PROFILE OF DIRECTORS

Y. BHG. TAN SRI DATUK SERI PANGLIMA RICHARD MALANJUM

69 | Male | Malaysian | Independent Non-Executive Chairman

Date of appointment	:	9 December 2019
Qualification	:	He graduated with LLB(Hons)(London) from the University of London in 1975 and proceeded to obtain the Barrister At Law, a professional qualification in law from the Inns of Court School of Law. He was then called to the English Bar in 1976. He is a member and a Master of the Bench with Gray's Inn London. In 1977 he was admitted as an Advocate and Solicitor of the High Court of Sabah and Sarawak in Sabah and Barrister with the Australia Capitol Territory (ACT) Bar in 1991. He is also a trained mediator. Recently he was admitted as an Advocate and Solicitor of the High Court of Sabah and Sarawak in Sarawak.
Working experience & Occupation	:	He began his legal career in 1975 upon graduation as an administrative officer cum legal officer with the Sabah State Attorney Chambers until 1981. He then left for private practice. He had a successful legal practice until he was appointed in 1992 as a Judicial Commissioner of the High Court of Sabah and Sarawak. He was elevated as a High Court Judge of the High Court of Sabah and Sarawak in 1993. In 2002, he was elevated to the Court of Appeal and thereafter as the Justice of the Federal Court in 2005. He was then appointed as the Chief Judge of the High Court of Sabah and Sarawak in 2006 until his appointment as the Chief Justice of Malaysia in 2018.
Board Committee belongs	:	Nil
Other directorship in public companies and listed corporations	:	Berjaya Land Berhad
Family relationship with director/major shareholder	:	Nil
Conflict of interest	:	Nil
List of convictions for offences within the past 5 years if any	:	Nil
Number of Board meetings attended	:	6/6

PROFILE OF DIRECTORS
(cont'd)

Y. BHG. DATUK LAU KOH SING @ LAU KOK SING

75 | Male | Malaysian | Non-Independent Managing Director

Date of appointment	:	17 October 2014
Qualification	:	He completed his high school education in 1965.
Working experience & Occupation	:	He worked in an enterprise, a family owned departmental store situated in Kota Kinabalu. Subsequently in 1967, he was responsible for the day-to-day management of the business and later he took over the operation in 1973. In 1975, he was involved in setting up KTC Sdn Bhd which provide market access and coverage of third party brands of personal care products namely skin care products in Sabah. In 1983, he co-founded KTC Tawau with his brother-in-law, Lim Hui Kiong. In 2000, he set up the distribution centre in Sandakan and in 2003, he established AMDA Marketing (Sabah) Sdn. Bhd. (now known as KTC Borneo), in which established KTC's strong footing in Sarawak. Currently, he is the National Vice President of the Malaysia-China Chamber of Commerce and Honorary Life Adviser to the Malaysia-China Chamber of Commerce, Sabah Branch. He is also the Honorary Life President of the United Sabah Chinese Communities Association and the Honorary Life Chairman of Kota Kinabalu Hokkien Association and Sabah Ann Koai Association, an Honorary Advisor for the Kota Kinabalu Journalists Association.
Board Committee belongs	:	Member of Remuneration Committee
Other directorship in public companies and listed corporations	:	Nil
Family relationship with director/major shareholder	:	Spouse of Y. Bhg. Datin Lim Fook Len @ Lim Su Chin Brother in law of Lim Hui Kiong Father of Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau Father of Lindfay Laura Lau
Conflict of interest	:	Nil
List of convictions for offences within the past 5 years if any	:	Nil
Number of Board meetings attended	:	6/6

PROFILE OF DIRECTORS
(cont'd)

Y. BHG. DATIN LIM FOOK LEN @ LIM SU CHIN

67 | Female | Malaysian | Non-Independent Non-Executive Director

Date of appointment	:	2 December 2014
Qualification	:	She obtained a Diploma in Executive Secretary & Management at West London College in 1976.
Working experience & Occupation	:	She joined Kumpolan Sabah Sdn. Bhd. as a Marketing Manager in 1977. Thereafter, she joined KTC Sdn. Bhd. in 1978 as a Senior Manager responsible for the administrative and supply chain operations. Since then, she has been with our Group. In 1983, she assisted in the setting-up of KTC Tawau and was subsequently promoted to the position of Director in KTC Tawau in 1989. Between 1989 and 1997, she assisted in the operations of KTC Sdn Bhd and KTC Tawau in the area of supply chain management. From 1997 until 2012, she has been assisting in the supervision and management of the operations of our Group on an informal and ad-hoc basis.
Board Committee belongs	:	Nil
Other directorship in public companies and listed corporations	:	Nil
Family relationship with director/major shareholder	:	Spouse of Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing Sister of Lim Hui Kiong Mother of Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau Mother of Lindfay Laura Lau
Conflict of interest	:	Nil
List of convictions for offences within the past 5 years if any	:	Nil
Number of Board meetings attended	:	6/6

PROFILE OF DIRECTORS
(cont'd)

Y. BHG. DATUK LAU WEI DICK @ DEXTER DICK LAU

42 | Male | Malaysian | Non-Independent Executive Director

Date of appointment	:	17 October 2014
Qualification	:	He obtained his Bachelor of Law from the University of Kent, Canterbury, United Kingdom in 2001. He completed the Bar Vocational Course at the Inns of Court School of Law, and was subsequently, called to the Bar of England and Wales as at member of Lincoln's Inn of the United Kingdom in 2002.
Working experience & Occupation	:	He started his career as the General Manager of AMDA Marketing (Sabah) Sdn. Bhd. (subsequently known as KTC Borneo) in 2003 and was appointed as a director of KTC Borneo and KTC Tawau in the same year. He was promoted to Vice President of the Group in 2009. In 2012, he established Creamos, putting our Group on the map of the bakery industry in East Malaysia. During his tenure with the Group, he has been responsible for managing the day-to-day business operations and planning strategies for the future direction of our Group. He was selected to become a member of the Young Presidents' Organisation since 2010. Currently, he is also a director and shareholder of several private limited companies.
Board Committee belongs	:	Nil
Other directorship in public companies and listed corporations	:	Nil
Family relationship with director/major shareholder	:	Son of Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing and Y. Bhg. Datin Lim Fook Len @ Lim Su Chin Nephew of Lim Hui Kiong Brother of Lindfay Laura Lau
Conflict of interest	:	Nil
List of convictions for offences within the past 5 years if any	:	Nil
Number of Board meetings attended	:	6/6

PROFILE OF DIRECTORS
(cont'd)

LIM HUI KIONG
64 | Male | Malaysian | Non-Independent Executive Director

Date of appointment	:	2 December 2014
Qualification	:	He completed his high school education in 1979.
Working experience & Occupation	:	He started his career as a Sales Representative at Kilat Jaya, a company involved in wholesale distribution. He then furthered his O-levels at Tresham College of Further and Higher Education, United Kingdom in 1979. Thereafter in 1981, he joined Diethelm (M) Sdn. Bhd. (subsequently known as DKSH Malaysia Sdn. Bhd.) as a Sales Representative in 1982. In 1983, he left Diethelm (M) Sdn. Bhd. and co-founded KTC Tawau with Datuk Lau. He played a key role in growing the company by focusing on providing market access and coverage of CPG products in the east coast of Sabah. He was instrumental in building up the network of suppliers and customers particularly in east coast of Sabah. In 2013, he was appointed as a director in KTC Sarawak. He has since accumulated over 30 years of experience in the wholesale distribution industry. Currently, he is also a director and shareholder of several private limited companies.
Board Committee belongs	:	Nil
Other directorship in public companies and listed corporations	:	Nil
Family relationship with director/major shareholder	:	Brother in Law of Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing Brother of Y. Bhg. Datin Lim Fook Len @ Lim Su Chin Uncle of Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau Uncle of Lindfay Laura Lau
Conflict of interest	:	Nil
List of convictions for offences within the past 5 years if any	:	Nil
Number of Board meetings attended	:	6/6

PROFILE OF DIRECTORS
(cont'd)

PHANG SZE FUI

49 | Female | Malaysian | Independent Non-Executive Director

Date of appointment	:	28 September 2018
Qualification	:	She obtained her Diploma in Commerce from Tunku Abdul Rahman College in 1997. In 1998, she obtained her professional accounting qualification from the Association of Chartered Certified Accountants, United Kingdom. She has a member of the Malaysian Institute of Accountants, a fellow member of the Association of Chartered Certified Accountants and also an audit committee member of the Institute of Internal Auditors Malaysia.
Working experience & Occupation	:	She began her professional career at Messrs. Baker Tilly Monteiro Heng in 1997. She was subsequently promoted to Senior Audit Manager, Associate Director and Executive Director of Transaction Reporting Division in 2005, 2007 and 2011 respectively. She left the firm in 2015. In 2016, she joined Dolphin Application Sdn. Bhd. (a subsidiary of Dolphin International Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad) as Corporate Affairs Director. She left Dolphin Application Sdn Bhd in 2017 to pursue her own business venture, Avia Alliance Sdn. Bhd., a business and finance consultancy firm. During her more than 18 years of experience in audits of small and medium size companies and public listed companies as well as Reporting Accountants for various corporate exercises, she had acquired in-depth knowledge in auditing, accounting, taxation, Companies Act, Listing Requirements of Bursa Malaysia Securities Berhad and the Securities Commission guidelines. She is currently involves in corporate exercises and handling special local and overseas projects as well as providing financial related services.
Board Committee belongs	:	Chairperson of Audit and Risk Management Committee Member of Remuneration Committee Member of Nomination Committee
Other directorship in public companies and listed corporations	:	SDS Group Berhad Flexidynamic Holdings Berhad
Family relationship with director/major shareholder	:	Nil
Conflict of interest	:	Nil
List of convictions for offences within the past 5 years if any	:	Nil
Number of Board meetings attended	:	6/6

PROFILE OF DIRECTORS
(cont'd)

WONG WEN MIIN
63 | Female | Malaysian | Independent Non-Executive Director

Date of appointment	:	26 October 2018
Qualification	:	She earned her Masters in Economics from University of Malaya in 2006 and in 2011, graduated from the National Institute of Public Administrative (INTAN) Malaysia under the Advanced Leadership Management Programme.
Working experience & Occupation	:	She began her career in 1983 with the Ministry of Works where she was responsible for the budgeting, coordination, and management of public roads, government buildings and water projects in Sarawak, Sabah and Labuan. In 1988, she left the Ministry of Works and joined the Ministry of Finance Malaysia. During her tenure there, she was involved in the preparation of loan agreements, facilitation of multilateral loan agreements between the Malaysian government and international organisations, consolidation of financial laws into the Financial Services Act and Islamic Financial Services Act with Bank Negara Malaysia as well as the establishment of standard operating procedures for terms and conditions in the granting of house loans to civil servants. In 2017, she left the Ministry of Finance as the Deputy Under Secretary (Investment Evaluation Sector) of the Strategic Investment Division. She then joined the Prime Minister's Department soon after as the Deputy Director General (Special Project) of the Public Private Partnership Unit. Here, she contributed in the fast-tracking the conclusion of a high priority Public-Private Partnership contract negotiations together with relevant government ministries/agencies/ company. She then retired in 2018 as a senior superscale government officer.
Board Committee belongs	:	Chairperson of Remuneration Committee Member of Audit and Risk Management Committee Member of Nomination Committee
Other directorship in public companies and listed corporations	:	Ecobuilt Holdings Berhad (formerly known as M-Mode Berhad) OSK Holdings Berhad
Family relationship with director/major shareholder	:	Nil
Conflict of interest	:	Nil
List of convictions for offences within the past 5 years if any	:	Nil
Number of Board meetings attended	:	6/6

PROFILE OF DIRECTORS
(cont'd)

Y. BHG. DATO' MOHD IBRAHIM BIN MOHD NOR

62 | Male | Malaysian | Independent Non-Executive Director

Date of appointment	:	3 December 2018
Qualification	:	He earned his Masters in Business Administration from Drake University, Iowa, USA and Degree in Mathematics from Knox College, Illinois, USA.
Working experience & Occupation	:	Since 2004, he is the Chairman of Blu Inc Holdings Sdn. Bhd., the largest magazine publications group in Malaysia which publishes in English, Malay and Chinese. He is the Chairman of Second Wind Sdn Bhd, a software solutions provider since 2008. He is also Director of Ikram Education Sdn. Bhd. and Sphere Exhibits Malaysia Sdn. Bhd. since 2012 and 2013 respectively. On 1 July 2014, he became a Director of Kumpulan Ikram Sabah Sdn. Bhd. and was appointed as Deputy Chairman of Rajawali Aerospace Sdn. Bhd. in August 2017. In September 2018, he was also appointed as the Chairman and Director of Protasco Development Sdn. Bhd.
Board Committee belongs	:	Chairman of Nomination Committee Member of Audit and Risk Management Committee
Other directorship in public companies and listed corporations	:	Titijaya Land Berhad Carzo Holdings Berhad
Family relationship with director/major shareholder	:	Nil
Conflict of interest	:	Nil
List of convictions for offences within the past 5 years if any	:	Nil
Number of Board meetings attended	:	6/6

PROFILE OF DIRECTORS
(cont'd)

LINDFAY LAURA LAU
(ALTERNATE DIRECTOR TO Y. BHG. DATIN LIM FOOK LEN @ LIM SU CHIN)

39 | Female | Malaysian | Non-Independent Non-Executive Director

Date of appointment	:	7 August 2018
Qualification	:	She obtained Master in Ophthalmology from University of Malaya in 2017. In 2006, she obtained bachelor's in medicine, Surgery and Arts of Obstetrics. She was awarded Honors in Bachelor in Medical Science from University College Dublin (Ireland) in 2004.
Working experience & Occupation	:	She began her career as medical and surgical internship in Waterford Regional Hospital, Ireland in 2006. Thereafter, she returned to Kota Kinabalu, Sabah, Malaysia and joined Sabah Women and Children Hospital and specialises in Obstetric and Gynaecology in 2009. In 2014, she joined Klinik Kesihatan Penampang for General Practice. In the same year, she joined University Malaya Medical Centre, Kuala Lumpur, Malaysia and specialise in Ophthalmology. Subsequently, she continues to specialise in Ophthalmology and she joined Shah Alam Hospital, Kuala Lumpur, Malaysia in 2016. In the same year, she left and returned to Kota Kinabalu, Sabah, Malaysia and joined Queen Elizabeth Hospital.
Board Committee belongs	:	Nil
Other directorship in public companies and listed corporations	:	Nil
Family relationship with director/major shareholder	:	Daughter of Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing Daughter of Y. Bhd. Datin Lim Fook Len @ Lim Su Chin Sister of Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau Niece of Lim Hui Kiong
Conflict of interest	:	Nil
List of convictions for offences within the past 5 years if any	:	Nil
Number of Board meetings attended	:	N/A

PROFILE OF KEY MANAGEMENT PERSONNEL

CHAI CHEE CHONG

Age	:	53
Gender	:	Male
Nationality	:	Malaysian
Date of appointment	:	9 November 2020
Designation	:	Chief Operating Officer
Qualification	:	He obtained Bachelor of Economics, University Kebangsaan Malaysia in 1992.
Working experience and occupation	:	He began his career with Procter & Gamble (Malaysia) Sdn. Bhd. in 1992 and joined a local distribution company in second half of his career. In his 28 years of experience in Fast Moving Consumer Goods industry, he had led sales management of International & National Retail Chains, Wholesalers, Supermarkets, Pharmacies and General Trade Retailers. He had vast experiences in FMCG distributor network expansion both vertically and horizontally. He also specialised in distributor trade channels development and sales force training. He is well known for his good work in distributor multi-function management team development model. He is a trainer for strategy development and deployment system, organization and operating culture designs, management skills, leadership development program, business system intervention, selling skills, multi-functional processes and SOPs, IT system and data capability development and scorecarding for business success.
Other directorship in public companies and listed corporations	:	Nil
Family relationship with director/major shareholder	:	Nil
Conflict of interest	:	Nil
List of convictions for offences within the past 5 years if any	:	Nil

SUSTAINABILITY STATEMENT

1. INTRODUCTION

1.1 INTRODUCTION

Kim Teck Cheong Consolidated Berhad ("KTC") and its group of companies ("KTC Group" or "the Group") is committed towards creating long-term sustainable value for all stakeholders. In line with such aspirations, the Group has dedicated efforts in creating awareness on sustainability development amongst employees and embedded such philosophy into the Group's corporate culture. In the journey towards sustainable value creation, the Group continuously identify various initiatives in supporting the Group's sustainability aspirations whilst ensuring adequate considerations are placed on responding to the economic, environmental and social risks and opportunities arising.

This Sustainability Statement ("Sustainability Statement") sets out KTC's approach towards sustainable development and management of economic, environmental and social risks and opportunities, after considering the impact of its business endeavours on the economic, environmental and social facets the Group interacts with.

1.2 SCOPE

This statement covers the reporting period from 1 July 2020 to 30 June 2021. This statement covers information on material sustainable development activities as well as the management of risks and opportunities that impacts the economic, environment and social aspects of KTC businesses.

1.3 GOVERNANCE STRUCTURE

KTC Group have always conducted its business activities ethically and in compliance with prevailing laws and regulations. In doing so, the Group's actions reflect accountability and social responsibility whilst ensuring the Group's initiatives continue to drive sustainable development by creating value through the identification, evaluation, monitoring and managing risks and opportunities across the Economic, Environmental and Social ("EES") areas.

As there is no "one size fits all" approach, the Board of Directors ("the Board") of KTC adopts a sustainability governance approach that is fit for the Group's purpose considering amongst others, its culture, needs, sustainability-related risks and opportunities and level of maturity of its sustainability intellect and readiness.

For the purpose of supporting the Board in implementation of sustainability-related strategies, the Board continues to empower Management to be responsible for driving, monitoring the implementing sustainability-related strategies, measures and actions towards achieving KTC's sustainability goals. The Management also maintains overall responsibility for identifying, evaluating, monitoring and managing Economic, Environmental and Social ("EES") risks and opportunities and ensuring all material sustainability matters are being considered and managed by the KTC Group through its business operations including stakeholder engagement and materiality assessment.

The preparation of sustainability disclosures for approval by the Board that is required by laws and regulations and sustainability reporting also come under the responsibility of the Management. The Management is led by the Managing Director and members of the Management comprising the Executive Director and members of senior management.

SUSTAINABILITY STATEMENT
(cont'd)

2. MATERIALITY ASSESSMENT PROCESS

2.1 OBJECTIVES

Objectives of the materiality assessment process is to allow KTC to optimise the Group's identification of material sustainability matters with a view to enhance the Group's strategic planning, implementation and business decision-making and to enable stakeholders to make better informed decisions.

The Board considers it appropriate in this regard to limit the scope of materiality assessment and by extension the sustainability disclosure to the active companies within the Group. As the Group endeavours to enhance socioeconomic benefits and create a positive social impact on the immediate communities surrounding its operations in Sabah and Sarawak, the geographical boundary of the Group's materiality assessment is confined within East Malaysia only. The scope within which materiality applies as far as operations are concerned is limited to manufacturing, warehousing and distribution of third-party consumer packaged goods.

