promote local industry and the national economy. This approach is demonstrated by the fact that 41% of Kawan's suppliers are local, ensuring the economic viability of local industries.

Selecting a supplier that is geographically closer to Kawan's operations results in a reduction in lead time and transportation costs, as well as reduced pollution emissions due to the reduced distance.

The following charts illustrate our engagement with local vendors and the financial/economic value contributed:



4.2. Optimise Use of Automation and Industry 4.0

Kawan's industry membership of the Federation of Malaysian Manufacturers ("FMM") and Malaysia External Trade Development Corporation ("MATRADE") presents avenues to enhance Kawan's brand awareness and increase access to business opportunities. Moreover, it serves as a platform for the exchange of industry best practices and advancements in manufacturing processes. On a broader level, it fosters Malaysia's manufacturing capacity, technological capability, and investor-friendly climate.

Kawan is constantly seeking to enhance production efficiency and service quality through the use of technology, automation, and digitalisation. This has resulted in the Company developing its own roadmap, aligned with the Malaysian government's 'Industry 4.0' blueprint, with the goal of transforming Kawan into a best-in-class food manufacturing company.

4.2.1. Product /Process Innovation

Kawan's investment in Robot Palletizers enables the Company to realise the benefits of automation through greater productivity and efficiency gains. The Robot Palletizers are essential to Kawan's manufacturing line as they enable enhanced working conditions and employee safety, as well as increased quality and production speed, which results in on-time production and further cost savings.

These investments demonstrate Kawan's ongoing commitment to product innovation, particularly in areas such as functionality, quality, sustainability, and affordability. In this vein, the Company looks forward to enhancing the long-term value of its products and launching new innovative products in FY2022.

4.3. Commitment to Product Safety and Quality

Maintaining high product safety and quality remains a topmost priority. Hence, Kawan makes no compromises on product safety and quality, ensuring customer satisfaction and continued client patronage.

Our commitment is further reflected in Kawan's ISO/IEC 17025 laboratory accreditation, which enables us to maintain a high standard of quality for our testing services through:

- Professional integrity
- Technical competency
- Careful observation and accurate recording
- Accuracy, reliability, and traceability of testing results
- Continually improving Kawan's laboratory's effectiveness
- Meeting ISO/IEC 17025, customer, statutory and regulatory requirements

Kawan remains devoted to upholding its rigorous food safety policy, which serves as the foundation for customer and business assurance. A team of trained safety specialists supervises all aspects of the product's lifecycle, from ingredient procurement to research and development, production and packaging, and finally, product delivery. This process is in accordance with the international BRC food safety standards and is routinely inspected by an independent third-party audit.

This team, which reports directly to the CEO, is responsible for enforcing Kawan's food safety policy, which includes, but is not limited to the following:

- Sourcing for high-quality ingredients
- Regular auditing
- Managing potential risks using a robust Hazard Analysis Critical Control Point (HACCP) system
- Continuous review and improvement of food safety systems and processes to validate quality of raw materials, packaging, quality of products and suitable suppliers
- Invest where necessary in new equipment and technologies to maintain high food safety and quality standards
- Ongoing quality and safety related training programmes for employees
- Reinforcing a culture of good practices amongst employees

There were no product recalls in FY2021.

4.4. Customer Relationship Management

Kawan is continually seeking to evolve its market offerings in order to fulfil consumer expectations and maximise customer satisfaction. The Company remains receptive and embraces customer feedback as it is crucial in addressing issues early on and in ensuring high-quality products, which results in increased customer loyalty and retention.

Kawan conducts an annual customer satisfaction survey to ascertain customers' perceptions of product quality, product availability and timeliness, customer service, complaints, and overall satisfaction.

In FY2021, Kawan's customer satisfaction survey recorded 575 respondents, a 69.6% increase over 339 respondents in FY2020. The survey revealed the following scores:

Market	Category	Respondents	Assessment (%)
Export	Fully Satisfied	37	100%
	Neutral	0	0
	TOTAL	37	100%
Local Sales	Excellent	86	16%
	Very Good	300	56%
	Good	137	25%
	Fair	12	2%
	Poor	3	1%
	TOTAL	538	100%

Presence in Social Media

Kawan continues to rely on digital and social media to increase the brand's visibility and drive engagement with customers and stakeholders, actively connecting with members of the public through a variety of social media channels including Facebook (<https://www.facebook.com/kawanfood/>) and Instagram (https://www.instagram.com/kawan_food/). This continues to be an additional point of contact for gaining a deeper understanding of customers' preferences and market trends, as well as driving traffic to Kawan's website (<http://kawanfood.com/>).

Aside from the above social media channels, Kawan has a hotline (+603 5511 8388) as well as a Chatbox function in Kawan's e-Commerce store. These enable Kawan to receive and respond to inquiries, feedback, and complaints in a timely manner. Complaints are acted upon promptly by our Sales and Marketing Department, working conscientiously toward a successful resolution. Kawan's business software system, which includes automated reminders to respective owners to follow up prior to the due date, contributed to the process's improvement.

In FY2021, there were 89 consumer complaints in all, with a 100% resolution rate. Despite increasing production in FY2021, customer complaints declined by 2 cases (2%), indicating Kawan's improved product quality and safety.

5. ENVIRONMENTAL STEWARDSHIP

At Kawan, we strive to minimise adverse effects on the environment and people throughout our products' lifecycle, making substantial contributions in the process through the adoption of circularity measures, CO2 emission reductions, and responsible sourcing.

The following sections reaffirm our commitment to environmental stewardship, covering current environmental implementation and performance, as well as our future targets and objectives.

5.1 Responsible Sourcing

As part of Kawan's commitment to improving the enterprises' environmental footprint, Responsible Sourcing is vital ensuring better supplier communication, in turn boosting protection against a range of operational risks, positive reputation, and compliance to environmental regulations and codes.

Aligned with our Code of Conduct and Ethics, as well as our Purchasing Policy, Kawan is driven to implement an Ethical Sourcing strategy into our supply chain management going ahead, setting a long-term quantitative base target of procuring sustainably produced components by the end of 2023. This will require developing procurement criteria for sustainably sourced goods and identifying priority products, including sugar, flour, fats and oils.

5.1.1. Due Diligence on Suppliers

Quality and reliability are key factors required of Kawan's suppliers and hence due diligence is critical. New suppliers are audited using questionnaires, which require them to self-declare and present relevant updated certifications. Compliance audits are performed on key or critical suppliers to guarantee compliance with Kawan's quality requirements and regulatory hygiene standards.

Kawan will expand its due diligence on suppliers in the areas of Human Rights, including Child Labour, Forced Labour, Occupational Safety and Health ("OSH") as well in relevant environmental matters. Moving forward, the Company intends to conduct relevant audits of such areas.

5.1.2. Purchasing Policy

To ensure compliance with the Company's stringent quality standards and commitment to product safety, it established a Purchasing Policy, which is monitored by Kawan's Head of Purchasing Department. Additionally, the policy details the process for screening new suppliers for inclusion on a 'Approved Supplier List.'

Kawan's suppliers are selected based on their merit and value proposition. This is determined by the quality of their products and services, competitive pricing, prior track record, and business ethics.

The sustainable sourcing strategy will incorporate an enhanced Purchasing Policy to ensure the strategy's objectives are met.

5.2. Climate Change and Environmental Management

Climate change is arguably the single most prominent environmental concern that the globe faces today. Across the globe, there is a growing consciousness or awakening that climate change is creating profound consequences to weather patterns and the physical environment which, in turn, affects entire economic sectors, business activity, our flora and fauna and ultimately, quality of life.

Kawan is cognisant that its business operations and value chain contributes to a wide range of environmental impacts. This understanding reaffirms the Company's commitment to environmental management as an intrinsic component of its operations by minimising the environmental impact of its activities and setting targets for continuous improvement.

Kawan's approach to managing its environmental performance is primarily guided by its Environmental Policy, which can be viewed @ www.kawanfood.com. The Environmental Policy provides strategic guidance on how Kawan will address key operational aspects that are related to environmental performance. This includes climate change, pollution, energy consumption, air emissions, waste and water management, environmental performance monitoring and environmental compliance.

5.3. Energy Consumption

As part of our continuous commitment to greater transparency in reporting on our environmental activities and impacts, FY2021 marks the start of disclosure on Kawan's fuel and electricity consumption performances.

During FY2021, Kawan installed a solar photovoltaic system as part of their environmental commitment to reduce Scope 2 (electricity) consumption and mitigate its indirect GHG emissions impact. Kawan was able reap the benefits of the instalments on their site and witness a 25.6% reduction in energy consumption and emissions, as evidenced by the following tables:

Energy Consumption: Electricity

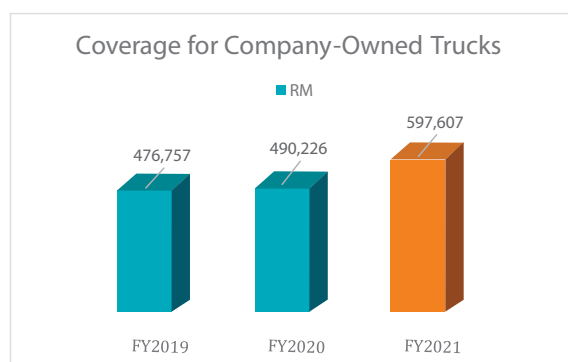
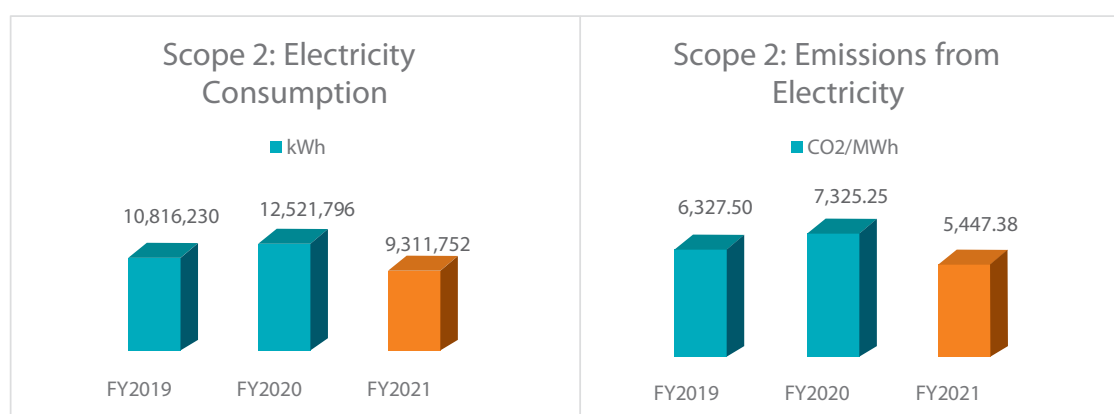
Financial Year	2020	2021	Difference
Kawan Food Pulau Indah (kWh)	12,521,796	9,311,752	Reduction by 25.6%

Emissions Generated

Financial Year	2020	2021	Variance
Electricity: Kawan Food Pulau Indah (CO2/MWh)	7,325.3	5,447.4	Reduction by 25.6%

*Variances are figures measured between FY2020 and FY2021.

Owing to the recent installations of solar panels at Pulau Indah, in FY2021, Kawan had generated 10,000 kWh of solar derived electricity and exported 1,000 kWh of excess electricity to Tenaga Nasional Berhad (TNB).



The charts above depict a downward trend of our Scope 2 (electricity) consumption and emissions beginning in FY2020, owing to the installations; and the data was collected and monitored data in March 2021. Between FY2020 and FY2021, our data collection revealed a reduction of 3,210,044 kWh in electricity consumption and a decline of 1877.9 Co2/MWh in indirect GHG emissions.

Kawan saw a 21.9% increase in fuel spend due to the increase of sales volume, hence increasing direct GHG emissions from company-owned vehicles and facilities. There was insufficient collection of data on Kawan's Scope 1 consumption and emissions; nonetheless,

Kawan will continue to commit to strengthening its data collection as well as refining its efficiency measurements for both fuel and electricity consumption going forward.

In FY2021, Kawan began implementing an Energy Recovery System ("ERS"), which enables the Company to reuse and recycle lost energy. The ERS assists in simultaneously supplying and exhausting air on a mechanical basis, allowing heat and humidity to be exchanged and thus lowering air conditioning expenses. This instalment is estimated to save RM70,000 per year on the electricity bill, in its initial stage. In addition to Kawan's commitment to investing in renewable energy, the company anticipates deploying an Air Compressor Monitoring System to track

compressed air usage over time. Compressed air is a critical component of the plant's operation and is required at all times. The Monitoring System will provide demand and supply analyses, allowing for more precise development and management of smart consumption for future plant expansion.

5.4. Environmental Monitoring and Pollution Control

At Kawan Food Pulau Indah, emissions other than CO₂ such as, nitrogen dioxide and sulphur dioxide, are generated from thermal and steam boilers sourced into the chimney boiler. Kawan remains vigilant in complying to DOE standards and regulations regarding these emissions and is committed to exploring technology to further optimise emission reduction in its manufacturing activities.

On the waste management and monitoring front, Kawan's management of waste and effluent generated complied with the regulations such as the Environmental Quality (Scheduled Wastes) Regulations 2014 and the Environmental Quality (Industrial Effluent) Regulations 2009 as well as the relevant local government regulations. For more information, please refer to the section after Water Consumption below.

In FY2021, no fines were imposed on Kawan for environmental legal non-compliance.

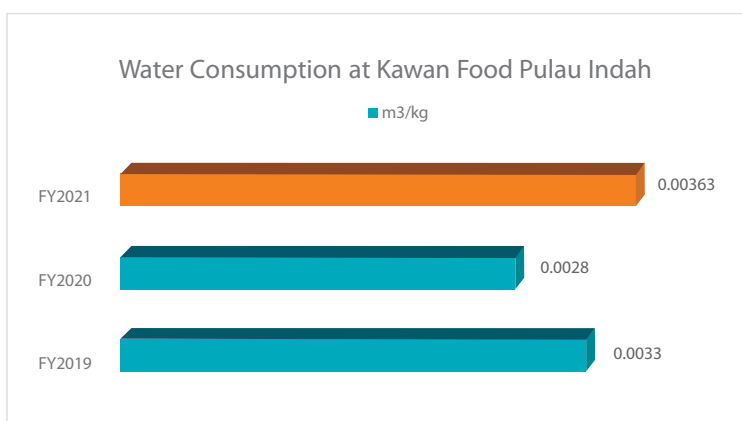
5.5. Water Consumption

Kawan acknowledges that access to clean water is a fundamental human right hence commits to perform its role in promoting water conservation and water quality preservation.

Kawan is constantly seeking ways to optimise its water consumption through its existing rainwater collection effort via conservation tanks. Rainwater harvesting is available solely on Kawan's site on Pulau Indah for cleaning, cooling tower usage, and toilet flush systems.

In FY2021, there is a 29.6% increase in water consumption intensity to 0.00363 m³/kg. Kawan is committed to set measurable targets to improve its water consumption patterns starting with establishing a robust monitoring system at points of water use.

The table below shows water consumption at Kawan's site:



5.6. Waste Management

Kawan's many business divisions generate waste in a variety of forms comprising Scheduled (hazardous) and Non-scheduled (non-hazardous).

Waste management is imperative as waste, if not properly handled, can pollute water systems, contaminate land, and may contribute to GHG emissions in its disposal stages.

Kawan manages and disposes all scheduled and unscheduled waste in compliance with the DOE's regulatory requirements. Third-party companies licensed by the DOE will then manage and dispose of waste at government-approved landfill sites.

Among the key Scheduled waste produced by Kawan's operations are Pathogen Waste and Used Compressor Oil. During FY2020, these waste disposals increased significantly, due to initial testing for method verification in establishing the laboratory for the ISO/IEC 17025 accreditation. Subsequently, as indicated by the table below on Kawan's waste data in FY2021, we have been able to minimise scheduled wastage. The used compressor oil is collected by DOE licensed contractor for recycling purpose.

Type of Waste	Details	FY2020 (metric ton)	FY2021 (metric ton)
Scheduled Waste	Used Compressor Oil (SW305)	0.45	1.340
	Pathogen waste SW404	1.336	0.952
Non-Hazardous Waste	Domestic waste (1ton/trip)	225	87
Waste diverted from landfills	Cans recycled	0	0.214
	Drum 20 litres (plastic)	0	0.436
	Recycle Plastic (Warehouse)	No data	1.329
	Recycle Broken Carton (Warehouse)	No data	29.374
	Recycle Flour Sack	0	2.400
	Used cooking oil	No data	21.740
	Recycle dough (production area)	No data	328.20
Total		226.79	472.99

Kawan is pleased to report that our domestic waste record from FY2020 to FY2021, demonstrated a declining pattern of domestic waste (non-hazardous) disposal trips, from 225 trips in FY2020 to 87 in FY2021. This has resulted in a reduction in carbon emissions from collecting trucks. The improvements stem from the following:

- Proper compaction of waste before disposal
- Disposal of IETS sludge as non-hazardous waste on Kawan's premises as additional soil refills, under the permission of DOE
- Identifying and segregating recycled waste

In FY2021, Kawan recycled 384 metric tonnes of waste diverted from disposal.

Furthermore, Kawan has incorporated the global '3R' concept into its operations in order to effectively manage waste generated. On the recycling front, Kawan is continually on the search for innovative production processes with the goal of reducing its material and paper consumption. One such innovation is the usage of an ERP system, which allows for the storage and monitoring of data on a digital platform, thereby eliminating the necessity for paper.

Recycling is also practiced in Kawan's frozen food manufacturing line, with used cooking oil being sold to external parties for conversion into biodiesel, while excess dough is recycled into animal feed. Additionally, the Company has implemented an auto wrap-film stretch system to help reduce material consumption.

Kawan strives to reuse and recycle as much material as possible. Containers are strategically placed throughout the company's operations to encourage employees to deposit waste by categorising it into paper, plastic, and glass. This, along with food waste, is collected by a third party and used as animal feed.

6. NURTURING AND EMPOWERING PEOPLE

As Kawan looks to address its environmental impacts, the Company places equal emphasis on addressing social impacts. Kawan has delivered a wide range of positive stakeholder outcomes over the years, either directly or indirectly. These include hiring local talent, skill training and development, community engagement and development, and more.

Kawan is aware that, despite the many positive values it has established, it must remain vigilant on key social considerations. These considerations include protecting human and labour rights, guaranteeing occupational health and safety ("OSH"), and respecting the rights of surrounding communities.

As Kawan progresses on its sustainability journey, it will continue to identify areas where it can deliver lasting positive impacts to stakeholders. This involves promoting our stakeholders' wellbeing, developing competence, giving back to the community, as well as supporting local employment and fostering socioeconomic growth in local areas.

6.1. Workforce Diversity and Inclusivity

To be current and competitive in the market, we believe in recruiting a diverse range of talents from a variety of backgrounds. As guided by its Diversity Policy, Kawan continues to foster a work culture that values equality and fairness of opportunity, as well as openness and freedom from bias and discrimination.

Diversity in the workplace fosters innovation, tolerance, and performance. As a result, we seek to attract and retain top talent from all walks of life by fostering an environment of equal opportunity and mutual respect. We ensure that all applicants have equal employment opportunities regardless of race, gender, religion, age, or disability.

As at 31 December 2021, Kawan's workforce of 533 employees comprises 196 Malays, 88 Chinese, 33 Indians, and 45 of other races, totaling 362 Malaysians or 67.9% of total workforce. 171 foreign nationals made up the balance of 32.1%.

Age Distribution	FY2019 (%)	FY2020 (%)	FY2021 (%)
< 30 years old	42.0	48.0	43.9
30 – 49 years old	49.0	44.0	47.5
≥ 50 years old	9.0	8.0	8.6
Workforce By Gender			
Male	76.9	77.4	73.5
Female	23.1	22.6	26.5
Workforce Diversity			
Malay	28.5	31.5	36.8
Chinese	15.8	16.9	16.5
Indian	7.1	5.9	6.2
Other races	4.6	7.0	8.4
Foreign nationals	44.0	38.7	32.1

For more details on our Diversity Policy, please visit: <http://kawanfood.com/wp-content/uploads/2019/06/Diversity-Policy.pdf>



6.2. Worker Welfare and Human Rights

Kawan is committed to adhering to and honouring internationally recognised human rights standards, including the United Nations Guiding Principles on Business and Human Rights. Additionally, the Company conforms to fair labour practises as defined by applicable local statutory laws ("Human Rights Laws") across its company operations.

Moreover, the Company complies to the Malaysian Employment Act 1995 and all other applicable labour regulations in Malaysia and the regions in which we operate. Employees at Kawan earn minimum wages as permitted by the law, excluding additional allowances and benefits. Additionally, employees are eligible for the Kawan's employee share option scheme and are informed about its processes, entitlements, and other related matters during town hall meetings.

Kawan continues to monitor the working conditions of all employees as part of its approach to ensuring fair labour. All employees are entitled to the same benefits, including the various types of leave established by the Employment, such as annual leave, medical leave, hospitalisation leave, maternity and paternity leave, and more. This comprises both domestic and foreign employees.

For FY2021, Kawan was not been fined, censured or faced with any regulatory action for infringements for any incidence of labour rights, such as forced or compulsory labour or child labour.

6.3. Grievance Policy

Employees who believe an action, decision, or behaviour impacting their employment is unjust may file a grievance with their managers. This procedure is covered by Kawan's Grievance Policy, which details the protocols and process for escalating grievances to the appropriate level for investigation and resolution. All parties involved will be given the opportunity to provide clarity in order to create a more complete picture, which HR will assist in resolving.

In FY2021, there were zero cases of grievances reported.

6.4. Training, Development, and Talent Management

The core tenets of Kawan's talent management strategy are to assist employees in recognising their capabilities, mapping their career paths, and realising their potential. Through the use of a performance management system, employees are provided with a framework for taking ownership of their work, advancing them from their current position to their desired career path.

Kawan continues to offer remuneration to all employees in order to attract and retain talent across the Company. Financial and non-financial remuneration are offered, including salaries and benefits that are benchmarked against current market standards.

Despite the pandemic's persisting effects and challenges, Kawan maintained a strong focus on training and development programmes for its employees in areas such as:

- Good research and laboratory practices
- Food safety, allergen, food handling, hygiene and critical control points
- Principles of manufacturing, such as GMP, lean manufacturing, inventory and waste management
- Regulatory aspects relating to food manufacturing and halal certification
- Business skill training; covering leadership, management, sales tactics and negotiation
- Employer's legislative responsibility for employment, audit, corporate liability and employees' minimum living standards

Regular training is fundamental for staff to develop the necessary competencies and skills to attain and maintain high performance. The purpose of training is to promote ongoing professional growth and to enhance the collective workforce's knowledge.

The following table summarises the total amount of time spent training staff:

Year	Total Hours of training	Average Hours Per Employee	Average Days Per Employee
FY2019	3,988	8.3	1.1
FY2020	3,381	6.4	0.9
FY2021	1,167	2.1	0.3

The average number of training hours per employee decreased by 65.5% as fewer training sessions were provided to avoid mass contact and potential COVID-19 infections.

At the same time, Kawan aims to recruit and retain talent in order to assure sustainable growth through a variety of channels, including employment portals. Kawan's efforts to acquire and attract young talent are reflected by the internship opportunities it offers through university programmes. In FY2021, the Company accepted 9 interns from 4 Universities, an increase of 100% over FY2020.

Each year, Kawan recognises and celebrates the accomplishments and contributions of its employees who qualify for "Long Service Awards". In FY2021, 60 employees received their long service awards in recognition of their loyalty to the company. This is a testimony of the conducive workplace environment at Kawan.

Tenure at Kawan (Years)	Qualifying Employees in FY2021
10 – 14	37
15 – 20	15
> 21	8

6.5 Giving Back To Society

Kawan maintains a strong commitment to corporate social responsibility ("CSR"), while aspiring to create and distribute value to its diverse stakeholders. Over the years, Kawan has diligently fostered a culture of care and consideration for the less fortunate, inculcating this into its employees and other internal stakeholders. By extending a helping hand to deserving organisations and individuals as part of its CSR initiatives, employees have grown to recognise this altruistic behaviour as part of not only Kawan's corporate lifestyle, but also their own.

Aligned with the selected UNSDGs, Kawan, in collaboration with local NGOs and government ministries and agencies, participates in and supports a diverse range of community-based programmes and engagement, including food donations, education sponsorships, and sanitation initiatives. Kawan continued its initiative in redistributing unsold edible surplus food to local charities from FY2020, successfully delivering over RM58,475 worth of food in FY2021. Moreover, Kawan had contributed food donations periodically to support 21 charities such as local foodbanks, PERTIWI Soup Kitchen and other local charity organisations that provided nourishment to those in need.

Additional information about our community outreach efforts for FY2021 is included below:

Organisation/Home	Initiative/Donation	Contributions (RM)
Agape Home for Orang Asli Children	Fresh and Dry Food, Kitchen Supplies	44,000
Kiwanis	Children Breakfast Programme	11,250
WeCare (6 schools)	Sponsorship of School Disinfection Caring Programme	18,000
Montford Boys/Girls Town	1 year scholarship	15,000
Tabung Pendidikan SJK(C) Chong Wen	This function is widely used for: 100 Teachers & 2100 Students welfare such as to organize seminar for both parties to improve education and knowledge and moral qualities. It included plans for visits and study tours to local and overseas countries educational institution.	25,000
WE CARE/KAWAN FOOD-COVID 19	COVID-19 Donation	5,000



7. OCCUPATIONAL SAFETY AND HEALTH (OSH)

Occupational Safety and Health (“OSH”) an important part of Kawan’s operations and value creation, as any OSH incident can have significant implications on business operations and value creation.

Kawan’s commitment to maintaining a high level of OHS is motivated by its concern on human life. This encompasses all stakeholders’ lives. Any incident that results in injury or fatality is a grave tragedy that has a profound effect on families and societies. It is an irreversible loss that must be avoided at all costs.

OSH incident, such as an accident, can significantly impact Kawan’s operations, leading to additional costs for rectification. It can potentially result in regulatory authorities shutting down a site, affecting the work schedule and revenue recognition. Apart from financial damages, brand reputation and credibility may well be compromised.

Given its significance, Kawan adopts a zero tolerance approach to OSH, compliance notably the Occupational Safety and Health Act 1994 and its regulations.

To ensure the health and safety of its employees, the Company is constantly reviewing and strengthening measures in its existing Occupational Health and Safety Policy (“The Safety Policy”), which covers the Company’s processes, operations, and environment for its workforce and related stakeholders. The Policy extends to all employees, suppliers, contractors, and visitors who enter its entities.

This revised Safety Policy is endorsed by the CEO, with the Board having oversight on health and safety matters amongst employees. In addition, the Board works to provide resources to ensure employees understand and comply with such matters. The policy is available at: www.kawanfood.com

Currently, Kawan is pursuing its ISO 45001 certification with the goal of securing it by 2023.

7.1. HSE Committee

The CEO serves as advisor to the HSE Committee and is assisted by the HSE Committee Chairman, who is the Senior Factory Manager. This Committee convenes quarterly and delivers a monthly report to the Chairman of the HSE Committee and the CEO for review.

The formation of an HSE committee provides a two-way engagement, with employees providing feedback, problems, and suggestions to management, enabling employees who work on the front lines (and thus are more likely to be exposed to OSH risks) to play an active and direct part in establishing their working conditions. Essentially, this approach motivates employees to assume responsibility for their own environment.

7.2. HSE Risks

Kawan strives to foster a strong safety conscious culture within the organisation in order to minimise or avoid workplace mishaps.

Kawan performs quarterly assessments for higher risk areas, which are addressed at the Risk Management's Review Meeting and documented in the Risk Register. The Company has established its own Hazard Identification, Risk Assessment, and Risk Control ("HIRARC") methodology in order to identify higher-risk work processes or operating sites under the Company's control. Several high-risk OSH matters have been identified, including refrigeration, production, and the warehouse's Automated Storage and Retrieval System ("ASRS").

