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ENVICTUS INTERNATIONAL HOLDINGS LIMITED

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[Envictus Annual Report FY2020.pdf](#)

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ENVICTUS



# Re-positioning In The Right Direction

ENVICTUS INTERNATIONAL HOLDINGS LIMITED





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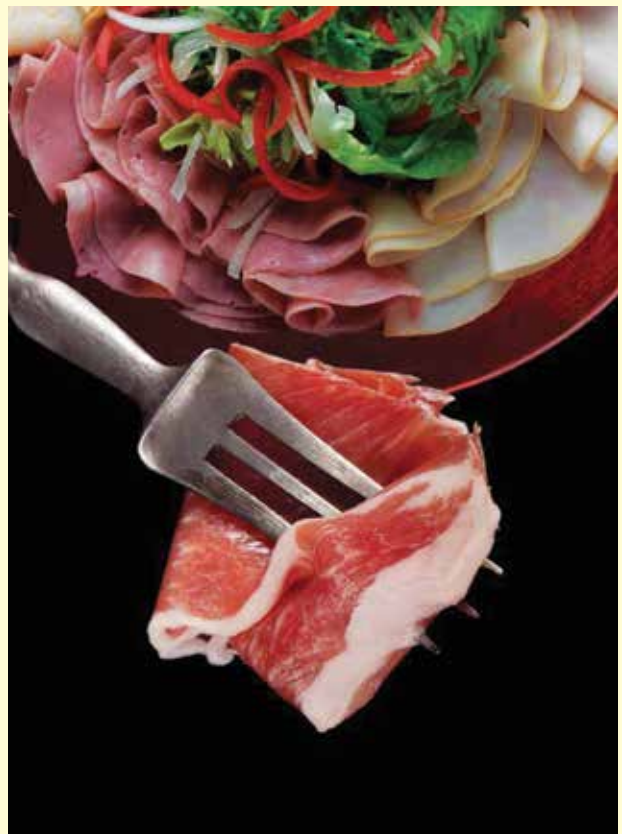
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## CORPORATE PROFILE



**Listed on SGX Catalist (previously known as the SGX-SESDAQ) on 23 December 2004 and upgraded to the Mainboard on 18 June 2009, Envictus International Holdings Limited (“Envictus” or “the Group”), is an established Food and Beverage (“F&B”) Group. The Group has an established portfolio of businesses and brands operating under its key business divisions.**

Founded in 1997, the Group started as a manufacturer and distributor of sweetened condensed milk and evaporated milk, and in the years following its listing, has evolved into a diversified F&B player following several acquisitions. In June 2014, the Group unlocked shareholders’ value in the business through the disposal of its investment in the Dairies and Packaging divisions and relevant intellectual properties to Asahi Group Holdings Southeast Asia Pte. Ltd.

In 2018, the Group added the Dairies Division to its portfolio and subsequently completed the acquisition of Motivage Sdn Bhd (“Motivage”), which specialises in food processing and trading in consumable products under the registered trademarks of “Motilait” and “Family Farm”.

In 2020, as part of the Group’s streamlining efforts, Envictus announced the cessation of an indirect wholly-owned subsidiary, The Delicious Group, which operated the Delicious restaurants. The Group also announced the disposal of its Nutrition Division by disposing off business and assets of a wholly-owned indirect subsidiary, Naturalac Nutrition Limited.

The Group’s business divisions currently comprise Trading and Frozen Food, Food Services (Texas Chicken and San Francisco Coffee), Food Processing (Bakery and Butchery) and Dairies.

Envictus has operating facilities in Malaysia. Apart from Malaysia, the Group’s products can also be found in other countries including China, Japan, Singapore, Indonesia, Vietnam, the Philippines, Middle East and Africa. The Group’s products are traded under various brand names such as SuJohan, San Francisco Coffee, Gourmessa and Hearty Bake.

Helmed by a management team of industry veterans who possess a wide range of expertise in strategic planning, business development, operational and production skills, the Group is well-positioned to tap on its solid foundation in the F&B industry to further enhance its established brand names.

## CORPORATE PROFILE

## Trading and Frozen Food Division

Pok Brothers



**With an established track record of over 50 years, Pok Brothers Sdn Bhd (“Pok Brothers”) is one of Malaysia’s leading frozen food and premium food wholesaler.**

Now a household name, Pok Brothers started as a general store business in Petaling Jaya in 1963. As a premium food wholesaler, Pok Brothers imports and distributes food products, in both raw and processed forms, focusing on the hospitality and consumer-based food industries. Its products include frozen/chilled meats, dairy products, seafood and condiments, amongst many others. Pok Brothers has an extensive client base which includes major 5-star hotels, airlines, cruise ships, hyper/supermarkets, bakeries, butcheries, fast-food chains, grocery stores, food processors and other wholesalers. With the sole distributor rights to major imported brands such as Lamb-Weston, Emmi, Devondale, Dole, Natural One Juices, Delverde, Fragata, Durkee and Lakeland Dairies Limited, Pok Brothers is also an appointed importer and distributor of proprietary goods for several American restaurant chains in Malaysia.

Most of Pok Brothers’ supplies are sourced internationally, namely from the United States, Europe, Australia, New Zealand and Brazil.

Operating out of Glenmarie, Shah Alam and Selangor Halal Hub, Pulau Indah in Selangor, Pok Brothers has branches in Penang, Johor, Pahang and Langkawi to encompass the length and breadth of Peninsular Malaysia. All facilities are equipped with cold room and dry store functions as well as refrigerated trucks.



## Food Services Division

Texas Chicken, San Francisco Coffee



### TEXAS CHICKEN

**On 10 July 2012, the Group signed an exclusive 10-year International Multiple Unit Franchise and Development Agreement with US-based Cajun Global LLC for exclusive rights to develop and operate Texas Chicken restaurants in Malaysia and Brunei from 2013 to 2022. This marked the Group’s maiden foray into the fast food segment. The restaurants serve American-style, big juicy full-flavoured fried chicken, french fries, honey butter biscuits, mashed potatoes, coleslaw, burgers and sundae, to name a few dishes.**

This partnership has expanded Envictus’ portfolio and enabled the Group to tap on synergistic opportunities in its existing Trading and Frozen Food Division. In addition, this downstream expansion is part of Envictus’ growth strategy to increase the presence of its identity and brand in key markets such as Malaysia and neighbouring countries in Asia.

Texas Chicken sets itself apart from the competition by ensuring freshness of its products at all times. This is done by stringent quality control and sourcing only the best ingredients – spices and seasoning are imported directly from the United States and chickens are procured fresh from local farms.

The growing trend of Malaysian families eating home cooked replacement meals due to their time-pressured lifestyle is one of the positive potential of growth in Texas Chicken business. Furthermore, Malaysians love Quick Service Restaurants (QSR) because they like the convenience (location of restaurant and its meal is able to satisfy all age group in a family) and the affordable wholesome meals served here.

Furthermore, on 19 May 2020, Texas Chicken announced a comprehensive brand re-launch and competitive new positioning, based on rigorous consumer insights collected from thousands of QSR customers throughout Asia, the Middle East, and the Americas. As part of the revamp, Texas Chicken unveiled a new logo, a more compelling restaurant design, new product packaging and revamped its staff uniforms. The first outlet to feature the new restaurant design opened at Sunway Pyramid, while another seventeen outlets were renovated to adopt this new design.

## CORPORATE PROFILE

Since the opening of the first flagship outlet at Aeon Bukit Tinggi Shopping Centre, in Bandar Bukit Tinggi township, Klang on 31 January 2013, Envictus has leveraged on the robust demand for the Texas Chicken restaurant concept by growing its presence at a considerable pace to reach a total of 78 outlets in Malaysia as of 15 January 2021. New outlets opened between 1 October 2019 to 15 January 2021 are as follows:-

Locations	1 Oct 2019 - 15 Jan 2021
Wetex Parade Shopping Centre, Muar	9 October 2019
Aeon Taman Maluri Shopping Centre, Kuala Lumpur	11 October 2019
Batu Pahat Mall, Johor	15 October 2019
Toppen Shopping Centre, Johor Bharu	13 November 2019
Sunway Putra Mall, Kuala Lumpur	19 November 2019
Aeon Mall Station 18, Ipoh	22 November 2019
Shell Station, Sungai Besi, Kuala Lumpur	5 December 2019
NSK Trade City, Malacca	17 December 2019
All Seasons Place, Penang	20 December 2019
Aeon Mall, Rawang	24 December 2019
Caltex Presint 8, Putrajaya	27 December 2019
Petronas Wakaf Bharu, Kuala Terengganu	1 January 2020
Aeon Mall, Kota Bharu	23 January 2020
Kompleks PKNS Bangi	25 February 2020
Kluang Mall, Johor	22 May 2020
Aman Central, Kedah	16 August 2020
KTCC Mall, Kuala Terengganu	11 September 2020
Petron Temin Jerantut, Pahang	16 October 2020
Petronas Alor Setar, Kedah	15 November 2020
Cyberjaya	11 December 2020
Jalan Gambang, Kuantan	18 December 2020
Jalan Pengkalan Chepa, Kota Bharu	27 December 2020



## SAN FRANCISCO COFFEE

On 28 March 2016, Envictus acquired 85% shareholding in Lyndarahim Ventures Sdn Bhd ("LVSB") which holds 100% investment in San Francisco Coffee Sdn Bhd ("SFCSB"), a specialty coffee chain business that serves house-roasted coffee in Malaysia. Envictus subsequently acquired the remaining 15% shareholding in LVSB on 19 August 2016.

SFCSB currently operates 50 wholly-owned specialty coffee outlets in prominent office buildings and malls. New outlets opened between 1 October 2019 to 15 January 2021 are as follows:-

Locations	1 Oct 2019 - 15 Jan 2021
Menara Prudential	15 November 2019
Aman Central, Kedah	8 August 2020
D'Network @ Setia Eco Park, Setia Alam, Shah Alam	15 August 2020
Queensbay Mall, Penang	15 October 2020

Aside from the aforementioned outlets, any new store opening will be dependent on the Coronavirus outbreak ("Covid-19") situation.

SFCSB maintains one of its core Corporate Social Responsibility initiatives "Supporting The Local Arts" by engaging up-and-coming artists and photographers to provide mural art, paintings or photographs as a centrepiece for every new outlet. SFCSB is continually exploring other such initiatives, including setting up a foundation that aims to provide financial aid to charities, engaging in community activities among employees, equal opportunity employment, use of environmental-friendly materials, packaging and consumables as well as reducing carbon footprint.

SFCSB is increasingly making use of technology in its operations, such as interacting with customers through social media and the development of a digital SF Coffee app, which will integrate into the cloud POS system introduced to café operations in early 2018.

To further contribute to improved processes, logistics and cost efficiencies, the Roasting Plant, Distribution Centre and Kitchen has moved to a central location with larger capacity for further growth.

Four years into Envictus' strategic acquisition, SFCSB continues to enjoy lower costs from internal sourcing within the Group from the Bakery and Butchery businesses in the Food Processing Division. At the same time, these businesses derive synergistic benefits from higher production output through the supply of its premium products to complement the specialty coffee chain business.

## CORPORATE PROFILE

## Food Processing Division

Bakery and Butchery



### BAKERY

**De-luxe Food Services Sdn Bhd ("De-luxe")** which operates from its manufacturing facility at Selangor Halal Hub, Pulau Indah manufactures premium frozen bakery products for supply to hotels, retail, entertainment, convenience stores, airline and caterings under its brand name **Hearty Bake**.

It also supplies its products to Petronas Malaysia, Subway Malaysia, TGIF Japan, Singapore, China and the Philippines. Hearty Bake products are produced in different convenience levels, such as raw dough, par-baked, pre-proven and thaw-and-serve bakery products, in order to better cater to the needs of customers. The products produced include croissants, bread loaves, baguettes, burger buns, sweet pastries, savoury pastries, pizza, muffins, bagels, pizzas and pretzels.

### BUTCHERY

**Gourmessa Sdn Bhd ("Gourmessa")**, located in Selangor Halal Hub, Pulau Indah in Selangor manufactures and processes cold cuts, sausages, portion control meat and smoked salmon for distribution to supermarkets, hotels and restaurants.

Its Gourmessa brand of quality cold cuts and sausages are well distributed and displayed in most supermarkets and hypermarket chains across Malaysia. Gourmessa has plans to expand into the export market upon obtaining the necessary authorities approval.

## Dairies Division

Manufacturing and distribution of condensed and evaporated milk



The Dairies Division commenced business in early 2018 with the distribution and sales of sweetened creamer ("SC") and evaporated creamer ("EC"), supplied by original equipment manufacturer. Sales and marketing of the products are done directly via its sales team and appointed distributors.

In June 2018, the Group completed the acquisition of Motivage, which has a manufacturing license to produce dairy products including SC, EC, milk powder, sterilised milk and tin cans.

The dairy manufacturing factory, which commenced commercial production of SC in December 2020, will play a major role in the Dairies Division. With the supply of the products directly from the Group's own plant, the Dairies Division will be able to manage the costing more effectively and compete in the market with better quality products.

Demand for SC in the local market remains stable due to the drinking culture in Malaysia, thereby providing room for growth for this product. The Group will continue to explore opportunities to grow the Dairies Division, through exporting the manufactured products to overseas markets and distribution of other dairy products.



# KEY MILESTONES

## 2004

### ► DECEMBER

Etika International Holdings Limited ("EIHL") was listed on SGX-SESDAQ (now known as SGX Catalist) on 23 December 2004.

## 2006

### ► FEBRUARY

Made first acquisition pursuant to listing - Pok Brothers Group - one of Malaysia's leading frozen food and premium food wholesaler, on 8 February 2006, vide our wholly-owned subsidiary, Etika Foods (M) Sdn Bhd.

## 2009

### ► JUNE

Upgraded to SGX Mainboard on 18 June 2009.

## 2012

### ► JULY

Signed an International Multiple Unit Franchise Agreement with US-based Cajun Global LLC on 10 July 2012 for exclusive rights to develop and operate Texas Chicken restaurants in Malaysia and Brunei over the next 10 years from 2013 to 2022.

## 2014

### ► JULY

Change of company name from Etika International Holdings Limited to Envictus International Holdings Limited with effect from 15 July 2014.

## 2015

### ► DECEMBER

Platinum Appreciation Sdn Bhd ("PASB"), a wholly-owned subsidiary of the Company, together with Brothers Coffee Ventures Sdn Bhd, entered into a conditional sale and purchase agreement with Prinsip Lagenda Sdn Bhd and Datuk Abdul Rahim bin Mohd Zin on 14 December 2015 to acquire the entire issued and paid-up share capital of LVSB in relation to the acquisition of San Francisco Coffee Sdn Bhd.

## 2016

### ► AUGUST

Envictus Food Services Sdn Bhd (formerly known as PASB) increased its shareholding in LVSB from 85% to 100% on 19 August 2016 by acquiring the balance of 15% from Brothers Coffee Ventures Sdn Bhd.

## 2017

### ► NOVEMBER

Polygold Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional share sale agreement with Mr Khor Sin Kok and Madam Khor Guat Bee on 15 November 2017 for the proposed acquisition of 100% of the total issued and paid-up shares of Motivage Sdn Bhd for a consideration of RM24 million, to be satisfied by a combination of cash and the allotment and issuance of 15,775,210 shares in the capital of the Company.

## 2018

### ► JUNE

An EGM was held on 8 June 2018 to obtain shareholders' approval on the proposed acquisition of Motivage as a major transaction and an interested party transaction. The allotment and issue of 15,775,210 consideration shares at an issue price of S\$0.3913 was made as part satisfaction of the consideration for the proposed acquisition. The acquisition was completed on 21 June 2018.

On 18 June 2018, the Company proposed a renounceable non-underwritten rights issue of up to 113,534,799 new ordinary shares of the Company at an issue price of S\$0.16 for each Rights Share with up to 113,534,799 free detachable warrants. Each warrant carries the right to subscribe for 1 ordinary share in the capital of the Company at an exercise price of S\$0.16 for each Warrant Share, on the basis of 4 Rights Shares for every 5 existing ordinary shares in the capital of the Company.

### ► OCTOBER

An EGM was held on 19 October 2018 to obtain shareholders' approval on the allotment and issue of the Rights Shares, the Warrants and the Warrant Shares.

### ► NOVEMBER

At the close of the rights exercise on 21 November 2018, valid acceptances and valid excess application for a total of 105,195,904 Rights Shares with Warrants, representing approximately 92.66% of the 113,534,799 Rights Shares with Warrants available under the Rights cum Warrants Issue were received. This amounts to net proceeds of approximately S\$16.53 million.



# Food Services



# MESSAGE FROM THE CHAIRMAN

## DATO' JAYA J B TAN

Executive Chairman

DEAR VALUED SHAREHOLDERS,

**On behalf of the Board of Directors of Envictus International Holdings Limited, I present to you our Annual Report for the financial year ended 30 September 2020 ("FY2020").**



The Food Services Division has a revenue increase of



**5.8%**

to

**RM216.8 million**

for continuing operations

The first detected Coronavirus ("Covid-19") case in Malaysia was in January 2020. The Malaysian government implemented the Movement Control Order ("MCO") on 18 March 2020 as a preventative measure in response to the Covid-19 pandemic in the country. The lockdown restriction called for suspension in operations of non-essential business activities, prohibition of mass movement and gatherings and closure of interstate and international borders. On 4 May 2020, the government imposed the Conditional Movement Control Order ("CMCO") where there was a relaxation of regulations imposed earlier during MCO and allowed for certain business sectors to resume operations with the goal to reopen the national economy in a controlled manner. On 10 June 2020, the Recovery MCO commenced where economic and social activities resumed with adherence to strict standard operating procedures for safety measures resulting in gradual recovery of the economic activities especially the F&B businesses. However, Malaysia entered into the third wave of Covid-19 pandemic in October 2020 and CMCO was imposed again in certain states including the Federal Territory from 14 October 2020 for a period of two weeks and was subsequently extended till 14 January 2021. Amid surging Covid-19 cases reaching record high daily figures, the Malaysian government

has reinstated MCO in five states including three Federal Territories for two weeks starting 13 January 2021 to 26 January 2021. These measures will most likely suppress the domestic business activity and consumption pattern as well as impede the economic recovery of the country.

### REVIEW OF FINANCIAL PERFORMANCE

The Covid-19 pandemic has caused disruptions to global economic activities and impact on the economies across the world has been broad and significant. In Malaysia, the F&B industry has been particularly impacted adversely by the pandemic, as the implementation of different levels of MCOs caused a reduction in footfall and vehicle traffic volume, closure of interstate and international borders, reduced seating capacity for restaurants and cafes due to social distancing measures, and reduced consumer spending as a result of rising unemployment and salary cuts.

Group's revenue dipped by 5.0% to RM399.6 million contributed mainly from Trading and Frozen Food and Food Processing Divisions which were negatively impacted by the MCO. This was despite Texas Chicken's 8.2% increase in topline and Dairies Division maintaining their sales level. Gross profit percentage improved by 1.7% mainly due to higher sales from Texas Chicken which has higher margin products.

During the year, management carried out an assessment of De-luxe's bakery plant due to its deteriorating performance resulting from the severe impact of the Covid-19 on its business. The assessment was based on a value-in-use calculation which resulted in an impairment loss of RM35.5 million to the Group.

## MESSAGE FROM THE CHAIRMAN

As a result of the topline impact from the pandemic, rising operating cost from expansion of outlets, higher term loan interests and the one-off impairment mentioned above, the Group suffered a loss of RM100.9 million. Without the one-off impairment, the Group would have posted a loss of RM65.4 million.

### MITIGATION STRATEGIES AND OUTLOOK

As part of our continuing streamlining efforts, we have placed The Delicious Group under liquidation. This restaurant business had made a loss of RM5.1 million when it ceased operations on 31 May 2020. We have also disposed of the assets and business of our loss-making Nutrition Division in New Zealand which suffered a loss of RM6.3 million in FY2020, for a cash consideration of approximately RM1.0 million.

In addition, to mitigate the impact arising from the pandemic on the Group, we have engaged in cost-cutting measures such as pay cuts, reducing overtime, minimising operating hours, temporary ceasing hiring of workers and sought rental reliefs and waivers where possible to reduce operating expenses.

To counter the slowdown in local sales, De-luxe has started the thaw and serve concept in small quantity per box for hotels, restaurants and cafes to slowly resume their business. Similarly, Gourmessa is promoting a new range of products to drive higher sales. As for Pok Brothers, they have commenced implementing e-commerce platform to promote sales.



Aiming to excite local consumers with a fresh outlook on the brand, Texas Chicken unveiled a new logo, a more compelling restaurant design, new product packaging, and revamped its staff uniforms as part of its comprehensive brand re-launch and competitive new positioning. The Sunway Pyramid outlet is the first in Malaysia to feature the new restaurant design and since then seventeen more stores have adopted the new design.

Texas Chicken’s store count reached 78 after the latest drive-through store opening at Jalan Pengkalan Chepa at Kota Bharu, Kelantan on 27 December 2020, with plans to open another six stores which include drive-through in the next 12 months. We will continue to work closely with our delivery partner, GrabFood, in launching various Limited Time Offer campaigns and introducing food truck and catering packages to attract more customers amidst the pandemic.



Gross Profit in FY2020

# RM160.4 million

for continuing operations



## MESSAGE FROM THE CHAIRMAN



**“ San Francisco Coffee has a total of 50 stores, after the latest outlet opening at Queensbay Mall at Penang on 15 October 2020. New store openings in the next 12 months will be dependent on the Covid-19 situation. ”**

San Francisco Coffee has a total of 50 stores, after the latest outlet opening at Queensbay Mall at Penang on 15 October 2020. New store openings in the next 12 months will be dependent on the Covid-19 situation. To stay competitive amid the pandemic, we have introduced new combo meals that catered to 2-4 pax in our menus and build upon our e-commerce partnerships to promote brand visibility across online platforms such as partnering with GrabFood to sell Cable Car Blend beans.

We are pleased to announce the completion of our new milk factory in Pulau Indah, which is expected to operate on a higher capacity once the HALAL certification is approved in the second quarter of FY2021. In anticipation of higher production level, the Dairies Division will increase its sales force to cover bigger areas of Malaysia to capture more market share. The Dairies Division is also expected to compete aggressively in the export market as the pricing will be competitive.

We continue to practice prudent cash management, which is all the more important to weather the challenging times ahead. As at 30 September 2020, the Group's balance sheet had cash and cash equivalents of RM24.1 million while shareholders' equity was RM208.9 million.

Due to the ongoing outbreak of the Covid-19 and changes in various containment measures introduced by the government, it is difficult to assess the full extent of the impact of the pandemic disruptions on the Group's operating and financial performance for the financial year ending 30 September 2021.

### WORD OF APPRECIATION

I would like to thank our Board of Directors for their guidance and counsel in overseeing the Group, especially amid this trying period. I am also deeply appreciative of our senior management team for their tenacity as we continually review and streamline the Group's operations to meet ongoing changes and demands in the F&B industry.

On behalf of the Board, I would like to express our appreciation and heartfelt thanks to Mr Khor Sin Khor for his contribution during his tenure with the Company as Group CEO.

In closing, I would like to thank our management and staff for their dedication and contributions to Envictus. Last but not least, I would like to extend our appreciation to our shareholders, bankers, clients, consultants, suppliers, partners and business associates for their strong support as we stay focused on driving growth and value together.

**DATO' JAYA J B TAN**  
Executive Chairman



Envictus Dairies  
Marketing Sdn Bhd



# DAIRIES



# REVIEW OF OPERATIONS

In the financial year under review, Envictus focused on consolidating our resources through our continuing efforts to streamline our businesses amid tough macroeconomic conditions. Arising from the streamlining efforts, the Group has disposed of the entire six loss-making Texas Chicken outlets in Indonesia and all of its Delicious restaurants in the Food Services Division as well as the disposal of its entire Nutrition business.

The Group's core business segments are as follows:

## Food Services Division

Texas Chicken, San Francisco Coffee



## Trading and Frozen Food Division

Pok Brothers



## Food Processing Division

Bakery and Butchery



## Dairies Division

Manufacturing and distribution of condensed and evaporated milk



Envictus remains committed to bringing quality F&B products to consumers that meet their evolving tastes and preferences, while strengthening our business fundamentals to become a global F&B group.

## CONSOLIDATED INCOME STATEMENT

For the financial year ended 30 September 2020 under review, the Group's revenue contracted by 5.0% to RM399.6 million from RM420.8 million in FY2019 for the continuing operations. Since March 2020, the government has implemented various movement control orders (MCOs) to curb the spread of Covid-19 virus. The MCOs have placed restrictions on public movements, as well as social and business activities. These measures have impacted the revenue contribution from the Trading and Frozen Food and Food Processing Divisions, although this was cushioned by higher contributions generated by new store openings in the Food Services Division.

The Food Services Division's revenue climbed 5.8% from RM205.0 million in FY2019 to RM216.8 million in FY2020, largely contributed from Texas Chicken restaurants in Malaysia. Texas Chicken's revenue jumped RM13.8 million, or 8.2%, from RM168.7 million in FY2019 to RM182.5 million in FY2020 on the back of 17 new store openings. However, this was partly offset by lower revenue from San Francisco Coffee chains, whose revenue fell by RM2.1 million, or 5.8%, from RM36.3 million to RM34.2 million as a result of lower sales from the existing outlets and the closure of eight outlets due to the MCOs.

The revenue and results of Texas Chicken Indonesia and Delicious restaurants are separately presented as "Discontinued operations" in the consolidated statement of comprehensive income as a result of the disposal of its entire six Texas Chicken outlets in Indonesia and the closure of Delicious restaurants on 1 October 2019 and 31 May 2020, respectively.

The Covid-19 pandemic and on-going restrictive measures enforced by the government have caused the closure of many hotels, restaurants and cafés, exacerbated by the drop in tourism as a result of internal and international travel restrictions. Consequently, the Trading and Frozen Food division saw a significant drop in revenue of 17.5%, from RM153.0 million in FY2019 to RM126.3 million in FY2020. Likewise, revenue in the Food Processing Division fell 25.8% to RM17.8 million in FY2020 from RM24.0 million in FY2019. Revenue of the frozen bakery business fell by RM5.2 million or 22.5%, from RM23.1 million in FY2019 to RM17.9 million in FY2020.

The Dairies Division was able to maintain its revenue at RM38.5 million in FY2020 as compared to RM38.6 million in FY2019 despite the challenges of the current operating environment.

The improvement of gross profit margin from 38.5% to 40.2% was primarily due to higher sales contribution from the Food Services Division which derived better margins from its products.

Other operating income increased by RM1.7 million, or 26.6%, from RM6.4 million in FY2019 to RM8.1 million in FY2020, mainly due to rental concessions and payroll subsidies of RM2.5 million and RM0.6 million respectively for certain periods during the MCOs.

Operating expenses increased by RM48.2 million or 25.9% to RM234.4 million in FY2020 from RM186.2 million in FY2019 owing to a one-off impairment of property, plant and equipment of RM35.5 million, higher selling and marketing expenses of RM11.5 million mainly due to an increase in delivery commission of RM4.6 million and higher operating costs in tandem with the expansion of Texas Chicken restaurants. This was compensated by lower warehouse and distribution expenses of RM2.0 million owing to a reduction in

## REVIEW OF OPERATIONS



transport and staff costs during the MCO period. Other operating expenses increased by RM2.0 million or 84.0%, mainly attributed to the property, plant and equipment written off of RM2.5 million during the financial year.

Finance costs increased by RM14.6 million or 221.2% from RM6.6 million in FY2019 to RM21.2 million in FY2020 mainly attributed to RM9.1 million lease interest from the adoption of SFRS(I) 16 Leases. In addition, the term loans interest increased by RM6.9 million as a result of higher bank borrowings to finance the new factories and setting up new restaurant outlets.

Income tax expense reduced by RM0.7 million or 31.8% to RM1.5 million in FY2020 compared with RM2.2 million in FY2019 due to lower profit generated by a subsidiary.

Amid the pandemic that has impacted the Group's businesses, the one-off impairment of property, plant and equipment, increase in depreciation of property, plant and equipment, coupled with rising interest expense, the Group suffered a loss after tax of RM100.9 million in FY2020 compared with RM36.9 million in FY2019. Excluding the one-off impairment, the Group's loss after tax is RM65.4 million for FY2020.

### STATEMENT OF FINANCIAL POSITION

Non-current assets increased by RM114.3 million from RM473.0 million in FY2019 to RM587.3 million in FY2020, largely attributable to the increase in property, plant and equipment of RM148.3 million. Right-of-use assets increased by RM113.0 million as a result of the adoption

of new accounting standard SFRS(I) 16 Leases on 1 October 2019 and the construction of new factories at Pulau Indah and setting-up costs for new stores, which was partly offset by the one-off impairment of property, plant and equipment of RM35.5 million.

Current assets (excluding non-current assets classified as held for sale) decreased by RM13.1 million mainly due to a decrease in trade and other receivables of RM10.3 million and inventories of RM3.1 million. These were partially offset against increase in cash and bank balances of RM1.4 million.

Current liabilities increased by RM32.3 million mainly attributable to higher lease liabilities of RM18.8 million as a result of the adoption of new accounting standard SFRS(I) 16 Leases of RM17.7 million (excluding the lease liabilities previously presented as finance lease payables) and increase in lease liabilities of RM1.1 million for the construction of new factories and expansion of restaurant businesses. In addition, the trade and other payables increased by RM6.7 million.

Non-current liabilities increased by RM154.5 million, primarily attributed to lease liabilities of RM103.0 million as a result of the adoption of new accounting standard SFRS(I) 16 Leases of RM98.1 million (excluding the lease liabilities previously presented as finance lease payables), coupled with the increase in bank borrowings and lease liabilities of RM51.3 million and RM4.9 million respectively to finance the construction of new factories and setting-up new stores.

The Group had a negative working capital of RM51.4 million as at 30 September 2020.



## REVIEW OF OPERATIONS



Total cash of  
**RM49.7  
million**

**was invested in  
the construction  
of new factories  
and for expansion  
of existing  
businesses**

The Group actively manages the cash flow and ensures that it is able to meet the short-term debt obligations as and when they fall due to the following:

- i) The Group is actively engaging with its bankers, trade and other creditors to extend or restructure the existing credit terms;
- ii) Propose monetisation of non-core assets of the Group;
- iii) The Group will slow down the pace of expansion of its fast food and coffee chain businesses and has implemented various cost control measures in order to conserve cash during this pandemic period;
- iv) The Group has adequate credit facilities (including the drawing of existing unutilised facilities and obtaining new credit facilities) from bankers and other financial institutions to fund its working capital and capital expenditure.
- v) The Group has applied for an extension of moratorium for six months and extension of tenure for 3 years for RM2.0 million and RM7.7 million respectively commencing from 1 October 2020 for certain term loans from the financial institution due to the Covid-19 outbreak and the various movement control orders implemented by the government.

### CASHFLOW POSITION

The Group's cash and cash equivalents stood at RM24.1 million for FY2020, an increase of RM1.4 million from RM22.7 million recorded in the previous financial year.

Net cash generated from operating activities of RM23.2 million was attributed to operating profit of RM18.4 million, reduction in inventories and trade and other receivables of RM3.4 million and RM7.8 million, respectively. These were partially offset by decrease in trade and other payables of RM3.4 million and payment for interest and income tax of RM3.0 million.

Total cash of RM49.7 million was invested in the construction of new factories and for expansion of existing businesses, partly offset by the proceeds received from the disposal of Texas Chicken Indonesia stores and Nutrition business of RM8.6 million and RM1.0 million, respectively. These have resulted the net cash of RM39.7 million utilised in investing activities.

Financing activities registered a net inflow of RM18.0 million mainly from the drawdown of bank borrowings of RM144.4 million which was partly utilised for financing the construction of new factories and expansion of existing businesses, repayment of bank borrowings of RM84.8 million, repayment of lease obligations of RM22.6 million and interest payment of RM19.6 million.

### SEGMENTAL REVIEW BY BUSINESS DIVISIONS

BUSINESS SEGMENTS	FY2020 RM'000	FY2019 RM'000
<b>REVENUE</b>		
<b>Continuing operations</b>		
Food Services	216,811	205,010
Trading and Frozen Foods	126,258	153,019
Food Processing	17,836	24,014
Dairies	38,544	38,576
Unallocated	150	169
	<b>399,599</b>	<b>420,788</b>
<b>Discontinued operations</b>		
Food Services	3,581	14,537
Food Processing	-	8,953
Nutrition	8,173	18,258
	<b>11,754</b>	<b>41,748</b>
<b>Total</b>	<b>411,353</b>	<b>462,536</b>
<b>(LOSS)/PROFIT BEFORE TAX</b>		
<b>Continuing operations</b>		
Food Services	(18,816)	(10,604)
Trading and Frozen Foods	6,630	9,320
Food Processing	(57,918)	(10,450)
Dairies	(4,297)	(1,902)
Unallocated	(12,668)	(10,653)
	<b>(87,069)</b>	<b>(24,289)</b>
<b>Discontinued operations</b>		
Food Services	(6,056)	(11,849)
Food Processing	-	(3,771)
Nutrition	(6,309)	(3,718)
Unallocated	-	9,182
	<b>(12,365)</b>	<b>(10,156)</b>
<b>Total</b>	<b>(99,434)</b>	<b>(34,445)</b>

## REVIEW OF OPERATIONS

The Group's businesses comprise the Food Services, Trading and Frozen Food, Food Processing and Dairies Divisions. The Food Services Division contributed 54.3% of the revenue, followed by the Trading and Frozen Food, Dairies and Food Processing Divisions of 31.6%, 9.6% and 4.5%, respectively.

The Group had disposed of the Nutrition Division and its results and comparative figures were presented separately on the consolidated statement of comprehensive income as "Discontinued operations".

For continuing operations, the Group made a loss before income tax of RM87.1 million compared with RM24.3 million in the previous financial year. For the discontinued operations, the Group reported a loss before tax of RM12.4 million compared with RM10.2 million a year ago.

### Food Services Division

Texas Chicken, San Francisco Coffee



The Food Services Division comprises of Texas Chicken restaurants and San Francisco Coffee chains in Malaysia. The revenue and results of Texas Chicken Indonesia and Delicious restaurants are separately presented as "Discontinued operations" in the consolidated statement of comprehensive income as a result of the disposal of the entire six Texas Chicken outlets in Indonesia and the closure of Delicious restaurants on 1 October 2019 and 31 May 2020, respectively.

The Division saw revenue growth of RM11.8 million or 5.8%, from RM205.0 million in FY2019 to RM216.8 million in FY2020 mainly contributed by stores growth of Texas Chicken Malaysia. Texas Chicken Malaysia's top line lift RM13.8 million or 8.2% from RM168.7 million to RM182.5 million on the back of 17 new stores. However, this was partly offset by lower revenue from San Francisco Coffee chains whose revenue slipped RM2.1 million or 5.8% to RM34.2 million from RM36.3 million due to lower sales from the existing outlets and closure of eight outlets due to the MCOs.

The Division posted a loss before tax of RM18.8 million as compared to RM10.6 million in the previous financial year was principally due to lower revenue from the existing stores amid the challenging environment arising from the Covid-19 pandemic. In addition, there were higher delivery commission of RM4.6 million from the increased delivery sales, net impact of RM1.5 million from the adoption of SFRS(I) 16 Leases and higher operating costs in tandem with the expansion of Texas Chicken restaurants.

Segmental assets increased by RM105.9 million or 74.8% from RM141.5 million to RM247.4 million and segment liabilities increased by RM140.1 million or 176.2% from RM79.5 million to RM219.6 million mainly attributed to the increase in right-of-use assets of RM112.1 million and lease liabilities of RM114.8 million from the adoption of SFRS(I) 16 Leases. The term loans and lease liabilities climbed RM17.8 million and RM6.5 million, respectively for the expansion of Texas Chicken restaurants.

### Trading and Frozen Food Division

Pok Brothers



The Trading and Frozen Food Division reported a reduction in revenue of RM26.7 million or 17.5% from RM153.0 million to RM126.3 million due to lower sales to hotel and restaurant sectors.

This was mainly attributed to the impact of the Covid-19 pandemic and the various restrictive measures and border restrictions to contain the pandemic implemented by the Government. These have caused the closure of many hotels, restaurants and café, coupled with the drop in tourism industry and hotels average occupancy rate. As the result, the Division's profit before tax dropped by RM2.7 million or 29.0% to RM6.6 million compared to RM9.3 million achieved in the previous financial year.

Segmental assets reduced by RM8.3 million or 7.0% from RM118.1 million in FY2019 to RM109.8 million in FY2020 due to depreciation of property, plant and equipment, lower receivables and inventories. Segmental liabilities reported at RM39.6 million in FY2020 compared with RM45.6 million in FY2019, down by RM6.0 million or 13.2% mainly due to lower usage of tradeline facilities and repayment of term loans.

### Food Processing Division

Bakery and Butchery



The Food Processing Division comprises the bakery and butchery businesses. The contract packing for dairy and juice-based drink business which was disposed of in the previous financial year has been presented as "Discontinued operations" in the comparative year.

The Division reported a dip in revenue of RM6.2 million or 25.8% from RM24.0 million in FY2019 to RM17.8 million in FY2020 due to lower contribution from the frozen bakery business as a result of closure of hotels, restaurants and café during the multiple lockdowns and border restrictions.

The Division's loss before tax increase significantly from RM10.5 million in FY2019 to RM57.9 million in FY2020, up by RM47.4 million or 451.4% largely due to the one-off impairment of property, plant and equipment of RM35.5 million, increase in finance costs of RM6.6 million mainly from bank borrowings to finance the construction of its factory buildings.

## REVIEW OF OPERATIONS

Segmental assets decreased by RM11.7 million or 7.9% from RM149.0 million in FY2019 to RM137.3 million in FY2020 mainly due to the one-off impairment of property, plant and equipment of RM35.5 million, which was partly offset by increase in assets from the construction of a factory building. The segmental liabilities increased by RM40.2 million or 41.4% from RM97.1 million in FY2019 to RM137.3 million in FY2020 was largely due to higher bank borrowings and other payables to finance the construction of a factory building.

### Dairies Division

Manufacturing and distribution of condensed and evaporated milk



The Dairies Division was able to maintain its revenue at RM38.5 million in FY2020 as compared with RM38.6 million reported in FY2019 despite the challenges of the current operating environment. The Division reported a loss before tax of RM4.3 million as compared to RM1.9 million in FY2019 amid higher operating cost and finance cost to finance the construction of a factory building.

Segmental assets increased RM16.5 million or 22.8% from RM72.4 million in FY2019 to RM88.9 million in FY2020 mainly attributed to the construction of a factory building. The segmental liabilities increased RM19.4 million or 44.5% from RM43.6 million in FY2019 to RM63.0 million in FY2020 largely due to higher bank borrowings to finance the construction of a factory building.

### PERFORMANCE REVIEW BY GEOGRAPHICAL SEGMENTS

GEOGRAPHICAL SEGMENTS	FY2020 RM'000	FY2019 RM'000
<b>REVENUE</b>		
<b>Continuing operations</b>		
Malaysia	393,281	416,272
Asean (excluding Malaysia)	2,582	2,990
China	1,324	1,526
Middle East	1,754	-
Africa	658	-
	<b>399,599</b>	<b>420,788</b>
<b>Discontinued operations</b>		
Malaysia	3,581	10,378
New Zealand	8,173	22,921
Australia	-	2,440
Asean (excluding Malaysia)	-	5,810
Others	-	199
	<b>11,754</b>	<b>41,748</b>

The Group recorded an overall decrease in revenue of 5.0% to RM399.6 million in FY2020 compared with RM420.8 million in FY2019 for continuing operations. Malaysia remains the Group's biggest market, contributing RM393.3 million or 98.4% of the total revenue. This is followed by Asean (excluding Malaysia), China, Middle East and Africa which contributed RM2.6 million or 0.7%, RM1.3 million or 0.3%, RM1.8 million or 0.4% and RM0.6 million or 0.2% respectively.