2.2 STAKEHOLDER ENGAGEMENT

With the objective of identifying and prioritising material sustainability matters, KTC engages with different stakeholder groups as such interactions are crucial in identifying, prioritising and addressing material sustainability matters. Engagements are carried out on regular basis with various stakeholders as they are integral to the business development and commitment of the Group to sustainability. The table below sets out the various types of stakeholder engagements as well as the areas of interest identified together with the appropriate responses to address such interests arising:

Stakeholder	Platforms of Engagement	Frequency	Areas of Interest	Forum of Response
Investors and Shareholders	• Corporate website • Annual General Meeting ("AGM") • Bursa announcement • Financial and other reports • Press conferences and media releases	Annually/ Quarterly/ As Appropriate	• Business performance • Business directions • Prospects and strategies • Return on Investment • Business continuity • Business risks • Trade velocity • Corporate governance	• Quarterly reporting and regular audit • Financial performance results • Bursa announcements • Press conferences and media releases • Annual reports
Customers	• Corporate website • Email, phone call • Formal and informal meetings	Ongoing	• Quality of product • Late delivery • Returns and rejects • Product prices and value of products	• Quality management system • Competitive pricing • Customer engagement • Product rework
Suppliers	• Performance review meetings • Audits and site visits • Policies	Occasionally/ Periodically	• Procurement pricing, payment terms and lead time • Business conduct, integrity and ethics	• Constant and regular engagement and coordination • Process improvement • Quality assessment

SUSTAINABILITY STATEMENT
(cont'd)

2. MATERIALITY ASSESSMENT PROCESS *(cont'd)*

2.2 STAKEHOLDER ENGAGEMENT *(cont'd)*

Stakeholder	Platforms of Engagement	Frequency	Areas of Interest	Forum of Response
Community	• Corporate website and social media • Community engagement events and activities • Charitable activities and programme • Environmental events and activities	Occasionally	• Financial support and aid • Social responsibility • Environmental awareness and education • Lifestyle support • Business opportunity • Employment support • Livelihood support	• Financial assistance and donation • Corporate Social Responsibility ("CSR") events and programmes with community • Job opportunity • Festive events
Government and Regulators	• Corporate website, social media • Meetings, briefings • Formal events • Plant visits • Periodical monitoring & reporting	Ad-hoc	• Regulations, governance and compliance with laws, requirements and standards • Accuracy, transparency and disclosure	• Engagement with regulatory bodies and government agencies • Compliance management (e.g. legal checklist) • Participation in training provided by relevant agencies
Employee	• Training • Formal and informal meetings, briefing and assembly • Written policies and procedures • Events and activities	Ongoing	• Career development • Compensation, welfare and benefits • Employment equality • Working environment • Safety • Job performance evaluation / assessment • Ethics, disciplinary and misconducts	• Induction and orientation • Internal and external training • Employee activities and staff welfare events • Performance management system • Whistleblowing channel
Board	• AGM • Board Meeting • Financial and other reports	Annually/ Quarterly	• Business performance • Business directions • Prospects and strategies • Return on Investment • Business continuity • Business risks • Corporate governance	• Quarterly reporting and regular audit • Financial performance results • Annual reports • AGM

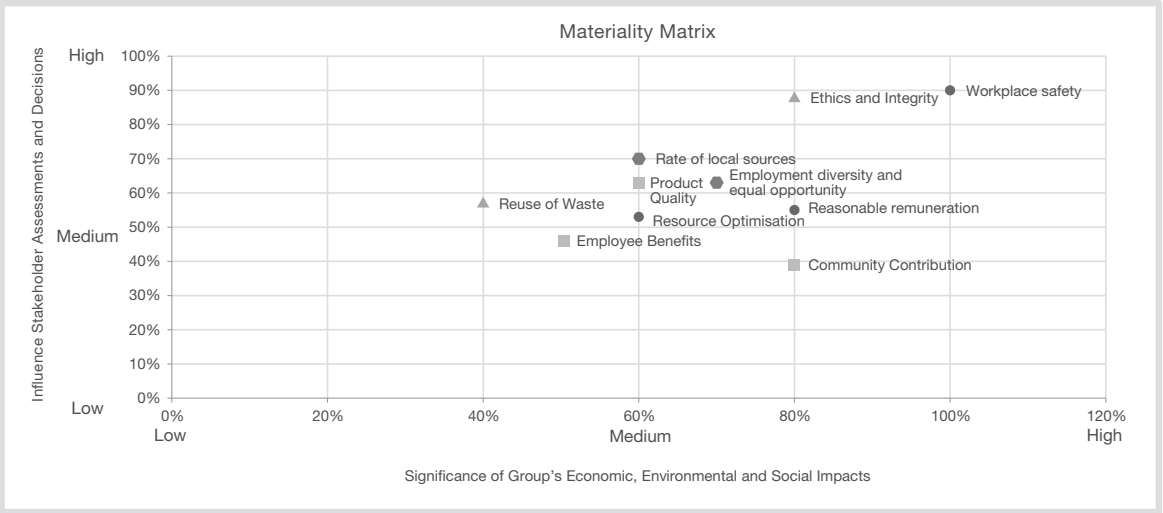
Based on the interest indicated as well as feedback received from KTC's stakeholder groups during the above-mentioned engagement process, the Group identifies and prioritises issues and matters which are most relevant to each of the stakeholder groups. Each stakeholder group is assessed by the Management based on their influence on the achievement of KTC Group's strategic objectives and their impact on the Group's businesses and operations. With reference to the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia") and in the context of KTC Group, the prioritised sustainability matters that have been identified are provided overleaf.

SUSTAINABILITY STATEMENT
(cont'd)

2. MATERIALITY ASSESSMENT PROCESS *(cont'd)*

2.3 PRIORITISATION OF SUSTAINABILITY MATTERS (MATERIALITY ASSESSMENT)

KTC Group's businesses come under the Consumer-Packaged Goods ("CPG") Industry. Sustainability matters are considered material if they materially impact KTC's EES sustainability areas or significantly influence the assessments and decisions of stakeholders. Pursuant to the stakeholders' engagement as mentioned above, a materiality assessment has been undertaken to identify and prioritise sustainability matters affecting KTC sustainability aspirations. The material sustainability matters affecting KTC are illustrated in the diagram below:



Accordingly, the areas of focus of KTC Group's sustainability initiatives should revolves around the matters identified above.

The activities undertaken in respect of such initiatives/matters are set out in the section overleaf:

SUSTAINABILITY STATEMENT
(cont'd)

3. SUSTAINABILITY ACTIVITIES

3.1 ECONOMIC

3.1.1 Product Quality

KTC's mission is to become an integrated and refocused business, successful and sustainable with stronger client relationships. The need to ensure that our products and services remained aligned and ahead of customers' expectations is paramount, and most importantly our focus is on product quality.

KTC is committed in its efforts to provide quality assurance as below:

MeSTI Certification	Halal Certification
Food Safety is a key responsibility of the food industry and MeSTI is the minimum Food Safety Assurance Programme that ensures adequate quality control over the processing operations of food manufacturing premises. This is a system of organised practices that is documented and provides the assurance that consumption of any specific type of food will not be harmful to the consumer. MeSTI certificate granted to Creamos (Malaysia) Sdn Bhd ("CMSB") and Gardenia Bakeries (East Malaysia) Sdn Bhd ("GBSB") by the Ministry of Health Malaysia ("MoH") is valid from 16 August 2021 to 15 August 2023 and 19 August 2019 to 18 August 2022 respectively. Through MeSTI certification, CMSB and GBSB is ushered into the development and implementation of the Food Safety Assurance Programme. CMSB and GBSB has undertaken the responsibility to provide assurance to customers in terms of CMSB's and GBSB's food safety and hygiene practices as well as the handling and preparing of food items.	KTC commenced manufacturing of bakery products in 2014 and holds a Halal certification under Creamos (Malaysia) Sdn Bhd ("CMSB"). CMSB sold its products in Kota Kinabalu and Sandakan, and its products are available at various outlets, including hypermarkets, supermarkets, sundry shops, convenience stores, petrol kiosks, Chinese medical halls and school canteen. In addition, the Halal certificate granted to GBSB and CMSB by Department of Islamic Development Malaysia is valid 16 September 2020 to 15 September 2022 and 16 October 2020 to 15 October 2022 respectively. Through halal certification, CMSB and GBSB have undertaken the responsibility to ensure and preserve the halal integrity of products by ensuring a controlled quality management system through the supply chain. In addition, CMSB and GBSB also ensures the Company consistently complies with the standards and requirements set by the authority.

As at 30 June 2021, there is no non-compliance identified or highlighted by the relevant authorities during Financial Year Ended 2021.

3.1.2 Rate of Local Sources

As a corporate citizen of the East Malaysia or the Borneo Island, KTC aims to stand tall and strong with the local community it operates in. KTC prides itself in the support of local businesses and society.

Procurement

As at 30 June 2021, KTC has a total of 97 local vendors registered with the Group and its subsidiaries and KTC continues to ensure 95% of its vendors are locally sourced.

Vendors (Number)	FYE2019	FYE2020	FYE2021
Local	77	80	97
Non-local	3	4	1
Percentage (Local / Non-local)	96% / 4%	95% / 5%	99%/1%

Source: Vendor Listing (Trade only) as at Financial Year Ended 30 June 2019, 30 June 2020 and 30 June 2021.

SUSTAINABILITY STATEMENT
(cont'd)

3. SUSTAINABILITY ACTIVITIES *(cont'd))*

3.1 ECONOMIC *(cont'd)*

3.1.2 Rate of Local Sources *(cont'd)*

In term of purchase value, KTC has continuously maintain 97% of its purchasing amount incurred from local sources for the past three (3) financial years from Financial Year Ended 2019 to Financial Year Ended 2021.

Vendors (Amounts RM)	FYE2019	FYE2020	FYE2021
Local	451,283,945	446,153,724	434,102,014
Non-local	11,478,409	14,048,288	13,401,461
Percentage (Local / Non-local)	98% / 2%	97% / 3%	97%/3%

Source: Vendor Listing (Trade only) as at Financial Year Ended 30 June 2019, 30 June 2020 and 30 June 2021.

On overall, the number of local vendors has increased from 80 (Financial Year Ended 2020) to 97 (Financial Year Ended 2021) whilst a decrease in purchase value is experienced from RM446,153,724 to RM434,102,014 (approximately 2.7% decline).

Employment

As at 30 June 2021, there are total 619 Malaysian personnel and 17 Non-Malaysian personnel employed under KTC Group. The 17 Non-Malaysian personnel are employed under Gardenia Bakeries (East Malaysia) Sdn Bhd ("GBSB").

KTC Group continues to engage local employees with approximately 97% of its employees are Malaysian personnel employed in Financial Year Ended 2021.

Employees	Malaysia	Non-Malaysian
Total Number of Employee	619	17
Percentage (%)	97%	3%

Source: Employee Listing as at 30 June 2021 (Group basis).

3.1.3 Ethics and Integrity

Anti-Bribery and Corruption

KTC is cognisant of the importance of continuously maintaining good governance and is dedicated to conduct its business in accordance with the highest standards of integrity, responsibility and accountability. Pursuant to these ethical standards, KTC has adopted a stand on zero tolerance towards all forms of corruption, especially in respect of bribery, malpractice and illegal acts.

Following the above-mentioned ethical standards, the Group is committed to uphold anti-corruption policy that promulgates principles and standards on anti-corruption as well as maintenance of business documentation and financial records for reasons of accountability and transparency. All members of the Board of Directors, staff and third parties are required to exercise the highest standard of integrity and accountability in discharging their duties and to ensure that the Group's business activities are conducted in compliance with applicable legal and regulatory requirements.

Furthermore, the Board and Management of KTC have engaged an anti-corruption framework which is in line with the Guidelines on Adequate Procedures as promoted by the Prime Minister's Department of Malaysia pursuant to subsection (5) of Section 17A of Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009"), as provided in section 4 of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Amendment Act 2018"). The provision of section 17A under MACC Act 2009 establishes the principle of criminal liability (corporate liability) for corrupt practices by employees and/ or any person(s) associated with the organisation in cases where such corrupt practices are carried out for the organisation's benefit or advantage.

SUSTAINABILITY STATEMENT
(cont'd)

3. SUSTAINABILITY ACTIVITIES *(cont'd)*

3.1 ECONOMIC *(cont'd)*

3.1.3 Ethics and Integrity *(cont'd)*

Anti-Bribery and Corruption *(cont'd)*

The underlying objectives of this framework are to assist KTC in preventing and deterring the occurrence of corrupt practices in business activities, especially in the deterrence of corruption, bribery, malpractices and illegal activities that may arise in its daily operations.

Whistleblowing

The Group has put in place a Whistleblowing Policy and Procedure to provide an avenue for stakeholders to report or disclose concerns about any improper conduct or act of corruption through established channels in a confidential manner that protects the whistle-blower from any risk of reprisal.

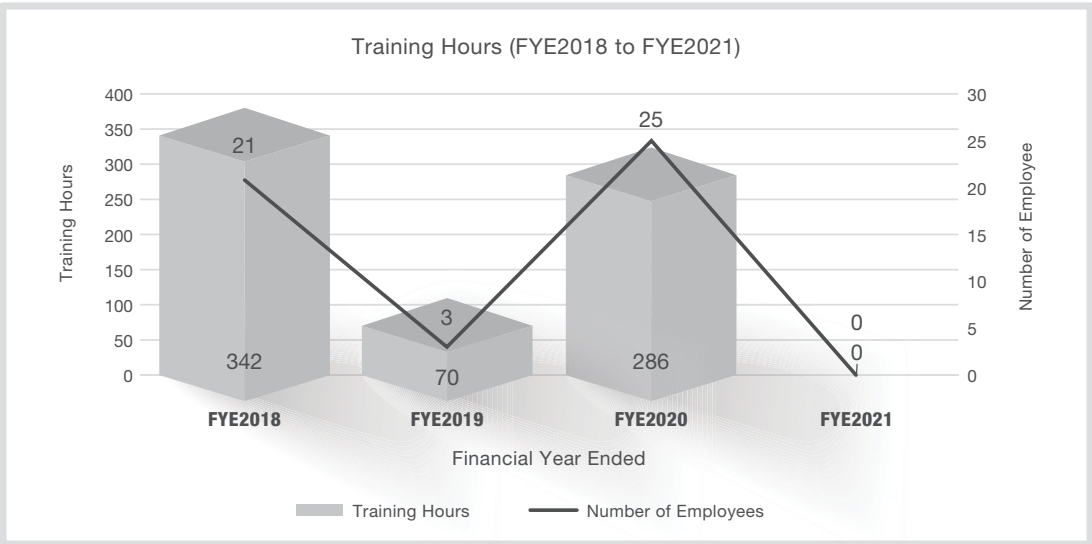
All whistle-blowers are assured of protection in respect of their identity in accordance with the Whistleblower Protection Act 2010 that is in force.

3.2 SOCIAL

3.2.1 Occupational Safety and Health ("OSH")

Occupational safety and health remain as a top priority to KTC. Various programmes and initiatives are instituted to ensure employees and public safety as a priority. Amongst the principal initiatives undertaken by Management is the constant training and the retention of relevant logistic personnel.

As part of the safety measures imposed by the government of Malaysia to prevent and curb the spread of COVID-19, training that involves group of people in training room was put on-hold during the pandemic period. Thus, there is no training provided to employees in Financial Year Ended 2021. However, KTC Group has provided an average of 175 hours of training per year on occupational safety and health topics to employees over the past four financial years.



Source: Training Listing related to OSH for the period from 30 June 2018 to 30 June 2021.

SUSTAINABILITY STATEMENT
(cont'd)

3. SUSTAINABILITY ACTIVITIES *(cont'd)*

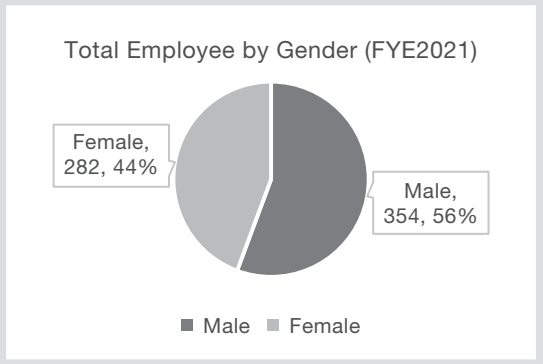
3.2 SOCIAL *(cont'd)*

3.2.1 Occupational Safety and Health ("OSH") *(cont'd)*

KTC is committed towards preventing any recurrence of accidents/incidents and aimed to keep the number of accidents or incidents to zero (0). There were no Lost Time Incident ("LTI") recorded in the Financial Year Ended 30 June 2021.

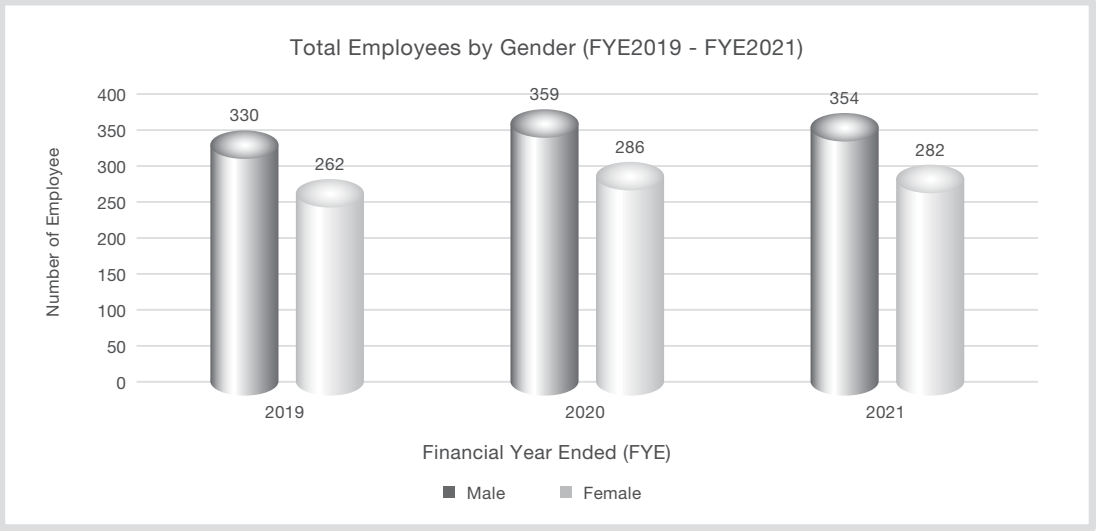
3.2.2 Employment Diversity and Equal Opportunity

Backbone of success in any organisation lies in the human capital of the organisation. Organisation striving for sustainable success will have to first manage their human capital. This is one of KTC's strongest conviction.



As at 30 June 2021, 56% (354 employees) of KTC's workforce comprising full-time employees are males whilst 44% (282 employees) are females.

The total number of employees has decrease from 645 employees to 636 employees in the Financial Year Ended 30 June 2021. However, the gender diversity ratio remains 56:44 for three Financial Years Ended 30 June 2019, 2020 and 2021.



Source: Employee Listing as at Financial Year Ended 30 June 2019, Financial Year Ended 30 June 2020 and Financial Year Ended 30 June 2021 (Group basis).

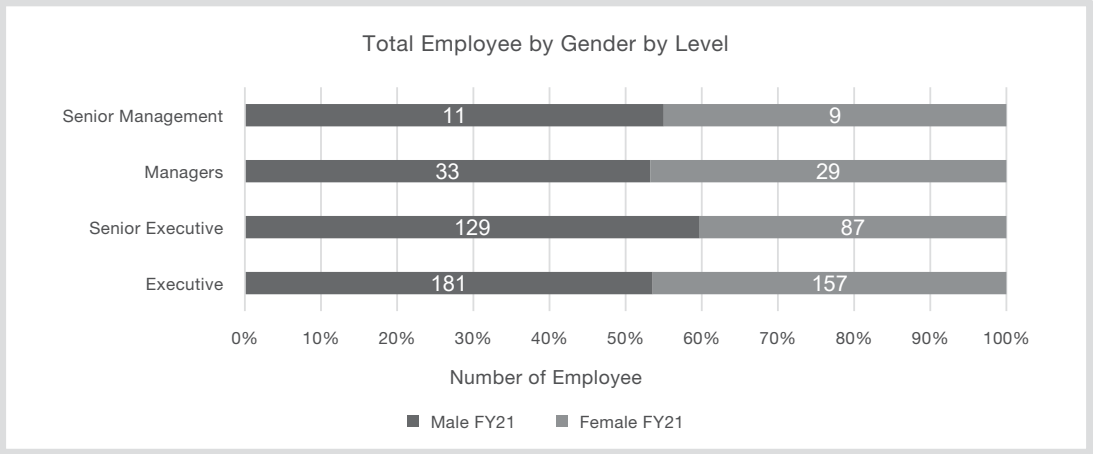
KTC aims to provide equal opportunity to both genders who are pursuing their careers at the Management level. Pursuant to the recommendations by MCCG2021 for large companies to maintain at least 30% of females on the Board, KTC takes aim to groom more capable females' employees to take up higher positions within the Management.

SUSTAINABILITY STATEMENT
(cont'd)

3. SUSTAINABILITY ACTIVITIES *(cont'd)*

3.2 SOCIAL *(cont'd)*

3.2.2 Employment Diversity and Equal Opportunity *(cont'd)*



Source: Employee Listing as at Financial Year Ended 30 June 2021 (Group basis).

As at 30 June 2021, KTC workforce diversity showed 55% (11 employees) of employees at the Senior Management level are males and whilst 45% (9 employees) of employees at Senior Management level are females. As for employee mix at the Executives, Senior Executive and Managerial levels, KTC recorded an employee diversity ratio of 55:45 in terms of male to female ratio.

In addition, when comparing the level of workforce for both male and female employees (from Financial Year Ended 2020 to Financial Year Ended 2021), there is an increase in workforce for Executive (11% in female and 5% in male) and Senior Management levels (13% in female and 10% in male), whilst a decrease in workforce for Senior Executive (19% in female and 9% in male) and Managerial levels (Nil in female and 6% in male).

	Female			Male		
Employee by Level	**FYE2020**	**FYE2021**	**%**	**FYE2020**	**FYE2021**	**%**
Executive	142	157	111%	172	181	105%
Senior Executive	107	87	81%	142	129	91%
Managers	29	29	100%	35	33	94%
Senior Management	8	9	113%	10	11	110%
TOTAL	**286**	**282**	**99%**	**359**	**354**	**99%**

Source: Employee Listing as at Financial Year Ended 30 June 2019 and Financial Year Ended 30 June 2020 (Group basis).

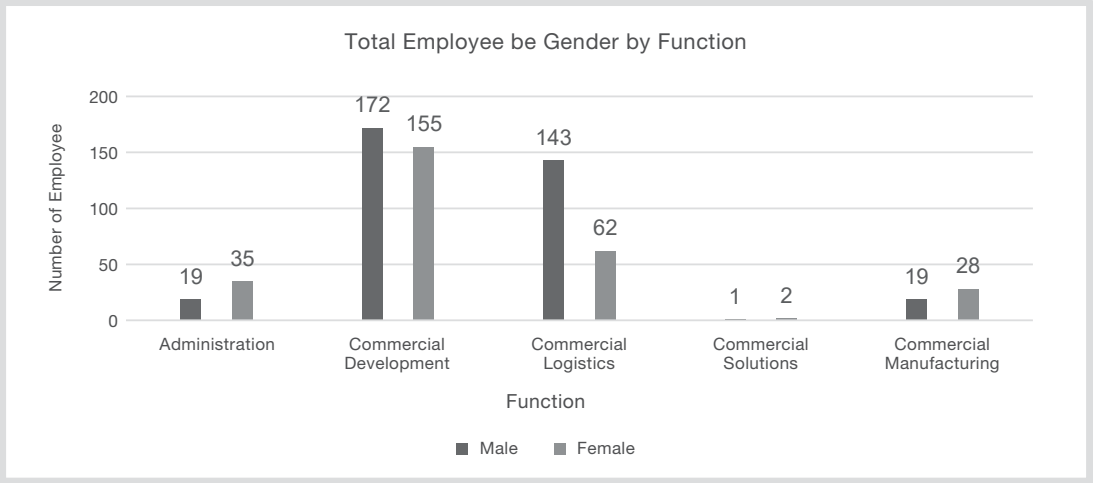
In terms of functional mix, KTC approaches gender diversity in a more pragmatic manner and provide equal opportunity for all. Although there are still room for improvement, the work opportunity in KTC is fair and equitable to all.