Various mitigation measures have been incorporated into Kawan's OSH Risk Management system, such as safety training, inspections, monitoring and reporting of all safety incidents. In FY2021, a total of 13 mishaps were recorded compared to 21 in the previous financial year. (for all results in infographic or fonts difference)

Additionally, Kawan continued to adopt OSH/HSE practises in the workplace, including the following:

- Daily workplace inspections and walkabouts, with regular safety talks and toolbox briefings
- Permit to Work system to ensure each job is performed safely.
- Emergency preparedness trainings for Emergency Response Team ("ERT"), including basic first aid, firefighting and use of automated external defibrillator
- Regular on-the-job training sessions on HSE competency and awareness
- Continuous safety awareness, medical surveillance, audiometric test and assessments for noise risk and chemical health risk
- Specialised skill training for forklift operators

7.3. HSE Training

To ensure a high level of competence and vigilance, OSH training is essential. As a result, Kawan continues to provide both mandatory and additional health and safety training to relevant employees and third-party contract workers. Training includes proper use of PPE equipment, handling, storage and disposal of scheduled waste, training on COVID-19 SOP, first aid and firefighting drills.

In FY2021, Kawan accumulated a total of 52 training hours across 52 training sessions.

7.4. HSE Performance

In FY2021, a total of 13 incidents were recorded compared to 21 in the previous financial year.. All the incidents were thoroughly investigated to determine their root cause and appropriate actions have been put in place to avoid recurrence. This included reviewing and enhancing the relevant HIRARC.

Year	FY2019	FY2020	FY2021
Total Man Hours Worked	1,209,600	1,452,000	1,500,000
Lost time incident rate	6.6	11	7.3
Frequency Rate	11.6	15	9.3
Severity Rate	62	77	84.7

The decrease in LTI was due to the continuous ICIA (I see I act) program in place, safety briefings to employees and contractors as well as induction training for new employees. Kawan has established targets to continually improve on the overall HSE Performance.

There were no fatalities in FY2021.

7.5. Addressing COVID-19 Health and Safety Risks

The COVID-19's emergence initially created substantial disruptions to routine business activities. Nevertheless, Kawan's internal COVID-19 Task Force was quick to adapt to altered operating conditions in the new normal, maintaining business continuity and safeguarding our stakeholders, particularly employees and site workers.

The Task Force was charged with ensuring compliance with the government's COVID-19 directives for remote employment (in compliance with social distancing rules and other government mandated standard operating procedures). Additionally, it worked to increase our ability to recover quickly in the event of a Covid-19 incident and to provide our workforce with the highest level of protection possible.

Regular operational process guidelines have been amended to include pandemic-related SOPs, including physical distancing, mask wearing, temperature screening, self-isolation, site access, and cleaning.

Kawan conforms to regulatory standards for the accommodation of its foreign employees. Every 15 days, Kawan's HR department conducts hostel inspections in accordance with the Employee Accommodation Inspection Checklist/Report. Where necessary, corrective action is performed to ensure compliance with this stringent checklist.

The Company's strict adherence to SOPs have enabled all of its operations to function at maximum productivity levels. With this and the resumption of business activities in FY2021, Kawan will maintain progress on its business activities to ensure timely completion and progressive revenue recognition.

GRI CONTENT INDEX

Kawan is working on collecting information and data to further meet the requirements of the GRI Standards and this will be reflected in future reports.

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Reference/Explanation of Omission
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	Organizational profile		
	102-1 Name of the organization	Report Cover	
	102-2 Activities, brands, products, and services	4-5	Kawan At A Glance
	102-3 Location of headquarters	2	Corporate Information
	102-4 Location of operations	5	Our Footprint
	102-5 Ownership and legal form	2	Corporate Information
	102-6 Markets served	4-5	Kawan At A Glance
	102-7 Scale of the organization		
	102-8 Information on employees and other workers	48-49	Nurturing And Empowering People: Workforce Diversity And Inclusivity
	102-9 Supply chain	41,44	Local Procurement, Responsible Sourcing: Due Diligence On Suppliers, Purchasing Policy
	102-10 Significant changes to the organization and its supply chain	No Significant Changes To The Organisation And/Or Its Supply Chain In The Reporting Year.	
	102-11 Precautionary Principle or approach	11-12, 34, 102-104	Risk Management, Material Matters, Statement On Risk Management And Internal Control
	102-12 External initiatives	N/A	None
	102-13 Membership of associations	42	Optimise Use of Automation and Industry 4.0
	Strategy		
	102-14 Statement from senior decision-maker	6-7, 20	Management Discussion and Analysis: Overview, 2022 Outlooks and Prospects, Director's Report
	102-15 Key impacts, risks, and opportunities	7-8, 11, 35-40, 105-107	Operating Environment, Risk Management, Materiality Matters, Activities in FY2021, Material Risks

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Reference/Explanation of Omission
GRI 101: Foundation 2016			
General Disclosures			
	Ethics and integrity		
	102-16 Values, principles, standards, and norms of behaviour	28-29	Corporate Governance And Ethics
	102-17 Mechanisms for advice and concerns about ethics	29	Whistleblowing
	Governance		
	102-18 Governance structure	27-28	Sustainability Governance
	102-19 Delegating authority		
	102-20 Executive-level responsibility for economic, environmental, and social topics		
	102-21 Consulting stakeholders on economic, environmental, and social topics	29-33	Stakeholder Engagement
	102-22 Composition of the highest governance body and its committees	27-28, 89	Sustainability Governance, Corporate Governance Overview Statement: Governance Structure
	102-23 Chair of the highest governance body	89	Corporate Governance Overview Statement
	102-24 Nominating and selecting the highest governance body		
	102-25 Conflicts of interest		
	102-26 Role of highest governance body in setting purpose, values, and strategy	27	Sustainability Governance
	102-27 Collective knowledge of highest governance body	88-97	Corporate Governance Overview Statement, Corporate Governance Report
	102-28 Evaluating the highest governance body's performance		
	102-29 Identifying and managing economic, environmental, and social impacts	34-40	Material Matters
	102-30 Effectiveness of risk management processes	35-40, 102-107	Materiality Matters, Statement On Risk Management And Internal Control
	102-31 Review of economic, environmental, and social topics	34-40	Material Matters

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Reference/Explanation of Omission
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	Governance		
	102-32 Highest governance body's role in sustainability reporting	27	Sustainability Governance
	102-35 Remuneration policies	95	Corporate Governance Overview Statement: Remuneration Packages
	102-36 Process for determining remuneration		
	102-37 Stakeholders involvement in remuneration		
	102-38 Annual total compensation ratio	No Disclosure Provided On Compensation Ratios Due To Consideration Given To Ensure Confidentiality Of Remuneration, Notably In A Highly Competitive Talent Environment	
	102-39 Percentage increase in annual total compensation ratio		
	Stakeholder engagement		
	102-40 List of stakeholder groups	30-33	Stakeholder Engagement
	102-41 Collective bargaining agreements	N/A	Kawan ensures it complies with local employment act and regulations
	102-42 Identifying and selecting stakeholders		
	102-43 Approach to stakeholder engagement	30-33	Stakeholder Engagement
	102-44 Key topics and concerns raised		
	Reporting practice		
	102-45 Entities included in the consolidated financial statements	151-152	Notes To The Financial Statements
	102-46 Defining report content and topic Boundaries	22	Sustainability Statement: Reporting Scope and Boundary
	102-47 List of material topics	35-40	Materiality Matters
	102-48 Restatements of information	30-33	Stakeholder Engagement
	102-49 Changes in reporting	Inclusion of Scope 1 And 2 Energy Consumption And Emissions Generated And Waste Data.	
	102-50 Reporting period	23	Sustainability Statement: Reporting Period
	102-51 Date of most recent report		
	102-52 Reporting cycle		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Reference/Explanation of Omission
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	Reporting practice		
	102-53 Contact point for questions regarding the report	N/A	The contact point here
	102-54 Claims of reporting in accordance with the GRI Standards	22	Sustainability Statement: Reporting Scope and Boundary
	102-55 GRI content index	55-68	Provided At The End Of The FY2021 Sustainability Statement
	102-56 External assurance	23	Sustainability Statement: Data Validation
Material Topics			
GRI 200 Economic Standard Series			
Economic Performance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	23-26, 40-41	Sustainability Strategy Framework: Trusted Enterprise, Trusted Enterprise: Growth That Benefits All Stakeholders
	103-2 The management approach and its components	12-15, 23-26	Management Discussion And Analysis, Sustainability Strategy Framework: Trusted Enterprise
	103-3 Evaluation of the management approach	40-41	Trusted Enterprise: Growth That Benefits All Stakeholders
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	40-41	Trusted Enterprise: Growth That Benefits All Stakeholders
	201-2 Financial implications and other risks and opportunities due to climate change	44-46	Environmental Stewardship: Energy Consumption, Water Consumption
	201-3 Defined benefit plan obligations and other retirement plans	50	Nurturing And Empowering People: Worker Welfare And Human Rights
	201-4 Financial assistance received from government	The Group Has Not Received Any Form Of Financial Assistance, Waivers Or Subsidies From The Government, Save For COVID-19 Related Incentives / Stimulus As Provided To All Industry Players.	
Market Presence			
Management Approach 2016	103-1 Explanation of the material topic and its Boundary		Management Discussion And Analysis
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Reference/Explanation of Omission
GRI 101: Foundation 2016			
General Disclosures			
Market Presence			
GRI 202: Market Presence 2016	Reporting practice		
	202-2 Proportion of senior management hired from the local community	48-49	Nurturing And Empowering People: Workforce Diversity And Inclusivity
Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	51-52	Nurturing And Empowering People: Giving Back To Society
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported		
	203-2 Significant indirect economic impacts		
Procurement Practices			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	41, 44	Local Procurement, Responsible Sourcing: Due Diligence On Suppliers and Purchasing Policy
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers		
Anti-corruption			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	28-29, 90	Corporate Governance And Ethics, Corporate Governance Overview Statement: Code of Conduct And Ethics, Anti-Bribery And Anti-Corruption Policy, And Whistleblowing Policy
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	N/A	Not Disclosed
	205-2 Communication and training about anti-corruption policies and procedures	28-29, 92-93	Corporate Governance And Ethics, Corporate Governance Overview Statement: Board Training And Development
	205-3 Confirmed incidents of corruption and actions taken	There were no incidents of corruption and actions taken in FY2021	

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Reference/Explanation of Omission
Material Topics			
GRI 200 Economic Standard Series			
GRI 300 Environmental Standards Series			
Materials			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	38, 44-46	Material Matters: Material Use & Packaging, Waste Management
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
Energy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	39, 44-46	Material Matters (Energy Use), Energy Consumption
	103-1 Explanation of the material topic and its Boundary		
	103-3 Evaluation of the management approach		
GRI 302: Energy 2016	302-1 Energy consumption within the organization		
	302-4 Reduction of energy consumption		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Reference/Explanation of Omission
Material Topics			
GRI 300 Environmental Standards Series			
Water			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	40, 46	Material Matters (Water Use), Water Consumption
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 303: Water 2016	303-1 Water withdrawal by source		
Biodiversity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	N/A	Not disclosed as KFB does not operate near any biodiverse habitats and does not have significant direct impact on biodiversity loss.
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity		
	value outside protected areas		
	304-2 Significant impacts of activities, products, and services on biodiversity		
	304-3 Habitats protected or restored		
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Reference/Explanation of Omission
Material Topics			
GRI 300 Environmental Standards Series			
Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	40, 46, 47-48	Material Matters (GHG & Other Emissions), Climate Change and Environmental Management, Energy Consumption
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions		
	305-2 Energy indirect (Scope 2) GHG emissions		
	305-5 Reduction of GHG emissions		
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions		
Effluents and Waste			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	40, 46, 47-48	Material Matters (Effluents and Waste), Environmental Monitoring and Pollution Control, Waste Management
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination		
	306-2 Waste by type and disposal method		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Reference/Explanation of Omission
Material Topics			
GRI 300 Environmental Standards Series			
Environmental Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	44, 46	Climate Change and Environmental Management, Environmental Monitoring and Pollution Control
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations		
Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	38, 44	Material Matters (Supply Chain Performance), Responsible Sourcing
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria		
GRI 400 Social Standards Series			
Employment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	48-51	Nurturing and Empowering People
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Reference/Explanation of Omission
Material Topics			
GRI 400 Social Standards Series			
Labor/Management Relations			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	35, 50	Material Matters (Employee Interests & Welfare), Worker Welfare and Human Rights, Grievance Policy
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes		
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	35, 36, 52-54	Material Matters (Employee Interests & Welfare), Material Matters (Occupational Health & Safety), Occupational Safety and Health (OSH)
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees		
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		
	403-3 Workers with high incidence or high risk of diseases related to their occupation		
	403-4 Health and safety topics covered in formal agreements with trade unions		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Reference/Explanation of Omission
Material Topics			
GRI 400 Social Standards Series			
Training and Education			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	37, 50-51	Material Matters (Learning & Growth), Training, Development, and Talent Management
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee		
	404-2 Programs for upgrading employee skills and transition assistance programs		
	404-3 Percentage of employees receiving regular performance and career development reviews		
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	48-49, 50, 70-77	Workforce Diversity and Inclusivity, Grievance Policy, Board of Directors' Profiles
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees		
Non-discrimination			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	44, 48, 50	Responsible Sourcing, Workforce Diversity and Inclusivity, Grievance Policy
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Reference/Explanation of Omission
Material Topics			
GRI 400 Social Standards Series			
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	N/A	KFB supports workers' right to freedom of association and collective bargaining
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
Child Labor			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	35, 38, 44, 50	Material Matters (Employee Interests & Welfare), Material Matters (Supply Chain Performance), Responsible Sourcing, Worker Welfare and Human Rights
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
Forced or Compulsory Labor			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	35, 38, 44, 50	Material Matters (Employee Interests & Welfare), Material Matters (Supply Chain Performance), Responsible Sourcing, Worker Welfare and Human Rights
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Reference/Explanation of Omission
Material Topics			
GRI 400 Social Standards Series			
Human Rights Assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	35, 38, 44, 50	Material Matters (Employee Interests & Welfare), Material Matters (Supply Chain Performance), Responsible Sourcing, Worker Welfare and Human Rights
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
Local Communities			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	39, 51-52	Material Matters (Engaged Communities), Giving Back To Society
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs		
	413-2 Operations with significant actual and potential negative impacts on local communities		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Reference/Explanation of Omission
Material Topics			
GRI 400 Social Standards Series			
Supplier Social Assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	38, 44	Material Matters (Supply Chain Performance), Responsible Sourcing
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
Public Policy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	–	No political contributions such as donations to political parties made in FY2021.
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 415: Public Policy 2016	415-1 Political contributions		
Customer Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36, 37, 42	Material Matters (Product Quality & Safety), Commitment to Product Safety and Quality
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		
Marketing and Labeling			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	39	Material Matters (Responsible Marketing).
	103-2 The management approach and its components		No incident of non-compliance concerning product and service information and labelling, or marketing communications in FY2021.
	103-3 Evaluation of the management approach		

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Reference/Explanation of Omission
Material Topics			
GRI 400 Social Standards Series			
GRI 417: Marketing and Labeling 2016			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	39	Material Matters (Responsible Marketing). No incident of non-compliance concerning product and service information and labelling, or marketing communications in FY2021.
	417-2 Incidents of non-compliance concerning product and service information and labeling		
	417-3 Incidents of non-compliance concerning marketing communications		
Customer Privacy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	39	Material Matters (Responsible Marketing) No complaints received regarding breach of customer privacy or loss of customer data in FY2021.
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		
Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	35-40	Material Matters
	103-2 The management approach and its components		
	103-3 Evaluation of the management approach		
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	28-29, 44, 50	Corporate Governance and Ethics, Responsible Sourcing, Worker Welfare and Human Rights

BOARD OF DIRECTORS' PROFILES



GAN THIAM CHAI EXECUTIVE CHAIRMAN

Aged
68

Nationality
Malaysian

Gender
Male

Gan Thiam Chai ("Mr. T.C. Gan") was appointed to the Board on 1 June 2005 and has been the Executive Chairman since 1 March 2010.

Mr. T.C. Gan has accumulated more than 30 years of experience in the food processing industry. After leaving school in 1971, he joined Behn Meyer Industries Sdn. Bhd. as a Technical Assistant. He left the company in 1976 and set up Kian Guan Trading Co. in 1977. In 1984, he founded Kawan Food Manufacturing Sdn. Bhd. ("KFM"). The growth of KFM from small business to an award-winning enterprise is attributable to his efforts.

His business acumen and sound technical knowledge in the food industry is an invaluable asset to the Group. He is responsible for the overall business planning and development, product research and development, transformation and modernisation of food production process through automation, formulation of companies' strategic plans and policies.

Mr. T.C. Gan is the husband of Mdm. Kwan Sok Kay, brother of Mr. Gan Thiam Hock and father of Mdm. Gan Ka Bien. He has no conflict of interest with the Company except that he is a substantial shareholder of the Company. He has never been convicted for any offence within the past five (5) years. He attended all the six (6) Board Meetings held during the financial year ended 31 December 2021.



GAN THIAM HOCK

NON-INDEPENDENT
EXECUTIVE DIRECTOR

Aged
59

Nationality
Malaysian

Gender
Male

Gan Thiam Hock ("Mr. T.H. Gan") was appointed to the Board on 1 June 2005.

Mr. T.H. Gan has over 30 years of experience in the marketing of pastry and frozen food products. After leaving school in 1981, he joined Mr. T.C. Gan at Kian Guan Trading Co. He is also the co-founder of KFM and holding the position of the Sales Director, a position he continues to hold until today.

Mr. T.H. Gan is responsible for the overall expansion and development of the marketing networks of the Group, as well as implementation of sales, distributions and promotional activities for the domestic market.

Mr. T.H. Gan is the brother of Mr. T.C. Gan and brother-in-law to Mdm. Kwan Sok Kay. He has no conflict of interests with the Company except that he is a substantial shareholder of the Company. He has never been convicted for any offence within the past five (5) years. He attended all the six (6) Board Meetings held during the financial year ended 31 December 2021.



KWAN SOK KAY
NON-INDEPENDENT
EXECUTIVE DIRECTOR

Aged
67

Nationality
Malaysian

Gender
Female

Kwan Sok Kay ("Mdm. Kwan") was appointed to the Board on 1 June 2005.

After leaving school in 1973, she was involved in book-keeping work in several companies until she joined Unic Plastics Industries Sdn. Bhd., a plastic products manufacturing company, as an Account cum Administrative Assistant in 1975. Subsequently, she joined KFM in 1984 as a Director, before holding the post of Finance Director in 1986.

Mdm. Kwan is responsible for the financial management and administrative functions of the Group, as well as the implementation of accounting and operational procedures and human resource policies.

Mdm. Kwan is the wife of Mr. T.C. Gan, sister-in-law of Mr. T.H. Gan and mother of Mdm. Gan Ka Bien. She has no conflict of interests with the Company except that she is a substantial shareholder of the Company. She has never been convicted for any offence within the past five (5) years. She attended all the six (6) Board Meetings held during the financial year ended 31 December 2021.



GAN KA BIEN
NON-INDEPENDENT
EXECUTIVE DIRECTOR

Aged
41

Nationality
Malaysian

Gender
Female

Gan Ka Bien (“Mdm. K.B. Gan”) was appointed to the Board on 24 November 2020. She has over 15 years of experience in marketing.

Mdm. K.B. Gan graduated with a Bachelor of Business from the University of Technology in Sydney, Australia in 2002. She also obtained a Diploma in Marketing Research from Marketing Research Society of Australia. In 2017, she becomes a licensed Master Practitioner of Neuro-Linguistic Programming.

In 2003, Mdm. K.B. Gan started her career as a Business Manager with KFM. She was involved in promoting products to overseas and domestic markets. She was subsequently promoted as a Senior Business Manager of KFM in 2012, during which she has success in launching multiple products.

In 2019, Mdm. K.B. Gan was appointed as the Head of Marketing, managing the Group’s entire marketing initiatives in creating a differentiated Kawan brand for all of the Group’s products with long term strategies. Being the head leading the Group’s Corporate Social Responsibility, she plays an active role in building confidence in Kawan, its leaders and stakeholders.

Mdm. K.B. Gan is the daughter of Mr. T.C. Gan and Mdm. Kwan. She has no conflict of interests with the Company. She has never been convicted for any offence within the past five (5) years. She attended six (6) Board Meetings held during the financial year ended 31 December 2021.



**DR. NIK ISMAIL
BIN NIK DAUD**

SENIOR INDEPENDENT NON-
EXECUTIVE DIRECTOR

Aged
71

Nationality
Malaysian

Gender
Male

Dr. Nik Ismail Bin Nik Daud ("Dr. Nik") was appointed to the Board on 2 January 2017. He was appointed by the Board as Senior Independent Non-Executive Director on 8 April 2019. He is also the Chairman of the Remuneration Committee, a member of Audit Committee and Nominating Committee of the Company.

Dr. Nik graduated with a Bachelor of Agricultural Science (Hons) from University of Malaya in 1975. Subsequently, he obtained a Postgraduate Diploma in Food Science from the Catholic University of Leuven, Belgium in 1976, a Master of Science in Food Science & Microbiology from University of Strathclyde, Scotland in 1978, a PhD in Food Science from University of London, United Kingdom in 1983 and a Master of Business Administration from Universiti Kebangsaan Malaysia ("UKM") in 1987.

He began his career as a lecturer on various subjects including food quality and safety systems, food microbiology, food analysis, new product development, food legislation and operations management, management of biotechnology and entrepreneurship in science and technology for undergraduate and graduate levels in UKM in 1978. He has also conducted workshops for many food companies and government agencies on food technology and industry related topics since 1983. His industry experience includes holding positions in food companies. He was appointed as Managing Director of UKM Holdings Sdn Bhd in 2006 till 2014.

Dr. Nik had been a member of various committees including National HACCP and Audit Committee, Technical Advisory Committee on Malaysian Food Regulations, 1985, Technical Committee of the National Food Safety Council, Malaysia, Member of National Food Safety and Nutrition Council, Malaysia, National Codex Alimentarius Committee, Malaysia Standards ("MS") on Coffee, Beverages, Flour, Starches and Food Safety and a Member of the Industrial Standard of Food and Food Products. Currently he chairs the drafting of revised MS on coffee and coffee products.

Dr. Nik was the President of the Malaysian Institute of Food Technology for 18 years until 2014 and was also the former President of Federation of Institute Food Science and Technology, Association of South East Asian Nations (FIFSTA). He is a Fellow of International Academy of Food Science and Technology and a member of IUFoST Codex Committee.

Dr. Nik does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has never been convicted for any offence within the past five (5) years. He attended all the six (6) Board Meetings held during the financial year ended 31 December 2021.



**ABDUL RAZAK
BIN SHAKOR**

NON-INDEPENDENT NON-
EXECUTIVE DIRECTOR

Aged
64

Nationality
Malaysian

Gender
Male

Abdul Razak Bin Shakor ("En. Abdul Razak") was appointed to the Board on 16 August 2016.

En. Abdul Razak attended Institute Technology MARA, Malaysia, majoring in Insurance. He has obtained Certificate from Lloyd's of London, Chartered Insurance Institute (Cert. CII), United Kingdom ("UK") and Institute of Risk Management (Cert. IRM), UK and is a Fellow of the Malaysian Insurance Institute (FMII). He has more than thirty-eight (38) years extensive working experience in risk management, insurance and financial services sector in Malaysia and internationally. He has served in key regional management positions in South East Asia and the Middle East and North Africa for multinational/international organisations. Currently, En. Abdul Razak is the Founder and Managing Director of Esperanza Management Advisors Sdn. Bhd., a Specialist Risk Management consulting services firm and Chairman of Alloy Insurance Brokers Sdn. Bhd., a Bank Negara licensed insurance, reinsurance and takaful insurance broking company.

En. Abdul Razak does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has never been convicted for any offence within the past five (5) years. He attended all the six (6) Board Meetings held during the financial year ended 31 December 2021.



**LIM HUN SOON
@ DAVID LIM**
INDEPENDENT NON-
EXECUTIVE DIRECTOR

Aged
66

Nationality
Malaysian

Gender
Male

Lim Hun Soon @ David Lim ("Mr. David Lim") was appointed to the Board on 21 October 2015. He is the Chairman of the Audit Committee and a member of Remuneration Committee and Nominating Committee of the Company.

Mr. David Lim graduated with a Bachelor of Arts in Economics from the University of Leeds in 1978 and subsequently joined Peat Marwick Mitchell (now known as KPMG) in the United Kingdom ("UK") in 1978. He qualified as a member of the Institute of Taxation, UK in 1981 and as a Chartered Accountant in England and Wales in 1982.

He returned to Malaysia in 1982 to continue his service with KPMG, and was admitted as a member of the Malaysian Institute of Accountants ("MIA") and the Malaysian Association of Certified Public Accountants (now known as the Malaysian Institute of Certified Public Accountants ("MICPA")) in 1982 and 1984 respectively.

Mr. David Lim had an extensive career serving as an Auditor in KPMG, spanning 33 years. During his career with KPMG, he was admitted as Partner of the firm in 1990 and served in the Management Committee of the firm from 1997 to 2001 and in KPMG's Partnership Supervisory Council from 2002 to 2010. He was also the Asian Anchor Practice representative for Marketing from 2000 to 2001, in which role he gained extensive and insightful knowledge from KPMG Global counterparts worldwide.

In 2006, he was tasked to start up the Audit Committee Institute, Malaysia ("ACI Malaysia"), which is a virtual worldwide initiative sponsored by KPMG to assist independent directors in enhancing their awareness and ability to implement effective board processes.

Mr. David Lim actively served as an examiner for Company Law examinations conducted by the MICPA for over a period of ten (10) years. He was the Chairman of the MICPA Code of Ethics Committee and a member of the MIA Code of Ethics Committee, both from 2002 to 2004. He retired from KPMG in 2011.

In 2013, he was appointed as Council member of The Institute of Chartered Accountants in England & Wales ("ICAEW"). This was the first time that ICAEW, in its illustrious history had granted Malaysia a seat in the Council. The position was for a term of two (2) years till 2015. He was reappointed for a further two terms till March 2019 (being the maximum permitted tenure).

Mr. David Lim sits on the board of several public listed companies, namely Ranhill Utilities Berhad, Press Metal Aluminium Holdings Berhad and Public Investment Bank Berhad as an Independent Non-Executive Director. He also holds directorships in Rockwills Trustee Bhd and Affin Investment Berhad (in Member's Voluntary Liquidation). Mr. David Lim had retired from Manulife Holdings Berhad and Manulife Insurance Berhad on 16 July 2021. He had also retired from Fairview Schools Berhad on 10 March 2022.

Mr. David Lim does not have any family relationship with any Director and/or major shareholder of the Company. He has never been convicted for any offence within the past five (5) years. He attended all the six (6) Board Meetings held during the financial year ended 31 December 2021.



EUGENE HON KAH WENG

INDEPENDENT NON-EXECUTIVE DIRECTOR

Aged
63

Nationality
Malaysian

Gender
Male

Eugene Hon Kah Weng (“Mr. Eugene”) was appointed to the Board on 22 November 2018. He is the Chairman of the Nominating Committee and a member of Audit Committee and Remuneration Committee of the Company.

Mr. Eugene started his training in accountancy in 1979 with a reputable accounting firm and qualified as a Certified Public Accountant in 1985 with the Malaysian Association of Certified Public Accountants (now renamed as the Malaysian Institute of Certified Public Accountants). He was also admitted into the Malaysian Institute of Accountants as a Chartered Accountant.

Mr. Eugene left the accountancy profession in 1991 and assumed a senior position with a large financial services group covering businesses of merchant banking, finance, insurance, leasing, money broking and consumer financing. In 2011, he joined the Central Bank as Finance Director. While with these organisations, he gained extensive experience in management, finance, risk management and corporate governance. At the Central Bank, Mr. Eugene acquired invaluable leadership skills and gained extensive experience in corporate governance and risk management relating to central banking operations.

Over the years, Mr. Eugene held key management positions, was a key member of various group committees and also served as a nominee director on the boards of various group companies of the financial services group. At the Central Bank, Mr. Eugene was a key member of the financial risk management committee, crisis management committee and served on the board of trustees for the trust funds of the Bank.

Mr. Eugene sits on the board of Affin Hwang Investment Bank Berhad as an Independent Non-Executive Director since 1 March 2021.

Mr. Eugene does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has never been convicted for any offence within the past five (5) years. He attended all the six (6) Board Meetings held during the financial year ended 31 December 2021.