#### MALAYSIA

In FY2020, Malaysia's contribution to the topline of the Group increased to 98.4%, entrenching its position as a key market of Envictus. Revenue for this geographical segment fell RM23.0 million or 5.5% from RM416.3 million in FY2019 to RM393.3 million in FY2020. This was largely attributable to lower revenue contribution from the Trading and Frozen Food and Food Processing Divisions as a result of the closure of many hotels, restaurants and cafés during the multiple lockdowns by the government and negative impact from the Covid-19 pandemic. However, this was partly offset by higher revenue contribution from Food Services Division on the back of the opening of 17 new Texas Chicken stores.

#### ASEAN (Excluding Malaysia)

Revenue from ASEAN contracted by RM0.4 million or 13.3% from RM3.0 million in FY2019 to RM2.6 million in FY2020 due to a slowdown in the export market from the Trading and Frozen and Food Processing Divisions as a result of stricter international border control and negative impact from the Covid-19 pandemic. However, this was offset by higher contribution from the Dairies Division which managed to penetrate into Vietnam and Indonesia market.

#### CHINA

Revenue in China fell slightly from RM1.5 million in FY2019 to RM1.3 million in FY2020 due to lower export market from the Food Processing Division as a result of stricter international border control during the MCOs.

#### MIDDLE EAST AND AFRICA

Revenue from Middle East and Africa accounted for RM1.8 million or 0.4% and RM0.7 million or 0.2% respectively of the total revenue.

### PROSPECTS AND GROWTH PLANS

The Coronavirus ("Covid-19") outbreak since January 2020 has impacted adversely the economic activities of the country. Since 18 March 2020, the government has implemented various Movement Control Order ("MCO") to curb the spread of the Covid-19. During the Recovery MCO ("RMCO") period, the Standard Operation Procedures ("SOPs") were relaxed resulting in a gradual recovery of the economic activities particularly in the restaurants and eateries businesses. Unfortunately, Malaysia entered into the third wave of the Covid-19 pandemic in October 2020 where certain states including the Federal Territory were placed under various movement control restrictions. As our group is principally in the food and beverage business, the unprecedented outbreak has adversely impacted the performance across all divisions.

## REVIEW OF OPERATIONS

### Food Services Division

Texas Chicken, San Francisco Coffee



The rising numbers of Covid-19 cases since the outbreak have impacted the footfall and vehicle traffic volume in the retail malls. This has caused the revenue of Texas Chicken outlets located in the malls to fall substantially as compared to those standalone and drive-through stores. The reduction in revenue was partially compensated by increased sales from the delivery channel since June 2020. In order to attract more customers and create awareness of its products and brands during the pandemic period, Texas Chicken is collaborating closely with its delivery partner, GrabFood in launching various Limited Time Offer ("LTO") campaigns and introduced food truck and catering packages.

On 19 May 2020, Texas Chicken raised the bar on the quick-service restaurant experience in Malaysia with its comprehensive brand re-launch and competitive new positioning. Aiming to excite local consumers with a fresh outlook on the brand, Texas Chicken has unveiled a new logo, a more compelling restaurant design, new product packaging, and revamped its staff uniforms, in addition to releasing LTO on the menu. The Sunway Pyramid outlet is the first in Malaysia to feature the new restaurant design and since then seventeen more stores have adopted the new design.

Texas Chicken's store count reached 78 after the latest store opening at Jalan Pengkalan Chepa Drive-through, Kota Bharu, Kelantan on 27 December 2020. It is expected to open another six stores which include drive-through in the next 12 months.

The competition within the coffee industry has always been challenging and this has been exacerbated by the ongoing Covid-19 pandemic which has severely impacted the revenue of San Francisco Coffee's business especially for those outlets located in the mall and offices. Some competitors have retained their pricing to gain more market share and some are offering seasonal drinks with tactical promotions. In response, SF has introduced combo meals that catered to 2-4 pax to attract and retain existing customers. In addition, SF also partnered with GrabFood to sell Cable Car Blend beans to promote brand visibility on the online platform.

SF has a total of 50 stores after the latest outlet opening at Queensbay Mall at Penang in October 2020. For the next 12 months, any new stores opening will be dependent on the situation of Covid-19.

### Trading and Frozen Food Division

Pok Brothers



Hotels, restaurants, fast-food chains and cruise ships are among major customers of frozen food products in Pok Brothers. The Covid-19 pandemic has caused the slowed down in fast-food chain, permanent or temporary closure of hotels, restaurants, cruise ships and minimum overseas visitors as the border is not fully opened. Consequently, the revenue of Pok Brothers was impacted badly by the Covid-19 pandemic.

The major prices of imported meats from Brazil and New Zealand are stable except for the delayed shipment of the imported meats from Australia due to Covid-19 resulting in the disruption of the activities in the ports. Consequently, the imported meat has to be air freight to Malaysia resulting in higher freight charges.

### Food Processing Division

Bakery and Butchery



#### BAKERY

The Covid-19 pandemic has greatly impacted the businesses of De-Luxe as most of its customers are in hotels, restaurants and tourism-related industry.

De-Luxe has started the Hotel Assortment, especially for hotels, restaurants and cafes to slowly resume their business with the thaw and serve concept in the small quantity per box. De-luxe also started the home delivery channel within Klang Valley where customers can place an order via e-mail or WhatsApp Messenger during various MCO phases.

Similarly, the export market was impacted adversely as the businesses in China, Philippines and Singapore have slowed down due to stricter international border control.

#### BUTCHERY

The revenue of Gourmessa has reduced significantly due to the Covid-19 pandemic which has the effects of the closure of some restaurants and hotels which are the main customers of Gourmessa. Gourmessa is promoting some new range of products to drive higher sales in the retail business to compensate for the lower sales in the restaurants and hotels segment.

## REVIEW OF OPERATIONS

Gourmessa has fulfilled the requirements of the Department of Veterinary Services Malaysia (“DVS”), but the audit of Pulau Indah plant has been postponed due to the MCO. Without the DVS certificate, Gourmessa is unable to export to Singapore although they have some interested parties to distribute their products.

### Dairies Division

Dairies division supplies sweetened creamer (“SC”) and evaporated creamer (“EC”) to the food industry. The implementation of various MCO by the government which has restricted the operating hours of its customers has slightly impacted its revenue.

The selling price for both SC and EC remained low as competitors are promoting periodically to gain more market share, especially during the economic slowdown.

The construction of the milk factory in Pulau Indah has been completed and the Dairies division is expected to operate in a higher capacity once the HALAL certification is approved. In the long run, Dairies division will increase the sales force to cover bigger areas of Malaysia to capture more market shares with the readiness of its productions. Dairies are also expected to compete aggressively in the export market as the pricing will be competitive.

The Group’s businesses in the various divisions have been adversely impacted by the Covid-19 pandemic since March 2020. The various phases of the MCO and the SOP implemented for businesses and restriction on local and interstate travel have resulted in businesses slow down and closure, particularly in the food service and tourism-related industry. Moving forward, the recovery of the Group’s business is highly dependent on the containment of the Covid-19 disease locally and internationally and the timing of the availability of the vaccine.

### Computerisation

The Group have fully adopted major e-wallets in the Foods Services and Mini Mart stores as customers are increasingly comfortable with digital payment method during the Movement Control Order (MCO) period in Malaysia. It is an approach for the Group to push for cashless payments which reduces physical contact and overcome hygiene issues around cash handling. The Group continues to seek more new digitalization solutions to adapt to the new ‘normal’.

### Human Resource

The Group’s total staff count was approximately 2,200 as at 30 September 2020.



# Trading and Frozen Food



## FINANCIAL HIGHLIGHTS

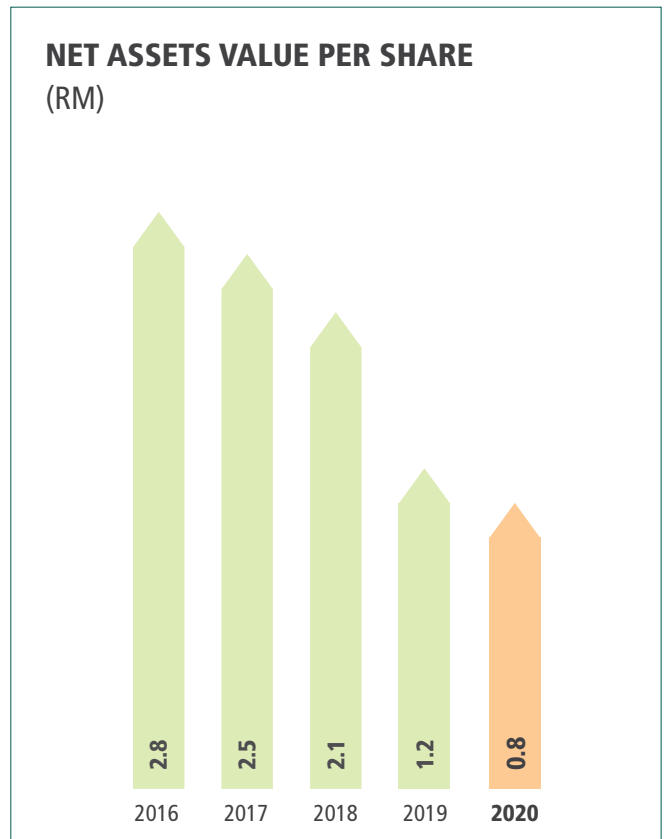
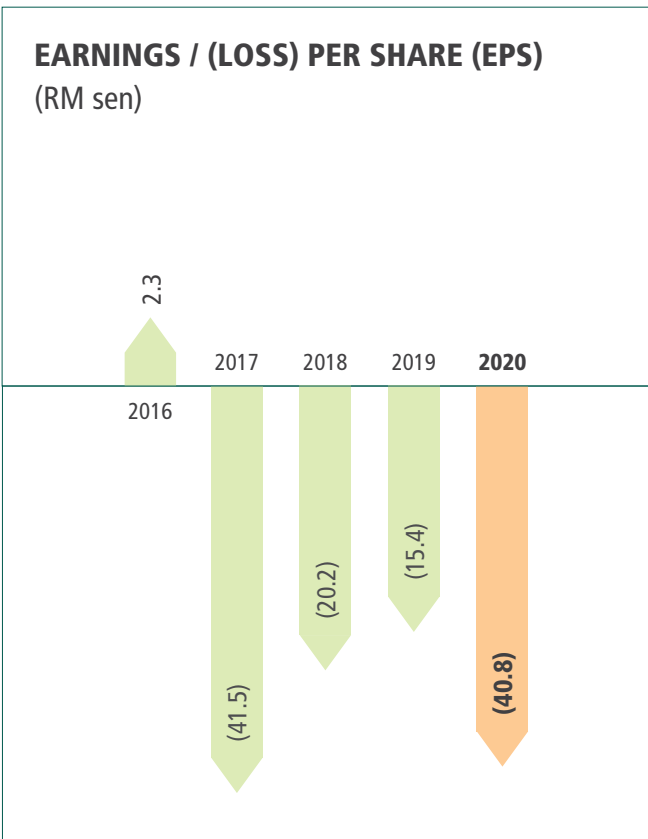
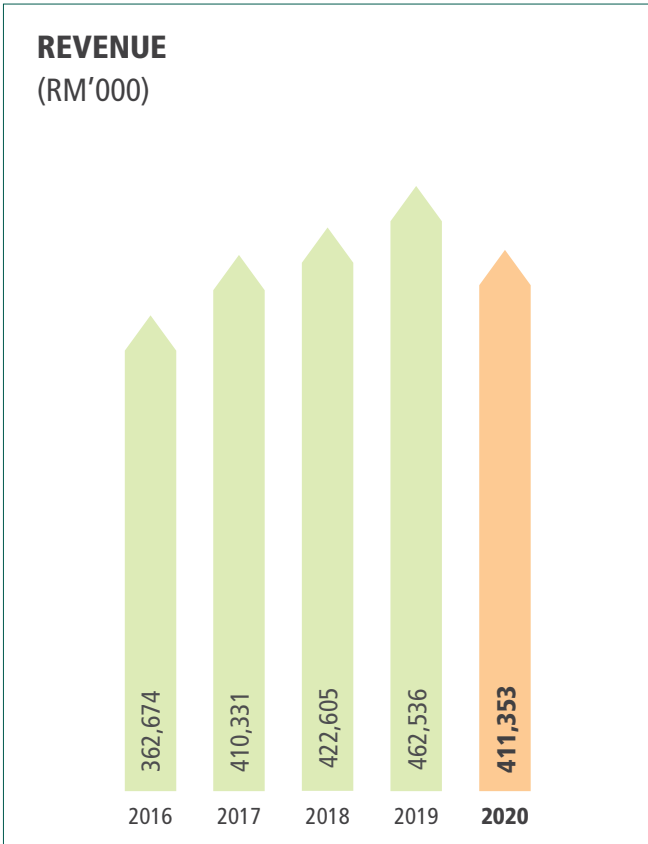
	FY2016	FY2017	FY2018	FY2019	FY2020
<b>KEY FINANCIAL INFORMATION</b>					
Revenue (RM'000)					
- Continuing <sup>®</sup>	259,356	304,420	354,381	420,788	<b>399,599</b>
- Discontinued <sup>®</sup>	103,318	105,911	68,224	41,748	<b>11,754</b>
Total	362,674	410,331	422,605	462,536	<b>411,353</b>
Profit/(Loss) after tax (RM'000)					
- Continuing <sup>®</sup>	5,494	(39,274) <sup>^</sup>	(18,575)	(26,449)	<b>(88,542)*</b>
- Discontinued <sup>®</sup>	(4,038)	(14,267)	(9,291)	(10,402)	<b>(12,397)</b>
Total	1,456	(53,541)	(27,866)	(36,851)	<b>(100,939)</b>
Shareholders' equity (RM'000)	350,514	314,855	294,827	303,545	<b>208,932</b>
Total equity (RM'000)	342,199	305,280	284,796	303,545	<b>208,932</b>
Weighted average number of shares	126,143,289	126,143,289	130,983,901	230,398,342	<b>247,114,403</b>
<b>KEY FINANCIAL RATIO</b>					
Earnings/(Loss) per share (RM sen)	2.3	(41.5)	(20.2)	(15.4)	<b>(40.8)</b>
Return on equity (%)	2.2	(13.7)	(6.7)	(9.4)	<b>(30.5)</b>
Net assets value per share (RM)	2.8	2.5	2.1	1.2	<b>0.8</b>

<sup>^</sup> Includes the impairment loss of RM32,870,000 in respect of its investment on the Singapore Exchange (currently suspended).

<sup>\*</sup> Includes the one-off impairment of property, plant and equipment of RM35,500,000.

<sup>®</sup> For FY2016 to FY2019, the revenue and profit/(loss) after tax have been disaggregated for comparative purpose due to discontinued operations in FY2020.

**FINANCIAL HIGHLIGHTS**





# RISK FACTORS

The following is an overview of Envictus' risk factors, with brief description of the nature and extent of the group's exposure to these risks. We strive to provide reasonable assurance to our stakeholders by incorporating sound management control into our daily operations, ensuring compliances with legal requirements, and safeguarding the integrity of the group's financial reporting as well as related disclosures.

## ECONOMIC RISKS

Changes in the economic conditions within and outside of Malaysia where the Group's main operations are based may have material adverse impact on the demand for the Group's products, consequently affecting the operations and financial performance of the Group. While the Group operates in a fairly defensive F&B industry, the Group is not completely shielded from the impact of world economic crisis.

## BUSINESS RISKS

*Any significant increase in the prices of our raw materials would have an adverse impact on our profitability*

The raw materials we utilise for the manufacture of our products within our subsidiaries comprise substantially of whey protein concentrate, milk powder, margarine, yeast, salt, sugar, vitamins, raw meat, flour, palm olein and packaging material (such as paper and plastic packaging, cans, labels and cartons). In order to ensure that we are able to efficiently deliver quality products to our customers at competitive prices, we need to obtain sufficient quantities of good quality raw materials at acceptable prices and in a timely manner. As such, we typically enter into forward supply contracts. In the event that our suppliers are unable to fulfill our raw material needs, we may not be able to seek alternative sources of supply in a timely manner or may be subject to higher costs from alternative suppliers. This may adversely affect our ability to meet our customers' orders and our profitability in the event that we are unable to pass on such costs to our customers.

*Our failure to meet adequate health and hygiene standards will lead to a loss in customer confidence*

Our products are manufactured under very stringent quality control processes and the Group stresses quality and hygiene as a top priority. If there is any incidence of contamination or food poisoning in any of our subsidiaries, our Group may face criminal prosecution under the Food Act 1983 (Act 281) & Regulations (including its sub regulation Food Hygiene Regulations 2009) in Malaysia or other relevant regulations in jurisdictions to which our products are exported to, a loss in customer confidence and a negative impact on our reputation. Accordingly, our prospects as well as our financial condition will be adversely affected.

It is also possible that the relevant authorities may impose directives as a result of health and hygiene issues to carry out certain remedial actions which may impact on our operations. Failure to comply with such

directives may result in our operations/licenses being suspended and/or revoked, which will have a material adverse impact on our reputation and financial performance.

To mitigate this risk, our operations are in compliance with International Organization for Standardization (ISO), Department of Veterinary Services Malaysia (DVS) and Hazard Analysis Critical Control Points (HACCP) and we also subscribe to Good Manufacturing Practice (GMP). We have also met the Malaysia Halal Certification Procedure Manual (MPPHM) Domestic, Malaysia Halal Management System 2020 and Malaysian Standard on Halal Food (MS 1500:2009) and therefore issued with the Halal certification from JAKIM (Department of Islamic Development Malaysia) and JAIS (Selangor Islamic Religious Department). This JAKIM requirement also extends to the material usage in our operations from suppliers which need to be Halal certified. Failure to comply with JAKIM regulations would lead to suspension or revocation of the Halal Certificate issued to us and this will have a serious impact on our reputation and financial performance.

*We may be subject to product liability claims if our products are found to be unfit for consumption*

If our products are found to be unfit for consumption and consumers suffer damage, injury or death as a result of consuming or coming into contact with our products, we may be required to compensate the consumer for any injury or death. The Group's profitability would be adversely affected if the amount payable under the insurance policies covering the Group is not sufficient to meet the compensation amount payable. Accordingly, our reputation, prospects, and financial condition will also be adversely affected.

*Possible changes in consumer taste may lead to lower demand and sales of our products*

Being in the F&B industry, the nature of our business is highly dependent on consumer preferences. We strive to achieve the highest quality in the products we offer. However, the level of market acceptance of our products ultimately relies on consumer taste and lifestyle. The younger affluent generation now has higher purchasing power and is willing to pay a premium for products which cater to their individual desires. Also, the current consumer trend towards healthier lifestyle and organic products may pose threats to our Group's business if we are not flexible enough to adapt and cater to the trend.

## RISK FACTORS

### *An outbreak of disease in livestock, such as cows, goats and chickens, and food scares may lead to loss of consumer confidence in our products*

Any outbreak of disease in livestock and food scares may have an adverse impact on the business of our Group as it may lead to loss in consumer confidence and reduction in consumption of the particular food or related products concerned. It may also affect our Group's sources of supply of raw materials, such as milk powder or raw meat, from that particular area, resulting in our Group having to source for alternative supplies which may be more costly or have negative impact on our production processes and output.

### *We depend on key management personnel and the loss of such personnel may adversely affect our Group's operations*

The Group's success to date has been due largely to the contributions of its management teams and employees. As such, the Group's continued success is dependent on its ability to retain the services of such personnel. There is no certainty that the Group will be able to retain or integrate new personnel into the Group or identify or employ qualified personnel. Accordingly, the loss of the services of these key personnel or the inability to attract additional qualified persons may negatively affect the Group's business, financial condition, results of operations and future development.

## REGIONAL EXPANSION RISKS

The Group's operation base is solely in Malaysia with the completion of disposal of business and assets in New Zealand during the financial year. As the Group is not seeking for new business opportunities overseas and international expansion for future growth, this risk will no longer be applicable to us.

## FINANCIAL RISKS

### *Credit risks*

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. While the Group faces the normal business risk associated with ageing collections, it has adopted a prudent accounting policy of making specific provisions once trade debts are deemed not collectible. Nonetheless, a delay or default in payment and/or significant increase in the incidence of bad trade receivables would have a material and adverse impact on our financial position and performance.

### *Foreign currency risks*

The Group incurs foreign currency risk on transactions and balances that are denominated in currencies other than the entity's functional currency. The currencies giving rise to this risk are primarily Ringgit Malaysia, United States dollar, Singapore dollar, New Zealand dollar, Australian dollar and Indonesian rupiah. Exposure to foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level and hedging through currency forward exchange contracts is done where appropriate.

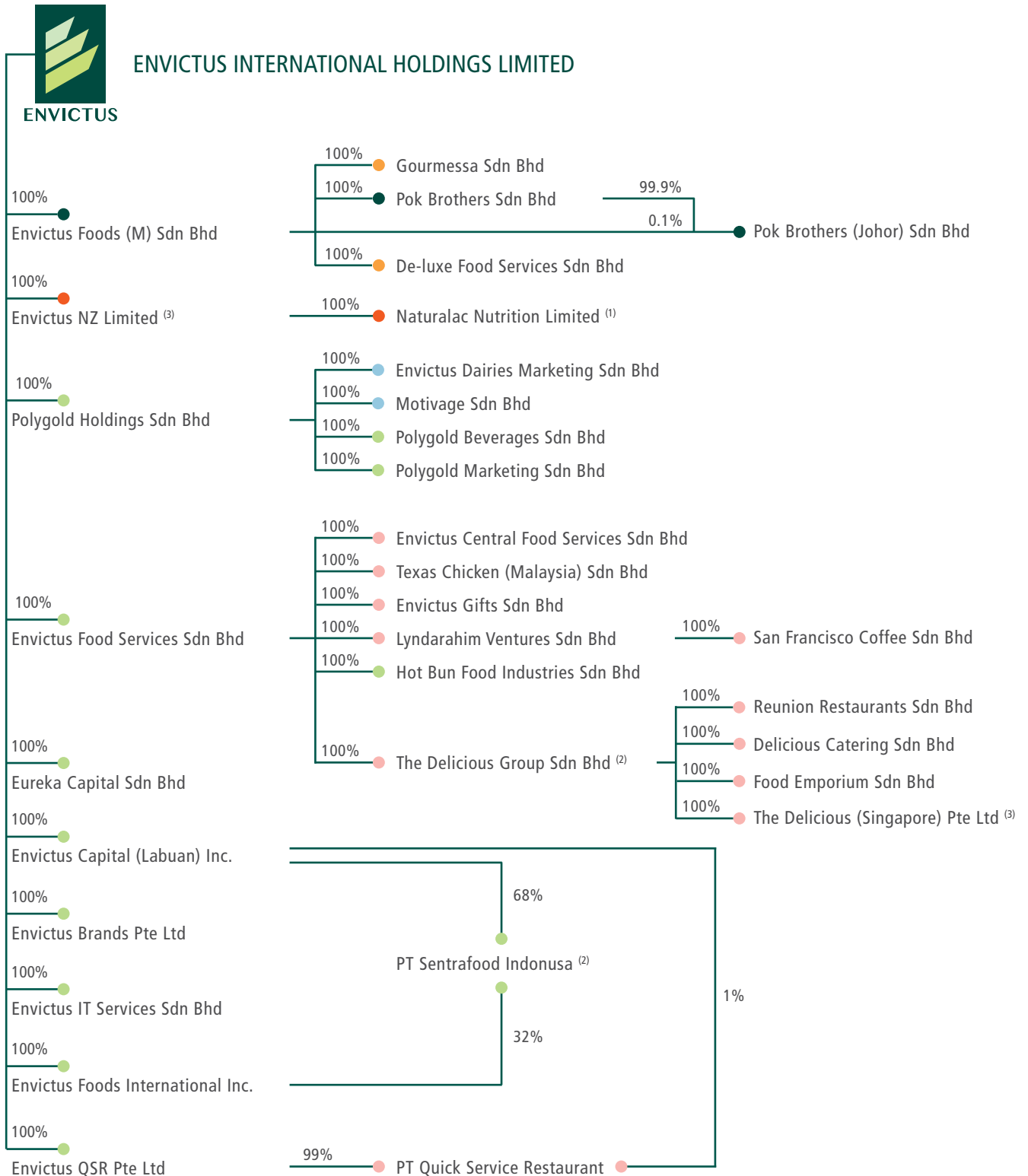
### *Interest rate risks*

The Group's exposure to changes in interest rates relates primarily to bank borrowings and fixed deposits. The Group strives to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings. The objective for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if the interest rates fall. In the event of any substantial increase in interest rates, cash borrowings obligations may be extended and our financial performance may be affected.

### *Liquidity risks*

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of our overall prudent liquidity management, the Group maintains sufficient level of cash and cash equivalents to meet its working capital requirements. Short-term funding is obtained from overdraft and trade facilities from banks and finance leases from financial institutions. As such, we are subject to risks normally associated with debt financing, including the risk that our cash flows will be insufficient to meet required payment of principals and interest. In addition, while in the past our cash flows from our operations and financing activities had been sufficient to meet our payments obligations for borrowings and interest, there is however no assurance that we are able to do so in the future. In such event, we may be required to raise additional capital, debt or other forms of financing for our working capital. If any of the aforesaid events occur and we are unable for any reason to raise additional funds to meet our working capital requirements, our business, financial performance and position will be adversely affected.

# GROUP STRUCTURE



- Trading and Frozen Food Division
  - Nutrition Division
  - Unallocated
  - Food Services Division
  - Food Processing Division
  - Dairies Division
- <sup>(1)</sup> Completed liquidation on 4 December 2020    <sup>(2)</sup> Under liquidation    <sup>(3)</sup> In the process of being strike off

Hearty Bake

GOURMESSA™  
QUALITY IN EVERY BITE



# Food Processing



# CORPORATE INFORMATION

## Board of Directors

Dato' Jaya J B Tan  
(Executive Chairman)

Datuk Sam Goi Seng Hui  
(Non-Executive Vice-Chairman)

Dato' Kamal Y P Tan  
(Non-Executive Director and Adviser)

Mah Weng Choong  
(Non-Executive Director)

John Lyn Hian Woon  
(Independent Director)

Teo Chee Seng  
(Independent Director)

## Company Secretaries

S Surenthiraraj  
Kok Mor Keat

## Registered Office

SGX Centre II, #17-01  
4 Shenton Way  
Singapore 068807  
Telephone : (65) 6535 0550  
Facsimile : (65) 6538 0877

## Share Registrar

Boardroom Corporate & Advisory Services  
Pte Ltd  
50 Raffles Place  
Singapore Land Tower, #32-01  
Singapore 048623

## Independent Auditor

BDO LLP  
Public Accountants and Chartered Accountants  
600 North Bridge Road  
#23-01 Parkview Square  
Singapore 188778  
Partner-in-charge: Poh Chin Beng  
(Appointed since the financial year ended  
30 September 2017)

## Principal Bankers

Bank Pertanian Malaysia Berhad  
Maybank Islamic Berhad  
Malayan Banking Berhad  
HSBC Amanah Malaysia Berhad

## Solicitors

Morgan Lewis Stamford LLC



## BOARD OF DIRECTORS



**DATO' JAYA  
J B TAN**  
Executive Chairman

Dato' Jaya J B Tan was appointed to the Board since 23 December 2003. Dato' Jaya was re-designated from Non-Executive Chairman to Executive Chairman on 3 November 2020. He is overall in charge of the Group's corporate and operational functions, identifying, charting and implementing sustainable business strategies in new growth areas of the Group's businesses.

He graduated from the University of Arizona and is a Mechanical Engineer by training. He has extensive experience in forestry, property development, food retail operations, trading and financial services. Previously, he has served as Chairman of several companies quoted on the stock exchanges of Malaysia, United Kingdom, Singapore, Australia and India.

Dato' Jaya is the Non-Executive Chairman of Lasseters International Holdings Limited, a company listed on the Singapore Stock Exchange ("SGX"). He is also the Vice Chairman of Park Hyatt Saigon, a 259-room 5-star hotel in Ho Chi Minh City, Vietnam.

Dato' Jaya was re-elected as Director at the Annual General Meeting ("AGM") held in January 2019. Dato' Jaya is the brother of Dato' Kamal Y P Tan.



**DATUK SAM  
GOI SENG HUI**  
Non-Executive Vice-Chairman

Datuk Sam Goi Seng Hui joined the Board of Envictus International Holdings Limited as Vice-Chairman and Non-Executive Director on 9 January 2013.

He is the Executive Chairman of Tee Yih Jia Group and SGX Mainboard-listed GSH Corporation Limited.

Established in 1969, Tee Yih Jia Group is a global food and beverage group with operations in Singapore, Malaysia, USA, Europe and China, and exports to over 80 countries worldwide. GSH Corporation Limited is a developer of premium residential and commercial properties in the region, as well as the owner and operator of Sutera Harbour Resort, Marina and Golf Course and other prime properties currently under development in Kuala Lumpur and Kota Kinabalu, Sabah, Malaysia.

Datuk Sam Goi also serves on the board of two other Mainboard-listed companies in Singapore – as Vice Chairman of JB Foods Limited and Director of Tung Lok Restaurants (2000) Ltd. In addition, he has business interest across a range of private entities in diverse industries, including food and beverage, leisure real estate, consumer essentials, renewable energy, healthcare, technology, distribution and logistics.

In addition, Datuk Sam Goi has vast experience of doing business in the region, and is a strong advocate of trade. He is a council member for the Singapore-Zhejiang Economic and Trade Council (SZETC), Singapore-Tianjin Economic and Trade Council (STETC) and Singapore-Jiangsu Cooperation Council (SJCC). He also serves as the Enterprise 50 Club's Honorary Past President and Honorary Council Member of the Singapore Chinese Chamber of Commerce and Industry (SCCCI).

In April 2018, Datuk Sam Goi was appointed Singapore's Non-Resident Ambassador to the Federative Republic of Brazil.

He was named "Businessman of the Year" at the Singapore Business Awards (2014) and conferred the Public Service Star (Bar) (BBM (L)) at the 49th National Day Awards by the President of Singapore for his contributions to the community. For his social and business contributions to Kota Kinabalu, Sabah, Malaysia, he was conferred the State Award of Panglima Gemilang Darjah Kinabalu (PGDK), which carries the title of Datuk, from the state of Sabah. In 2015, he received the "SG50 Outstanding Chinese Business Pioneers Award" and the Long Service Award from Singapore's People's Action Party. Datuk Sam Goi was also awarded the Lifetime Achievement Award by Enterprise Asia in 2015 and by the Asian Strategy & Leadership Institute in 2016. In 2017, he was honoured for his contributions and success as an overseas Chinese by the People's Tribune Magazine in Beijing, China. In 2018, he was conferred the Distinguished Business Leader Award at the World Chinese Economic Forum. In 2019, he was appointed Patron for Advancement and received the inaugural Benefactors Fellow Award from the Singapore University for Technology and Design (SUTD) and conferred the Pearl of Orient award at the World Chinese Economic Forum.

Datuk Sam Goi is also the Honorary Chairman of Dunman High School Advisory Committee, Ulu Pandan Citizens Consultative Committee, Singapore Futsing Association, and Nanyang Gwee Clan Association. He is also an Honorary President of Kong Hwa School Alumni, a Senior Consultant of Su Tong Science & Technology Park, a Committee Member of Tan Kah Kee Foundation, and a Council Member of NTUC Club Management Council. He was appointed as Justice of Peace in 2020 for a period of five years.

Datuk Sam Goi will be retiring at the forthcoming AGM and he will offer himself for re-election as Director.

## BOARD OF DIRECTORS



- Member of the Audit Committee
- Member of Nominating Committee
- Member of Remuneration Committee

Dato' Kamal Y P Tan is the Non-Executive Director and Adviser of the Company and was appointed to the Board on 23 December 2003. He was appointed as the Executive Director of the Company upon its listing on 23 December 2004 and subsequently became the Group Chief Executive

Officer on 20 January 2009. He has been re-designated as Non-Executive Director and Adviser on 1 April 2019 following his decision for semi-retirement. On 1 April 2020, Dato' Kamal was re-designated as Acting Group Chief Executive Officer to relieve the then Group CEO who had taken leave of absence for 6 months to 30 September 2020. Dato' Kamal assumed the position of Group CEO on 1 October 2020 to 3 November 2020 before he took the current position as Non-Executive Director and Adviser on 3 November 2020.

Dato' Kamal is an Economics graduate from the London School of Economics and has held board positions with companies listed on the stock exchanges in Malaysia, Singapore, Australia, United Kingdom and India.

Currently, Dato' Kamal is also the Non-Executive Director of another company listed on the Singapore Stock Exchange, namely Lasseters International Holdings Limited. He is a Board member of Park Hyatt Saigon, a 259-room 5-star hotel in Ho Chi Minh City, Vietnam.

Dato' Kamal was re-elected as Director at the AGM held in January 2020. Dato' Kamal is the brother of Dato' Jaya J B Tan.



- Chairman of Remuneration Committee
- Chairman of Nominating Committee
- Member of Audit Committee

Mr Teo Chee Seng was appointed Independent Director of the Company on 3 August 2004. He holds a Bachelor of Law (Hons) degree from the University of Singapore and is a lawyer in the Singapore private practice for more than 30 years.

Mr Teo acts as the legal consultant to Tzu Chi Foundation, Taiwan's biggest charity organisation which is also an United Nations NGO.

Apart from the present directorship of the Company, Mr Teo is the Independent Director of Lasseters International Holdings Limited and Soilbuild Construction Group Ltd, companies listed on the Singapore Stock Exchange and United Overseas Australia Ltd, which is listed on both Singapore and Australia stock exchanges and UOA Development Bhd, a company listed on the Bursa Malaysia.

Mr Teo will retire at the forthcoming AGM and will offer himself for re-election as a Director. Mr Teo will also stand for continued appointment as Independent Director at the forthcoming AGM.

## BOARD OF DIRECTORS



**JOHN LYN  
HIAN WOON**  
Independent Director

- Chairman of Audit Committee
- Member of Remuneration Committee
- Member of Nominating Committee

Mr John Lyn Hian Woon was appointed Independent Director on 3 August 2004. He holds a BSc degree in Mechanical Engineering from the University of Leeds, UK and an MBA from Washington State University.

Mr Lyn is currently the Chief Executive Officer of Indigo Investment Pte Ltd, a family office organization registered in Singapore. He is also a Director of Sirius International Holdings, an international school based in Kuala Lumpur.

Mr Lyn is a former Chairman of Vietnam Asset Management, an associate company of UOB Kay Hian, which manages Public-listed Funds for Vietnam. He has previously held the position of Chief Executive Officer of Colonial Investment Pte. Ltd. and was responsible for management, strategic planning, investment and corporate restructuring. Prior to that, he was an investment banker with various financial institutions such as Chase Manhattan Bank, Citibank, Schrodgers Securities and HSBC James Capel with a total of 15 years of experience.

Apart from the directorship of the Company, Mr Lyn does not hold directorship in any other listed companies.

Mr Lyn was re-elected as Director of the Company at the AGM held in January 2020. Mr Lyn will stand for continued appointment as Independent Director at the forthcoming AGM.



**MAH  
WENG CHOONG**  
Non-Executive Director

Mr Mah Weng Choong was appointed to the Board on 3 August 2004 as a Non-Executive Director and was re-designated to the position of Group Chief Operating Officer ("Group COO") on 13 May 2010. Mr Mah relinquished his position as Group COO of the Company following the completion of the disposal of the Group's dairies and packaging business to Asahi Group Holdings Southeast Asia Pte. Ltd. and was re-designated as Non-Executive Director with effect from 1 July 2014. Mr Mah was the Group COO of Etika Dairies Sdn Bhd from 30 June 2014 to 30 June 2015. On 1 October 2017, Mr Mah was re-designated from Non-Executive Director to Independent Director of the Company. On 1 October 2020, Mr Mah was re-designated as Non-Executive Director.

Mr Mah is a graduate in Science from the University of Malaya and is an industry veteran who spent more than 5 decades in companies involved in the manufacturing and distribution of sweetened condensed milk, ice-cream, UHT beverages, milk powder packing and other dairy-related products. Experienced and knowledgeable in setting up plants and strategic planning, Mr Mah is instrumental in the development and expansion plans of the dairies, packaging and beverage divisions of the Group since its inception.

Mr Mah currently acts as a Consultant for the Group's wholly-owned subsidiary, Motivage Sdn Bhd, for the setting up of the Group's sweetened condensed milk manufacturing plant in Selangor Halal Hub in Pulau Indah. He provides advice and guidance on dairy factory design and process design, review construction layout, sourcing of machineries and equipment as well as business advisory services such as raw materials procurement and production process.

Apart from the directorship of the Company, Mr Mah does not hold directorship in any other listed companies.

Mr Mah was last re-elected as a Director at the AGM held in January 2019.



# KEY MANAGEMENT

## **BILLY LIM YEW THOON** Chief Financial Officer

Mr. Billy Lim joined Envictus as Chief Financial Officer on 1 March 2011. He is a Fellow member of the Association of Chartered Certified Accountants, a member of the Malaysia Institute of Accountants, a member of the Malaysian Institute of Corporate Governance, an Associate member of the Chartered Tax Institute of Malaysia and an Associate member of Institute of Internal Auditors.

Mr Lim brings with him a wealth of experience of more than 18 years in the audit practice and another 8 years in the commercial industry. He has also worked as the General Manager of Internal Audit for more than 3 years in a large public corporation listed on Bursa Malaysia

Securities Berhad. His commercial experience includes monitoring of manufacturing and gaming operations located in Malaysia and overseas as well as participation in the negotiation and takeover of companies.

Prior to joining Envictus, Mr Lim was a Director of a consulting firm which has been providing consultancy and internal audit services to a Malaysian listed company. He was also a sole proprietor of a firm of practising accountants.

## **DATO' LAWRENCE POK YORK KEAW** Chief Executive Officer, Frozen Food Division

Dato' Lawrence Pok has extensive experience in the hotel and restaurant industry. He is the Chief Executive Officer of Envictus' Frozen Foods Division and had been with Pok Brothers Sdn Bhd ("PBSB") since the mid 1960's. He was instrumental in building up PBSB from a mini-market trader to an importer of quality foods and distributor of a classic range of international branded products. Among others, his notable achievements include the expansion of PBSB's operations into the manufacturing of value added halal food products through the establishment of De-luxe Food Services Sdn Bhd ("DFSSB") in the early 1980s. The products

offered by DFSSB comprise of portion control meat, delicatessen meat, smoked salmon, bread and pastry products and many more were aimed to complement and enhance the business and service that were offered by PBSB then.

Dato' Lawrence Pok continued to head the operations of PBSB and its group following the acquisition by Envictus Group in 2006. He is currently overseeing the Trading and Frozen Food Division and Butchery sub-division undertaken by Gourmessa Sdn Bhd.

# CORPORATE GOVERNANCE

The Directors and Management of Envictus International Holdings Limited (“Envictus” or the “Company”) and its subsidiaries (collectively with the Company, the “Group”) are committed to maintain high standards of corporate governance in order to protect the interests of its shareholders as well as enhance corporate performance and business sustainability. It has put in place practices in accordance with the principles and guidelines set out in the Code of Corporate Governance 2018 (the “Code”).