SUSTAINABILITY STATEMENT
(cont'd)

3. SUSTAINABILITY ACTIVITIES *(cont'd)*

3.2 SOCIAL *(cont'd)*

3.2.2 Employment Diversity and Equal Opportunity *(cont'd)*



Source: Employee Listing as at Financial Year Ended 30 June 2021 (Group basis).

As at 30 June 2021, the number of human resource composition in the Administration Department (65%), Commercial Solutions Department (67%) and Commercial Manufacturing Department (60%) recorded a higher percentage of female employees than male employees. However, female employees under the Commercial Manufacturing Department have decreased by 22% i.e. from 36 employees as at 30 June 2020 to 28 employees as at 30 June 2021, whereas, male employees under the Commercial Manufacturing Department have decreased by 30% i.e. from 27 employees as at 30 June 2020 to 19 employees as at 30 June 2021.

	Female			Male		
Employee by Level	**FYE2020**	**FYE2021**	**%**	**FYE2020**	**FYE2021**	**%**
Administration	35	35	100%	14	19	136%
Commercial Development	148	155	105%	195	172	88%
Commercial Logistics	65	62	95%	122	143	117%
Commercial Solutions	2	2	100%	1	1	100%
Commercial Manufacturing	36	28	78%	27	19	70%
TOTAL	**286**	**282**	**99%**	**359**	**354**	**99%**

Source: Employee Listing as at Financial Year Ended 30 June 2020 and 30 June 2021 (Group basis).

No discrimination based on gender, ethnicity, religion or sexuality was exercised or practised. All policies of KTC Group are gender neutral, unless otherwise prescribed by law. KTC Group will work towards a higher gender balance and at appropriate diversity.

SUSTAINABILITY STATEMENT
(cont'd)

3. SUSTAINABILITY ACTIVITIES *(cont'd)*

3.2 SOCIAL *(cont'd)*

3.2.3 Reasonable Remuneration

KTC remunerates its employees in accordance with the minimum wage labour law and a standard wage is applied on both genders at entry level. In addition, KTC awards its employees based on their merit and talent without any discrimination on gender.

KTC Group is committed to provide equal employment opportunities to all employees. Consequently, wage equality and same standard benefits are provided to employees regardless of gender throughout the Company.

3.2.4 Employee Benefits

In protecting employees at work, Group Personal Accident Insurance Policy is undertaken for all employees in order to provide adequate coverage for accidental death and disablement as well as to defray costs of hospitalisation and treatment for critical illnesses.

KTC strives to foster a culture of work-life balance. The Group recognises that the availability of paid parental leave benefits has positive impact family development. Our parental leave benefits for both male and female employees are provided in accordance with the prevailing labour regulations, comprising three (3) days of paid paternity leave and sixty (60) days paid maternity leave respectively.

3.2.5 Community Contribution

KTC believes in playing a key role in contributing towards the economic growth and well-being of the community. As a company with high corporate social responsibility, KTC remained focused on creating value in the lives of the community, especially during the Financial Year Ended 2021 where Covid-19 pandemic not only affects business operations but also the local society and community at large.

The Group has dedicated efforts in supporting local society and community during Financial Year Ended 2021 where most of the people are suffering from the effects of Covid-19 pandemic. In line with this, KTC Group has donated various items i.e.: bun / bread, milk powder, rice, frozen fish and drinking water to the local society and community.

Contributions made towards donation of items in Financial Year Ended 2021 are as below:

Items	Unit of Measurement	Total Quantity	Total Value (RM)
Bun/Bread (Creamos, Gardenia)	Packet	574,751	788,761
Dumex	Box	1,000	17,000
Rice	KG	30	840
Frozen Fish	Ton	500	5,000
Drinking Water	Carton	572	4,004
		576,853	**815,605**

Source: Donation of Items from 1 July 2020 to 30 June 2021.

SUSTAINABILITY STATEMENT
(cont'd)

3. SUSTAINABILITY ACTIVITIES *(cont'd)*

3.3 ENVIRONMENT

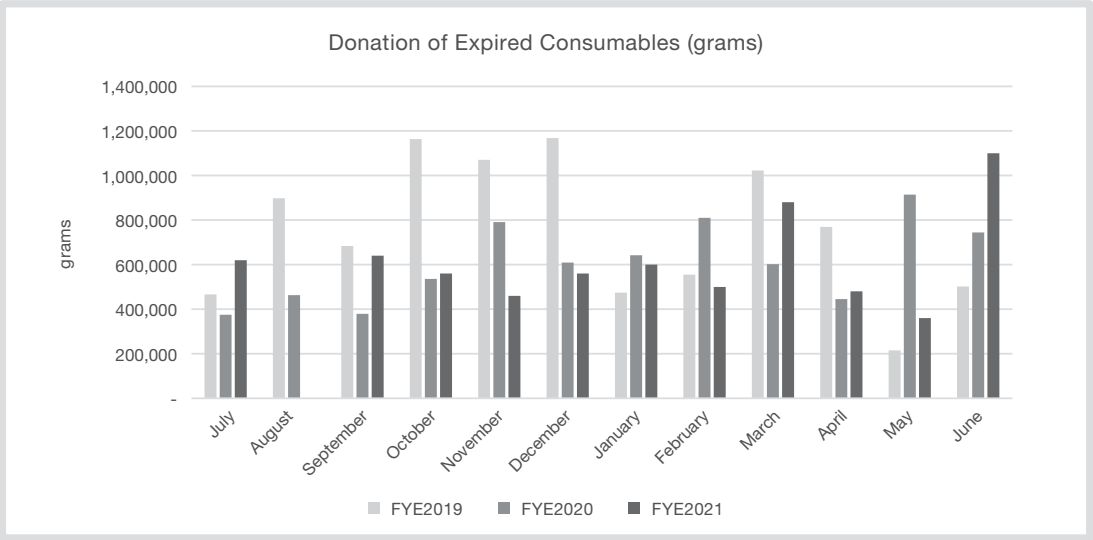
3.3.1 Reuse of Waste

Donation of Expired Consumables

As an organisation based in CPG sector, KTC Group deals with the distribution of massive amounts of expired consumables. KTC Group is working with the appointed agencies to get these products delivered out to animal farms as donations.

As at 30 June 2021, the total donation of expired consumables to animal farms is 6,760kgs. The total donation of expired consumables has reduced by 8% in comparison with the Financial Year Ended 30 June 2020, which recorded a total donation of 7,312kgs.

The reduction was mainly due to KTC Management's efforts in better monitoring over inventory levels, in order to minimise the volume of expired consumables. From the waste generation perspective, KTC Group has managed to lower the expired consumables volume in the current year when compared to the previous financial year.



Source: Donation of Expired Consumables Listing from 1 July 2018 to 30 June 2021.

SUSTAINABILITY STATEMENT
(cont'd)

3. SUSTAINABILITY ACTIVITIES *(cont'd)*

3.3 ENVIRONMENT *(cont'd)*

3.3.2 Resource Optimisation

Electricity and Water usage

KTC continuously strive to ensure energy and resources are managed in an effective and efficient manner. KTC continuously work on controlling the greenhouse emissions in our daily business operations.

TOTAL	FYE2018	FYE2019	FYE2020	FYE2021
Revenue (RM)	459,221,016	624,976,482	640,389,609	669,209,654
Electricity (kWh)	1,863,951	3,235,470	1,824,069	1,676,175
Water (m3)	10,116	9,237	11,144	14,200
Electricity (kWh) per Revenue (RM)	0.0041	0.0052	0.0028	0.0025
Water (m3) per Revenue (RM)	0.000022	0.000015	0.000017	0.000021

Our continuous effort in reducing electricity consumption has brought us positive results in the current financial year. The electricity consumption across the Group has reduced from 1,8242069 kWh to 1,676,175 kWh (approximately 8%) while electricity usage per revenue generated has decreased from 0.0028 to 0.0025 indicating more efficient use of electricity.

Water consumption across the Group, on the contrary, has increased from 11,144 m3 to 14,200 m3 (approximately 27%), mainly due to an increase in manufacturing activity of bakery products. Water usage per revenue generated for Financial Year Ended 2021 has further increased from 0.000017 in Financial Year Ended 2020 to 0.000021 in Financial Year Ended 2021. Moving forward, KTC will continue to undertake enhanced efforts in resource optimisation.

Replacement of Liquefied Petroleum Gas ("LPG") by Natural Gas

Liquefied Petroleum Gas ("LPG") is being regularly used in the production process of our bakery division. As part of the Group's efforts to minimise the negative impact on the environment and to raise awareness on the importance of energy conservation, KTC Group's Management has initiated the plan to replace the use of LPG with natural gas, which is of a higher quality energy source and is also more efficient and economical for use.

However, initiative on the replacement of LPG by Natural Gas has been put on hold in Financial Year Ended 2021 after undertaking a detailed cost-benefit analysis. As Covid-19 pandemic in Malaysia remains a threat to businesses and the continuous implementation of Movement Control Order by Malaysia Government during Financial Year Ended 2021, Management has taken a prudent decision to postpone the implementation of the above-mentioned initiative so as to minimise disruption to the operations.

Approximately 130,800kgs of LPG were purchased in the current financial year for production usage by Creamos (Malaysia) Sdn Bhd (85,950kgs of LPG in Financial Year Ended 2020).

SUSTAINABILITY STATEMENT
(cont'd)

4. KEY PERFORMANCE INDICATOR ("KPI")

As part of our sustainability efforts, below are the benchmarks implemented in order to enable the Group to follow a certain set of criteria towards measuring the achievement of KTC Group's sustainability goals:

Indicator	Content	Unit of Measurement	Related Goal
Economic			
Product Quality	Number of complaints received from customers	Number	Non-specific
Rate of Local Origins	Rate of local sources/origins - among vendors - among employees	%	Non-specific
Social			
Reasonable Remuneration System	Entry income level/Rate of workers who earn a minimum wage and breakdown by gender/Difference between female and male remuneration and bonuses	%	Non-specific
Employment Diversity and Equal Opportunity	Number of employees by gender	%	Non-specific
Incident and Accident at Workplace	Number of incidents and accidents at workplace	Number	Non-specific
Environment			
Waste Management	Waste prevention activities, Rate of waste recycle/reuse, Breakdown by type of waste	%	Non-specific
Resource Optimisation	Electricity usage, Water usage	Number	Non-specific

CONCLUSION

The above activities and initiatives continue to demonstrate KTC Group's commitment towards sustainability and for the betterment of the economy, environment and social aspects of the community we operate in. The journey towards attaining sustainable growth and long-term profitability is a continuous one and the principles on sustainability have been ingrained into the Group's culture, value system and way of doing business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Kim Teck Cheong Consolidated Berhad ("KTC" or "the Company") is committed to uphold the high standards of corporate governance throughout KTC and its subsidiaries ("the Group") with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders. This Corporate Governance Overview Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance ("MCCG") except where stated otherwise.

Details of the Group's application of each practices set out in the MCCG are disclosed in the Corporate Governance Report, which is available on the Group's website at www.kimteckcheong.com.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Board Charter and Board Committees

The Board is responsible and is accountable to shareholders for managing the business of the Group. The Board retains full and effective controls of the Company and is committed to take full responsibility for the overall corporate governance of the Group, including its strategic business direction and overall wellbeing.

The Board has retained for itself decisions in respect of matters significant to the Group's business operations which include the approval of key corporate plans, major business transactions involving either the acquisitions or disposal of business, interests and/or assets, consideration of significant financial matters and announcements of financial results, appointments to the Board and control structure within the Group.

In performing its duties, the Board is guided by the Board Charter that sets out amongst others its roles, composition, responsibilities, powers, board committees and board meeting procedures. The key elements of governance principles embedded in the Board Charter regulate the Board's conducts and guide the business strategic initiative of the Group. The Board Charter is available on the Company's website at www.kimteckcheong.com.

The Board has established three (3) Board Committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee that are delegated with specific responsibilities and authorities to assist the Board in executing its duties and to provide the Board with recommendations and advice. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. Each Committee is governed by its own Terms of Reference which sets out its functions and duties, composition, rights and meeting procedures. These Terms of Reference are reviewed periodically in accordance with the needs of the Company and taking into account the changes in the business, governance and legal environment that may have an impact on the discharge of the Committees' duties and responsibilities.

The Chairman of the various committees will report to the Board the outcome of the Committee meetings which will be recorded in the minutes of the Board meeting. The ultimate responsibility for decision making, however, lies with the Board.

Company Secretary

The Board is assisted by a qualified and competent Company Secretary who is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretary provides support to the Board in carrying out its fiduciary duties and stewardship role in shaping the standard of corporate governance of the Group. In this respect, she plays an advisory role to the Board, particularly with regards to the Company's Constitution, Board's policies and procedures as well as its compliance with regulatory requirements, codes, guidelines, legislations and the principles of best corporate governance practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

I. Board Responsibilities *(cont'd)*

Company Secretary *(cont'd)*

The Company Secretary also attends all Board, Board Committee and general meetings, and ensure that deliberations at the meetings are accurately minuted and kept in the minutes books and subsequently communicated to the relevant party for necessary actions. Such minutes of meetings are confirmed by the respective Board Committees and signed by the Chairman of the meeting.

All Directors have unrestricted access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business of the Group.

Information and support for Directors

In order to manage the Group's business effectively, the Board meets on a quarterly basis to review the Group's financial and operational results, major investments, report from various Board Committees, related party transactions, strategic decisions and the overall direction of the Group. Additional meetings may be convened when urgent and important decision needs to be taken between the scheduled meetings. All the Directors had committed their time to the board meetings held during the financial year. Prior to the meetings, notice of agenda together with previous minutes and other relevant information were circulated to all directors on a timely basis in order to enable the directors to be well informed and briefed before the meetings.

Besides board meetings, the Board also exercises control on matters that require its approval through the circulation of resolutions.

All the Directors have full and free access to all relevant Company's information, access to management and may obtain independent professional advice at the Company's expense that are deemed necessary to carry out their duties, subject to prior consultation with the Chairman.

The External Auditors also briefed the Board members on the latest Malaysian Financial Reporting Standards that would affect the Group's financial statements during the year.

Code of Conduct and Ethics

Good governance at all levels is essential for sustainable development. The Board is committed to embrace the highest standards of corporate governance practices and ethical standards throughout the Group.

In this respect, the Group has established a Code of Ethics and Code of Conduct to provide direction and guidance to all Directors, Senior Management, employees and external parties in the discharge of their duties and responsibilities that will be in the best interest of the Group. The Code of Ethics and Conduct had been uploaded on the Company's website at www.kimteckcheong.com.

Whistle-blowing Policy

The Board is committed to achieve and maintain high standards of corporate governance practices across the Group. A Whistle-blowing policy has been implemented to provide a channel to enable Directors, Employees, Shareholders, Vendors or any parties with a business relationship with the Group with an avenue to report suspected wrongdoings that may adversely impact the Group. The Company treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in good faith.

Further details pertaining to the Whistle-blowing Policy can be found at the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

II. BOARD COMPOSITION

The Board recognizes the importance of having a diverse Board in terms of age, ethnicity and gender as this provides the necessary range of perspectives, experience and expertise in bringing value to the Company and achieve effective stewardship.

The present Board, comprises eight (8) Directors i.e. one (1) Independent Non-Executive Chairman, Three (3) Independent Non-Executive Directors, three (3) Non-Independent Executive Directors and One (1) Non-Independent Non-Executive Director.

The Executive Directors are responsible for the making of the day-to-day business and operational decisions and implementation of Board policies. There is a clear division of duties and responsibilities amongst them in order to maintain a balance of control, power and authority within the Management.

The Independent Non-Executive Directors are responsible in exercising independent judgement and to act in the best interests of the Group in ensuring that decisions made by the Board are deliberated fully and objectively with regard to the long-term interest of all stakeholders. They have declared themselves to be independent from management and free of any relationship which could interfere with the exercise of their independent judgement and objective participation and decision making process of the Board.

The Board is confident that its current size and composition reflects an appropriate balance of Executive and Non-Executive Directors which is adequate for the scope and nature of the Group's business and operations.

In compliance with the recommendations of Malaysian Code On Corporate Governance, all of the Independent Directors of the Company has tenure not exceeding a cumulative term of nine (9) years.

Diversity on Board and Senior Management

The Board and the Nomination Committee take into account the current diversity in the skills, experience, age, race/ethnicity (cultural background) and nationality of the existing Board in seeking potential candidate(s). The Committee has the responsibility to ensure that the Board comprises suitably qualified members that demonstrate appropriate qualities and experience that contribute to the effective oversight and stewardship.

The Board is of the view that the existing composition of the Board enables effective oversight, delegation of responsibilities and productive discussions amongst members of the Board.

Gender Diversity

The Board has no specific policy on gender, age and ethnicity for candidates to be appointed to the Board. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company.

The Nomination Committee, will however continue to take steps to ensure that gender, age and ethnicity of the candidates will be taken into consideration as part of its recruitment exercise.

Nomination Committee

The Board has established a Nomination Committee to provide advice and assistance to the Board in matters relating to appointment of new Directors, board composition, training program and performance evaluation on effectiveness of the Board, Board Committees and individual directors. Full details of the Nomination Committee's duties and responsibilities are stated in its Term of Reference which is available on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

II. BOARD COMPOSITION *(cont'd)*

Nomination Committee *(cont'd)*

The Nomination Committee comprises exclusively of Independent Non-Executive Directors and chaired by the Independent Director. The Committee meets as and when required, at least once a year. During the financial year, one (1) meeting was carried out, with attendance as follows:

Name of Directors	Designation	No. of Meetings Attended
Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor	Chairman	1/1
Ms. Phang Sze Fui	Member	1/1
Madam Wong Wen Miin	Member	1/1

During the financial year, the Nomination Committee had carried out the following activities:

(a) Assessed the performance of the Board, Board Committees and individual Director, including the term of office and performance of the Audit and Risk Management Committee and each of its members;
(b) Assessed the independence of all three (3) Independent Directors;
(c) Reviewed the performance of retiring Directors and recommended them to the Board for re-election at the forthcoming AGM;
(d) Reviewed the size of the Board against the size of the Group and the complexity of the business to assess the impact of the number upon its effectiveness;
(e) Ensure all Directors receive appropriate continuous training programmes;

Evaluation of Board, Board Committees and Individual Directors

The Nomination Committee annually performs a board self-evaluation to evaluate the performance of the Board, Board Committees and individual Directors, in order to verify that the Board is operating effectively and efficiently as a whole. Each Director completed a detailed questionnaire in the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Term of Reference. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.

Based on the assessment carried out during the financial year, the Nomination Committee had concluded the following:

(a) The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.
(b) The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.
(c) The Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.
(d) The Board and Board Committees had contributed positively to the Company and its subsidiaries and were operating in an effective manner.
(e) The Board Chairman had performed in an excellent manner and contributed to the Board.
(f) The performances of the Board Committees were found to be effective.

The Board recognises the importance of continuous training to remain abreast of the latest developments in related industry and changes to the regulatory environment. The assessment on individual directors also provided the Board with valuable insights into training and development needs of each Director, to ensure that each Board member's contribution to the Board remains informed and relevant.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

II. BOARD COMPOSITION *(cont'd)*

Nomination Committee *(cont'd)*

During the financial year, all the Directors had participated in various training programs. Particulars of the several courses attended are as follows:

Name of Directors	Date	Seminar/Conference/Workshop
Tan Sri Datuk Seri Panglima Richard Malanjum	November 2020 March 2021 May 2021 June 2021	• Corporate Liability Awareness Training • Companies Act 2016 – Directors' Duties and Responsibilities During the Pandemic Era and Beyond • Board and Audit Committee Priorities 2021 • Pre & Post IPO Rules and Key Updates to Listing Requirements
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	November 2020	• Corporate Liability Awareness Training
Y. Bhg. Datin Lim Fook Len @ Lim Su Chin	November 2020	• Corporate Liability Awareness Training
Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau	November 2020	• Corporate Liability Awareness Training
Mr. Lim Hui Kiong	November 2020	• Corporate Liability Awareness Training
Ms. Phang Sze Fui	November 2020 December 2020 June 2021	• How Business Benefit from Human Resource Automation • Corporate Liability Awareness Training • Managing your Fraud Risk: Are you doing enough (PWC Malaysia) • 2021 Budget Seminar • Financial Modelling for Forecasting, Budgeting and Financial Statements in Excel • Implementing Amendments in the Malaysian Code on Cororate Governance • Pre & Post IPO Rules and Key Updates to Listing Requirements
Madam Wong Wen Miin	October 2020 November 2020 June 2021	• Assessing financial Risks • Corporate Liability Awareness Training • 2021 Budget Seminar • Pre & Post IPO Rules and Key Updates to Listing Requirements
Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor	November 2020 June 2021	• Corporate Liability Awareness Training • Implementing amendments in the Malaysian Code on Corporate Governance • Pre & Post IPO Rules and Key Updates to Listing Requirements

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

III. REMUNERATION

The Board has recognized the need to establish a fair and transparent Remuneration Policy with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key senior management. On a yearly basis, the Remuneration Committee reviewed and recommended to the Board the remuneration packages of the Executive Directors, while the remuneration for the Non-Executive Directors was determined by the Board as a whole. Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors had abstained from participation in deliberations and decisions regarding their individual remuneration.

In making its recommendation, the Remuneration Committee considered the principles set out in the Remuneration Policy. The remuneration was structured to align rewards to corporate and individual performances besides adequately compensate the Directors for risks and complexities of the duties and responsibilities they assumed. The Remuneration Committee also obtained data for similar roles of other public listed companies in the same industry for comparison.