KEY MANAGEMENT'S PROFILES

NG HOOI KHAI

GROUP CHIEF EXECUTIVE OFFICER

NATIONALITY	AGE	GENDER
MALAYSIAN	60	MALE

Appointment to current position: August 2020

Qualifications:

- Bachelor of Science, National Cheng Kung University, Taiwan (Major in Engineering Science)

Working Experience:

- More than 28 years of manufacturing experiences in the areas of supply chain management, quality assurance, custom & government affairs, having worked in manufacturing and multi-national companies.
- At Meiyume China (Li & Fung Group, Hong Kong), he was responsible for managing its manufacturing operations, driving strategies and business budget.
- Started his corporate exposures with LF Asia Group (f.k.a. IDS Manufacturing Sdn. Bhd) in 1993 and thereafter as a Commercial Director in 2004 in which year he had embarked on the journey to develop corporate management dynamics. He was subsequently appointed as a Manufacturing Director in 2008.
- He attended various leadership courses since the year 2004 to grind his business acumen in the highly competitive business environment and in 2012, he had attended a leadership program facilitated by the Stanford Center for Professional Development.

He does not hold any directorship in other public companies or listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has never convicted for any offence within the past five (5) years.

CHAY WAI YEE

FINANCIAL CONTROLLER

NATIONALITY	AGE	GENDER
MALAYSIAN	53	FEMALE

Appointment to current position: June 2020

Qualifications:

- Chartered Accountant - Member of Malaysian Institute of Accountants
- Certified Practising Accountant - Member of CPA Australia

Working Experience:

- More than 25 years working experience in the areas of accounting, finance operations, tax compliance and planning and corporate finance. Prior to joining of the Group, she worked in various types of listed and private companies including manufacturing, property development and construction, trading, investment holdings and others.

She does not hold any directorship in other public companies or listed issuers. She does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has never convicted for any offence within the past five (5) years.

YEAP CHEE KEONG, ANDY

SENIOR FACTORY MANAGER

NATIONALITY	AGE	GENDER
MALAYSIAN	37	MALE

Appointment to current position: March 2014

Qualifications:

- Master of Business Administration (Executive) in Australian Graduate School of Management, University of New South Wales
- First Class Honours degree in Bachelor of Electrical Engineering, University of New South Wales
- Professional Technologist, Malaysia Board of Technologists

Working Experience:

- Over 15 years of experience in procurement, management, design, implementation and commissioning of factories, cold storage, machineries, control systems and electrical systems in food, power and water industries.
- Responsible for driving factory modernisation through Industry 4.0 transformations, Manufacturing Excellence and sustainability initiatives.
- Experience in leading the design, procurement and construction of a state of art frozen food manufacturing and storage facility with highly automated production lines, efficient refrigeration systems, Automated Storage and Retrieval System (ASRS), rainwater harvesting system and solar photovoltaic systems.
- Joined in April 2013 as Production Manager and was promoted to Senior Factory Manager in March 2014.

He is the son-in law of Mr. T.C. Gan and Mdm. Kwan. He does not hold any directorship in other public companies or listed issuers. He has no conflict of interest with the Company and has never convicted for any offence within the past five (5) years.

GAN MENG HOI

DIVISIONAL HEAD OF DATA ANALYTICS AND COMMERCIAL

NATIONALITY	AGE	GENDER
MALAYSIAN	31	MALE

Appointment to current position: January 2022

Qualifications:

- Member of Association of Chartered Certified Accountant (ACCA)
- BSc (Hons) in Accounting and Finance, Sunway University in affiliation with Lancaster University

Working Experience:

- More than 7 years' experience in areas of finance operations, accounting, data analysis and project management
- He started his career with Ernst & Young focusing on audit.
- Prior to joining Kawan Group, he joined a private manufacturing Group of Companies as a General Manager.
- More than 4 years' experience in manufacturing, business development, sales and marketing, and business operations of FMCG products, having worked in manufacturing and trading companies.
- He joined Kawan Group in February 2019 and is responsible for the implementation of Kawan's ERP system. Subsequently, he was promoted to Divisional Head of Data Analytics and Commercial in January 2022.

He is the son of Mr. T.H. Gan. He does not hold any directorship in other public companies or listed issuers. He has no conflict of interest with the Company and has never convicted for any offence within the past five (5) years.

KHOO BOO SENG, RAYMOND

HEAD OF EXPORT

NATIONALITY	AGE	GENDER
MALAYSIAN	52	MALE

Appointment to current position: March 2017

Qualifications:

- SPM

Working Experience:

- More than 20 years experiences in the areas of domestic and export sales of FMCG products, having worked in various companies that specialise in distributorship.
- He joined in May 2010 as Business Manager and was promoted to Head of Export in 2017.
- He does not hold any directorship in other public companies or listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has never convicted for any offence within the past five (5) years.

He does not hold any directorship in other public companies or listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has never convicted for any offence within the past five (5) years.

LIM HENG HEE, ALBERT

NATIONAL SALES MANAGER

NATIONALITY	AGE	GENDER
MALAYSIAN	61	MALE

Appointment to current position: January 2012

Qualifications:

- Diploma in Diesel Engineering
- Diploma in Marketing
- LCCI Higher (Commercial Law)

Working Experience:

- More than 30 years of experiences in the areas of sales and marketing of FMCG products, having worked in trading and manufacturing companies.
- He was appointed as Sales Manager in April 2006 and subsequently promoted to National Sales Manager in 2012.

He does not hold any directorship in other public companies or listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has never convicted for any offence within the past five (5) years.

YAN WEI DONG

GENERAL MANAGER OF KAWAN FOOD (NANTONG) CO., LTD

NATIONALITY	AGE	GENDER
CHINESE	54	MALE

Appointment to current position: March 2012

Qualifications:

- Bachelor of Machinery, Shanghai University
- Executive Master of Business Administration, Dumex Management Institute

Working Experience:

- More than 20 years of experiences in the areas of marketing, sales and business development in the Fast-Moving Consumer Goods (FMGC) multi-national companies prior to joining the Group.
- He joined Kawan in March 2012 as General Manager of Kawan Food Nantong.

He does not hold any directorship in other public companies or listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has never convicted for any offence within the past five (5) years.

ZHAO JIAN JIAN

OPERATIONAL GENERAL MANAGER OF KAWAN FOOD (NANTONG) CO., LTD

NATIONALITY	AGE	GENDER
CHINESE	57	MALE

Appointment to current position: August 2009

Qualifications:

- Food Engineering specialty, Nanjing Agricultural University

Working Experience:

- More than 30 years experiences in the areas of production, quality control and operation in large food manufacturing and foreign food companies prior to joining the Group.
- He joined in August 2009 as Plant Manager and was promoted to Operational General Manager in March 2018.

He does not hold any directorship in other public companies or listed issuers. He does not have any family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has never convicted for any offence within the past five (5) years.

Additional notes on the above Key Senior Management

None of the above Key Senior Management has any conviction for offences within the past five (5) years, and public sanction or penalty imposed by the relevant regulatory bodies on him or her during the financial year ended 31 December 2021, which require disclosure pursuant to paragraph 4A(g) of Part A of Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Kawan Food Berhad (“Kawan” or “the Company”) advocates the principles of good corporate governance. Throughout the financial year ended 31 December 2021 (“FY2021”), the Board and the Company continue to enhance its corporate governance processes to ensure that the Company and its subsidiaries (“the Group”) are aligned with best practices.

The Corporate Governance Overview Statement (“CG Overview Statement”) explains how the Company has applied the following three (3) key principles set out in the Malaysian Code on Corporate Governance (“MCCG”) during the FY2021:

Principle A	Board Leadership and Effectiveness
Principle B	Effective Audit and Risk Management
Principle C	Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This statement is prepared in compliance with Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and to be read together with the Corporate Governance Report for detailed disclosures of the Company’s application of the principles in the MCCG, which is available on the Company’s website at www.kawanfood.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

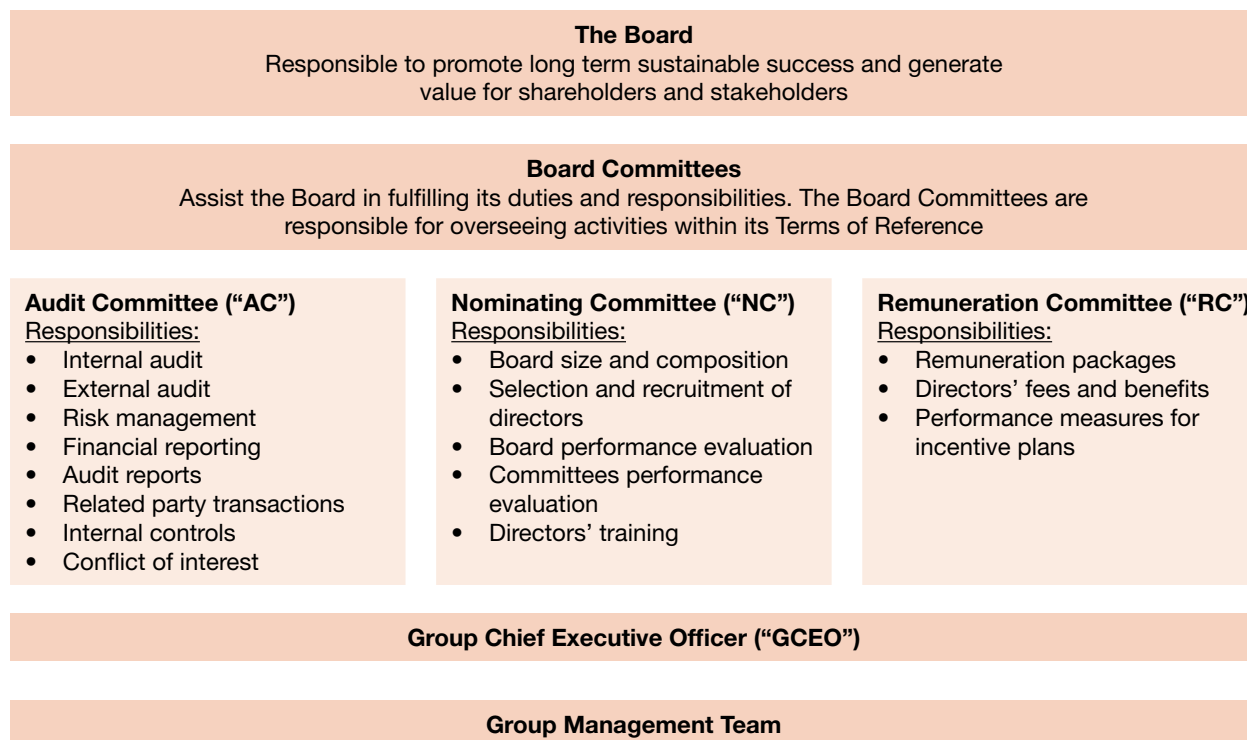
Board Responsibilities

The Board is collectively responsible for setting strategic directions of the Group and oversees the business affairs of the Group to ensure long-term success. The Board’s role and responsibilities, authorities and schedule of matters reserved for the Board are detailed in the Board Charter which is available for reference on the Company’s website at www.kawanfood.com.

In order to ensure effective discharge of the responsibilities of the Board, the Board has delegated some of its authority and powers to its committees, namely, Audit Committee, Nominating Committee and Remuneration Committee (“Board Committees”).

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Governance structure



Board Activities in FY2021

- Focus on growth and profitability through operational performance, new growth areas, digitalisation and analytics;
- Deliberated and monitored the continuing impacts brought by unprecedented COVID-19 pandemic and the economic environment;
- Received reports and updates from GCEO on operational and financial performance of the Group and other key matters;
- Considered and reviewed acquisition of 32.5% equity interest in Kejap Food Sdn Bhd;
- Approved the second offer of options under ESOS;
- Appointed Ms Gan Ka Bien, the Executive Director to champion sustainability in the business;
- Approved the three years' strategic plan;
- Deliberated and approved the Group's financial budget and capex budget for Financial Year Ending 31 December 2022;
- Approved the Company's full year and interim results;
- Approved the proposed interim single-tier dividend;
- Discussed updates on corporate governance and regulatory matters;
- Received updates and reports from the Chair of the NC and RC Committees;
- Received updates and reports from the Chair of the AC on its oversight of financial performance, related party transactions, internal controls, risks and management on the work undertaken by each committee;
- Approved the revised Board Charter, Code of Conduct, Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy;
- Received updates on Kawan's Industry 4.0 strategy, implementation of Enterprise Resource Planning system, Renewable Energy Solar Photovoltaics System, water treatment system and Automated Storage & Retrieval System;
- Recommended the proposed authority for the Company to purchase its own ordinary shares for shareholders' approval; and
- Conducted reviews and approved Kawan's annual report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Division of responsibilities

The details of Board's responsibilities are set out in the Board Charter which are available online at www.kawanfood.com.

Executive Chairman	The roles of the Chairman and GCEO are separate and distinct. There is a clear division of responsibilities between the two roles. The Chairman is responsible for providing leadership and instilling good corporate governance and effectiveness of the Board.
Executive Directors ("EDs")	The EDs are responsible for day-to-day management of the business operations.
GCEO	The GCEO is primarily responsible for the day-to-day management of the Group's business within a set of authorities, Group's strategies, policies and business plans approved and delegated by the Board.
Senior Independent Non-Executive Director ("SINED")	The SINED acts as a sounding board for the Chairman and to serve as an intermediary for other directors when necessary. He is also the point of contact for major shareholders and other stakeholders as well as a liaison for whistleblowing.
Independent Non-Executive Directors ("INEDs")	The INEDs are responsible for providing insights, unbiased and independent views, advice and judgement to the Board and to ensure effective checks and balances on the Board. The INEDs are essential for protecting the interest of shareholders, in particular minority shareholders, and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.
Non-Independent Non-Executive Director ("NINED")	The NINED utilise his skills, expertise and experience to contribute to the development of the Group as a whole.

The Board members have unrestricted access to the information pertaining to the Company to discharge their duties and responsibilities. The Board also has access to the advice and services of the Company Secretaries and may obtain independent professional advice at the Company's expense as and when necessary.

Code of Conduct and Ethics, Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy

The Company has put in place a Code of Conduct and Ethics ("CoCE") to ensure transparent and ethical conduct that permeates throughout the Group.

In FY2021, the Board reviewed and approved the revised Anti-Bribery and Anti-Corruption Policy ("ABC Policy") to manage risk in relation to fraud, bribery and corruption practices. Additionally, Whistleblowing Policy was revised to provide avenues for employees and other stakeholders to disclose concerns relating to violations or improper conduct or wrongdoings or non-compliance with legal and regulations requirements within the Group.

The revised CoCE, Whistleblowing Policy and ABC Policy are available at the Company's website at www.kawanfood.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Time Commitment

The Board meets once quarterly with additional meetings being convened whenever necessary, to discharge their responsibilities effectively. The Senior Management are also invited to meetings for presentation, if required.

The attendance of the Directors at Board and its Committee meetings for FY2021 are as follows:

Member(s)	Board	AC	NC	RC
Gan Thiam Chai Executive Chairman	6/6			
Gan Thiam Hock Executive Director	6/6			
Kwan Sok Kay Executive Director	6/6			
Gan Ka Bien Executive Director	6/6			
Dr. Nik Ismail Bin Nik Daud Senior Independent Non-Executive Director	6/6	5/5	3/3	1/1
Abdul Razak Bin Shakor Non-Independent Non-Executive Director	6/6			
Lim Hun Soon @ David Lim Independent Non-Executive Director	6/6	5/5	3/3	1/1
Eugene Hon Kah Weng Independent Non-Executive Director	6/6	5/5	3/3	1/1

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Training and Development

The Board acknowledges the importance of continuous education and training programmes for directors to discharge its responsibilities effectively and to be apprised of the changes to regulatory requirements and the impact such regulatory requirements will have on the Group. The Company Secretaries circulate and brief the relevant guidelines on statutory and regulatory requirements from time to time and for the Board's reference.

All Directors including new ones attended the Mandatory Accreditation Programme as required by the MMLR of Bursa Securities.

The Directors of the Company had attended the following training programmes, workshops, briefing and seminars during FY2021:

Directors	Courses/Seminar/Conference
Gan Thiam Chai	<ul style="list-style-type: none"> Webinar on Sustainability Awareness to Board of Directors
Gan Thiam Hock	<ul style="list-style-type: none"> Webinar on Sustainability Awareness to Board of Directors
Kwan Sok Kay	<ul style="list-style-type: none"> Webinar on Sustainability Awareness to Board of Directors
Gan Ka Bien	<ul style="list-style-type: none"> Humanizing Board Proposal Sustainability Reporting Workshops: Scope & Materiality in Sustainable Reporting by Shensi Sdn Bhd Mandatory Accreditation Program for Directors of Public Listed Company by Asia School of Business Webinar on Sustainability Awareness to Board of Directors
Dr. Nik Ismail Bin Nik Daud	<ul style="list-style-type: none"> Workshop on Whistleblower protection key to upholding good corporate governance Webinar: Scope and Materiality in Sustainability Reporting Webinar: International Academy (IAFoST) Scientific Roundtable Discussion Webinar: Global Food Systems Governance – The Role of Food Science and Technology Webinar: Corporate Governance Revisited Webinar Webinar: Value Creation Strategies: An innovative take on creating impactful, healthy companies Webinar: Climate Change and ESG conference Webinar: 2021 Taiwan-Malaysia Industrial Collaboration Summit Webinar: Malaysian Code on Corporate Governance (updated 2020). Webinar: Better Boards, Better Organizations Webinar series on Food Packaging: the way to win consumers
Abdul Razak Bin Shakor	<ul style="list-style-type: none"> Webinar on Sustainability Awareness to Board of Directors ICDM Programme M&A Due Diligence Legal & Risk Perspectives FAROSOL Network - Virtual Annual Conference Global Trade Credit & Finance Mega Projects – Project Management Challenges Webinar by Speaker Mr. Shiraz Nanji – Senior Independent Energy / Oil & Gas Consultant MITBA Seminar Risk management – An Insurance Perspective Reinsurance Webinar – Middle East Insurance Marketplace by Speaker Mr Firas El Azem, Managing Principal of FEA Consultants, Germany MIA Virtual Conference C2ESG Climate Change & ESG Conference Impact of Malaysia's 5G Initiative on Data Privacy by Professor Abu Bakar Munir University Malaya and Mr Noriswadi Ismail, Managing Director of Breakwater Solutions Inc. USA WIFE – Diving Into Deep Blue Possibilities For Islamic Fintech

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

Board Training and Development (continued)

Directors	Courses/Seminar/Conference
Lim Hun Soon @ David Lim	<ul style="list-style-type: none"> • Webinar on Sustainability Awareness to Board of Directors • SC's Audit Oversight Board Conversation with Audit Committees • PBB In-House Training Webinar: Briefing on Identifying and Reporting Climate—Related Financial Risk • PBB In-House Training Webinar: Talk on Digital Strategies for Banks to Thrive in Today's Crisis and Beyond • PBB In-House Training Webinar: Talk on Cybersecurity – The Way Forward • BNM-FIDE Forum Dialogue on Risk Management in Technology (RMiT): Insight 1 Year On • PBB In-House Training Webinar: Talk on Legal Perspective of AML/CFT • PBB In-House Training Webinar: Talk on BNM's Policy Document on Recovery Planning • PBB In-House Training Webinar: Talk on Digital Transformation in the US and Chian – Lesson We Can Draw From • PBB In-House Training Webinar: Talk on Developments in Anti-Bribery and Corruption Governance • PBB In-House Training Webinar: Talk on Global Economic Outlook • FIDE FORUM Dialogue on the 2050 Net Zero Carbon Emissions Target Finance's Role • SC-FIDE FORUM Dialogue on Capital Market Masterplan 3 • Annual Dialogue with Governor of BNM
Eugene Hon Kah Weng	<ul style="list-style-type: none"> • Corporate Director Transformational Leadership Program by Malaysian Alliance of Corporate Directors • MIA Audit Committee Conference by MIA • FIDE forum board effectiveness evaluation industry briefing by FIDE Forum • Recovery & Resolution Plan Training by Affin/PwC • ABB group Directors induction programme by Affin Banking Group • AHIB induction programme by AHIB Management • BNM-FIDE FORUM-MASB Dialogue on MFRS17 Insurance Contracts: What Every Director Must Know by FIDE Forum • Capital markets directors programme modules 1 - 4 by Securities Industry Development Corporation (SIDC) • BNM FIDE forum dialogue - Role of independent director • Joint Committee for Climate Change (JC 3) Flagship Conference 2021 - Day 1 (afternoon session) - practical session for institutional banking - organised by Global Footprint Network • JC 3 Flagship Conference - Day 3 - sustainable finance for private sector - organised by Global Footprint Network • FIDE directors training module A by The Iclif Leadership and Governance Centre (ICLIF) • Corporate Governance revisited: The Co-existence of Ethics & Law sets you F. R. E. E. - Malaysian Alliance of Corporate Directors & BoardRoom • FIDE directors training module B by the Iclif Leadership and Governance Centre (ICLIF) • Blockchain, Cryptocurrencies and the Rise of Alternative Fundraising Channels by Asian Banking School - organised by Affin Banking Group • C2ESG - climate change and ESG conference by MIA • BURSA MALAYSIA INVITATION : TRAINING - Rising To The Challenge To Covid-19 And Re-Designing Cyber Security - Bursa and PwC • post budget debate - Malaysian Economic Association • PwC RiskTech Webinar • SC-FIDE forum dialogue on capital market master plan 3 • AOB conversation with Audit Committee - Securities Commission • Environmental, Social and Governance Awareness - PwC Risk Services • Webinar on Sustainability Awareness to Board of Directors

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

NC

Members

No.	Name	Designation	Membership
1	Eugene Hon Kah Weng	Independent Non-Executive Director	Chairman
2	Dr. Nik Ismail Bin Nik Daud	Senior Independent Non-Executive Director	Member
3	Lim Hun Soon @ David Lim	Independent Non-Executive Director	Member

Roles:

- Oversee the Board appointment process including the nomination and selection of directors and key management of Kawan.
- Recommend new directors' nomination and key management of Kawan to the Board.
- Review Board training programmes.
- Assess the performance and effectiveness of individual Directors, Board and Board Committees.
- Assess and review the Board composition (i.e. size, experience, diversity etc) and structure of Kawan.

NC Activities in FY2021

- Reviewed performance and effectiveness of the Board and Board Committees as well as contribution of each Director to the Board and Board Committees in FY2021.
- Reviewed Top Management Succession Planning.
- Review the directors' retirement by rotation at the Seventeenth ("17th") Annual General Meeting ("AGM") of the Company held on 10 June 2021.
- Reviewed the Board Composition that meets the needs of Kawan.
- Review directors' training and made recommendations thereof.
- Deliberated on KPIs for EDs based on balance scorecard.
- Reviewed and deliberated on updates on Malaysian Code on Corporate Governance 2021.

Board Composition and Diversity

As at 31 December 2021, the Board comprises eight (8) Directors: one (1) Group Executive Chairman, three (3) Executive Directors, one (1) Senior Independent Non-Executive Director, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. Of the eight (8) Directors, two (2) were women. Details of the Directors can be found on pages 70 to 77 of this annual report.

The Board composition complied with paragraph 15.02 of the MMLR of Bursa Securities, which requires at least two (2) directors or one-third (1/3) of the Board of Company, whichever is the higher, are independent.

The NC reviewed the Board and Board Committees composition in FY2021 on an annual basis. The composition of the Board comprises an appropriate balance of representation from relevant key areas that supports the sustainability efforts in the business taking into consideration the complexity and nature of the Group's businesses.

Board Evaluation and Independence

The Board through its NC also undertakes an annual review of performance and effectiveness of the Board and Board Committees as well as the contribution of each individual Directors to the Board and Board Committees.

The Board Evaluation Report indicated that the Board, Board Committees and individual Directors continue to be highly effective in providing oversight of the Company and its governance.

Following the FY2021 Board evaluation, the Board is satisfied that the NEDs are independent to discharge their duties and responsibilities effectively.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

RC

Members

No.	Name	Designation	Membership
1	Dr. Nik Ismail Bin Nik Daud	Senior Independent Non-Executive Director	Chairman
2	Lim Hun Soon @ David Lim	Independent Non-Executive Director	Member
3	Eugene Hon Kah Weng	Independent Non-Executive Director	Member

Roles:

- Assess, review and recommend to the Board the remuneration packages of Directors, GCEO and key Senior Management.
- Review and approve performance measures for incentive plans recommended by Management.
- Assess the performance and recommend to the Board for approval the total remuneration packages of GCEO, EDs, NEDs and key Senior Management.

Remuneration packages

The remuneration packages for the Executive Directors and Key Senior Management comprises basic salary, benefits in kind, bonus and allowances which reflects their roles and performance for the year. The NED's remuneration package comprises directors' fees, benefits in kind and meeting allowances which reflect individual's role and responsibilities. The Board remuneration is reviewed by benchmarking against peer companies.

The Chairman of the AC, RC and NC receives higher fees in respect of his service as a chairman of the respective committee. The Directors will receive an additional fee if they are members of the Board Committees. The fees for Directors are determined by the Board with approval from shareholders at AGM.

The interested Directors abstained from deliberation and voting on their own remuneration at the Board meetings.

RC activities in FY2021:

- Reviewed Company bonus payment and salary increment.
- Reviewed and recommended the remuneration of EDs and NEDs to the Board for approval.
- Recommended to the Board ESOS 2021 as a retention programme.
- Reviewed revised ED's Performance Matrix.
- Deliberated and initiated the Company's balance scorecard.
- Initiated discussion on revised KPI 2022 and a new remuneration framework for reward and retention programme for employees

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AC

The AC of the Company comprises one (1) Senior Independent Non-Executive Director and two (2) Independent Non-Executive Directors. Collectively, the AC members are financially literate, possess commercial expertise skills and experience to enable them to discharge their duties and responsibilities pursuant to the AC's TOR.

Based on the recommendation of MCCG, the AC requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

The AC assists the Board in fulfilling its statutory and fiduciary responsibilities on financial reporting, compliance with applicable financial reporting standards and other legal requirements, internal audit, external audit functions and risk management of the Group.

On an annual basis, the AC reviews and evaluates the suitability, objectivity and independence of the External Auditors taking into consideration the following:

- Technical competencies
- Independence and objectivity
- Audit scope and planning
- Adequacy of technical support
- Time commitment
- Audit and non-Audit fees

The details on the roles of the AC are set out on AC report on pages 92 to 94 of the annual report.

Sound Risk Management and Internal Control

The Board acknowledges their overall responsibilities in maintaining an effective risk management and internal control system to safeguard stakeholders' investments and the Group's assets. The AC assists the Board in the oversight of proper implementation of risk management and control system.

The Group has established a robust risk management framework as an approach to identify, assess, report and monitor risks facing the Group. Kawan maintains a risk register comprises Group wide risks specific to the business activities was reviewed and updated every quarter.

The Group has outsourced the Internal Audit function to a professional service firm which is independent of the activities and operations of the Group. The outsourced Internal Auditors reports directly to the AC. The Internal Audit function is primarily responsible in assessing and improving the effectiveness of the risk management, internal control systems and governance processes within the Group.

The statement on Risk Management and Internal Control set out on pages 96 to 104 of this Annual Report provides a detailed description of the state of risk management and internal controls.

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

Communications with Stakeholders

The Board recognises the importance of effective communication between the Company, investors, shareholders, stakeholders and public at large to provide timely, accurate, and equal access to material information on the Group's performance and operations.

Kawan engages with its stakeholders by way of announcements via Bursa Securities and press releases. All financial results, notice of dividend and ad-hoc announcements are available on the Bursa Securities' website. Investor relation section which is available on the Company's corporate website at www.kawanfood.com contains information on Kawan such as corporate profile, annual reports, Board of Directors, AGM etc for both existing and potential shareholders. The stakeholders can reach out to Kawan should they require further information or assistance.

Kawan also organised meetings with analysts, institutional fund managers, shareholders and potential investors. Our discussion generally involves financial and business performance, outlook and strategic direction of the Group.

General Meetings

As part of the safety measures to curb the spread of Covid-19, the 17th AGM of the Company was conducted virtually through live streaming and online remote participation by using Remote Participation and Electronic Voting Facilities ("RPEV"), which is in compliance with Section 327(2) of the Companies Act 2016. The virtual AGM provides an avenue for our shareholders to seek clarification and insights into the operations and financial performance of the Group. The Chairman took the chair of the AGM and the GCEO gave a presentation to the shareholders covering the Group's business and financial highlights for FY2020 and market outlook.