The following outlines the corporate governance principles applied by the Company with specific references to the Code. Where there is any material deviation from the provisions of the Code, an explanation has been provided within this report.

## BOARD MATTERS

### PRINCIPLE 1

The company is headed by an effective Board which is collectively responsible and works with Management for the long term success of the Company.

#### Provision 1.1

##### Board’s Role

The primary function of the Board of Directors (the “Board” or the “Directors”) is to provide entrepreneurial leadership and direction to enhance the long-term value and returns for its shareholders. The Board oversees the business affairs of the Group and has the overall responsibility for reviewing the strategic plans and performance objectives, financial plans and annual budget, key operational initiatives, major funding and investments proposals, financial performance reviews and corporate governance practices.

In addition, the principal duties of the Board include :-

1. providing entrepreneurial leadership and guidance on the overall long-term strategic plans and performance objectives as well as operational initiatives and to ensure that the necessary financial and human resources are in place to meet its objectives;
2. reviewing the performance of the Group Chief Executive Officer (“Group CEO”) and senior management executives and ensures they are appropriately remunerated;
3. reviewing the adequacy and effectiveness of the Group’s risk management and internal control systems, financial reporting and compliance, operational compliance and information technology controls;
4. reviewing and approving key operational and business initiatives, major funding proposals, significant investment and divestment proposals, corporate or financial restructuring, share issuance and dividends, the Group’s annual budgets and capital expenditure, the Group’s operating and financial performance, risk management processes and systems, human resource requirements, the release of quarterly and full year financial results and other corporation actions;
5. setting the Company’s values and standards and ensure that obligations to shareholders and other stakeholders are understood and duly met;
6. considering sustainability issues such as environmental and social factors as part of its strategic formulation; and
7. providing the management with advice on issues raised and at the same time monitors the performance of the management.

#### Provision 1.2

##### Directors’ Duties and Responsibilities

All Directors exercise due diligence and independent judgement in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group, safeguarding shareholders’ interest and the Group’s assets. The Directors act objectively in the best interest of the Company and hold Management accountable for performance. Decisions are made objectively in the Group at all times. Any Director facing conflicts of interest will recuse himself from discussions involving the issues of conflict.

## CORPORATE GOVERNANCE

### Continuous Training and Development of Directors

The Board is briefed on recent changes on the accounting standards and regulatory updates. The Group CEO updates the Board at each meeting on business and strategic developments of the Group. As part of the Company's continuing education for Directors, Directors are provided with articles, reports and press releases relevant to the Group's business to keep them updated on current industry trends and issues.

The Group conducts an orientation briefing to provide newly appointed Directors with a better understanding of the Group's business activities, strategic direction and policies, key business risks, governance practices and the Group's culture to enable them to integrate into their new roles. Upon the appointment of each Director, the Company would provide a formal letter to the Director setting out the Director's roles, obligations, duties and responsibilities as a member of the Board. Newly appointed Directors are briefed on the Company's business operations, strategic directions, group structure, policies and corporate governance practices. They are introduced to key management personnel and provided with essential information about the Company. In addition, first time Directors who have no prior experience as a director of a company listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") will also undergo training in the roles and responsibilities of a director of a listed company as prescribed by the SGX-ST pursuant to Rule 210(5)(a) of the SGX-ST Listing Manual ("Listing Rules"). No new Director was appointed during the year under review.

The Directors will be encouraged, on the Company's expense, to attend appropriate training, conferences and seminars for them to stay abreast of relevant business developments and outlook.

No external training was attended by the Directors in FY2020.

### Provision 1.3

#### Internal Guidelines on Matters Requiring Board Approval

The Group has adopted a set of guidelines setting forth matters that require the Board's approval. The types of transactions that require the Board's approval, among others, include:-

1. Announcements of the half-year and full-year results;
2. Audited Financial Statements;
3. Convening of shareholders' meetings;
4. Declaration of interim dividends and proposal of final dividends;
5. Acceptance of financial facilities and issuance of corporate guarantee;
6. Annual operating and capital budgets;
7. Approval of material acquisition and disposal of assets; and
8. Interested person transactions.

### Provision 1.4

#### Delegation of Authority to Board Committees

Board Committees comprising the Audit Committee (the "AC"), Nominating Committee (the "NC") and Remuneration Committee (the "RC") which were constituted with clear written terms of reference setting out their compositions, authorities and duties, including reporting back to the Board, were established to assist the Board in the discharge of its duties. These Committees review and decide or make recommendations to the Board on matters within their specific terms of reference. The Board accepts that while the Board Committees have the authority to examine particular issues and report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The present Board Committee members are as follows:-

Directors	Audit Committee	Nominating Committee	Remuneration Committee
John Lyn Hian Woon	Chairman	Member	Member
Teo Chee Seng	Member	Chairman	Chairman
Dato' Kamal Y P Tan <sup>(1)</sup>	Member	Member	Member

<sup>(1)</sup> Dato' Kamal Y P Tan was appointed as members of the Audit Committee, Nominating Committee and Remuneration Committee on 3 November 2020 in place of Dato' Jaya J B Tan who resigned as members of the Audit Committee, Nominating Committee and Remuneration Committee on 3 November 2020.

## CORPORATE GOVERNANCE

### Provision 1.5

#### Meetings of Board and Board Committees

The dates of the Board and board committee meetings are scheduled in advance to assist the directors in planning their attendance. The Board meets at least three times a year and as warranted by particular circumstances. Ad-hoc meetings are also convened to deliberate on urgent and substantive matters. Telephone attendance and conference via audio-visual communication at Board and board committee meetings are allowed under the Company's constitution. Board decisions may also be made by way of circulating resolutions.

The attendance of the directors at meetings of the Board and Board committees is as follows:-

	Board	Audit Committee	Remuneration Committee	Nominating Committee
No. of meetings held in FY2020	4	3	2	2
<u>Number of meetings attended</u>				
Dato' Jaya J B Tan <sup>(1)</sup>	4	3	2	2
Datuk Sam Goi Seng Hui	4	n/a	n/a	n/a
Dato' Kamal Y P Tan <sup>(2)</sup>	3	n/a	n/a	n/a
Mah Weng Choong	4	n/a	n/a	n/a
Teo Chee Seng	4	3	2	2
John Lyn Hian Woon	4	3	2	2

<sup>(1)</sup> Dato' Jaya was re-designated from Non-Executive Chairman to Executive Chairman on 3 November 2020. He resigned as members of the Audit Committee, Nominating Committee and Remuneration Committee on the same date.

<sup>(2)</sup> Dato' Kamal was re-designated from Group Chief Executive Officer to Non-Executive Director and Adviser on 3 November 2020. He was appointed as members of the Audit Committee, Nominating Committee and Remuneration Committee on the same date.

n/a - not applicable as director is not a member of the committee.

### Provision 1.6

#### Board's Access to Information

Management provides Directors with complete, adequate and timely information prior to meetings and on an on-going basis to enable them to make informed decision and discharge their duties and responsibilities. Before each Board and Board Committee meeting, Management will provide the Directors with the agenda and the meeting materials relating to matters to be discussed during the meeting. Such meeting materials may include financial statements, forecasts, disclosure documents and industry information. This is to allow the Directors some time to better understand the matters and to deliberate over any issues. Directors are entitled to request for additional information and explanations from Management and such information shall be provided in a timely manner.

### Provision 1.7

#### Board's Access to Management, Company Secretary and External Advisers

The Board has separate and independent access to the Company's senior management and the Company Secretaries. At least one of the Company Secretaries attends the Board and Board committee meetings and is responsible for ensuring that board procedures are followed in accordance with the constitution of the Company, and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary are subject to the Board's approval.

The Board collectively and each Director individually has the right to seek independent, legal and other professional advice at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their duties and responsibilities as Directors. Such cost for professional advice will be borne by the Company.

## CORPORATE GOVERNANCE

### BOARD COMPOSITION AND GUIDANCE

#### PRINCIPLE 2

The Board has an appropriate level of independence and diversity of thought and background on its composition to enable it to make decisions in the best interests of the company.

#### Provision 2.1

**Strong and independent element on the Board, with independent directors making at least one-third of the Board.**

The Board currently comprises six members, comprising one Executive Chairman, three Non-Executive Directors and two Independent Directors. Non-Executive Directors make up a majority of the Board.

Name	Age	Date of first appointment	Date of last re-election/re-appointment	Designation
Dato' Jaya J B Tan <sup>(1)</sup>	73	23.12.2003	17.01.2019	Executive Chairman
Datuk Sam Goi Seng Hui	74	09.01.2013	30.01.2018	Non-Executive Vice-Chairman
Dato' Kamal Y P Tan <sup>(2)</sup>	68	23.12.2003	14.01.2020	Non-Executive Director and Adviser
Mah Weng Choong <sup>(3)</sup>	82	03.08.2004	17.01.2019	Non-Executive Director
Teo Chee Seng	66	03.08.2004	30.01.2018	Independent Director
John Lyn Hian Woon	62	03.08.2004	14.01.2020	Independent Director

<sup>(1)</sup> Dato' Jaya J B Tan was re-designated from Non-Executive Chairman to Executive Chairman on 3 November 2020. He resigned as members of the Audit Committee, Nominating Committee and Remuneration Committee on the same date.

<sup>(2)</sup> Dato' Kamal Y P Tan was re-designated from Group Chief Executive Officer to Non-Executive Director and Adviser on 3 November 2020. He was appointed as members of the Audit Committee, Nominating Committee and Remuneration Committee on the same date.

<sup>(3)</sup> Mr Mah Weng Choong was re-designated from Independent Director to Non-Executive Director on 1 October 2020.

The independence of each Director is reviewed annually by the NC and the Board. Each Independent Director is required to complete a declaration form annually to confirm his independence. The NC deliberates the independence of the Directors against a checklist and determines whether the Directors are independent in conduct, character and judgement, having regard to the circumstances set forth in Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rules. The Independent Directors do not fall under the circumstances of Rule 210(5)(d) as they were not employed by the Company or any of its related corporations for the current or any of the past three financial years and they do not have an immediate family member who is, or has been in any of the past in the current three financial years, employed by the Company or its related corporations and whose remuneration is determined by the Remuneration Committee.

In addition, neither the Independent Directors nor their immediate family members, in the current or immediate past financial year, provided or received from the Company or its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services) for payments aggregated in excess of S\$50,000 other than compensation for board service. Neither the Independent Directors nor their immediate family members, in the current or immediate past financial year, is or was, a substantial shareholder or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organization which provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services) in excess of S\$200,000.

The Independent Directors of the Company have confirmed their independence and that they do not have any relationship with the Company, its related corporation, its substantial shareholders or its officers that could interfere or be reasonable perceived to interfere with the exercise of their independent judgement.

## CORPORATE GOVERNANCE

### Provisions 2.2 and 2.3

#### Composition of Independent Directors and Non-Executive Directors on Board

The number of independent directors represents one third of the Board and majority of the Board comprises non-executive Directors.

The Company's Executive Chairman is not independent. Pursuant to the Code, the Company has not complied with the requirement for independent Directors to make up a majority of the Board.

The Company has departed from the compliance of the Code and the following are the explanations for departure:-

1. The current Board composition is appropriate for the Company's size, operations and future direction and includes an appropriate mix of skills and expertise, relevant to the Company's business and level of operations;
2. The Board has been structured such that its composition and size will enable it to effectively discharge its responsibilities and duties;
3. The Board considers that its structure is, and will continue to be, appropriate in the context of the Company's recent history. The Company considers that the non-independent Directors possess the skills and experience suitable for building the Company; and
4. Furthermore, the Board considers that in the current phase of the Company's growth, the Company's shareholders are better served by Directors who have a vested interest in the Company.

The Company will work towards achieving a Board where Independent Directors made up majority of the Directors. The Board will put in place processes for the selection of suitable candidates to be appointed as Independent Directors to the Board. This process will be led by the NC taking into consideration that an effective and cohesive board requires the right balance of industry knowledge, experience, core competencies, skills and professional qualifications, as well as diversity of perspectives.

Where there is resignation or retirement of an existing director, the NC will re-evaluate the Board composition to assess the competencies for the replacement.

Candidates are first sourced through a network of contacts and identified based on the established criteria. Recommendations from directors and management are the usual source for potential candidates. Where applicable, search through external search consultants can be considered.

The NC will shortlist candidates and conduct formal interviews with each of them to assess their suitability and to verify that the candidates are aware of the expectations and the level of commitment required. Finally, the NC will make recommendations on the appointment(s) to the Board for approval.

### Provision 2.4

#### Composition and Size of the Board

The Board's policy in identifying director candidates is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. Each year, NC reviews the size and composition of the Board and Board committees and the skills and core-competencies of its members to ensure an appropriate balance of skills and experience. These competencies include business acumen, legal, accounting and finance, management experience, industry knowledge, strategic planning experience, familiarity with regulatory requirements and knowledge of risk management. The Board considers its Directors to possess the necessary competencies and knowledge to lead and govern the Group effectively.

Taking into account the nature and scope of the Group's businesses and the number of Board committees, the Board considers the current board size as appropriate. The Board believes that the current composition and size provides sufficient diversity without interfering with efficient decision-making. The Directors' academic and professional qualifications are presented under the section "Board of Directors" in this annual report.

### Provision 2.5

#### Role of Non-Executive Directors

The non-executive Directors constructively challenge and help develop proposals on strategy and review the performance of the Management in meeting agreed goals and objectives and the reporting of performance. They are encouraged to meet regularly without the presence of the Management. As and when warranted, Non-Executive Directors meet to discuss the Company's affairs without the presence of Management. Thereafter, the chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

## CORPORATE GOVERNANCE

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

#### PRINCIPLE 3

**There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

#### Provisions 3.1 and 3.2

#### Separate roles of Chairman and Chief Executive Officer

During FY2020, the Chairman and the CEO functions in the Company are assumed by different individuals. The Chairman is Dato' Jaya J B Tan and the Group CEO is Mr Khor Sin Kok who held the position from 1 October 2019 to 31 March 2020. Mr Khor took leave from 1 April 2020 to 30 September 2020. In Mr Khor's absence, Dato' Kamal Y P Tan was re-designated from Non-Executive Director to Adviser to Acting Group CEO from 1 April 2020 to 30 September 2020. On 1 October 2020, Dato' Kamal was re-designated to Group CEO and thereafter on 3 November 2020 assumed his current position as Non-Executive Director and Adviser. During FY2020, there was a clear division of responsibilities between the Chairman and the Group CEO, which ensures the balance of power and authority at the top of the Company.

The Chairman is responsible for the effective workings of the Board and promotes high standards of corporate governance. He ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with other directors and the key management. He also reviews Board papers before they are presented to the Board to ensure that information provided to the Board members is adequate. During the Board meetings, he facilitates effective contributions and constructive discussions on strategic issues and business planning from the executive and non-executive directors. He plays a pivotal role in fostering constructive dialogue between shareholders, the Board and the Management at AGMs and other shareholders meetings.

The Group CEO is responsible for the running of the day-to-day business of the Group within the authorities delegated to him by the Board, ensuring implementation of policies and strategy across the Group as set by the Board, ensuring that the Chairman is kept apprised in a timely manner of issues faced by the Group and of any important events and developments and leading the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performances of its existing businesses.

The Board has consistently demonstrated it is able to exercise independent decision-making and because of this, the Board has not appointed a lead independent director to date. Notwithstanding this, it may appoint one in the interest of embracing recommended best practices.

Shareholders who wish to contact the independent directors to address any queries on the Company's affairs may access to the Company's website at <https://www.envictus-intl.com/contact>.

#### Provision 3.3

#### Lead Independent Director

The Board has consistently demonstrated it is able to exercise independent decision-making and because of this, the Board has not appointed a lead independent director to date. In addition, the independent directors will confer among themselves (when necessary) and provide feedback to the Chairman as appropriate. Notwithstanding this, it may appoint one in the interest of embracing recommended best practices. The Board is of the opinion the role of Dato' Jaya J B Tan as Chairman of the Company does not affect the independence of the Board.

Both independent directors are available to shareholders when they have concerns and where contact through the normal channels of the Chairman, Group CEO and Management has failed to resolve such concerns or is inappropriate. Shareholders who wish to contact the Independent Directors to address any queries on the Company's affairs may access to the Company's website at <https://www.envictus-intl.com/contact>.

#### PRINCIPLE 4

**The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.**

## CORPORATE GOVERNANCE

### Provisions 4.1 and 4.2

#### Nominating Committee

The NC comprises one non-executive director and two independent non-executive directors, one of whom is also the Chairman of the Committee. The members of the NC are as follows:-

Teo Chee Seng (Chairman)	Non-Executive, Independent
John Lyn Hian Woon (Member)	Non-Executive, Independent
Dato' Kamal Y P Tan (Member)	Non-Executive

The NC has adopted its terms of reference that describes the responsibilities of its members.

The NC decides how the Board should be evaluated and selects a set of performance criteria that is linked to long-term shareholders' value, to be used for performance evaluation of the Board.

The NC performs the following principal functions:-

- reviews the structure, size and composition of the Board and make recommendations to the Board;
- identifies candidates and reviews all nomination for the appointment and re-appointment of members of the Board;
- determines annually whether or not a Director is independent in accordance with the guidelines of the Code;
- decides how the Board's performance may be evaluated and proposes objective performance criteria for the Board's approval; and
- assesses the effectiveness of the Board as a whole, as well as the contribution by each member of the Board.

### Provision 4.3

#### Process for the Selection and Appointment of Directors

The responsibilities of the NC are, among other things, to make recommendations to the Board on all Board appointments, re-appointments and oversee the Board and key management personnel's succession and leadership development plans.

The NC is responsible for identifying candidates and reviewing all nominations for the appointment of new directors. The NC seeks potential candidates widely and beyond directors/management recommendations and is empowered to engage external parties, such as professional search firms, to undertake research on or assessment of candidates as it deems necessary.

The NC decides how the Board should be evaluated and selects a set of performance criteria that is linked to long-term shareholders' value, to be used for performance evaluation of the Board.

The Board has power from time to time and at any time to appoint a person as a director to fill a casual vacancy or as an addition to the Board. Any new directors appointed during the year shall only hold office until the next Annual General Meeting ("AGM") and submit themselves for re-election and shall not be taken into account in determining the directors who are to retire by rotation at that meeting.

Regulation 87 of Envictus' Constitution requires the Managing Director, Chief Executive Officer or President (or person holding an equivalent position) who is a director to be subject to retirement by rotation.

Regulation 91 of Envictus' Constitution requires one third of the Board to retire by rotation at every AGM. The directors must present themselves for re-nomination and re-election at regular intervals of at least once every three years.

In reviewing the nomination of the retiring directors, the NC considered the performance and contribution of each of the retiring directors, having regard not only to their attendance and participation at Board and Board Committee meetings but also the time and efforts devoted to the Group's business and affairs, especially the operational and technical contributions.

In considering the appointment of any new director, the NC ensures that the new director possesses the necessary skills, knowledge and experience that could facilitate the Board in the making of sound and well-considered decisions. For re-appointments, NC takes into account the individual director's past contributions and performance.



## CORPORATE GOVERNANCE

The NC has recommended the nomination of Directors retiring pursuant to the Company's constitution, namely Datuk Sam Goi Seng Hui and Mr Teo Chee Seng, who will retire and submit themselves for re-election at the forthcoming AGM. The NC is satisfied that Datuk Sam Goi Seng Hui and Mr Teo Chee Seng are properly qualified for re-election by virtue of their skills, experience, contribution and guidance to the Board's deliberation. For information on Directors seeking re-election, please refer to the "Additional information for Directors Seeking Re-election" section of the Annual Report.

### Provision 4.4

#### Determining Directors' Independence

The Board also recognizes that independent Directors may over time develop significant insights in the Group's business and operations and can continue to provide significant and valuable contribution objectively to the Board as a whole. When there are such Directors, the Board will do a rigorous review of their continuing contribution and independence and may exercise its discretion to extend the tenures of these Directors.

The independence of each Director is reviewed annually by the NC and the Board. Each Independent Director is required to complete a declaration form annually to confirm his independence. The NC deliberates the independence of the Directors against a checklist and determines whether the Directors are independent in conduct, character and judgement, having regard to the circumstances set forth in Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rules.

Independent Directors, Mr John Lyn Hian Woon and Mr Teo Chee Seng, do not fall under the circumstances of Rule 210(5)(d) as they were not employed by the Company or any of its related corporations for the current or any of the past three financial years and they do not have an immediate family member who is, or has been in any of the past in the current three financial years, employed by the Company or its related corporations and whose remuneration is determined by the Remuneration Committee.

In addition, the Independent Directors or his immediate family member, in the current or immediate past financial year, did not provide or received from the Company or its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services) for payments aggregated in excess of S\$50,000 other than compensation for board service. The Independent Directors or their immediate family member, did not in the current or immediate past financial year, is or was, a substantial shareholder or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organization which provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services) in excess of S\$200,000.

The Independent Directors have each served on the Board for more than nine years. The NC has conducted a rigorous review of their contributions to the Board to determine if they have maintained their independence. The NC and the Board are satisfied with their continued independence in character and judgement in discharging their responsibilities as Directors of the Company with the utmost commitment to protect and uphold the interests of the Company and all shareholders, not just the substantial shareholders and found no evidence to indicate that the length of service has in any way affected their respective independence.

The Independent Directors have also contributed significantly to the discussion on matters before the Board, which include matters relating to the strategic direction and corporate governance of the Group, expressed individual viewpoints, debated issues, sought clarification as they deemed necessary including direct access to the Management and objectively scrutinized the Management. Having gained in-depth understanding of the business, operating environment and direction of the Group, they provided the Group with much needed experience and knowledge of the industry and offered valuable advice. Both have independent income source apart from the fees received from the Group. Accordingly, the NC, with the concurrence of the Board, is satisfied that both Mr Lyn and Mr Teo have remained independent in their judgement and can continue to discharge their duties objectively.

### Provision 4.5

#### Multiple Board Representations

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his/her duties as a Director of the Company. The NC is of the view that there is no current need to determine the maximum number of board representations a Director should have as the NC is satisfied that the Directors have been giving sufficient time and attention to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations. Board and Board Committee meetings are scheduled in advance to facilitate the Directors' scheduling of their commitments.

The NC expects commitment of time by a Director to discharge his or her duties. Appointment of alternate directors should be considered only if justified under exceptional circumstances. The Company does not have any alternate director.

## CORPORATE GOVERNANCE

### BOARD PERFORMANCE

#### PRINCIPLE 5

**The Board undertakes a formal annual assessment of its effectiveness as a whole, and that each of its board committees and individual directors.**

Provisions 5.1 and 5.2

#### Conduct of Board Performance

##### Criteria for Board Evaluation of Individual Directors

The Board regularly reviews the performance of the Management in meeting agreed goals and objectives and monitors the reporting of performance.

The NC reviews on an annual basis the composition and skills of the Board and determines if it is adequate and appropriate having regard to the nature and scope of the Company's operations and the costs involved.

The NC assesses and makes recommendations to the Board as to whether retiring directors are suitable for re-election.

The NC has conducted a formal assessment of the effectiveness of the Board for the financial year under review. The NC reviewed the Board's performance informally with inputs from the other Board members. The evaluation exercise is carried out annually by way of a Board Assessment Checklist, which is circulated to the Board members for completion and thereafter, for the NC to review and determine the actions required to improve the corporate governance of the Company and the effectiveness of the Board and Board committees as a whole. The performance criteria for the Board/Board Committees evaluation are in respect of size and composition, directors' independence, Board's accountability, board process, internal controls, quality of agenda/board papers, standard of conduct and risk management etc.

The evaluation of the Chairman of the Board is undertaken by the RC and the NC and the results are reviewed by the Board. The assessment of the Chairman of the Board is based on his ability to lead, whether he established procedures to ensure the effective functioning of the Board and that the time devoted to board meetings were appropriate and are conducted in a manner that facilitate open communication and meaningful participation for effective discussion and decision making by the Board.

### REMUNERATION MATTERS

#### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

#### PRINCIPLE 6

**The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

Provisions 6.1 and 6.2

#### Remuneration Committee

The Remuneration Committee ("RC") comprises one non-executive director and two independent non-executive directors, one of whom is also the Chairman of the Committee, namely:-

Teo Chee Seng (Chairman)	Non-Executive, Independent
John Lyn Hian Woon (Member)	Non-Executive, Independent
Dato' Jaya J B Tan (Member)	Non-Executive

The role of the RC is to review and recommend remuneration policies and packages for directors and key executives and to disseminate proper information on transparency and accountability to shareholders on issues of remuneration of the executive directors of the Group and employees related to the executive directors and controlling shareholders of the Group.

## CORPORATE GOVERNANCE

Primary functions performed by RC:-

- Reviews and recommends to the Board, a framework of remuneration for the Board and key executives taking into account factors such as industry benchmark, the Group's and individual's performance;
- Reviews the level of remuneration that are appropriate to attract, retain and motivate the directors and key executives;
- Ensures adequate disclosure on directors' remuneration;
- Reviews and recommends to the Board the terms for renewal of directors' service contracts;
- Reviews and administers the Envictus Employee Share Option Scheme (the "Scheme") adopted by the Group and decides on the allocations and grants of options to eligible participants under the Scheme; and
- Recommends to the Board, the Executive Share Option Schemes or any long-term incentive schemes which may be set up from time to time and does all acts necessary in connection therewith.

### Provision 6.3

#### Review of remuneration

The RC's review covers all aspect of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, long-term incentive schemes, including share schemes and benefits in kind. Recommendations are made in consultation with the chairman of the Board and submitted for endorsement by the entire Board. No Director is involved in deciding his own remuneration.

The Company has no share-based compensation scheme or any long-term scheme involving the offer of shares or options in place.

### Provision 6.4

#### Engagement of remuneration consultants

The RC has the authority to seek appropriate external or other independent professional advice in the field of executive compensation as it considers necessary to carry out its duties. During the financial year, the RC did not require the service of an external remuneration consultant.

## LEVEL AND MIX OF REMUNERATION

### PRINCIPLE 7

**The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.**

### Provision 7.1

#### Remuneration of Executive Directors and Key Management Personnel

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of Executive Chairman and key management personnel commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. In structuring the compensation framework, the RC also takes into account the risk policies of the Group, the need for the compensation to be symmetric with the risk outcomes and the time horizon of risks.

The Executive Chairman has entered into service agreement which link rewards with both corporate and individual performance to promote shareholders' interests, long-term success of the Group and risk management policies. The service agreement covers the terms of employment, specifically salary and other benefits. The RC has reviewed the Company's obligations arising in the event of termination of the Executive Chairman's contract of service and is of the view that such contract of service contains fair and reasonable termination clauses which are not overly generous.

The Company currently does not have contractual provisions to reclaim the incentive component of remuneration from the Executive Chairman and there are no excessively long or onerous removal clauses in this service agreement.

## CORPORATE GOVERNANCE

### Provision 7.2

#### Remuneration of Non-Executive Directors

The Board concurred with the RC that the proposed directors' fees for the year ended 30 September 2020 payable to the Non-Executive Directors is appropriate taking into consideration the level of contributions by the Directors and factors such as effort and time spent on the Board and Board Committees as well as the responsibilities and obligations of the Directors

Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.

### Provision 7.3

#### Appropriate remuneration to attract, retain and motivate key management personnel and directors

The Company's remuneration policy is structured to attract, retain and motivate Directors and staff to provide good stewardship to the Company, to run and manage the Company effectively and to be risk conscious so as to promote long term success of the Company and to protect the interests of shareholders. The Company adopts a remuneration policy which comprised fixed component in the form of base salary and other fixed allowances and the variable component which comprised bonus which is linked to the Company's and individual's performance.

## DISCLOSURE ON REMUNERATION

### PRINCIPLE 8

The company is transparent in its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

### Provision 8.1

#### Remuneration Report

The breakdown of the level and mix of remuneration of each Director and the CEO for FY2020 are set out below:-

	Salary <sup>(1)</sup>	Directors' Fees	Bonus <sup>(2)</sup>	Total Remuneration
	%	%	%	%
<u>Directors</u>				
<i>Below S\$250,000</i>				
Dato' Jaya J Tan	-	100.0	-	100.0
Datuk Sam Goi Seng Hui	-	100.0	-	100.0
Dato' Kamal Y P Tan <sup>(3)</sup>	85.3	14.7	-	100.0
Mah Weng Choong	-	100.0	-	100.0
John Lyn Hian Woon	-	100.0	-	100.0
Teo Chee Seng	-	100.0	-	100.0
<u>CEO</u>				
<i>Below S\$250,000</i>				
Khor Sin Kok <sup>(4)</sup>	87.3	-	12.7	100.0

#### Notes :

<sup>(1)</sup> Inclusive of benefits in kind, allowances and provident funds, where applicable.

<sup>(2)</sup> On receipt basis during FY2020.

<sup>(3)</sup> Dato' Kamal Y P Tan was re-designated from Non-Executive Director and Adviser to Acting Group CEO from 1 April 2020 to 30 September 2020. He received a combination of directors' fee and salary during FY2020.

<sup>(4)</sup> Mr Khor Sin Kok was on leave of absence from 1 April 2020 to 30 September 2020 and hence no remuneration was paid during the said period. He resigned on 1 October 2020.

## CORPORATE GOVERNANCE

The Company has not complied with Provision 8.1(a) of the Code which requires the Company to disclose exact details of the remuneration of the Group CEO due to the competitive pressures in the talent market and as such, maintaining confidentiality on such matters would be in the best interest of the Company.

The Company is not compliant with Provision 8.1(b) of the Code which requires the Company to name and disclose the remuneration of the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. The Board is of the view that it is not in the interests of the Company to disclose the remuneration of the top five key management personnel (who are not Directors) within the bands of S\$250,000 each, the breakdown of each individual's remuneration and the aggregate total remuneration due to the sensitive and confidential nature of such information and disadvantages that this might bring which among others include group employment sensitivity, potential staff motivational and retention issues.

On the remuneration of the top five key management personnel, there were four of whom are in the less than S\$250,000 band and the remaining one of whom is in between S\$250,000 to S\$500,000 band.

There is no termination, retirement and post-employment benefits granted to Directors, the CEO and the top five key management personnel.

The Company does not use any contractual provisions to reclaim incentive components of remuneration from the Executive Chairman or the Group CEO in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss of the Company.

The Group adopts a process where the executive directors and key management personnel are reviewed and assessed for individual performance against set performance targets. Performance against these targets is a key factor determining their remuneration. On an annual basis, the RC reviews and makes recommendation to the Board for changes relating to the remuneration of the Executive Chairman and CEO, which includes increment and bonus, and will then submit its recommendation to the Board for approval.

### Provision 8.2

#### Remuneration of Immediate Family Members of Directors or CEO

Except for Dato' Kamal Y P Tan, there are no employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company and whose remuneration exceeded S\$100,000 during FY2020.

#### Immediate family members of Directors

The following are immediate family members of Directors whose remuneration exceeds S\$50,000 during FY2020:-

Name of executives	Designation	Salary <sup>(1)</sup>	Bonus <sup>(2)</sup>	Total
		%	%	Remuneration
<b>S\$50,000 to below S\$100,000</b>				
Tan San May	Head of Bakery and Head of Café	94.5	5.5	100.0
Tan San Yen	Head of Operations - Regional	90.8	9.2	100.0
Tan San Jean	Head of Operations - Business Development	90.4	9.6	100.0

#### Notes :

<sup>(1)</sup> Inclusive of benefits in kind, allowances and provident funds, where applicable.

<sup>(2)</sup> On receipt basis during FY2020.

Ms Tan San May is a daughter of Dato' Kamal Y P Tan, Non-Executive Director and Adviser while Ms Tan San Yen and Ms Tan San Jean are daughters of Dato' Jaya J B Tan, Executive Chairman. Dato' Jaya J B Tan and Dato' Kamal Y P Tan are brothers. All three executives are employed by Eureka Capital Sdn Bhd, a wholly-owned subsidiary of the Group.

## CORPORATE GOVERNANCE

### Provision 8.3

#### Envictus Employee Share Option Scheme (ESOS)

The ESOS was approved and adopted by its members at an Extraordinary General Meeting held on 8 November 2004 and has expired on 7 November 2019 after a duration of 15 years. No options were granted during FY2020.

### RISK MANAGEMENT AND INTERNAL CONTROLS

#### PRINCIPLE 9

**The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests of the company and its subsidiaries.**

#### Provision 9.1

#### Risk Management and Internal Controls Systems

The Board reviews the risk profile of the Group and ensures that there are robust risk management policies and internal controls in place. The Board has delegated the responsibility for setting the direction of the Group's risk management strategy to Management. The key risks of the Group have been identified within a group risk framework that has been approved by Management and the AC.

The Group has established risk management policies, guidelines and control procedures to manage its exposure risks. Details of the various financial risk factors and the management of such risks are outlined in the financial statements.

It is part of the Board's role to ensure that there are adequate policies for risk management and internal controls and to oversee the effectiveness of the policies in achieving the Group's goals and objectives. The responsibility for implementing appropriate policies and procedures to achieve effective risk management and internal control is delegated to Senior Management. The overall framework established by Management is designed to enhance the soundness of the Group's financial reporting, risk management, compliance and internal control systems which include:

- Process improvement initiatives undertaken by business units;
- Benchmarking against key risk indicators, such as loss reporting, exceptions reporting and management reviews;
- Annual formal evaluations by the heads of business units and support functions on the soundness, effectiveness and efficiency of the financial reporting, risk management;
- compliance and internal control systems in their respective areas of responsibility;
- Implementation of formal policies and procedures relating to the delegation of authority;
- Involvement of experienced and suitably qualified employees who take responsibility for important business functions; and
- Segregation of key functions that are deemed incompatible and that may give rise to a risk that errors or irregularities may not be promptly detected.

There is an organisational structure with clearly drawn lines of accountability and delegation of authority. There are documented procedures in place that cover management accounting, financial reporting, investment appraisal, information systems security, compliance and other risk management issues.

The systems that are in place are intended to provide guidance in managing and mitigating the business risks in safeguarding assets, maintenance of proper accounting records, the reliability of financial information, compliance with applicable legislation and best practice, but not absolute assurance against misstatements or losses.

A system of internal controls has been implemented for all companies within the Group. The controls are designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected, proper accounting records are maintained and financial information used within the business and for publication is accurate and reliable.

While no system can provide absolute assurance against loss or misstatement, Management, in designing the controls, had taken into account the business risk, its likelihood of occurrence and the cost of protection. During the financial year, the AC, on behalf of the Board, has reviewed the effectiveness of the various systems in place by Management and is satisfied that there are adequate internal controls in the Group.

## CORPORATE GOVERNANCE

### Provision 9.2

#### Assurance from the Executive Chairman and the CFO

For the financial year under review, the Executive Chairman and the CFO have provided assurance to the Board that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and the system of risk management and internal controls in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment including material financial, operational, compliance and information technology risks.

#### Board's comment on Adequacy and Effectiveness of Internal Controls and Risk Management Systems

While no system can provide absolute assurance against loss or misstatement, the Management, in designing the controls, had taken into account the business risk, its likelihood of occurrence and the cost of protection. During the financial year, the AC, on behalf of the Board, has reviewed the effectiveness of the various systems in place by the Management and is satisfied that there are adequate internal controls in the Group.

Based on the internal controls established and maintained by the Group, the work performed by the external auditors and the reviews conducted by the Management, the Board, with the concurrence of the AC is of the opinion that the Group's risk management and internal controls systems addressing financial, operational, compliance and information technology risks were adequate as at 30 September 2020.

## AUDIT COMMITTEE

### Principle 10

**The Board has an Audit Committee which discharges its duties objectively.**

### Provisions 10.1 and 10.2

#### Audit Committee

The Audit Committee ("AC") comprises one non-executive director and two independent non-executive directors, one of whom is also the Chairman of the Committee. The members of the AC as at the date of this report are as follows:-

John Lyn Hian Woon (Chairman)	Non-Executive, Independent
Teo Chee Seng (Member)	Non-Executive, Independent
Dato' Kamal Y P Tan (Member)	Non-Executive

All members of the AC have recent and relevant accounting or related financial management expertise or experience.

#### Roles, Responsibilities and Authorities of AC

The principal responsibility of the AC is to assist the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the Group's material internal controls, including financial, operational, compliance and risk management controls at least once annually, to safeguard the Company's assets and maintain adequate accounting records, with the overall objective of ensuring that the management creates and maintains an effective accounting control in the Group.

The AC has authority to investigate any matter within its terms of reference, gain full access to and co-operation by Management, exercise full discretion to invite any Director or executive officer to attend its meetings, and gain reasonable access to resources to enable it to discharge its function properly.

The AC has undertaken a review of all non-audit services provided by the external auditors and is of the opinion that the provision of such services would not affect the independence of the auditors.

## CORPORATE GOVERNANCE

The members of the AC carried out their duties in accordance with the terms of reference which include the following:-

- review and discuss with external auditors before the audit commences, the nature and scope of the audit to ensure co-ordination where more than one audit firm is involved;
- review audit plans and results of the audit performed by the external auditors and ensure adequacy of the Group's system of accounting controls;
- review the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board;
- review the announcements of the financial results;
- ensure the integrity of the financial statements by reviewing key areas of management judgement applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have an impact on the Group's financial performance;
- review the adequacy of the internal audit function and the effectiveness of the Company's material internal controls;
- review the independence of the external auditors;
- review interested person transactions;
- review the co-operation given by the Management to the external auditors; and
- review the appointment and re-appointment of external and internal auditors of the Company and the audit fees.

The external auditors have full access to the AC who has the express power to conduct or authorise investigations into any matters within its terms of reference. Minutes of the AC meetings will be regularly submitted to the Board for its information.

The AC has reviewed the Group's risk assessment and based on the audit reports and management controls in place is satisfied that there are adequate internal controls in the Group.

### Independence of External Auditors

For the financial year under review, the Group has accrued an aggregate amount of audit fees of RM409,366, comprising audit fees of RM209,803 paid to auditors of the Company; and RM199,563 and RMNil paid to other auditors for audit fees and non-audit service fees, respectively. In compliance with Rule 1207(6) of the Listing Manual issued by Singapore Exchange Securities Trading Limited, the AC confirmed that it has undertaken a review of all non-audit services provided by the Auditors and they would not, in the AC's opinion, affect the independence of the Auditors.

The Group has complied with Rules 712 and 715 of the Listing Manual in relation to its Auditors.

The AC has recommended the re-appointment of BDO LLP as auditors for the ensuing year, subject to shareholders' approval at the forthcoming AGM.

The AC is guided by the terms of reference which stipulate its principal functions. The Company will arrange to send its AC members to seminars for updates on Financial Reporting Standards, if required. The external auditors provides regular updates and briefings to the AC on changes or amendments to accounting standards to enable the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

### Whistle-blowing Policy

The Group is committed to a high standard of ethical conduct and has put in place a whistle-blowing policy, endorsed by the AC. The policy provides mechanism where employees, may in good faith and confidence, raise concerns about dishonesty, fraudulent acts, corruption and improper conduct that may cause financial or non-financial loss to the Group with the assurance that they will be protected from reprisals or victimization for whistleblowing in good faith.

All whistle-blowing cases are to be reported to the Chairman of the AC. The AC will objectively assess, investigate and recommend appropriate remedial actions to be taken, where warranted. It will report to the Board on such matters at Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary. Where appropriate or required, a report shall be made to the relevant government authorities for further investigation or action.

There were no reported incidents pertaining to whistle-blowing during the year under review.



## CORPORATE GOVERNANCE

### Provision 10.3

#### Partners or Directors of the Company's Auditing Firm

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporations within a period of two years commencing on the date of their ceasing to be partner of the auditing firm or director of the auditing corporation; in any case, for as long as they have financial interest in the auditing firm or auditing corporation.