All Executive Directors and key Senior Management are subject to an annual performance rating which serves as a basis to determine their variable compensation payments. The Remuneration Policy also covers bonus framework for the Executive Directors and key Senior Management, which link their appraisal process to specific reward and incentive outcomes. The appraisal process will assess the individual performance against the Key Performance Indicator targets and competency capability in meeting the Group's core values and Leadership and Management Expectations.

Remuneration Committee

The Remuneration Committee was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and key Senior Management personnel. Full details of the functions and duties of the Remuneration Committee are stated in its Term of Reference which is available on the Company's website.

Majority of the Remuneration Committee Members are Independent Non-Executive Directors. During the financial year, one meeting was carried out with attendance as follows:

Name of Directors	Designation	No. of Meetings Attended
Madam Wong Wen Miin	Chairperson	1/1
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	Member	1/1
Ms. Phang Sze Fui	Member	1/1

The responsibilities of Remuneration Committee are as follows:

(a) Reviewed and assessed the performance and the remuneration package of the Executive Directors and key Senior Management;
(b) Reviewed and assessed the Directors' fees and benefits payable for the Financial Year Ended 2020;
(c) Reviewed and updated its Term of Reference;
(d) Reviewed the Board Remuneration Policy; and
(e) Provide clarification to shareholders during general meetings on matters pertaining to remuneration of directors and senior management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS *(cont'd)*

III. REMUNERATION *(cont'd)*

Remuneration of Directors

Pursuant to the respective service contracts with the Company and its subsidiaries, the details of individual Directors' remuneration are as follows:-

Group and Company Level

Name of Directors	Fees (RM'000)	Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	EPF, Socso and EIS (RM'000)	Benefits in Kind (RM'000)	Total (RM'000)
Non-Executive Directors						
Y. Bhg. Tan Sri Datuk Seri Panglima Richard Malanjum	50	4	-	*	-	54
Y. Bhg. Datin Lim Fook Len @ Lim Su Chin	50	6	-	*	-	56
Ms. Phang Sze Fui	60	12	-	*	-	72
Madam Wong Wen Miin	50	10	-	*	-	60
Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor	50	10	-	*	-	60
Executive Directors						
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	50	1,275	-	1	-	1,325
Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau	50	976	-	80	-	1,106
Mr. Lim Hui Kiong	50	239	-	8	-	297

** Amount less than RM500*

Remuneration of Senior Management

The remuneration of the Senior Managements are set out as follows:-

Range of Remuneration	Number of Senior Management
RM200,001 to RM250,000	-
RM250,001 to RM300,000	-
RM300,001 to RM350,000	1

(The details of senior management's remuneration are not shown, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talents. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to senior management's remuneration are appropriately served by the disclosures in the RM50,000 bands. The total remuneration paid to each senior management reflects the time and effort devoted to fulfil his or her responsibilities on the Board and linked to the Group's performance.)

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

The Audit and Risk Management Committee consists of the following members:

Name of Directors	Designation
Ms. Phang Sze Fui	Chairperson
Madam Wong Wen Miin	Member
Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor	Member

The Chairman of the Audit and Risk Management Committee is not the Chairman of the Board. In addition, the Audit and Risk Management Committee comprises wholly of Independent Non-Executive Directors. The Audit and Risk Management Committee Report is set out separately in this Annual Report. Full details of the Audit and Risk Management Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website.

Oversight of External Auditors

The external auditors of the Company fulfill an essential role in giving assurance to the Company's shareholders on the reliability of the Group's financial statements.

The Audit and Risk Management Committee reviews the independence, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the AGM on an annual basis. The External Auditors would provide written assurance to the Board in respect of its independence to act as the External Auditors of the Group. The Audit and Risk Management Committee would convene a private session with the External Auditors and Internal Auditors without the presence of the Executive Directors and Management. During the Financial Year Ended 30 June 2021, the Audit and Risk Management Committee had conducted private sessions with the External Auditors without the presence of the Executive Directors and Management.

Details of the audit and non-audit fees paid/payable for the Financial Year Ended 30 June 2021 are as follows:

	Group (RM)	Company (RM)
Statutory audit fees paid/payable	236,153	35,000
Non-audit fees paid/payable	50,800	13,700

The full details of the role of the Audit and Risk Management Committee in relation to the External Auditors is set out in the Audit and Risk Management Committee Report of this Annual Report.

II. Risk Management and Internal Control Framework

The Board acknowledges that risk management and internal control system are an integral part of effective management practice. As risk is inherent in all business activities, hence it is not the Group's objective to eliminate risk totally. There is an on-going process in place to identify, evaluate, monitor and manage key risks faced by the Group and the Board reviews the key risks highlighted to ensure the relevant action is taken to mitigate the risk of the Group to safeguard shareholders' investment and Group's assets.

The Board is assisted by the Risk Management Committee to ensure the risk and control framework is embedded into the culture, processes and structure of the Group.

Further details of the Group's state of risk management and internal control systems are reported in the Statement of Risk Management and Internal Control of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT *(cont'd)*

II. Risk Management and Internal Control Framework *(cont'd)*

Internal Audit function

The Board has established an Internal Audit function and appointed RESOLVE IR SDN BHD as the Outsourced Internal Auditor. Functionally, the Internal Auditor reports to the Audit and Risk Management Committee directly and RESOLVE IR SDN BHD is responsible for conducting periodic reviews and appraisals of the effectiveness of the governance, risk management and internal control processes within the Group.

The scope of work covered by the internal audit function during the financial year, summary of activities carried out, including its observations and recommendations, are provided in the Statement on Risk Management and Internal Control and Audit and Risk Management Committee Report of this Annual Report.

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

I. Communication with Stakeholders

The Company refers to ACE Market Listing Requirements of Bursa Securities as a fundamental basis for the ongoing disclosure and announcement to Bursa Securities. The Board is advised by Management, Company Secretaries, the External Auditors and Advisors on the contents and timing of disclosure of the financial results and various announcements in accordance with the listing requirements.

The Board is committed in providing accurate, useful and timely information about the Company, its business and its activities. Realising the importance of timely and thorough dissemination of material information to the shareholders, investors and the public at large, the Company maintains an open communication policy with its shareholders, investors and public at large and welcome feedback from them.

The Group's information is disseminated through various disclosures and announcements made to Bursa Malaysia Securities Berhad. This information is also published at the Company's website at www.kimteckcheong.com.

Integrated Reporting

The Company would consider adopting integrated reporting based on globally recognized framework in the near future.

II. Conduct of General Meetings

Notice of general meeting

The Board recognises the rights of shareholders. In order to continue encouraging shareholders participation in the general meetings, the Board would ensure that the Notice of AGM is sent to shareholders at least twenty-eight (28) days ahead of the date of general meeting and to provide sufficient time and opportunities for shareholders to seek clarifications during general meetings on any matters pertaining to the issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the operational and financial performance of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(cont'd)

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS *(cont'd)*

II. Conduct of General Meetings *(cont'd)*

Attendance of directors at general meetings

The Annual General Meeting is the key element of the Company's dialogue with its shareholders. During the AGM, shareholders are encouraged to ask questions about the resolutions being proposed, about the Company's operations in general or about the annual reports of the Company and of the Group. All the Directors, Senior Management and External Auditors are available in the Annual General Meeting to provide responses to questions from the shareholders.

The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders. All the members of the Board and the respective chairman of the Board's Committees are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility.

Voting

The Company conducts a poll voting on each resolution tabled during the general meetings to support shareholders participation. The Company currently conducts a manual poll voting instead of electronic poll voting. With the poll voting, each shareholder present in person or represented by proxy at the general meeting will be entitled to vote on a one-share, one-vote basis. Furthermore, at least one (1) scrutineer will be appointed to validate the votes cast at the General Meeting who must not be an officer of the Company or its related corporation, and must be independent to the person undertaking the polling process.

COMPLIANCE STATEMENT

The Board is satisfied that the Group has substantially complied with the majority of the practices of the Malaysian Code On Corporate Governance throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 27 October 2021.

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

AUDIT AND RISK COMMITTEE REPORT

The Board is pleased to present the report on the Audit and Risk Management Committee ("ARMC") of the Board for the Financial Year Ended 30 June 2021. The ARMC was established on 3 December 2014 by the Board to assist the Directors to carry out their responsibilities. The ARMC is guided by its Terms of Reference as approved by the Board. The ARMC a combined Audit Committee supports and assumes the oversight function in governance, risk management and internal control hence Risk Management Committee was established. In carrying out their duties, the ARMC updated the Board on the issues and concerns discussed during their meetings including those raised by the auditors and where appropriate, made the necessary recommendations to the Board and shall continue to do so from time to time. The AMRC had private meetings with the External Auditors and Internal Auditors respectively. The ARMC had deliberated at length the Audit Review Memorandum and Internal Audit Reports presented by the External Auditors and Internal Auditors respectively as part of the ongoing process to strengthen the internal control system and financial reporting framework. The Company Secretary acts as the secretary to the ARMC and circulates the minutes of the Audit Committee Meetings to all members of the Audit Committee. The Chairperson of the ARMC presents the Committee's findings after their deliberation to the Board. The ARMC would also update the progress and status of recommendations of the internal audit findings to the Board on quarterly basis.

MEMBERSHIP AND MEETINGS

ARMC members and details of their attendance at ARMC meetings held during the financial year are as follows:

Name of the Committee Members	Designation	No. of Meetings Attended
Ms. Phang Sze Fui	Chairperson	6/6
Madam Wong Wen Miin	Member	6/6
Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor	Member	6/6

The Group Chief Financial Officer ("CFO") was invited to all ARMC meetings to facilitate direct communication in relation to the Group financial results and to provide information regarding the Group's Risk Management activities. The Internal Audit, relevant members of Management, and the External Auditors were also invited to attend the meetings of the Committee, where appropriate, to brief the ARMC on the relevant audit findings.

The ARMC held two (2) private meeting with the External Auditors in Financial Year Ended 2021 without the presence of the Management. At these meetings, the ARMC enquired about Management's co-operation with the external auditors, their sharing of information and the competencies and adequacy of resources in the financial reporting functions.

The ARMC Chairperson also permitted the External Auditors to contact ARMC at any time that they became aware of incidents or matters in the course of their audits or reviews that needed the attention ARMC or the Board. No such contacts were made during Financial Year Ended 2021.

Minutes of each ARMC meeting were recorded and tabled for confirmation at the following ARMC meeting and subsequently presented to the Board for notation.

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE
(cont'd)

SUMMARY OF ACTIVITIES

The ARMC reports regularly to the Board on its activities, deliberations and recommendations in discharging its duties and responsibilities, which the Committee has reviewed to ensure it is in line with the Ace Market Listing Requirements of Bursa Securities.

The main activities undertaken by the ARMC during the financial year are as below:

Risk Management and Internal Control

- Reviewed the internal audit plan for adequacy of scope and coverage and risk areas using the risk-based approach.
- Reviewed the risk assessment results and the mitigation actions reported by internal Auditor and regularly review the update on the action plans to ensure significant internal controls are promptly implemented to mitigate the risks identified.
- Reviewed the effectiveness and adequacy of governance, risk management, operational and compliance processes.
- Reviewed the adequacy and effectiveness of corrective actions taken by Management on all significant matters raised.
- Continuously monitored whistleblowing program and procedures as part of the risk management structure and good corporate governance practice.

External Audit

- Reviewed and discussed with the external auditors' audit planning memorandum covering audit scope, audit plan, key audit areas and proposed fees for the statutory audit and other non-audit services based on the external auditors' presentation of the audit strategy and plan to ensure that their scope of work adequately covered the activities of the Group.
- Reviewed and approved the external auditor's audit plan and the scope for the annual audit.
- Reviewed and discussed with the external auditor on the audit results, audit reports and financial statements of the Group.
- Met with the external auditors without the presence of Executive Directors and Management.

Financial Results

- Reviewed the quarterly and annual financial statements of the Company and Group, including announcements, and recommended them to the Board for approval.
- Reviewed the quarterly unaudited financial results of the Company for Financial Year Ended 2021 together with the CFO, focusing particularly on significant changes to accounting policies and practices, significant or unusual events, compliance with accounting standards and other legal requirements, and the going concern assumption prior to recommending the same to the Board of Directors for approval and release to Bursa Securities.

Related Party Transactions

Reviewed any related party transaction and conflict of interest situation that may arise within the Company or its Group including any transaction, procedure or course of conduct that raises questions of management integrity (where applicable).

Others

- Review the quality of the internal audit function.
- Reviewed the Incident Reports by the CFO on a quarterly basis.

REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE
(cont'd)

INTERNAL AUDIT FUNCTION

Internal audit function constitutes part of KTC Group's assurance mechanism which serves to review the Group's system of internal control. The internal audit function is guided by a formal terms of reference and reports independently to the ARMC. The role of the internal audit function is to undertake independent, objective, regular and systematic reviews of the systems of internal controls and governance practices of the Group so as to provide reasonable assurance that such systems continue to operate effectively in managing the Group's risks.

The Group's internal audit function has been outsourced to an independent professional services firm, namely Resolve IR Sdn Bhd ("RESOLVE"). RESOLVE has confirmed that they free from any relationship or conflict of interest position which would impair their independence and objectivity in the conduct of their roles and responsibilities.

The outsourced internal audit function has carried out independent internal audits in accordance with the approved based internal audit plan and the applicable International Standards for the Professional Practice of Internal Auditing, which form part of the International Professional Practices Framework of the Institute of Internal Auditors.

During the financial year ended 30 June 2021, the outsourced internal audit function has carried out internal audits on the following processes:

(a) Human Resource Management of Kim Teck Cheong Sdn Bhd
(b) Production Planning of Gardenia Bakeries (East Malaysia) Sdn Bhd; and
(c) Inventory Management of Creamos (Malaysia) Sdn Bhd.

Results of the above-mentioned internal audits, including the relevant audit findings, improvement opportunities, as well as Management responses and appropriate recommendations with the areas mentioned above were documented in the internal audit report to the Audit Committee. Follow-up reviews were conducted to assess the implementation of action plans provided by Management in accordance with the timeline specified. The total cost incurred on the internal audit function of the Group for the financial year ended 30 June 2021 was approximately RM40,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the ACE Market Listing Requirements (ACE LR) of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed issuers, the Board is pleased to present the Statement on Risk Management and Internal Control for the Financial Year Ended 30 June 2021, which outlines the nature and scope of risk management and internal control of the Group during the Financial Year Under Review and up to the date of approval of this statement for inclusion in the annual report.

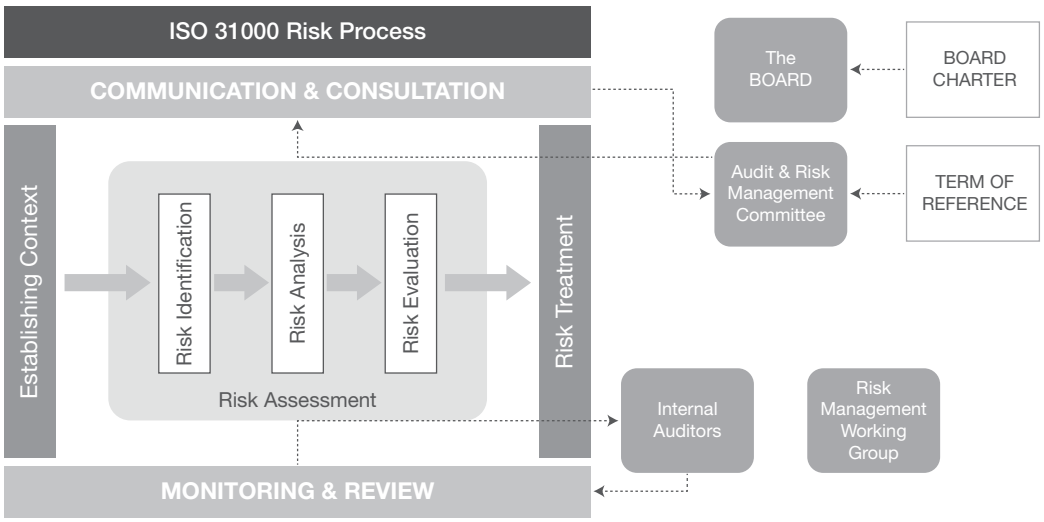
RESPONSIBILITY OF THE BOARD

The Board, in maintaining its commitment towards a sound risk management and effective internal control system, continuously reviews and evaluates the adequacy and integrity of the Group's risk management and internal control systems. The Board acknowledges its overall responsibility for maintaining the Group's internal control system with the objectives of safeguarding shareholders' investment and the Group's assets, and to discharge their stewardship responsibilities in identifying and reviewing business risks and ensuring the implementation of appropriate internal control system to manage these risks.

Notwithstanding the above, the Board recognises that such system has inherent limitations as it is designed to manage and control, rather than eliminate the risks of failure towards achieving the Group's business objectives. Therefore, such system of internal control can only provide reasonable, but not absolute, assurance against the occurrence of any material misstatement and loss.

RISK MANAGEMENT FRAMEWORK

The Board understands the principal risks of the business that the Group is involved in and accepts that business decisions require balancing of risk and return in order to facilitate the achievement of business objectives. Risk management framework remains an integral part of the Group's arsenal of risk management tools, especially in the assessment, mitigation and monitoring of inherent and emerging risks to safeguard the interests of the Group. KTC continues to apply the ISO 31000 risk management process that was adopted in the previous year. Within such framework, the Group has an established and structured process for the identification, assessment, communication, monitoring as well as the continual review of risks and effectiveness of risk mitigation strategies and controls at the entity and operational levels.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

RISK MANAGEMENT FRAMEWORK *(cont'd)*

The ARMC and the Board continue to set the strategic direction for risk management, roles and responsibilities as well as the risk reporting structures. The periodic reporting to both the ARMC and the Board on risk management activities undertaken by Management keeps the ARMC and the Board informed and advised on all aspects of risk management of the business.

The risk management process implemented within the Group continues to define, highlight, report and manage the key business and operational risks faced by the businesses within the Group. The risk management process applies to all levels of activity in the Group, with the objective of establishing accountability for both risks and mitigation at the sources of risk.

During the Financial Year Ended 30 June 2021, the ARMC has engaged an outsourced professional service provider to facilitate the Group's Risk Assessment ("GRA") updates. Result of GRA updates and the updated key risks profiles were presented to the ARMC and subsequently to the Board.

On a periodic basis, the ARMC and the Board reviews the Group's enterprise risk management framework, system and processes with a view to ensure the adequacy and effectiveness of the Group's risk management framework.

INTERNAL CONTROL

The Board recognises the importance of internal control system which is designed to manage and reduce risks that will hinder the Group from achieving its objectives. The internal control system is embedded within the Group's operations and incorporated for effective control and monitoring. The Group's internal audit function ("IAD") is outsourced to a professional services firm to assist the ARMC in undertaking independent reviews on the adequacy and effectiveness of the Group's system of internal control.

The outsourced IAD has a clear line of reporting to the ARMC and the ARMC determines the remit of the outsourced IAD. Regular audit reviews on the key business processes of the Group are conducted in accordance with the internal audit plan approved by the ARMC. Reports on the reviews conducted, incorporating management's responses and actions plans, are tabled to the ARMC at least on a quarterly basis for their attention. Follow-up reviews on the implementation status of Management's action plans are carried out to ensure that any internal control deficiencies or weaknesses highlighted have been addressed on a timely basis.

During the current financial year, the following audit reviews were conducted:

Business Entity	Business Processes	Month
Kim Teck Cheong Sdn. Bhd.	Human Resource Management	August 2020
Gardenia Bakeries (East Malaysia) Sdn. Bhd.	Production Planning	May 2021
Creamos (Malaysia) Sdn. Bhd.	Inventory Management	May 2021

As part of its broader effort to ensure adequate system of check and balance are operating as designed, the IAD, which is independent of Management and operations, provides assurance on the adequacy and integrity on the system of internal control of the Group. Based on the internal audit reviews conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this annual report.

In addition to the internal audit function, the ARMC also receives report and management letter from the external auditors that primarily focus on financial controls. Where there are incidents of non-compliances or deficiencies, appropriate corrective actions have been taken and relevant procedures have been introduced.

The ARMC reviews any internal control issues identified by the IAD, the external auditors, regulatory authorities and Management, and evaluate the adequacy and effectiveness of such risk management and internal control systems. The ARMC also reviews the internal audit function and quality of internal audits.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

ASSURANCE STATEMENT BY KEY MANAGEMENT TEAM

The Board has received assurance from the Executive Director stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, for the Financial Year Ended 30 June 2021 and up to the date of this Statement.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the ACE LR, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with AAPG3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants.

The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding in all material aspects that the Board has adopted in the review of the adequacy and integrity of internal control of the Group, or is factually inaccurate.

CONCLUSION

The Board is satisfied that the risk management framework and internal control system of the Group are effective and adequate. The Board shall remain committed in ensuring that appropriate initiatives are taken to enhance these systems in order to safeguard stakeholders' interest and the Group's assets.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board of Directors dated 27 October 2021.

ADDITIONAL INFORMATION

The information set out below is disclosed in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad:

1. AUDIT AND NON-AUDIT FEES

During the Financial Year Ended 30 June 2021, the amount of audit fees and non-audit fees paid to the external auditors of the Company in relation to the services rendered for the Group are as follows:

	Group (RM)	Company (RM)
Audit services	236,153	35,000
Non-audit services	50,800	13,700

The non-audit services are for the review of interim financial information, review of statement of risk management and internal control, and tax compliance services.

2. REVALUATION POLICY ON LANDED PROPERTIES

Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold land and buildings at the reporting date.

3. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries during the Financial Year Ended 30 June 2021 or entered into since the end of the previous financial year, which involves the interest of Directors and/or major shareholders.

4. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There were no options, warrants or convertible securities issued during the Financial Year Ended 30 June 2021.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board is required by the Companies Act, 2016 to present the financial statements for each financial year which have been made out in accordance with the applicable approve accounting standards and give a true and fair view of the state of affairs, the results and cash flows of the Group and the Company.

The Board is satisfied that in preparing the financial statements of the Group and the Company for the Financial Year Ended 30 June 2021, the appropriate accounting policies were used and applied consistently, adopted to include new and revised Malaysian Financial Reporting Standards ("MFRS") where applicable. The Board is also of the view that relevant approved accounting standards have been followed in the preparation of these financial statements.

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

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

COMPLIANCE STATEMENT

The Board confirms that the Group has made significant effort to maintain high standards of corporate governance throughout the year under review. The Board acknowledges that achieving excellence in corporate governance is a continuous process and is committed to play a pro-active role in steering the Group towards the highest level of integrity and ethical standards. This statement is made in accordance with the resolution of the Board of Directors dated 27 October 2021.

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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

RESULTS	Group RM	Company RM
Profit for the financial year attributable to:		
Owners of the Company	7,464,314	2,730,932
Non-controlling interests	1,244,509	-
	8,708,823	2,730,932

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

DIVIDENDS

No dividend has been paid, declared or proposed since the end of the previous financial year. The Directors do not recommend any dividends for the current financial year ended 30 June 2021.

DIRECTORS

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

Y. Bhg. Tan Sri Datuk Seri Panglima Richard Malanjum
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing
Y. Bhg. Datin Lim Fook Len @ Lim Su Chin
Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau
Lim Hui Kiong
Lindfay Laura Lau (Alternate Director to Y. Bhg. Datin Lim Fook Len @ Lim Su Chin)
Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor
Phang Sze Fui
Wong Wen Miin

Pursuant to Section 253 of the Companies Act, 2016, the Directors of subsidiary companies during the financial year and up to date of this report are as follows:

Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing
Y. Bhg. Datin Lim Fook Len @ Lim Su Chin
Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau
Benedick Vicpaul Lau
Lim Hui Kiong
Lindfay Laura Lau
Phang Weei Horng
Sharin Bin Alimin
Woo Chung Heng
Y. Bhg. Datuk Gan En Siong @ Fredian Gan (Appointed on 19 March 2021)

DIRECTORS' REPORT
(cont'd)

DIRECTORS' INTERESTS IN SHARES

The holdings and deemed holdings in the ordinary shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of the financial year, as recorded in the Register of Directors' Shareholding kept under Section 59 of the Companies Act, 2016 are as follows:

Interest in the Company

		Number of ordinary shares			
Indirect interest:		**At 1.7.2020**	**Bought**	**Sold**	**At 30.6.2021**
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	*	475,289,386	-	-	475,289,386
Y. Bhg. Datin Lim Fook Len @ Lim Su Chin	*	475,289,386	-	-	475,289,386
Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau	*	475,289,386	-	-	475,289,386

Interest in the immediate holding company
- Kim Teck Cheong Holdings Sdn. Bhd.

	Number of ordinary shares			
Direct interest:	**At 1.7.2020**	**Bought**	**Sold**	**At 30.6.2021**
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	31,426,920	-	-	31,426,920
Lim Hui Kiong	8,109,426	-	-	8,109,426
Indirect interest:				
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing *	119,690,574	-	-	119,690,574
Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau *	119,690,574	-	-	119,690,574

Interest in the ultimate holding company
- Kim Teck Cheong Capital Sdn. Bhd.

	Number of ordinary shares			
Direct interest:	**At 1.7.2020**	**Bought**	**Sold**	**At 30.6.2021**
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	75,231	-	-	75,231
Y. Bhg. Datin Lim Fook Len @ Lim Su Chin	1,036	-	-	1,036
Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau	43,056	-	-	43,056
Lindfay Laura Lau	185	-	-	185

* *Shares held through company in which the Director has substantial financial interests.*

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act, 2016 in Malaysia, Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing, Y. Bhg. Datin Lim Fook Len @ Lim Su Chin and Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau are deemed to have interests in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, the other Directors in office at the end of the financial year did not have any interest in ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' REPORT
(cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 28 to the financial statements.

There were no arrangements during and at the end of the financial year, which had the object of enabling 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' REMUNERATION

The remuneration paid to or receivable by the Directors of the Group and Company during the financial year is amounted to RM3,224,772 and RM3,030,249 respectively.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

There was no indemnity given to or liability insurance effected for any Director, officer or auditor of the Group or of the Company during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 15 to the financial statements.

ISSUES OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts had been written off and adequate allowance had been made for doubtful debts; and

(ii) all current assets have been stated at the lower of cost and net realisable value.

DIRECTORS' REPORT
(cont'd)

OTHER STATUTORY INFORMATION *(cont'd)*

At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

As at the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person except as disclosed in the financial statements; or

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the Financial Year Ended 30 June 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

HOLDING COMPANIES

The Directors regard Kim Teck Cheong Capital Sdn. Bhd. and Kim Teck Cheong Holdings Sdn. Bhd., all of which are incorporated and domiciled in Malaysia, as the ultimate holding company and immediate holding company of the Company respectively.

SIGNIFICANT AND SUBSEQUENT EVENTS

Details of significant and subsequent events are disclosed in Note 35 and 36 to the financial statements.

DIRECTORS' REPORT
(cont'd)

AUDITORS

The auditors, PKF, have indicated their willingness to continue in office.

During the financial year, the total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Group and the Company amounted to RM286,953 and RM48,700 respectively.

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

Y. BHG. DATUK LAU KOH SING @ LAU KOK SING
Director

Y. BHG. DATUK LAU WEI DICK @ DEXTER DICK LAU
Director

Kota Kinabalu

Dated 27 October 2021

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the accompanying financial statements set out on pages 67 to 134 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of their financial performance and cash flows for the Financial Year Ended on that date.

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

Y. BHG. DATUK LAU KOH SING @ LAU KOK SING
Director

Y. BHG. DATUK LAU WEI DICK @ DEXTER DICK LAU
Director

Kota Kinabalu

Dated 27 October 2021

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, SHAM PEI YING, being the Officer primarily responsible for the financial management of KIM TECK CHEONG CONSOLIDATED BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 67 to 134 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed SHAM PEI YING)
at Kota Kinabalu in the state of Sabah)
on 27 October 2021)

SHAM PEI YING

Before me,

GEORGE D. B. ALUDAH, J.P.
ADVOCATE, Roll No. 306
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

To the members of Kim Teck Cheong Consolidated Berhad
Registration No: 201401037782 (1113927-H) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of KIM TECK CHEONG CONSOLIDATED BERHAD, which comprise the Statements of Financial Position as at 30 June 2021 of the Group and of the Company, and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 134.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

To the members of Kim Teck Cheong Consolidated Berhad
Registration No: 201401037782 (1113927-H) (Incorporated in Malaysia)
(cont'd)

Key Audit Matters *(cont'd)*

We have determined the matters described below to be the key audit matters to be communicated in our report.

Area of focus	How our audit addressed the key audit matter
Company	
Impairment assessment of investments in subsidiary companies	
There is indication of impairment of investments in certain subsidiary companies of the Company, namely, Kim Teck Cheong Distribution Sdn. Bhd., Kim Teck Cheong (Sarawak) Sdn. Bhd. and Kim Teck Cheong (Borneo) Sdn. Bhd. with a total carrying amount of RM18,401,063. Significant judgement arises in determining the recoverable amount of the said investments in subsidiary companies which is based on value-in-use and involves exercise of significant judgement on the discount rates applied and the assumptions supporting the underlying cash flow projections which include future sales and gross profit margin.	Our audit procedures focus on evaluating the cash flow projections and the Company's projection procedures which included, among others: • comparing the Company's assumptions to externally derived data as well as our assessments in relation to key inputs such as discount rates, forecast sales growth rate and gross profit margin; • testing the mathematical accuracy of the impairment assessment; and • performing stress test and sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount.
Group	
Impairment assessment of goodwill	
As disclosed in Note 16 to the financial statements, the Group has significant balances of goodwill. In accordance with paragraph 10 of MFRS 136 *Impairment of Assets*, an intangible asset with an indefinite useful life is required to be tested for impairment annually by comparing its carrying amount with its recoverable amount, irrespective of whether there is any indication that it may be impaired. Significant judgements arise over the discount rates applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast annual sales and net profit margin.	Our audit procedures focus on evaluating the cash flow projections and the Group's projection procedures which included, among others: • comparing and assessing the Group's assumptions in relation to key inputs such as discount rates, forecast annual sales and net profit margin; • testing the mathematical accuracy of the impairment assessment; and • performing stress test and sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount.

INDEPENDENT AUDITORS' REPORT

To the members of Kim Teck Cheong Consolidated Berhad
Registration No: 201401037782 (1113927-H) (Incorporated in Malaysia)
(cont'd)

Key Audit Matters *(cont'd)*

Area of focus	How our audit addressed the key audit matter
Group	
Existence and valuation of inventories	
As disclosed in Note 4(j) to the financial statements, the valuation of the Group's inventories is stated at the lower of cost or net realisable value. The assessment of slow moving inventories is mainly based on Directors' estimates. We focused on the existence and valuation of inventories due to the significance of the value of inventories amounted to RM95,375,819 which represents 30% of the Group's total assets and the multiple locations in which the inventories are located.	Our audit procedures included, among others: • attending year end physical inventory count to observe physical existence and condition of the inventories during the count; • reviewing inventories ageing analysis, and assessing the right to return of expired inventories and adequacy of allowance for slow moving inventories by the management; • examining cost of the inventories to invoices issued by the suppliers to ascertain the costing of the inventories are computed based on the accounting policy adopted; and • reviewing selling price of the inventories to invoices issued and evaluating whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost on selected inventory items.
Valuation of trade receivables	
As disclosed in Note 19 to the financial statements, the Group has trade receivables amounted to RM87,350,981 which represents 28% of the Group's total assets and is exposed to significant credit risk arising from its trade receivables. Furthermore, the expected credit losses of trade receivables are subject to significant estimation uncertainties in analysing historical bad debts, customer creditworthiness and customer payment terms.	Our audit procedures included, among others: • understanding of the Group's control over the receivable collection process and significant credit exposures which were deemed to be in default through analysis of ageing reports and other collection reports prepared by the Group; • obtaining confirmation of balances from selected samples of receivables; • reviewing subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significant past due balances; • assessing the basis of computation of provision of expected credit losses by the management and reasonableness of the assumptions and input data used; • reviewing the ageing analysis of receivables and testing the reliability thereof; • making enquiries of management regarding the action plans to recover overdue amounts; and • evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.

INDEPENDENT AUDITORS' REPORT

To the members of Kim Teck Cheong Consolidated Berhad
Registration No: 201401037782 (1113927-H) (Incorporated in Malaysia)
(cont'd)

Key Audit Matters *(cont'd)*

Area of focus	How our audit addressed the key audit matter
Reliance on management expert	
As highlighted in Note 14 to the financial statements, the leasehold land and buildings of the Group of RM48,337,748 and RM37,066,938 respectively are carried at fair value. The fair value of these assets is subject to significant judgments and estimation uncertainty, and is determined based on the valuation performed by independent professional valuer using industry/market accepted valuation methodology and approaches. Due to the measurement of fair value being inherently judgemental and the carrying value of these assets being material to the Group, we have considered this to be a key audit matter.	We have obtained the valuation reports prepared by the independent valuer engaged by the Group. We have reviewed these reports for appropriateness of the methodology used and the reasonableness of the assumptions used. We also assessed the competency, capabilities and objectivity of these independent valuers engaged by the Group.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT

To the members of Kim Teck Cheong Consolidated Berhad
Registration No: 201401037782 (1113927-H) (Incorporated in Malaysia)
(cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

(i) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

(iv) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(v) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(vi) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

To the members of Kim Teck Cheong Consolidated Berhad
Registration No: 201401037782 (1113927-H) (Incorporated in Malaysia)
(cont'd)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary company of which we have not acted as auditors, is disclosed in Note 15 to the financial statements.

OTHER MATTER

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

PKF
AF 0911
CHARTERED ACCOUNTANTS

CHAU MAN KIT
02525/03/2022 J
CHARTERED ACCOUNTANT

Kota Kinabalu

Dated 27 October 2021

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the Financial Year Ended 30 June 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Revenue	5	669,209,654	640,389,609	6,639,958	6,409,317
Cost of sales		(600,630,384)	(570,241,877)	-	-
Gross profit		68,579,270	70,147,732	6,639,958	6,409,317
Other operating income	6	2,491,784	1,855,412	1,372,778	1,567,206
Reversal of impairment/(Impairment charge) on financial assets	7	412,001	(1,431,125)	1,608,512	1,608,966
Administrative expenses		(23,851,272)	(26,393,154)	(5,884,460)	(6,746,671)
Selling and distribution expenses		(25,068,669)	(25,475,323)	-	-
Other expenses		(3,542,180)	(2,727,137)	(4,000)	-
Profit from operations	10	19,020,934	15,976,405	3,732,788	2,838,818
Finance costs	11	(5,300,498)	(9,343,099)	(292,185)	(827,081)
Profit before taxation		13,720,436	6,633,306	3,440,603	2,011,737
Income tax expense	12	(5,011,613)	(2,477,791)	(709,671)	(554,071)
Profit for the financial year		8,708,823	4,155,515	2,730,932	1,457,666
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of a foreign operation		81,876	26,806	-	-
Item that will not be reclassified subsequently to profit or loss:					
Revaluation surplus on leasehold land and buildings, net of deferred tax		-	2,445,595	-	-
Other comprehensive income for the financial year, net of tax		81,876	2,472,401	-	-
Total comprehensive income for the financial year		8,790,699	6,627,916	2,730,932	1,457,666
Profit attributable to:					
Owners of the Company		7,464,314	3,545,971	2,730,932	1,457,666
Non-controlling interests		1,244,509	609,544	-	-
		8,708,823	4,155,515	2,730,932	1,457,666
Total comprehensive income attributable to:					
Owners of the Company		7,513,440	6,007,650	2,730,932	1,457,666
Non-controlling interests		1,277,259	620,266	-	-
		8,790,699	6,627,916	2,730,932	1,457,666
Earnings per share attributable to owners of the Company (sen per share)					
Basic and diluted	13	1.11	0.67		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	98,295,010	100,411,989	279,571	104,985
Investments in subsidiary companies	15	-	-	91,754,344	90,754,144
Goodwill on consolidation	16	5,981,384	5,981,384	-	-
Intangible asset	17	-	-	-	-
		104,276,394	106,393,373	92,033,915	90,859,129
Current assets					
Inventories	18	95,375,819	105,923,756	-	-
Trade and other receivables	19	100,588,511	134,337,773	36,282,279	36,719,106
Tax recoverable		2,367,720	1,193,315	-	15,851
Cash and bank balances	20	10,272,628	2,012,451	742,096	90,577
		208,604,678	243,467,295	37,024,375	36,825,534
TOTAL ASSETS		312,881,072	349,860,668	129,058,290	127,684,663
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	21	99,360,373	99,360,373	99,360,373	99,360,373
Other reserves	22	30,298,602	30,249,476	-	-
Reorganisation deficit	23	(47,971,279)	(47,962,248)	-	-
Retained profits/(Accumulated losses)	24	38,225,276	30,760,962	(6,204,403)	(8,935,335)
		119,912,972	112,408,563	93,155,970	90,425,038
Non-controlling interests		5,722,739	4,445,480	-	-
TOTAL EQUITY		125,635,711	116,854,043	93,155,970	90,425,038
Non-current liabilities					
Loans and borrowings	25	20,965,425	21,692,434	-	-
Deferred tax liabilities	26	11,814,041	11,522,432	16,340	8,063
		32,779,466	33,214,866	16,340	8,063
Current liabilities					
Loans and borrowings	25	103,233,946	152,879,321	-	-
Trade and other payables	27	50,162,900	46,217,767	35,766,812	37,251,562
Taxation		1,069,049	694,671	119,168	-
		154,465,895	199,791,759	35,885,980	37,251,562
TOTAL LIABILITIES		187,245,361	233,006,625	35,902,320	37,259,625
TOTAL EQUITY AND LIABILITIES		312,881,072	349,860,668	129,058,290	127,684,663

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

		← Attributable to owners of the Company →							
		← Non-distributable →				Distributable			
Group	Note	Share capital RM	Revaluation reserve RM	Exchange reserve RM	Reorganisation deficit RM	Retained profits RM	Sub-total RM	Non-controlling interests RM	Total equity RM
Balance at 1 July 2019		99,360,373	27,898,314	(110,517)	(47,962,248)	27,214,991	106,400,913	3,825,214	110,226,127
Profit for the financial year		-	-	-	-	3,545,971	3,545,971	609,544	4,155,515
Other comprehensive income									
- Foreign currency translation	22	-	-	16,084	-	-	16,084	10,722	26,806
- Revaluation surplus on leasehold land and buildings, net of deferred tax	22	-	2,445,595	-	-	-	2,445,595	-	2,445,595
Total comprehensive income for the financial year		-	2,445,595	16,084	-	3,545,971	6,007,650	620,266	6,627,916
Balance at 30 June 2020		99,360,373	30,343,909	(94,433)	(47,962,248)	30,760,962	112,408,563	4,445,480	116,854,043
Balance at 1 July 2020		99,360,373	30,343,909	(94,433)	(47,962,248)	30,760,962	112,408,563	4,445,480	116,854,043
Profit for the financial year		-	-	-	-	7,464,314	7,464,314	1,244,509	8,708,823
Other comprehensive income									
- Foreign currency translation	22	-	-	49,126	-	-	49,126	32,750	81,876
Total comprehensive income for the financial year		-	-	49,126	-	7,464,314	7,513,440	1,277,259	8,790,699
Acquisition of a subsidiary company	23	-	-	-	(9,031)	-	(9,031)	-	(9,031)
Balance at 30 June 2021		99,360,373	30,343,909	(45,307)	(47,971,279)	38,225,276	119,912,972	5,722,739	125,635,711

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 30 June 2021
(cont'd)

Company	Share capital RM	Accumulated losses RM	Total equity RM
Balance at 1 July 2019	99,360,373	(10,393,001)	88,967,372
Total comprehensive income for the financial year	-	1,457,666	1,457,666
Balance at 30 June 2020	99,360,373	(8,935,335)	90,425,038
Total comprehensive income for the financial year	-	2,730,932	2,730,932
Balance at 30 June 2021	99,360,373	(6,204,403)	93,155,770

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 30 June 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash flows from operating activities					
Profit before taxation		13,720,436	6,633,306	3,440,603	2,011,737
Adjustments for:					
Bad debts written off		134,819	244,873	4,000	-
Deposits written off		41,000	-	-	-
Depreciation of property, plant and equipment		5,756,450	6,276,766	67,873	47,456
(Gain)/Loss on disposal of property, plant and equipment		(293,192)	12,040	(279)	-
Gain on termination of lease liabilities		(15,143)	(192,198)	-	-
Interest expenses		5,300,498	9,343,099	292,185	827,081
Interest income		(151,514)	(181,737)	(1,372,499)	(1,567,206)
Inventories written off		3,336,361	1,616,265	-	-
Property, plant and equipment written off		30,000	1,450	-	-
Reversal of bad debts written off		(9,700)	(917)	-	-
(Reversal of impairment)/Impairment charge on financial assets		(412,001)	1,431,125	(1,608,512)	(1,608,966)
(Reversal of impairment)/Impairment on slow moving inventories		(860,372)	860,372	-	-
Unrealised loss on foreign exchange		199,100	1,109,604	199,100	1,109,604
Operating profit before working capital changes		26,776,742	27,154,048	1,022,471	819,706
Change in receivables		34,052,098	6,094,990	(10,517)	39,805
Change in inventories		8,071,948	3,216,234	-	-
Change in payables		3,741,002	(1,322,777)	(213,335)	(884,412)
Cash from/(used in) operations		72,641,790	35,142,495	798,619	(24,901)
Income tax paid		(5,894,653)	(3,583,207)	(566,375)	(595,021)
Income tax refunded		374,622	903,724	-	-
Interest paid		(5,300,498)	(9,343,099)	(292,185)	(827,081)
Interest received		151,514	181,737	1,372,499	1,567,206
Net cash from operating activities		61,972,775	23,301,650	1,312,558	120,203
Cash flows from investing activities					
Acquisition of property, plant and equipment*		(1,125,392)	(1,331,061)	(243,701)	(24,917)
Acquisition of subsidiary companies, net of cash acquired	15	-	-	(1,000,200)	-
Repayments from/(Advances to) subsidiaries		-	-	2,051,856	(18,136,994)
Increase in investment in a subsidiary company	15	-	-	-	(950,000)
Proceeds from disposal of property, plant and equipment		391,520	183,006	1,521	-
Net cash (used in)/from investing activities		(733,872)	(1,148,055)	809,476	(19,111,911)
		61,238,903	22,153,595	2,122,034	(18,991,708)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 30 June 2021
(cont'd)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash flows from financing activities					
Advances from immediate holding company		-	4,465,895	-	4,465,895
Net payments of bankers' acceptances		(36,057,876)	(1,168,970)	-	-
Net payments of revolving credit		(4,000,000)	(14,000,000)	-	-
Net drawdown of trust receipts		4,910,282	1,636,703	-	-
Repayments to Directors		-	(13,451)	-	-
(Repayments to)/Advances from subsidiaries		-	-	(1,470,515)	13,961,583
Repayment of lease liabilities		(2,572,753)	(2,861,044)	-	-
Repayment of term loans		(766,391)	(870,972)	-	-
Net cash (used in)/from financing activities		(38,486,738)	(12,811,839)	(1,470,515)	18,427,478
Net increase/(decrease) in cash and cash equivalents		22,752,165	9,341,756	651,519	(564,230)
Effect of exchange rate fluctuations		78,840	25,560	-	-
Cash and cash equivalents at beginning of financial year		(13,818,568)	(23,185,884)	90,577	654,807
Cash and cash equivalents at end of financial year	20	9,012,437	(13,818,568)	742,096	90,577

Non-cash transactions

* *Acquisition of property, plant and equipment*

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM3,919,692 and RM243,701 (2020: RM2,236,471 and RM24,917) of which RM2,794,300 and RMNil (2020: RM905,410 and RMNil) were acquired by means of leases. Cash payments of RM1,125,392 and RM243,701 (2020: RM1,331,061 and RM24,917) were made to acquire property, plant and equipment.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the Financial Year Ended 30 June 2021
(cont'd)

Reconciliation of liabilities arising from financing activities

2021 Group	1 July RM	Cash flows RM	Non-cash changes** RM	30 June RM
Amount due to immediate holding company	4,465,895	-	-	4,465,895
Bankers' acceptances	108,420,074	(36,057,876)	-	72,362,198
Lease liabilities	7,286,594	(2,572,753)	2,685,182	7,399,023
Revolving credit	4,000,000	(4,000,000)	-	-
Term loans	18,275,729	(766,391)	-	17,509,338
Trust receipts	20,758,339	4,910,282	-	25,668,621
	163,206,631	(38,486,738)	2,685,182	127,405,075
Company				
Amounts due to subsidiaries	31,815,036	(1,470,515)	-	30,344,521
Amount due to immediate holding company	4,465,895	-	-	4,465,895
	36,280,931	(1,470,515)	-	34,810,416

2020 Group	1 July RM	Cash flows RM	Non-cash changes** RM	30 June RM
Amounts due to Directors	13,451	(13,451)	-	-
Amount due to immediate holding company	-	4,465,895	-	4,465,895
Bankers' acceptances	109,589,044	(1,168,970)	-	108,420,074
Lease liabilities	10,724,074	(2,861,044)	(576,436)	7,286,594
Revolving credit	18,000,000	(14,000,000)	-	4,000,000
Term loans	19,146,701	(870,972)	-	18,275,729
Trust receipts	19,121,636	1,636,703	-	20,758,339
	176,594,906	(12,811,839)	(576,436)	163,206,631
Company				
Amounts due to subsidiaries	17,853,453	13,961,583	-	31,815,036
Amount due to immediate holding company	-	4,465,895	-	4,465,895
	17,853,453	18,427,478	-	36,280,931

** *Included in non-cash changes of lease liabilities of the Group are non-cash acquisition and termination of lease liabilities amounted to RM2,794,300 and RM109,118 (2020: RM905,410 and RM1,481,846) respectively.*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021

1. GENERAL INFORMATION

The Company is a public limited liability company that is domiciled and incorporated in Malaysia, and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 15 to the financial statements.