During the Question-and-Answer session of the AGM, its shareholders were invited to post their questions to the Board. The Chairman, AC Chairman, GCEO and Management were present to answer shareholders' queries and concerns. Company's External Auditors and the Company Secretary participated remotely at the meeting.

The notice of AGM which sets out the resolutions together with the Annual Report was sent to shareholders at least twenty-one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed, which is in line with Section 316(2) of Companies Act 2016 and paragraph 7.15 of MMLR of Bursa Securities. Notice of AGM was circulated in a nationally circulated newspaper together with an announcement on the Bursa Securities' website. This allowed shareholders to have immediate access to the notice of AGM and made necessary preparations for the AGM.

This Statement was approved by the Board on 18 April 2022.

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee (“AC”) comprises three (3) members, all of whom are independent Non-Executive Directors (“INED”):

No.	Name	Designation	Membership
1	Lim Hun Soon @ David Lim*	Independent Non-Executive Director	Chairman
2	Dr. Nik Ismail Bin Nik Daud	Senior Independent Non-Executive Director	Member
3	Eugene Hon Kah Weng*	Independent Non-Executive Director	Member

* Member of the Malaysian Institute of Accountants (MIA).

All the INED satisfy the independence test under the Main Market Listing Requirement (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The AC’s composition meets the MMLR which requires that at least one member of the AC must fulfil the financial expertise requisite of paragraph 15.09(1)(c) of Bursa Securities MMLR. The AC Chairman and a member of AC are members of the MIA and the Malaysian Institute of Certified Public Accountants (MICPA).

Further details of the AC members’ experience and qualification are available on pages 70 to 77 under Directors’ profiles.

TERMS OF REFERENCE

The role, scope and responsibilities of the AC are set out in its terms of reference which are accessible on the Company’s website at www.kawanfood.com.

MEETINGS

The AC conducted five (5) meetings during the financial year ended 31 December 2021 (“FY2021”), details of which are set out as follows:

Name	No. of Meetings Attended
Lim Hun Soon @ David Lim	5/5
Dr. Nik Ismail Bin Nik Daud	5/5
Eugene Hon Kah Weng	5/5

The Group Chief Executive Officer (“GCEO”), Company Secretaries, Financial Controller, Corporate Affairs Manager and other Management were invited to attend the meetings to present their reports and provide appropriate information as well as clarification to relevant items on the agenda. The internal auditors were invited to presented the internal audit reports to the AC attended the AC meetings to present specific issues arising from audit findings. The external auditors also attended the AC meeting to present their annual audit plan and annual financial statements and other matters deemed relevant.

The AC Chairman reported the Board on the activities and significant matters discussed at each AC meeting. Minutes of the AC meetings were tabled for confirmation at the following AC meeting and subsequently table to the Board for notation.

ACTIVITIES IN FY2021

Financial Reporting

- Reviewed quarterly unaudited financial results and the draft announcements before recommending them for Board's approval;
- Reviewed the audited financial statements of the Group to reflect the true and fair view of the business results and financial position of the Group and that the financial statements were prepared in compliance with Malaysian Financial Reporting Standard (MFRS) prior to the approval by the Board.

External Audit

- Reviewed the external auditor's scope of work and audit plan for the year;
- Reviewed and discussed the external auditors' audit report of the Financial Statements and key audit matters;
- Had two (2) meetings with the external auditors without the presence of the GCEO and Management to discuss relevant issues and concerns arising from the audit;
- Reviewed and recommended to the Board, the appointment of external auditors, taking into consideration their competencies, commitments, independence and objectivity; and
- Reviewed independence and objectivity of external auditors and their provision of audit and non-audit related fees.

Internal Audit ("IA")

- Reviewed and approved the internal audit plan prior to recommending to the Board for approval;
- Reviewed summary of internal audit work performed together with audit outcome on a quarterly basis;
- Reviewed the internal control issues identified by internal auditors, management's response to audit recommendations and the implementation of the action plans;
- Monitored the implementation of corrective actions by Management;
- Met with IA without the presence of Management to discuss relevant issues and concerns arising from the audits;
- Reviewed effectiveness of the IA through evaluation of performance, adequacy of resources and competencies of the internal auditors; and
- Evaluated the independence, efficiency and effectiveness of the IA.

Risk Management and Internal Control

- Reviewed Kawan's top risk profiles and deliberated on the significant threats and opportunities on a quarterly basis;
- Provided direction on strategic risks and business resilience due to COVID 19 pandemic; and
- Monitored and reviewed, on an ongoing basis, the effectiveness of the Group's internal control and risk management systems.

Related Party Transactions (RPTs)

- Reviewed and deliberated on RPTs, recurring and potential conflict of interest that may arise;
- Reviewed all RPTs on quarterly basis to ensure RPTs were carried out on an arm's length basis and were in the best interest of the Company; and
- Reviewed and recommended for the Board's approval, the RPT policy and Circular to Shareholders in relation to the proposed renewal of shareholders' mandate for recurrent related party transactions of revenue or trading nature.

ACTIVITIES IN FY2021 (CONTINUED)

Other Matters

- Deliberated with project manager in charge of Industry 4.0 projects on automation and digitalisation initiatives;
- Continue to monitor the progress of Enterprise Resource Planning system implementation;
- Reviewed and recommended to the Board the Employees' Share Option Scheme ("ESOS") granted to eligible employees. On 18 November 2021, Kawan granted a total of 3,801,500 shares under the ESOS at an exercise price of RM 1.55.
- Reviewed the revised board charter, code of conduct, anti-bribery and anti-corruption policy and whistleblowing for improvements.
- Reviewed and recommended for the Board's approval, the Corporate Governance Overview Statement, AC Report, Management Discussion and Analysis, Sustainability Statement and Statement on Risk Management and Internal Control for the inclusion in annual report;
- Reviewed and recommended for the Board's approval, the Circular to Shareholders in relation to the proposed renewal of authority for the Company to purchase its own ordinary shares;
- Reviewed the proposed dividend payout taking into consideration the cash flow requirements before recommending for Board's approval.

INTERNAL AUDIT FUNCTION

The IA function of Kawan is outsourced to Tricor Axcelasia Sdn Bhd to provide independent and objective assurance on the adequacy, efficiency and effectiveness of internal controls.

The IA engagements for the FY2021 were led by Mr Joe Lee Yaw Joo ("Mr. Joe") who has 20 years of experience in providing external and internal audit advisory services. Mr. Joe is a Certified Internal Auditor (USA) and holds a Certification in Supply Management (USA). He is also a member of the Malaysian Institute of Accountant and a member of MICPA.

IA engagements were carried out by four (4) to five (5) staff. The internal audit staff who performed the internal audit reviews have professional qualifications and/or university degree. Some of the internal audit staff are members of the Institute of Internal Auditors Malaysia. All the internal audit staff were free from any relationships or conflict of interest, which could impair their objectivity and independence.

In accordance with the annual internal audit plan approved by the AC, the IA performed audit engagements on HALAL management compliance, fixed asset management, sales & marketing, human resource, new product development, quality control, production management and review of recurrent related party transaction within the Group. The IA engagements were carried out using a risk-based approach and guidance from the International Professional Practice Framework. The internal audit findings and the implementation progress of previous auditable processes action plan were presented and reviewed by the AC.

The total costs incurred for outsourcing the IA function of Kawan for the FY2021 was RM 87,500.

Further details of the internal audit functions can be found on page 101 of this Annual Report under the Statement on Risk Management and Internal Control.

ADDITIONAL COMPLIANCE INFORMATION

PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year ended or which were entered into since the end of the previous financial year (not being contracts entered into in the ordinary course of business) except as disclosed below and in Notes 35 to the financial statements under "Related Parties" on pages 178 to 180 of this Annual Report.

Audit and Non-Audit Fees

During the financial year ended 31 December 2021, the amount of audit and non-audit fees paid and payable by the Group and the Company to the external auditors are as follows:

	Group (RM)	Company (RM)
Audit services rendered	280,200	50,000
Non-audit services rendered	10,000	7,000
Total	290,200	57,000

Utilisation of Proceeds

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

Recurrent Related Party Transactions of Revenue Or Trading Nature

At the Seventeenth Annual General Meeting ("AGM") held on Thursday, 10 June 2021, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature. The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2021 is set out on pages 178 to 180 of the Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“The Board”) is pleased to provide the Statement on Risk Management and Internal Control of Kawan Food Berhad (“the Company” or “Kawan”) and its subsidiaries (“the Group”) which outlines the nature and scope of its risk management and internal control of the Group for the financial year ended 31 December 2021. This statement has been prepared pursuant to paragraph 15.26 (b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements (“MMLR”) and by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Malaysian Code of Corporate Governance (“MCCG”).

Board responsibilities

The Board acknowledges its commitment on its overall responsibility of the Group’s system of risk management and internal control. The Board has put in place an ongoing process for reviewing its adequacy and integrity in order to safeguard shareholders’ investment and the Group’s assets.

The Board has delegated its role and responsibilities to the Audit Committee (“AC”) through the Terms of Reference (“TOR”) of the AC. The TOR of the AC is available in the Group’s website. Nevertheless, the Board continues to be involved in setting the tone and culture towards effective risk management system by identifying and monitoring material risks, setting risk appetites and determining risk tolerance of the Group.

As there are inherent limitations in any risk management and internal control systems, the Board recognises that the systems are designed to manage rather than eliminate risks of failure to achieve its objectives and strategies. Therefore, the systems can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board does not oversee the risk management and internal control systems of jointly controlled companies, which falls within the control of its majority shareholders. However, the Group’s interest in these entities are served through representation on the Board of the jointly controlled companies.

Risk culture

The risk culture is driven from the top and strengthened by the middle Management which serves as the foundation upon which a robust risk management framework is built.

Risk management are continuously communicated and reinforced throughout the Group to cultivate its identification, assessment and mitigation of risks. The Group has instilled a culture where the Board, Management and the employees are committed to strengthening processes and controls in managing business activities.

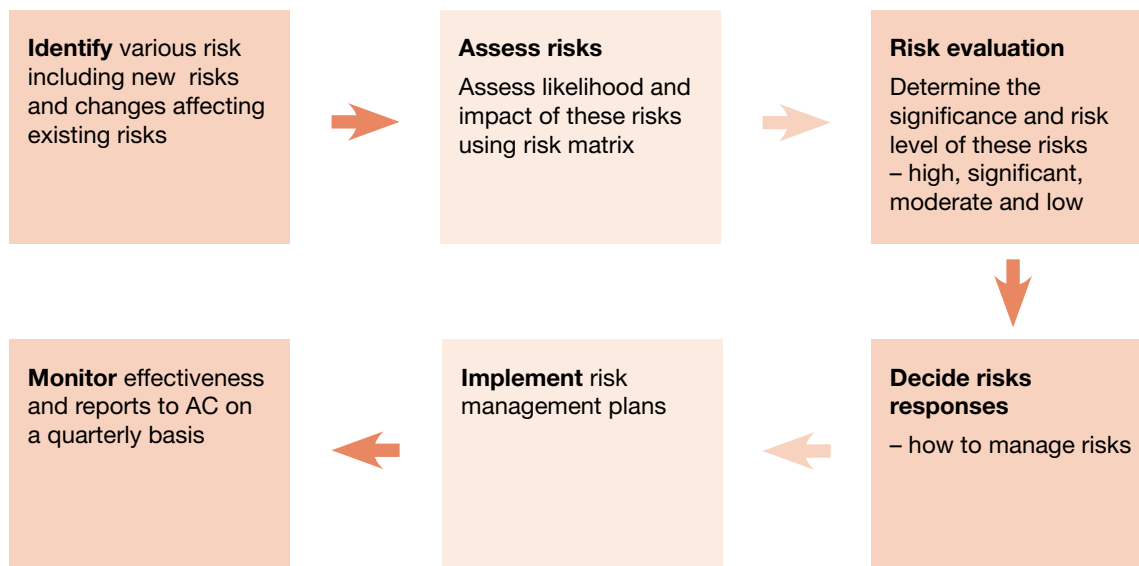
Risk Management ("RM") Framework

<p>Board of Directors</p> <p>The Board is responsible for the governance of risk management and internal control systems.</p>
<p>AC</p> <p>Its risk and control oversight responsibilities has been delegated by the Board to the AC. The AC monitors the Group's RM and oversees the effectiveness of the processes. The AC Chairman updates the Board of their work and key deliberations relating to RM.</p>
<p>Risk Management Working Committee ("RMWC")</p> <p>The RMWC supports the AC in the RM process through ongoing monitoring and analysis and evaluation of the risk environment and controls in place to manage those risks. The RMWC is chaired by CEO and comprised of head of departments. The RMWC reviews the Group register, provides updates on new risks and the changes to the key risk. The Risk Officer reports significant findings to the AC on a quarterly basis.</p>
<p>Risk Management Unit ("RMU")</p> <p>RMUs perform risk assessments to identify, evaluate and manage risks.</p>

First line of defence	2 nd line of defence	3 rd line of defence
RMU	RMWC	Internal and External Food Auditors
Responsible for risk management on a day-to-day basis by taking appropriate actions through effective controls.	<p>Provide oversight and advice necessary to support the first line of defence in identifying, managing and monitoring risk including policies, procedures and training.</p> <p>RMWC:</p> <ul style="list-style-type: none"> - Implement Board's approved framework, policies and procedures; - Maintain risk registers; and - Undertakes regular review of risk. 	<p>Provide independent assurance to the AC and Board on the effectiveness of the risk management framework.</p> <p>Internal and external food auditors undertakes audits covering aspects of both the first and second lines of defence.</p>

Risk Management Process

The Group's processes for assessing and managing risks are as follows:



Managing risks within the Group involves an on-going assessment process to identify, evaluate and manage existing risks as well as new risks faced by the Group. This process has been in place for the year under review and up to the date of approval of this statement.

Kawan maintains a risk register. The risk register is reviewed and updated every quarter by RMWC. The Risk Officer then provides the AC with the Group Risk Management Reports at its scheduled meetings.

The AC deliberated on the material risks identified on a quarterly basis and the AC Chairman subsequently reported updates to the Board with respect to risk management and mitigation procedures.



Activities in FY2021

- Four (4) AC meetings were held in 2021 to discuss the Group risk agenda.
- The following table highlights the key focus areas of their deliberations in FY2021:

FOCUS AREAS (RISK IMPACT)	DESCRIPTION OF ITS IMPLICATIONS	MITIGATION MEASURES
Limited Shipping Capacity (High)	Global shipping container shortage due to the pandemic has caused supply chain disruption and shipping delays, and placed additional pressures on export revenues.	<ul style="list-style-type: none"> • Engaged closely with logistics partners to minimise supply disruption • Continued to engage customers to update them on delivery timelines and rationalise our product range • Consistently monitored external developments and updated our strategies accordingly
Rising Raw Material Costs and Inflation (High)	Supply chain disruption from the pandemic, political instabilities, civil unrest and other social tensions may give rise to higher operational costs due to material shortage and inflationary pressure.	<ul style="list-style-type: none"> • Focused effort on minimising business disruption and maintain supply chain resilience • Closely monitored and tracked market geo-political developments • Worked with major suppliers to identify key risks and implement mitigations to minimise impacts of delayed deliveries • Implemented cost saving initiatives • Ensured that our supply chains remained strong without significant impact to ongoing orders
Heightened ESG Focus (High)	With the growing focus among stakeholders on Environmental, Social and Governance ("ESG") matters such as human rights, social equality and climate change, companies flagged for ESG underperformance risked the loss of stakeholders' confidence.	<ul style="list-style-type: none"> • Reviewed and updated our material sustainability matters in response to changes in the business landscape and emerging local and global sustainability trends • Appointed the Executive Director of Marketing to oversee sustainability in the Group • Established the Sustainability Steering Committee and Sustainability Working Committee to drive the Group's sustainability agenda and efforts towards achieving our ESG goals
Pandemic Disruption (High)	The global COVID-19 pandemic has led to the implementation of global border closures and lockdowns in the ASEAN economies, resulting in supply chain disruptions and labour shortages.	<ul style="list-style-type: none"> • Monitored our cash flow and financial position • Built resilience by improving efficiencies of our processes and people • Continued to drive Digitalisation 4.0 development and implementation of related technologies to enhance efficiencies • Leveraged on data analytics to generate customer insights and enable better decision-making

Activities in FY2021 (continued)

The other key activities undertaken by the AC in FY2021 include:

- Monitored pandemic impacts on employee safety, business continuity, supply chain, business growth, productivity, operations, service delivery and financial resilience;
- Reviewed the implementation of Adequate procedures for Corporate Liability;
- Reviewed risk in market competitiveness and business environment;
- Reviewed Kawan's approach in managing the business continuity programme and its implementation status;
- Reviewed top risks in terms of the risks' trend, the likelihood of their occurrence, potential impact and progress of mitigation action; and
- Reviewed key strategic, financial, regulatory, operational risks and actions based on the internal risk register, external assessments, internal audit findings and incidents.

MATERIAL RISKS

Table 1.0 below presents a summary of the Group's material risks and the mitigating measures for the FY2021.

Table 1.0

RISK	DESCRIPTION	MITIGATION
Pandemic	<ul style="list-style-type: none"> • Prolonged lockdowns and intermittent change to COVID-19 continues to impact the Group's operations and the safety of our employees. 	<ul style="list-style-type: none"> • Established Business Continuity Management to mitigate impacts on our employees and operations. • Continue close monitoring the impact of COVID-19 on financial position and operations of the Group. • Sponsored COVID-19 vaccinations for our employees and bi-weekly COVID-19 swab tests. • Provision of face masks and hand sanitisations as well as daily sanitisations in all facilities. • Staff are assigned to work from home to minimise the risk of the spread of COVID-19 among staff.
Operational Costs	<ul style="list-style-type: none"> • Supply chain disruptions due to global lockdown and political instabilities. • Our Group's profit margin could be affected by higher operational costs such as raw material costs, labour costs etc. • Many raw materials such as flour, margarine and packaging materials saw significant price increases. 	<ul style="list-style-type: none"> • Monitoring supply availability, according to current and future need. • Exploring alternative vendors to reduce reliance on sole supplier. • Closely engaged with key vendors to ensure minimal supply disruptions. • Continuous improvement on efficient process flows and cost reduction.

MATERIAL RISKS (CONTINUED)

Table 1.0 below presents a summary of the Group's material risks and the mitigating measures for the FY2021. (continued)

Table 1.0 (continued)

RISK	DESCRIPTION	MITIGATION
Regulatory and Standard	<ul style="list-style-type: none"> The Group is subject to various legislations and standards. Failure to meet statutory requirements, Halal, British Retail Consortium ("BRC"), Occupational Safety and Health Administration could have an adverse impact on the Group's business and reputation. 	<ul style="list-style-type: none"> Regular internal auditing by Food Safety Committee and Halal Committee. Constant monitoring and updating committee members on the latest updates and development on respective regulations and standards/certifications. Monitoring suppliers' performance to ensure compliances on a regular basis. Training for committee members.
People	<ul style="list-style-type: none"> The success and future growth of the Group depends on the ability of attracting and retaining competent employees in meeting future business needs. 	<ul style="list-style-type: none"> Robust talent development programmes in place. Actively seeks suitable employees. Proactive employee engagement. Committed to Corporate Social Responsibility initiatives.

INTERNAL AUDIT

Internal Audit function of the Group was carried out by an outsourced professional consulting firm. The Group's Internal Audit function ("GIA") reports independently to the AC. The principal responsibility of GIA is to provide independent review on the adequacy, efficiency and effectiveness of risk management, control and governance. The selection of the areas to be audited is based on an annual audit plan that is approved by the AC. The annual audit plan is developed based on risk assessments of Kawan Group.

During the financial year, the GIA have conducted reviews which involved assessing the adequacy of controls over the following:

- Halal Management Compliance;
- Fixed Asset Management;
- Sales and Marketing;
- Human Resource;
- Halal Certification Management;
- Quality Control; and
- Production Management.

Upon completion of the audit assignment, the GIA provides an audit report which covers the scope of audit work performed, evaluation of the internal control systems with detailed audit observations, management responses and timeline to implement the GIA's recommendation. All significant and material findings by the internal auditors are reported to the AC for review and deliberation. The AC assessed the overall adequacy and effectiveness of the internal control systems and reports the deliberations and material findings to the Board of Directors.

INTERNAL CONTROL SYSTEM

The key features of the Group's internal control system are as follows:

- The AC and Board

The Board has delegated its authority in overseeing the adequacy and operating effectiveness of the Group's risk management and internal control systems to the AC. The AC has oversight of the independence, scope of work and resources of the IA. The AC meets quarterly to review audit and investigations reports prepared by IA. The effectiveness of the internal control system is monitored and evaluated by the AC on an ongoing basis.

Further details on AC activities can be found on AC report.

- Organisation Structure and Authorisation Procedures

The Group has a formal organisation structure with clearly defined accountabilities, reporting lines and authority in order to align to its business and operational needs. The Limit of Authority clearly outlines the Board and Management's limits and approval authorities across various key processes. The delegation of authorities is duly approved by the Board and subject to review and update to reflect business and operational changes and needs.

- Annual Budget and Financial Projections

The Group's annual budget is deliberated and approved by the Board on an annual basis. Actual performances are reviewed against the approved budget with explanations of major variances and presented to the Board.

- Group Policies and Procedures

The Group has put in place documented policies and procedures which covers a wide range of areas including food safety, security, product quality assurance, human resource and purchasing to provide guidance for the employees. These policies are subject to review as and when required to ensure its relevance to the Group's operations and continue to support the Group's business activities as it continues to grow.

- Human Resource ("HR") Policies and Procedures

The HR Policies and Procedures of the Group incorporates policies and guidelines on human resource management in the Group. These policies and procedures are reviewed as and when the need arises and are communicated to employees via email.

- Whistleblowing Policy

The Group has put in place a Whistleblowing Policy ("WBP") which provides employees with accessible channels to raise concerns or disclose information regarding suspected or known malpractices, misconducts or wrongdoings within the Group without fear of any form of victimisation, harassment, retribution or retaliation.

The policy was updated in line with the MMLR and in compliance with Section 17A of MACC Act 2009. The Senior Independent Non-Executive Director has oversight over the access to the whistleblowing cases and the whistleblowing processes. The Whistleblowing Policy is available on the Group's website.

INTERNAL CONTROL SYSTEM (CONTINUED)

- Anti-Bribery and Anti-Corruption Policy ("ABC")

Kawan Group is committed to conduct business in an honest and ethical manner.

The Kawan Group's ABC sets out principles and clear procedures for all donations, sponsorships, hospitality and gifting activities of the Group. The ABC also provide guidance to all employees on how to deal with improper solicitation, bribery and other corrupt activities.

This policy applies to all stakeholders and employees of Kawan and the Group. All employees are required to declare that they have read, understood and will abide by the Policy. Ongoing briefing sessions – both physical and virtual are carried out to raise awareness on corporate liability. The ABC has been updated to reflect the necessary updates to comply with Section 17A of MACC Act 2009.

- People Development

A new framework to strengthen its talent and succession has been introduced. The Company is in the midst of developing its human capital in talent management, learning and development, organisation design and remuneration and performance management.

- Information and Communication

The Group has in place effective communication of critical information channels across the Group. Matters that require Board and senior management's attention are highlighted for review, deliberation and decision making on a timely basis.

- Monitoring and Review

Management has set up the Operations Committee to discuss operational and other pertinent issues. Monthly management reports comprising key financial results and operational performance are reviewed and monitored by the management team. Quarterly financial statements are presented to the Board for their review, consideration and approval.

- Business Continuity Management ("BCM")

BCM programme is part of our commitment in enhancing business resilience throughout our Group. We have put in place a BCM programme which provides a systematic approach and consistent practices to build organisational resilience with adequate capability mechanism to ensure continuation of business and operation. Kawan has also established Crisis Management Framework to provide guidance on establishing a comprehensive approach in managing crisis.

- External Certifications

The Group continues to adopt relevant safety, quality, HALAL and Occupational Health and Safety Assessment Series certification systems.

All of our manufacturing sites are subject to independent third-party audits under British Retail Consortium Global Standard for Food Safety.

The Company has been awarded MS1480: 2019 HACCP food safety certification that grants the Group health certificate for our exports without the need for product testing.

In addition, Malaysian Islamic Development Department (JAKIM) and Jabatan Agama Islam Selangor (JAIS) have awarded Kawan Food to their HALAL "WhiteList" status in FY2017 and FY2018 respectively for HALAL fast track application which allows JAKIM and JAIS to expedite the issuance of HALAL certificate within three (3) working days. However, the Group will be subject to ad-hoc audits from time to time to ensure compliance with the systems.

REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITOR

Pursuant to Paragraph 15.23 of the Bursa Malaysia Securities Berhad's MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the FY2021 Annual Report. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respect, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Directors of Listed Issuers to be set out, or is factually inaccurate.

CONCLUSION

The Group Chief Executive Officer and Financial Controller have provided assurance to the Board that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

The Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require separate disclosure in the Group's annual report. Nevertheless, the Board shall continue to take the appropriate and necessary measures to continuously improve the Group's risk management and internal control system to meet the Group's corporate objectives.

This statement was approved by the Board on 18 April 2022.

STATEMENT ON DIRECTORS' RESPONSIBILITY

The Board of Directors is required under Paragraph 15.26(a) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad to issue a statement explaining the Board's responsibility in preparing the annual financial statements.

In preparing the annual financial statements of the Company and the Group, the Directors are collectively responsible to ensure that these financial statements have been properly drawn up in accordance with the applicable approved Malaysian Financial Reporting Standard issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 2016 ("the Act") so as to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the financial results and the cash flows of the Group and of the Company for the financial year ended on that date.

In preparing the financial statements for the year ended 31 December 2021, the Directors have:

- (i) adopted appropriate accounting policies and applied them consistently;
- (ii) made judgements and estimates that are reasonable and prudent;
- (iii) prepared financial statements on the going concern basis; and
- (iv) ensured applicable accounting standards have been followed, subject to any material departure and explained in the financial statements.

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

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 18 April 2022.

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The directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of its subsidiaries are as stated in Note 9 to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the financial year attributable to:		
Owners of the Company	31,785,088	21,945,818
Non-controlling interests	(222)	–
	<hr/> 31,784,866	<hr/> 21,945,818

In the opinion of the directors, the financial results 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.

DIVIDEND

The amount of dividend paid by the Company since the end of previous financial year were as follows:

In respect of the financial year ended 31 December 2021, the Company declared and paid an interim single tier dividend of 3.0 sen per ordinary share totalling RM10,785,593 on 30 March 2021.

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

RESERVES AND PROVISIONS

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

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 apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

At an extraordinary general meeting held on 31 May 2018, the Company's shareholders approved the establishment of the ESOS of not more than 15% of the issued share capital of the Company to eligible employees of the Group and of the Company.

The salient features of the ESOS are, inter alia, as follows:

- (i) The ESOS shall be in force for a period of five (5) years commencing from the effective date on or before the expiry thereof, the Board of Directors shall have the sole and absolute discretion upon recommendation of the ESOS Committee, without the Company's shareholders' approval in a general meeting, to extend in writing the tenure of the ESOS for another five (5) years, or such shorter period as it deems fit immediately from the expiry of the first five (5) years, the ESOS shall not in aggregate exceed ten (10) years from the effective date of 2 October 2018 or such longer period as may be allowed by the relevant authorities;
- (ii) As of the date of offer, an employee who fulfils the following conditions shall be eligible to participate in the ESOS:
 - (a) has attained eighteen (18) years of age;
 - (b) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (c) must have been confirmed in service and have served at least six (6) months in the employment of the Group and of the Company;
 - (d) the employee is under an employment contract, which the contract is for a duration of at least one (1) year and shall have not expired within three (3) months from the date of offer; and
 - (e) has fulfilled any other criteria as may be imposed by the ESOS Committee from time to time.
- (iii) The exercise price shall be determined by ESOS Committee and shall be based on the five (5)-day Volume Weighted Average Market Price ("VWAMP") of the Company's shares immediately preceding the date of offer, with a discount, if any, the such discount shall not be more than ten percent (10%);
- (iv) The shares issued and allocated pursuant to the exercise of the options shall, upon issuance and allotment rank *pari passu* in all respects with the then existing shares and be entitled to all rights (including voting, dividend, allotment, distribution, transfer and other rights, as well as those arising on a liquidation of the Company) attaching to the then existing shares, save and except that new shares so issued and allocated will not be entitled to any dividends, rights, allotments or other forms of distribution which may be declared, made or paid, for which entitlement date is prior to the date allotment of such new shares; and
- (v) The eligible employees shall be entitled to exercise such number of the vested options within the option period and they shall have no right to exercise all or any of the options that have been granted but not vested to them.