### Provision 10.4

#### Internal Audit Function

The Board recognizes the importance of maintaining a system of internal control processes to safeguard shareholders' investments and the Group's business and assets. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities. The annual conduct of audits by internal auditor assesses the effectiveness of the Group's internal control procedures and provides reasonable assurance to the AC and the Management that the Group's risk management, controls and governance processes are adequate and effective.

The Board is satisfied that the internal audit function is independent, has adequate resources to perform its function effectively and is staffed by suitably qualified and experienced professionals with the relevant experience. The AC will also approve the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.

The AC has outsourced the performance of internal audit functions of the Group to Smart Focus. The internal auditor will report directly to the AC and administratively to the Executive Chairman.

#### Adequacy and Effectiveness of Internal Audit Functions

To ensure the adequacy of the internal audit function, the AC had reviewed and approved the internal audit plan before the internal audit commenced. The AC, on an annual basis, will assess the adequacy and effectiveness of the internal audit and internal auditors' independence, the qualification and experiences of internal audit team assigned and the internal auditors' report and its relationship with the internal auditors. The AC conducted a review and concluded that the internal audit function is adequately resourced, effective and has appropriate standing within the Group.

The internal audit work carried out in FY2020 was guided by the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors.

### Provision 10.5

#### Meeting with external and internal auditors without presence of Management

The AC will meet with the external auditors without the presence of the Management at least once a year to review the scope and results of the audit and its cost effectiveness, as well as the independence and objectivity of the external auditors.

## SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

### PRINCIPLE 11

**The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**

## CORPORATE GOVERNANCE

### Provision 11.1

#### Providing Opportunity for Shareholders to Participate and Vote at General Meetings

The Company is committed to treating all shareholders fairly and equitably. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on an accurate and timely basis via SGXNet, in particular, information relating to the Company's business development and financial performance which could have a material impact on the Company's share price so as to enable shareholders to make informed decisions in respect of their investments.

Shareholders have the opportunity to participate effectively in and vote at the general meetings of shareholders. Shareholders are informed of shareholders' meetings, through notices contained in annual reports or circulars sent to all shareholders. The notice is also released via SGXNet and published in local newspaper.

The Constitution of the Company allows each shareholder to appoint up to two proxies to attend and vote at general meetings on his/her behalf. Pursuant to the Companies Act, members defined as "relevant intermediary" are allowed to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and the Central Provident Fund ("CPF") Board which purchases shares on behalf of the CPF investors.

Shareholders are given the opportunity to participate effectively and vote at general meetings where relevant rules and procedures governing such meeting are clearly communicated. All resolutions at general meetings of the Company will be voted by poll as required by Rule 730A(2) of the Listing Rules.

### Provision 11.2

#### Separate Resolutions for Separate Issues

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.

### Provision 11.3

#### Attendance of Directors and Auditors at General Meetings

Barring unforeseen circumstances, all Directors and in particular, the Chairpersons of the AC, NC, RC will be available to address questions at general meetings. The external auditors are also present to address any shareholders' questions on the conduct of audit and the preparation of the Auditors' Report. The Company Secretary/Secretaries attends all general meetings to ensure that procedures under the Constitution and the Listing Rules are complied.

### Provision 11.4

#### Absentia voting

The Company's Constitution does not allow a shareholder to vote in absentia due to concerns on authentication of shareholder's identity, other related security and integrity of the information.

### Provision 11.5

#### Minutes of general meetings

The Company prepares minutes of general meetings detailing proceedings and questions raised by shareholders and answers given by the Board and Management. Moving forward, such minutes, including the minutes of the upcoming AGM for FY2020, will be published on SGXNet, and on the Company's corporate website at <https://www.envictus-intl.com>. Results of general meetings will continue to be released as an announcement on SGXNet.

## CORPORATE GOVERNANCE

### Provision 11.6

#### Dividend

The Company does not have a fixed policy on payment of dividend. The Board will consider the Group's earnings, cash flow, capital requirement and general business condition before proposing a dividend. For FY2020, the Company did not declare any dividend as it is not in a profitable position.

## ENGAGEMENT WITH SHAREHOLDERS

### PRINCIPLE 12

**The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.**

#### Provision 12.1

#### Avenues for communication between the Board and shareholders

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Besides the release of half-year results, the Company ensures timely and adequate disclosure of information on material matters required by the Listing Rules through announcements via the SGXNet. The Company does not practice selective disclosure of material information.

The Board views the annual general meeting as a forum for dialogue with shareholders as it provides an opportunity for shareholders to raise issues and ask the Directors or the Management questions regarding the Company and its operations and to enable the Company to understand the views of the shareholders.

#### Provisions 12.2 and 12.3

#### Investor Relations

The Company's investor relations policy is to communicate with its shareholders and the investment community through the timely and equal dissemination of information and news via announcements on the SGXNet.

The Company values dialogue sessions with its shareholders. The Group welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad-hoc basis. Shareholders can submit their feedback and raise any questions to the Company's investor relation contact as provided in the Company's website, <https://www.envictus-intl.com>

## ENGAGEMENT WITH STAKEHOLDERS

### PRINCIPLE 13

**The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.**

#### Provisions 13.1 and 13.2

The Group identifies its key stakeholders by taking into consideration their involvement in and influence on the Group's business. The stakeholders of the Group include, but are not limited to, shareholders, customers, employees, suppliers, government, regulators and the community.

The Company adopts both formal and informal channels of communications to better understand the needs of key stakeholders, and incorporate these into our corporate strategies to achieve mutually beneficial relationships. The Group is committed to sustainability and incorporates the key principles of environmental and social responsibility, and corporate governance in our corporate strategies. The sustainability report published provides more details about the strategy and key areas of focus in relation to the management of stakeholder relationships.

## CORPORATE GOVERNANCE

### Material Contracts

No material contracts were entered into between the Company or any of its subsidiaries involving the interests of any Director, CEO or controlling shareholder, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year up to the date of the financial statements except for related party transactions and director's remuneration as disclosed in the financial statements.

### Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are at arm's length basis. All interested person transactions are subject to review by the AC to ensure compliance with the established procedures.

The aggregate value of interested person transactions entered into during the year were as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S\$100,000)
	RM	RM
Perinsu (Broker Insurans) Sdn Bhd	1,758,551	-
- Insurance premium	(or approximately S\$575,273)	
Tee Yih Jia Food Manufacturing Pte Ltd	697,582	-
- Purchase of goods	(or approximately S\$228,199)	

*Based on average exchange rate for the year ended 30 September 2020 of S\$1 = RM3.0569*

Dato' Kamal has been re-designated from Group CEO to Non-Executive Director and Adviser on 1 April 2019 following his decision to semi-retire. The Company has appointed Dato' Kamal as Adviser to provide guidance to support the continued growth of the Group due to his in-depth experience and knowledge in the industry. The Company entered into an advisory agreement ("Advisory Agreement") with Dato' Kamal Y P Tan on 1 April 2019 for an initial term of 2 years from 1 April 2019 to 31 March 2021 at a monthly advisory fee of S\$13,000. For FY2020, the Company paid advisory fees of S\$78,000 to Dato' Kamal for the period from 1 October 2019 to 31 March 2020.

Motivage Sdn Bhd ("MSB") has renewed its Consultancy Agreement with Mr Mah Weng Choong which expired on 30 June 2019 for another 12 months from 1 July 2019 to 30 June 2020 at a monthly consultancy fee of RM16,000. MSB has renewed the Consultancy Agreement for another 12 months from 1 July 2020 to 30 June 2021 at a monthly consultancy fee of RM17,000. Mr Mah is a veteran who had previously contributed to the Group on the setting up and expansion of Etika Dairies' factories due to his in-depth knowledge and experience in the processed milk industry. Mr Mah's primary role is to oversee and monitor the construction of a new factory in Pulau Indah for the manufacturing of sweetened condensed creamer and evaporated creamer. Among others, the scope of work include mechanical and engineering, process flow, type of equipment and machineries, procurement of raw materials and other business advisory services.

During FY2020, MSB paid Mr Mah a total of RM210,000 (or approximately S\$69,000) from 1 October 2019 to 30 September 2020.

## CORPORATE GOVERNANCE

### Dealings in Securities

The Company has adopted and implemented a policy on dealings in securities that is in accordance with Rule 1207(19) of the Listing Rules. Under this policy, the Company, Directors and officers of the Group have been prohibited from dealing in the Company's shares during the period commencing one month before the half-year or full-year results announcement, as the case may be, and ending on the date of announcements of the relevant results and at any time whilst in possession of unpublished price sensitive information. They are discouraged from dealing in the Company's securities on short-term considerations.

In the course of doing business for the Company and the Group or in discussion with one of customers, vendors or partners, directors and officers of the Company and the Group may become aware of material non-public information about that organisation. Information is considered material if there is a substantial likelihood that a reasonable investor would consider it important in making a decision to trade in the public securities of the Company. The discussion of this information is on a limited "need to know" basis internally and is not shared with anyone outside the Company or the Group. Directors and officers are not allowed to buy or sell the public securities of the affected organisations, including the Company, on the basis of such information, nor can this information be shared with others.

The Company has complied with the best practice pursuant to Rule 1207(19) of the Listing Rules in not dealing in its own securities during the restricted trading periods.

### Sustainability Report

The Sustainability Report will be issued and released via SGXNet within the prescribed timeline as required under Rule 711A of the Listing Rules.

# FINANCIAL STATEMENTS

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# DIRECTORS' STATEMENT

The Directors of Envictus International Holdings Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 30 September 2020 and the statement of financial position of the Company as at 30 September 2020 and statement of changes in equity of the Company for the financial year ended 30 September 2020.

## 1. Opinion of the Directors

In the opinion of the Board of Directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2020, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Dato' Jaya J B Tan	(Executive Chairman)
Datuk Sam Goi Seng Hui	(Non-Executive Vice-Chairman)
Dato' Kamal Y P Tan	(Non-Executive Director and Adviser)
Mah Weng Choong	(Non-Executive Director)
John Lyn Hian Woon	(Independent Director)
Teo Chee Seng	(Independent Director)

## 3. Share options

There were no share options granted by the Company or its subsidiary corporations during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option as at the end of the financial year.

## 4. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the 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' STATEMENT

### 5. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act").

	Shareholdings registered in the name of Directors and Nominees			Shareholdings in which Directors are deemed to have an interest		
	Balance as at 21.10.2020	Balance as at 30.9.2020	Balance as at 30.9.2019	Balance as at 21.10.2020	Balance as at 30.9.2020	Balance as at 30.9.2019
<b>The Company</b>	<i>Number of ordinary shares</i>					
Dato' Jaya J B Tan	44,063,449	44,063,449	44,063,449	44,669,345	44,669,345	44,669,345
Datuk Sam Goi Seng Hui	33,216,377	33,216,377	30,834,777	29,123,680	29,123,680	29,123,680
Dato' Kamal Y P Tan	37,460,385	37,460,385	37,460,385	51,272,409	51,272,409	51,272,409
Mah Weng Choong	15,117,399	15,117,399	15,117,399	-	-	-
John Lyn Hian Woon	545,420	545,420	545,420	-	-	-
Teo Chee Seng	30,000	30,000	30,000	-	-	-
	<i>Number of warrants</i>					
Dato' Jaya J B Tan	24,305,977	24,305,977	24,305,977	25,241,931	25,241,931	25,241,931
Datuk Sam Goi Seng Hui	17,682,313	17,682,313	17,682,313	12,730,080	12,730,080	12,730,080
Dato' Kamal Y P Tan	24,260,171	24,260,171	24,260,171	25,287,737	25,287,737	25,287,737
Mah Weng Choong	5,029,995	5,029,995	5,029,995	-	-	-
John Lyn Hian Woon	244,320	244,320	244,320	-	-	-

By virtue of Section 7 of the Act, Dato' Jaya J B Tan, Dato' Kamal Y P Tan and Datuk Sam Goi Seng Hui are deemed to have an interest in all related corporations of the Company.

On 28 November 2018, the Company allotted and issued 105,195,904 new ordinary shares ("Right Shares") at an issue price of S\$0.16 for each Right Share and 105,195,904 free detachable warrants ("Warrants") pursuant to a renounceable and non-underwritten right cum warrants issue. Each Warrant carries the right to subscribe one new ordinary share in the capital of the Company at an exercise price of S\$0.16 for each new ordinary share and is exercisable at any time during the period commencing on the date falling twelve (12) months from the date of issue of the Warrants and expiring on the day immediately preceding the fourth (4th) anniversary of the date of issue of the Warrants.



## DIRECTORS' STATEMENT

### 6. Audit committee

The Audit Committee ("AC") of the Company is chaired by John Lyn Hian Woon (an Independent Director), and includes Teo Chee Seng (an Independent Director) and Dato' Kamal Y P Tan (a Non-Executive Director and Adviser). The AC has met three times since the last Annual General Meeting ("AGM") and has carried out its functions in accordance with Section 201B(5) of the Act, including reviewing the following, where relevant, with the Executive Directors and external auditors of the Company:

- (a) the audit plans of the internal and external auditors and the results of the auditors' examination and evaluation of the Group's systems of internal accounting controls;
- (b) the Company's and the Group's financial and operating results and accounting policies;
- (c) the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group and external auditor's report on those financial statements before their submission to the Directors of the Company;
- (d) the half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;
- (e) the co-operation and assistance given by the management to the Company's internal and external auditor;
- (f) the re-appointment of the internal and external auditor of the Company;
- (g) review and approve interested person transactions;
- (h) review potential conflict of interests, if any;
- (i) undertake such other reviews and projects as may be requested by the Board and will report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (j) generally undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, and by such amendments made thereto from time to time.

The AC has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The internal and external auditors have unrestricted access to the AC.

The AC has recommended to the Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming AGM of the Company.

### 7. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

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**Dato' Jaya J B Tan**  
Executive Chairman

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**Dato' Kamal Y P Tan**  
Non-Executive Director and Adviser

15 January 2021

# INDEPENDENT AUDITOR'S REPORT

To the Members of Envictus International Holdings Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Envictus International Holdings Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 59 to 160 which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2020;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2020, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### KEY AUDIT MATTER

#### AUDIT RESPONSE

##### 1 Impairment of property, plant and equipment

As at 30 September 2020, the carrying amount of the Group's property, plant and equipment amounted to RM531,263,000 which represents 76% of the Group's total assets.

During the financial year, management carried out an impairment assessment on certain property, plant and equipment of the Group for those with indicators of impairment.

In carrying out the impairment assessment, management identified the cash-generating units ("CGUs") to which the property, plant and equipment belong and determined the recoverable amounts of the CGUs by estimating the expected discounted future cash flows over the remaining useful lives of the property, plant and equipment in those CGUs. This required key assumptions to be made regarding the respective sales growth rates, gross margins and relevant discount rates.

During the financial year, the management has assessed that there is indication of impairment on the property, plant and equipment within the Food Processing – Bakery division due to the deterioration in operating results. The management estimated the recoverable amount of the CGU to determine whether an impairment loss should be recognised in the financial statements.

Due to significant management judgement and estimation involved in the impairment assessment, as well as the materiality of the carrying amount of property, plant and equipment to the Group's financial statements, we have determined this area to be a key audit matter.

Our audit procedures included, amongst others:

Evaluated management's assessment of the remaining useful lives of the property, plant and equipment.

Evaluated the reasonableness of management's key assumptions on the sales growth rates and gross margins which considers the current economic and business environment impacted by the Covid-19 pandemic.

Engaged our internal valuation specialist to evaluate the reasonableness of the relevant discount rates.

Assessed the reasonableness of probability, as determined by management, applied to each of the possible scenarios in deriving the expected present value.

Evaluated the adequacy of the related disclosures in the financial statements.

Refer to note 2.7, note 3.2(ii) and note 4 of the accompanying financial statements.

## INDEPENDENT AUDITOR'S REPORT

To the Members of Envictus International Holdings Limited

KEY AUDIT MATTER	AUDIT RESPONSE
<p><b>2 Impairment of intangible assets</b></p> <p>As at 30 September 2020, the carrying amount of the Group's intangible assets amounted to RM24,227,000 comprising mainly trademarks, franchise fees and goodwill from the Food Services, Trading and Frozen Food and Dairies business segments.</p> <p>Under SFRS(I) 1-36 Impairment of Assets, the Group is required to carry out impairment assessment at least annually by comparing the carrying amounts of the CGUs to which the intangible assets belong against the recoverable amounts for intangible assets with indefinite useful lives such as trademarks and goodwill, and franchise fees with definite useful lives if there are indication of impairment.</p> <p>Management determined the recoverable amounts using the value-in-use method by estimating the present value of the future cash flows from these CGUs.</p> <p>We have determined the impairment of intangible assets as a key audit matter due to significant management judgement and estimate involved in the impairment assessment.</p> <p>Refer to note 2.6, note 3.2(i) and note 9 of the accompanying financial statements.</p>	<p>Our audit procedures included, amongst others:</p> <p>Evaluated the reasonableness of management's key assumptions on the sales growth rates and gross margins which considers the current economic and business environment impacted by the Covid-19 pandemic. We also evaluated management's assessment of the remaining useful lives of the franchise fees.</p> <p>Engaged our internal valuation specialist to evaluate the reasonableness of the relevant discount rates.</p> <p>Performed sensitivity analysis to assess the extent of changes to the key assumptions that would cause the recoverable amount to be below the carrying amount of the intangible assets.</p> <p>Evaluated the adequacy of the related disclosures in the financial statements.</p>
<p><b>3 Liquidity of the Group</b></p> <p>The Group recorded a net loss and net cash generated from operating activities of RM100,939,000 and RM23,168,000, respectively for the financial year ended 30 September 2020. As at that date, the Group's net current liabilities and capital commitment contracted but not provided for as at 30 September 2020 were RM51,438,000 and RM9,334,000, respectively.</p> <p>The Group has cash and bank balances of RM24,064,000 as at 30 September 2020.</p> <p>The Group actively manages its operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. Based on the cash flow forecast prepared and the availability of funds through credit facilities (includes unutilised credit facilities and new credit facilities applied), the Board of Directors has determined that the Group will have sufficient liquidity for its working capital and financial obligations as and when they fall due.</p> <p>We have determined the liquidity of the Group to be a key audit matter as the availability of funds will impact the Group's ability to continue as a going concern.</p> <p>Refer to note 2.1, note 31.1 and note 33.4 of the accompanying financial statements.</p>	<p>Our audit procedures included, amongst others:</p> <p>Evaluated management's cash flow forecast prepared based on approved budget on the Group's ability to settle its short term obligations and capital commitments.</p> <p>Performed sensitivity analysis over the key assumptions made by management.</p> <p>Checked to the contracted capital commitments, availability of unutilised credit facilities, the outcome of application for new credit facilities and extension to credit terms from financial institutions.</p> <p>Assessed the adequacy of the related disclosures in the financial statements.</p>

## INDEPENDENT AUDITOR'S REPORT

To the Members of Envictus International Holdings Limited

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements 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, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SSAs 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 SSAs, 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, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT

To the Members of Envictus International Holdings Limited

### **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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

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

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 current period and are therefore the key audit matters. We describe these matters in our auditor's 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 our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Poh Chin Beng.

#### **BDO LLP**

Public Accountants and  
Chartered Accountants

Singapore  
15 January 2021

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Non-current assets</b>					
Property, plant and equipment*	4	531,263	383,044	-	-
Deposits for purchase of property, plant and equipment	4	53	31,152	-	-
Investment property	5	22,400	22,882	-	-
Investments in subsidiaries	6	-	-	238,331	231,760
Financial assets at fair value through other comprehensive income ("FVOCI")	7	9,038	7,676	8,726	7,517
Deferred tax assets	8	308	711	-	-
Intangible assets	9	24,227	27,525	-	-
		587,289	472,990	247,057	239,277
<b>Current assets</b>					
Inventories	10	42,530	45,622	-	-
Trade and other receivables	11	44,060	54,381	127,254	143,799
Tax recoverable		339	846	-	-
Fixed deposits	12	615	1,167	-	-
Cash and bank balances	12	24,064	22,690	776	458
		111,608	124,706	128,030	144,257
Non-current assets classified as held for sale	13	-	9,024	-	-
		111,608	133,730	128,030	144,257
Less:					
<b>Current liabilities</b>					
Trade and other payables	14	84,506	77,848	31,175	2,094
Bank borrowings	15	49,718	41,487	-	-
Lease liabilities**	16	28,663	9,830	-	-
Current income tax payable		159	173	-	-
Provision for restoration costs	17	-	1,378	-	-
		163,046	130,716	31,175	2,094
<b>Net current (liabilities)/assets</b>		(51,438)	3,014	96,855	142,163
Less:					
<b>Non-current liabilities</b>					
Bank borrowings	15	197,599	146,259	-	-
Lease liabilities**	16	121,834	18,804	-	-
Provision for restoration costs	17	3,671	2,735	-	-
Financial guarantee contracts	18	-	-	5,794	5,359
Deferred tax liabilities	19	3,815	4,661	-	-
		326,919	172,459	5,794	5,359
<b>Net assets</b>		208,932	303,545	338,118	376,081

\* Includes right-of-use assets

\*\* Presented as finance lease payables in the previous financial year

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

**STATEMENTS OF FINANCIAL POSITION**

AS AT 30 SEPTEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Capital and reserves</b>					
Share capital	20(a)	177,865	177,865	177,865	177,865
Treasury shares	20(b)	(183)	(183)	(183)	(183)
Accumulated profits		29,162	144,792	142,165	181,844
Foreign currency translation reserve	21	27,763	22,775	41,615	41,084
Fair value reserve	22	(23,281)	(24,619)	(23,344)	(24,529)
Other reserve	23	(2,394)	(17,085)	-	-
<b>Equity attributable to the owners of the Company/Total equity</b>		<b>208,932</b>	<b>303,545</b>	<b>338,118</b>	<b>376,081</b>

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 RM'000	2019 RM'000
<b>Continuing operations</b>			
Revenue	24	399,599	420,788
Cost of goods sold		(239,160)	(258,689)
<b>Gross profit</b>		160,439	162,099
<b>Other item of income</b>			
Other operating income		8,092	6,374
<b>Other items of expense</b>			
Administrative expenses		(38,174)	(37,475)
Selling and marketing expenses		(132,273)	(120,823)
Warehouse and distribution expenses		(22,767)	(24,811)
Research and development expenses		(641)	(218)
Loss allowance on receivables, net		(646)	(416)
Impairment of property, plant and equipment	4(c)	(35,528)	(60)
Other operating expenses		(4,397)	(2,390)
Finance costs	26	(21,174)	(6,569)
<b>Loss before income tax</b>	25	(87,069)	(24,289)
Income tax expense	27	(1,473)	(2,160)
<b>Loss from continuing operations, net of tax</b>		(88,542)	(26,449)
<b>Loss from discontinued operations, net of tax</b>	28	(12,397)	(10,402)
<b>Loss for the financial year</b>		(100,939)	(36,851)
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations			
- Continuing operations		2,572	(1,272)
- Discontinued operations		2,397	979
		4,969	(293)
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Net fair value gain/(loss) on financial assets at FVOCI	7	1,357	(70)
<b>Other comprehensive income for the financial year, net of tax</b>		6,326	(363)
<b>Total comprehensive income</b>		(94,613)	(37,214)

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



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 RM'000	2019 RM'000
<b>Loss attributable to:</b>			
Owners of the Company			
- Loss from continuing operations, net of tax		(88,542)	(25,053)
- Loss from discontinued operations, net of tax	28	(12,397)	(10,402)
		(100,939)	(35,455)
Non-controlling interests			
		-	(1,396)
		(100,939)	(36,851)
<b>Total comprehensive income attributable to:</b>			
Owners of the Company			
- Loss from continuing operations, net of tax		(84,613)	(26,306)
- Loss from discontinued operations, net of tax	28	(10,000)	(9,423)
		(94,613)	(35,729)
Non-controlling interests			
		-	(1,485)
		(94,613)	(37,214)
<b>Loss per share attributable to owners of the Company (RM sen)</b>			
Basic and diluted, continuing operations	29	(35.83)	(10.87)
Basic and diluted, discontinued operations	29	(5.02)	(4.51)

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

Group	Attributable to owners of the Company						Total Equity RM'000
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Other reserve RM'000	Accumulated profits RM'000	
2020							
At 1 October 2019	177,865	(183)	22,775	(24,619)	(17,085)	144,792	303,545
<b>Total comprehensive income for the year:</b>							
<b>Loss for the financial year</b>	-	-	-	-	-	(100,939)	(100,939)
Other comprehensive income:							
Exchange differences on translation of foreign operations	-	-	4,988	(19)	-	-	4,969
Net fair value gain on financial assets at FVOCI	-	-	-	1,357	-	-	1,357
Total other comprehensive income, net of tax	-	-	4,988	1,338	-	-	6,326
<b>Total comprehensive income with owners</b>	-	-	4,988	1,338	-	(100,939)	(94,613)
<b>Transaction with owners recognised directly in equity</b>							
Liquidation of subsidiaries	-	-	-	-	14,691	(14,691)	-
<b>At 30 September 2020</b>	177,865	(183)	27,763	(23,281)	(2,394)	29,162	208,932

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

Group	Attributable to owners of the Company							Total equity RM'000	
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Other reserve RM'000	Accumulated profits RM'000	Total RM'000		Non-controlling interests RM'000
<b>2019</b>									
At 1 October 2018	127,453	(183)	23,821	(25,391)	(4,562)	180,247	301,385	(10,031)	291,354
<b>Total comprehensive income for the year:</b>									
<b>Loss for the financial year</b>	-	-	-	-	-	(35,455)	(35,455)	(1,396)	(36,851)
Other comprehensive income:									
Exchange differences on translation of foreign operations	-	-	(1,046)	842	-	-	(204)	(89)	(293)
Net fair value loss on financial assets at FVOCI	-	-	-	(70)	-	-	(70)	-	(70)
Total other comprehensive income, net of tax	-	-	(1,046)	772	-	-	(274)	(89)	(363)
<b>Total comprehensive income</b>	-	-	(1,046)	772	-	(35,455)	(35,729)	(1,485)	(37,214)
<b>Transactions with owners recognised directly in equity</b>									
Issuance of new shares under rights issue	51,290	-	-	-	-	-	51,290	-	51,290
Transaction costs in respect of the rights issue	(878)	-	-	-	-	-	(878)	-	(878)
<b>Changes in ownership interest in a subsidiary:</b>									
Subscription of additional shares in a subsidiary by non-controlling interests	-	-	-	-	-	-	-	1,504	1,504
Waiver of debts pursuant to the disposal of a subsidiary	-	-	-	-	(12,523)	-	(12,523)	13,027	504
Disposal of a subsidiary	-	-	-	-	-	-	-	(3,015)	(3,015)
<b>At 30 September 2019</b>	<b>177,865</b>	<b>(183)</b>	<b>22,775</b>	<b>(24,619)</b>	<b>(17,085)</b>	<b>144,792</b>	<b>303,545</b>	<b>-</b>	<b>303,545</b>

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Note	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Fair value reserve RM'000	Accumulated profits RM'000	Total equity RM'000
<b>Company</b>							
<b>2020</b>							
At 1 October 2019		177,865	(183)	41,084	(24,529)	181,844	376,081
<b>Loss for the financial year</b>							
Other comprehensive income:		-	-	-	-	(39,679)	(39,679)
Exchange differences on translation		-	-	531	(19)	-	512
Net fair value gain on financial assets at FVOCI	7	-	-	-	1,204	-	1,204
Total other comprehensive income, net of tax		-	-	531	1,185	-	1,716
Total comprehensive income		-	-	531	1,185	(39,679)	(37,963)
At 30 September 2020		177,865	(183)	41,615	(23,344)	142,165	338,118
<b>Company</b>							
<b>2019</b>							
At 1 October 2018		127,453	(183)	41,250	(25,296)	222,551	365,775
<b>Loss for the financial year</b>							
Other comprehensive income:		-	-	-	-	(40,707)	(40,707)
Exchange differences on translation		-	-	(166)	842	-	676
Net fair value loss on financial assets at FVOCI	7	-	-	-	(75)	-	(75)
Total other comprehensive income, net of tax		-	-	(166)	767	-	601
Total comprehensive income		-	-	(166)	767	(40,707)	(40,106)
<b>Transactions with owners recognised directly in equity</b>							
Issuance of new shares under rights issue	20(a)	51,290	-	-	-	-	51,290
Transaction costs in respect of the rights issue	20(a)	(878)	-	-	-	-	(878)
At 30 September 2019		177,865	(183)	41,084	(24,529)	181,844	376,081

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 RM'000	2019 RM'000
<b>Operating activities</b>			
Loss before income tax from continuing operations		(87,069)	(24,289)
Loss before income tax from discontinued operations		(12,365)	(10,156)
Loss before income tax, total		(99,434)	(34,445)
Adjustments for:			
Loss allowance on receivables, net		637	169
Amortisation of intangible assets		456	712
Depreciation of property, plant and equipment*		50,399	26,185
Depreciation of investment property		482	482
Dividend income		-	(1)
Finance costs	26	21,177	6,683
Foreign currency exchange gain/(loss), net		2,098	(172)
Gain on disposal of assets classified as held for sale		(173)	-
Gain on disposal of subsidiary		-	(10,501)
Gain on disposal of property, plant and equipment, net		(159)	(1,308)
Impairment of intangible assets		-	7,247
Impairment of property, plant and equipment and deposit for purchase of property, plant and equipment	4	36,489	161
Intangible assets written off		5	28
Interest income		(237)	(446)
Inventories written off		39	-
Net loss on disposal of Nutrition business and intangible assets	28A	2,232	-
Net loss on liquidation of subsidiaries	28B	2,207	-
Property, plant and equipment written off		4,990	1,050
Rent concession		(2,533)	-
Write back of allowance for write-down of inventories		(226)	(135)
Operating profit/(loss) before working capital changes		18,449	(4,291)
Working capital changes:			
Inventories		3,404	(6,431)
Trade and other receivables		7,780	(1,376)
Trade and other payables		(3,436)	18,035
Cash generated from operations		26,197	5,937
Interest paid		(1,577)	(1,510)
Income tax paid, net		(1,452)	(2,168)
<b>Net cash generated from operating activities</b>		<b>23,168</b>	<b>2,259</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Note	2020 RM'000	2019 RM'000
<b>Investing activities</b>			
Dividends received		-	1
Disposal of a subsidiary, net of cash disposed		-	17,764
Consideration receivable from disposal of a subsidiary		-	400
Liquidation of subsidiaries, net of cash liquidated	28B	(35)	-
Interest received		237	446
Proceeds from disposal of assets classified as held for sale		8,629	-
Proceeds from disposal of property, plant and equipment		476	2,429
Proceeds from disposal of Nutrition business and intangible assets	28A	1,044	-
Purchase of intangible assets	9	(387)	(1,420)
Purchase of property, plant and equipment	4(a)	(49,685)	(131,245)
<b>Net cash used in investing activities</b>		<b>(39,721)</b>	<b>(111,625)</b>
<b>Financing activities</b>			
Proceeds from Rights Issue	20(a)	-	51,290
Transaction costs in respect of the Rights Issue	20(a)	-	(878)
Net changes in respect of fixed deposits pledged to bank		552	(624)
Interest paid		(19,600)	(5,173)
Repayment of lease obligations		(22,591)	(9,539)
Drawdown of bank borrowings	A	144,384	142,085
Repayment of bank borrowings	A	(84,794)	(61,537)
<b>Net cash generated from financing activities</b>		<b>17,951</b>	<b>115,624</b>
Net change in cash and cash equivalents		1,398	6,258
Cash and cash equivalents at beginning of the financial year		22,671	16,372
Effect of exchange rate changes		(5)	41
<b>Cash and cash equivalents at end of the financial year</b>	12	<b>24,064</b>	<b>22,671</b>

\* Included depreciation of right-of-use assets

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	2019 RM'000	Cash flows RM'000	2020 RM'000
Bank borrowings	187,727	59,590	247,317
	<b>Non-cash changes</b>		
	<b>Additions</b>		
	<b>of property,</b>		
	<b>plant and</b>		
	<b>equipment</b>		
	<b>(Note 4)</b>		
	<b>Foreign</b>		
	<b>exchange</b>		
	<b>difference</b>		
	<b>2019</b>		
	<b>2018</b>	<b>Cash flows</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Lease liabilities	31,289	(9,539)	6,876
Bank borrowings	107,179	80,548	8
	138,468	71,009	8
	28,634	-	187,727
	216,361	-	216,361

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. General corporate information

Envictus International Holdings Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore with its registered office at SGX Centre II, #17-01, 4 Shenton Way, Singapore 068807. The Company's registration number is 200313131Z. The principal place of business is located at 190 Clemenceau Avenue #06-08 Singapore Shopping Centre, Singapore 239924. The Company is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The principal activity of the Company is that of an investment holding company and providing management services to its subsidiaries.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements. The related companies in these financial statements refer to members of Envictus International Holdings Limited group.

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency of the Company is Singapore Dollar. However, as the Group's significant operations are in Malaysia, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Ringgit Malaysia ("RM") which is the functional currency and the presentation currency of the significant components in Malaysia and all values presented are rounded to the nearest thousand ("RM'000") as indicated.

The preparation of financial statements in compliance with SFRS(I) requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have significant effect are disclosed in Note 3 to the financial statements.

#### Going concern assumption

The Group recorded a net loss and net cash generated from operating activities of RM100,939,000 (2019: RM36,851,000) and RM23,168,000 (2019: RM2,259,000), respectively for the financial year ended 30 September 2020. The Group's net current liabilities and capital commitment contracted but not provided for as at 30 September 2020 were RM51,438,000 (2019: net current assets RM3,014,000) and RM9,334,000 (2019: RM61,347,000), respectively.

The Directors of the Company are of the opinion that no material uncertainty exists and the going concern basis is appropriate in the preparation of the financial statements based on the following:

- a) The Directors of the Company have carried out a detailed review of the 15 months cash flow forecast from the financial year end of the Group and are satisfied that the Group has adequate liquidity for its working capital, capital commitments and financial obligations;
- b) The management is also actively engaging with its bankers, trade and other creditors to extend or restructure the existing credit terms; and
- c) The Directors of the Company are also satisfied that there are adequate credit facilities, including the drawing of existing unutilised credit facilities (Note 15) and obtaining new credit facilities from the Group's bankers and other financial institutions to fund its operations and capital commitments.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.1 Basis of preparation (Continued)

##### Changes in accounting policies

##### *New standards, amendments and interpretations effective from 1 October 2019*

The standards, amendments to standards, and interpretations, issued by Accounting Standards Council Singapore ("ASC") that will apply for the first time by the Group are not expected to impact the Group as they are either not relevant to the Group's business activities or require accounting which is consistent with the Group's current accounting policies, except as detailed below.

##### **SFRS(I) 16 Leases**

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases* and SFRS(I) INT 4 *Determining whether an Arrangement Contains a Lease*. SFRS(I) 16 provides a single lessee accounting model which eliminates the distinction between operating and finance leases for lessees. SFRS(I) 16 requires lessee to capitalise all leases on the consolidated statement of financial position by recognising a 'right-of-use' assets and a corresponding lease liabilities for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the right-of-use assets will be amortised and the lease liabilities will be measured at amortised cost. From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under SFRS(I) 16.

The Group applied SFRS(I) 16 retrospectively with the cumulative effect of initially applying this standard as at 1 October 2019 (the "date of initial application") and recognised right-of-use assets for the leases previously classified as an operating lease applying SFRS(I) 1-17 *Leases* at an amount equal to lease liabilities.

The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed. The definition of lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 October 2019.

In applying the modified retrospective approach, the Group has taken advantage of the following practical expedients:

- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- Leases with a remaining term of twelve months from the date of initial application have been accounted for as short-term leases (i.e. not recognised on the consolidated statement of financial position) even though the initial term of the leases from lease commencement date may have been more than twelve months; and
- For the purpose of measuring the right-of-use asset, hindsight has been used. Therefore, it has been measured based on prevailing estimates at the date of initial application and not retrospectively by making estimates and judgements (such as lease terms) based on circumstances on or after the lease commencement date.

As a lessee, the Group previously classified leases as finance or operating lease based on its assessment of whether the lease transferred substantially all the risks and rewards of ownership. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most leases. For those low-value assets based on the value of the underlying asset when new and leases with a lease term of 12 months or less, the Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.1 Basis of preparation (Continued)

Changes in accounting policies (Continued)

*New standards, amendments and interpretations effective from 1 October 2019* (Continued)

#### **SFRS(I) 16 Leases (Continued)**

On adoption of SFRS(I) 16, the Group recognised right-of-use assets and lease liabilities in relation to leasehold land, buildings, plant and machinery and other assets as detailed in Note 4 to the financial statements which had previously been classified as operating leases.

Lease liabilities from operating leases under the principles of SFRS(I) 1-17 were measured at the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate as at 1 October 2019. The incremental borrowing rate applied to lease liabilities on 1 October 2019 ranges from 2.00% to 6.90%.

The right-of-use assets were measured at an amount equal to lease liabilities.

For leases that were classified as finance leases applying SFRS(I) 1-17, the carrying amount of the assets acquired under finance leases and finance lease liabilities at the date of initial application shall be the carrying amount of the right-of-use assets and lease liabilities as at 30 September 2019. Consequently, certain right-of-use assets are presented under property, plant and equipment (Note 4) at the date of initial application.

The effect of adopting SFRS(I) 16 as at 1 October 2019 was as follows:

	<b>Group Increase RM'000</b>
<hr/>	
<b>Assets</b>	
Right-of-use assets classified within property, plant and equipment	105,502
<b>Liabilities</b>	
Lease liabilities	<hr/> 105,502

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.1 Basis of preparation (Continued)

Changes in accounting policies (Continued)

*New standards, amendments and interpretations effective from 1 October 2019* (Continued)

#### **SFRS(I) 16 Leases (Continued)**

The aggregate lease liabilities recognised in the consolidated statement of financial position as at 1 October 2019 and the Group's operating lease commitment as at 30 September 2019 can be reconciled as follows:

	<b>RM'000</b>
Operating lease commitment as at 30 September 2019 (Note 31.2)	39,967
Less: Effect of short-term and low value leases	(4,161)
Add: Effect of extension options reasonably certain to be exercised	100,398
	<u>136,204</u>
Effect of discounting using the incremental borrowing rate as at date of initial application	(30,702)
	<u>105,502</u>
Finance lease liabilities recognised at 30 September 2019	28,634
Lease liability as at 1 October 2019	<u>134,136</u>

#### **Amendments to SFRS(I) 16 Leases: Covid-19-Related Rent Concessions**

Effective 1 June 2020, SFRS(I) 16 was amended to provide a practical expedient for leases accounting for rent concessions that arise as a direct consequence of the Covid-19 pandemic and satisfy the following criteria:

- (a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) The reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) There are no substantive change to other terms and conditions of the lease.

Rent concessions that satisfy these criteria may be accounted for in accordance with the practical expedient, which means the lessee does not need to assess whether the rent concession meets the definition of a lease modification. Lessees apply other requirements in SFRS(I) 16 in accounting for the concession.

As allowed under the amendments to SFRS(I) 16, the Group has early adopted and elected to utilise the practical expedient for all rent concessions that meet the criteria. The practical expedient has been applied retrospectively, meaning it has been applied to all rent concessions that satisfy the criteria, which in the case of the Group, occurred from March 2020 to 31 December 2020.