The registered office and principal place of business of the Company are located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur, Malaysia and Lot 73, Jalan Kilang, SEDCO Light Industrial Estate, Mile 5 ½ Jalan Tuaran, 88450 Kota Kinabalu, Sabah, Malaysia respectively.

The Directors regard Kim Teck Cheong Capital Sdn. Bhd. and Kim Teck Cheong Holdings Sdn. Bhd., all of which are incorporated and domiciled in Malaysia, as the ultimate holding company and immediate holding company of the Company respectively.

These financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors dated

2. BASIS OF PREPARATION

The significant accounting policies adopted by the Group and the Company are consistent with those adopted in previous financial year unless otherwise stated.

The financial statements of the Group and of the Company are prepared on the historical cost convention, other than as disclosed in the notes to the financial statements, and in accordance with the Malaysian Financial Reporting Standards ("MFRS") issued by Malaysian Accounting Standards Board, International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements are prepared in Ringgit Malaysia (RM) which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Adoption of new and revised MFRS

During the financial year, the Group and the Company have adopted the following new standards and amendments to standards issued by the MASB that are mandatory for current financial year:

- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
- Amendments to MFRS 101 and MFRS 108: Definition of Material
- Amendment to MFRS 16: COVID-19-Related Rent Concessions

The adoption of the amendments to standards did not have any significant impact on the financial statements of the Group and of the Company.

(b) Standards issued but not yet effective

Certain new accounting standards and interpretations have been issued but not yet effective for 30 June 2021 reporting periods and have not been early adopted by the Group and the Company. These standards are not expected to have a material impact on the Group and the Company in the current or future reporting periods.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

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

(i) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(ii) Depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group and the Company anticipate that the residual values of their property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. The management estimates the useful lives of the property, plant and equipment to be within two (2) to eighty-three (83) years. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Revaluation of leasehold land and buildings

Leasehold land and buildings of the Group are reported at fair value which is based on valuations performed by independent professional valuers.

The leasehold land and buildings were valued by reference to transactions involving properties of a similar nature, location and condition which involved judgement by the independent professional valuers that may affect the resulting valuation estimates.

(iv) Carrying value of investments in subsidiary companies

Investments in subsidiary companies are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 4(l)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Significant judgment is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgments made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES *(cont'd)*

Key sources of estimation uncertainty *(cont'd)*

(v) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(vi) Impairment of goodwill

The Group assesses at each reporting date whether there is any impairment of goodwill. For the purpose of assessing impairment, assets (including goodwill) are grouped at the lowest level where there are separately identifiable cash flows (cash-generating units). The management determines the value-in-use of a cash-generating unit for impairment of goodwill purposes based on annual revenue generated during the financial year for significant agencies existing during the acquisition of the subsidiaries that resulted in goodwill arising to the Group using reasonable and supportable inputs about discount rates, forecast annual sales and net profit margin based on past experience, current events and reasonably possible future developments. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 16.

(vii) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the Statement of Profit or Loss and Other Comprehensive Income in the period in which actual realisation and settlement occurs.

(viii) Allowance for inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(ix) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES *(cont'd)*

Key sources of estimation uncertainty *(cont'd)*

(x) Leases

The measurement of the right-of-use asset and lease liability for leases where the Group is lessee requires the use of judgements and assumptions, such as lease term and incremental borrowing rate. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the reporting date. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

(i) Reorganisation

Acquisition of entities under a reorganisation scheme does not result in any change in economic substance. Accordingly, the consolidated financial statements of the Company are a continuation of the acquired entity and is accounted for as follows:

- the assets and liabilities of the acquired entity is recognised and measured in the consolidated financial statements at the pre-combination carrying amounts, without restatement to fair value;
- the retained profits and other equity balances of acquired entity immediately before the business combination are those of the Group; and
- the equity structure, however, reflects the equity structure of the Company and the differences arising from the change in equity structure of the Group will be accounted for in other reserves.

(ii) Subsidiaries

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

Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive.

The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. The Group did not consider *de facto* power in its assessment of control.

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(a) Basis of consolidation *(cont'd)*

(iii) Business combinations

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

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

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

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

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

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

(iv) Loss of control

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

(v) Non-controlling interests

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

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

(vi) Transactions with non-controlling interests

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners.

On acquisition of non-controlling interests, the difference between the consideration and the Group' share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(a) Basis of consolidation *(cont'd)*

(vii) Transactions eliminated on consolidation

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

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

(i) Functional and presentation currencies

The Group's consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and the Company and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(c) Revenue recognition

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with the customer when or as the Group transfers controls of the goods or services promised in a contract and the customer obtains control of the goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be a point in time or over time.

The Group satisfies a performance obligation and recognises revenue over time, if one (1) of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If none of the above conditions are met, the Group recognises revenue at the point in time at which the performance obligation is satisfied.

(i) Sale of goods

Revenue from sale of goods is recognised net of taxes and upon transfer of control of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Revenue from services

Revenue from services rendered is recognised net of taxes and discounts as and when the services are performed.

(iii) Management fee income

Management fee income is recognised when services are rendered.

(iv) Rental income

Rental income is recognised on a straight-line basis over the lease term of an ongoing lease.

(v) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(d) Employee benefits

The Group and the Company recognise a liability when an employee has provided service in exchange for employee benefits to be paid in the future and an expense when the Group and the Company consume the economic benefits arising from service provided by an employee in exchange for employee benefits.

(i) Short-term employee benefits

Wages and salaries are usually accrued and paid on a monthly basis and are recognised as an expense, unless they relate to cost of producing inventories or other assets.

Paid absences (annual leave, maternity leave, paternity leave, sick leave, etc.) are accrued in each period if they are accumulating paid absences that can be carried forward, or in the case of non-accumulating paid absences, recognised as and when the absences occur.

Profit sharing and bonus payments are recognised when, and only when, the Group and the Company have a present legal or constructive obligation to make such payment as a result of past events and a reliable estimate of the obligation can be made.

(ii) Post-employment benefits (defined contribution plans)

The Group and the Company make statutory contributions to the approved provident funds and the contributions made are charged to profit or loss in the period to which they relate. When the contributions have been paid, the Group and the Company have no further payment obligations.

(e) Tax assets and tax liabilities

A current tax for current and prior periods, to the extent unpaid, is recognised as a current tax liability. If the amount already paid in respect of current and prior periods exceed the amount due for those periods, the excess is recognised as a current tax asset. A current tax liability/(asset) is measured at the amount the entity expects to pay/(recover) using tax rates and laws that have been enacted or substantially enacted by the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit/(or tax loss). The exceptions for initial recognition differences include items of property, plant and equipment that do not qualify for capital allowances and acquired intangible assets that are not deductible for tax purposes.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit/(or tax loss). The exceptions for the initial recognition differences include non-taxable government grants received and reinvestment allowances and investment tax allowances on qualifying plant and equipment.

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred taxes are measured using tax rates/(and tax laws) that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Group and the Company expect, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(e) Tax assets and tax liabilities *(cont'd)*

At the end of each reporting period, the carrying amount of a deferred tax asset is reviewed and is reduced to the extent that it is no longer probably that sufficient taxable profit will be available to allow the benefit of a part or all of that deferred tax asset to be utilised. Any such reduction will be reversed to the extent that it becomes probably that sufficient taxable profit will be available.

A current or deferred tax is recognised as income and expense in profit or loss for the period, except to the extent that the tax arises from items recognised outside profit or loss. For an income or expense item recognised in other comprehensive income, the current or deferred tax expense or tax income is recognised in other comprehensive income. For items recognised directly in equity, the related tax effect is also recognised directly in equity.

(f) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(g) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment other than leasehold land and buildings are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Leasehold land and buildings are measured at fair value less accumulated depreciation on leasehold land and buildings and accumulated impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the leasehold land and buildings at the reporting date.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(g) Property, plant and equipment *(cont'd)*

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost or valuation of each asset to its residual value over the estimated useful life, at the following annual rates:

Right-of-use assets	2 years to 10 years
Leasehold land	16 years to 83 years
Leasehold buildings	45.5 years
Office equipment, furniture and fittings and computers	10% to 20%
Motor vehicles	20%
Plant and machineries	10%
Warehouse equipment	10% to 15%
Renovation	10%

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 residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(h) Goodwill

Goodwill arising from a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The policy for the recognition and measurement of impairment losses is in accordance with Note 4(l)(ii). Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(i) Intangible asset

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(i) Intangible asset *(cont'd)*

The amortisation methods used and the estimated useful lives are as follows:

	Method	Useful lives
Intangible asset	Revenue - based	4 years

The residual values, useful lives and amortisation methods are reviewed at the end of each reporting period.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(j) Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Trading inventories, raw materials and packaging materials: purchase costs on a first-in first-out basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

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

(k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(k) Financial instruments *(cont'd)*

(i) Financial assets *(cont'd)*

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in four (4) categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade and other receivables and cash and bank balances.

Financial assets at fair value through OCI (debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company have no debt instruments at fair value through OCI.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(k) Financial instruments *(cont'd)*

(i) Financial assets *(cont'd)*

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company have no equity instruments at fair value through OCI.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group and the Company have no financial assets at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(k) Financial instruments *(cont'd)*

(i) Financial assets *(cont'd)*

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(ii) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 9, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(k) Financial instruments *(cont'd)*

(ii) Financial liabilities *(cont'd)*

Financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities measured at amortised cost include trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(l) Impairment

(i) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two (2) stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments considered to have low credit risk, the Group and the Company apply the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(l) Impairment *(cont'd)*

(i) Impairment of financial assets *(cont'd)*

In addition, the Group and the Company consider that there has been a significant increase in credit risk when contractual payments are more than one (1) year past due. It is the Group's and the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group and the Company consider a financial asset in default when contractual payments are one (1) year past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless that asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(m) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised as an appropriation of retained profits upon declaration, and are only taken up as liabilities upon the necessary approval being obtained.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(n) Borrowing costs

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 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.

All other borrowings costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(o) Leases

(i) Classification

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

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

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

(ii) Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

(iii) Recognition and initial measurement

As a lessee

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(o) Leases *(cont'd)*

(iii) Recognition and initial measurement *(cont'd)*

As a lessee *(cont'd)*

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

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

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

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

As a lessor

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

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

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

When the Group is intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and applies the exemption described above, then it classifies the sublease as an operating lease.

(iv) Subsequent measurement

As a lessee

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(o) Leases *(cont'd)*

(iv) Subsequent measurement *(cont'd)*

As a lessee *(cont'd)*

The Group and reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities.

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

As a lessor

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

(p) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(q) Provisions

Provisions are recognised when the Group and the Company have present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability and the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(r) Contingencies

A contingent liability or asset is 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.

Contingent liabilities and assets are not recognised in the Statements of Financial Position of the Group.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(s) Segment reporting

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

(t) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transactions to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or
(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
(ii) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
(iii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

5. REVENUE

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Revenue from contracts with customers				
Revenue from distribution of consumer packaged goods	656,738,250	631,643,473	-	-
Revenue from manufacturing of bakery products	12,471,404	8,746,136	-	-
	669,209,654	640,389,609	-	-
Revenue from other sources				
Management fee from subsidiaries	-	-	6,639,958	6,409,317
	669,209,654	640,389,609	6,639,958	6,409,317

Disaggregation of revenue

The Group reports the following major segments: distribution and manufacturing. For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets, type of goods and timing of revenue recognition.

Group	Distribution RM	Manufacturing RM	Total RM
2021			
Primary geographical markets			
Sabah	353,129,459	12,471,404	365,600,863
Sarawak	192,287,701	-	192,287,701
Others	111,321,090	-	111,321,090
	656,738,250	12,471,404	669,209,654
Type of goods			
Consumer packaged goods	656,738,250	-	656,738,250
Bakery products	-	12,471,404	12,471,404
	656,738,250	12,471,404	669,209,654
Timing of revenue recognition			
At a point in time	656,738,250	12,471,404	669,209,654

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

5. REVENUE *(cont'd)*

Disaggregation of revenue *(cont'd)*

Group	Distribution RM	Manufacturing RM	Total RM
2020			
Primary geographical markets			
Sabah	329,171,724	8,667,975	337,839,699
Sarawak	201,476,058	-	201,476,058
Others	100,995,691	78,161	101,073,852
	631,643,473	8,746,136	640,389,609
Type of goods			
Consumer packaged goods	631,643,473	-	631,643,473
Bakery products	-	8,746,136	8,746,136
	631,643,473	8,746,136	640,389,609
Timing of revenue recognition			
At a point in time	631,643,473	8,746,136	640,389,609

6. OTHER OPERATING INCOME

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest income	151,514	181,737	1,372,499	1,567,206
Gain on disposal of property, plant and equipment	293,192	-	279	-
Gain on termination of lease liabilities	15,143	192,198	-	-
Realised gain on foreign exchange	12,742	4,579	-	-
Rental income				
- motor vehicles	367,687	227,491	-	-
- warehouses and offices	194,000	488,166	-	-
Reversal of bad debts written off	9,700	917	-	-
Reversal of impairment on slow moving inventories (Note 18)	860,372	-	-	-
Supply chain income	560,346	577,181	-	-
Miscellaneous income	27,088	183,143	-	-
	2,491,784	1,855,412	1,372,778	1,567,206

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

7. (REVERSAL OF IMPAIRMENT)/IMPAIRMENT CHARGE ON FINANCIAL ASSETS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Impairment on: (Note 19)				
- trade receivables	318,312	1,457,392	-	-
- other receivables	90,120	531,874	-	-
Impairment on investment in subsidiary companies (Note 15)	-	-	-	182,157
Reversal of impairment on: (Note 19)				
- trade receivables	(349,042)	(415,050)	-	-
- other receivables	(471,391)	(143,091)	-	-
- amounts due from subsidiaries	-	-	(1,608,512)	(1,791,123)
	(412,001)	1,431,125	(1,608,512)	(1,608,966)

8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Salaries, wages, bonuses, allowances and incentives	22,826,193	22,715,809	3,520,115	3,251,383
Defined contribution plan	2,101,175	2,331,773	217,632	178,633
Employees Insurance System contributions	30,668	33,267	780	978
Social security contributions	277,460	296,177	8,004	9,749
	25,235,496	25,377,026	3,746,531	3,440,743

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM2,728,713 (2020: RM2,303,083) and RM2,728,713 (2020: RM2,303,083) respectively as further disclosed in Note 9 to the financial statements.

9. DIRECTORS' REMUNERATION

The details of remuneration received and receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Executive Directors' remuneration: (Note 8 and 28(c))				
- Fee	150,120	150,120	150,120	150,120
- Salary	1,733,400	1,726,400	1,733,400	1,726,400
- Other emoluments	845,193	426,563	845,193	426,563
	2,728,713	2,303,083	2,728,713	2,303,083

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

9. DIRECTORS' REMUNERATION *(cont'd)*

The details of remuneration received and receivable by Directors of the Group and of the Company during the financial year are as follows: *(cont'd)*

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Non-executive Directors' remuneration:				
- Fee	278,160	272,160	260,160	260,160
- Salary	160,862	160,129	-	-
- Other emoluments	57,037	64,761	41,376	10,633
	496,059	497,050	301,536	270,793
Total Directors' remuneration	3,224,772	2,800,133	3,030,249	2,573,876

10. PROFIT FROM OPERATIONS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Other than disclosed in Note 6, 7, 8 and 9, profit from operations is arrived at after charging:				
Auditors' remuneration				
- Statutory audit				
- current year	236,153	233,011	35,000	35,000
- Other services	50,800	31,000	13,700	31,000
Bad debts written off	134,819	244,873	4,000	-
Deposits written off	41,000	-	-	-
Depreciation of property, plant and equipment (Note 14)	5,756,450	6,276,766	67,873	47,456
Impairment on slow moving inventories (Note 18)	-	860,372	-	-
Inventories written off	3,336,361	1,616,265	-	-
Loss on disposal of property, plant and equipment	-	12,040	-	-
Loss on foreign exchange				
- realised	1,246,671	701,670	-	-
- unrealised	199,100	1,109,604	199,100	1,109,604
Property, plant and equipment written off (Note 14)	30,000	1,450	-	-
Rental expenses*				
- warehouses and offices	321,314	546,797	-	-
- office equipment	84,602	90,853	28,896	19,506

* *Expenses relating to short-term lease accounted for applying the recognition exception of MFRS 16 Leases. There are no material expense relating to low value assets.*

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

11. FINANCE COSTS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Interest expenses:				
- Amounts due to subsidiaries	-	-	292,185	827,081
- Bank overdrafts	560,083	2,076,783	-	-
- Bankers' acceptances	2,500,223	4,349,560	-	-
- Lease liabilities	340,035	465,394	-	-
- Revolving credit	67,857	600,243	-	-
- Term loans	690,748	717,733	-	-
- Trust receipts	1,141,552	1,133,386	-	-
	5,300,498	9,343,099	292,185	827,081

12. INCOME TAX EXPENSE

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Current taxation	4,822,138	2,436,715	621,668	371,265
Deferred tax liabilities (Note 26)	291,609	226,309	8,277	8,063
	5,113,747	2,663,024	629,945	379,328
(Over)/Under provision in prior year				
- Current taxation	(102,134)	(185,233)	79,726	174,743
	5,011,613	2,477,791	709,671	554,071

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

12. INCOME TAX EXPENSE *(cont'd)*

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit before taxation	13,720,436	6,633,306	3,440,603	2,011,737
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	3,292,905	1,591,993	825,745	482,817
Effect of tax rate in foreign jurisdiction at 18.5% (2020: 18.5%)	(164,573)	(121,086)	-	-
Non-tax deductible expenses	655,534	971,794	353,825	575,904
Non-taxable income	-	-	(550,310)	(691,931)
Effect of deductible temporary differences arising from initial recognition of assets but not recognised as deferred tax assets	1,329,881	220,323	685	12,538
	5,113,747	2,663,024	629,945	379,328
(Over)/Under provision in prior year				
- Current taxation	(102,134)	(185,233)	79,726	174,743
	5,011,613	2,477,791	709,671	554,071

13. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2021	2020
	RM	RM
Profit net of tax attributable to owners of the Company	7,464,314	3,545,971
Weighted average number of ordinary shares in issue	670,289,386	527,374,214

	Group	
	2021	2020
	Sen	Sen
Basic earnings per share	1.11	0.67

(b) Diluted

There is no dilution in the earnings per share of the current and previous year end as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

14. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets	Leasehold land	Leasehold buildings	Office equipment, furniture and fittings and computers	Motor vehicles	Plant and machineries	Warehouse equipment	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group									
2021									
Cost/Fair value									
At 1 July 2020									
- At cost	9,810,341	-	-	5,682,774	7,804,569	4,041,007	3,200,660	2,999,710	33,539,061
- At fair value	-	49,196,172	37,923,847	-	-	-	-	-	87,120,019
	9,810,341	49,196,172	37,923,847	5,682,774	7,804,569	4,041,007	3,200,660	2,999,710	120,659,080
Addition	-	394,350	-	248,372	3,044,000	229,945	3,025	-	3,919,692
Disposal	(181,953)	-	-	(1,521)	(1,113,426)	-	-	-	(1,296,900)
Written off (Note 10)	(188,324)	-	-	-	-	-	-	(134,430)	(322,754)
Adjustment	-	-	-	-	(32,390)	-	(24,564)	-	(56,954)
Exchange differences	-	-	-	3,348	3,729	-	-	905	7,982
At 30 June 2021	9,440,064	49,590,522	37,923,847	5,932,973	9,706,482	4,270,952	3,179,121	2,866,185	122,910,146
Accumulated depreciation									
At 1 July 2020	5,217,632	-	-	3,833,065	5,996,196	1,899,177	1,656,727	1,644,294	20,247,091
Charge for the financial year (Note 10)	1,388,193	1,252,774	856,909	365,629	681,612	469,988	469,652	271,693	5,756,450
Written back	(83,978)	-	-	(534,274)	(482,345)	-	-	-	(1,100,597)
Written off (Note 10)	(188,324)	-	-	-	-	-	-	(104,430)	(292,754)
Exchange differences	-	-	-	2,467	1,950	-	-	529	4,946
At 30 June 2021	6,333,523	1,252,774	856,909	3,666,887	6,197,413	2,369,165	2,126,379	1,812,086	24,615,136
Net book value									
At cost	3,106,541	-	-	2,266,086	3,509,069	1,901,787	1,052,742	1,054,099	12,890,324
At fair value	-	48,337,748	37,066,938	-	-	-	-	-	85,404,686
At 30 June 2021	3,106,541	48,337,748	37,066,938	2,266,086	3,509,069	1,901,787	1,052,742	1,054,099	98,295,010

14. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

	Right-of-use assets	Leasehold land	Leasehold buildings	Office equipment, furniture and fittings and computers	Motor vehicles	Plant and machineries	Warehouse equipment	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group									
2020									
Cost/Fair value									
At 1 July 2019									
- At cost	10,878,422	-	-	5,858,958	7,578,397	3,854,802	2,920,572	2,992,511	34,083,662
- At fair value	-	49,196,172	37,923,847	-	-	-	-	-	87,120,019
	10,878,422	49,196,172	37,923,847	5,858,958	7,578,397	3,854,802	2,920,572	2,992,511	121,203,681
Addition	411,681	-	-	397,336	856,807	200,045	282,808	87,794	2,236,471
Disposal	(1,479,762)	-	-	(574,666)	(591,862)	(13,840)	-	(80,476)	(2,740,606)
Written off (Note 10)	-	-	-	(2,800)	(40,146)	-	-	(450)	(43,396)
Reclassification	-	-	-	2,720	-	-	(2,720)	-	-
Exchange differences	-	-	-	1,226	1,373	-	-	331	2,930
At 30 June 2020	9,810,341	49,196,172	37,923,847	5,682,774	7,804,569	4,041,007	3,200,660	2,999,710	120,659,080
Accumulated depreciation									
At 1 July 2019	3,821,117	640,929	467,276	3,754,788	5,664,262	1,463,167	1,270,237	1,381,611	18,463,387
Charge for the financial year (Note 10)	1,565,629	1,252,774	856,909	539,816	941,546	444,660	386,720	288,712	6,276,766
Written back	(169,114)	-	-	(461,086)	(570,130)	(8,650)	-	(25,932)	(1,234,912)
Written off (Note 10)	-	-	-	(1,524)	(40,146)	-	-	(276)	(41,946)
Reclassification	-	-	-	230	-	-	(230)	-	-
Written back on revaluation	-	(1,893,703)	(1,324,185)	-	-	-	-	-	(3,217,888)
Exchange differences	-	-	-	841	664	-	-	179	1,684
At 30 June 2020	5,217,632	-	-	3,833,065	5,996,196	1,899,177	1,656,727	1,644,294	20,247,091
Net book value									
At cost	4,592,709	-	-	1,849,709	1,808,373	2,141,830	1,543,933	1,355,416	13,291,970
At fair value	-	49,196,172	37,923,847	-	-	-	-	-	87,120,019
At 30 June 2020	4,592,709	49,196,172	37,923,847	1,849,709	1,808,373	2,141,830	1,543,933	1,355,416	100,411,989

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

14. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

	Office equipment and computers	
	2021	2020
	RM	RM
Company		
Cost		
At 1 July	241,209	216,292
Addition	243,701	24,917
Disposal	(1,521)	-
At 30 June	483,389	241,209
Accumulated depreciation		
At 1 July	136,224	88,768
Charge for the financial year (Note 10)	67,873	47,456
Written back	(279)	-
At 30 June	203,818	136,224
Net book value		
30 June	279,571	104,985

Leased assets of the Group pledged as security for the related lease liabilities as disclosed in Note 25 to the financial statements are as follows:

	At cost	Accumulated depreciation	Net book value
	RM	RM	RM
Group			
2021			
Motor vehicles	7,358,970	(3,765,200)	3,593,770
Warehouse equipment	994,181	(288,632)	705,549
	8,353,151	(4,053,832)	4,299,319
2020			
Office equipment, furniture and fittings and computers	863,683	(308,353)	555,330
Motor vehicles	6,086,618	(4,772,370)	1,314,248
Plant and machineries	2,817,542	(1,781,683)	1,035,859
Warehouse equipment	745,845	(302,157)	443,688
	10,513,688	(7,164,563)	3,349,125

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

14. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

The right-of-use assets relate to the lease of warehouses and offices for a period ranging from two (2) years to ten (10) years.

Certain leasehold land and buildings of the Group with a carrying amount of RM52,331,666 (2020: RM52,400,000) had been pledged to licensed banks for banking facilities granted to the subsidiaries as disclosed in Note 25 to the financial statements.

The leasehold land and buildings of the Group were revalued during the previous financial year by independent professional valuers using comparison method of valuation.

Had the leasehold land and buildings been carried under the cost model, the carrying amount would have been RM33,832,433 (2020: RM34,629,338).

The title deeds to the leasehold land and buildings with carrying value at RM36,797,316 (2020: RM37,260,000) are yet to be issued by the relevant authorities.

15. INVESTMENTS IN SUBSIDIARY COMPANIES

	Company	
	2021	2020
	RM	RM
Unquoted shares, at cost		
At 1 July	90,936,301	89,986,301
Increase in investment in a subsidiary	-	950,000
Acquisition of subsidiary companies	1,000,200	-
At 30 June	91,936,501	90,936,301
Less: Impairment loss	(182,157)	(182,157)
	91,754,344	90,754,144

Movement in the impairment account is as follows:

	Company	
	2021	2020
	RM	RM
At 1 July	182,157	-
Charge for the financial year (Note 7)	-	182,157
At 30 June	182,157	182,157

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

15. INVESTMENTS IN SUBSIDIARY COMPANIES *(cont'd)*

Details of the subsidiaries are as follows:

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest 2021 %	Proportion of ownership interest 2020 %	Principal activities
Kim Teck Cheong Sdn. Bhd. ("KTC Sdn. Bhd.")	Malaysia	100	100	Distribution of consumer packaged goods
Kim Teck Cheong Brands Sdn. Bhd. ("KTC Brands")	Malaysia	100	100	Dormant
Kim Teck Cheong Distribution Sdn. Bhd. ("KTC Distribution")	Malaysia	100	100	Distribution of consumer packaged goods
Kim Teck Cheong (Sarawak) Sdn. Bhd. ("KTC Sarawak")	Malaysia	100	100	Distribution of consumer packaged goods
Gardenia Bakeries (East Malaysia) Sdn. Bhd. (Formerly known as Kim Teck Cheong (Tawau) Sdn. Bhd.) ("Gardenia")	Malaysia	100	100	Manufacture of bakery products
Kim Teck Cheong (Borneo) Sdn. Bhd. ("KTC Borneo")	Malaysia	100	100	Distribution of consumer packaged goods
Creamos (Malaysia) Sdn. Bhd. ("Creamos")	Malaysia	100	100	Manufacture of bakery products
Kim Teck Cheong Retail Sdn. Bhd. (Formerly known as Popular Trading (Borneo) Corporation Sdn. Bhd.) ("KTC Retail")	Malaysia	100	100	Distribution of consumer packaged goods
Kim Teck Cheong Shipping Sdn. Bhd. (Formerly known as Kim Teck Cheong Transpacific Sdn. Bhd.) ("KTC Shipping")	Malaysia	100	100	Transportation support activities
Kim Teck Cheong Agriculture Sdn. Bhd. ("KTC Agriculture")	Malaysia	100	-	Dormant
Kim Teck Cheong Development Sdn. Bhd. ("KTC Development")	Malaysia	100	-	Dormant
Kim Teck Cheong Corporate Services Sdn. Bhd. (Formerly known as Kim Teck Cheong Jaya Sdn. Bhd.) ("KTC Corporate Services")	Malaysia	100	-	Corporate and administrative services
Kim Teck Cheong Grandtop Sdn. Bhd. ("KTC Grandtop")*	Brunei	60	60	Distribution of consumer packaged goods

* *Audited by firm of auditors other than PKF.*

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

15. INVESTMENTS IN SUBSIDIARY COMPANIES *(cont'd)*

Increase in investment in a subsidiary

On 6 November 2019, KTC Sarawak further increased its issued and paid up share capital to 1,000,000 ordinary shares by way of issuance of 950,000 ordinary shares to the Company by way of capitalisation of balances owing by KTC Sarawak to the Company of RM950,000.

Acquisition of subsidiary companies

The Company acquired 100% equity interests in KTC Agriculture and KTC Development on 29 January 2021, being the date of incorporation of the said subsidiaries for a total cash consideration of RM100 each.

On 11 May 2021, KTC Development further increased its issued and paid up share capital to 1,000,000 ordinary shares by way of issuance of 999,900 ordinary shares to the Company for cash consideration of RM999,900.

On 11 May 2021, the Company acquired 100% equity interests in KTC Corporate Services for a total cash consideration of RM100.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Acquiree's carrying amount
	2021
Cash in hand	100
Trade and other payables	(9,031)
Share of net liabilities acquired	(8,931)
Reorganisation deficit (Note 23)	9,031
Total purchase consideration	100
Less: Cash of KTC Corporate Services	(100)
Cash flow on acquisition, net of cash acquired	-

As KTC Corporate Services and the Company are ultimately controlled by the same shareholders and hence, there is no change in control following the acquisition of KTC Corporate Services, the acquisition method of accounting pursuant to MFRS 3 Business Combinations does not apply, and the acquired assets and liabilities are recorded at their existing carrying values rather than at fair value and no goodwill is recorded.

Non-controlling interests in subsidiary

The financial information of the subsidiary of the Group that has non-controlling interests ("NCI") is as follows:

Equity interest held by material non-controlling interests are as follows:

Name of subsidiary company	Country of incorporation	Ownership interest	
		2021	2020
		%	%
KTC Grandtop	Brunei	40	40

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

15. INVESTMENTS IN SUBSIDIARY COMPANIES *(cont'd)*

Non-controlling interests in subsidiary *(cont'd)*

The financial information of the subsidiary of the Group that has non-controlling interests ("NCI") is as follows: *(cont'd)*

Carrying amount of material NCI:

Name of subsidiary company	2021 RM	2020 RM
KTC Grandtop	5,722,739	4,445,480

Profit allocated to material NCI:

Name of subsidiary company	2021 RM	2020 RM
KTC Grandtop	1,244,509	609,544

Total comprehensive income allocated to NCI:

Name of subsidiary company	2021 RM	2020 RM
KTC Grandtop	1,277,259	620,266

Summarised financial information of material NCI

The summarised financial information (before intra-group elimination) of the subsidiary that has material NCI is as follows:

	2021 RM	2020 RM
KTC Grandtop		
Summarised statements of financial position		
Non-current assets	1,523,339	2,229,814
Current assets	49,161,061	54,311,854
Non-current liabilities	(50,798)	(156,748)
Current liabilities	(36,004,715)	(44,949,181)
Net assets	14,628,887	11,435,739
Summarised statements of profit or loss and other comprehensive income		
Revenue	95,153,941	84,967,695
Profit for the financial year	3,111,272	1,523,859
Total comprehensive income	3,193,148	1,523,859

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

15. INVESTMENTS IN SUBSIDIARY COMPANIES *(cont'd)*

Summarised financial information of material NCI *(cont'd)*

The summarised financial information (before intra-group elimination) of the subsidiary that has material NCI is as follows: *(cont'd)*

	2021 RM	2020 RM
Summarised cash flow information		
Net cash from/(used in) operating activities	10,715,413	(4,054,919)
Net cash used in investing activities	(2,779)	(213,419)
Net cash from/(used in) financing activities	7,003,698	(588,405)
Net increase/(decrease) in cash and cash equivalents	17,716,332	(4,856,743)
Dividends paid to non-controlling interests	-	-

16. Goodwill on consolidation

	Group	
	2021 RM	2020 RM
Cost		
At 1 July 2019/30 June 2020/ 30 June 2021	5,981,384	5,981,384

Impairment of goodwill

Goodwill arising from business combination has been allocated to the Group's CGUs identified according to the operating segments for impairment testing as follows:

	Group	
	2021 RM	2020 RM
Distribution operation	5,981,384	5,981,384

For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Key assumptions used in value-in-use calculations

Goodwill is tested for impairment on annual basis by comparing the carrying amount with the recoverable amount of the CGUs based on value-in-use.

The Directors determined the value-in-use as at year end based on annual revenue generated during the financial year for significant agencies existing during the acquisition of the subsidiaries that resulted in goodwill arising to the Group.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

15. INVESTMENTS IN SUBSIDIARY COMPANIES *(cont'd)*

Key assumptions used in value-in-use calculations *(cont'd)*

The key assumptions used for value-in-use calculations are:

	Group	
	2021	2020
Distribution operation		
Net profit margin	2%	2%
Discount rate	5.50%	4.50%

Net profit margin - Net profit margin is based on past net profit margin achieved.

Discount rate - Discount rate is based on weighted average cost of capital of the Group.

Sensitivity to change in assumptions

With regard to the assessment of value-in-use calculation, the Directors of the Company believe that no reasonably possible change in any of the above key assumptions would cause the carrying value to materially exceed its recoverable amount.

17. INTANGIBLE ASSET

	Group	
	2021	2020
	RM	RM
Cost		
At 1 July	315,856	315,856
Written off	(315,856)	-
At 30 June	-	315,856
Accumulated amortisation		
At 1 July	315,856	315,856
Written off	(315,856)	-
At 30 June	-	315,856
Net book value		
At 30 June	-	-

The intangible asset of the Group represents the identifiable asset arising from the purchase price allocation exercise performed by the Company in connection with the acquisition of KTC Borneo based on its future economic benefits arising from its distributorship as at the date of business combination.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

18. INVENTORIES

	Group	
	2021	2020
	RM	RM
Cost		
Trading inventories	94,783,252	105,790,406
Raw materials	395,499	795,827
Packaging materials	197,068	197,895
	95,375,819	106,784,128
Less: Impairment	-	(860,372)
	95,375,819	105,923,756

Movement in the impairment account is as follows:

	Group	
	2021	2020
	RM	RM
At 1 July	860,372	-
Charge for the financial year (Note 10)	-	860,372
Reversal during the financial year (Note 6)	(860,372)	-
At 30 June	-	860,372

The amount of inventories recognised as an expense in cost of sales of the Group was RM600,630,384 (2020: RM570,241,877).

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Trade receivables				
- Third parties	89,739,139	111,117,537	-	-
Less: Allowance for impairment				
- Third parties	(2,388,158)	(2,435,157)	-	-
Trade receivables, net	87,350,981	108,682,380	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

19. TRADE AND OTHER RECEIVABLES *(cont'd)*

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Other receivables				
Other receivables				
- Amount due from a Director	-	1,914	-	-
- Amounts due from subsidiaries	-	-	37,194,191	39,246,047
- Related party	64,737	64,737	-	-
- Third parties	12,027,807	25,285,337	4,000	5,000
Deposits	760,834	768,400	7,000	7,800
Prepayments	474,272	711,332	27,746	19,429
	13,327,650	26,831,720	37,232,937	39,278,276
Less: Allowance for impairment				
- Amounts due from subsidiaries	-	-	(950,658)	(2,559,170)
- Third parties	(90,120)	(1,176,327)	-	-
	(90,120)	(1,176,327)	(950,658)	(2,559,170)
Other receivables, net	13,237,530	25,655,393	36,282,279	36,719,106
Total trade and other receivables	100,588,511	134,337,773	36,282,279	36,719,106

Trade receivables are non-interest bearing and the normal credit terms granted by the Group and the Company are 30 to 90 (2020: 30 to 90) days from date of statement for the month invoice was issued. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The non-trade amounts due from subsidiaries are unsecured, bear interest at rates ranging from 3.68% to 4.00% (2020: 4.00% to 5.11%) per annum and repayable on demand.

Amounts due from Director and related party are unsecured, interest free and repayable on demand.

Included in other receivables are amounts of RM11,300,930 (2020: RM22,922,975), being incentives and claims receivable from trade suppliers in relation to trade-related activities.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

19. TRADE AND OTHER RECEIVABLES *(cont'd)*

During the financial year, the following (gains)/losses were recognised in profit or loss in relation to impaired financial assets:

	Trade receivables	Other receivables	Total
	RM	RM	RM
Group			
At 1 July 2019	1,392,815	787,544	2,180,359
Charge for the financial year (Note 7)	1,457,392	531,874	1,989,266
Reversal during the financial year (Note 7)	(415,050)	(143,091)	(558,141)
At 30 June 2020	2,435,157	1,176,327	3,611,484
Charge for the financial year (Note 7)	318,312	90,120	408,432
Reversal during the financial year (Note 7)	(349,042)	(471,391)	(820,433)
Written off	(16,269)	(704,936)	(721,205)
At 30 June 2021	2,388,158	90,120	2,478,278
Company			
At 1 July 2019	-	4,350,293	4,350,293
Reversal during the financial year (Note 7)	-	(1,791,123)	(1,791,123)
At 30 June 2020	-	2,559,170	2,559,170
Reversal during the financial year (Note 7)	-	(1,608,512)	(1,608,512)
At 30 June 2021	-	950,658	950,658

Information about the Group's exposure to credit risks and impairment losses for trade receivables is included in Note 31 to the financial statements.

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash and bank balances	10,272,628	2,012,451	742,096	90,577
Bank overdrafts (Note 25)	(1,260,191)	(15,831,019)	-	-
Cash and cash equivalents	9,012,437	(13,818,568)	742,096	90,577

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

21. SHARE CAPITAL

	No. of shares		Group/Company	
	2021	2020	2021	2020
			RM	RM
Issued and fully paid:				
Ordinary shares				
At 1 July	670,289,386	510,277,000	99,360,373	75,358,515
Effect of conversion of RCPS	-	160,012,386	-	24,001,858
At 30 June	670,289,386	670,289,386	99,360,373	99,360,373
Redeemable convertible preference shares ("RCPS")				
At 1 July	-	24,001,858	-	24,001,858
Effect of conversion of RCPS	-	(24,001,858)	-	(24,001,858)
At 30 June	-	-	-	-
	670,289,386	670,289,386	99,360,373	99,360,373

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

The salient terms of the RCPS are as follows:

(i) the RCPS has a par value of RM1.00 each and bears zero dividend rate;
(ii) the RCPS has maturity period of five (5) years from and including the date of issuance of the RCPS on 1 July 2015;
(iii) the registered holder will have the right to convert the RCPS at the conversion price of RM0.15 into new shares at anytime from the issue date until the maturity date. Notwithstanding the above, the registered holder shall not be allowed to exercise its conversion rights during the conversion period if the public shareholding spread shall fall below twenty-five percent (25%) of the total shares or such other percentage as may be imposed by the Listing Requirements from time to time as a result of such conversion;
(iv) each RCPS shall be, at the sole option of the Company, be redeemed by payment by the Company in cash to the holder thereof, on any date during the tenure of the RCPS and before the maturity date, an amount equivalent to the issue price of each RCPS held. Any RCPS not converted or redeemed shall, on maturity date, be automatically lapse;
(v) the RCPS holders shall carry no right to vote at any general meeting of the Company except with regard to:

- any proposal to wind up the Company;
- during the winding-up of the Company;
- on any proposal that affects the rights of the RCPS holders;
- on a proposal to reduce the Company's share capital; or
- on a proposal for the disposal of the whole property, business and undertaking of the Company.

In any such case, the RCPS holder shall be entitled to vote together with the holders of ordinary shares and entitled to one (1) vote for each RCPS held.

Where there is any proposal submitted to the general meeting which directly affects the rights attached to the RCPS, RCPS holders shall have the right to attend such general meeting and shall be entitled to vote either in person or by proxy only for such purpose.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

21. SHARE CAPITAL *(cont'd)*

The salient terms of the RCPS are as follows: *(cont'd)*

(vi) each RCPS shall on winding-up or upon a reduction of capital or other repayment of capital (other than conversion of the RCPS) rank pari passu in all respect with the existing RCPS in issue and confer on each holder of the RCPS the right to receive in priority to the ordinary shareholders in the capital of the Company the cash repayment in full of the nominal amount (including premium payable, if any) of that RCPS after the payment and discharge of all debts and liabilities of the Company and the costs of winding up or capital reduction exercise;

(vii) the RCPS will not be transferable upon issue and allotment throughout its tenure; and

(viii) the new shares to be issued arising from the conversion of the RCPS shall, upon allotment and issue, rank pari passu in all respect with the then existing shares, except that the new shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares.