The options offered to take up unissued ordinary shares is as follows:

Date of offer	Expiry date	Number of options over ordinary shares			
		At 1.1.2021	Granted	Expired	At 31.12.2021
28.8.2020	20.10.2021	5,004,000	—	(5,004,000)	—
24.11.2021	17.11.2022	—	3,801,500	—	3,801,500

DIRECTORS OF THE COMPANY

The directors of the Company who held office during the financial year until the date of this report are:

Gan Thiam Chai
Gan Thiam Hock
Kwan Sok Kay
Lim Hun Soon @ David Lim
Abdul Razak Bin Shakor
Dr. Nik Ismail bin Nik Daud
Eugene Hon Kah Weng
Gan Ka Bien

DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of directors of the subsidiaries during the financial year and up to the date of this report are:

Gan Thiam Chai
Gan Thiam Hock
Kwan Sok Kay
Lau Wing Hon
Jean-Marc, Michel Lhermite
Toshiro Nakazawa

DIRECTORS' INTERESTS

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows:

	At 1.1.2021	Number of ordinary shares		At 31.12.2021
		Acquired	(Ceased)	
THE COMPANY				
Direct interest				
Gan Thiam Chai	87,865,148	305,000	–	88,170,148
Gan Thiam Hock	22,462,133	–	–	22,462,133
Kwan Sok Kay	17,724,405	2,000,000	–	19,724,405
Lim Hun Soon @ David Lim	7,637,028	–	–	7,637,028
Gan Ka Bien	4,013,849	–	–	4,013,849
Deemed interest				
Gan Thiam Chai	9,464,149	5,261,300	(4,013,849)	10,711,600
Gan Thiam Hock	1,546,300	–	–	1,546,300
Kwan Sok Kay	9,464,149	5,261,300	(4,013,849)	10,711,600

By virtue of his substantial interests in the shares of the Company, Gan Thiam Chai is also deemed interested in the shares of the subsidiaries to the extent that the Company has an interest.

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the benefits shown under directors' remuneration) by reason of a contract made by the Company or a related corporation with a director or with a firm of which a director is a member or with a company in which the director has a substantial financial interest, other than certain directors, and the spouse of a director and children of certain directors who have significant financial interests in companies which traded with certain companies within the Group in the ordinary course of business as disclosed in Note 35 to the financial statements.

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

DIRECTORS' REMUNERATION

The directors' remuneration is disclosed in Note 34 to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and the officers of the Group and of the Company are RM20,000,000 and RM37,110 respectively.

No indemnity has been given to or insurance premium paid, during or since the end of financial year, for the auditors of the Group and of the Company.

SUBSIDIARY COMPANIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

AUDITORS' REMUNERATION

The auditors' remuneration is disclosed in Note 24 to the financial statements.

OTHER STATUTORY INFORMATION

- (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 all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that the current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (CONTINUED)

- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts and the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Group's and the Company's financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group and of the Company for the current financial year.

AUDITORS

The auditors, RSM Malaysia PLT (converted from a conventional partnership, RSM Malaysia on 3 January 2022), have expressed their willingness to continue in office.

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

GAN THIAM CHAI

GAN THIAM HOCK

Selangor

18 April 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	6	220,072,738	228,498,794	–	–
Right-of-use assets	7	17,980,460	17,543,343	–	–
Investment properties	8	7,993,769	8,142,738	–	–
Investments in subsidiaries	9	–	–	62,126,760	61,255,560
Investment in a jointly controlled entity	10	–	–	–	–
Other investments	11	–	–	122,000,000	122,000,000
Deferred tax assets	12	464,119	485,558	–	–
Total non-current assets		246,511,086	254,670,433	184,126,760	183,255,560
Current assets					
Other investments	11	2,894,315	392,000	–	–
Trade and other receivables	13	55,949,928	49,599,548	4,081,031	3,601,000
Inventories	14	32,732,220	30,239,037	–	–
Current tax assets		3,897,472	1,215,121	2,084,033	1,149,083
Prepayments		4,371,561	1,120,281	–	30,922
Cash and cash equivalents and short-term investments	15	88,600,585	79,410,374	11,986,821	2,339,620
Total current assets		188,446,081	161,976,361	18,151,885	7,120,625
TOTAL ASSETS		434,957,167	416,646,794	202,278,645	190,376,185
EQUITY AND LIABILITIES					
Equity					
Share capital	16	179,759,880	179,759,880	179,759,880	179,759,880
Reserves	17	188,583,970	165,248,843	22,145,784	10,505,528
		368,343,850	345,008,723	201,905,664	190,265,408
Non-controlling interests		658,373	658,595	–	–
TOTAL EQUITY		369,002,223	345,667,318	201,905,664	190,265,408

STATEMENTS OF FINANCIAL POSITION
(CONT'D)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
LIABILITIES					
Non-current liabilities					
Loans and borrowings	18	2,113,126	5,735,628	–	–
Deferred tax liabilities	12	13,618,054	9,219,539	–	–
Total non-current liabilities		15,731,180	14,955,167	–	–
Current liabilities					
Loans and borrowings	18	10,005,435	9,448,927	–	–
Trade and other payables	19	40,026,539	44,892,946	372,981	110,777
Current tax liabilities		191,790	1,682,436	–	–
Total current liabilities		50,223,764	56,024,309	372,981	110,777
TOTAL LIABILITIES		65,954,944	70,979,476	372,981	110,777
TOTAL EQUITY AND LIABILITIES		434,957,167	416,646,794	202,278,645	190,376,185

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
REVENUE	20	251,769,749	254,702,961	22,710,593	12,586,995
COST OF SALES		(161,232,739)	(153,693,190)	–	–
GROSS PROFIT		90,537,010	101,009,771	22,710,593	12,586,995
OTHER INCOME	21	6,834,105	5,839,938	918,453	–
SELLING AND DISTRIBUTION EXPENSES		(37,574,225)	(46,930,588)	–	–
ADMINISTRATIVE EXPENSES		(23,481,359)	(27,593,698)	(1,740,168)	(2,996,879)
PROFIT FROM OPERATING ACTIVITIES		36,315,531	32,325,423	21,888,878	9,590,116
FINANCE INCOME	22	957,787	467,282	57,115	60,687
FINANCE COSTS	23	(617,277)	(777,312)	(175)	(78)
PROFIT BEFORE TAXATION	24	36,656,041	32,015,393	21,945,818	9,650,725
TAXATION	25	(4,871,175)	(4,362,873)	–	6,933
PROFIT FOR THE FINANCIAL YEAR		31,784,866	27,652,520	21,945,818	9,657,658
OTHER COMPREHENSIVE INCOME, NET OF TAX:					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operations	26	1,855,601	948,278	–	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		33,640,467	28,600,798	21,945,818	9,657,658

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(CONT'D)

		Group	Company	
Note	2021 RM	2020 RM	2021 RM	2020 RM
Profit attributable to:				
Owners of the Company	31,785,088	28,017,858	21,945,818	9,657,658
Non-controlling interests	(222)	(365,338)	–	–
	31,784,866	27,652,520	21,945,818	9,657,658
Total comprehensive income attributable to:				
Owners of the Company	33,640,689	28,966,136	21,945,818	9,657,658
Non-controlling interests	(222)	(365,338)	–	–
	33,640,467	28,600,798	21,945,818	9,657,658
		2021 sen	2020 sen	
EARNINGS PER ORDINARY SHARE:				
- Basic	27	8.84	7.79	
- Diluted	27	8.83	7.77	

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	Attributable to owners of the Company					Total equity RM
		Non-distributable		Distributable		Non-controlling interests RM	
		Share capital RM	Translation reserve RM	Share option reserve RM	Retained earnings RM	Total RM	
Balance as at 1.1.2020		179,759,880	8,079,680	-	136,076,162	323,915,722	324,939,655
Profit for the financial year		-	-	-	28,017,858	28,017,858	27,652,520
Other comprehensive income for the financial year		-	948,278	-	-	948,278	948,278
Total comprehensive income/(expense) for the financial year		-	948,278	-	28,017,858	28,966,136	28,600,798
Contributions by and distributions to owners							
- dividend to owners of the Company	28	-	-	-	(8,987,995)	(8,987,995)	(8,987,995)
- share options granted under ESOS		-	-	1,114,860	-	1,114,860	1,114,860
Total transactions with owners of the Company		-	-	1,114,860	(8,987,995)	(7,873,135)	(7,873,135)
Balance as at 31.12.2020/1.1.2021		179,759,880	9,027,958	1,114,860	155,106,025	345,008,723	345,667,318
Profit for the financial year		-	-	-	31,785,088	31,785,088	31,784,866
Other comprehensive income for the financial year		-	1,855,601	-	-	1,855,601	1,855,601
Total comprehensive income/(expense) for the financial year		-	1,855,601	-	31,785,088	33,640,689	33,640,467
Contributions by and distributions to owners							
- dividend to owners of the Company	28	-	-	-	(10,785,593)	(10,785,593)	(10,785,593)
- share options granted under ESOS		-	-	480,031	-	480,031	480,031
- share options lapsed		-	-	(1,114,860)	1,114,860	-	-
Total transactions with owners of the Company		-	-	(634,829)	(9,670,733)	(10,305,562)	(10,305,562)
Balance as at 31.12.2021		179,759,880	10,883,559	480,031	177,220,380	368,343,850	369,002,223

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

		Non-distributable	Distributable	
	Note	Share capital RM	Share option reserve RM	Retained earnings RM
				Total RM
Company				
Balance as at 1.1.2020		179,759,880	–	8,721,005
Profit and total comprehensive income for the financial year		–	–	9,657,658
Contributions by and distributions to owners				
- dividend to owners of the Company	28	–	–	(8,987,995)
- share options granted under ESOS		–	1,114,860	–
		–	1,114,860	(8,987,995)
Balance as at 31.12.2020/1.1.2021		179,759,880	1,114,860	9,390,668
Profit and total comprehensive income for the financial year		–	–	21,945,818
Contributions by and distributions to owners				
- dividend to owners of the Company	28	–	–	(10,785,593)
- share options granted under ESOS		–	480,031	–
- share options lapsed		–	(1,114,860)	1,114,860
		–	(634,829)	(9,670,733)
Balance as at 31.12.2021		179,759,880	480,031	21,665,753

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		36,656,041	32,015,393	21,945,818	9,650,725
Adjustments for:					
Bad debts written off		1,991	–	–	–
Depreciation of investment properties	8	148,969	146,355	–	–
Depreciation of property, plant and equipment	6	18,051,273	16,439,901	–	–
Depreciation of right-of-use assets	7	351,995	280,608	–	–
Property, plant and equipment written off	6	–	297,003	–	–
Dividends income	20	–	–	(22,710,593)	(12,586,995)
Employees' share option scheme expenses	24	479,749	1,114,860	–	1,114,860
Finance income from money market funds	22	(957,787)	(467,282)	(57,115)	(60,687)
Impairment loss on trade receivables	24	102,288	99,465	–	–
Reversal of impairment loss on trade receivables	24	(53,425)	(286,192)	–	–
Provision for slow moving inventories	14	–	407,322	–	–
Provision for slow moving inventories no longer required	14	(208,376)	–	–	–
Inventories written off	14	491,405	661,595	–	–
Finance costs	23	416,345	574,817	–	–
Gain on disposal of property, plant and equipment	24	(25,303)	(282,157)	–	–
Gain on disposal of investment properties	24	–	(376,977)	–	–
Gain on disposal of other investments	24	(465,238)	–	–	–
Fair value (gain)/loss on financial assets	24	(405,444)	201,600	–	–
Unrealised (gain)/loss on foreign exchange	24	(377,593)	1,502,843	(918,453)	484,631
Operating profit/(loss) before working capital changes		54,206,890	52,329,154	(1,740,343)	(1,397,466)
Increase in inventories		(2,776,212)	(7,608,382)	–	–
(Increase)/Decrease in trade and other receivables, prepayments and other financial assets		(9,654,112)	(4,232,548)	3,629,922	275,939
(Decrease)/Increase in trade and other payables		(4,782,802)	10,064,222	262,408	(37,724)
Cash generated from/(used in) operations		36,993,764	50,552,446	2,151,987	(1,159,251)

STATEMENTS OF CASH FLOWS
(CONT'D)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Dividends received		–	–	19,111,593	8,987,995
Income tax paid		(4,624,218)	(1,804,934)	(934,950)	(1,099,913)
Income tax refund		–	3,261,672	–	–
Net cash generated from operating activities		32,369,546	52,009,184	20,328,630	6,728,831
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		611,817	326,420	–	–
Proceeds from disposal of investment properties		–	652,682	–	–
Proceeds from disposal of other investments		4,294,483	–	–	–
Purchase of property, plant and equipment		(9,773,701)	(18,275,970)	–	–
Purchase of right-of-use assets		(604,876)	–	–	–
Finance income received from money market funds	22	957,787	467,282	57,115	60,687
Placement in other investments		(5,926,116)	–	–	–
Net cash (used in)/generated from investing activities		(10,440,606)	(16,829,586)	57,115	60,687
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to owners of the Company	28	(10,785,593)	(8,987,995)	(10,785,593)	(8,987,995)
Proceeds from Employees' share option scheme		282	–	–	–
Repayment of loans and borrowings		(3,065,994)	(8,843,206)	–	–
Drawdown of loans and borrowings		–	8,158,353	–	–
Finance costs on loans and borrowings	23	(416,345)	(574,817)	–	–
Net cash used in financing activities		(14,267,650)	(10,247,665)	(10,785,593)	(8,987,995)

STATEMENTS OF CASH FLOWS
(CONT'D)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		7,661,290	24,931,933	9,600,152	(2,198,477)
Effect of foreign exchange differences		1,528,921	(184,838)	47,049	(24,831)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		79,410,374	54,663,279	2,339,620	4,562,928
CASH AND CASH EQUIVALENTS CARRIED FORWARD	15	88,600,585	79,410,374	11,986,821	2,339,620

**NOTES TO THE STATEMENTS
OF CASH FLOWS**

**Cash outflows for leases as
a lessee**

*Included in net cash from operating
activities:*

Payment relating to short-term leases	(326,912)	(523,762)	–	–
Total cash outflows for leases	(326,912)	(523,762)	–	–

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

1. PRINCIPAL ACITIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of its subsidiaries are as stated in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

The accounting policies of subsidiaries are change when necessary to align them with the policies adopted by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures goodwill at the acquisition date as:

- (a) the fair value of the consideration transferred; plus
- (b) the recognised amount of any non-controlling interests in the acquiree; plus
- (c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- (d) the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of consolidation (continued)

(v) Jointly-controlled entities

Jointly controlled entities are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution (or included in a disposal group that is classified as held for sale or distribution). The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted joint ventures, after adjustments, if any, to align the accounting policies with those of the Group, from the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the joint venture.

Investments in joint ventures are stated in the Company's statement of financial position at cost less impairment losses, unless the investment is classified as held for sale or distribution.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the owners of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currency (continued)

(i) Foreign currency transaction (continued)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Group and of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Financial instruments

(i) Initial recognition and measurement

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Group and the Company become a party to the contractual provisions of the instruments.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(ii) Financial assets

For the purpose of subsequent measurement, the Group or the Company classify financial assets into two measurement categories, namely: (i) financial assets at amortised cost ("AC") and (ii) financial assets at fair value through profit or loss ("FVPL"). The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets, as follows:

(i) Financial assets at AC

A financial asset is measured at AC if: (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(ii) Financial assets at FVPL

A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC model.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 3(k)(i).

(iii) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method, except for:

Financial guarantee contracts issued, and commitments to provide loans at a below-market interest rate given, by the Group and the Company are measured at the higher of: (a) the amount of impairment loss determined and (b) the amount initially recognised less, when appropriate, the cumulative of income recognised in accordance with the principles in MFRS 15 *Revenue from Contracts with Customers*.

(iv) Derecognition of financial instruments

For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expired. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and the Company consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(v) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3(v).

(vi) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Costs also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "administrative expenses" respectively in profit or loss.

(ii) Subsequent cost

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Leasehold land is amortised over the remaining lease periods ranging from 67 to 83 years. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives of other property, plant and equipment for the current and previous years are as follows:

Buildings	40 to 50 years
Apartments	50 years
Motor vehicles	5 to 10 years
Furniture, fittings and office equipment	3 to 10 years
Plant and machinery	10 years
Renovation	10 years
Signage	10 years

Capital work in progress are not depreciated until the assets are ready for their intended use.

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(f) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Leases (continued)

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Leases (continued)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on straight-line basis over the lease term as part of "other income".

(g) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the joint venture.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

(h) Investment properties

(i) Investment properties carried at cost

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a lease held for a currently undetermined future use. Properties that are occupied by the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are measured at cost are accounted for similarly to property, plant and equipment.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Investment properties (continued)

(i) Investment properties carried at cost (continued)

An investment property is derecognised on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 50 years for buildings and over the remaining lease periods of 86 years for leasehold land. Freehold land is not depreciated.

(ii) Determination of fair value

The directors estimate the fair values of the Group's investment properties without the involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand, demand deposits, and short term, highly liquid investments that are readily convertible to known amount of cash with insignificant risk of changes in fair value.

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit losses, except for cash and bank balance. Loss allowances for trade receivables is always measured at an amount equal to lifetime expected credit loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

(i) Financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

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 months expected losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experiences.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is 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 gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amount of the other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units (groups of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Impairment (continued)

(ii) Other assets (continued)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Dividend distribution

Dividends are recognised as liabilities when they are declared (i.e. the dividends are appropriately authorised and no longer at the discretion of the entity). Typically, dividends are recognised as liabilities in the period in which their distribution is approved at the Shareholders' Annual General Meeting. Interim dividends are recognised when paid.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Share-based payments

Share-based payments of the Group and of the Company are equity-settled share options granted to employees, for which an option pricing model is used to estimate the fair value at grant date. That fair value is charged on a straight-line basis as an expense in the profit or loss over the period that the employee becomes unconditionally entitled to the options (vesting period), with a corresponding increase in equity.

The number of such options is adjusted annually to reflect best estimates of those expected to vest (ignoring purely market-based conditions) with consequent changes to the expense. Equity is also increased by the proceeds receivable, as and when employees choose to exercise their options.

If the Group and the Company modify the terms and conditions on which the equity instruments were granted, as a minimum, the services received measured at the grant date fair value of the equity instruments granted (unless those equity instruments do not vest because of failure to satisfy a vesting condition other than a market condition) are charged to the profit or loss.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore the unrecognised remaining amount is recognised immediately in profit or loss.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(p) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the assets.

The Group transfers control of goods or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

(iii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Revenue and other income (continued)

(iv) Finance income

Finance income is recognised as it accrues using the effective interest method in profit or loss except for finance income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with accounting policy on borrowing costs.

(q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Unused tax credits do not include unabsorbed reinvestment allowances and unabsorbed investment tax allowances because the Group treats these as part of initial recognition differences.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year, and adjusted for own shares held.

The dilutive earnings per share of the Group has been calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares that would have been issued upon full exercise of the remaining share options and convertible notes, adjusted by the number of such shares that would have been issued at fair value.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(u) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

4.1 Amendments to MFRSs adopted

For the preparation of the financial statements, the following amendments to the MFRSs issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2021:

- Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement*, MFRS 7 *Financial Instruments: Disclosure*, MFRS 4 *Insurance Contracts* and MFRS 16 *Leases – Interest Rate Benchmark Reform Phase 2*

During the financial year, the Group and the Company have early adopted the Amendment to MFRS 16 *Leases – COVID-19-Related Rent Concessions beyond 30 June 2021*.

The adoption of the above-mentioned amendments to MFRSs has no significant impact on the financial statements of the Group and of the Company.

4.2 Amendments to MFRSs not yet effective

The following are amendments to the MFRSs that have been issued by the MASB up to the date of the issuance of the Group's and of the Company's financial statements but have not been adopted by the Group and the Company:

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 3 *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts–Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018–2020

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112 *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Amendments to MFRSs effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The directors anticipate that the above-mentioned amendments will be adopted by the Group and the Company when they become effective.

4.3 MFRSs and Amendments to MFRSs not adopted

- MFRS 17 *Insurance Contracts*, Amendments to MFRS 17 *Insurance Contracts* and Amendment to MFRS 17 *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 Financial Instruments – Comparative Information* are not expected to be applicable to the Group and the Company.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group and the Company have made significant judgements, estimates and assumptions that impact on the carrying value of certain assets, liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives of property, plant and equipment, right-of-use assets and investment properties

The cost of property, plant and equipment, right-of-use assets and investment properties are depreciated on a straight-line basis over their estimated economic useful lives. The directors estimate the useful lives of these property, plant equipment, right-of-use assets and investment properties to be within 3 to 86 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

The carrying amount of property, plant and equipment, right-of-use assets and investment properties are disclosed in Note 6, Note 7 and Note 8 respectively.

(b) Impairment of non-financial assets

The Group and the Company assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amount may not be recoverable. An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The carrying amount of the non-financial assets are disclosed in Notes 6 to 10 respectively.

(c) Loss allowances of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency, significant financial difficulties of the receivables, default or significant delay in payments, current economic trends, the impact of the coronavirus (COVID-19) pandemic and forward-looking information that is available.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(d) Tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile.

The carrying amount of current tax assets at 31 December 2021 of the Group and of the Company is RM3,897,472 (2020: RM1,215,121) and RM2,084,033 (2020: RM1,149,083) respectively.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Tax (continued)

The carrying amount of current tax liabilities at 31 December 2021 of the Group is RM191,790 (2020: RM1,682,436).

The carrying amount of deferred tax assets and liabilities are disclosed in Note 12.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(e) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is written down to their estimated realisable value when their cost may no longer be recoverable such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. In any case, the realisable value represents the best estimate of the recoverable amount, is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of write-downs to net realisable value include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the reporting date (as reflected in Note 14).

(f) Share-based payments

Share-based payments are measured at grant date fair value. For share options granted to employees, in many cases market prices are not available and therefore the fair value of the options granted shall be estimated by applying an option pricing model. Option pricing models need input data such as expected volatility of the share price, expected dividends or the risk-free interest rate for the life of the option. The overall objective is to approximate the expectations that would be reflected in a current market or negotiated exchange price for the option. Such assumptions are subject to judgements and may turn out to be significantly different than expected.

Fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's and the Company's estimate of equity instruments that will eventually vest. The estimate of the number of equity instruments expected to vest is revised by the Group and the Company at the end of each reporting period through settlement. Revisions of the original estimates, if any, is recognised in profit or loss so that the cumulative expense includes the revised estimate, with the corresponding adjustment to the reserve for employee equity-settled benefits.

(g) Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the coronavirus (COVID-19) pandemic has had, or may have, on the Group and the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group and the Company operate. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group and the Company unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

6. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings	Apartments	Motor vehicles	Furniture, fittings and office equipment	Plant and machinery	Renovations	Signage	Capital work in progress	Total
Cost	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2020	114,029,089	515,912	5,593,152	11,146,398	134,217,529	8,065,189	287,029	15,547,299	289,401,597
Additions	1,605,713	-	483,303	308,618	2,861,998	389,777	-	12,626,561	18,275,970
Disposals	-	-	(330,994)	(3,700)	(277,035)	-	-	-	(611,729)
Written off	-	-	-	(20,195)	(3,800)	-	-	(279,169)	(303,164)
Effect of movements in exchange rates	808,884	-	55,498	57,541	883,325	-	-	107,852	1,913,100
Reclassification	-	-	-	1,992,655	8,673,789	-	-	(10,666,444)	-
At 31 December 2020/1 January 2021	116,443,686	515,912	5,800,959	13,481,317	146,355,806	8,454,966	287,029	17,336,099	308,675,774
Additions	143,270	-	476,053	1,255,564	2,150,063	26,037	-	5,722,714	9,773,701
Disposals	-	-	(764,100)	(83,650)	(889,202)	-	-	-	(1,736,952)
Written off	-	-	-	-	(2,960)	-	-	-	(2,960)
Effect of movements in exchange rates	1,228,764	-	80,149	71,020	1,046,621	-	-	(654,282)	1,772,272
Reclassification	3,759,561	-	-	20,580	14,069,402	107,463	-	(17,957,006)	-
At 31 December 2021	121,575,281	515,912	5,593,061	14,744,831	162,729,730	8,588,466	287,029	4,447,525	318,481,835

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Buildings	Apartments	Motor vehicles	Furniture, fittings and office equipment	Plant and machinery	Renovations	Signage	Capital work in progress	Total
Accumulated depreciation	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2020	7,229,819	156,649	1,710,852	4,401,368	44,383,962	5,062,648	65,734	-	63,011,032
Charge for the financial year	2,317,859	10,741	637,298	1,321,133	11,751,953	376,194	24,723	-	16,439,901
Disposals	-	-	(322,783)	(679)	(244,004)	-	-	-	(567,466)
Written off	-	-	-	(2,363)	(3,798)	-	-	-	(6,161)
Effect of movements in exchange rates	157,390	-	35,469	47,534	569,316	-	-	-	809,709
At 31 December 2020/1 January 2021	9,705,068	167,390	2,060,836	5,766,993	56,457,429	5,438,842	90,457	-	79,687,015
Charge for the financial year	2,385,023	10,741	1,125,412	1,565,515	12,561,131	378,728	24,723	-	18,051,273
Disposals	-	-	(429,767)	(22,566)	(698,105)	-	-	-	(1,150,438)
Written off	-	-	-	-	(2,960)	-	-	-	(2,960)
Effect of movements in exchange rates	266,757	-	55,328	57,879	954,745	-	-	-	1,334,709
At 31 December 2021	12,356,848	178,131	2,811,809	7,367,821	69,272,240	5,817,570	115,180	-	97,919,599

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Buildings	Apartments	Motor vehicles	Furniture, fittings and office equipment	Plant and machinery	Renovations	Signage	Capital work in progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Accumulated impairment loss									
At 1 January 2020	-	-	-	-	469,075	-	-	-	469,075
Effect of movements in exchange rates	-	-	-	-	20,890	-	-	-	20,890
At 31 December 2020/1 January 2021	-	-	-	-	489,965	-	-	-	489,965
Effect of movements in exchange rates	-	-	-	-	(467)	-	-	-	(467)
At 31 December 2021	-	-	-	-	489,498	-	-	-	489,498
Carrying amounts									
At 31 December 2020/1 January 2021	106,738,618	348,522	3,740,123	7,714,324	89,408,412	3,016,124	196,572	17,336,099	228,498,794
At 31 December 2021	109,218,433	337,781	2,781,252	7,377,010	92,967,992	2,770,896	171,849	4,447,525	220,072,738

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Apartments

The strata title for apartments with net carrying amount of RM157,563 (2020: RM162,552) have yet to be issued to a subsidiary.

(b) Security

Buildings with net carrying amount of RM19,156,629 (2020: RM14,853,059) have been charge to licensed banks for banking facilities granted to subsidiaries (Note 18).

7. RIGHT-OF-USE ASSETS

	Leasehold lands RM	Prepaid lease payments RM	Total RM
Group Cost			
At 1 January 2020	16,737,790	3,775,599	20,513,389
Effect of movements in exchange rates	–	168,146	168,146
At 31 December 2020/1 January 2021	16,737,790	3,943,745	20,681,535
Addition	–	604,876	604,876
Effect of movements in exchange rates	–	248,530	248,530
At 31 December 2021	16,737,790	4,797,151	21,534,941
Accumulated depreciation			
At 1 January 2020	1,832,876	981,656	2,814,532
Charge for the financial year	201,066	79,542	280,608
Effect of movements in exchange rates	–	43,052	43,052
At 31 December 2020/1 January 2021	2,033,942	1,104,250	3,138,192
Charge for the financial year	207,491	144,504	351,995
Effect of movements in exchange rates	–	64,294	64,294
At 31 December 2021	2,241,433	1,313,048	3,554,481
Carrying amounts			
At 31 December 2020/1 January 2021	14,703,848	2,839,495	17,543,343
At 31 December 2021	14,496,357	3,484,103	17,980,460

7. RIGHT-OF-USE ASSETS (CONTINUED)

(a) Lands

The lands are wholly related to leasehold lands with unexpired lease period of more than 50 years.