Accounting for the rent concessions as lease modifications would have resulted in the Group measuring the lease liabilities to reflect the revised consideration using a revised discount rate, with the effect of the change in the lease liabilities recorded against the right-of-use assets. By applying the practical expedient, the Group is not required to determine a revised discount rate and the effect of the change in the lease liabilities are reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

The impact of the rent concession is disclosed in Note 16 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.1 Basis of preparation (Continued)

##### Changes in accounting policies (Continued)

*New standards, amendments and interpretations effective from 1 October 2019* (Continued)

##### **SFRS(I) INT 23 *Uncertainty over Income Tax Treatments***

SFRS(I) INT 23 provides guidance on accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The interpretation requires:

- The Group to contemplate whether uncertain tax treatments should be considered separately or together as a group, based on which approach provides better predictions of the resolution;
- The Group to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty.

The Group applied this interpretation retrospectively with the cumulative effect of initially applying this interpretation as an adjustment to the opening retained earnings as at 1 October 2019. There is no material impact to the previously recognised income taxes and deferred taxes.

##### *SFRS(I)s issued but not yet effective*

At the date of authorisation of these financial statements, the following SFRS(I)s were issued but not yet effective and have not been early adopted in these financial statements:

	<b>Effective date (annual periods beginning on or after)</b>
SFRS(I) 1-1 and SFRS(I) 1-8 (Amendments) : Definition of Material	1 January 2020
SFRS(I) 1-1 (Amendments) : Classification of Liabilities as Current or Non-current	1 January 2023
SFRS(I) 3 (Amendments) : Definition of a Business	1 January 2020
SFRS(I) 3 (Amendments) : Reference to the Conceptual Framework	1 January 2022
SFRS(I) 4 (Amendments) : Extension of the Temporary Exemption from Applying SFRS(I) 9	1 January 2023
SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 (Amendments) : Interest Rate Benchmark Reform	1 January 2020
SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 (Amendments) : Interest Rate Benchmark Reform – Phase 2	1 January 2021
SFRS(I) 17 : Insurance Contracts	1 January 2023
SFRS(I) 17 (Amendments) : Various amendments	1 January 2023
SFRS(I) 1-16 (Amendments) : Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
SFRS(I) 10 and SFRS(I) 1-28 (Amendments) : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
SFRS(I) 1-37 (Amendments) : Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Various amendments : References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Various amendments : Annual improvements to SFRS(I)s 2018-2020	1 January 2022

Consequential amendments were also made to various standards as a result of these new or revised standards.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.1 Basis of preparation (Continued)

Changes in accounting policies (Continued)

*SFRS(I)s issued but not yet effective* (Continued)

The Group and the Company expect that the adoption of the above SFRS(I)s, if applicable, will have no material impact on the financial statements in the period of initial application.

#### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from its involvement with the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which the Group obtains control over the investee and cease from consolidation when the control is lost. Control is reassessed whenever the facts and circumstances indicate that they may be change in the elements of control.

All intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides an impairment indicator of the transferred asset.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests represents the equity in subsidiaries which is not attributable directly or indirectly to the equity owners of the parent. They are shown separately in the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners). The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.3 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost. The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment is added to the carrying amount of the item if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment losses.

Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their amounts over their estimated useful lives as follows:

	<b>Years</b>
Leasehold land	52 – 81
Factory/office buildings	50
Plant and machinery	10 – 15
Cold room and freezer	10
Laboratory equipment	10
Furniture and fittings	10
Renovation	10
Motor vehicles	5
Equipment	10
Computer system	5

Assets under construction represents property, plant and equipment under construction, which is stated at cost less any impairment loss and is not depreciated. Assets under construction are reclassified to appropriate categories of property, plant and equipment when completed and ready for use and depreciation will commence at that time.

No depreciation is provided for freehold land.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.4 Leases

*As lessee*

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

The payments for leases of low value assets and short-term leases are recognised as an expense on a straight-line basis over the lease term.

##### Initial measurement

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if it is depending on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying amount of lease liabilities also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- any penalties payables for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of lease liabilities, reduced by any lease incentives received and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

The Group presents the right-of-use assets (excluding those which meet the definition of investment property) and lease liabilities separately from other assets and other liabilities in the consolidated statement of financial position.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.4 Leases (Continued)

*As lessee* (Continued)

##### Subsequent measurement

Right-of-use assets are subsequently measured at cost less any accumulated amortisation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of the lease liabilities. The right-of-use assets under cost model are depreciated on a straight-line basis over the shorter of either the remaining lease term or the remaining useful life of the right-of-use assets using the straight-line method, on the following bases:

	<b>Years</b>
Leasehold land	52 – 81
Buildings	50
Plant and machinery	10
Cold room and freezer	10
Furniture and fittings	10
Motor vehicles	5
Equipment	10
Computer system	5
Renovation	10

If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use assets are depreciated over the useful life of the underlying asset.

The carrying amount of right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the right-of-use asset may be impaired. The accounting policy on impairment is as described in Note 2.7 to the financial statements.

Subsequent to initial measurement, lease liabilities are adjusted to reflect interest charged at a constant periodic rate over the remaining lease liabilities, lease payment made and if applicable, account for any remeasurement due to reassessment or lease modifications.

After the commencement date, interest on the lease liabilities and variable lease payments not included in the measurement of the lease liabilities are recognised in profit or loss, unless the costs are eligible for capitalisation in accordance with other applicable standards.

When the Group revises its estimate of any lease term (i.e. probability of extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments over the revised term. The carrying amount of lease liabilities is similarly revised when the variable element of the future lease payment dependent on a rate or index is revised. In both cases, an equivalent adjustment is made to the carrying amount of the right-of-use assets. If the carrying amount of the right-of-use assets is reduced to zero and there is a further reduction in the measurement of lease liabilities, the remaining amount of the remeasurement is recognised directly in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.4 Leases (Continued)

*As lessee (Continued)*

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting treatment depends on the nature of the modification:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;
- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For lease contracts that convey a right to use an identified asset and require services to be provided by the lessor, the Group has elected to account for the entire contract as a lease. The Group does not allocate any amount of contractual payments to, and account separately for, any services provided by the lessor as part of the contract.

#### **Accounting policy prior to 1 October 2019**

*As lessee*

##### Finance leases

Leases are classified as finance leases whether the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised as property, plant and equipment of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payment. The corresponding liabilities to the lessor is included in the statement of financial position as a lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liabilities. Finance charges are charged to profit or loss, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (Note 2.16).

##### Operating leases

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.4 Leases (Continued)

##### Accounting policy prior to 1 October 2019 (Continued)

###### *As lessor*

When the Group is a lessor, it determines whether each lease entered is a finance or an operating lease at the lease inception date and reassessed only if there is a lease modification. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Whereas, it is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

If the lease arrangement contains lease and non-lease components, the Group applies the principles within SFRS(I) 15 to allocate consideration in the lease arrangement.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

Any modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16.

#### 2.5 Investment property

Investment property (including right-of-use assets held by lessee), which is property held to earn rentals and/or for capital appreciation are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged, using the straight-line method, so as to write off the cost over their estimated useful lives of 50 to 52 years. The residual values, useful lives and depreciation method of investment property are reviewed and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

Investment property is subject to renovations or improvements at regular intervals. The cost of major renovations and improvements are capitalised as additions and carrying amounts of the replaced components are written off to the profit or loss. The cost of maintenance, repairs and minor improvement are charged to the profit or loss when incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment at the date of reclassification and becomes its cost for accounting purposes.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.6 Intangible assets

(i) *Goodwill on acquisition*

Goodwill arising on the acquisition of a subsidiary represents the excess of the consideration transferred (see Note 2.2), the amount of any non-controlling interests in the acquiree over the acquisition date fair value of identifiable assets, liabilities and contingent liabilities of the subsidiary at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of gain or loss on disposal.

(ii) *Trademarks*

Trademarks acquired by the Group have indefinite useful lives and are initially measured at cost less any accumulated impairment losses.

(iii) *Computer software*

Acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original costs of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and any accumulated impairment losses. These costs are amortised using the straight-line method over their estimated useful lives of 3 to 5 years.

(iv) *Franchise fees*

Franchise fees are initially capitalised at cost and subsequently measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 10 to 20 years.

The amortisation period and amortisation method of intangible assets other than goodwill and trademarks are reviewed at least at the end of the financial year. The effects of any revision are recognised in the profit or loss when the changes arise.

*Intangible assets acquired in a business combination*

Intangible assets acquired in a business combination are identified and recognised separately from goodwill if the assets and their fair values can be measured reliably. The cost of such intangible assets is their fair value as at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.7 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at the end of each financial year to determine whether there is any indication of impairment loss and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset (intangible assets with indefinite useful life and intangible assets not yet available for use) is required, the recoverable amounts are estimated.

An impairment loss is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent of other assets and groups of assets. Impairment loss is recognised in the profit or loss.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost of disposal and its value-in-use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The fair value less cost of disposal is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value-in-use is the present value of estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life, discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the end of each financial year as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. 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 has been recognised. Reversals of impairment loss are recognised in the consolidated statement of comprehensive income. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Goodwill

Goodwill is tested annually for impairment, as well as when there is any indication that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating unit expected to benefit from the synergies of the business combination. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit including the goodwill, the impairment loss is recognised in profit or loss and allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

#### 2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Cost of finished goods and work-in-progress includes cost of raw materials, direct labour, other direct costs and manufacturing overheads (based on normal operating capacity) but excludes borrowing cost.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.8 Inventories (Continued)

Cost of inventories are calculated based on the following:

**i) First-in-First-out Method**

Trading and Frozen Food, Dairies, Food Processing (bakery and butchery) Divisions

**ii) Weighted Average Method**

Food Services Division

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution, at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. Allowance is made for obsolete, slow-moving and defective inventories.

#### 2.9 Cash and bank balances

Cash and bank balances in the statements of financial position comprise cash on hand, demand deposit and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances, fixed deposits and bank overdrafts (for working capital) and excludes any deposits pledged. Bank overdrafts for working capital requirements of the Group are presented in the statements of financial position and in borrowings under current liabilities.

#### 2.10 Financial instruments

The Group recognises a financial asset or a financial liability in its statements of financial position when, and only when, the Group becomes party to the contractual provisions of the instrument.

##### **Financial assets**

The Group classifies its financial assets into one of the categories below, depending on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group shall reclassify its affected financial assets when and only when the Group changes its business model for managing these financial assets. The Group's accounting policy for each category is as follows:

##### **Amortised cost**

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is included in interest income using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within SFRS(I) 9 using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.10 Financial instruments (Continued)

##### Financial assets (Continued)

##### Amortised cost (Continued)

Impairment provisions for other financial assets are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve months expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding GST receivables, prepayments and advances to suppliers), fixed deposits and cash and bank balances in the statements of financial position.

##### Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

##### Credit-impaired financial assets

At the end of the financial year, the Group assesses 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 that financial asset have occurred.

Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

##### Financial assets at fair value through other comprehensive income ("FVOCI")

The Group has a number of strategic investments in listed entities which are not accounted for as subsidiaries, associates or jointly controlled entities. For those equity investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal, any balance within fair value through other comprehensive income reserve is reclassified directly to accumulated profits and is not reclassified to profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.10 Financial instruments (Continued)

##### **Financial assets** (Continued)

##### *Financial assets at fair value through other comprehensive income ("FVOCI")* (Continued)

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

Purchases and sales of financial assets measured at fair value through other comprehensive income are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the fair value through other comprehensive income reserve.

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

##### **Financial liabilities and equity instruments**

##### *Classification as debt or equity*

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale issue or cancellation of treasury shares.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the accumulated profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised as changes in equity of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.10 Financial instruments (Continued)

##### Financial liabilities and equity instruments (Continued)

##### Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss and financial guarantee contracts loans.

(i) *Trade and other payables*

Trade and other payables (excluding sales service tax ("SST") payable, goods and services tax ("GST") payable, provision for employee benefits and contract liabilities), are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

(ii) *Bank borrowings*

Interest-bearing bank loans and overdrafts are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (Note 2.16).

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of each financial year, in which case they are presented as non-current liabilities.

(iii) *Financial guarantee contracts*

The Company has issued corporate guarantees to banks for borrowings and finance lease of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment term.

Financial guarantee contract liabilities are measured initially at their fair values, net of transaction costs. Financial guarantee contracts are subsequently measured at the higher of:

- a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and
- b) the amount of loss provisions determined in accordance with SFRS(I) 9.

##### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The differences between the carrying amount and the consideration paid is recognised in profit or loss.

#### 2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.12 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The increase in the provision due to the passage of time is recognised in the consolidated statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

#### 2.13 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers may include fixed amounts, variable amounts or both derived. The Group's revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

##### Sale of food and beverages ("F&B") from food services

The Group sells food and beverages directly to consumers through the stores operated by the Group. Revenue from the operations of the food business is recognised at point in time upon delivery of food and beverages to the customers. The revenue is net of discount and/or any portion that are allocated to the beverage to be rewarded under the customer loyalty programmes.

The Group has a customer loyalty programme for its coffee chain whereby F&B customers are entitled to redeem beverage after a specific number of purchases using the stored value cards. This gives rise to a separate performance obligation as it provide a right of redemption to the customer. Based on the accumulated historical experience, the estimated amount of customer loyalty was negligible.

##### Revenue from sale of food, dairies and nutrition products

Revenue from the processing and distribution of food and beverages, dairies and nutrition products is recognised at a point in time when the performance obligations are satisfied and the controls of products are transferred to the customers. There is limited judgement needed to identify when the point of control passes to customers. There is no element of significant financing component in the Group's revenue transactions as customers are required to pay within the credit term.

The Group provides volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Revenue from these contracts is recognised based on the contract price specified in the contract, net of estimated volume rebates.

Past historical experience is considered and used by the Group to estimate the expected discounts entitled, using expected value method and restrict the amount of revenue that is recognised such that it is highly probable that there will not be a reversal of previously recognised revenue in the future. At the end of each financial year, the Group reviews and updates the transaction price when necessary. A contract liability is recognised for expected volume discounts arising from such arrangement.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.13 Revenue recognition (Continued)

##### *Interest income*

Interest income is recognised using the effective interest rate method.

##### *Rental income*

Rental income from investment property is recognised on a straight-line basis over the term of the relevant lease.

##### *Dividend income*

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

#### 2.14 Research and development expenses

Research and development expenses are recognised as expenses when incurred.

#### 2.15 Employment benefits

##### *Defined contribution plan*

Payments to defined contribution plans are charged as an expense in the period in which the related service is performed. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, Employee Provident Fund in Malaysia and has no legal and constructive obligation to pay further once the payments are made.

##### *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the end of the financial year as a result of services rendered by employees up to the end of the financial year.

#### 2.16 Borrowing costs

Borrowing costs are recognised in the profit or loss in the period in which they are incurred using the effective interest method except for those costs that are directly attributable to the acquisition, construction or production of the qualifying assets.

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.17 Income tax

Income tax expense comprise current tax expense and deferred tax expense.

##### *Current income tax*

Current income tax expense is the amount of income tax payable in respect of the taxable profit for a period. Current income tax liabilities for the current and prior periods shall be measured at the amount expected to be paid to the taxation authorities, using the tax rates and tax laws in the countries where the Group operates, that have been enacted or substantively enacted by the end of the financial year.

Current income tax expenses are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### *Deferred tax*

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases of asset and liabilities, except when the temporary difference arises from the initial recognition of goodwill or other assets and liabilities that is not a business combination and affects neither the accounting profit nor taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the timing of reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured using the tax rates expected to apply for the period when the asset is realised or the liability is settled, based on tax rate and tax law that have been enacted or substantially enacted by the end of the financial year. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle its assets and liabilities, except for investment property at fair value which are presumed to be recovered through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

##### *Sales tax*

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- (i) when the sales tax that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) receivables and payables that are stated with the amount of sales tax included.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.17 Income tax (Continued)

##### *Sales tax* (Continued)

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

#### 2.18 Foreign currency transactions and translations

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlements of monetary items and on retranslation of monetary items are included in the consolidated statement of comprehensive income for the financial year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the consolidated statement of comprehensive income for the financial year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company and the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the financial year, unless exchange rates fluctuated significantly during that financial year, in which case the exchange rates of the dates at the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments, are taken to the foreign currency translation reserve.

On disposal of a foreign operation, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on acquisition of foreign operations are treated as assets and liabilities of the foreign operations, and translated at the closing exchange rate.

#### 2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders. Dividends proposed or declared after the end of the reporting period are not recognised as a liability at the end of the financial year.

#### 2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group Chief Executive Officer who makes strategic decisions.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 2. Summary of significant accounting policies (Continued)

#### 2.21 Contingencies

A contingent liability is:

- (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (ii) a present obligation that arises from past events but is not recognised because:
  - a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - b. the amount of the obligation cannot be measured with sufficient reliability.

Contingencies are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

#### 2.22 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the asset's previous carrying amount and fair value less cost of disposal. The assets are not depreciated or amortised while classified as held for sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less cost of disposal (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

- (a) represents a separate major line of business or geographical area of operations;
- (b) is part of a single co-ordinated plan to dispose of a separate major line or geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### 3.1 Critical judgements made in applying the accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

#### 3.1 Critical judgements made in applying the accounting policies (Continued)

##### Determine the lease term

The Group leases land and building, machinery and equipment from non-related parties. Included in the lease arrangement, there are extension and termination option held and exercisable only by the Group. In determining the lease term, management considers the likelihood of either to exercise the extension option, or not to exercise the termination option. Management considers all facts and circumstances that create an economic incentive to extend and economic penalty or costs relating to the termination of lease.

Management has included potential cash outflows of RM100,398,000 in the measurement of lease liability for land and building, as it is reasonably certain that the extension option will be exercised. The assessment on lease terms is reviewed at the end of each reporting period if there is a significant change in the Group's intentions, business plan or other circumstances unforeseen since it was first estimated.

#### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and reported amounts of revenue and expenses within the next financial year, are discussed below:

(i) *Impairment of goodwill, trademarks and franchise fees*

The management determines whether goodwill and trademarks are impaired at least on an annual basis and as and when there is an indication that goodwill and trademarks may be impaired. Franchise fees are assessed for indicators of impairment at the end of the financial year. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill, trademarks and franchise fees are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable growth rate, gross margin and discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill, trademarks and franchise fees as at 30 September 2020 are as disclosed in Note 9 to the financial statements.

(ii) *Impairment of property, plant and equipment*

The Group carries out impairment assessment for certain property, plant and equipment where there is indication of an impairment. In carrying out the impairment assessment, management has identified the cash-generating units ("CGUs") to which the property, plant and equipment belong and determined the recoverable amounts of the CGUs by estimating the expected discounted future cash flows over the remaining useful lives of the property, plant and equipment. Estimating the recoverable amounts requires the Group to determine a suitable sales growth rate, gross margin, discount rate and to make an estimate of the expected future cash flows from the cash-generating unit in order to calculate the present value of those cash flows.

The carrying amount of property, plant and equipment as at 30 September 2020 is as disclosed in Note 4 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

#### 3.2 Key sources of estimation uncertainty (Continued)

(iii) *Income taxes*

The management has exercised significant estimates when determining the Group's and the Company's provisions for income taxes. These involve assessing the probabilities that deferred tax assets resulting from deductible temporary differences, unutilised tax losses and unabsorbed tax allowances, if any, can be utilised to offset future taxable income. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of action. 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 arrangements, 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 adjustments to tax income and expense in future periods. The Group and the Company establish reasonable provision for possible consequences of audits by the tax authorities of the respective countries.

The amount of such provisions and/or its subsequent reversals is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group and Company domicile. The carrying amounts of deferred tax assets and deferred tax liabilities of the Group and of the Company as at 30 September 2020 are as disclosed in Note 8 and 19 to the financial statements respectively.

(iv) *Loss allowance on trade and other receivables*

The Group uses the simplified approach to calculate expected credit losses ("ECLs") for trade receivables. The provision rates are based on various customer's historical observed default rates.

The Group will consider and assess the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the customers, the historical default rates are adjusted. At the end of each financial year, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Other than trade receivables, the Group and the Company assess the credit risk of other receivables at each financial year on an individual basis, to determine whether or not there have been significant increases in credit risk since the initial recognition of these assets. To determine whether there is a significant increase in credit risks, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments. Where there is a significant increase in credit risk, the Group and the Company determine the lifetime expected credit loss by considering the loss given default, the probability of default and exposure at default assigned to each counterparty customer. The financial assets are written off either partially or in full when 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 amount subject to the write-offs.

The carrying amounts of the trade and other receivables at the end of the financial year are disclosed in the Note 11 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

#### 3.2 Key sources of estimation uncertainty (Continued)

(v) *Inventories and related allowance*

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the "first-in, first-out" and weighted average methods. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provide for excess and obsolete inventories based on historical usage, estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 30 September 2020 is as disclosed in Note 10 to the financial statements.

(vi) *Impairment of investments in subsidiaries*

At the end of the financial year, an assessment is made on whether there is indication that the investments in subsidiaries are impaired. The management's assessment for impairment of investments in subsidiaries is based on the estimation of value-in-use of the cash-generating unit ("CGU") by forecasting the expected future cash flows using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 30 September 2020 is as disclosed in Note 6 to the financial statements.

(vii) *Valuation of financial assets, at fair value through other comprehensive income ("FVOCI")*

The Group has an investment in a quoted equity security classified as FVOCI which was temporarily suspended from trading on the Singapore Exchange Securities Trading Limited ("SGX-ST") since 16 September 2017. The Group engaged an independent professional valuer to perform valuation on the quoted equity security as at 30 September 2020. The quoted equity security was valued using valuation techniques that are commonly used by market participants. The valuation model is based on Asset Approach and publicly available information adjusted for the effect of non-marketability of the equity investment and lack of control.

The carrying amount of the FVOCI as at 30 September 2020 is disclosed in Note 7 to the financial statements.

(viii) *Measurement of lease liabilities*

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term. The Group has determined the discount rate by reference to the respective lessee's incremental borrowing rate when the rate inherent in the lease is not readily determinable. The Group obtains the relevant market interest rate after considering the applicable geographical location where the lessee operates as well as the term of the lease. Management considers its own credit spread information from its recent borrowings, industry data available as well as any security available in order to adjust the market interest rate obtained from similar economic environment, term and value of the lease.

The incremental borrowing rate applied to lease liabilities as at 30 September 2020 ranges from 2.00% to 6.90%. The carrying amount of lease liabilities as at 30 September 2020 was RM150,497,000 (2019: RM28,634,000). If the incremental borrowing rate had been 0.5% higher or lower than management's estimates, the Group's lease liabilities would have been lower or higher by RM134,000.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 4. Property, plant and equipment

Group	Freehold land RM'000	Leasehold land RM'000	Factory/office buildings RM'000		Plant and machinery RM'000		Cold room and freezer equipment RM'000		Laboratory and equipment RM'000		Furniture and fittings RM'000		Renovation RM'000	Motor vehicles RM'000	Equipment RM'000	Computer system RM'000	construction under RM'000	Total RM'000
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000						
<b>2020</b>																		
<b>Cost</b>																		
At 1 October 2019	6,903	94,133	61,570	61,729	25,646	336	31,390	68,182	12,504	54,391	3,659	79,631	500,074					
Adoption of SFRS(I) 16	-	-	104,551	951	-	-	-	-	-	-	-	-	105,502					
At 1 October 2019 (restated)	6,903	94,133	166,121	62,680	25,646	336	31,390	68,182	12,504	54,391	3,659	79,631	605,576					
Additions	-	-	37,940	68,178	988	55	4,393	11,929	1,890	7,359	102	-	132,834					
Liquidation of subsidiaries (Note 28B)	-	-	-	-	-	-	(644)	-	(148)	(1,774)	(598)	-	(3,164)					
Disposals	-	-	-	(29)	(61)	-	(36)	-	(1,070)	(122)	(27)	-	(1,345)					
Reclassification	1,620	-	78,011	-	5	-	503	(47)	-	(461)	-	(79,631)	-					
Written off	-	-	(1,384)	(444)	(256)	(166)	(496)	(6,523)	(3)	(790)	(1,373)	-	(11,435)					
Currency realignment	-	-	-	-	-	4	4	-	(4)	(1)	29	-	32					
At 30 September 2020	8,523	94,133	280,688	130,385	26,322	229	35,114	73,541	13,169	58,602	1,792	-	722,498					
<b>Accumulated depreciation</b>																		
At 1 October 2019	-	4,185	2,999	22,731	5,986	252	6,639	26,780	7,198	19,279	2,599	-	98,648					
Depreciation for the financial year	-	1,177	23,453	4,787	2,369	12	3,539	6,720	2,074	5,925	343	-	50,399					
Liquidation of subsidiaries (Note 28B)	-	-	-	-	-	-	(409)	-	(81)	(1,069)	(517)	-	(2,076)					
Disposals	-	-	-	(16)	(31)	-	(17)	-	(877)	(69)	(18)	-	(1,028)					
Reclassification	-	-	94	167	(2)	-	(20)	-	-	(239)	-	-	-					
Written off	-	-	(515)	(247)	(140)	(148)	(358)	(3,435)	(3)	(492)	(1,107)	-	(6,445)					
Currency realignment	-	-	-	-	-	4	6	-	(1)	-	20	-	29					
At 30 September 2020	-	5,362	26,031	27,422	8,182	120	9,380	30,065	8,310	23,335	1,320	-	139,527					

**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

**4. Property, plant and equipment (Continued)**

Group	Freehold land RM'000	Leasehold land RM'000	Factory/ office buildings RM'000		Plant and machinery RM'000	Cold room and freezer equipment RM'000		Laboratory equipment RM'000		Furniture and fittings RM'000		Renovation RM'000	Motor vehicles RM'000	Equipment* RM'000	Computer system RM'000	Assets under construction RM'000		Total RM'000
			RM'000	RM'000		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000					RM'000	RM'000	
<b>2020</b>																		
<b>Accumulated impairment</b>																		
At 1 October 2019	-	-	-	18,281	-	-	-	-	-	93	-	-	-	8	-	-	-	18,382
Impairment during the financial year	-	-	16,880	16,030	-	-	-	-	-	155	-	-	-	1,189	95	-	-	34,349
- Continuing operations	-	-	16,880	16,030	-	-	-	-	-	-	-	-	-	478	-	-	-	33,388
- Discontinued operations	-	-	-	-	-	-	-	-	155	-	-	-	-	711	95	-	-	961
Liquidation of subsidiaries (Note 28E)	-	-	-	-	-	-	-	-	(236)	-	-	-	-	(705)	(80)	-	-	(1,021)
Currency realignment	-	-	-	-	-	-	-	-	(2)	-	-	-	-	-	-	-	-	(2)
At 30 September 2020	-	-	16,880	34,311	-	-	-	-	10	-	-	-	-	492	15	-	-	51,708
<b>Net carrying amount</b>																		
At 30 September 2020	8,523	88,771	237,777	68,652	18,140	109	25,724	43,476	4,859	34,775	457	-	-	531,263				

\* Equipment comprises of sales equipment, store equipment and office equipment.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 4. Property, plant and equipment (Continued)

Group	Freehold land RM'000	Leasehold land RM'000	Factory/office buildings RM'000		Plant and machinery RM'000		Cold room and freezer equipment RM'000		Laboratory equipment RM'000		Furniture and fittings RM'000		Renovation RM'000	Motor vehicles RM'000	Equipment RM'000	Computer system RM'000	Assets under construction RM'000		Total RM'000
			RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000					RM'000	RM'000	
<b>2019</b>																			
<b>Cost</b>																			
At 1 October 2018	7,133	94,133	34,992	83,154	14,272	336	23,687	56,300	11,178	48,203	3,510	59,153	436,051						
Additions	-	-	4,790	898	1,726	-	3,861	16,587	2,096	11,638	287	70,249	112,132						
Disposal of a subsidiary	-	-	-	(26,924)	-	-	(20)	-	(60)	-	(35)	-	(27,039)						
Reclassification	-	-	22,478	10,244	10,362	6	5,617	425	-	664	-	(49,796)	-						
Disposals	(230)	-	(690)	(4,539)	-	-	(209)	-	(691)	(24)	(44)	-	(6,427)						
Written off	-	-	-	(40)	(397)	-	(1,543)	(2,294)	-	(2,286)	(18)	-	(6,578)						
Reclassified as assets held for sale (Note 13)	-	-	-	-	(317)	-	-	(2,872)	-	(3,860)	-	-	(7,049)						
Currency realignment	-	-	-	(1,064)	-	(6)	(3)	36	(19)	56	(41)	25	(1,016)						
At 30 September 2019	6,903	94,133	61,570	61,729	25,646	336	31,390	68,182	12,504	54,391	3,659	79,631	500,074						
<b>Accumulated depreciation</b>																			
At 1 October 2018	-	2,852	2,465	37,857	4,483	236	5,451	22,762	5,973	16,184	2,213	-	100,476						
Depreciation for the financial year	-	1,333	723	5,631	1,710	22	2,742	6,171	1,922	5,425	506	-	26,185						
Disposal of a subsidiary	-	-	-	(15,872)	-	-	(15)	-	(19)	-	(31)	-	(15,937)						
Disposals	-	-	(189)	(4,235)	-	-	(186)	-	(650)	(11)	(35)	-	(5,306)						
Reclassified as assets held for sale (Note 13)	-	-	-	-	(22)	-	-	(243)	-	(277)	-	-	(542)						
Written off	-	-	-	(17)	(186)	-	(1,344)	(1,915)	-	(2,048)	(18)	-	(5,528)						
Currency realignment	-	-	-	(633)	1	(6)	(9)	5	(28)	6	(36)	-	(700)						
At 30 September 2019	-	4,185	2,999	22,731	5,986	252	6,639	26,780	7,198	19,279	2,599	-	98,648						

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 4. Property, plant and equipment (Continued)

Group	Freehold land RM'000	Leasehold land RM'000	Factory/ office buildings		Plant and machinery RM'000	Cold room and freezer equipment RM'000		Laboratory equipment RM'000		Furniture and fittings RM'000		Renovation RM'000	Motor vehicles RM'000	Equipment* RM'000	Computer system RM'000	Assets under construction RM'000		Total RM'000
			RM'000	RM'000		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000					RM'000	RM'000	
<b>2019</b>																		
<b>Accumulated impairment</b>																		
At 1 October 2018	-	-	-	-	18,221	-	-	-	-	-	-	-	-	-	-	-	-	18,221
Impairment during the financial year	-	-	-	-	60	-	-	-	93	-	-	-	-	8	-	-	-	161
At 30 September 2019	-	-	-	-	18,281	-	-	-	93	-	-	-	-	8	-	-	-	18,382
<b>Net carrying amount</b>																		
At 30 September 2019	6,903	89,948	58,571	20,717	19,660	84	24,658	41,402	5,306	35,104	1,060	79,631	383,044					

\* Equipment comprises of sales equipment, store equipment and office equipment.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 4. Property, plant and equipment (Continued)

Borrowing costs of RM925,000 (2019: RM1,884,000) which arose on the financing specifically entered into for the construction of the factory buildings were capitalised by the Group during the financial year.

Assets under construction represents expenditure for factory buildings in the course of construction.

The carrying amount of leasehold land, buildings and non-movable assets of RM208,864,000 (2019: RM208,506,000) are pledged to licensed banks as security for banking facilities granted to the Group (Note 15).

(a) During the financial year, the Group acquired property, plant and equipment as follows:

	2020 RM'000	2019 RM'000
Additions of property, plant and equipment	132,834	112,132
Acquired under lease	(41,564)	(6,876)
	91,270	105,256
(Less)/Add: Changes in other payables	(9,653)	1,646
Less: Changes in prepayments	-	(1,501)
(Less)/Add: Changes in deposits	(31,099)	26,586
Less: Provision for restoration costs (Note 17)	(833)	(742)
Cash payments made to acquire property, plant and equipment	49,685	131,245

(b) Movements in deposits for purchase of property, plant and equipment

	2020 RM'000	2019 RM'000
At 1 October	31,152	4,566
(Less)/Add: Deposits paid/transferred to property, plant and equipment	(28,959)	26,586
Impairment loss for the year	(2,140)	-
	(31,099)	26,586
At 30 September	53	31,152

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 4. Property, plant and equipment (Continued)

#### (c) Impairment of assets

During the financial year, the Group recognised impairment loss on property, plant and equipment and deposits for purchase of property, plant and equipment as follows:

	2020 RM'000	2019 RM'000
<b>Continuing operations</b>		
Property, plant and equipment	33,388	60
Deposits for purchase of property, plant and equipment	2,140	-
As presented in the consolidated statement of comprehensive income	35,528	60
<b>Discontinued operations</b>		
Property, plant and equipment	961	101
As presented in the consolidated statement of cash flows	36,489	161

During the financial year, the Group carried out a review of the recoverable amount of its Food Processing - Bakery division's plant, machinery and equipment due to the deterioration in operating results as the effects of Covid-19 has severely impacted the businesses of its key customers which are in the hospitality, food and beverage and tourism related industries.

Due to the inherent uncertainty arising from the continually evolving Covid-19 situation, the Group had performed a value-in-use calculations based on the Expected Cash Flow approach in performing its impairment assessment this year. Under this approach, uncertainties about future outcomes are reflected through probability-weighted cash flow scenarios. The use of the Expected Cash Flow approach aligns with management's most recent cash flow projections approved by management covering a 15-year period.

The assessment resulted in impairment losses recognised in the profit or loss on the property, plant and equipment and deposits for purchase of property, plant and equipment arising from the Food Processing Division amounting to RM33,388,000 (2019: RM60,000) and RM2,140,000 (2019: RM Nil), respectively. Based on the value-in-use calculations, the recoverable amount of the relevant assets is RM76,730,000 (2019: RM58,085,000).

If the discount rate had increased by 1% against management's estimates, the Group's impairment on property, plant and equipment would have been higher by RM2,900,000.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 4. Property, plant and equipment (Continued)

(c) Impairment of assets (Continued)

#### *Key assumptions used in the value-in-use calculations*

The calculations of value-in-use for all the CGUs are most sensitive to the following assumptions:

	<b>Bakery</b> %
<b>2020</b>	
Probability applied to each possible scenarios	10 - 50
Gross margin <sup>(1)</sup>	19.77
Sales growth rate <sup>(2)</sup>	15.67
Discount rate <sup>(3)</sup>	14.53
<b>2019</b>	
Gross margin <sup>(1)</sup>	30.05
Sales growth rate <sup>(2)</sup>	4.93
Discount rate <sup>(3)</sup>	13.33

<sup>(1)</sup> Average budgeted gross margin.

<sup>(2)</sup> Average sales growth rate for the 15-year period.

<sup>(3)</sup> Pre-tax discount rate applied to the cash flow projections.

Budgeted gross margins – Gross margins are based on average values achieved in the five years preceding the start of the budget period. These are increased over the budget period for anticipated efficiency improvements and expectations of future changes in market condition.

Sales growth rates – The forecasted sales growth rates are based on management estimates with reference to the historical trend.

Pre-tax discount rates – Discount rates are based on the Group's beta adjusted to reflect management's assessment of specific risks related to the cash generating unit.

- (d) The conditions and restrictions on the Group's leasehold land and factory buildings (Pulau Indah) with net carrying amount of RM213,118,000 (2019: RM225,670,000) are as detailed below:
- (i) the land is designated as Selangor Halal Hub and shall be used only for industrial purposes;
  - (ii) the industrial activities to be carried out shall be in compliance with the Halal Park guidelines and requirements, and in accordance with Islamic principles;
  - (iii) shall only consist of industries whose activities are consistent and within the overall concept of the Selangor Halal Hub and must have been approved by the appropriate authorities; and
  - (iv) any assignment, pledge and lease of land requires the consent of the appropriate authorities.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

#### 4. Property, plant and equipment (Continued)

Right-of-use of assets under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed below and disclosures relating to lease arrangements are included under Note 16 to the financial statements.

##### Right-of-use assets classified within property, plant and equipment

Group	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Cold room and freezer RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Equipment RM'000	Computer system RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>										
At 1 October 2019	-	104,551	951	-	-	-	-	-	-	105,502
- recognition arising from SFRS(I) 16	94,133	124,342	-	3,135	10,201	8,153	29,304	310	21,610	291,188
- reclassifications*	-	38,185	831	564	2,640	2,300	6,123	14	5,104	55,761
Additions	-	-	-	(705)	(1,756)	(1,289)	(7,235)	-	(1,957)	(12,942)
Transfers**	-	-	-	-	-	(146)	-	-	-	(146)
Disposal	-	(1,314)	(45)	-	-	-	-	-	(29)	(1,388)
Written off	-	-	-	-	-	-	-	-	-	-
At 30 September 2020	94,133	265,764	1,737	2,994	11,085	9,018	28,192	324	24,728	437,975
<b>Accumulated depreciation</b>										
At 1 October 2019	4,185	839	-	1,610	3,480	3,306	11,306	226	8,711	33,663
- reclassifications*	-	-	-	(459)	(531)	(942)	(2,857)	-	(1,312)	(6,101)
Transfers**	-	-	-	-	-	-	-	-	-	-
Depreciation for the financial year	1,177	23,370	1,018	48	240	1,737	1,007	46	1,334	29,977
Disposal	-	-	-	-	-	(90)	-	-	-	(90)
Written off	-	(445)	(20)	-	-	-	-	-	(12)	(477)
At 30 September 2020	5,362	23,764	998	1,199	3,189	4,011	9,456	272	8,721	56,972



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 4. Property, plant and equipment (Continued)

Right-of-use of assets under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed below and disclosures relating to lease arrangements are included under Note 16 to the financial statements. (Continued)

#### Right-of-use assets classified within property, plant and equipment (Continued)

Group	Leasehold	Buildings	Plant and	Cold room	Furniture	Motor	Equipment	Computer	Renovation	Total
	land	RM'000	machinery	and freezer	and fittings	vehicles	RM'000	system	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Accumulated impairment</b>										
At 1 October 2019	-	-	-	-	-	-	-	-	-	-
Impairment during the financial year	-	16,880	-	-	-	-	-	-	-	16,880
At 30 September 2020	-	16,880	-	-	-	-	-	-	-	16,880
<b>Net carrying amount</b>										
At 30 September 2020	88,771	225,120	739	1,795	7,896	5,007	18,736	52	16,007	364,123

\* Reclassifications relate to assets previously presented as property, plant and equipment under SFRS (I) 1-17 Leases now included in right-of-use assets under SFRS(I) 16 Leases.

\*\* On full settlement of lease obligations, right-of-use assets were transferred to property, plant and equipment.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 4. Property, plant and equipment (Continued)

#### Right-of-use assets classified within property, plant and equipment (Continued)

(a) Lease liabilities

The carrying amount of lease liabilities, movements during the financial year and the maturity analysis of lease liabilities are disclosed in Note 16 to the financial statements.

(b) Extension options

The majority of the extension options are exercisable by the Group and not by the lessor. The leases for certain leased properties contain extension periods, for which the related lease payments had not been included in the lease liabilities as the Group is not reasonably certain to exercise these extension options and the Group could replace these assets without significant cost or business disruption. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations to align with the Group's business requirements.