(b) Prepaid lease payments

The prepaid lease payments are wholly related to a leasehold land with unexpired lease period of less than 50 years. The prepaid lease payments are not transferable and have a remaining tenure of 35 years (2020: 36 years).

(c) Security

Leasehold lands and prepaid lease payments with net carrying amount of RM16,009,431 (2020: RM16,086,747) have been charged to licensed banks banking facilities granted to subsidiaries (Note 18).

8. INVESTMENT PROPERTIES

	2021 RM	Group 2020 RM
Cost		
At 1 January	10,491,946	10,880,252
Disposals	–	(388,306)
At 31 December	10,491,946	10,491,946
Accumulated depreciation		
At 1 January	2,349,208	2,315,454
Charge for the financial year	148,969	146,355
Disposal	–	(112,601)
At 31 December	2,498,177	2,349,208
Carrying amounts		
At 31 December	7,993,769	8,142,738
Represented by:		
Leasehold land with unexpired lease period of more than 50 years	5,893,663	5,978,203
Buildings	2,100,106	2,164,535
	7,993,769	8,142,738

Investment properties comprise two (2020: two) commercial properties that are leased to third parties. The leases are renewable on yearly basis. No contingent is charged.

8. INVESTMENT PROPERTIES (CONTINUED)

The fair value of the investment properties are as follows:

	2021 RM	Group 2020 RM
At 31 December	53,015,086	51,726,193

The Group estimates the fair value of its investment properties based on the comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities.

The disclosure of fair value above was measured at the reporting date using the following method:

Significant unobservable inputs (Level 3)

The valuation of commercial property is based on market comparable approach. The significant unobservable input is yield adjustment based on directors' assumptions. The yield adjustments are made for any difference in the nature, location or condition of the specific property.

The following are recognised in profit or loss in respect of investment properties:

	2021 RM	Group 2020 RM
Rental income	(871,900)	(1,296,815)
Direct operating expenses	119,703	146,265

Investment properties of the Group amounting to RM7,993,769 (2020: RM8,142,738) has been charged to a licensed bank for credit facilities granted to a subsidiary (Note 18).

9. INVESTMENT IN SUBSIDIARIES

	2021 RM	Company 2020 RM
Unquoted shares - at cost	37,037,514	37,037,514
Less: Impairment loss	(96,900)	(96,900)
	36,940,614	36,940,614
Capital contribution	25,186,146	24,314,946
	62,126,760	61,255,560

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Subsidiaries of the Company	Effective ownership interest		Country of incorporation	Principal activities
	2021 %	2020 %		
Kawan Food Manufacturing Sdn. Bhd.	100	100	Malaysia	Manufacturing and sale of frozen food products
KG Pastry Marketing Sdn. Bhd.	100	100	Malaysia	Investment property and rental of trucks
Kawan Food Confectionery Sdn. Bhd.	100	100	Malaysia	Investment holding
Dikawani Foods Sdn. Bhd.*	51	51	Malaysia	Food truck operator
Kawan Food (Hong Kong) Limited**#	100	100	Hong Kong	Trading and distribution of frozen food products
KLBG Sdn. Bhd.	60	60	Malaysia	Manufacturing and exporting of frozen food products
Subsidiary of Kawan Food (Hong Kong) Limited				
Kawan Food (Nantong) Co., Ltd.**	100	100	The People's Republic of China	Manufacturing and trading of frozen food delicacies

* In the progress of winding up

** Audited by other member firms of RSM International

The capital contribution to Kawan Food (Hong Kong) Limited are interest free and are determined to form part of the Company's net investment in the subsidiary, hence are deemed as quasi-equity.

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Non-controlling interests in subsidiary

The Group's subsidiary that has material non-controlling interests ("NCI") is as follows:

	KLBG Sdn. Bhd.	
	2021	2020
	RM	RM
NCI percentage of ownership interest and voting interest	40%	40%
Carrying amount of NCI	658,373	658,595
Loss allocated to NCI	(222)	(365,338)

Summarised financial information before intra-group elimination

As at 31 December

Non-current asset	640,025	718,740
Current assets	1,365,306	1,357,928
Current liability	(359,083)	(430,181)
Net assets	1,646,248	1,646,487

Year ended 31 December

Revenue	13,041	8,038
Loss and total comprehensive expense for the financial year	(555)	(913,345)

Cash flows used in operating activities	(4,242)	(53,822)
Cash flows from financing activity	1	–
Net decrease in cash and cash equivalent	(4,241)	(53,822)

10. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	Group	
	2021	2020
	RM	RM
Unquoted shares - at cost	–	–

Details of the jointly controlled entity are as follows:

Jointly controlled entity	Effective ownership interest		Country of incorporation	Principal activities
	2021 %	2020 %		
Hot & Go Management Sdn. Bhd.	50	50	Malaysia	Operation of kiosk for food and beverage

As at 31 December 2021, the entity is in the progress of winding up.

11. OTHER INVESTMENTS

	Shares quoted in Malaysia RM	Total RM
Group		
2021		
Current		
Financial assets at fair value through profit or loss	2,894,315	2,894,315
Market value of quoted investments	2,894,315	2,894,315
2020		
Current		
Financial assets at fair value through profit or loss	392,000	392,000
Market value of quoted investments	392,000	392,000
Non-current		
At cost		
Redeemable Cumulative Preference Shares (Unquoted shares)	122,000,000	122,000,000
Dividends recognised in profit or loss	3,599,000	3,599,000

12. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Group						
Property, plant and equipment	–	–	(15,334,754)	(12,608,470)	(15,334,754)	(12,608,470)
Provisions	2,464,567	3,753,886	–	–	2,464,567	3,753,886
Others	–	387,055	(283,748)	(266,452)	(283,748)	120,603
Deferred tax assets/(liabilities)	2,464,567	4,140,941	(15,618,502)	(12,874,922)	(13,153,935)	(8,733,981)
Set off	(2,000,448)	(3,655,383)	2,000,448	3,655,383	–	–
Net deferred tax assets/(liabilities)	464,119	485,558	(13,618,054)	(9,219,539)	(13,153,935)	(8,733,981)

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movement in temporary differences during the financial year

	At 1.1.2020 RM	Recognised in profit or loss (Note 25) RM	Recognised in other comprehensive income (Note 26) RM	At 31.12.2020/ 1.1.2021 RM	Recognised in profit or loss (Note 25) RM	Recognised in other comprehensive income (Note 26) RM	At 31.12.2021 RM
Group							
Property, plant and equipment	(12,731,862)	123,392	–	(12,608,470)	(2,726,284)	–	(15,334,754)
Provisions	2,047,755	1,704,642	1,489	3,753,886	(1,289,319)	–	2,464,567
Unabsorbed capital allowances	3,938,698	(3,938,698)	–	–	–	–	–
Others	(174,266)	306,055	(11,186)	120,603	(404,316)	(35)	(283,748)
	(6,919,675)	(1,804,609)	(9,697)	(8,733,981)	(4,419,919)	(35)	(13,153,935)

As at 31 December 2021, the Group has the following deferred tax assets which are not recognised in the financial statements due to uncertainty in the availability of future taxable income:

	2021 RM	Group 2020 RM
Property, plant and equipment	(85,529)	(78,468)
Unabsorbed capital allowances	114,340	88,387
Unabsorbed tax losses	227,210	200,073
	256,021	209,992

As at 31 December 2021, the Group has unabsorbed capital allowances and unabsorbed tax losses of approximately RM476,000 (2020: RM368,000) and RM946,000 (2020: RM833,000) respectively, which are available to set off against future chargeable income.

The unabsorbed tax losses are available indefinitely for offset against future taxable profits except for the tax losses which will expire in the following financial years:

	2021 RM	Group 2020 RM
Year of assessments		
2029	300,817	300,817
2030	530,821	527,113
2031	113,071	–

13. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Trade					
Trade receivables	(a)	56,083,994	47,654,680	–	–
Less: Impairment loss					
- Individual impairment losses		(413,198)	(368,022)	–	–
- Collective impairment losses		(164,533)	(169,365)	–	–
Effect of movements in exchange rates		(27,845)	3,665	–	–
		55,478,418	47,120,958	–	–
Non-trade					
Amount due from subsidiaries	(b)	–	–	4,079,031	3,599,000
Other receivables		471,510	2,478,590	2,000	2,000
		471,510	2,478,590	4,081,031	3,601,000
		55,949,928	49,599,548	4,081,031	3,601,000

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2020: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group is amount of RM4,864,793 (2020: RM4,895,069) due from companies in which certain directors have interests and held directorship.

(b) Amount due from subsidiaries

Amount due from subsidiaries is unsecured, interest free and receivable on demand.

14. INVENTORIES

	2021 RM	Group 2020 RM
At cost		
Raw materials	4,261,819	3,281,388
Packing materials	5,942,829	5,126,453
Finished goods	16,799,971	18,702,875
Spare parts	4,641,530	1,738,012
Goods-in-transit	1,555,515	2,068,129
	33,201,664	30,916,857
Less: Allowance for slow moving inventories		
At beginning of the financial year	(677,820)	(270,498)
Allowance during the financial year	–	(407,322)
Allowance no longer required	208,376	–
At end of the financial year	(469,444)	(677,820)
	32,732,220	30,239,037
Recognised in profit or loss:		
Inventories recognised as cost of sales	161,226,574	153,421,363
Inventories written off	491,405	661,595
Provision for slow moving inventories	–	407,322
Provision for slow moving inventories no longer required	(208,376)	–

15. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Money market funds with licensed fund management companies				
- redeemable at call	317,610	898,648	2,061,210	609,240
- redeemable upon 1 day notice	62,587,727	18,679,095	159,047	79,386
	62,905,337	19,577,743	2,220,257	688,626
Cash and bank balances	25,695,248	59,832,631	9,766,564	1,650,994
	88,600,585	79,410,374	11,986,821	2,339,620

16. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2021 RM	2020 RM	2021 RM	2020 RM
Issued and fully paid	359,519,760	359,519,760	179,759,880	179,759,880

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

17. RESERVES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<i>Non-distributable:</i>				
Translation reserve	10,883,559	9,027,958	–	–
ESOS share option reserve	480,031	1,114,860	480,031	1,114,860
	11,363,590	10,142,818	480,031	1,114,860
<i>Distributable:</i>				
Retained earnings	177,220,380	155,106,025	21,665,753	9,390,668
	188,583,970	165,248,843	22,145,784	10,505,528

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than Ringgit Malaysia ("RM").

	Group	
	2021 RM	2020 RM
At beginning of financial year	9,027,958	8,079,680
Foreign currency translation during the financial year	1,855,601	948,278
At end of financial year	10,883,559	9,027,958

Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

17. RESERVES (CONTINUED)

Share-based payments arrangement

Share option programme (equity settled)

On 31 May 2018, the shareholders of the Company approved the Employees' Share Option Scheme. In accordance with this programme, holders of vested options are entitled to purchase shares at the market price of the shares at the date of grant.

The terms and conditions related to the grant of the share option scheme are as follows; all options are to be settled by physical delivery of shares:

Grant date/employee entitled	Number of options	Contractual life of options	Exercisable period
2021			
Option grant to eligible employees on 24 November 2021	3,801,500	1 year	24 November 2021 to 17 November 2022
Total share options	3,801,500		
2020			
Option grant to eligible employees on 21 October 2020	5,004,000	1 year	21 October 2020 to 20 October 2021
Total share options	5,004,000		

No vesting conditions for options offered.

The number and weighted average exercise process of shares options are as follows:

	2021 Number of options	2020 Number of options
Outstanding at 1 January	5,004,000	–
Granted during the financial year	3,801,500	5,004,000
Expired during the financial year	(5,004,000)	–
Outstanding at 31 December	3,801,500	5,004,000
Exercisable at 31 December	3,801,500	5,004,000

17. RESERVES (CONTINUED)

Share-based payments arrangement (continued)

Share option programme (equity settled) (continued)

The options outstanding at 31 December 2021 have an exercise price at RM1.55 (2020: RM2.35) and contractual life of 1 year (2020: 1 year).

No options were exercised during the financial year.

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using trinomial option pricing model, with the following inputs:

	2021 RM	2020 RM
Fair value of share options and assumptions		
Fair value at grant date	0.1262	0.2228
Weighted average share price	1.613	2.602
Share price at grant date	1.550	2.590
Expected volatility (weighted average volatility)	26.661%	50.602%
Options life (expected weighted average life)	1 year	1 year
Expected dividends	1.859%	1.799%
Risk-free interest rate (based on Malaysia Government Securities)	2.159%	1.572%

Value of employee services received for issue of share options

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Share options granted	479,749	1,114,860	–	1,114,860
Total expenses recognised as shared-based payments	479,749	1,114,860	–	1,114,860

18. LOANS AND BORROWINGS

	2021 RM	Group 2020 RM
Term loans		
Classified as:		
- non-current liability	2,113,126	5,735,628
- current liability	10,005,435	9,448,927
	12,118,561	15,184,555
Present value of term loans		
Analysed as follows:		
- not later than 1 year	10,005,435	9,448,927
- later than 1 year but not later than 5 years	2,113,126	5,735,628
	12,118,561	15,184,555

The Group's term loans are secured over leasehold lands and buildings of subsidiaries and subject to interest at rates ranging from 1.15% to 3.99% (2020: 1.24% to 4.59%) per annum (Notes 6, 7 and 8).

19. TRADE AND OTHER PAYABLES

	Note	2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Trade					
Trade payables	(a)	22,597,039	18,334,928	–	–
Non-trade					
Other payables	(b)	6,203,738	4,935,399	28,302	513
Accruals		11,225,762	21,622,619	344,679	110,264
		17,429,500	26,558,018	372,981	110,777
		40,026,539	44,892,946	372,981	110,777

(a) Trade payables

- (i) Credit terms of trade payables are ranging from 30 to 60 days (2020: 30 to 60 days).
- (ii) Included in trade payables of the Group is an amount of RM222,542 (2020: RM1,920,157) due to companies in which certain directors have interests.

(b) Other payables

Included in other payables of the Group is an amount of RM343,896 (2020: RM343,997) due to a corporate shareholder of a subsidiary.

20. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contracts with customers	251,769,749	254,699,461	–	–
Others				
- rental of property	–	3,500	–	–
- dividends	–	–	22,710,593	12,586,995
	251,769,749	254,702,961	22,710,593	12,586,995
<hr/>				
Revenue from contracts with customers in primary geographical markets				
Malaysia	121,582,314	111,252,216	22,710,593	12,586,995
North America	53,881,626	60,436,983	–	–
Rest of Asia	45,197,903	47,477,689	–	–
Europe	20,618,766	22,288,728	–	–
Oceania	9,713,375	12,471,622	–	–
Africa	775,765	775,723	–	–
	251,769,749	254,702,961	22,710,593	12,586,995
<hr/>				
Timing of recognition				
At a point in time	251,769,749	254,699,461	22,710,593	12,586,995
Over time	–	3,500	–	–
	251,769,749	254,702,961	22,710,593	12,586,995
<hr/>				

20. REVENUE (CONTINUED)

Nature of goods	Timing of recognition	Significant payment terms	Variable element in consideration	Obligation for returns or refund	Warranty
Frozen food products	Revenue is recognised upon transfer of significant risk and reward of ownership of the goods to the customer	Local sales: Credit period of 30 to 90 days from invoice date Export sales: Telegraphic transfer at sight and telegraphic transfer 90 days from bill of lading date	Not applicable	Not applicable	Not applicable
Rental of property	Revenue is recognised based on the consideration specified in a rental agreement with tenant	On or before 10 th of each calendar month	Not applicable	Upon expiry of rental agreement, security deposit is refundable after deduct unpaid rent, repairs for damage other than normal wear and tear or earlier termination by any party	Not applicable

21. OTHER INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Gain on foreign exchange:				
- realised	850	176	-	-
- unrealised	2,121,473	460,000	918,453	-
Rental income	3,153,119	4,082,746	-	-
Other income	1,558,663	1,297,016	-	-
	6,834,105	5,839,938	918,453	-

22. FINANCE INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest income of financial assets calculated using the effective interest method that are at fair value through profit or loss:				
- money market funds with licensed fund management companies	957,787	467,282	57,115	60,687

23. FINANCE COSTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loans, secured	416,345	574,817	-	-
- other bank charges	200,932	202,495	175	78
	617,277	777,312	175	78

24. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging/(crediting):

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditor's remuneration:				
- audit fee	280,200	275,506	50,000	48,000
- non-audit fee	10,000	7,000	7,000	7,000
Bad debts written off	1,991	–	–	–
Depreciation of investment properties	148,969	146,355	–	–
Depreciation of property, plant and equipment	18,051,273	16,439,901	–	–
Depreciation of right-of-use assets	351,995	280,608	–	–
Employees' share option scheme expenses	479,749	1,114,860	–	1,114,860
Fair value (gain)/loss on financial assets	(405,444)	201,600	–	–
Impairment loss on trade receivables:				
- individual impairment loss	78,840	80,619	–	–
- collective impairment loss	23,448	18,846	–	–
Inventories written off	491,405	661,595	–	–
Personnel expenses (including key management personnel):				
- wages, salaries and others	30,516,078	41,843,359	52,500	33,000
- contributions to state plans	2,927,368	2,771,237	–	–
Property, plant and equipment written off	–	297,003	–	–
Provision for slow moving inventories	–	407,322	–	–
Rental expenses (#) in respect of:				
- coldroom	102,377	432,762	–	–
- storage	64,355	–	–	–
- hostel	160,180	91,000	–	–
Loss on foreign exchange:				
- unrealised	–	1,962,843	–	484,631
- realised	941,318	126,304	1,585	–
Gain on disposal of property, plant and equipment	(25,303)	(282,157)	–	–
Gain on disposal of investment properties	–	(376,977)	–	–
Gain on disposal of other investments	(465,238)	–	–	–
Provision for slow moving inventories no longer required	(208,376)	–	–	–
Reversal of impairment loss on trade receivables:				
- individual impairment loss	(30,361)	(84,024)	–	–
- collective impairment loss	(23,064)	(202,168)	–	–
Gain on foreign exchange:				
- unrealised	(377,593)	(460,000)	(918,453)	–
- realised	(850)	(176)	–	–
Rental income from:				
- investment properties	(871,900)	(1,296,815)	–	–
- office and factory	(448,111)	(376,461)	–	–
- coldroom	(1,833,108)	(2,412,971)	–	–
- hostel	(109,100)	(120,750)	–	–

For short-term leases with lease term of 12 months or less and for leases of low value assets of less than RM21,000, the Group has availed the exemption in MFRS 16 not to recognise the right-of-use assets and lease liabilities. Instead, payments made for these leases are recognised as expense when incurred.

25. TAXATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax				
Malaysia				
- current	1,308,502	2,212,485	-	-
- (over)/under provision in prior financial years	(1,026,740)	(38,083)	-	6,933
Overseas				
- current	169,494	418,420	-	-
- over provision in prior financial years	-	(34,558)	-	-
	451,256	2,558,264	-	6,933
Deferred tax				
Original and reversal of temporary differences	4,428,272	1,915,942	-	-
Over provision in prior financial years	(8,353)	(111,333)	-	-
	4,419,919	1,804,609	-	-
Total tax expense	4,871,175	4,362,873	-	6,933

Reconciliation of effective tax expense

The numerical reconciliations between the tax expense and the product of accounting results multiplied by the applicable tax rates are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before taxation	36,656,041	32,015,393	21,945,818	9,650,725
Income tax calculated using Malaysian tax rate of 24% (2020: 24%)	8,797,450	7,683,694	5,266,996	2,316,174
Tax effects in respect of:				
Effect of tax rate in foreign jurisdiction	38,089	(62,090)	-	-
Non-deductible expenses	1,137,565	2,211,126	533,994	719,270
Non-taxable income	(361,336)	(157,823)	(314,660)	-
Tax exempt income	(669,580)	(1,012,604)	(5,486,330)	(3,035,444)
Reinvestment allowance incentive	(2,610,025)	(2,533,902)	-	-
Double deduction on qualifying expenditure	(568,345)	(1,062,531)	-	-
Effect of deferred tax assets not recognised	46,029	204,484	-	-
Others	96,421	(723,507)	-	-
	5,906,268	4,546,847	-	-
(Over)/Under provision:				
- current tax	(1,026,740)	(72,641)	-	6,933
- deferred tax	(8,353)	(111,333)	-	-
	4,871,175	4,362,873	-	6,933

26. OTHER COMPREHENSIVE EXPENSE

	2021 RM	Group 2020 RM
Foreign currency translation gain for foreign operations during the financial year	1,855,636	957,975
Less: Tax expense	(35)	(9,697)
Net of tax	1,855,601	948,278

27. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2021 was based on the profit attributable to owners of the Company of RM31,785,088 (2020: RM28,017,858) and a weighted average number of ordinary shares outstanding of 359,519,760 (2020: 359,519,760).

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2021 was based on the profit attributable to owners of the Company of RM31,785,088 (2020: RM28,017,858) and a weighted average number of ordinary shares outstanding of 359,915,533 (2020: 360,506,850) after adjustment for the effect of dilutive potential ordinary shares relating to Employees' Share Option Scheme ("ESOS").

28. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM	Date of payment
2021			
Interim 2021 ordinary - single tier	3.0	10,785,593	30 March 2021
2020			
Interim 2020 ordinary - single tier	2.5	8,987,995	30 March 2020

In respect of the financial year ending 31 December 2022, the Company declared and paid an interim single tier dividend of 3.0 sen per ordinary share totalling RM10,771,537 on 30 March 2022.

29. OPERATING SEGMENTS

The accounting policies of the reportable segments are as described in Note 3(t).

The Group's reportable segments are organised in accordance with the Group entities, which are the Group's strategic business units. The strategic business units offer products to different markets and managed separately because they require different marketing strategies. For each of the strategic business units, the Chief Executive Officer (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

Performance is measured based on segment profit before tax, interest and depreciation, as included in the internal management reports that are reviewed by Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Chief Executive Officer. Segment total assets are used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provide regularly to the Chief Executive Officer. Hence no disclosure is made on segment liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, investment properties and intangible assets other than goodwill.

	Manufacturing and trading	
	2021 RM	2020 RM
Group		
Reporting segment profit	75,945,869	61,530,026
Included in the measure of segment profit are:		
- revenue from external customers	251,769,749	254,702,961
- inter-company revenue	139,588,262	140,929,138
Not included in the measure of reporting segment profit but provided to Chief Executive Officer/Managing Director:		
- depreciation	(18,552,237)	(16,866,864)
- finance costs	(617,277)	(777,312)
- finance income	957,787	467,282
- income tax expense	(4,871,175)	(4,362,873)
Segment assets		
Included in the measure of segment assets are:		
- additions to non-current assets other than financial instruments and deferred tax assets	9,773,701	18,275,970

29. OPERATING SEGMENTS (CONTINUED)

Reconciliation of reportable segment revenues, profit or loss, assets and other material items:

					Group
				2021 RM	2020 RM
Profit or loss					
Total profit or loss for reportable segments				75,945,869	61,530,026
Elimination of inter-segment profits				(21,078,101)	(12,337,739)
Depreciation				(18,552,237)	(16,866,864)
Finance income				957,787	467,282
Finance costs				(617,277)	(777,312)
Consolidated profit before tax				36,656,041	32,015,393
	External revenue RM	Depreciation RM	Finance costs RM	Finance income RM	Segment assets RM
2021					
Total reportable segments	391,358,012	(18,552,237)	(617,277)	957,787	696,950,548
Elimination of inter-segment transactions or balances	(139,588,263)	–	–	–	(261,993,381)
Consolidated	251,769,749	(18,552,237)	(617,277)	957,787	434,957,167
2020					
Total reportable segments	395,632,099	(16,866,864)	(777,312)	467,282	688,166,601
Elimination of inter-segment transactions or balances	(140,929,138)	–	–	–	(271,519,807)
Consolidated	254,702,961	(16,866,864)	(777,312)	467,282	416,646,794

Geographical segments

The manufacturing of frozen food products is carried out solely in Malaysia and China.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

Geographical information

The geographical information is shown in Note 20.

Major customer

The Group has one (2020: one) major customer contributing approximately 12% (2020: 10%) revenue of the Group's total revenue.

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments of the Group and of the Company are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Assets				
<i>Financial assets at amortised cost</i>				
- Other investments	–	–	122,000,000	122,000,000
- Trade and other receivables	55,949,928	49,599,548	4,081,031	3,601,000
- Cash and cash equivalents	25,695,248	59,832,631	9,776,564	1,650,994
	81,645,176	109,432,179	135,857,595	127,251,994
<i>Financial assets at fair value through profit or loss</i>				
- Other investments	2,894,315	392,000	–	–
- Short-term investments	62,905,337	19,577,743	2,220,257	688,626
	65,799,652	19,969,743	2,220,257	688,626
Liabilities				
<i>Financial liabilities at amortised cost</i>				
- Loans and borrowings	12,118,561	15,184,555	–	–
- Trade and other payables	40,026,539	44,892,946	372,981	110,777
	52,145,100	60,077,501	372,981	110,777

(b) Net gains/(losses) arising from financial instruments

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Net gains/(losses) on:				
Financial instruments at fair value through profit or loss				
Other investments – recognised in profit or loss	870,682	(201,600)	–	–
Short-term investments – recognised in profit or loss	957,787	467,282	57,115	60,687
Financial assets at amortised cost	(896,275)	(1,663,236)	4,515,489	3,114,291
Financial liabilities at amortised cost	(332,740)	(556,319)	204	–
	599,454	(1,953,873)	4,572,808	3,174,978

31. FINANCIAL RISK MANAGEMENT

The Group and the Company have exposure to the following risks from its use of financial instruments:

- (a) Credit risk
- (b) Liquidity risk
- (c) Market risk

(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 Group's exposure to credit risk arises principally from its receivables from customers.

(i) Receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. In response to the COVID-19 pandemic, the credit control management has also been performing more frequent credit evaluation of customers in regions and industries that are severely impacted. Normally financial guarantees given by banks, shareholders or directors of the Company are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables is credit impaired.

The gross carrying amount of credit impaired trade receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to write off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

At the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

For each significant receivable that is credit-impaired, individual lifetime Expected Credit Loss ("ECL") is recognised using the probability of default technique. The inputs used are: (i) the percent chance of default, and (ii) the expected cash shortfalls. The lifetime ECL is measured at the probability-weighted expected cash shortfalls by reference to the Group's past experience, current conditions and forecast of future economic benefits.

For significant receivables that are not individually credit-impaired and all other receivables, the Group uses a provision matrix that categorises based on ageing profiles. The collective lifetime ECLs are measured based on total outstanding trade receivables as per aged bracket multiply by probability of default. Probability of default is average of incremental rate of trade receivables over total sales.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(i) Receivables (continued)

Concentration of credit risk

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was as follows:

	2021 RM	Group 2020 RM
Malaysia	24,276,789	19,374,032
North America	14,955,951	14,140,693
Europe	5,721,146	4,892,178
Rest of Asia	7,742,387	7,012,209
Oceania	2,281,643	1,350,818
Africa	500,502	351,028
	55,478,418	47,120,958

At the end of the reporting period, the Group has no significant concentration of credit risk except for the amount due from one customer (2020: one customer) representing 14% (2020: 14%) of total trade receivables of the Group. The Group does not anticipate the carrying amount recorded at the end of each reporting period to be significantly different from the value that would eventually be received.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(i) Receivables (continued)

Impairment losses

The aging analysis of trade receivables as at the end of the reporting period was:

	Gross amount RM	Individual impairment RM	Collective impairment RM	Effect of movements in exchange rates RM	Net amount RM
Group 2021					
Not past due	42,209,560	–	(86,881)	(24,692)	42,097,987
Past due 1-30 days	8,347,607	–	(36,679)	7,927	8,318,855
Past due 31-90 days	3,511,040	–	(23,453)	19,268	3,506,855
Past due more than 90 days	2,015,787	(413,198)	(17,520)	(30,348)	1,554,721
Total past due	13,874,434	(413,198)	(77,652)	(3,153)	13,380,431
	56,083,994	(413,198)	(164,533)	(27,845)	55,478,418
2020					
Not past due	32,535,824	–	(64,486)	1,159	32,472,497
Past due 1-30 days	8,728,700	–	(40,216)	1,358	8,689,842
Past due 31-90 days	4,905,692	–	(47,659)	2,844	4,860,877
Past due more than 90 days	1,484,464	(368,022)	(17,004)	(1,696)	1,097,742
Total past due	15,118,856	(368,022)	(104,879)	2,506	14,648,461
	47,654,680	(368,022)	(169,365)	3,665	47,120,958

For balances which are past due but not impaired, management is monitoring individual balances closely and is confident of repayment based on subsequent collections after year end past repayment trends of these customers.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(i) Receivables (continued)

Impairment losses (continued)

The allowance account is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The impairment loss as at end of reporting period was:

	2021 RM	Group 2020 RM
At 1 January	533,722	715,594
Impairment loss recognised:		
- Individual impairment loss	78,840	80,619
- Collective impairment loss	23,448	18,846
Impairment loss no longer required:		
- Individual impairment loss	(30,361)	(84,024)
- Collective impairment loss	(23,064)	(202,168)
Effect of movements in exchange rates	22,991	4,855
At 31 December	605,576	533,722

(ii) Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risk. Consequently, the Group and the Company are of the view that the loss allowances is not material and hence, it is not provided for.

(iii) Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Group and the Company provide unsecured financial guarantees to third parties and banks in respect of banking facilities granted to subsidiaries.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(iii) Financial guarantees (continued)

Exposure to credit risk, credit quality and collateral

The table below summarised the maximum exposure to credit risk of the Group and of the Company as at the end of the reporting period:

	2021 RM	Group 2020 RM
Corporate guarantees to licensed banks for banking facilities granted to subsidiaries, representing the outstanding loan amounts of the subsidiaries (Note 18)	12,118,561	15,184,555
Corporate guarantees issued in favour of third parties	1,813,536	1,673,769
	13,932,097	16,858,324

	2021 RM	Company 2020 RM
Corporate guarantees to licensed banks for banking facilities granted to subsidiaries, representing the outstanding loan amounts of the subsidiaries (Note 18)	12,118,561	15,184,555

(iv) Inter-company advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

Advances are only provided to subsidiaries which are wholly owned by the Company.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(iv) Inter-company advances (continued)

Recognition and measurement of impairment losses

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advances to be credit impaired when:

- the subsidiary is unlikely to repay its advance to the Company in full;
- the subsidiary's advance is overdue for more than 365 days; or
- the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, there was no indication that the advance to the subsidiaries are not recoverable.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, corporate guarantees, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Less than 1 year RM	1 - 2 years RM	2 - 5 years RM
2021						
Group						
<i>Non-derivative financial liabilities</i>						
Loans and borrowings	12,118,561	1.15% – 3.99%	12,325,389	10,182,153	2,143,236	–
Trade and other payables	40,026,539		40,026,539	40,026,539	–	–
	<u>52,145,100</u>		<u>52,351,928</u>	<u>50,208,692</u>	<u>2,143,236</u>	<u>–</u>
Financial guarantees* (Note 31(a)(iii))	<u>–</u>		<u>1,813,536</u>	<u>1,813,536</u>	<u>–</u>	<u>–</u>
Company						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	<u>372,981</u>		<u>372,981</u>	<u>372,981</u>	<u>–</u>	<u>–</u>
Financial guarantees* (Note 31(a)(iii))	<u>–</u>		<u>12,118,561</u>	<u>12,118,561</u>	<u>–</u>	<u>–</u>

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Less than 1 year RM	1 - 2 years RM	2 - 5 years RM
2020						
Group						
<i>Non-derivative financial liabilities</i>						
Loans and borrowings	15,184,555	1.24% - 4.59%	15,701,364	9,772,029	3,787,727	2,141,608
Trade and other payables	44,892,946		44,892,946	44,892,946	-	-
	60,077,501		60,594,310	54,664,975	3,787,727	2,141,608
Financial guarantees* (Note 31(a)(iii))	-		1,673,769	1,673,769	-	-
Company						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	110,777		110,777	110,777	-	-
Financial guarantees* (Note 31(a)(iii))	-		15,184,555	15,184,555	-	-

* As at end of the reporting period, there was no indication that the subsidiaries would default on repayment. Hence, the financial guarantees have not been recognised. The disclosure represents the maximum amount that is required to be settled in the event of the triggering event.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's and the Company's financial position or cash flows.

(i) Currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases and cash and cash equivalents that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United Arab Emirates Dirham ("AED"), Euro ("EURO"), British Pound Sterling ("GBP"), Renminbi ("RMB"), Singapore Dollar ("SGD"), United States Dollar ("USD") and Japanese Yen ("YEN").

Risk management objectives, policies and processes for managing the risk

The Group and the Company manage its foreign currency exposure by matching as far as possible receipts and payments in each individual currency. The Group's and the Company's exposure to foreign currency risk is monitored on an ongoing basis. The Group and the Company enter into forward exchange contracts in the normal course of business, where appropriate, to manage its exposure against foreign currency fluctuations on sales and purchase transactions denominated in foreign currencies.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(i) Currency risk (continued)

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts at the end of the reporting period was:

	AED RM	EURO RM	GBP RM	Denominated in RMB RM	SGD RM	USD RM	YEN RM
2021							
Group							
Trade and other receivables	–	103,306	–	781	1,358,232	2,251,936	–
Cash and cash equivalents	–	28,918	–	1,313,385	2,208,158	12,631,882	–
Trade and other payables	(6,363)	–	(48,330)	(3,815)	(1,271,886)	(12,170,196)	(2,692)
	(6,363)	132,224	(48,330)	1,310,351	2,294,504	2,713,622	(2,692)
Company							
Cash and cash equivalents	–	–	–	–	–	9,650,993	–
2020							
Group							
Trade and other receivables	–	–	–	733	1,383,860	1,052,399	–
Cash and cash equivalents	–	30,347	–	175,045	1,481,130	5,512,167	–
Trade and other payables	(6,363)	(118,583)	(48,330)	(163,672)	(198,951)	(976,962)	(2,692)
	(6,363)	(88,236)	(48,330)	12,106	2,666,039	5,587,604	(2,692)
Company							
Cash and cash equivalents	–	–	–	–	–	1,308,947	–

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(i) Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2020: 10%) strengthening of the following currencies against the Ringgit Malaysia ("RM") at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant.

	Group Profit or loss		Company Profit or loss	
	2021 RM	2020 RM	2021 RM	2020 RM
AED	(484)	(484)	–	–
EURO	10,049	(6,706)	–	–
GBP	(3,673)	(3,673)	–	–
RMB	99,587	920	–	–
SGD	174,382	202,619	–	–
USD	206,235	424,658	733,475	99,480
YEN	(205)	(205)	–	–
	485,891	617,129	733,475	99,480

A 10% (2020: 10%) weakening of the above currencies against the Ringgit Malaysia at the end of the reporting period would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

The Group's fixed rate deposits and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of changes in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's exposure to interest rate risk mainly arises from its short-term funds, fixed deposits and borrowings and is managed through effective negotiation with financial institutions for best available rates.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Floating rate instruments				
Financial assets	8,003,984	6,486,429	2,220,257	688,626
Financial liabilities	(12,118,561)	(15,184,555)	–	–

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

	Group Profit or loss		Company Profit or loss	
	100 bp increase RM	100 bp decrease RM	100 bp increase RM	100 bp decrease RM
2021				
Financial assets	60,830	(60,830)	16,874	(16,874)
Financial liabilities	(92,101)	92,101	–	–
2020				
Financial assets	49,297	(49,297)	5,234	(5,234)
Financial liabilities	(115,403)	115,403	–	–

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments (continued)

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown above. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(iii) Price risk

Price risk is the risk that the fair value or future cash flow of the financial statements will fluctuate because of changes in market prices (other than currency or interest rate).

The Group and the Company are exposed to equity securities price risk arising from the investments held by the Group and the Company which are classified on the statements of financial position as fair value through profit or loss. These securities are listed in Malaysia. The Group and the Company are not exposed to commodity price risk. To manage its price risk arising from investments in equity, the Group and the Company diversify their portfolio.

A 5% (2020: 5%) decrease in share price at the end of the reporting period would have decreased profit by RM144,716 (2020: RM19,600) for quoted investments classified as fair value through profit or loss. A 5% (2020: 5%) increased in share price would have had equal but opposite effect on equity and profit respectively.

(d) Fair value of financial instruments

(i) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amount are a reasonable approximation of fair value

The Group's financial assets and liabilities include cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

The carrying amount of these financial assets and liabilities are reasonable approximation of fair values, because these are short term in nature or that they are floating rate instruments that are repriced to market interest rates on or near to the end of the reporting period.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value of financial instruments (continued)

(ii) Financial assets and liabilities measured at fair value

	Level 1 RM	Level 2 RM	Level 3 RM
2021			
Group			
Financial assets			
Investment in shares quoted in Malaysia	2,894,315	–	–
Short-term investments	62,587,727	–	–
Company			
Financial asset			
Short-term investments	159,047	–	–
2020			
Group			
Financial assets			
Investment in shares quoted in Malaysia	392,000	–	–
Short-term investments	18,679,095	–	–
Company			
Financial asset			
Short-term investments	79,386	–	–

The fair values of these financial assets that are quoted in an active market are determined by reference to the quoted closing bid price at the end of the reporting period.

(iii) Policy of transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

31. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value of financial instruments (continued)

(iii) Policy of transfer between levels (continued)

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2020: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Valuation processes applied by the Group and the Company for Level 3 fair value

The Group and the Company use discounted cash flows in respect of the measurement of fair values of financial instruments. The management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a capital base adequate to safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with regulatory requirements.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by equity attributable to owners of the Company. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents.

The debt-to-equity ratio of the Group at the end of the reporting period is as follows:

	2021 RM	Group 2020 RM
Loans and borrowings	12,118,561	15,184,555
Trade and other payables	40,026,539	44,892,946
	52,145,100	60,077,501
Less: Cash and cash equivalents	(88,600,585)	(79,410,374)
Net debt	(36,455,485)	(19,332,873)
Equity attributable to owners of the Company	368,343,850	345,008,723
Debt-to-equity ratio	—	—

There was no change in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group and the Company are not subject to any externally imposed capital requirement.

33. CAPITAL COMMITMENTS

	2021 RM	Group 2020 RM
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for:		
Within one year	3,234,618	5,197,293

34. DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received and receivable by the directors of the Group and of the Company during the financial year are as follows:

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Executive directors					
Fees		340,000	296,230	340,000	296,230
Salaries and bonuses		3,001,333	4,776,352	–	–
Defined contribution benefits		343,357	431,088	–	–
Benefits-in-kind		56,850	90,175	–	–
Meeting allowances	(a)	52,500	33,000	52,500	33,000
		3,794,040	5,626,845	392,500	329,230
Non-executive directors					
Fees		415,000	407,883	415,000	407,883
Meeting allowances	(a)	92,002	68,000	92,002	68,000
		507,002	475,883	507,002	475,883
		4,301,042	6,102,728	899,502	805,113

The number of directors of the Company whose income falls within the following bands are:

	Executive directors		Non-executive directors	
	2021 RM	2020 RM	2021 RM	2020 RM
RM150,000 and below	–	1	3	5
RM151,001 to RM200,000	–	–	1	–
RM200,001 to RM500,000	1	–	–	–
RM500,001 to RM1,000,000	2	2	–	–
RM1,000,001 and above	1	2	–	–
Total	4	5	4	5

- (a) Meeting allowances vary from one director to another, depending on the number of committees they sit on and the number of meetings attended during the financial year.

35. RELATED PARTIES

Identity of related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or of the Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third party and the other entity is an associate of the third party.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the Company).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

The Group has related party relationship with its subsidiaries, jointly controlled entity, companies which certain directors have interest and key management personnel.

35. RELATED PARTIES (CONTINUED)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the transactions below are shown in Notes 13 and 19.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Subsidiaries				
Dividends income from investment in subsidiaries	–	–	19,111,593	8,987,995
Dividends income from other investments	–	–	3,599,000	3,599,000
Other related party transactions				
<i>Companies in which directors of the Company have interest:</i>				
Sales of goods	17,210,636	23,388,551	–	–
Professional fees	92,066	–	–	–
<i>Companies in which persons related to directors of the Company have interest:</i>				
Sales of goods	1,219,003	1,040,298	–	–
Purchase of goods	1,463,691	18,116,973	–	–
Rental of office	331,200	300,840	–	–
Rental of coldroom	3,216	2,923	–	–
Rental of plant and machineries	110,773	75,621	–	–
Provision of transportation service	27,164	18,000	–	–
Plaster ceiling and partition works	–	42,702	–	–
<i>Corporate shareholder of a subsidiary:</i>				
Consultancy fees	–	280,299	–	–
Travelling fees	–	61,009	–	–
Accommodation	–	2,588	–	–

35. RELATED PARTIES (CONTINUED)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Key management personnel				
<i>Executive directors:</i>				
- fees	340,000	296,230	340,000	296,230
- remuneration	3,001,333	4,776,352	–	–
- defined contribution plans	343,357	431,088	–	–
- benefits-in-kind	56,850	90,175	–	–
- meeting allowances	52,500	33,000	52,500	33,000
	3,794,040	5,626,845	392,500	329,230
<i>Other key management personnel:</i>				
- short term employee benefits	5,339,809	5,638,484	–	–
- defined contribution plans	582,765	534,422	–	–
- benefits-in-kind	13,900	12,233	–	–
	5,936,474	6,185,139	–	–
Total compensation paid to key management personnel	9,730,514	11,811,984	392,500	329,230

Other key management personnel comprise persons other than the directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

36. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Except for coronavirus disease, no other matter or circumstance has arisen during the financial year ended 31 December 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

37. EVENT AFTER THE REPORTING PERIOD

On 10 June 2021, the Company had obtained approval from its shareholders at the 17th Annual General Meeting ("AGM") to purchase shares at any time up to 10% of the total number of issued shares quoted on Bursa Malaysia Securities Berhad ("Share Buy-Back"). The Share Buy-Back shall continue to be in force until the conclusion of the next AGM of the Company at which time the authority shall lapse unless renewed by an ordinary resolution passed at that meeting.

The shares purchased can be retained as treasury shares, distributed as dividend, transferred, resold or subsequently cancelled in accordance with Section 127 of the Companies Act, 2016.

The Company repurchased its shares of 882,100 ordinary shares with total consideration paid of RM1,345,429 as follows:

Date	Number of shares	Purchase price	Total consideration paid (RM)
8 February 2022	10,000	1.45	14,500
15 February 2022	44,700	1.50	67,050
17 February 2022	25,500	1.50	38,250
28 February 2022	50,000	1.62	81,000
3 March 2022	99,500	1.60	158,900
4 March 2022	73,000	1.59	116,244
7 March 2022	37,500	1.54	57,693
9 March 2022	26,500	1.51	40,015
10 March 2022	23,200	1.53	35,411
11 March 2022	76,700	1.52	116,399
14 March 2022	87,100	1.52	132,392
17 March 2022	200,900	1.48	297,734
18 March 2022	107,500	1.49	160,041
21 March 2022	20,000	1.49	29,800
	882,100		1,345,429

38. COMPARATIVE FIGURES

Certain comparative figures for Statements of Financial Position have been reclassified to conform with the current year's presentation.

The comparative figures have been adjusted as follows:

	As previously reported RM	Reclassification RM	As restated RM
Group			
<u>Statements of financial position</u>			
<i>Current assets</i>			
Other investments	13,483,314	(13,091,314)	392,000
Cash and cash equivalents and short-term investments	66,319,060	13,091,314	79,410,374

39. OTHER INFORMATION

- (a) The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.
- (b) The registered office of the Company is located at:

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor
- (c) The principal place of business of the Company is located at:

Lot 129351, Jalan Sungai Pinang 4/19
Taman Perindustrian Pulau Indah
Selangor Halal Hub, Fasa 2C
42920 Pulau Indah
Selangor Darul Ehsan
- (d) The financial statements are expressed in Ringgit Malaysia, which is also the Group's and the Company's functional currency.

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 18 April 2022.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the directors of **KAWAN FOOD BERHAD (Registration No. 200401001942 (640445-V))** do hereby state that, in the opinion of the directors, the financial statements set out on pages 112 to 182 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2021 and of the financial results and the cash flows of the Group and of the Company for the financial year ended on that date.

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

GAN THIAM CHAI
Director

GAN THIAM HOCK
Director

Selangor

18 April 2022

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **CHAY WAI YEE**, being the officer primarily responsible for the financial management of **KAWAN FOOD BERHAD (Registration No. 200401001942 (640445-V))** do solemnly and sincerely declare that the financial statements set out on pages 112 to 182 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.

CHAY WAI YEE
(MIA no. 11142)

Subscribed and solemnly declared
by the abovenamed at Kuala Lumpur
in the Federal Territory on 18 April 2022

Before me

S. ARULSAMY (W490)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KAWAN FOOD BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kawan Food Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 112 to 182.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
<p><u>Revenue recognition</u></p> <p><i>Refer to Note 20 - Revenue</i></p> <p>Revenue recognition is a presumed fraud risk as the Group may be under pressure by external parties (i.e. expectations by shareholders and market analysts) and internal parties (i.e. performance of management). This may lead to potential misstatement of revenue.</p>	<p><u>The details of our work performed are as follows:</u></p> <ul style="list-style-type: none"> • We assessed and evaluated the appropriateness of the design and implementation of controls over revenue cycle with no exception noted. • We performed test of operating effectiveness on the relevant controls identified within the revenue cycle with no exception noted. • We performed substantive testing to verify revenue transactions to respective sales invoices and acknowledged delivery orders that evidenced the transfer of risks and rewards of ownership of the goods to customers based on selected samples. • We verified the credit notes and sales returns issued subsequent to the year-end date to ascertain whether revenue was recognised in the correct financial period. • We assessed cut-off procedures implemented by management to verify revenue transactions pre and post year-end date and agreed the sales invoices and acknowledged delivery orders that evidenced the transfer of risks and rewards of ownership of goods and confirm that these transactions were recognised in the correct financial periods.

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 Directors' report and Statement on Risk and Management Internal Controls 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.

Report on the Audit of the Financial Statements (continued)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- 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.
- 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.

Report on the Audit of the Financial Statements (continued)

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matters

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

RSM Malaysia PLT
202206000002 (LLP0030276-LCA) & AF 0768
Chartered Accountants

Kuala Lumpur

18 April 2022

Yeoh Kian Teck
03322/08/2023 J
Chartered Accountant

LIST OF PROPERTIES

Location / Title details	Description/ Existing use	Tenure of Lease	Approx. age of building	Date of Acquisition	Approx. Land Area/ Built-up Area	Issuance of Certificate of Fitness	Net Book Value RM
* Held under H.S. (D) No. 135852, PT129351, Mukim dan Daerah Klang, Negeri Selangor, with address at Lot 96, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor Darul Ehsan	Factory cum office	Leasehold interest for a term of 99 years expiring on 24 February 2097	4 years	12 October 2011	63,079.9 sq. metres/ 49,404.82 sq. metres	18 May 2018	100,024,729
* Held under H.S. (D) No. 98527, Bandar Shah Alam, Daerah Petaling, Negeri Selangor, with address at Lot 20, Jalan Pengapit 15/19, 40200 Shah Alam, Selangor Darul Ehsan	Factory cum office	Leasehold interest for a term of 99 years expiring on 6 August 2074	42 years	28 May 2004	7,337.24 sq. metres/ 6,417.91 sq. metres	23 May 2007	4,730,241
* Held under H.S. (D) 98490, P.T. No. 617, Seksyen 16, Bandar Shah Alam, Negeri Selangor, with address at Lot 4, Jalan Lada Hitam 16/12A, 40000 Shah Alam, Selangor Darul Ehsan	Factory cum office	Leasehold interest for a term of 99 years expiring on 20 July 2094	32 years	28 June 1999	4,484 sq. metres/ 3,149.43 sq. metres	24 September 1990	1,56,759
* Held under H.S. (D) 98500 for P.T. No. 714, Seksyen 16, Bandar Shah Alam, Negeri Selangor, with address at Lot 2A, Persiaran Kemajuan, Seksyen 16, 40000 Shah Alam, Selangor Darul Ehsan	Factory cum office	Leasehold interest for a term of 99 years expiring on 20 July 2094	32 years	25 May 2005	21,796 sq. metres/ 3,584.91 sq. metres	7 May 1990	6,425,010
* Parcel No. 2F-41C with address at 41C-2F, Jalan Datuk Dagang 31, Taman Sentosa, 41200 Klang, Selangor Darul Ehsan Held under Master Title H.S. (D) 56067 PT 59174 in the Mukim of Klang, District of Klang, State of Selangor Darul Ehsan	Shop apartment occupied as staff hostel	Freehold	22 years	16 May 2003	67.85 sq. metres	27 March 2003	40,810

Location / Title details	Description/ Existing use	Tenure of Lease	Approx. age of building	Date of Acquisition	Approx. Land Area/ Built-up Area	Issuance of Certificate of Fitness	Net Book Value RM
<p>* Parcel No. 2B-41D with address at 41D-2B, Jalan Datuk Dagang 31, Taman Sentosa, 41200 Klang, Selangor Darul Ehsan</p> <p>Held under Master Title H.S. (D) 56067 PT 59174 in the Mukim of Klang, District of Klang, State of Selangor Darul Ehsan</p>	Shop apartment occupied as staff hostel	Freehold	22 years	29 July 2003	67.85 sq.metres	27 March 2003	37,968
<p>* Parcel No. 2F-31C with address at 31C-2F, Jalan Datuk Dagang 31, Taman Sentosa, 41200 Klang, Selangor Darul Ehsan</p> <p>Held under Master Title H.S. (D) 56062 PT 59169 in the Mukim of Klang, District of Klang, State of Selangor Darul Ehsan</p>	Shop apartment occupied as staff hostel	Freehold	22 years	16 May 2003	67.85 sq. metres	27 March 2003	40,810
<p>* Parcel No. 2B-21D with address at 21D-2B, Jalan Datuk Dagang 31, Taman Sentosa, 41200 Klang, Selangor Darul Ehsan</p> <p>Held under Master Title H.S. (D) 56057 PT 59164 in the Mukim of Klang, District of Klang, State of Selangor Darul Ehsan</p>	Shop apartment occupied as staff hostel	Freehold	22 years	29 July 2003	67.85 sq. metres	27 March 2003	37,968

LIST OF PROPERTIES
(CONT'D)

Location / Title details	Description/ Existing use	Tenure of Lease	Approx. age of building	Date of Acquisition	Approx. Land Area/ Built-up Area	Issuance of Certificate of Fitness	Net Book Value RM
<p>* Shop Apartment Parcel No. B3/3F with address at 57-3A, Jalan Bendahara 13, Taman Sri Sentosa, Jaya Business Park, 41200 Klang, Selangor Darul Ehsan</p> <p>Held under Strata Title H.S. (D) 67208 Lot No. P.T. No. 65663 in the Mukim Klang, District of Klang, State of Selangor Darul Ehsan</p>	Shop apartment occupied as staff hostel	Freehold	21 years	21 February 2001	69.52 sq. metres	26 October 2004	36,045
<p>* Shop Apartment Parcel No. B4/3F with address at 55-3A, Jalan Bendahara 13, Taman Sri Sentosa, Jaya Business Park, 41200 Klang, Selangor Darul Ehsan</p> <p>Held under Strata Title H.S. (D) 67207 Lot No. P.T. No. 65652 in the Mukim Klang, District of Klang, State of Selangor Darul Ehsan</p>	Shop apartment occupied as staff hostel	Freehold	21 years	21 February 2001	69.52 sq. metres	26 October 2004	36,045
<p>* Shop Apartment Parcel No. D4/3F with address at 57-3A, Jalan Bendahara 13, Taman Sri Sentosa, Jaya Business Park, 41200 Klang, Selangor Darul Ehsan</p> <p>Held under Strata Title H.S. (D) 67208 Lot No. P.T. No. 65663 in the Mukim Klang, District of Klang, State of Selangor Darul Ehsan</p>	Shop apartment occupied as staff hostel	Freehold	21 years	21 February 2001	69.52 sq. metres	26 October 2004	36,045

Location / Title details	Description/ Existing use	Tenure of Lease	Approx. age of building	Date of Acquisition	Approx. Land Area/ Built-up Area	Issuance of Certificate of Fitness	Net Book Value RM
<p>* Shop Apartment Parcel No. D3/3F with address at 55-3A, Jalan Bendahara 13, Taman Sri Sentosa, Jaya Business Park, 41200 Klang, Selangor Darul Ehsan</p> <p>Held under Strata Title H.S. (D) 67207 Lot No. P.T. No. 65652 in the Mukim Klang, District of Klang, State of Selangor Darul Ehsan</p>	Shop apartment occupied as staff hostel	Freehold	21 years	21 February 2001	69.52 sq. metres	26 October 2004	36,045
<p>* Shop Apartment Parcel No. D2/3F with address at 57-3A, Jalan Bendahara 13, Taman Sri Sentosa, Jaya Business Park, 41200 Klang, Selangor Darul Ehsan</p> <p>Held under Strata Title H.S. (D) 67208 Lot No. P.T. No. 65663 in the Mukim Klang, District of Klang, State of Selangor darul Ehsan</p>	Shop apartment occupied as staff hostel	Freehold	21 years	21 February 2001	69.52 sq. metres	26 October 2004	36,045
<p>** Industrial Land at 13, Kexing Road North, Nantong Economic & Technology Development Area ("NETDA"), China</p> <p>Held under Lot No. 03-10-(001)-338, Land Registry No. 35.45- 92.10</p>	Factory cum office	Leasehold interest for a term of 50 years expiring on 25 December 2056	12 years	26 December 2006	40,773.90 sq. metres/ 16,000 sq. metres	N/A	21,899,240

* Held under Kawan Food Manufacturing Sdn Bhd

** Held under Kawan Food (Nantong) Co., Ltd.

ANALYSIS ON SHAREHOLDINGS

AS PER RECORD OF DEPOSITORS AS AT 31 MARCH 2022

Issued Share Capital : RM179,759,880.00 comprising 359,519,760 Ordinary Shares
(including 822,100 Treasury Shares)

Class of Shares : Ordinary Shares

Voting Rights : One (1) vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	273	5.02	5,968	0.00
100 - 1,000	1,699	31.27	916,164	0.26
1,001 - 10,000	2,512	46.23	11,015,052	3.07
10,001 - 100,000	779	14.34	23,123,949	6.45
100,001 to less than 5% of issued shares	167	3.07	125,449,740	34.98
5% and above of issued shares	4	0.07	198,126,787	55.24
Total	5,434	100.00	358,637,660	100.00

SUBSTANTIAL SHAREHOLDERS

as per Register of Substantial Shareholders as at 31 March 2022

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
1. Gan Thiam Chai	90,208,948	25.15	10,711,600 ⁽²⁾	2.99
2. Kwan Sok Kay	19,724,405	5.50	10,711,600 ⁽²⁾	2.99
3. Gan Thiam Hock	22,462,133	6.26	2,706,300 ⁽³⁾	0.75
4. Nareshchandra Gordhandas Nagrecha	3,250,000	0.91	73,751,200 ⁽⁴⁾	20.56
5. VG Trustee Limited (as Trustee of the Narvee Foundation)	73,751,200	20.56	—	—

(1) Based on the total number of issued shares of 358,637,660 Kawan Shares (excluding 822,100 Treasury Shares).

(2) Deemed interested in the shares by virtue of Section 59 of the Act, held through his/her children, namely Gan Ka Hui and Gan Ka Ooi who holds 4,700,300 and 6,011,300 ordinary shares respectively, representing a total of 2.99% in the shareholdings of the Company.

(3) Deemed interested in the shares by virtue of Section 59 of the Act, held through his children, namely Gan Meng Hoi, Gan Meng Yeow, Gan Meng Hoo and Gan Kha Yee who holds 444,000, 344,000, 344,300 and 344,000 ordinary shares respectively and his spouse, Lam Saw Kuan who holds 1,230,000 ordinary shares representing a total of 0.75% in the shareholdings of the Company.