(c) Amount recognised in profit or loss

	<b>Group 2020 RM'000</b>
Amortisation of right-of-use assets	29,977
Interest expense on lease liabilities (Note 16)	9,115
Variable lease payments (Note 25)	2,869
Rent concession	(2,533)
Impairment during the financial year	16,880
Lease expense not capitalised in right-of-use assets:	
- Expenses relating to short term lease and low value assets (Note 25)	5,770
Total amount recognised in the profit or loss	<b>62,078</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 4. Property, plant and equipment (Continued)

As at 30 September 2020, information relating to the Group's freehold/leasehold properties are as follows:

Location	Description	Existing use	Gross land area (sq ft)	Gross floor area (sq ft)
<b>Trading and Frozen Food Division</b>				
No.2, Jalan U1/24, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor, Malaysia	Industrial land with 2 storey warehouse	Office, warehouse and cold room	68,674	53,554
Lot 1-3-1, Sri Kerjaya Apartment, Shah Alam, Selangor, Malaysia	Apartment	Staff quarters	-	883
Lot 1-3-3, Sri Kerjaya Apartment, Shah Alam, Selangor, Malaysia	Apartment	Staff quarters	-	893
49, Lorong Wong Ah Jang, 25100 Kuantan, Pahang, Malaysia	Shop office	Office, warehouse and cold room	1,560	2,976
No.139, Jalan Makloom, 10150 Pulau Pinang, Malaysia	Industrial land with 4 storey warehouse	Office, warehouse and cold room	10,613	16,860
7, Jalan Tiong Emas 1, Kawasan Perindustrian Tiong Nam, 81100 Johor Bahru, Johor, Malaysia	Industrial warehouse	Office, warehouse and cold room	13,433	12,846
Lot no. 84, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor, Malaysia	Warehouse	Office, warehouse and cold room	-	38,594
<b>Food Processing Division</b>				
Lots nos. 76, 77, 79, 80, 83, 84 and 85, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor, Malaysia	Industrial land	Lots nos. 76, 77, 79, 80 and 85: Vacant	1,550,736	-
Lot no. 78, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor, Malaysia	Factory	Office and factory	-	129,726
Lot no. 83, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor, Malaysia	Factory	Office and factory	-	44,937
<b>Dairies Division</b>				
Lots nos. 81, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor, Malaysia	Industrial land	Vacant	172,062	-
Lots nos. 82, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor, Malaysia	Industrial land with factory	Office and factory	189,107	70,030

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 5. Investment property

	Group	
	2020 RM'000	2019 RM'000
<b>Cost</b>		
At 1 October/30 September	24,771	24,771
<b>Accumulated depreciation</b>		
At the beginning of the financial year	1,889	1,407
Depreciation for the financial year	482	482
At the end of the financial year	2,371	1,889
<b>Net carrying amount</b>	22,400	22,882

	Group	
	2020 RM'000	2019 RM'000
<b>Represented by:</b>		
Leasehold land	15,565	15,895
Leasehold building	6,835	6,987
	22,400	22,882

The following amounts are recognised in profit or loss:

	Group	
	2020 RM'000	2019 RM'000
Rental income from investment property (Note 25)	1,479	1,584
Direct operating expenses arising from:		
- Rental-generating investment property	472	512
- Non-rental-generating investment property	890	995
	1,362	1,507

As at 30 September 2020, the fair value of the Group's investment property amounted to RM42,000,000 (2019: RM49,000,000). The leasehold land and building ("office building") is partially owner-occupied where the net carrying amount of RM16,476,000 (2019: RM16,831,000) is included in property, plant and equipment (Note 4).

The management had assessed the valuation of the Group's office building with the assistance of an independent professional valuation firm on 21 September 2020 that has the relevant experience in the location and category of the property. The valuation was based on the assets highest and best use arrived at using the direct sales comparison approach by analysing sales and listing of similar properties in the locality by making reference to market evidence of prices per square feet and adjusted for differences in key attributes such as property size, location and other relevant factors.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 5. Investment property (Continued)

In the previous financial year, the fair values of the office building was estimated based on management's estimation by using the direct sales comparison approach by making reference to market evidence of prices per square feet for comparable properties, adjusted for key attributes such as size, tenure, location, condition and prevailing market conditions.

The resulting fair values of investment property is considered level 3 fair value measurements.

The carrying amount of office building of RM22,400,000 (2019: RM22,882,000) was pledged to a licensed bank as security for a banking facility granted to the Group (Note 15).

The Group has no restrictions on the realisability of its investment property for repairs, maintenance or enhancement.

Details of the Group's investment property are as detailed below:

Location	Description	Tenure	Unexpired lease term
No.11 Jalan 225, Petaling Jaya, 46100 Selangor Darul Ehsan, Malaysia	Office building	Leasehold	47 years

### 6. Investments in subsidiaries

#### 6.1 Investments in subsidiaries comprise:

	Company	
	2020 RM'000	2019 RM'000
Unquoted equity shares in corporations, at cost	11,215	11,207
Issuance of financial guarantee contracts granted	11,885	8,682
Share options granted to employees	626	626
Deemed as capital contribution in subsidiaries*	252,626	255,101
Allowance for impairment loss	(38,021)	(43,856)
	238,331	231,760

	Company	
	2020 RM'000	2019 RM'000
Movement of allowance for impairment loss as follows:		
At 1 October	43,856	7,820
Impairment loss during the financial year	4,781	35,991
Reversal of impairment loss during the financial year	(10,683)	-
Currency alignment	67	45
At 30 September	38,021	43,856

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 6. Investments in subsidiaries (Continued)

#### 6.1 Investments in subsidiaries comprise: (Continued)

- \* Amounts due from subsidiaries of RM252,626,000 (2019: RM255,101,000) which are non-trade were reclassified as deemed investments in subsidiaries as the planned settlements are either through capitalisation of debt through subscription of ordinary shares of the subsidiaries or the settlements are neither planned nor likely to occur in the foreseeable future.

As at the end of the financial year, the Group carried out a review of the recoverable amounts of the investment in a subsidiaries from the Food Services and Food Processing - Bakery Divisions (2019: Food Services Division) due to the losses reported in these segments.

The review of the recoverable amount of these segments resulted in the following:

- i) Additional impairment loss of RM4,781,000 (2019: RM35,991,000) in the investment in a subsidiary from the Food Processing - Bakery Division; and
- ii) Reversal of impairment loss RM10,683,000 (2019: RM Nil) on investment in a subsidiary from the Food Services Division following the discontinued operations and voluntary liquidation of certain business units (Note 28) that resulted in an increase in the projected value-in-use of this business segment.

The recoverable amounts of the investments of RM94,880,000 (2019: RM84,207,000) have been determined on the basis of its value-in-use. The pre-tax discount rates used in measuring the value-in-use ranges from 9.65% to 13.07% (2019: 12.01% to 16.00%).

#### 6.2 Particulars of subsidiaries

Name of company (Country of incorporation/ principal place of business)	Principal activities	Effective equity held by the Group	
		2020 %	2019 %
<b>Held by the Company</b>			
Polygold Holdings Sdn Bhd <sup>(2)</sup> (Malaysia)	Investment holding	100	100
Envictus Brands Pte Ltd <sup>(1)</sup> (Singapore)	Collecting royalties for the brands that it owns	100	100
Envictus Capital (Labuan) Inc. <sup>(2)</sup> (Malaysia)	Intra-group lending and investment holding	100	100
Envictus Foods International Inc. <sup>(2)</sup> (Malaysia)	Investment holding	100	100
Envictus Foods (M) Sdn Bhd <sup>(2)</sup> (Malaysia)	Investment holding	100	100
Envictus IT Services Sdn Bhd <sup>(2)</sup> (Malaysia)	IT services	100	100

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 6. Investments in subsidiaries (Continued)

#### 6.2 Particulars of subsidiaries (Continued)

Name of company (Country of incorporation/ principal place of business)	Principal activities	Effective equity held by the Group	
		2020 %	2019 %
<b>Held by the Company (Continued)</b>			
Envictus NZ Limited <sup>(3)(7)</sup> (New Zealand)	In the process of striking off	100	100
Eureka Capital Sdn Bhd <sup>(2)</sup> (Malaysia)	Providing management services and property investment	100	100
Envictus Food Services Sdn Bhd <sup>(2)</sup> (Malaysia)	Investment holding	100	100
Envictus QSR Pte Ltd <sup>(1)</sup> (Singapore)	Investment holding	100	100
<b>Held by the Subsidiaries</b>			
<b>- Envictus Capital (Labuan) Inc.</b>			
PT Sentrafood Indonusa <sup>(4)(5)</sup> (Indonesia)	Under liquidation	100	100
<b>- Envictus Foods (M) Sdn Bhd</b>			
Pok Brothers Sdn Bhd <sup>(2)</sup> (Malaysia)	Wholesalers of foodstuff, provisions and frozen meat	100	100
De-luxe Food Services Sdn Bhd <sup>(2)</sup> (Malaysia)	Manufacturer and distributor of bakery products	100	100
Gourmessa Sdn Bhd <sup>(2)</sup> (Malaysia)	Manufacturing of convenient value added frozen food	100	100
<b>- Polygold Holdings Sdn Bhd</b>			
Polygold Beverages Sdn Bhd <sup>(2)</sup> (Malaysia)	Investment property	100	100
Polygold Marketing Sdn Bhd <sup>(2)</sup> (Malaysia)	Dormant	100	100
Envictus Dairies Marketing Sdn Bhd <sup>(2)</sup> (Malaysia)	Distributing of beverages and dairies products	100	100
Motivage Sdn Bhd <sup>(2)</sup> (Malaysia)	Manufacturing of dairies products	100	100

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 6. Investments in subsidiaries (Continued)

#### 6.2 Particulars of subsidiaries (Continued)

Name of company (Country of incorporation/ principal place of business)	Principal activities	Effective equity held by the Group	
		2020 %	2019 %
<b>Held by the Subsidiaries (Continued)</b>			
<b>- Envictus NZ Limited</b>			
Naturalac Nutrition Limited <sup>(3)(7)</sup> (New Zealand)	Under liquidation	100	100
<b>- Envictus QSR Pte Ltd</b>			
PT Quick Service Restaurant <sup>(4)(6)(9)</sup> (Indonesia)	Dormant	100	100
<b>- Pok Brothers Sdn Bhd</b>			
Pok Brothers (Johor) Sdn Bhd <sup>(2)</sup> (Malaysia)	Dormant	100	100
<b>- Envictus Food Services Sdn Bhd</b>			
Texas Chicken (Malaysia) Sdn Bhd <sup>(2)</sup> (Malaysia)	Operation of fast food restaurant business	100	100
Hot Bun Food Industries Sdn Bhd <sup>(2)</sup> (Malaysia)	Dormant	100	100
Lyndarahim Ventures Sdn Bhd <sup>(2)</sup> (Malaysia)	Investment holding	100	100
The Delicious Group Sdn Bhd <sup>(2)(10)</sup> (Malaysia)	Under liquidation	100	100
Envictus Central Food Services Sdn Bhd <sup>(2)(9)</sup> (Malaysia)	Dormant	100	100
Envictus Gifts Sdn Bhd <sup>(2)</sup> (Malaysia)	Selling of restaurant and café vouchers	100	100
<b>- Lyndarahim Ventures Sdn Bhd</b>			
San Francisco Coffee Sdn Bhd <sup>(2)</sup> (Malaysia)	Operating of specialty coffee chain	100	100



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 6. Investments in subsidiaries (Continued)

#### 6.2 Particulars of subsidiaries (Continued)

Name of company (Country of incorporation/ principal place of business)	Principal activities	Effective equity held by the Group	
		2020 %	2019 %
<b>Held by the Subsidiaries (Continued)</b>			
<b>- The Delicious Group Sdn Bhd</b>			
Delicious Catering Sdn Bhd <sup>(2)</sup> (Malaysia)	Dormant	100	100
Food Emporium Sdn Bhd <sup>(2)</sup> (Malaysia)	Dormant	100	100
Reunion Restaurants Sdn Bhd <sup>(2)</sup> (Malaysia)	Dormant	100	100
The Delicious (Singapore) Pte Ltd <sup>(1)(8)</sup> (Singapore)	In the process of striking off	100	100

<sup>(1)</sup> Audited by BDO LLP, Singapore, a member firm of BDO International Limited.

<sup>(2)</sup> Audited by BDO Malaysia, a member firm of BDO International Limited.

<sup>(3)</sup> For financial year ended 30 September 2019, audited by BDO Auckland, New Zealand, a member firm of BDO International Limited.

<sup>(4)</sup> Audited by Kosasih, Nurdjaman, Mulyadi, Tjahjo & Rekan, a member of Crowe Horwath International.

<sup>(5)</sup> Envictus Capital (Labuan) Inc. and Envictus Foods International Inc. hold 68% and 32%, respectively.

<sup>(6)</sup> Envictus QSR Pte Ltd and Envictus Capital (Labuan) Inc. hold 99% and 1%, respectively.

<sup>(7)</sup> Naturalac Nutrition Limited's liquidation was completed on 4 December 2020 and Envictus NZ Limited is in the process of being strike off as of the reporting date. (Note 28)

<sup>(8)</sup> Accounting and Corporate Regulatory Authority ("ACRA") had on 6 October 2020 approved the strike-off of The Delicious (Singapore) Pte Ltd. (Note 28)

<sup>(9)</sup> These subsidiaries have ceased operations during the financial year. (Note 28)

<sup>(10)</sup> The Delicious Group Sdn Bhd has ceased operations on 31 May 2020 and it has been placed under voluntary liquidation on 5 August 2020. The liquidation is still in the process as of the reporting date. (Note 28)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 7. Financial assets at fair value through other comprehensive income ("FVOCI")

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Quoted equity securities, at fair value</b>				
At 1 October	7,676	7,728	7,517	7,574
Fair value recognised in other comprehensive income	1,357	(70)	1,204	(75)
Currency realignment	5	18	5	18
At 30 September	9,038	7,676	8,726	7,517
Quoted equity securities:				
- SGX-ST	8,726	7,517	8,726	7,517
- Bursa Malaysia Securities Berhad	312	159	-	-
Total	9,038	7,676	8,726	7,517

- (i) The Group has designated all equity instruments to be measured at FVOCI. The Group intends to hold these investments for long-term for appreciation in value as well as strategic investments purposes.
- (ii) The investments in listed equity securities have no fixed maturity date nor coupon rate. The fair values of these securities are based on quoted market bid price on the last market day of the financial year, except for an equity security with a fair value of RM8,726,000 (2019: RM7,517,000) which was temporarily suspended from trading on the Singapore Exchange Securities Trading Limited ("SGX-ST") since 16 September 2017.

The Group had engaged an independent professional valuer to perform valuation on the equity security as at 30 September 2020 and 30 September 2019. The equity security was valued using valuation techniques that are commonly used by market participants. The valuation model is based on Asset Approach and publicly available information adjusted for the effect of non-marketability of the equity investment and lack of control.

The currency profiles of the equity investment at FVOCI at the end of the financial year are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	312	159	-	-
Singapore dollar	8,726	7,517	8,726	7,517
	9,038	7,676	8,726	7,517

### 8. Deferred tax assets

	Group	
	2020 RM'000	2019 RM'000
At the beginning of the financial year	711	1,083
Currency realignment	2	1
Disposal of a subsidiary	-	(68)
Recognised in profit or loss	(405)	(305)
At the end of the financial year	308	711

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 8. Deferred tax assets (Continued)

The following are the deferred tax assets recognised by the Group and movements thereon during the financial year:

	Property, plant and equipment RM'000	Unutilised tax losses RM'000	Other deductible temporary differences RM'000	Total RM'000
<b>Group</b>				
At 1 October 2018	324	304	455	1,083
Disposal of a subsidiary	-	-	(68)	(68)
Currency realignment	1	-	-	1
Recognised in profit or loss	(9)	-	(296)	(305)
At 30 September 2019	316	304	91	711
Currency realignment	-	-	2	2
Recognised in profit or loss	(340)	-	(65)	(405)
At 30 September 2020	(24)	304	28	308

At the end of the financial year, the deferred tax assets not recognised comprises unutilised tax losses and unabsorbed capital allowances of approximately RM94,584,000 (2019: RM73,824,000) and RM90,235,000 (2019: RM67,326,000), respectively that are available for set-off against future taxable profits. No deferred tax asset has been recognised in respect of these items due to the unpredictability of the profit streams. The unutilised tax losses are subject to agreement by relevant tax authorities.

Deferred tax assets have not been recognised in respect of the following items:

	2020			2019		
	Malaysia RM'000	Indonesia RM'000	Singapore RM'000	Malaysia RM'000	Indonesia RM'000	Singapore RM'000
Unutilised tax losses	78,380	9,952	6,252	61,870	8,152	3,802
Other temporary differences	90,235	-	-	67,326	-	-
	168,615	9,952	6,252	129,196	8,152	3,802
Unutilised deferred tax assets on the above temporary differences	40,468	2,488	1,063	31,007	2,038	646

The unutilised tax losses of Malaysian subsidiaries may be carried forward for a maximum period of 7 years and the unutilised tax losses of Singapore and Indonesia subsidiaries may be carried indefinitely subject to the conditions imposed by the law.

The expiry dates of the unutilised tax losses of the Malaysian subsidiaries are as follows:

	Group	
	2020 RM'000	2019 RM'000
Expiring on 30 June 2025	49,935	49,935
Expiring on 30 June 2026	12,609	11,935
Expiring on 30 June 2027	15,836	-
	78,380	61,870

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 9. Intangible assets

	Goodwill RM'000	Trademarks RM'000	Computer software RM'000	Franchise fees* RM'000	Total RM'000
<b>Group</b>					
<b>2020</b>					
<b>Cost</b>					
At 1 October 2019	28,403	23,150	1,781	5,170	58,504
Additions	-	-	5	382	387
Disposal (Note 28A)	(8,927)	(11,294)	-	-	(20,221)
Written off	-	-	(12)	-	(12)
Liquidation of subsidiaries (Note 28)	(417)	(1,329)	-	-	(1,746)
Currency realignment	-	(120)	-	-	(120)
At 30 September 2020	19,059	10,407	1,774	5,552	36,792
<b>Accumulated amortisation</b>					
At 1 October 2019	-	-	1,471	1,763	3,234
Amortisation for the financial year	-	-	99	357	456
Written off	-	-	(7)	-	(7)
At 30 September 2020	-	-	1,563	2,120	3,683
<b>Accumulated impairment</b>					
At 1 October 2019	11,364	16,381	-	-	27,745
Disposal (Note 28A)	(8,927)	(8,098)	-	-	(17,025)
Liquidation of subsidiaries (Note 28)	(417)	(1,329)	-	-	(1,746)
Currency realignment	-	(92)	-	-	(92)
At 30 September 2020	2,020	6,862	-	-	8,882
<b>Net carrying amount</b>					
At 30 September 2020	17,039	3,545	211	3,432	24,227
<b>2019</b>					
<b>Cost</b>					
At 1 October 2018	28,403	23,364	1,756	6,567	60,090
Additions	-	238	68	1,114	1,420
Reclassified as held for sale (Note 13)	-	-	-	(2,635)	(2,635)
Written off	-	-	(35)	-	(35)
Currency realignment	-	(452)	(8)	124	(336)
At 30 September 2019	28,403	23,150	1,781	5,170	58,504

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 9. Intangible assets (Continued)

	Goodwill RM'000	Trademarks RM'000	Computer software RM'000	Franchise fees* RM'000	Total RM'000
<b>Group</b>					
<b>2019</b>					
<b>Accumulated amortisation</b>					
At 1 October 2018	-	-	1,370	1,480	2,850
Amortisation for the financial year	-	-	116	596	712
Reclassified as held for sale (Note 13)	-	-	-	(321)	(321)
Written off	-	-	(7)	-	(7)
Currency realignment	-	-	(8)	8	-
At 30 September 2019	-	-	1,471	1,763	3,234
<b>Accumulated impairment</b>					
At 1 October 2018	10,947	11,440	-	-	22,387
Impairment in value	417	5,322	-	1,508	7,247
Reclassified as held for sale (Note 13)	-	-	-	(1,536)	(1,536)
Currency realignment	-	(381)	-	28	(353)
At 30 September 2019	11,364	16,381	-	-	27,745
<b>Net carrying amount</b>					
At 30 September 2019	17,039	6,769	310	3,407	27,525

\* The remaining useful life of the franchise fees is between 2 to 20 years (2019: 3 to 20 years).

The amortisation of computer software and franchise fees is included in the "Administrative expenses" in the consolidated statement of comprehensive income.

During the financial year, the Group paid franchise fees for new stores of RM382,000 (2019: RM1,114,000) in accordance with the International Multiple Unit Franchise and Development Agreement to develop and operate "Texas Chicken" restaurants for a period of 10 to 20 years in Malaysia.

Trademarks referred to the registered brands for Dairies and San Francisco Coffee (acquired through business combinations).

The useful lives of the trademarks are estimated to be indefinite because based on the current market share of the trademarks, management believes that there is no foreseeable limit to the period over which the trademarks are expected to generate net cash flow for the Group. As such there is no amortisation of the costs of trademarks.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 9. Intangible assets (Continued)

#### *Impairment testing of goodwill, trademarks and other intangible assets*

Goodwill acquired in a business combination is allocated to the cash-generating units ("CGUs") that are expected to benefit from that business combination.

The Group tests significant CGUs for impairment annually, or more frequently when there is an indication that the unit may be impaired.

During the financial year, management determines that there is no impairment of any of its group of CGUs containing goodwill or intangible assets with indefinite and finite useful lives. The recoverable amounts of these group of units are determined on the basis of value-in-use calculations.

In the previous financial year, the management carried out the review of the recoverable amounts of the following business divisions:

- i) The Nutrition division and a business unit from the Food Services division had made an impairment of goodwill and trademarks amounting to RM417,000 and RM5,322,000, respectively mainly due to continuing operating losses by the respective CGUs.
- ii) A business unit from the Food Services division had ceased operations as at reporting date and was classified as asset held for sale. Based on the fair value less cost of disposal, an impairment of RM1,508,000 was required on franchise fee.

In the previous financial year, the total impairments of goodwill, trademarks and franchise of RM7,247,000 had been included under "other operating expenses" in the profit and loss.

For presentation purposes, the carrying amounts of significant goodwill, trademarks and other intangible assets allocated to the respective CGUs have been grouped to the following segments:

- (a) Food Services;
- (b) Trading and Frozen Food;
- (c) Dairies; and
- (d) Nutrition (Note 28).

	Food Services RM'000	Trading and Frozen Food RM'000	Dairies RM'000	Nutrition RM'000
<b>2020</b>				
<b>Net carrying amount</b>				
Goodwill	12,005	4,042	992	-
Trademarks	3,300	-	245	-
Franchise fees	3,432	-	-	-
<b>2019</b>				
<b>Net carrying amount</b>				
Goodwill	12,005	4,042	992	-
Trademarks	3,300	-	237	3,232
Franchise fees	3,407	-	-	-

The recoverable amount of the CGUs are determined from value-in-use calculations based on forecasts derived from the most recent cash flow projections approved by management covering a 5-year period or more, no growth is projected after the fifth year. The key assumptions for these value-in-use calculations are those regarding the discount rates, sales growth rates and gross margins.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 9. Intangible assets (Continued)

*Impairment testing of goodwill, trademarks and other intangible assets (Continued)*

	Food services %	Trading and frozen food %	Dairies %	Nutrition %
<b>2020</b>				
Gross margin <sup>(1)</sup>	58.47 - 66.00	21.90	13.69	- *
Sales growth rate <sup>(2)</sup>	15.06 - 15.11	5.04	29.23	- *
Discount rate <sup>(3)</sup>	9.65 - 13.07	12.66	11.45	- *
<b>2019</b>				
Gross margin <sup>(1)</sup>	58.90 - 64.00	21.00	11.50	48.01
Sales growth rate <sup>(2)</sup>	17.00 - 18.90	5.00	27.78	(18.23)
Discount rate <sup>(3)</sup>	12.01 - 16.00	15.12	11.99	18.61

<sup>(1)</sup> Average budgeted gross margin.

<sup>(2)</sup> Average sales growth rate for the 5-year period.

<sup>(3)</sup> Pre-tax discount rate applied to the cash flow projections.

\* Discontinued operations.

#### Key assumptions used in the value-in-use calculations

The calculations of value-in-use for all the CGUs are most sensitive to the following assumptions:

**Budgeted gross margins** – Gross margins are benchmarked against average margins values achieved in the five years preceding the start of the budget period. These are adjusted for anticipated efficiency improvements and expectations of future changes in market condition.

**Sales growth rates** – The forecasted sales growth rates are based on management estimates with reference to the historical trend as well as the forecasted economic condition over the budgeted period of 5 years

**Pre-tax discount rates** – Discount rates are based on the Group's beta adjusted to reflect management's assessment of specific risks related to each of the cash generating unit.

#### Sensitivity to changes in assumptions

If any of the following changes were made to the above key assumptions, the carrying amounts of the CGUs would not be materially different from their recoverable amounts.

	Group	
	2020	2019
Budgeted gross margins	Reduction from 5.0% - 10%	Reduction from 5.0% - 10%
Sales growth rates	Reduction of 10%	Reduction of 10%
Pre-tax discount rates	Increase of 10%	Increase of 10%

Due to the inherent uncertainty arising from the continually evolving Covid-19 situation, the Group had separately performed a value-in-use calculations based on the expected cash flow approach in performing its impairment assessment this year. Under this approach, uncertainties about future outcomes are reflected through probability-weighted cash flow scenarios.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 10. Inventories

	Group	
	2020 RM'000	2019 RM'000
Finished goods	29,636	35,917
Raw materials	6,553	3,850
Packaging materials	1,590	1,950
Work in progress	-	19
Consumables	5,583	4,944
	43,362	46,680
Allowance for write-down of inventories	(832)	(1,058)
	42,530	45,622

Movements in the allowance for write-down of inventories are as follows:

	Group	
	2020 RM'000	2019 RM'000
At 1 October	1,058	1,193
Reversal of allowance no longer required	(226)	(135)
At 30 September	832	1,058

The cost of inventories recognised as an expense and included in "cost of goods sold" amounted to RM218,640,000 (2019: RM265,394,000).

The reversal of allowance no longer required of RM226,000 (2019: RM135,000) pertains to inventories sold above their carrying amounts in the current financial year. The reversal was included in the "cost of sales" line item in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 11. Trade and other receivables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Current receivables</b>				
Trade receivables	28,418	38,346	-	-
Loss allowance on trade receivables (Note 33.1)	(3,350)	(2,823)	-	-
	25,068	35,523	-	-
Other receivables	1,898	1,879	169	169
GST receivables	5	424	-	-
Loss allowance on other receivables (Note 33.1)	-	(28)	-	-
	1,903	2,275	169	169
Prepayments	3,525	5,298	80	77
Deposits	11,336	11,266	35	35
Advances to suppliers	2,228	19	-	-
	17,089	16,583	115	112
Due from subsidiaries				
- non-trade	-	-	190,934	190,242
Loss allowance on receivables (Note 33.1)	-	-	(63,964)	(46,724)
	-	-	126,970	143,518
<b>Total trade and other receivables</b>	<b>44,060</b>	<b>54,381</b>	<b>127,254</b>	<b>143,799</b>

The trade amounts owing by third parties are repayable within the normal trade credit terms 30 to 60 days (2019: 30 to 90 days).

The non-trade amounts due from subsidiaries are unsecured, interest-free, are repayable on demand and are to be settled in cash.

The currency profiles of the Group's and Company's trade and other receivables (excluding GST receivables, prepayments and advances to suppliers) at the end of the financial year are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	37,667	45,180	126,363	131,748
Singapore dollar	138	421	802	958
United States dollar	9	9	9	105
New Zealand dollar	-	2,606	-	-
Australian dollar	-	294	-	-
Euro	-	-	-	4,481
Indonesian rupiah	488	130	-	6,430
	38,302	48,640	127,174	143,722

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 12. Cash and bank balances

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Fixed deposits	615	1,167	-	-
Cash and bank balances	24,064	22,690	776	458
	24,679	23,857	776	458

Fixed deposits are placed for a period of approximately 30 to 365 days (2019: 30 to 365 days) and the effective interest rates on the fixed deposits is Nil (2019: 2.95% to 3.90%) per annum. The total fixed deposits of RM615,000 (2019: RM1,167,000) was pledged as security for the bank guarantee.

The currency profiles of the Group's and Company's fixed deposits and cash and bank balances as at the end of the financial year are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	24,027	22,741	332	53
Singapore dollar	438	400	411	372
United States dollar	5	4	2	2
New Zealand dollar	21	427	21	20
Australian dollar	10	35	10	11
Indonesian rupiah	178	250	-	-
	24,679	23,857	776	458

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	Group	
	2020 RM'000	2019 RM'000
Fixed deposits	615	1,167
Cash and bank balances	24,064	22,690
Total	24,679	23,857
Less: pledged fixed deposits	(615)	(1,167)
Less: bank overdraft (Note 15)*	-	(19)
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	24,064	22,671

\* Bank overdraft of RM Nil (2019: RM19,000) was utilised for operating activities (excluded from cash and cash equivalents) and the remaining balance of RM701,000 (2019: RM930,000) for financing activities.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 13. Assets classified as held for sale

In the previous financial year on 18 September 2019, a wholly-owned Indonesian subsidiary, PT Quick Service Restaurant ("PTQSR") entered into a sale and purchase agreement with PT Quick Serve Indonesia ("Purchaser") for the disposal of assets ("Sale of Assets") for a consideration of IDR31,000,000,000 (approximately RM9,200,000).

The salient terms of the agreement were as detailed below:-

- a) PTQSR operated six Texas Chicken restaurants ("restaurants") in Indonesia. The Sale of Assets comprised the Texas Chicken franchise rights, all the fixtures and fittings, kitchen equipment, lease deposits and prepayments of operating lease for the six Texas Chicken outlets.

The purchaser agreed to take over all the Sale of Assets and bore the operational costs of the restaurants from 1 October 2019;

- b) The Purchaser agreed to make an offer of employment to all existing employees of the Company on the same terms and conditions as the existing employment contract and be responsible for their payroll. If any of the employee rejected the offer of employment from the Purchaser, PTQSR will terminate the employment contract and agreed to bear the costs of any labour claims; and

- c) The ownership of the Sale of Assets was to be transferred from the Company to the Purchaser on 31 March 2020 or such other date as agreed by the Company and the Purchaser (the "Completion Date").

The Sale of Assets were classified as assets held for sale on the consolidated statement of financial position in the previous financial year. In the current financial year, the comparative figures results of PTQSR have been re-presented to reflect the discontinued operations in the consolidated comprehensive income and as disclosed in Note 28 to the financial statements. The operations were part of the Group's Food Services Division.

The major classes of assets classified as held for sale as at 30 September 2019 were as follows:

	<b>Group 2019 RM'000</b>
Property, plant and equipment (Note 4)	6,507
Intangible assets (Note 9)	778
Trade and other receivables	1,739
Total assets, representing net assets classified as held for sale	<u>9,024</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 14. Trade and other payables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables – third parties	29,608	31,824	-	-
GST and SST payables	161	218	-	-
Provision for employee benefits	-	107	-	-
Other payables	32,596	21,120	11	11
Contract liabilities	829	713	-	-
Refundable deposits received	1,685	1,782	-	-
Accruals	19,627	22,084	1,283	1,343
Due to a subsidiary – non-trade	-	-	29,881	740
<b>Total trade and other payables</b>	<b>84,506</b>	<b>77,848</b>	<b>31,175</b>	<b>2,094</b>

The average credit period on purchases of goods ranges from 7 to 90 days (2019: 7 to 90 days).

The non-trade amount due to a subsidiary is unsecured, interest-free and repayable on demand to be settled in cash.

Due to the discontinued operations of the Nutrition division as detailed in Note 28 to the financial statements, all amounts owing by entities within the Nutrition division amounting to RM26,168,000 to a related company were assigned to the Company.

#### *Contract liabilities*

	Group	
	2020 RM'000	2019 RM'000
Volume rebates	285	204
Deferred income	544	509
	<b>829</b>	<b>713</b>

Contract liabilities for expected volume rebates are discounts offered to customers with large volumes orders.

Deferred income are obligations to transfer goods and services to the customers for which payments from sale of F&B vouchers and sale of goods were received in advance from customers. Deferred income are recognised as revenue upon redemption of the vouchers or delivery of the performance obligations which are generally within 12 months.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 14. Trade and other payables (Continued)

The currency profiles of the Group's and Company's trade and other payables (excluding GST payables, SST payables, contract liabilities and provision for employee benefits) as at the end of the financial year are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	78,905	67,074	591	739
Singapore dollar	1,349	1,427	1,296	1,349
United States dollar	1,540	1,635	-	6
New Zealand dollar	-	2,222	29,288	-
Australian dollar	199	1,417	-	-
Euro	248	494	-	-
Swiss franc	600	-	-	-
British pound	190	-	-	-
Indonesian rupiah	255	2,541	-	-
Thai Baht	230	-	-	-
	83,516	76,810	31,175	2,094

### 15. Bank borrowings

	Group	
	2020 RM'000	2019 RM'000
<b>Current liabilities</b>		
<i>Secured:</i>		
Banker's acceptance	27,360	27,656
Bank overdraft	701	949
Term loans	21,657	12,882
- Fixed rate	2,663	-
- Floating rate	18,994	12,882
	49,718	41,487
<b>Non-current liabilities</b>		
<i>Secured:</i>		
Term loans		
- Fixed rate	21,978	10,212
- Floating rate	175,621	136,047
	197,599	146,259
Total bank borrowings	247,317	187,746

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 15. Bank borrowings (Continued)

The carrying amounts of bank borrowings approximate their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates or drawdown near the end of the financial year or the fixed interest rates approximates market interest rates for such liabilities which management expects to be available to the Group.

The Group and Company's bank borrowings as at end of the financial year are denominated in Ringgit Malaysia.

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	%	%
<b>Effective interest rates</b>		
Banker's acceptance	2.65 - 5.65	3.51 - 4.25
Bank overdraft	6.15	8.40
Term loans		
- Fixed rate	3.75 - 7.75	3.75 - 5.00
- Floating rate	2.99 - 7.00	4.35 - 7.25

Non-current bank borrowings are repayable as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	RM'000	RM'000
After one year	21,809	13,059
Two to five years	94,603	63,481
After five years	81,187	69,719
	<b>197,599</b>	<b>146,259</b>

The Group's bank borrowings as at 30 September 2020 are secured against the following:

- (a) Company's corporate guarantee;
- (b) Pledge of leasehold land and buildings (Note 4 and Note 5);
- (c) Pledge of shares of a subsidiary; and
- (d) Debenture comprising fixed and floating charge over all future and present assets of certain subsidiaries.

As at the end of the financial year, the Group has unutilised banking facilities for working capital and capital expenditure amounting to RM71,713,000 (2019: RM116,338,000).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 16. Lease liabilities

	<b>Group RM'000</b>
At 1 October 2019	
- Finance lease liabilities under SFRS(I) 1-17	28,634
- Adoption of SFRS(I) 16 (Note 2.1)	105,502
	<u>134,136</u>
Additions	41,564
Liquidation of subsidiaries	(73)
Interest expenses (Note 26)	9,115
Rent concession	(2,533)
Lease payments	
- Principal portion	(22,591)
- Interest portion	(9,115)
Exchange difference	(6)
At 30 September 2020	<u>150,497</u>

	<b>Minimum lease payments RM'000</b>	<b>Future finance charges RM'000</b>	<b>Present value of lease payments RM'000</b>
<b>Group</b>			
<b>2020</b>			
Within one year	37,693	(9,030)	28,663
After one year but within five years	105,904	(19,822)	86,082
After five years	45,110	(9,358)	35,752
	151,014	(29,180)	121,834
	<u>188,707</u>	<u>(38,210)</u>	<u>150,497</u>
<b>2019</b>			
Within one year	11,107	(1,277)	9,830
After one year but within five years	20,227	(1,423)	18,804
	31,334	(2,700)	28,634

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 16. Lease liabilities (Continued)

The Group leases a number of properties (i.e. factories, warehouse buildings, coffee chains and restaurants) in Malaysia and Singapore that contains sub-leasing restrictions. The Group also leases motor vehicles, plant and equipment with only fixed payments over the lease terms.

Certain equipment of the Group qualify as low value assets and the Group also leases certain warehouse, machinery and equipment on a short-term basis (i.e. 1 to 12 months). The election of short-term leases are made by class of underlying assets with similar nature and use in the Group's operation whereas the low-value lease exemption are made on a lease-by-lease basis.

Certain leases of the Group contain extension or termination options exercisable by the Group, management applied judgement to determine the lease term as disclosed under Note 3.1 to the financial statements.

All leases are based on fixed payment terms, except for lease contracts for F&B restaurants and coffee chains located in commercial properties that contains monthly variable lease payments that are linked to the monthly sales generated from the restaurants and coffee chains. Such variable lease payments are recognised in profit or loss in the period in which the condition triggers the payment occurs.

Certain leases of the Group are secured over the right-of-use assets and corporate guarantee (Note 18) issued by the Company. The right-of-use machinery and equipment with a carrying amount of RM42,675,000 (2019: RM37,093,000) are secured over the lease liabilities of RM34,741,000 (2019: RM28,634,000). These assets will be seized and returned to lessor in the event of default by the Group.

As at 30 September 2020, the Group has approximately RM143,000 (2019: RM4,161,000) of aggregate undiscounted commitments for short-term leases.

As at 30 September 2020, the incremental borrowing rates applied in the lease liabilities ranges from 2.00% to 6.90% (2019: 2.28% to 16.34%) per annum.

The currency profiles of the Group's lease liabilities as at 30 September are as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Ringgit Malaysia	150,497	28,513
Indonesian rupiah	-	121
	<b>150,497</b>	<b>28,634</b>



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 17. Provision for restoration costs

	Group	
	2020 RM'000	2019 RM'000
At the beginning of the financial year	4,113	3,285
Arose during the financial year (Note 4)	833	742
Discount rate adjustment	210	137
Unused amounts reversed	(789)	(16)
Utilised	(696)	(35)
At the end of the financial year	3,671	4,113
Less: Current portion	-	(1,378)
Non-current portion	3,671	2,735

Provision for restoration costs is based on the estimated cost of restoring the leased premises, arising from the use of such premises and in accordance to the stipulations in the tenancy agreements. The estimated costs of such restoration are included in the costs of property, plant and equipment.

The estimated restoration costs are reviewed and updated annually based on the latest cost of restoring a premise.

Provision for restoration costs is classified as current liabilities unless the tenancy agreement, for which the restoration is required, expire more than 12 months after the end of the financial year.

### 18. Financial guarantee contracts

	Company	
	2020 RM'000	2019 RM'000
At the beginning of the financial year	5,359	3,738
Additions during the financial year	3,196	3,584
Amortisation during the financial year	(2,781)	(1,970)
Currency realignment	20	7
At the end of the financial year	5,794	5,359

The Company provided corporate guarantee to banks for certain bank borrowings and lease liabilities (2019: finance lease payables) of its subsidiaries. The balance as at the end of the financial year represents the fair value of financial guarantee contracts discounted at interest rates ranging from 2.85% to 7.75% (2019: 2.85% to 7.25%) per annum for over 1 to 12 years (2019: 1 to 12 years).