(4) Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Narvee Foundation.

STATEMENT OF DIRECTORS' SHAREHOLDINGS
as per Register of Directors' shareholdings as at 31 March 2022

Name of Directors	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
1. Gan Thiam Chai	90,208,948	25.15	10,711,600 ⁽²⁾	2.99
2. Kwan Sok Kay	19,724,405	5.50	10,711,600 ⁽²⁾	2.99
3. Gan Thiam Hock	22,462,133	6.26	2,706,300 ⁽³⁾	0.75
4. Gan Ka Bien	4,013,849	1.12	—	—
5. Lim Hun Soon @ David Lim	7,637,028	2.13	—	—
6. Abdul Razak Bin Shakor	—	—	—	—
7. Dr. Nik Ismail Bin Nik Daud	—	—	—	—
8. Eugene Hon Kah Weng	—	—	—	—

- (1) Based on the total number of issued shares of 358,637,660 Kawan Shares (excluding 882,100 Treasury Shares).
- (2) Deemed interested in the shares by virtue of Section 59 of the Act, held through his/her children, namely Gan Ka Hui and Gan Ka Ooi who holds 4,700,300 and 6,011,300 ordinary shares respectively, representing a total of 2.99% in the shareholdings of the Company.
- (3) Deemed interested in the shares by virtue of Section 59 of the Act, held through his children, namely Gan Meng Hoi, Gan Meng Yeow, Gan Meng Hoo and Gan Kha Yee who holds 444,000, 344,000, 344,300 and 344,000 ordinary shares respectively and his spouse, Lam Saw Kuan who holds 1,230,000 ordinary shares representing a total of 0.75% in the shareholdings of the Company.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
as at 31 March 2022

No.	Name of Shareholders	No. of Shares	%
1.	Gan Thiam Chai	82,617,582	23.04
2.	Maybank Securities Nominees (Asing) Sdn Bhd <i>Exempt AN for VG Trustee Limited (Narvee F'dation)</i>	73,751,200	20.56
3.	Gan Thiam Hock	22,033,600	6.14
4.	Kwan Sok Kay	19,724,405	5.50
5.	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Gan Thiam Chai (PB)</i>	7,327,566	2.04
6.	Lim Hun Soon @ David Lim	7,317,028	2.04
7.	Gan Ka Ooi	6,011,300	1.68
8.	Kong Poh Yin	5,661,700	1.58
9.	Kumpulan Wang Persaraan (Diperbadankan)	4,707,933	1.31
10.	Gan Ka Hui	4,700,300	1.31
11.	HLIB Nominees (Asing) Sdn Bhd <i>Hong Leong Bank Bhd for Wu Chung Chen</i>	4,540,000	1.27
12.	Gan Ka Bien	4,013,849	1.12
13.	Amanahraya Trustees Berhad <i>PB Smallcap Growth Fund</i>	3,376,766	0.94
14.	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for UBS AG Singapore (Foreign)</i>	3,262,500	0.91
15.	Nareshchandra Gordhandas Nagrecha	3,250,000	0.91

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

as at **31 March 2022**

No.	Name of Shareholders	No. of Shares	%
16.	Amanahraya Trustees Berhad <i>Public Strategic Smallcap Fund</i>	3,027,900	0.84
17.	HLIB Nominees (Asing) Sdn Bhd <i>Hong Leong Bank Bhd for Chen Tsai Tien</i>	2,792,466	0.78
18.	HLIB Nominees (Asing) Sdn Bhd <i>Hong Leong Bank Bhd for Chiang Peter</i>	2,604,000	0.73
19.	Amanahraya Trustees Berhad <i>Public Islamic Growth Balanced Fund</i>	2,256,533	0.63
20.	Maybank Securities Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for Shah Kamal Kant Zaverchand</i>	2,168,382	0.60
21.	Maybank Nominees (Tempatan) Sdn Bhd <i>Etiqa Life Insurance Berhad (Prem Equity)</i>	2,112,600	0.59
22.	HLIB Nominees (Asing) Sdn Bhd <i>Hong Leong Bank Bhd for Wu Chia Lung</i>	2,051,682	0.57
23.	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yoong Kah Yin</i>	2,050,000	0.57
24.	Amanahraya Trustees Berhad <i>Public Select Treasures Equity Fund</i>	1,987,400	0.55
25.	Amanahraya Trustees Berhad <i>Public Islamic Emerging Opportunities Fund</i>	1,871,200	0.52
26.	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for Dana Makmur Pheim (211901)</i>	1,293,100	0.36
27.	Wu, Meng-Che	1,230,000	0.34
28.	Lam Saw Kuan	1,160,000	0.32
29.	Gan Thiam Chuan	1,149,300	0.32
30.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for RHB Private Fund - Series 3	979,066	0.27
Total		281,029,358	78.34

NOTICE OF THE EIGHTEENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Eighteenth Annual General Meeting (“18th AGM”) of Kawan Food Berhad (“**Kawan**” or “**the Company**”) will be conducted on a fully virtual basis for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice.

Meeting Platform : TIIH Online website at <https://tiih.online> or <https://tiih.com.my>
(Domain Registration No. with MYNIC – D1A282781)
Day and Date : Thursday, 9 June 2022
Time : 10.30 a.m.
Mode of Communication : Shareholders may submit questions to the Board of Directors prior to the 18th AGM via Tricor’s TIIH Online website at <https://tiih.online> by selecting “e-Services” to login, pose questions and submit electronically not later than 10.30 a.m. on Tuesday, 7 June 2022 or to use the query box to transmit questions to Board of Directors via Remote Participation and Voting (“**RPV**”) facilities during live streaming

AGENDA

AS ORDINARY BUSINESS

- | | |
|--|--|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. | Please refer to
Note 1 of the
Explanatory Notes |
| 2. To approve the Directors’ fees and benefits payable to the Directors of the Company of up to RM1.5 Million from 1 January 2022 until the conclusion of the next AGM of the Company. | Ordinary Resolution 1 |
| 3. To re-elect the following Directors who are retiring under Clause 115(1) of the Constitution of the Company: | |
| (i) Lim Hun Soon @ David Lim | Ordinary Resolution 2 |
| (ii) Eugene Hon Kah Weng | Ordinary Resolution 3 |
| (iii) Abdul Razak Bin Shakor | Ordinary Resolution 4 |
| 4. To re-appoint RSM Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:

- | | |
|--|------------------------------|
| 5. Proposed Renewal of Shareholders’ Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature with the following related parties (“Proposed Renewal of Shareholders’ Mandate”): | |
| (i) Shana Foods Limited and Rubicon Food Products Limited | Ordinary Resolution 6 |
| (ii) MH Delight Sdn. Bhd. | Ordinary Resolution 7 |
| (iii) Hot & Roll Sdn. Bhd. | Ordinary Resolution 8 |
| (Collectively referred to as “Related Parties”) | |

“THAT approval be and is hereby given to the Company, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as “Recurrent Transactions”) with the above Related Parties as stated in Section 2.4 of the Circular to Shareholders dated 29 April 2022 which are necessary for the Company’s day-to-day operations subject further to the following:

- (i) the Recurrent Transactions contemplated are in the ordinary course of business and on terms which are not more favourable to Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders;
- (ii) the approval is subject to annual renewal and shall only continue to be in force until:
 - (a) the conclusion of the next AGM of the Company following the forthcoming AGM of the Company at which the Proposed Renewal of Shareholders’ Mandate is approved, at which time it will lapse unless by a resolution passed at the AGM the mandate is again renewed;
 - (b) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“Act”) (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier; and

- (iii) the disclosure of the breakdown of the aggregate value of the Recurrent Transactions conducted pursuant to the Proposed Renewal of Shareholders’ Mandate in the Annual Report of the Company based on the following information:
 - (a) the type of Recurrent Transactions entered into; and
 - (b) the names of the Related Parties involved in each type of the Recurrent Transactions entered into and their relationship with the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this resolution, as the Directors of the Company, in their absolute discretion, deem fit.”

6. Authority under Section 75 and 76 of the Act for the Directors to allot and issue shares

Ordinary Resolution 9

“THAT pursuant to Section 75 and 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at the time of issue, subject to the Constitution of the Company and approval of all the relevant regulatory bodies being obtained for such allotment and issue.”

7. Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares **Ordinary Resolution 10**

“THAT subject to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the audited retained profits as at 31 December 2021 to purchase such amount of ordinary shares in the Company (“Proposed Renewal of Share Buy-Back Authority”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company.

THAT an amount not exceeding the Company’s retained profits be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 127 of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

- (i) the conclusion of the next AGM of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority.”

8. Proposed Allocation of Employees' Share Option Scheme ("ESOS") Options to Ng Hooi Khai, the Chief Executive Officer of the Company

Ordinary Resolution 11

"THAT subsequent to the approval for the establishment of an ESOS being obtained at the Extraordinary General Meeting ("EGM") of the Company held on 31 May 2018, approval be and is hereby given to the Board of Directors of Kawan to authorise the ESOS Committee, at any time and from time to time throughout the duration of the ESOS, to offer and grant to Ng Hooi Khai, the Chief Executive Officer of the Company, Options to subscribe for up to 500,000 new ordinary shares of Kawan ("Kawan Shares") under the ESOS PROVIDED THAT:-

- (i) not more than ten percent (10%) of the new Kawan Shares available under the ESOS shall be allocated to any individual Eligible Person, who, either singly or collectively through persons connected with him, holds twenty percent (20%) or more of the issued share capital (excluding treasury shares, if any) of the Company;
- (ii) not more than eighty percent (80%) of the Options available under the ESOS shall be allocated, in aggregate to him, other Executive Directors and senior management of Kawan and its subsidiaries (excluding subsidiaries which are dormant); and
- (iii) he must not be allowed to participate in the deliberation or discussion of his own allocation of ESOS Options to be issued to him under the ESOS;

AND subject always to such terms and conditions of the ESOS as may, from time to time, be modified, varied and/or amended in accordance with the provisions of the By-Laws governing and constituting the ESOS;

AND THAT the authority be further given to the Company to allot and issue such number of new Kawan Shares pursuant to the ESOS to him from time to time pursuant to the exercise of such ESOS Options."

9. Proposed Amendments to the Company's Constitution ("Proposed Amendments")

Special Resolution

"THAT the Proposed Amendments to the Company's Constitution as set out in the Circular to Shareholders dated 29 April 2022 be and is hereby approved.

AND THAT the Directors of the Company be and are hereby authorised to assent to any conditions, variations, modifications and/or amendments as may be required by any relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the Proposed Amendments for and on behalf of the Company."

10. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
SSM PC No.: 202008001023

TAI YUEN LING (LS 0008513)
SSM PC No.: 202008001075

Company Secretaries
Kuala Lumpur

Date: 29 April 2022

EXPLANATORY NOTES:

1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Ordinary Resolutions 6, 7 & 8 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolutions 6, 7 & 8 proposed, if passed, will empower the Directors from the date of the 18th AGM, to deal with the related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations. These recurrent related party transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders.

This authority unless revoked or varied at a general meeting, will expire at the next AGM of the Company and subject always to provision (ii) of the resolution.

For further information on Ordinary Resolutions 6, 7 & 8 please refer to the Circular to Shareholders dated 29 April 2022 accompanying the Annual Report of the Company for the financial year ended 31 December 2021.

3. Ordinary Resolution 9 - Authority under Section 75 and 76 of the Act for the Directors to allot and issue shares

The Ordinary Resolution 9 proposed under item 6 of the Agenda seeks the shareholders' approval of a general mandate for issuance of shares by the Company under Section 75 and 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

The Company did not allot and issue any shares pursuant to the general mandate granted by the shareholders at the previous AGM.

4. Ordinary Resolution 10 - Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

The proposed Ordinary Resolution 10, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company is required by law to be held.

For further information on Ordinary Resolution 10, please refer to the Statement to Shareholders dated 29 April 2022 accompanying the Annual Report of the Company for the financial year ended 31 December 2021.

5. Ordinary Resolution 11 - Proposed Allocation of ESOS Options to Ng Hooi Khai ("Proposed Allocation")

The proposed Ordinary Resolution 11 is made pursuant to Kawan ESOS which had been approved by the shareholders of the Company at the EGM held on 31 May 2018.

The Proposed Ordinary Resolution 11 is to approve the Proposed Allocation, subject always to such terms and conditions and/or any adjustments and/or variations which may be made in accordance with the provisions of the ESOS By-Laws.

The Proposed Allocation is part of the incentive scheme which Kawan has implemented for all its employees.

Ng Hooi Khai, is eligible to participate in the ESOS, and is therefore deemed interested to the extent of his Proposed Allocation under the ESOS. Accordingly, he has declared his interest in the Proposed Allocation and has abstained and will continue to abstain from voting in respect of his direct and/or indirect shareholdings in the Company, if any, on the resolution pertaining to the Proposed Allocation to be tabled at this AGM. Ng Hooi Khai shall also ensure that persons connected with him will abstain from voting in respect of their direct and/or indirect shareholdings in the Company, if any, on the resolution approving the Proposed Allocation to be tabled at this AGM.

Save as disclosed above, none of the other Directors, major shareholders and/or persons connected to him has any interest, whether direct or indirect, in the Proposed Allocation.

6. Special Resolution - Proposed Amendments to the Constitution of the Company

The proposed Special Resolution is to seek shareholders' approval for the Proposed Amendments to the Constitution of the Company. The Special Resolution, if approved, will allow the Company to leverage the use of technology to conduct general meetings and to facilitate communication and engagements with shareholders electronically.

Notes:

1. *In light of the Coronavirus ("COVID-19") pandemic and in line with the Guidance and Frequently Asked Questions ("FAQs") on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia (including any amendment(s) that may be made from time to time) ("SC Guidance"), the AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via RPV facilities which are available on Tricor Investor & Issuing House Services Sdn. Bhd.'s TIIH Online website at <https://tiih.online>. The SC Guidance state that in a fully virtual general meeting, all meeting participants including the Chairperson of the meeting, board members, senior management and shareholders are required to participate in the meeting online. According to the SC Guidance, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.*

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 18th AGM using the RPV facilities provided by the Special Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at <https://tiih.online>.

Please read these Notes carefully and follow the procedures in the Administrative Details on 18th AGM in order to participate remotely via RPV.

2. *For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 2 June 2022**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.*
3. *A member entitled to participate in this AGM via RPV 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.*

Notes:

4. *A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
5. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, 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.*
6. *A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak (in the form of real time submission of typed texts) and vote at the 18th AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Details on 18th AGM.*
7. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:*
 - a. *In hard copy form*

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Special Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - b. *By electronic means*

The proxy form can be electronically lodged with the Special Registrar of the Company via TIIH Online at <https://tiih.online>. Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via TIIH Online.
8. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*
9. *Last date and time for lodging the proxy form is **Tuesday, 7 June 2022 at 10.30 a.m.***
10. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Special Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM 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.*

Notes: (continued)

11. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Special Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
- a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (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 the corporate member is incorporated.
12. Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in the notice of any general meeting will be put to vote by poll.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADMINISTRATIVE DETAILS FOR THE EIGHTEENTH (“18TH AGM”) OF KAWAN FOOD BERHAD

Day and Date	: Thursday, 9 June 2022
Time	: 10.30 a.m.
Meeting Platform	: TIIH Online website at https://tiih.online or https://tiih.com.my (Domain Registration No. with MYNIC – D1A282781)
Mode of Communication	: Shareholders may submit questions to the Board of Directors prior to the 18 th AGM via Tricor’s TIIH Online website at https://tiih.online by selecting “e-Services” to login, pose questions and submit electronically not later than 10.30 a.m. on Tuesday, 7 June 2022 or to use the query box to transmit questions to Board of Directors via Remote Participation and Voting (“RPV”) facilities during live streaming

Dear Valued Shareholders,

Due to the unprecedented circumstances arising from the measures that have been implemented nationally to limit the spread of the COVID-19, and in particular, the Government of Malaysia’s official guidance for practising social distancing, the Company will conduct its forthcoming 18th AGM on a fully virtual basis through live streaming and online remote voting via remote participation and voting (“RPV”) facilities (collectively referred hereinafter as “**Virtual AGM**”) which are available on Tricor Investor & Issuing House Services Sdn. Bhd.’s (“**Tricor**”) TIIH Online website at <https://tiih.online>.

The conduct of a fully virtual AGM is in line with the revised Guidance Note and Frequently Asked Questions on the conduct of General Meeting for Listed Issuers issued by Securities Commission Malaysia (including any amendment(s) that may be made from time to time) (“**SC Guidance**”). An online platform can be recognized as the meeting venue or place under the Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia and all meeting participants including Chairperson of the meeting, board members, senior management and shareholders are to participate in the meeting online.

In line with the Malaysian Code on Corporate Governance Practice 13.3, conducting a Virtual AGM would promote greater shareholder participation as it facilitates electronic voting and remote shareholders’ participation. With the RPV facilities, you may exercise your right as a member of the Company to participate (in the form of real time submission of typed texts) and vote at the 18th AGM. Alternatively, you may also appoint the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 18th AGM.

Kindly ensure that you are connected to the internet at all times in order to participate and vote when our virtual 18th AGM has commenced. Therefore, it is your responsibility to ensure that connectivity for the duration of the meeting is maintained. Kindly note that the quality of the live webcast is dependent on the bandwidth and stability of the internet connection of the participants.

Remote Participation and Voting

- The RPV facilities are available on Tricor’s **TIIH Online** website at <https://tiih.online>.
- Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the AGM using RPV facilities from Tricor.
- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

Procedures to Remote Participation and Voting via RPV Facilities

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 18th AGM using the RPV facilities:

ADMINISTRATIVE DETAILS FOR THE
EIGHTEENTH ANNUAL GENERAL MEETING ("18TH AGM") OF KAWAN FOOD BERHAD
(CONT'D)

Before the 18th AGM Day

Procedure	Action
i Register as a user with TIIH Online (applicable for individual shareholders only)	<ul style="list-style-type: none"> Using your computer, access to website at https://tiih.online. Register as a user under the "e-Services", select "Create Account by Individual Holder". Please refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one (1) working day and you will be notified via e-mail. Please allow sufficient time for approval of new user of TIIH Online. If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail from Tricor to notify you that the remote participation for the 18th AGM is available for registration at TIIH Online.
ii Submit your request to attend 18 th AGM remotely	<ul style="list-style-type: none"> Registration is open from Friday, 29 April 2022 until the day of 18th AGM Thursday, 9 June 2022. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 18th AGM to ascertain their eligibility to participate the 18th AGM using the RPV. Login with your user ID and password and select the corporate event: (Registration) KAWAN FOOD BERHAD 18th AGM Read and agree to the Terms & Conditions and confirm the Declaration. Select "Register for Remote Participation and Voting". Review your registration and proceed to register. System will send an e-mail to notify that your registration for remote participation is received and will be verified. After verification of your registration against the Record of Depositors as at 2 June 2022, the TIIH system will, on or after 7 June 2022, send you an e-mail to approve or reject your registration for remote participation. <p><i>(Note: Please ensure to allow sufficient time required for the approval as a new user of TIIH Online as well as the registration for RPV in order that you can login to TIIH Online and participate the 18th AGM remotely).</i></p>

On the 18th AGM Day

Procedure	Action
i. Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 18th AGM at any time from 9.30 a.m. i.e. 1 hour before the commencement of meeting at 10.30 a.m. on Thursday, 9 June 2022.
ii. Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: (Live Stream Meeting) KAWAN FOOD BERHAD 18th AGM to engage in the proceedings of the 18th AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the 18th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting. Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.
iii. Online remote voting	<ul style="list-style-type: none"> Voting session commences from 10:30 a.m. on Thursday, 9 June 2022 until a time when the Chairman announces the end of the session. Select the corporate event: (Remote Voting) KAWAN FOOD BERHAD 18th AGM or if you are on the live stream meeting page, you can select "GO TO REMOTE VOTING PAGE" button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
iv. End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the conclusion of the 18th AGM, the Live Streaming will end.

Note to users of the RPV facilities:

- Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

Entitlement to Participate and Appointment of Proxy

- Only members whose names appear on the Record of Depositors as at 2 June 2022 shall be eligible to attend, speak and vote at the 18th AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.
- In view that the 18th AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.
- If you wish to participate in the 18th AGM yourself, please do not submit any Form of Proxy for the 18th AGM. You will not be allowed to participate in the 18th AGM together with a proxy appointed by you.
- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/ attorney for the 18th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Tuesday, 7 June 2022 at 10.30 a.m:
 - (a) In Hard copy:
 - (i) By hand or post: to the office of the Special Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;
 - (ii) By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com

Entitlement to Participate and Appointment of Proxy (Cont'd)

(b) By Electronic form:

All shareholders can have the option to submit proxy forms electronically via TIH Online and the steps to submit are summarised below:

Procedure	Action
1. Steps for Individual Shareholders	
Register as a User with TIH Online	<ul style="list-style-type: none"> Using your computer, please access the website at https://tiih.online. Register as a user under the “e-Services”. Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIH Online, you are not required to register again.
Proceed with submission of form of proxy	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. Select the corporate event: KAWAN FOOD BERHAD 18th AGM- “Submission of Proxy Form”. Read and agree to the Terms and Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. Appoint your proxy/(ies) and insert the required details of your proxy/(ies) or appoint Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. Review and confirm your proxy(s) appointment. Print the form of proxy for your record.
2. Steps for corporation or institutional shareholders	
Register as a User with TIH Online	<ul style="list-style-type: none"> Access TIH Online at https://tiih.online Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “Create Corporate Holder Account”. Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within 1 to 2 working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p>Note: The representative of a corporation or institutional shareholder must register as a user first in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Special Registrar if you need clarifications on the user registration.</p>
Proceed with submission of form of proxy	<ul style="list-style-type: none"> Login to TIH Online at https://tiih.online Select the corporate event: “KAWAN FOOD BERHAD 18th AGM: Submission of Proxy Form” Read and Agree to the Terms & Conditions and Declaration. Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxies by inserting the required data. Submit the proxy appointment file Login to TIH Online, select corporate event: “KAWAN FOOD BERHAD 18th AGM: Submission of Proxy Form” Proceed to upload the duly completed proxy appointment file. Select “Submit” to complete your submission. Print the confirmation report of your submission for your record.

POLL VOTING

The voting at the 18th AGM will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders or proxy(es) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from the commencement of the 18th AGM at 10.30 a.m. on Thursday, 9 June 2022 but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (e) of the above Procedures for RPV for guidance on how to vote remotely from TIIH Online website at <https://tiih.online>.

Upon completion of the voting session for the 18th AGM, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the 18th AGM via Tricor's TIIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically no later than Tuesday, 7 June 2022 at 10.30 a.m.. The Board will endeavor to answer the questions received at the AGM.

DOOR GIFT/FOOD VOUCHER

There will be no door gifts or food vouchers for attending the 18th AGM.

NO RECORDING OR PHOTOGRAPHY

Unauthorized recording and photography are strictly prohibited at the 18th AGM.

ENQUIRY

If you have any enquiries on the above, please contact the Special Registrars during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299

Fax Number : +603-2783 9222

Email : is.enquiry@my.tricorglobal.com



KAWAN FOOD BERHAD
<http://www.kawanfood.com>
 Registration No. 200401001942 (640445-V)
 (Incorporated in Malaysia)

No. of ordinary shares held	CDS account no. of holder

PROXY FORM

I/We, (name of shareholders as per NRIC/Passport, in capital letters)

NRIC No./ Passport No./ Company No. of

.....(full address)

being a *member/members of **KAWAN FOOD BERHAD** hereby appoint(s):-

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address	Contact No.		

* and/or (delete as appropriate)

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address	Contact No.		

or failing *him/her, the Chairman of the meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the Eighteenth Annual General Meeting ("18th AGM") of the Company to be conducted on a fully virtual basis through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via TIH Online website at <https://tiah.online> or <https://tiah.com.my> (Domain Registration No. with MYNIC - D1A282781) on **Thursday, 9 June 2022, at 10.30 a.m.** or any adjournment thereof.

My/our proxy/proxies is/are to vote as indicated below.

Item No.	Agenda			
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.			
		Resolutions	For	Against
2.	To approve the Directors' fees and benefit payable to the Directors of the Company up to RM1.5 Million from 1 January 2022 until the conclusion of the next Annual General Meeting of the Company.	Ordinary Resolution 1		
3.	To re-elect Lim Hun Soon @ David Lim who is to retire pursuant to Clause 115(1) of the Company's Constitution and being eligible, has offered himself for re-election.	Ordinary Resolution 2		
4.	To re-elect Eugene Hon Kah Weng who is to retire pursuant to Clause 115(1) of the Company's Constitution and being eligible, has offered himself for re-election.	Ordinary Resolution 3		
5.	To re-elect Abdul Razak Bin Shakor who is to retire pursuant to Clause 115(1) of the Company's Constitution and being eligible, has offered himself for re-election.	Ordinary Resolution 4		
6.	To re-appoint RSM Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
Special Business				
7.	Proposed Renewal of Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature with Shana Foods Limited and Rubicon Food Products Limited.	Ordinary Resolution 6		
8.	Proposed Renewal of Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature with MH Delight Sdn Bhd.	Ordinary Resolution 7		
9.	Proposed Renewal of Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature with Hot & Roll Sdn Bhd.	Ordinary Resolution 8		
10.	Authority under Section 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares.	Ordinary Resolution 9		
11.	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares.	Ordinary Resolution 10		



12.	Proposed Allocation of Employees' Share Option Scheme Options to Ng Hooi Khai, the Chief Executive Officer of the Company.	Ordinary Resolution 11		
13.	Proposed Amendments to the Company's Constitution.	Special Resolution		

(Please indicate with an "X" in the appropriate box against the resolutions on how you wish your proxy to vote. The proxy is to vote on the resolutions set out in the Notice of Meeting as you have indicated. If no specific instruction as to voting is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

- * Strike out whichever is not applicable.
 * if you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "the Chairman of the Meeting or failing him/her" and insert the name(s) of the person(s) desired.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
First Proxy		%
Second Proxy		%
Total		100%

Signature/Common Seal of Shareholder

Number of shares held:

Date:

NOTES:-

- In light of the Coronavirus ("COVID-19") pandemic and in line with the Guidance and Frequently Asked Questions ("FAQs") on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia (including any amendment(s) that may be made from time to time) ("SC Guidance"), the AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIH Online website at <https://tiah.online>. The SC Guidance state that in a fully virtual general meeting, all meeting participants including the Chairperson of the meeting, board members, senior management and shareholders are required to participate in the meeting online. According to the SC Guidance, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 18th AGM using the RPV facilities provided by the Special Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. via its TIH Online website at <https://tiah.online>.

Please read these Notes carefully and follow the procedures in the Administrative Details on 18th AGM in order to participate remotely via RPV.
- For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 2 June 2022**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
- A member entitled to participate in this AGM via RPV 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.
- A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, 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.
- A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak (in the form of real time submission of typed texts) and vote at the 18th AGM via RPV must request his/her proxy or attorney or authorised representative to register himself/herself for RPV via TIH Online website at <https://tiah.online>. Procedures for RPV can be found in the Administrative Details on 18th AGM.
- The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Special Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - By electronic means

The proxy form can be electronically lodged with the Special Registrar of the Company via TIH Online at <https://tiah.online>. Kindly refer to the Administrative Details on the procedures for electronic lodgement of proxy form via TIH Online.
- Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
- Last date and time for lodging the proxy form is **Tuesday, 7 June 2022 at 10.30 a.m.**
- Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Special Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM 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.
- For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Special Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - at least two (2) authorised officers, of whom one shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in the notice of any general meeting will be put to vote by poll.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 April 2022.

Fold This Flap For Sealing

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AFFIX
STAMP

The Special Registrar
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.
Registration No.:197101000970 (11324-H)

Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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www.kawanfood.com



KAWAN FOOD BERHAD

200401001942 (640445-V)
(Incorporated in Malaysia)

Lot 129351, Jalan Sungai Pinang 4/19
Taman Perindustrian Pulau Indah
Selangor Halal Hub, Fasa 2C
42920 Pulau Indah
Selangor Darul Ehsan, Malaysia

T +603-3099 1188 **F** +603-3099 1028

Sales & Marketing +603-5511 8388 **E** info@kawanfood.com