The currency profiles of the Company's financial guarantee contracts as at the end of the financial year are denominated in Ringgit Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 19. Deferred tax liabilities

	Group	
	2020 RM'000	2019 RM'000
At the beginning of the financial year	4,661	5,181
Currency realignment	-	2
Recognised in profit or loss	(846)	(522)
At the end of the financial year	3,815	4,661

The following are the deferred tax liabilities recognised by the Group and movements thereon during the financial year:

	Property, plant and equipment RM'000	Other taxable temporary differences RM'000	Total RM'000
<b>Group</b>			
At 1 October 2018	4,440	743	5,183
Recognised in profit or loss	(72)	(450)	(522)
At 1 October 2019	4,368	293	4,661
Recognised in profit or loss	(589)	(257)	(846)
At 30 September 2020	3,779	36	3,815

### 20. Share capital and treasury shares

#### (a) Share capital

	Group and Company			
	2020		2019	
	S\$'000	RM'000	S\$'000	RM'000
<b>Issued and fully paid:</b>				
At 1 October	68,511	177,865	51,968	127,453
Issuance of new shares under the rights issue	-	-	16,831	51,290
Transaction costs in respect of the rights issue	-	-	(288)	(878)
At 30 September	68,511	177,865	68,511	177,865

The Company has only one class of ordinary shares which carry no right to fixed income. The holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares of the Company carry one vote per share without restriction. Share capital does not have a par value. All of these newly issued ordinary shares rank pari-passu with the existing ordinary shares.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 20. Share capital and treasury shares (Continued)

#### (a) Share capital (Continued)

- (i) On 28 November 2018, the Company completed its renounceable non-underwritten Rights cum Warrants following the issuance and allotment of 105,195,904 new ordinary shares in the Company (the "Rights Shares") at an issue price of RM0.49 (\$0.16) per Rights Share, together with up to 105,195,904 free detachable Warrants (the "Warrants"), on the basis of four (4) Rights Shares for every five (5) existing ordinary shares in the capital of the Company held by entitled shareholders as at books closure date on 29 October 2018, with one (1) Warrant for every one (1) Rights Share subscribed by the shareholders of the Company.

Each Warrant carries the right to subscribe one new ordinary share in the capital of the Company at an exercise price of RM0.49 (\$0.16) for each new ordinary share and is exercisable at any time during the period commencing on the date falling twelve (12) months from the date of issue of the Warrants and expiring on the day immediately preceding the fourth (4th) anniversary of the date of issue of the Warrants.

The newly issued shares rank pari-passu in all respect with the previously issued shares.

- (ii) Movements in number of shares issued:

	Group and Company	
	Number of ordinary shares	
	2020	2019
	'000	'000
At 1 October	247,356	142,160
Issuance of new shares under rights issue	-	105,196
At 30 September	247,356	247,356

In the previous financial year, the Group raised approximately RM50,412,000 (\$16,543,000) after deducting expenses of RM878,000 (\$288,000) relating to the Rights cum Warrant Issues.

#### (b) Treasury shares

Movement in treasury shares:

	Group and Company			
	Number of treasury shares		Amount	
	2020	2019	2020	2019
	'000	'000	RM'000	RM'000
At the beginning/end of the financial year	242	242	183	183

The total amount paid to repurchase the shares has been deducted from shareholders' equity. The repurchased shares are held as treasury shares.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 21. Foreign currency translation reserve

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 October	22,775	23,821	41,084	41,250
Net currency translation differences of financial statements of foreign subsidiaries	2,591	(1,046)	531	(166)
Discontinued operations (Note 28)	2,397	-	-	-
- Foreign currency reserve of liquidated subsidiaries realised to profit or loss	2,681	-	-	-
- Net currency translation differences of financial statements of foreign subsidiaries	(284)	-	-	-
At 30 September	27,763	22,775	41,615	41,084

The foreign currency translation reserve of the Group and the Company represents foreign exchange differences arising from the translation of the financial statements of foreign operations and the Company whose functional currencies are different from that of the Group's presentation currency. This is non-distributable and the movements in this account are set out in the statements of changes in equity.

### 22. Fair value reserve

The fair value reserve represents the cumulative changes in the fair value adjustments, net of taxes of FVOCI financial assets until the assets are derecognised. Upon derecognition, the cumulative fair value changes will be transferred to accumulated profits.

### 23. Other reserve

	Group	
	2020 RM'000	2019 RM'000
At 1 October	17,085	4,562
Waiver of debts pursuant to the disposal of a subsidiary	-	12,523
Transfer to accumulated profits		
- liquidation of subsidiaries	(14,691)	-
At 30 September	2,394	17,085

As at 1 October 2019, other reserve is in respect of premium paid for the acquisition of non-controlling interests in subsidiaries and the dilutive effects arising from the forgiveness of debts on balances owed by a subsidiary with non-controlling interests amounting to RM4,562,000 and RM12,523,000, respectively.

Liquidation of subsidiaries during the financial year resulted in the transfer of RM14,691,000 from the other reserve to the accumulated profits as detailed in Note 28 to the financial statements.

### 24. Revenue

Revenue represents sale of food and beverages from food services as well as processing and distribution of food, beverages, dairies and nutrition products recognised at a point in time (Note 32).

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 25. Loss before income tax

In addition to the charges and credits disclosed elsewhere in the financial statements, loss before income tax is arrived at after charging/ (crediting) the following:

	Continuing operations		Discontinued operations		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Advertising and promotions	7,059	7,822	229	807	7,288	8,629
Amortisation of intangible assets	456	441	-	271	456	712
Audit fees:						
- Auditor of the Company	210	217	-	3	210	220
- Other auditors	188	188	11	217	199	405
Non-audit fees:						
- Other auditors	-	-	-	11	-	11
Depreciation of:						
- Property, plant and equipment	50,084	23,852	315	2,333	50,399	26,185
- Investment property	482	482	-	-	482	482
Directors' remuneration:						
- Directors of the Company	529	549	-	-	529	549
- Directors of the subsidiaries	832	-	-	1,376	832	1,376
Directors' fee of the Company	1,050	1,041	-	-	1,050	1,041
Lease expenses on:						
- Short-term leases/low value assets	4,080	-	1,690	-	5,770	-
- Variable portion	2,869	-	-	-	2,869	-
- Rent concession	(2,533)	-	-	-	(2,533)	-
Operating lease expense:						
- Fixed portion	-	24,987	-	4,698	-	29,685
- Variable portion	-	1,764	-	-	-	1,764
Property, plant and equipment written off	2,532	899	2,458	151	4,990	1,050
Intangible assets written off	-	-	5	28	5	28
Inventories written off	-	-	39	-	39	-
Reversal of allowance for write down of inventories	(226)	(135)	-	-	(226)	(135)
Staff costs:						
- Salaries, bonuses and allowances	71,836	73,654	4,079	11,317	75,915	84,971
- Employer contributions to defined contribution plans	6,956	6,738	266	367	7,222	7,105
Impairment of intangible assets	-	-	-	7,247	-	7,247
Impairment of property, plant and equipment	33,388	60	961	101	34,349	161
Dividend income*	-	-	-	(1)	-	(1)
Net loss on disposal of Nutrition business and intangible assets	-	-	2,232	-	2,232	-
Net loss on liquidation of subsidiaries	-	-	2,207	-	2,207	-
Impairment of deposit for property, plant and equipment	2,140	-	-	-	2,140	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 25. Loss before income tax (Continued)

In addition to the charges and credits disclosed elsewhere in the financial statements, loss before income tax is arrived at after charging/ (crediting) the following: (Continued)

	Continuing operations		Discontinued operations		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Foreign currency exchange loss/(gain)*, net	2,586	588	(230)	154	2,356	742
(Gain)/Loss* on disposal of:						
- Assets classified as held for sale	-	-	(173)	-	(173)	-
- Property, plant and equipment	(167)	(1,330)	8	22	(159)	(1,308)
Loss/(Write back of)* allowance on receivables, net	646	416	(9)	(247)	637	169
Gain on disposal of a subsidiary*	-	-	-	(10,501)	-	(10,501)
Interest income*	(215)	(356)	(22)	(90)	(237)	(446)
Rental income:*						
- Investment property	(1,479)	(1,584)	-	-	(1,479)	(1,584)
- Others	(239)	(62)	-	(1)	(239)	(63)

\* Included in other operating income.

### 26. Finance costs

	Group	
	2020 RM'000	2019 RM'000
<b>Continuing operations</b>		
Interest expense		
- Bank overdraft	32	311
- Banker's acceptance	1,148	966
- Term loans	10,483	3,556
- Lease liabilities (Note 16)	9,115	1,593
- Others	396	143
	<b>21,174</b>	<b>6,569</b>
<b>Discontinued operations</b>		
Interest expense		
- Lease liabilities	2	24
- Others	1	90
	<b>3</b>	<b>114</b>
<b>Total</b>	<b>21,177</b>	<b>6,683</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 27. Income tax expense

	Continuing operations		Discontinued operations		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Current tax:</b>						
- Current year	1,652	2,268	-	(88)	1,652	2,180
- Under provision in prior years	257	244	-	-	257	244
- Withholding tax	37	147	-	52	37	199
	1,946	2,659	-	(36)	1,946	2,623
<b>Deferred tax:</b>						
- Current year	(227)	(140)	-	282	(227)	142
- (Over)/under provision in prior years	(246)	(359)	32	-	(214)	(359)
	(473)	(499)	32	282	(441)	(217)
	1,473	2,160	32	246	1,505	2,406

The Group has significant operations in Malaysia, for which the corporate income tax rate applicable is 24% (2019: 24%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The corporate income tax applicable to the Company and its subsidiaries in Indonesia is at 25% (2019: 25%) and in New Zealand is 28% (2019: 28%).

The income tax expense varied from the amount of income tax expense determined by applying the Malaysia income tax rate of 24% (2019: 24%) to loss before income tax as a result of the following differences:

	Group	
	2020 RM'000	2019 RM'000
Loss before income tax from continuing operations	(87,069)	(24,289)
Loss before income tax from discontinued operations (Note 28)	(12,365)	(10,156)
	(99,434)	(34,445)
Income tax calculated at Malaysia statutory tax rate of 24% (2019: 24%)	(23,864)	(8,267)
Effect of different tax rates in other countries	745	208
Expenses not deductible for tax purposes	15,145	7,582
Income not subject to tax	(928)	(2,969)
Tax incentives	-	(11)
Under provision in prior years	257	244
Deferred tax over provision in prior years	(214)	(359)
Deferred tax assets not recognised	10,384	6,300
Utilisation of deferred tax assets previously not recognised	(57)	(562)
Withholding tax	37	199
Others	-	41
	1,505	2,406

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 28. Discontinued operations

In accordance with SFRS(I) 5: Non-current Assets Held for Sale and Discontinued Operations, the results from the discontinued operations were presented separately on the consolidated statement of comprehensive income as "Discontinued operations". Comparative figures have been re-presented to reflect the discontinued operations in the consolidated statement of comprehensive income. The discontinued operations do not have impact on the statements of financial position as at 1 October 2019.

In the current financial year,

- (i) On 1 October 2019, a wholly-owned indirect subsidiary of the Company, PT Quick Service Restaurant ("PTQSR") had ceased operations following the disposal of assets of its entire six Texas Chicken restaurants in Indonesia.
- (ii) On 7 February 2020, a wholly-owned indirect subsidiary of the Company, Envictus Central Food Services Sdn Bhd had ceased operations due to adverse market conditions.
- (iii) On 20 March 2020, a wholly-owned indirect subsidiary of the Company, Naturalac Nutrition Limited ("NNL") had disposed of its nutrition business and intangible assets for a cash consideration of NZD400,000 (equivalent to approximately RM1,044,000). Subsequently, the Group had appointed liquidator for the voluntary winding-up of NNL on 26 August 2020. The liquidation was completed on 4 December 2020.

On completion of the liquidation of NNL, the Group has applied to strike off its holding company Envictus NZ Limited.

- (iv) On 31 May 2020, a wholly-owned indirect subsidiary of the Company, The Delicious Group Sdn Bhd had ceased operations of its restaurant outlets due to adverse market conditions and has been placed under voluntary liquidation on 5 August 2020. The liquidation is still in the process as at the end of the financial year.

In the previous financial year,

On 31 May 2019, the Group had completed the disposal of its entire interest in a subsidiary company, Envictus Dairies NZ Limited ("EDNZ") resulting in a gain of RM10,501,000 and net cash inflow of RM17,764,000.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 28. Discontinued operations (Continued)

The results of the discontinued operations are as follows:

	Group	
	2020 RM'000	2019 RM'000
Revenue	11,754	41,748
Cost of goods sold	(6,422)	(24,703)
Gross profit	5,332	17,045
Other operating income	267	146
Administrative expenses	(3,758)	(12,936)
Selling and marketing expenses	(5,005)	(13,625)
Warehouse and distribution expenses	(1,030)	(3,211)
Research and development expenses	(325)	(495)
Write back of allowance on receivables, net	9	247
Other operating expenses	(3,413)	(7,714)
Net gain on disposal of a subsidiary	-	10,501
Net loss on disposal of business and intangible assets (Note A)	(2,232)	-
Net loss on liquidation of subsidiaries (Note B)	(2,207)	-
Finance costs	(3)	(114)
Loss before tax from discontinued operations	(12,365)	(10,156)
Income tax expense	(32)	(246)
Loss from discontinued operations, net of tax	(12,397)	(10,402)
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	2,397	979
Total comprehensive income	(10,000)	(9,423)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 28. Discontinued operations (Continued)

The results of the discontinued operations are as follows (Continued):

#### Note A:

Net loss on disposal of Nutrition business and intangible assets:

	<b>Group 2020 RM'000</b>
Sale proceeds from trademarks	261
Less: Carrying amount of trademarks (Note 9)	(3,196)
Effect of exchange rate changes	(110)
Loss on disposal of trademarks	(3,045)
Sale proceeds from Business Agreements and Goodwill	783
Effect of exchange rate changes	30
Gain on disposal of Business Agreements and Goodwill*	813
Net loss on disposal of business and intangible assets	(2,232)
Sale proceeds from trademarks	261
Sale proceeds from Business Agreements and Goodwill	783
Net cash inflow on disposal	1,044

\* Carrying amount of goodwill is RM Nil

#### Note B:

Net loss on liquidation of subsidiaries and the effects on cash flow:

	<b>Group 2020 RM'000</b>
Property, plant and equipment	67
Trade and other receivables	324
Tax recoverable	4
Cash and bank balances	35
Trade and other payables	(831)
Lease liabilities	(73)
Net liabilities liquidated	(474)
Net identified liabilities as above	474
Foreign currency reserve of liquidated subsidiaries realised to profit or loss	(2,681)
Loss on liquidation of subsidiaries	(2,207)
Net cash flow on liquidation – cash and bank balances	(35)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 28. Discontinued operations (Continued)

The results of the discontinued operations are as follows (Continued):

The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group	
	2020 RM'000	2019 RM'000
Operating cash inflows/(outflows)	5,421	(8,378)
Investing cash inflows	9,543	11,941
Financing cash inflows/(outflows)	431	(57)
Total cash inflows	15,395	3,506

### 29. Loss per share

Basic loss per share is calculated by dividing the Group's loss after income tax attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2020			2019		
	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
<i>Numerator</i>						
Net loss attributable to owners of the Company for the financial year	(88,542)	(12,397)	(100,939)	(25,053)	(10,402)	(35,455)
<i>Denominator</i>						
Weighted average number of ordinary shares in issue during the financial year ('000)	247,114	247,114	247,114	230,398	230,398	230,398
<i>Loss per share (RM sen)</i>						
Basic/diluted loss per share	(35.83)	(5.02)	(40.85)	(10.87)	(4.51)	(15.38)

Diluted loss per share is the same as the basic loss per share as at the end of the current and previous financial year because the potential ordinary shares which are the warrants as disclosed in Note 20(a) to the financial statements are anti-dilutive.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 30. Significant related party transactions

During the financial year, in addition to the information disclosed elsewhere in the financial statements, the Group and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
With related parties:				
- Insurance premium paid to a related party*	1,759	1,698	26	17
- Purchase of goods from a related party*	698	567	-	-
- Purchase of motor vehicles from related parties*	535	952	-	-
- Rental income	178	177	-	-
- Consultancy services <sup>®</sup>	210	183	-	-
- Advisory fees paid to a Director	238	237	238	237

	Company	
	2020 RM'000	2019 RM'000
With subsidiaries:		
- Management fees	(784)	(912)
- Interest income	-	(707)
- Net settlement of liabilities on behalf of subsidiaries	63	4,724
- Management fees expenses	460	915
- Advances to subsidiaries	(12,471)	(75,718)
- Repayments from subsidiaries	15,072	18,229

\* A related party is a company where the Directors have beneficial interest or significant influence over the entity.

<sup>®</sup> Consultancy fee paid to a Director to oversee and monitor construction of a factory.

As at 30 September, the outstanding balances in respect of the above related party transactions are disclosed in Notes 11 and 14 to the financial statements.

The remuneration of Directors and other members of key management of the Group and of the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term employee benefits	3,926	4,944	1,552	1,575
Post-employment benefits	199	245	27	15
	4,125	5,189	1,579	1,590
Analysed into:				
- Directors of the Company	1,579	1,500	1,579	1,590
- Directors of the subsidiaries	832	1,286	-	-
- Other key management personnel	1,714	2,403	-	-
	4,125	5,189	1,579	1,590

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 31. Commitments

#### 31.1 Capital commitments

As at the end of the financial year, the Group had the following capital commitments:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Contracted but not provided for:		
Construction of a factory	-	8,536
Renovation, purchase of plant and equipment	9,334	52,811
	<u>9,334</u>	<u>61,347</u>

#### 31.2 Operating lease commitments – as lessee

As at the end of the previous financial year, there were operating lease commitments for rental payable in subsequent accounting periods as follows:

	<b>Group</b>
	<b>2019</b>
	<b>RM'000</b>
Within one year	23,792
Two to five years	16,175
	<u>39,967</u>

As at the end of the previous financial year, the Group leased office premises and other operating facilities under operating leases. Leases were negotiated and rentals were fixed for a period of 1 to 5 years (2019: 1 to 5 years) with an option to renew at the prevailing market rates. Apart from the above lease commitment, the Group was required to pay contingent rentals based on percentage of sales derived from the operations for certain rented premises.

#### 31.3 Operating lease commitments – as lessor

As at the end of the financial year, there were non-cancellable operating lease commitments for rental receivable for premises in subsequent accounting periods as follows:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one year	1,368	1,585
Two to three years	1,681	366
	<u>3,049</u>	<u>1,951</u>

The above lease agreements expire within 1 to 2 years expiring in 2022 (2019: within 1 to 2 years expiring in 2020). The current rent receivables under the leases are subject to revision after expiry with no provisions for contingent rent.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 31. Commitments (Continued)

#### 31.3 Operating lease commitments – as lessor (Continued)

Upon expiry of the lease term, the lessee is granted an option to renew the tenancy for two years subject to compliance and observation of all the terms and conditions in the tenancy agreements.

### 32. Segment information

#### Business segments

A segment is a distinguishable component of the Group's business that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management has determined the operating segments based on the reports reviewed that are used to make strategic decisions.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments.

Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

The Group's businesses segments are as follows:

- (a) Food Services Division – Texas Chicken restaurants and San Francisco Coffee chains;
- (b) Trading and Frozen Food Division – wholesalers of foodstuff, provisions and frozen meat;
- (c) Food Processing Division comprising of:
  - bakery;
  - butchery; and
- (d) Dairies Division – manufacturing and distribution of condensed and evaporated milk.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 32. Segment information (Continued)

#### Business segments (Continued)

##### Intersegment sales

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation. Inter-segment pricing is determined on an arm's length basis.

	Food Services		Trading and Frozen Food		Food Processing		Nutrition		Dairies		Unallocated		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2020</b>														
<b>Revenue</b>														
Continuing operations:														
Total revenue	216,939	143,436	19,340	-	38,621	4,307	422,643							
Intersegment revenue	(128)	(17,178)	(1,504)	-	(77)	(4,157)	(23,044)							
Revenue from external customers	216,811	126,258	17,836	-	38,544	150	399,599							
Discontinued operations:														
Total revenue	4,008	-	-	8,173	-	-	12,181							
Intersegment revenue	(427)	-	-	-	-	-	(427)							
Revenue from external customers	3,581	-	-	8,173	-	-	11,754							

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 32. Segment information (Continued)

#### Business segments (Continued)

	Food Services		Trading and Frozen Food		Food Processing		Nutrition		Dairies		Unallocated		Total	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2020 (Continued)</b>														
<b>Results</b>														
Segment results	(8,668)	8,046	(50,619)	-	(3,195)	(11,674)	(66,110)							
Interest income	96	87	6	-	24	2	215							
Finance costs	(10,244)	(1,503)	(7,305)	-	(1,126)	(996)	(21,174)							
<b>(Loss)/Profit before income tax</b>	<b>(18,816)</b>	<b>6,630</b>	<b>(57,918)</b>	<b>-</b>	<b>(4,297)</b>	<b>(12,668)</b>	<b>(87,069)</b>							
Income tax (expense)/credit	(174)	(1,618)	462	-	-	(143)	(1,473)							
<b>(Loss)/Profit from continuing operations, net of tax</b>	<b>(18,990)</b>	<b>5,012</b>	<b>(57,456)</b>	<b>-</b>	<b>(4,297)</b>	<b>(12,811)</b>	<b>(88,542)</b>							
<b>Loss from discontinued operations, net of tax</b>	<b>(6,056)</b>	<b>-</b>	<b>-</b>	<b>(6,341)</b>	<b>-</b>	<b>-</b>	<b>(12,397)</b>							
<b>(Loss)/Profit for the financial year</b>	<b>(25,046)</b>	<b>5,012</b>	<b>(57,456)</b>	<b>(6,341)</b>	<b>(4,297)</b>	<b>(12,811)</b>	<b>(100,939)</b>							
<b>Segment assets</b>	<b>247,397</b>	<b>109,827</b>	<b>137,255</b>	<b>-</b>	<b>88,932</b>	<b>115,486*</b>	<b>698,897</b>							
<b>Segment liabilities</b>	<b>219,580</b>	<b>39,552</b>	<b>137,288</b>	<b>-</b>	<b>63,040</b>	<b>30,505®</b>	<b>489,965</b>							



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 32. Segment information (Continued)

#### Business segments (Continued)

	Food Services RM'000	Trading and Frozen Food RM'000	Food Processing RM'000	Nutrition RM'000	Dairies RM'000	Unallocated RM'000	Total RM'000
<b>2020 (Continued)</b>							
<b>Other information</b>							
Additions to property, plant and equipment	51,705	650	51,315	-	29,117	47	132,834
Additions to intangible assets	382	-	1	-	4	-	387
Depreciation and amortisation~	35,701	4,318	8,086	-	387	2,845	51,337
Loss allowance on receivables, net	-	216	373	(9)	57	-	637
Property, plant and equipment written off	4,276	28	393	293	-	-	4,990
Impairment of property, plant and equipment	961	-	33,388	-	-	-	34,349
Impairment of deposits for purchase for purchase of property, plant and equipment	-	-	2,140	-	-	-	2,140
(Gain)/Loss on disposal of property, plant and equipment, net	(55)	(129)	25	-	-	-	(159)
Gain on disposal of assets held for sale	(173)	-	-	-	-	-	(173)
Net loss on disposal of Nutrition business and intangible assets	-	-	-	2,232	-	-	2,232
(Gain)/Loss on liquidation of subsidiaries	(403)	-	-	2,610	-	-	2,207

\* Included in unallocated segment assets are financial assets at FVOCI, cash and bank balances, property, plant and equipment and investment property of the Company and certain subsidiaries amounting to RM8,726,000, RM6,270,000, RM76,735,000 and RM22,400,000, respectively which are not attributable to the reporting segments.

@ Included in unallocated segment liabilities is bank borrowings of certain subsidiaries amounting RM27,738,000 which are not attributable to the respective reporting segments.

~ Included right-of-use assets.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 32. Segment information (Continued)

#### Business segments (Continued)

2019	Revenue	Food Services		Trading and Frozen Food		Food Processing		Nutrition		Dairies		Unallocated		Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Continuing operations:														
Total revenue		205,132	169,382	25,749	-	-	19,092	-	38,746	4,733	-	-	443,742	
Intersegment revenue		(122)	(16,363)	(1,735)	-	-	(834)	-	(170)	(4,564)	-	-	(22,954)	
Revenue from external customers		205,010	153,019	24,014	-	-	18,258	-	38,576	169	-	-	420,788	
Discontinued operations:														
Total revenue		15,322	-	8,953	-	-	-	-	-	-	-	-	43,367	
Intersegment revenue		(785)	-	-	-	-	(834)	-	-	-	-	-	(1,619)	
Revenue from external customers		14,537	-	8,953	-	-	18,258	-	-	-	-	-	41,748	
<b>Results</b>														
Segment results		(8,543)	10,896	(9,775)	-	-	-	-	(1,667)	(8,987)	-	-	(18,076)	
Interest income		68	185	28	-	-	-	-	59	16	-	-	356	
Finance costs		(2,129)	(1,761)	(703)	-	-	-	-	(294)	(1,682)	-	-	(6,569)	
<b>(Loss)/Profit before income tax</b>		(10,604)	9,320	(10,450)	-	-	-	-	(1,902)	(10,653)	-	-	(24,289)	
Income tax (expense)/credit		(12)	(2,190)	291	-	-	-	-	-	(249)	-	-	(2,160)	
<b>(Loss)/Profit from continuing operations, net of tax</b>		(10,616)	7,130	(10,159)	-	-	-	-	(1,902)	(10,902)	-	-	(26,449)	
<b>Loss from discontinued operations, net of tax</b>		(11,849)	-	(3,771)	-	-	(3,964)	-	-	9,182	-	-	(10,402)	
(Loss)/Profit for the financial year		(22,465)	7,130	(13,930)	-	-	(3,964)	-	(1,902)	(1,720)	-	-	(36,851)	
<b>Segment assets</b>		141,526	118,140	148,950	11,085	72,372	114,647*	606,720						
<b>Segment liabilities</b>		79,549	45,592	97,052	3,659	43,569	33,754®	303,175						

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 32. Segment information (Continued)

#### Business segments (Continued)

	Food Services RM'000	Trading and Frozen Food RM'000	Food Processing RM'000	Nutrition RM'000	Dairies RM'000	Unallocated RM'000	Total RM'000
<b>2019 (Continued)</b>							
<b>Other information</b>							
Additions to property, plant and equipment	32,747	7,299	51,892	120	20,005	69	112,132
Additions to intangible assets	1,169	9	2	-	240	-	1,420
Depreciation and amortisation	12,691	4,079	7,828	128	358	2,295	27,379
Loss allowance on receivables, net	-	276	121	(247)	19	-	169
Property, plant and equipment written off	612	438	-	-	-	-	1,050
Loss/(Gain) on disposal of property, plant and equipment	26	(1,503)	147	22	-	-	(1,308)
Gain on disposal of a subsidiary	-	-	-	-	-	(10,501)	(10,501)
Impairment of property, plant and equipment	101	-	60	-	-	-	161
Impairment of intangible assets	3,255	-	-	3,992	-	-	7,247

\* Included in unallocated segment assets are financial assets at FVOCI, cash and bank balances, property, plant and equipment and investment property of the Company and certain subsidiaries amounting to RM7,517,000, RM3,677,000, RM79,052,000 and RM22,882,000, respectively which are not attributable to the reporting segments.

@ Included in unallocated segment liabilities is bank borrowings of certain subsidiaries amounting RM30,503,000 which are not attributable to the respective reporting segments.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 32. Segment information (Continued)

#### Geographical segments

The Group's business segments operate in five main geographical areas. Revenue is based on the country in which the customer is located. Segment non-current assets consist primarily of non-current assets other than financial instruments and deferred tax assets. Segment non-current assets are shown by geographical area in which the assets are located.

	Asean (excluding Malaysia)								Total RM'000
	Malaysia RM'000	China RM'000	New Zealand RM'000	Australia RM'000	Middle East RM'000	Africa RM'000	Others* RM'000		
<b>2020</b>									
<b>Revenue</b>									
Total revenue from external customers									
Continuing operations	393,281	1,324	2,582	-	1,754	658	-	-	399,599
Discontinued operations	3,581	-	-	8,173	-	-	-	-	11,754
<b>Segment non-current assets</b>	577,943	-	-	-	-	-	-	-	577,943
<b>2019</b>									
<b>Revenue</b>									
Total revenue from external customers									
Continuing operations	416,272	1,526	2,990	-	-	-	-	-	420,788
Discontinued operations	10,378	-	5,810	22,921	2,440	-	199	-	41,748
<b>Segment non-current assets</b>	460,652	-	195	3,756	-	-	-	-	464,603

\* Comprise countries with individually insignificant revenue and assets

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 33. Financial instruments, financial risks and capital management

The Group's activities expose the Group to financial risks (including credit risk, foreign currency risk, interest rate risk and liquidity risk) arising in the normal course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The management is responsible for setting the objectives and underlying principles of financial risks management for the Group. The management continually monitors the Group's financial risk management process to ensure that an appropriate balance between risk and control is achieved.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. The Group and the Company do not hold or issue derivative financial instruments for trading purposes.

#### 33.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

At the end of the financial year, the Group's and Company's maximum exposure to credit risk were represented by the carrying amount of the financial assets on the statement of financial position except for the financial guarantees as disclosed in Note 33.4 to the financial statements.

The Group's and Company's major classes of financial assets are fixed deposits, cash and bank balances, FVOCI financial assets and trade and other receivables (excluding GST receivables, prepayments and advances to suppliers).

##### *Trade receivables*

The age analysis of trade receivables that are past due are as follows:

	2020		2019	
	Gross receivables RM'000	Impaired RM'000	Gross receivables RM'000	Impaired RM'000
<b>Group</b>				
Past due 1 day to 3 months	9,653	240	12,808	109
Past due over 3 to 6 months	881	200	332	8
Past due over 6 to 12 months	1,357	426	380	344
Past due over 12 months	2,493	2,484	2,397	2,362
	14,384	3,350	15,917	2,823

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 33. Financial instruments, financial risks and capital management (Continued)

#### 33.1 Credit risk (Continued)

##### *Trade receivables* (Continued)

The management measures loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables, excluding trade receivables determined to be credit-impaired, are determined based on historical credit loss rate and historical payment pattern, adjusted for current conditions and forecast of future economic conditions that may affect the ability of the customer to settle the trade receivables at the end of the financial year. As at 30 September 2020, the Group recognised loss allowance of RM3,350,000 (2019: RM2,823,000).

Movements in the allowance for impairment loss on trade receivables are as follows:

	Group	
	2020	2019
	RM'000	RM'000
At 1 October	2,823	2,762
Allowance made during the financial year	856	621
Write back of allowance no longer required	(210)	(442)
Written off	(119)	(36)
Disposal of a subsidiary	-	(83)
Currency realignment	-	1
At 30 September	3,350	2,823

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

##### *Other receivables and deposits*

The Group has assessed credit risk for other receivables amounts due from third parties based on 12-month expected credit loss basis which reflects the low credit risk of exposures.

For amount due from subsidiaries, the management has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. The management monitors and assesses at the end of each financial year on any indicator of significant increase in credit risk on the amount due from the subsidiaries, by considering their financial performance and any default in external debt.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 33. Financial instruments, financial risks and capital management (Continued)

#### 33.1 Credit risk (Continued)

##### *Other receivables and deposits* (Continued)

Movements in the allowance for impairment loss on other receivables and amounts due from subsidiaries are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 October	28	38	46,724	69,715
Allowance made during the financial year	-	9	31,914	1,743
Write back of allowance no longer required	(9)	(19)	(14,374)	(25,701)
Bad debt receivables written off against allowance	(19)	-	-	-
Currency realignment	-	-	(300)	967
At 30 September	-	28	63,964	46,724

The management individually assessed and determined that there is a significant increase in credit risk on the amount due from a subsidiary of RM31,914,000. The subsidiary has a history of losses and has ceased operations at financial year end. The balance has been determined to be credit-impaired as the likelihood of recovery is remote. As at 30 September 2020, the Company has recognised a loss allowance of RM31,914,000 (2019: RM1,743,000). Write back of allowance no longer required is due to amount recovered during the financial year.

##### *Cash and bank and fixed deposits*

Bank balances and fixed deposits are mainly deposits with financial institutions with high credit-ratings assigned by international credit rating agencies which are assigned with investment grade ratings of generally at least BBB. Impairment of cash and bank balances have been measured based on 12 months expected credit loss model. At the end of the financial year, the Group did not expect any credit loss from non-performance by the counterparties.

#### 33.2 Foreign currency risk

The Group operates and trades in several countries predominantly in Singapore, Malaysia, New Zealand, Indonesia and Australia. Currency risk arises within entities in the Group when transactions are denominated in foreign currencies.

Exposure to foreign currency risk is monitored on an ongoing basis to ensure that the net exposure is at an acceptable level, as the Group manages its transactional exposure by matching, as far as possible, receipts and payments in each individual currency.

In relation to the Group's overseas investments in foreign operations where net assets are exposed to currency translation risks, they are not hedged as currency positions in these foreign currencies are considered to be long-term in nature. Differences arising from such translation are recorded under the foreign currency translation reserves.

Foreign currency risk arises from transactions denominated in currencies other than the functional currencies of the respective companies in the Group and the Company.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 33. Financial instruments, financial risks and capital management (Continued)

#### 33.2 Foreign currency risk (Continued)

The currencies that give rise to this risk of the Group are primarily Ringgit Malaysia ("MYR"), United States dollar ("USD"), Singapore dollar ("SGD"), New Zealand dollar ("NZD"), Australian dollar ("AUD") and Indonesian rupiah ("IDR").

The currencies that give rise to this risk of the Company are primarily Ringgit Malaysia ("MYR"), New Zealand dollar ("NZD"), Euro ("EUR") and Indonesian rupiah ("IDR").

The Group and the Company have not entered into any currency forward exchange contracts as at the end of the financial year.

The Group's and the Company's material exposure from foreign currency denominated financial assets and financial liabilities as at the end of the financial year is as follows:

	MYR RM'000	USD RM'000	SGD RM'000	NZD RM'000	AUD RM'000	IDR RM'000
<b>Group</b>						
<b>2020</b>						
Total financial assets	62,006	14	9,302	21	10	666
Total financial liabilities	(476,719)	(1,540)	(1,349)	-	(199)	(255)
Net financial (liabilities)/assets	(414,713)	(1,526)	7,953	21	(189)	411
Less:						
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	542,828	(28,174)	(23,965)	(464)	-	(801)
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	128,115	(29,700)	(16,012)	(443)	(189)	(390)
<b>2019</b>						
Total financial assets	67,921	13	821	3,033	329	380
Total financial liabilities	(283,333)	(1,635)	(1,427)	(2,222)	(1,417)	(2,662)
Net financial (liabilities)/assets	(215,412)	(1,622)	(606)	811	(1,088)	(2,282)
Less:						
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	347,129	(28,812)	(14,380)	(1,003)	-	9,155
Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies	131,717	(30,434)	(14,986)	(192)	(1,088)	6,873



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 33. Financial instruments, financial risks and capital management (Continued)

#### 33.2 Foreign currency risk (Continued)

	MYR RM'000	NZD RM'000	EUR RM'000	IDR RM'000
<b>Company</b>				
<b>2020</b>				
Total financial assets	126,695	21	-	-
Total financial liabilities	(6,385)	(29,288)	-	-
Net currency exposure of financial assets	120,310	(29,267)	-	-
<b>2019</b>				
Total financial assets	131,801	20	4,481	6,430
Total financial liabilities	(6,098)	-	-	-
Net currency exposure of financial assets	125,703	20	4,481	6,430

#### Foreign currency sensitivity analysis

The following tables detail the Group's sensitivity to a 10% (2019: 10%) change in MYR, USD, SGD, NZD, AUD and IDR against the Group entities' respective functional currency and the Company's sensitivity to a 10% (2019: 10%) change in MYR, NZD, EUR and IDR against the Company's functional currency (SGD). The sensitivity analysis assumes an instantaneous 10% (2019: 10%) change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in SGD, USD, NZD, IDR and MYR are included in the analysis.

	Increase/(Decrease)	
	Group	
	Profit or Loss	
	2020 RM'000	2019 RM'000
<b>MYR</b>		
Strengthened against SGD	12,812	13,172
Weakened against SGD	(12,812)	(13,172)
<b>USD</b>		
Strengthened against MYR	(2,970)	(3,043)
Weakened against MYR	2,970	3,043
<b>SGD</b>		
Strengthened against MYR	(1,601)	(1,499)
Weakened against MYR	1,601	1,499

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 33. Financial instruments, financial risks and capital management (Continued)

#### 33.2 Foreign currency risk (Continued)

*Foreign currency sensitivity analysis (Continued)*

	Increase/(Decrease)	
	Group	
	Profit or Loss	
	2020	2019
	RM'000	RM'000
<hr/>		
<i>NZD</i>		
Strengthened against MYR	(44)	(19)
Weakened against MYR	44	19
<hr/>		
<i>AUD</i>		
Strengthened against MYR	(19)	(109)
Weakened against MYR	19	109
<hr/>		
<i>IDR</i>		
Strengthened against MYR	(39)	687
Weakened against MYR	39	(687)
<hr/>		
	Increase/(Decrease)	
	Company	
	Profit or Loss	
	2020	2019
	RM'000	RM'000
<hr/>		
<i>MYR</i>		
Strengthened against SGD	12,031	12,570
Weakened against SGD	(12,031)	(12,570)
<hr/>		
<i>NZD</i>		
Strengthened against SGD	(2,927)	2
Weakened against SGD	2,927	(2)
<hr/>		
<i>EUR</i>		
Strengthened against SGD	-	448
Weakened against SGD	-	(448)
<hr/>		
<i>IDR</i>		
Strengthened against SGD	-	643
Weakened against SGD	-	(643)
<hr/>		

The potential impact of foreign exchange rate fluctuation in profit or loss as described in the sensitivity analysis above is attributable mainly to foreign exchange rate fluctuations of the Group's and the Company's foreign exchange exposure on foreign currency denominated cash and cash equivalents, receivables and payables at the end of the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 33. Financial instruments, financial risks and capital management (Continued)

#### 33.2 Foreign currency risk (Continued)

*Foreign currency sensitivity analysis (Continued)*

	Increase/(Decrease)	
	Company	
	Profit or Loss	
	2020	2019
	RM'000	RM'000
<i>SGD</i>		
Strengthened against MYR	864	750**
Weakened against MYR	(864)	(750)

\*\* The potential impact of foreign exchange fluctuation in equity as described in the sensitive analysis above attributable mainly to translation of the FVOCI financial asset from SGD to MYR.

#### 33.3 Interest rate risk

The Group's exposure to market risks for changes in interest rates relates primarily to bank borrowings (2019: bank borrowings and fixed deposits) with financial institutions. The Group maintains an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short term borrowings.

*Interest rate sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rate risk for bank borrowings at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 100 basis point (2019: 100 basis point) change in the interest rates from the end of the financial year, with all variables held constant.

If the interest rates increase by 100 basis point (2019: 100 basis point), loss before tax of the Group will increase by:

	Group	
	Loss before tax	
	2020	2019
	RM'000	RM'000
Bank borrowings	2,220	1,877

A 100 basis point (2019: 100 basis point) decrease in the interest rates would have an equal but opposite effect to the Group.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 33. Financial instruments, financial risks and capital management (Continued)

#### 33.4 Liquidity risk

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents and by ensuring the availability of funding through adequate amount of credit facilities from financial institutions to meet their working capital requirements.

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to pay. The table includes both interest and principal cash flows.

	Effective interest rate %	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
<b>Group</b>						
<b>2020</b>						
Bank borrowings	2.65 - 7.75	58,787	34,951	100,007	112,008	305,753
Lease liabilities	2.00 - 6.90	37,693	52,161	53,743	45,110	188,707
Trade and other payables**	-	83,516	-	-	-	83,516
		179,996	87,112	153,750	157,118	577,976
<b>2019</b>						
Bank borrowings	3.51 - 8.40	46,896	18,309	86,571	81,963	233,739
Lease liabilities	2.28 - 16.34	11,107	9,031	11,196	-	31,334
Trade and other payables**	-	76,810	-	-	-	76,810
		134,813	27,340	97,767	81,963	341,883

\*\* Excludes GST payables, SST payables, contract liabilities and provision for employee benefits.

The repayment terms of the bank borrowings and lease liabilities are disclosed in Notes 15 and 16 to the financial statements.

	Effective interest rate %	Less than 1 year RM'000
<b>Company</b>		
<b>2020</b>		
Trade and other payables	-	31,175
<b>2019</b>		
Trade and other payables	-	2,094

As at 30 September 2020, the Company provided financial guarantees to the banks for bank borrowings and lease liabilities of certain subsidiaries which amounted to RM246,497,000 (2019: RM180,774,000). These bank borrowings and lease liabilities represent the maximum amount that the guarantees could be called within one financial year should the subsidiaries default on repayment.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 33. Financial instruments, financial risks and capital management (Continued)

#### 33.5 Fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of current financial assets and financial liabilities, such as trade and other receivables, trade and other payables, bank borrowings and lease liabilities are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the financial year.

The carrying amounts of the non-current bank borrowings approximate their fair values due to floating rates or frequent repricing. The fair value of financial guarantees in the financial statements have been disclosed in Note 18 to the financial statements.

- (ii) Equity investment at fair value through other comprehensive income ("FVOCI")

Quoted equity securities (Level 1): The fair value is determined by reference to the exchange quoted market bid prices at the close of business at the end of the financial year.

As at 30 September 2020, the Group has 10.48% investment in Yamada Green Resources Limited ("YGRL"), which was temporarily suspended from trading on the Singapore Exchange Trading Limited ("SGX-ST") since 16 September 2017.

Quoted equity securities (Level 3): The fair value is determined based on asset approach and publicly available information adjusted for the effect of non-marketability of the equity investment and lack of control.

#### **Significant unobservable inputs:**

- Discount for lack of marketability ("DLOM") of 40%
- Discount for lack of control ("DLOC") of 24.4%

#### **Inter-relationship between key unobservable inputs and fair value**

Increased DLOM and DLOC would decrease fair value; lower DLOM and DLOC would increase fair value.

#### *Fair value hierarchy*

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are determined using the other observable inputs such as quoted prices for similar asset/liability in active markets, quoted prices for identical or similar asset/liability in non-active markets or inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Unobservable inputs for the asset or liability.

There were no transfer between levels of the fair value hierarchy during the financial year.

There have been no changes in the valuation techniques of the various classes of financial instruments during the financial year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 33. Financial instruments, financial risks and capital management (Continued)

#### 33.5 Fair values of financial assets and financial liabilities (Continued)

##### *Determination of fair value*

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

2020 Group	Note	Fair value of financial instruments carried at fair value				Total RM'000	Fair value of financial instruments not carried at fair value				Total RM'000	Carrying amount RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>Financial assets</b>												
- Financial assets at fair value through other comprehensive income	7	312	-	8,726	9,038	-	-	-	-	-	-	9,038
<b>Company</b>												
<b>Financial assets</b>												
- Financial assets at fair value through other comprehensive income	7	-	-	8,726	8,726	-	-	-	-	-	-	8,726
<b>Financial liabilities</b>												
- Financial guarantee contracts	18	-	-	-	-	-	-	5,794	-	-	5,794	5,794

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 33. Financial instruments, financial risks and capital management (Continued)

#### 33.5 Fair values of financial assets and financial liabilities (Continued)

*Determination of fair value (Continued)*

2019 Group	Note	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Carrying amount RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
<b>Financial assets</b>								
- Financial assets at fair value through other comprehensive income	7	159	-	7,517	-	-	-	7,676
<b>Company</b>								
<b>Financial assets</b>								
- Financial assets at fair value through other comprehensive income	7	-	-	7,517	-	-	-	7,517
<b>Financial liabilities</b>								
- Financial guarantee contracts	18	-	-	-	-	-	5,359	5,359

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 33. Financial instruments, financial risks and capital management (Continued)

#### 33.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the financial year:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Financial assets</b>				
Trade and other receivables*	38,302	48,640	127,174	143,722
Fixed deposits	615	1,167	-	-
Cash and bank balances	24,064	22,690	776	458
<b>Financial assets at amortised cost</b>	62,981	72,497	127,950	144,180
Financial assets at fair value through other comprehensive income	9,038	7,676	8,726	7,517
<b>Total financial assets</b>	72,019	80,173	136,676	151,697

\* Excludes GST receivables, prepayments and advances to suppliers.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Financial liabilities</b>				
Trade and other payables**	83,516	76,810	31,175	2,094
Bank borrowings	247,317	187,746	-	-
Lease liabilities	150,497	28,634	-	-
<b>Financial liabilities at amortised cost</b>	481,330	293,190	31,175	2,094
Financial guarantee contracts	-	-	5,794	5,359
<b>Total financial liabilities</b>	481,330	293,190	36,969	7,453

\*\* Excludes GST payables, SST payables, contract liabilities and provision for employee benefits.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 33. Financial instruments, financial risks and capital management (Continued)

#### 33.7 Offsetting financial assets and financial liabilities

The following table details the Company's financial assets which are subject to offsetting, enforceable master netting arrangements and similar agreements.

	Gross carrying amounts RM'000	Gross amounts offset in the statement of financial position RM'000	Net amounts in the statement of financial position RM'000
<b>Company</b>			
<b>2020</b>			
Other receivables due from subsidiaries	129,878	(2,908)	126,970
Other payables due to subsidiaries	(32,789)	2,908	(29,881)
<b>2019</b>			
Other receivables due from subsidiaries	146,017	(2,499)	143,518
Other payables due to subsidiaries	(3,239)	2,499	(740)

#### 33.8 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' values.

The capital structure of the Group consists of debt and equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated profits as shown in the statements of financial position.

The Company may purchase its own shares from the market and the timing of these purchases depends on market prices. Buy and sell decisions are made on a specific transaction basis by the management. The Company does not have a defined buy-back plan.

The Group overall strategy remains unchanged since the previous financial year.

Management constantly reviews the capital structure to ensure the Group and the Company are able to service all debt obligations (include principal repayment and interests) based on its operating cash flows.

The Group is in compliance with externally imposed capital requirements for the financial years ended 30 September 2020 and 2019.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as bank borrowings plus leases liabilities less fixed deposits and cash and bank balances. Total capital is calculated as equity plus net debt.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 33. Financial instruments, financial risks and capital management (Continued)

#### 33.8 Capital management policies and objectives (Continued)

	Group	
	2020 RM'000	2019 RM'000
Net debt	373,135	192,523
Total equity	208,932	303,545
Total capital	582,067	496,068
Gearing ratio	64.11%	38.81%

### 34. Events subsequent to the reporting date

On 30 January 2020, the World Health Organisation has announced that the novel Coronavirus Outbreak ("Covid-19") as a global health emergency and has impacted adversely the economic activities globally, which included Malaysia and the other geographical areas where the Group operates (Note 32).

Since 18 March 2020, the Malaysian government has implemented various Movement Control Order ("MCO") to curb the spread of the Covid-19. All business, social, or other activities that cannot be conducted through telecommuting from home was suspended. During the Recovery MCO period, economic and social activities resumed with safe management measures implemented resulting in a gradual recovery of the economic activities particularly the food and beverage businesses ("F&B"). Malaysia entered into the third wave of the Covid-19 pandemic in October 2020 where certain states including the Federal Territory were placed under various movement control restrictions. Amid surging Covid-19 cases reaching record high daily figures, the Malaysia government has reinstated MCO in five states including three Federal Territories for two weeks starting 13 January 2021 to 26 January 2021.

The Group's businesses across all divisions have been adversely impacted by the Covid-19 pandemic as follows:

#### a) Food Services Division

The rising numbers of Covid-19 cases since the outbreak have impacted the footfall and visitation in the retail malls. This resulted in the revenue of the Group's restaurants and coffee chains predominantly located in the malls and office buildings to fall substantially as compared to those standalone and drive-through stores. The reduction in revenue was partially mitigated by increased sales from the delivery channel and online e-commerce platform. For the next 12 months, the timing of the new store openings will be dependent on the situation of Covid-19.

#### b) Trading and Frozen Food and Food Processing Divisions

Its major customers locally and internationally are in the hospitality, F&B and tourism related industries. The various phases and safe management measures implemented locally and internationally such as inter-state travel and cross border travel restrictions have resulted in significant decrease in business activities and closures, particularly in the hospitality, F&B and tourism related industries.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

### 34. Events subsequent to the reporting date (Continued)

#### c) Dairies Division

Dairies division supplies sweetened creamer and evaporated creamer to the food and beverage industry. The implementation of various safe management measures by the government has restricted the operating hours of its customers and has impacted its revenue.

In measuring its assets and liabilities of the Group and Company as at the end of the financial year, the management has considered the current and estimated future market conditions, including the impact of Covid-19, as at that date and assessed the recoverable amounts of its financial and non-financial assets. Further details of the recoverable amounts of such investments are as set out in the notes to the financial statements. The recovery of the Group's operations and results is highly dependent on the containment of the Covid-19 locally and internationally and the timing of the availability of the vaccine.

Due to the ongoing outbreak of the Covid-19 and rapid changes in the Government precautionary measures as at the date of these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the Covid-19 disruptions on its operating and financial performance for the financial year ending 30 September 2021.

### 35. Authorisation of financial statements

The consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 September 2020 were authorised for issue by the Board of Directors of the Company on 15 January 2021.

# STATISTICS OF SHAREHOLDINGS

AS AT 11 JANUARY 2021

Issued and fully paid-up capital	:	S\$69,714,839.268
Number of ordinary shares in issue	:	247,356,403
Class of shares	:	Ordinary share
Voting rights	:	One vote per share
Number of Treasury Shares held	:	242,000
Number of ordinary shares excluding Treasury Shares	:	247,114,403
Percentage of Treasury Shares	:	0.1% <sup>(1)</sup>

Note:

<sup>(1)</sup> Calculated based on 247,114,403 voting shares as at 11 January 2021.

## VOTING RIGHTS

Shareholder's voting rights are set out in Regulation 65 of the Company's Constitution.

Every Member present in person or by proxy shall have one vote for every share which he holds or represents.

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) of a listed company in a class that is listed are at all times held by the public.

Based on the information provided and to the best knowledge of the Directors, approximately 23.7% of the issued ordinary shares of the Company are held in the hands of the public as at 11 January 2021 and therefore Rule 723 of the Listing Manual of the SGX-ST is complied with.

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	%	No. of Shares	%
1 – 99	16	1.51	841	0.00
100 – 1,000	167	15.72	98,593	0.04
1,001 – 10,000	514	48.40	2,346,492	0.95
10,001 – 1,000,000	345	32.49	22,652,418	9.17
1,000,001 and above	20	1.88	222,016,059	89.84
TOTAL	1,062	100.00	247,114,403	100.00

## STATISTICS OF SHAREHOLDINGS

AS AT 11 JANUARY 2021

### TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	JAYA J B TAN	35,313,449	14.29
2.	GOI SENG HUI	33,216,377	13.44
3.	KAMAL Y P TAN	31,160,385	12.61
4.	TEE YIH JIA FOOD MANUFACTURING PTE LTD	29,123,680	11.79
5.	PHILLIP SECURITIES PTE LTD	18,974,180	7.68
6.	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	17,367,474	7.03
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	15,582,799	6.31
8.	KWONG YUEN SENG	7,071,444	2.86
9.	YUEN CHOOI CHUN @ YUEN PIK CHAN	5,882,000	2.38
10.	UOB KAY HIAN PRIVATE LIMITED	5,219,060	2.11
11.	DBS NOMINEES (PRIVATE) LIMITED	4,681,760	1.89
12.	ABN AMRO CLEARING BANK N.V.	3,600,300	1.46
13.	POK YORK KEAW	2,891,000	1.17
14.	OCBC SECURITIES PRIVATE LIMITED	2,353,340	0.95
15.	HEW MARGARET WYE YOONG OR HEW LEONARD YOKE LEONG	2,000,000	0.81
16.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	1,930,380	0.78
17.	SOME YEW PEW	1,689,200	0.68
18.	PHANG MAH THIANG	1,611,000	0.65
19.	KE WENG SEONG	1,190,140	0.48
20.	POK YORK KENG	1,158,091	0.47
	TOTAL	222,016,059	89.84

### SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed interest	%	Total Interest	%
<sup>(1)(2)</sup> Dato' Jaya J B Tan	44,063,449	17.83	44,669,345	18.08	88,732,794	35.91
<sup>(1)(2)</sup> Dato' Kamal Y P Tan	37,460,385	15.16	51,272,409	20.75	88,732,794	35.91
<sup>(3)</sup> Datuk Sam Goi Seng Hui	33,216,377	13.44	29,123,680	11.79	62,340,057	25.23
Tee Yih Jia Food Manufacturing Pte Ltd	29,123,680	11.79	-	-	29,123,680	11.79
<sup>(2)</sup> Khor Sin Kok	16,849,254	6.82	-	-	16,849,254	6.82
<sup>(2)</sup> Mah Weng Choong	15,117,399	6.12	-	-	15,117,399	6.12

#### Notes :

<sup>(1)</sup> Deemed interested in each others shares through the shares held by Dato' Jaya, Dato' Kamal, spouse of Dato' Jaya and spouse of Dato' Kamal.

<sup>(2)</sup> Direct interest includes shares held through nominees.

<sup>(3)</sup> Deemed interested in shares held by Tee Yih Jia Food Manufacturing Pte Ltd by virtue of section 7 of the Companies Act, Cap. 50.

## STATISTICS OF SHAREHOLDINGS

AS AT 11 JANUARY 2021

### DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 – 99	1	0.39	96	0.00
100 – 1,000	14	5.49	10,760	0.01
1,001 – 10,000	116	45.49	629,844	0.60
10,001 – 1,000,000	114	44.71	10,359,108	9.85
1,000,001 and above	10	3.92	94,196,096	89.54
<b>TOTAL</b>	<b>255</b>	<b>100.00</b>	<b>105,195,904</b>	<b>100.00</b>

### TWENTY LARGEST WARRANTHOLDERS

No.	Name	No. of Warrants	%
1.	KAMAL Y P TAN	21,460,171	20.40
2.	JAYA J B TAN	21,305,977	20.25
3.	GOI SENG HUI	17,682,313	16.81
4.	TEE YIH JIA FOOD MANUFACTURING PTE LTD	12,730,080	12.10
5.	PHILLIP SECURITIES PTE LTD	7,092,200	6.74
6.	HSBC (SINGAPORE) NOMINEES PTE LTD	5,123,755	4.87
7.	UOB KAY HIAN PRIVATE LIMITED	2,808,640	2.67
8.	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,392,960	2.27
9.	KWONG YUEN SENG	2,000,000	1.90
10.	POK YORK KEAW	1,600,000	1.52
11.	DBS NOMINEES (PRIVATE) LIMITED	946,560	0.90
12.	HEW MARGARET WYE YOONG OR HEW LEONARD YOKE LEONG	800,000	0.76
13.	SOME YEW PEW	700,000	0.67
14.	KE WENG SEONG	517,840	0.49
15.	POK YORK KENG	514,707	0.49
16.	YUEN CHOOI CHUN @ YUEN PIK CHAN	392,000	0.37
17.	OCBC SECURITIES PRIVATE LIMITED	285,680	0.27
18.	MAH ZHONG DA (MA ZHONGDA)	240,720	0.23
19.	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	230,320	0.22
20.	MAYBANK KIM ENG SECURITIES PTE. LTD.	230,038	0.22
	<b>TOTAL</b>	<b>99,053,961</b>	<b>94.15</b>

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND/OR CONTINUED RE-APPOINTMENT AS INDEPENDENT DIRECTORS

Pursuant to Rule 720(6) of the Listing Rules of the SGX-ST ("Listing Rules"), the following is the information relating to the Directors seeking re-election as Directors and/or continued re-appointment as Independent Directors as set out in Appendix 7.4.1 of the Listing Rules:

Details	Datuk Sam Goi Seng Hui
Date of Appointment	9 January 2013
Date of last re-appointment	30 January 2018
Age	74
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Datuk Sam Goi Seng Hui for re-appointment as Non-Executive Vice-Chairman of the Company. The Board have reviewed and concluded that Datuk Sam Goi Seng Hui possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Vice-Chairman
Professional qualifications	–
Working experience and occupation(s) during the past 10 years	Executive Chairman of Tee Yih Jia Food Manufacturing Pte Ltd since 1977. Executive Chairman of GSH Corporation Ltd since 2014. Investments across a range of listed and private entities in numerous industries, such as food and beverage, consumer essentials, recycling, distribution logistics, property developments, hotel and hospitality management.
Shareholding interest in the listed issuer and its subsidiaries	Direct interest – 33,216,377 ordinary shares and 17,682,313 warrants Deemed interest – 29,123,680 ordinary shares and 12,730,080 warrants
Any relationship (including immediate family relationships) with any existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries.	Director and substantial shareholder of Tee Yih Jia Food Manufacturing Pte Ltd, a substantial shareholder of the Company.
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
<i>Other Principal Commitments Including Directorships</i>	
Past Directorships (for last 3 years)	Super Group Ltd Fujian Ryushobo Food Co Ltd Plaza Ventures Pte Ltd Singapore University of Technology and Design Tan Kah Kee Foundation TYJ Holdings (HK) Ltd Yangzhou Junhe Property Development Co Ltd

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND/OR CONTINUED RE-APPOINTMENT AS INDEPENDENT DIRECTORS

### Details

Present Directorships

### Mr Sam Goi Seng Hui

#### *Listed Companies*

Envictus International Holdings Limited  
GSH Corporation Limited  
JB Foods Ltd  
Tung Lok Restaurants (2000) Ltd

#### *Private Limited Company*

Acelink Logistics Pte Ltd  
China World Agents Limited  
Chinatown Food Corporation Pte Ltd  
Desaru Property Development Sdn Bhd  
Fujian Guanhui Food Enterprise Co Ltd  
Fujian Mingwei Food Enterprise Co Ltd  
Guan Hui Food Enterprise Company Limited  
Hydrex International Pte Ltd  
Junhe Investment Pte Ltd  
Mainfield Holdings Limited  
Maker Food Manufacturing Pte Ltd  
Mxim Holdings Pte Ltd  
New Straits Holdings Pte Ltd  
Oregold Pte Ltd  
Ritz Properties Sdn Bhd  
Ryushobo (S) Pte Ltd  
Super Elite Holdings Pte Ltd  
T&T Gourmet Cuisine Pte Ltd  
Tee Yih Jia Food Manufacturing Pte Ltd  
Tee Yih Jia Food Manufacturing Sdn Bhd  
Twin Investment Pte Ltd  
TYJ Group Pte Ltd  
TYJ International Pte Ltd  
Vive La Sdn Bhd

#### *Group of Companies of GSH Corporation Limited (Malaysia)*

Advanced Prestige Sdn Bhd  
Altheim International Limited  
City View Ventures Sdn Bhd  
Eastworth Source Sdn Bhd  
Henan Zhongyuan Four Seasons Aquatic Logistics Harbour  
Co Ltd  
Investasia Sdn.Bhd.  
Linyi Properties Sdn Bhd  
Mewabumi Sdn Bhd  
Rainbow Properties Sdn Bhd  
Sutera Harbour Golf & Country Club Berhad  
Sutera Harbour Travel Sdn Bhd  
Sutera Harbour Resort Sdn Bhd  
Sutera Yacht Services Sdn Bhd  
The Little Shop Sdn Bhd  
The Sutera Harbour Group Sdn Bhd  
Xing Asia Impel Sdn Bhd



## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND/OR CONTINUED RE-APPOINTMENT AS INDEPENDENT DIRECTORS

### Details

Major Appointments (other than Directorships)

### Mr Sam Goi Seng Hui

Vice-Chairman of Envictus International Holdings Limited  
 Vice-Chairman of JB Foods Limited  
 Justice of Peace  
 Singapore's Non-Resident Ambassador to the Federative Republic of Brazil  
 Enterprise 50 Club's Honorary Past President  
 Regional Representative for Fuzhou City and Fujian Province  
 Senior Consultant to Su-Tong Science & Technology Park  
 Honorary Chairman for the International Federation of Fuqing Association,  
 Honorary Chairman of Ulu Pandan Citizens Consultative Committee  
 Honorary Chairman of Dunman High School Advisory Committee  
 Honorary President for Kong Hwa School Alumni  
 Patron for Singapore University of Technology and Design-Advancement Committee  
 Honorary Chairman for Nanyang Gwee Clan Association  
 Committee Member of Tan Kah Kee Foundation  
 Council Member for Singapore –Zhejiang Economic and Trade Council  
 Council Member for Singapore-Jiangsu Cooperation Council  
 Council Member for Singapore-Tianjin Economic and Trade Council  
 Council Member for NTUC Club Management

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c) Whether there is any unsatisfied judgment against him?	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND/OR CONTINUED RE-APPOINTMENT AS INDEPENDENT DIRECTORS

Details	Datuk Sam Goi Seng Hui
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
<b>Disclosure applicable to the appointment of Director only</b>	
Any prior experience as a director of a listed company?	Not applicable as this relates to re-election of Director.
If yes, please provide details of prior experience.	
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND/OR CONTINUED RE-APPOINTMENT AS INDEPENDENT DIRECTORS

Pursuant to Rule 720(6) of the Listing Rules of the SGX-ST ("Listing Rules"), the following is the information relating to the Directors seeking re-election as Directors and/or continued re-appointment as Independent Directors as set out in Appendix 7.4.1 of the Listing Rules:

Details	Mr Teo Chee Seng
Date of Appointment	3 August 2004
Date of last re-appointment	30 January 2018
Age	66
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Nominating Committee has recommended the following proposal be submitted to Envictus shareholders for approval at the AGM :-</p> <p>(a) To re-elect Mr Teo Chee Seng (who retires pursuant to Regulation 91 of the Company's Constitution as a Director; and</p> <p>(b) To approve the appointment of Mr Teo Chee Seng as Independent Director (as his tenure has exceeded nine years) pursuant to Rule 210(5)(d)(iii) of the SGX-ST Listing Manual which will take effect on 1 January 2022.</p> <p>The Board of Directors of the Company has considered, among others, concurred with the recommendation of the Nominating Committee and considers Mr Teo to be independent and is of the view that he should be retained as a Non-Executive Independent Director for the following reasons:-</p> <p>1) He has fulfilled the criteria of independence contained in the Code of Corporate Governance 2018 and remains objective and independent in expressing his views and contributes actively in Board and Board Committees discussions and decision making-process.</p> <p>2) He engages with the Management in an effective manner without compromising his independence and objective judgement and is always acting in the best interest of the Company.</p> <p>3) He possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director Chairman of Nominating Committee Chairman of Remuneration Committee Member of Audit Committee
Professional qualifications	Bachelor of Law (Hons), The University of Singapore

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND/OR CONTINUED RE-APPOINTMENT AS INDEPENDENT DIRECTORS

Details	Mr Teo Chee Seng
Working experience and occupation(s) during the past 10 years	Legal Consultant Corporate Adviser
Shareholding interest in the listed issuer and its subsidiaries	Direct interest – 30,000 ordinary shares
Any relationship (including immediate family relationships) with any existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries.	No
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
<i>Other Principal Commitments Including Directorships</i>	
Past Directorships (for last 3 years)	Nil
Present Directorships	Lasseters International Holdings Limited Lasseters International Pte Ltd Envictus International Holdings Limited Envictus Brands Pte Ltd UOA Development Bhd United Overseas Australia Ltd Soilbuild Construction Group Ltd
<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</b>	
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c) Whether there is any unsatisfied judgment against him?	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND/OR CONTINUED RE-APPOINTMENT AS INDEPENDENT DIRECTORS

Details	Mr Teo Chee Seng
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

### Disclosure applicable to the appointment of Director only

Any prior experience as a director of a listed company?

Not applicable as this relates to re-election of Director.

If yes, please provide details of prior experience.

If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.

Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND/OR CONTINUED RE-APPOINTMENT AS INDEPENDENT DIRECTORS

Pursuant to Rule 720(6) of the Listing Rules of the SGX-ST ("Listing Rules"), the following is the information relating to the Directors seeking re-election as Directors and/or continued re-appointment as Independent Directors as set out in Appendix 7.4.1 of the Listing Rules:

Details	Mr John Lyn Hian Woon
Date of Appointment	3 August 2004
Date of last re-appointment	14 January 2020
Age	62
Country of principal residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Nominating Committee has recommended the following proposal be submitted to Envictus shareholders for approval at the AGM to approve the appointment of Mr John Lyn Hian Woon as Independent Director (as his tenure has exceeded nine years) pursuant to Rule 210(5)(d)(iii) of the SGX-ST Listing Manual which will take effect on 1 January 2022.</p> <p>The Board of Directors of the Company has considered, among others, concurred with the recommendation of the Nominating Committee and considers Mr Lyn to be independent and is of the view that he should be retained as a Non-Executive Independent Director for the following reasons :-</p> <ol style="list-style-type: none"> <li>1) He has fulfilled the criteria of independence contained in the Code of Corporate Governance 2018 and remains objective and independent in expressing his views and contributes actively in Board and Board Committees discussions and decision making-process.</li> <li>2) He engages with the Management in an effective manner without compromising his independence and objective judgement and is always acting in the best interest of the Company.</li> <li>3) He possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</li> </ol>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director Chairman of Audit Committee Member of Remuneration Committee Member of Nominating Committee.
Professional qualifications	BSc in Mechanical Engineering, University of Leeds, UK and MBA, Washington State University.
Working experience and occupation(s) during the past 10 years	Indigo Investment Pte Ltd - Chief Executive Officer Vietnam Asset Management - Chairman Colonial Investment Pte. Ltd. - Chief Executive Officer

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND/OR CONTINUED RE-APPOINTMENT AS INDEPENDENT DIRECTORS

Details	Mr John Lyn Hian Woon
Shareholding interest in the listed issuer and its subsidiaries	Direct interest - 545,420 ordinary shares and 244,320 warrants
Any relationship (including immediate family relationships) with any existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries.	No
Conflict of Interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
<i>Other Principal Commitments Including Directorships</i>	
Past Directorships (for last 3 years)	Vietnam Asset Management Colonial Investment Pte. Ltd.
Present Directorships	Envictus International Holdings Limited Indigo Investment Pte Ltd Sirus International Holdings
<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</b>	
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
c) Whether there is any unsatisfied judgment against him?	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AND/OR CONTINUED RE-APPOINTMENT AS INDEPENDENT DIRECTORS

Details	Mr John Lyn Hian Woon
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–	
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No
iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No
<b>Disclosure applicable to the appointment of Director only</b>	
Any prior experience as a director of a listed company?	Not applicable as this relates to re-election of Director.
If yes, please provide details of prior experience.	
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of Envictus International Holdings Limited (the "Company") will be held by way of electronic means on Thursday, 11 March 2021 at 11.00 a.m. to transact the following business:-

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 September 2020 together with the Auditors' Report thereon. **(Resolution 1)**
  
2. To re-elect Datuk Sam Goi Seng Hui, retiring by rotation pursuant to Regulation 91 of the Constitution of the Company and who, being eligible, offers himself for re-election. **(Resolution 2)**
  
3. To re-elect Mr Teo Chee Seng, retiring by rotation pursuant to Regulation 91 of the Constitution of the Company and who, being eligible, offers himself for re-election. **(Resolution 3)**
  
4. That, subject to and contingent upon passing of Resolution 3 by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM and the passing of Resolution 5 by shareholders of the Company by appointing the Chairman of the Meeting to vote at the AGM, excluding the directors and the chief executive officer ("CEO") of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST : (a) the continued appointment of Mr Teo Chee Seng, as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of the following : (i) the retirement or resignation of Mr Teo Chee Seng as a director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution. **(Resolution 4)**
  
5. That, subject to and contingent upon the passing of Resolution 3 (a) the continued appointment of Mr Teo Chee Seng as an independent director, for purposes of Rule 210(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr Teo Chee Seng as a director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution, provided that this Resolution shall only be proposed and voted upon if Resolution 4 is passed by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM. **(Resolution 5)**
  
- Note:**  
Mr Teo will, upon re-election as a Director of the Company, remain as a Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
  
6. That, subject to and contingent upon passing of Resolution 7 by shareholders of the Company by appointing the Chairman of the Meeting to vote at the AGM, excluding the directors and the chief executive officer ("CEO") of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST) : (a) the continued appointment of Mr John Lyn Hian Woon, as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of the following : (i) the retirement or resignation of Mr John Lyn Hian Woon as a director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution. **(Resolution 6)**

## NOTICE OF ANNUAL GENERAL MEETING

7. That, subject to and contingent upon the passing of Resolution 6 (a) the continued appointment of Mr John Lyn Hian Woon as an independent director, for purposes of Rule 210(5) (d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022) be and is hereby approved; and (b) the authority conferred by this Resolution shall continue in force until the earlier of the following : (i) the retirement or resignation of Mr John Lyn Hian Woon as a director, or (ii) the conclusion of the third AGM of the Company following the passing of this Resolution, provided that this Resolution shall only be proposed and voted upon if Resolution 4 is passed by shareholders of the Company by appointing the Chairman of the Meeting as proxy to vote at the AGM. (Resolution 7)

**Note:**

Mr Lyn will, upon re-election as a Director of the Company, remain as a Chairman of the Audit Committee and members of the Remuneration Committee and Nominating Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

8. To approve the payment of Directors' fees of S\$343,500 for the financial year ended 30 September 2020 (FY2019: S\$343,500). (Resolution 8)
9. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 9)
10. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following as Ordinary Resolution, with or without modifications:-

11. **ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES** (Resolution 10)

"THAT pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorized and empowered to :-

- (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instruments made or granted by the Directors of the Company while this Resolution was in force, provided that :
- (i) the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below).

## NOTICE OF ANNUAL GENERAL MEETING

(ii) (subject to such calculation as may be prescribed by SGX-ST), for the purpose of determining the aggregate number of shares that may be issued in under sub-paragraph (i) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of passing this Resolution, after adjusting for:-

- (a) new shares arising from the conversion or exercise of any convertible securities;
- (b) new shares arising from the exercising share options or vesting of shares awards which are outstanding or subsisting at the time of the passing of this Resolution; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares.

Adjustments in accordance with (ii)(a) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of this Resolution.

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." [See Explanatory Note (a)]

BY ORDER OF THE BOARD

S Surenthiraraj @ S Suresh  
Kok Mor Keat  
Company Secretaries

Singapore  
9 February 2021

## NOTICE OF ANNUAL GENERAL MEETING

Please read the following notes and explanations of the resolutions before deciding how to vote.

### Explanatory Notes on Special Business to be transacted

- (a) Ordinary Resolution 10, if passed, will enable the Directors to issue shares in the Company up to 50% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company (in the case of issuance other than on a pro-rata basis to existing shareholders, such aggregate number of shares not to exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company) for such purposes as they consider to be in the interests of the Company.

### IMPORTANT INFORMATION

Shareholders of the Company ("Shareholders") should take note of the following arrangements for the AGM:

#### (a) No Attendance in Person

In compliance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"), the AGM will be conducted by electronic means and Shareholders will not be able to attend the AGM physically.

All Shareholders or their corporate representatives (in the case of Shareholders which are legal entities) will be able to participate in the AGM proceedings by watching a "live" webcast (the "Live AGM Webcast") or listen to a "live" audio feed (the "Live AGM Audio Feed").

Shareholders who wish to participate in the AGM proceedings through the Live AGM Webcast via their mobile phones, tablets or computers must pre-register at <https://agm.conveneagm.com/envictus> by 11.00 a.m. on 8 March 2021 (**the Registration Deadline**) to enable the Company to verify their status.

Following the verification, authenticated Shareholders will receive an email by 10 March 2021, and will be able to access the Live AGM Webcast by clicking on the link in the email and entering the user ID and password.

Shareholders who register by the Registration Deadline but do not receive an email response by 11.00 a.m. on 10 March 2021 may contact the webcast service provider via email at [support@conveneagm.com](mailto:support@conveneagm.com), with the full name of the shareholder and his/her identification number.

#### (b) Voting solely via appointing Chairman of the Meeting as Proxy

In compliance with the Order, a Shareholder who wishes to vote at the Meeting can only do so by appointing the Chairman of the Meeting to act as his/her proxy to vote on his/her behalf in respect of all the Shares held by him/her. In the Proxy Form, a Shareholder should specifically indicate his/her voting instructions as to how the Chairman is to vote for or vote against (or abstain from voting on) the resolutions to be tabled at the Meeting. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. All valid votes cast via proxy on each resolution will be counted.

#### (c) Investors who hold through Relevant Intermediaries (including CPF/SRS Investors)

Investors holding Shares through relevant intermediaries (as defined under Section 181 of the Companies Act (Chapter 50 of Singapore)) (including CPF/SRS investors), should not use the Proxy Form and should contact their relevant intermediaries as soon as possible to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks / SRS Operators at least seven (7) working days before the AGM (i.e. by 11.00 a.m., 1 March 2021) in order to allow sufficient time for their respective intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by the cut-off date. Other investors holding shares through other relevant intermediaries who wish to vote should approach his/her relevant intermediary as soon as possible to specify voting instructions.

#### (d) Submission of Proxy Form

All documents relating to the business of AGM, including the proxy form, have been published on SGXNet at URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <https://www.envictus-intl.com>. **Printed copies of these documents, including the proxy form, will not be despatched to Shareholders.**

## NOTICE OF ANNUAL GENERAL MEETING

The instrument appointing a proxy must be deposited (i) by post to the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services (Pte). Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 or (ii) by email to [proxyform@envictus-intl.com](mailto:proxyform@envictus-intl.com) by enclosing a clear scanned completed and signed Proxy Form and must be received by the Company not less than 72 hours before the time appointed for holding the AGM.

(e) **Access to documents or information relating to the AGM**

In accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, all documents and information relating to the business of the AGM (including the Annual Report and the Proxy Form) have been published on Company's website at <https://www.envictus-intl.com> and on the SGXNet at <https://www.sgx.com/securities/company-announcements>.

(f) **Further updates**

In view of the evolving COVID-19 situation, the Company reserves the right to take such further precautionary measures as may be appropriate up to the date of the AGM, including any precautionary measures required or recommended by government agencies, in order to curb the spread of COVID-19. Shareholders should continually check for announcements by the Company for updates on the AGM. The Company would like to thank all shareholders for their patience and co-operation in enabling the Company to continue holding its AGM amidst the COVID-19 situation.

(g) **Personal data privacy**

By (i) submitting an instrument appointing the Chairman of the AGM as a proxy to vote at the AGM and/or any adjournment thereof, (ii) completing the registration form for the AGM Live Webcast in accordance with this Notice, or (iii) submitting any question(s) prior to the AGM in accordance with this Notice, a member of the Company:

- (A) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the following purposes:
- (aa) the processing and administration by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the AGM as a proxy for the AGM (including any adjournment thereof);
  - (bb) the verification, preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) recordings and transmitting images and/or voice recordings when broadcasting the AGM proceedings through webcast and providing any technical assistance where necessary;
  - (cc) addressing relevant and substantial questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; and
  - (dd) enabling the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines,
- (collectively, the **Purposes**);
- (B) 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
- (C) 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.

### Website

Please refer to <https://www.envictus-intl.com> for more information about the Company, including the Annual Report 2020, Notice of AGM and Proxy Form.

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**ENVICTUS  
INTERNATIONAL  
HOLDINGS LIMITED**

Company Registration  
No. 200313131Z  
(Incorporated in the  
Republic of Singapore)

**PROXY  
FORM  
ANNUAL  
GENERAL  
MEETING**

**IMPORTANT**

1. The Annual General Meeting ("AGM") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 2) Order 2020 (the "Order").
2. Pursuant to the Order, the Company will implement alternative arrangements relating to attendance at the AGM by electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-only means), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Company's announcement dated 9 February 2021. The announcement may be accessed at the Company's website at <https://www.envictus-intl.com> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
4. For investors who have used their CPF monies to buy shares in the Company, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
5. CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM by 11.00 a.m. on 1 March 2021.
6. By submitting an instrument appointing the Chairman of the Meeting as proxy, completing the registration form for the AGM live webcast, or submitting any questions to the Company prior to the AGM, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 9 February 2021 which may be accessed at the Company's website at <https://www.envictus-intl.com> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.
7. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the Meeting as a member's proxy to vote on his/her/its behalf at the Annual General Meeting.

I/We, \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport/Co Reg No.)  
of \_\_\_\_\_ (Address)

being a member/members of **ENVICTUS INTERNATIONAL HOLDINGS LIMITED** (the "Company"), hereby appoint the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held wholly by way of electronic means on Thursday, 11 March 2021 at 11.00 a.m. and at any adjournment thereof.

I/We direct the Chairman of the Meeting to vote for, against or abstain the Resolutions proposed at the AGM as indicated hereunder.

No.	Resolutions relating to :	For	Against	Abstain
1	Adoption of Directors' Statement, Audited Financial Statements and Auditor's Report for the financial year ended 30 September 2020.			
2	Re-election of Datuk Sam Goi Seng Hui as a Director.			
3	Re-election of Mr Teo Chee Seng as a Director.			
4	Approval for continued appointment of Mr Teo Chee Seng as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022).			
5	Approval for continued appointment of Mr Teo Chee Seng as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022).			
6	Approval for continued appointment of Mr John Lyn Hian Woon as an independent director, for purposes of Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022).			
7	Approval for continued appointment of Mr John Lyn Hian Woon as an independent director, for purposes of Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST (which will take effect from 1 January 2022).			
8	Approval of payment of Directors' fees of S\$343,500 in respect of the financial year ended 30 September 2020.			
9	Re-appointment of Messrs BDO LLP as auditors and to authorise the Directors to fix their remuneration.			
10	Authority to allot and issue new shares.			

Please indicate [x] within the relevant box to vote for, against or abstain from voting, in respect of all your shares for each resolution. Alternatively, you may wish to indicate the number of shares that you wish to vote for or against, and/or abstain from voting, for each resolution in the relevant box. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

\_\_\_\_\_  
Signature(s) of Member(s) or,  
Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

Total Number of Shares held	
CDP Register	
Register of Members	



**IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM**

**Notes:**

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Please note that a member may not vote at the AGM otherwise than by way of appointing the Chairman of the Meeting as the member's proxy.

Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

3. A member who is a relevant intermediary entitled to vote at the AGM must appoint the Chairman of the AGM to vote at the AGM instead of the member.

*"Relevant intermediary" means:*

- (i) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
- (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Future Act, Chapter 289 of Singapore and who holds shares in that capacity; or
- (iii) the Central Provident Fund Board established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Central Provident Fund Act, Chapter 36 of Singapore, providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM by 11.00 a.m. on 1 March 2021.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
  - (i) if submitted electronically, be submitted via email to [proxyform@envictus-intl.com](mailto:proxyform@envictus-intl.com); or
  - (ii) if submitted by post, be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services (Pte). Ltd. at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623.

in either case, by no later than **8 March 2021, 11.00 a.m.**, being at least 72 hours before the time for holding the AGM.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before scanning and sending it by email to the email address provided above, or submitting it by post to the address provided above.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.**

6. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its authorised officer(s) or its attorney duly authorised.
7. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.
8. The Company shall be entitled to reject an instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing Chairman of the Meeting as proxy (including any related attachment). In addition, in the case of members whose shares entered against their names in the Depository Register, the Company may reject an instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares against their names in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. Members should take note that once this proxy form is submitted electronically via email to [proxyform@envictus-intl.com](mailto:proxyform@envictus-intl.com) or lodged with the Company's Share Registrar, they cannot change their vote as indicated in the box provided above.



[www.envictus-intl.com](http://www.envictus-intl.com)

**ENVICTUS INTERNATIONAL HOLDINGS LIMITED**  
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