The RCPS were converted to 160,012,386 ordinary shares on 22 May 2020.

22. OTHER RESERVES

	Revaluation reserve	Exchange reserve	Total
	RM	RM	RM
Group			
At 1 July 2019	27,898,314	(110,517)	27,787,797
Revaluation surplus on leasehold land and buildings, net of deferred tax	2,445,595	-	2,445,595
Exchange differences on translation of a foreign operation	-	16,084	16,084
At 30 June 2020	30,343,909	(94,433)	30,249,476
Exchange differences on translation of a foreign operation	-	49,126	49,126
At 30 June 2021	30,343,909	(45,307)	30,298,602

Revaluation reserve

This reserve includes the cumulative net change, net of deferred tax effects, arising from the revaluation of leasehold land and buildings.

Exchange reserve

The exchange reserve represents exchange differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Group's presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

23. REORGANISATION DEFICIT

		Group	
		2021	2020
		RM	RM
At 1 July	(a)	(47,962,248)	(47,962,248)
Effect of acquisition of KTC Corporate Services (Note 15)	(b)	(9,031)	-
At 30 June		(47,971,279)	(47,962,248)

(a) The Company completed its Pre-IPO Reorganisation on 1 July 2015 and has accounted for the acquisition of KTC Sdn. Bhd. as a continuation of the acquired entity. Therefore, the difference between the purchase consideration to acquire KTC Sdn. Bhd. and the share capital of KTC Sdn. Bhd. was reflected as a reorganisation deficit amounted to RM47,962,248.

(b) The amount of RM9,031 represents the difference between carrying value of the assets and liabilities acquired to the cost of investment in respect of the acquisition of KTC Corporate Services as there is no change in control following the acquisition and therefore, the acquisition method of accounting pursuant to MFRS 3 Business Combinations does not apply.

24. RETAINED PROFITS/(ACCUMULATED LOSSES)

The Group's and the Company's policy is to treat all gains and losses that pass through the statements of profit or loss and other comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders. Accumulated losses is the opposite of retained profits and when an entity is in an accumulated loss position, it is prohibited from distributing cash dividends to shareholders.

25. LOANS AND BORROWINGS

	Group	
	2021	2020
	RM	RM
Non-current		
Secured:		
Lease liabilities	2,755,424	1,224,991
Term loans	16,082,682	16,914,945
	18,838,106	18,139,936
Unsecured:		
Lease liabilities	2,127,319	3,552,498
	20,965,425	21,692,434

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

25. LOANS AND BORROWINGS *(cont'd)*

	Group	
	2021	2020
	RM	RM
Current		
Secured:		
Bankers' acceptances	72,362,198	108,420,074
Bank overdrafts	1,260,191	15,831,019
Lease liabilities	1,213,209	1,095,697
Revolving credit	-	4,000,000
Term loans	1,426,656	1,360,784
Trust receipts	25,668,621	20,758,339
	101,930,875	151,465,913
Unsecured:		
Lease liabilities	1,303,071	1,413,408
	103,233,946	152,879,321
Total loans and borrowings		
Secured:		
Bankers' acceptances	72,362,198	108,420,074
Bank overdrafts (Note 20)	1,260,191	15,831,019
Lease liabilities	3,968,633	2,320,688
Revolving credit	-	4,000,000
Term loans	17,509,338	18,275,729
Trust receipts	25,668,621	20,758,339
	120,768,981	169,605,849
Unsecured:		
Lease liabilities	3,430,390	4,965,906
	124,199,371	174,571,755
Maturity structure of loans and borrowings		
Within one year	103,233,946	152,879,321
Between one to five years	10,308,520	9,960,459
More than five years	10,656,905	11,731,975
	124,199,371	174,571,755

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

25. LOANS AND BORROWINGS *(cont'd)*

The interest rate structures are as follows:

	Effective interest rate per annum	
	2021	2020
Bankers' acceptances	1.91% to 3.86%	2.59% to 4.35%
Bank overdrafts	5.49% to 5.64%	5.40% to 6.89%
Lease liabilities	3.91% to 7.07%	4.64% to 7.32%
Revolving credit	Nil%	4.00% to 5.11%
Term loans	3.09% to 3.75%	2.85% to 4.18%
Trust receipts	4.50%	5.00% to 5.75%

The loans and borrowings are secured by the followings:

(i) Facilities agreement together with interest thereon and all monies due and payable;
(ii) Legal charge over certain leasehold land and buildings, and leased assets of the Group as disclosed in Note 14 to the financial statements;
(iii) Joint and several guarantees by certain Directors of the Company;
(iv) Corporate guarantees by the Company;
(v) Letter of undertaking from certain Directors of the Company; and
(vi) Negative pledge.

26. DEFERRED TAX LIABILITIES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
At 1 July	11,522,432	10,523,830	8,063	-
Recognised in profit or loss (Note 12)	291,609	226,309	8,277	8,063
Recognised in other comprehensive income	-	772,293	-	-
At 30 June	11,814,041	11,522,432	16,340	8,063

The components of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Deferred tax assets				
Unabsorbed capital allowances	(671,109)	-	-	-
Unutilised tax losses	-	(1,875,617)	-	-
	(671,109)	(1,875,617)	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

26. DEFERRED TAX LIABILITIES *(cont'd)*

The components of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: *(cont'd)*

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Deferred tax liabilities				
Revaluation of property, plant and equipment	47,152,679	47,152,679	-	-
Temporary differences on qualifying property, plant and equipment	2,743,601	2,733,073	68,085	33,596
	49,896,280	49,885,752	68,085	33,596
	49,225,171	48,010,135	68,085	33,596
Tax rate	24%	24%	24%	24%
Deferred tax liabilities recognised	11,814,041	11,522,432	16,340	8,063

No deferred tax asset has been recognised for the following items:

	Group	
	2021	2020
	RM	RM
Temporary differences on qualifying property, plant and equipment	25,444	38,039
Unabsorbed capital allowances	(258,697)	(172,665)
Unutilised tax losses	(6,371,610)	(929,066)
	(6,604,863)	(1,063,692)
Tax rate	24%	24%
Deferred tax assets not recognised	(1,585,167)	(255,286)

The unabsorbed capital allowances disclosed above are available indefinitely for offsetting against future taxable profits of the Group whereas the unutilised losses is available to be carried forward up to the maximum of seven (7) years, subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Trade payables				
Third parties	36,145,661	32,750,568	-	-
Other payables				
Other payables				
- Amounts due to subsidiaries	-	-	30,344,521	31,815,036
- Amount due to immediate holding company	4,465,895	4,465,895	4,465,895	4,465,895
- Third parties	3,565,455	4,155,548	279,795	375,485
Deposits payable	2,368,541	1,746,667	-	-
Accruals	3,617,348	3,099,089	676,601	595,146
	14,017,239	13,467,199	35,766,812	37,251,562
Total trade and other payable	50,162,900	46,217,767	35,766,812	37,251,562

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 90 (2020: 30 to 90) days.

The non-trade amounts due to subsidiaries are unsecured, bear interest at rates ranging from 3.68% to 4.00% (2020: 4.00% to 5.11%) per annum and repayable on demand.

Amount due to immediate holding company is unsecured, interest free and repayable on demand.

Included in deposits payable of the Group are trade security deposits from customers amounting to RM2,283,441 (2020: RM1,635,467).

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identities of related parties

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

28. SIGNIFICANT RELATED PARTY TRANSACTIONS *(cont'd)*

(b) Related parties' transactions and outstanding balances

The aggregate value of transactions and outstanding balances of the related parties of the Group and the Company were as follows:

Name of related parties	Type of transactions	Transaction value		Balance outstanding as at 30 June	
		2021	2020	2021	2020
		RM	RM	RM	RM
Group					
Immediate holding company:					
Kim Teck Cheong Holdings Sdn. Bhd.	Advances	-	(4,465,895)	(4,465,895)	(4,465,895)
Unincorporated business in which a Director of a subsidiary subsidiary has financial interest:					
Syarikat Berlian Jaya	-	-	-	64,737	64,737
Director of a subsidiary:					
Woo Chung Heng	Settlement of accounts	-	221,775	-	1,914
	Payment on behalf	-	(210,238)		
Company					
Subsidiaries:					
KTC Sdn. Bhd.	Interest expense	7,201	-	(2,356,995)	8,088,336
	Interest income	(186,225)	(286,348)		
	Management fee income	(1,848,802)	(1,881,033)		
KTC Brands	Interest income	(89,307)	(120,371)	266,212	2,559,170
	(Reversal of impairment)/ Impairment charge	(2,292,958)	1,091,921		
KTC Distribution	Interest income	(155,662)	(196,452)	6,882,314	4,200,037
	Management fee income	(1,046,656)	(854,975)		
KTC Sarawak	Interest income	(521,443)	(556,875)	15,042,637	14,434,405
	Management fee income	(1,145,033)	(1,198,486)		
Gardenia	Interest expense	71,614	91,472	(2,040,211)	(1,961,606)
	Interest income	(20,880)	-		
	Management fee income	(96,112)	(16,830)		

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

28. SIGNIFICANT RELATED PARTY TRANSACTIONS *(cont'd)*

(b) Related parties' transactions and outstanding balances *(cont'd)*

The aggregate value of transactions and outstanding balances of the related parties of the Group and the Company were as follows: *(cont'd)*

Name of related parties	Type of transactions	Transaction value		Balance outstanding as at 30 June	
		2021	2020	2021	2020
		RM	RM	RM	RM
Company *(cont'd)*					
KTC Borneo	Interest income	(312,696)	(311,707)	8,379,089	8,262,785
	Management fee income	(1,515,784)	(1,540,169)		
	Reversal of impairment	-	(2,883,044)		
Creamos	Interest income	(69,592)	(88,546)	4,064,256	1,639,417
	Management fee income	(33,603)	(74,532)		
KTC Retail	Interest income	(773)	(81)	(386,319)	3,134
	Interest expense	1,503	-		
	Management fee income	(17,892)	-		
KTC Shipping	Payment on behalf	-	58,763	1,875,237	58,763
	Interest income	(7,983)	-		
KTC Agriculture	Interest income	(37)	-	12,085	-
	Impairment charge	12,085	-		
KTC Development	Interest income	(650)	-	(787,202)	-
KTC Corporate Services	Interest income	(1,983)	-	672,361	-
	Impairment charge	672,361	-		
KTC Grandtop	Interest expense	211,867	735,609	(24,773,794)	(29,853,430)
	Management fee income	(936,076)	(843,292)		
Immediate holding company:					
Kim Teck Cheong Holdings Sdn. Bhd.	Advances	-	(4,465,895)	(4,465,895)	(4,465,895)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

28. SIGNIFICANT RELATED PARTY TRANSACTIONS *(cont'd)*

(c) Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial year was as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Short-term employee benefits	3,591,920	3,276,409	2,568,820	2,414,620
Other emoluments	1,059,928	600,297	930,199	494,889
	4,651,848	3,876,706	3,499,019	2,909,509
Included in the key management personnel are:				
Directors' remuneration (Note 9)	2,728,713	2,303,083	2,728,713	2,303,083
Key management personnels' remuneration	1,923,135	1,573,623	770,306	606,426
	4,651,848	3,876,706	3,499,019	2,909,509

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

The terms and conditions and prices of the above transactions are mutually agreed between the parties.

29. FINANCIAL GUARANTEES

The fair value of financial guarantees provided by the Company to the banks to secure banking facilities granted to subsidiaries with nominal amount of RM116,173,332 (2020: RM164,793,769) are negligible as the financial guarantees provided by the Company did not contribute towards credit enhancement of the subsidiaries' borrowings in view of the security pledged by the subsidiaries and it is unlikely that the subsidiaries will default within the guarantee provided, and the Company to third parties for supply of goods and services to certain subsidiaries of the Company with nominal amount of RM33,529,900 (2020: RM32,642,895) are negligible as the probability of the financial guarantees being called upon is remote due to good financial standing of the said subsidiaries.

30. COMMITMENTS

Operating lease commitments

The Group as lessor

The Group has entered into non-cancellable lease arrangements by leasing its warehouses for lease term of two (2) years.

Future minimum lease receivables as at the end of the reporting date is as follows:

	Group	
	2021	2020
	RM	RM
Within one year	5,600	36,000
Between one to five years	-	5,600
	5,600	41,600

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Financial assets				
Measured at amortised cost				
Trade and other receivables	100,114,239	133,626,441	36,254,533	36,699,677
Cash and bank balances	10,272,628	2,012,451	742,096	90,577
Total financial assets	110,386,867	135,638,892	36,996,629	36,790,254
Financial liabilities				
Measured at amortised cost				
Trade and other payables	50,162,900	46,217,767	35,766,812	37,251,562
Loans and borrowings	124,199,371	174,571,755	-	-
Total financial liabilities	174,362,271	220,789,522	35,766,812	37,251,562

A reconciliation of trade and other receivables financial assets to the amounts reflected in the Statements of Financial Position is as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Trade and other receivables				
As reflected in the Statements of Financial Position (Note 19)	100,588,511	134,337,773	36,282,279	36,719,106
Less: Prepayments	(474,272)	(711,332)	(27,746)	(19,429)
Financial assets measured at amortised cost	100,114,239	133,626,441	36,254,533	36,699,677

(b) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Board of Directors reviews and agrees to procedures and policies for management of these risks.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

31. FINANCIAL INSTRUMENTS *(cont'd)*

(b) Financial risk management *(cont'd)*

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

As at the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the Statements of Financial Position; and
- a nominal amount of RM116,173,332 and RM33,529,900 (2020: RM164,793,769 and RM32,642,895) relating to corporate guarantees provided by the Company to the banks to secure banking facilities granted to the subsidiaries and the Company to certain third parties respectively.

Trade receivables

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay amounts subject to the write-off. Nevertheless, trade receivables and contract asset that are written off could still be subject to enforcement activities.

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

The Group has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

31. FINANCIAL INSTRUMENTS *(cont'd)*

(b) Financial risk management *(cont'd)*

(i) Credit risk *(cont'd)*

Trade receivables *(cont'd)*

The ageing analysis of the Group's trade receivables as at the reporting date is as follows:

	Gross amount	Expected credit losses	Carrying value
	RM	RM	RM
2021			
Not past due	43,070,116	-	43,070,116
Past due:			
- less than 30 days	34,251,040	(101,060)	34,149,980
- between 31 to 60 days	8,612,150	(120,814)	8,491,336
- between 61 to 90 days	1,529,975	(24,025)	1,505,950
- more than 90 days	2,275,858	(2,142,259)	133,599
	46,669,023	(2,388,158)	44,280,865
	89,739,139	(2,388,158)	87,350,981
2020			
Not past due	53,855,748	(238,156)	53,617,592
Past due:			
- less than 30 days	32,887,437	(263,219)	32,624,218
- between 31 to 60 days	15,323,232	(109,002)	15,214,230
- between 61 to 90 days	4,919,880	(53,686)	4,866,194
- more than 90 days	4,131,240	(1,771,094)	2,360,146
	57,261,789	(2,197,001)	55,064,788
	111,117,537	(2,435,157)	108,682,380

Impairment for trade receivables is measured at an amount equal to lifetime excepted credit loss. The expected credit losses on trade receivables includes both individual impairment for those that show objective evidence of impairment (stage 3 loss) and collective impairment (stage 2 loss). Collective impairment has been provided using the provisional matrix based on historical loss experience of the respective entities in the Group with reference to past due status of the debtor, as follows:

	Expected credit loss rates	
	2021	2020
Not past due	0%	0% - 1%
Past due:		
- less than 30 days	0% - 1%	0% - 1%
- between 31 to 60 days	0% - 1%	0% - 1%
- between 61 to 90 days	0% - 2%	0% - 1%
- more than 90 days	0% - 94%	0% - 43%

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

31. FINANCIAL INSTRUMENTS *(cont'd)*

(b) Financial risk management *(cont'd)*

(i) Credit risk *(cont'd)*

Trade receivables *(cont'd)*

The expected credit loss rates are based on the historical loss rates experienced by each entity in the Group as adjusted for forward looking element as necessary.

The Group has no significant concentration of credit risk arising from exposure to a single or group of receivables as at the current reporting date.

Other receivables

For other receivables, a lifetime expected credit loss is assessed for those counterparties that show significant increase in credit risk as at the end of the reporting period, and impairment made based on objective evidence of impairment.

Inter-company advances

The Company provides advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the advances on an individual basis and considers advances to subsidiaries to have low credit risks.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. Advances provided are not secured by any collateral or supported by any other credit enhancements.

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that loss allowance is not material and hence, it is not provided for.

(ii) Liquidity risk

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

As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

31. FINANCIAL INSTRUMENTS *(cont'd)*

(b) Financial risk management *(cont'd)*

(ii) Liquidity risk *(cont'd)*

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Carrying amount	Contractual undiscounted cashflows	Within One (1) year	One (1) to Five (5) years	Over Five (5) years
	RM	RM	RM	RM	RM
Group					
2021					
Financial liabilities					
Trade and other payables	50,162,900	50,162,900	50,162,900	-	-
Loans and borrowings	124,199,371	128,208,625	104,061,393	12,431,493	11,715,739
	174,362,271	178,371,525	154,224,293	12,431,493	11,715,739
2020					
Financial liabilities					
Trade and other payables	46,217,767	46,217,767	46,217,767	-	-
Loans and borrowings	174,571,755	179,433,955	154,115,236	12,237,110	13,081,609
	220,789,522	225,651,722	200,333,003	12,237,110	13,081,609
Company					
2021					
Financial liabilities					
Trade and other payables	35,766,812	35,766,812	35,766,812	-	-
Financial guarantees*	-	149,703,232	149,703,232	-	-
	35,766,812	185,470,044	185,470,044	-	-
2020					
Financial liabilities					
Trade and other payables	37,251,562	37,251,562	37,251,562	-	-
Financial guarantees*	-	197,436,664	197,436,664	-	-
	37,251,562	234,688,226	234,688,226	-	-

* *The maximum amount of the issued financial guarantee contracts is allocated to the earliest period in which the guarantees could be called.*

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

31. FINANCIAL INSTRUMENTS *(cont'd)*

(b) Financial risk management *(cont'd)*

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises mainly from its loans and borrowings. Most of the Group's loans and borrowings are charged a fixed interest rate plus or minus the financial institutions' base lending rate or cost of fund per annum. The fixed interest rate is reviewed annually. Whilst, the base lending rate and cost of fund used by the financial institutions vary according to the rates set by the respective financial institutions. Meanwhile, interest rates charged on leases are fixed at the inception of the lease arrangements.

Sensitivity analysis for interest rate risk

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	Group	
	(Decrease)/Increase	
	2021	2020
	RM	RM
Effects on profit after taxation		
Increase of 60bp (2020: 50bp)	(647,715)	(699,211)
Decrease of 60bp (2020: 50bp)	647,715	699,211

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in foreign exchange rate.

The Group is exposed to currency translation risk arising from its net investment in a subsidiary in Brunei.

The Group does not hedge its investment in Brunei.

32. FAIR VALUE INFORMATION

The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

The carrying amount of the variable rate term loans approximated their fair value as the loans will be re-priced to market interest rate on or near reporting date.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

32. FAIR VALUE INFORMATION *(cont'd)*

As at the reporting date, the Group held the following at fair value in the statement of financial position:

	Carrying amount	Level 1	Level 2	Level 3
	RM	RM	RM	RM
2021				
Non-financial assets				
Property, plant and equipment				
- Leasehold land	48,337,748	-	-	48,337,748
- Leasehold buildings	37,066,938	-	-	37,066,938
	85,404,686	-	-	85,404,686
2020				
Non-financial assets				
Property, plant and equipment				
- Leasehold land	49,196,172	-	-	49,196,172
- Leasehold buildings	37,923,847	-	-	37,923,847
	87,120,019	-	-	87,120,019

There have been no transfers between the levels during the current and previous financial years.

The valuation of leasehold land and buildings was based on the valuation technique as follows:

Comparison method

Sales prices of comparable leasehold land and buildings in close proximity were adjusted for differences in key attributes such as date of transactions, location, condition, accessibility, size, shape, topography, tenure, title restrictions and surrounding developments. The most significant input into this valuation method was price per square metre of comparative properties.

Financial guarantees

The fair value of financial guarantees is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned using the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the guaranteed party were to default.

The financial guarantees have not been recognised in the financial statements of the Group as the requirements to reimburse are remote and the Group does not expect to incur material losses under these corporate guarantees. As at 30 June 2021, there was no indication that the subsidiaries would default on payments.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

33. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to build and maintain a strong capital base so as to maintain healthy capital ratios and at the same time be able to leverage on the capital to provide the Group and the Company with the funds to fund their expansion and growth.

The Group and the Company manage their capital structure, and make adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares, raise new debts and reduce existing debts.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings plus payables less cash and bank balances.

The gearing ratio of the Group and of the Company as at the end of the reporting period was as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Loans and borrowings	124,199,371	174,571,755	-	-
Trade and other payables	50,162,900	46,217,767	35,766,812	37,251,562
Less: Cash and bank balances	(10,272,628)	(2,012,451)	(742,096)	(90,577)
Net debt	164,089,643	218,777,071	35,024,716	37,160,985
Total equity	125,635,711	116,854,043	93,155,970	90,425,038
Gearing ratio	131%	187%	38%	41%

Under the requirements of Bursa Malaysia Guidance Note 3, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares). The Group has complied with this requirement. There are no other external capital requirements imposed on the Group and the Company.

34. SEGMENT INFORMATION

(i) Operating segment

For management purposes, the Group is organised into business units based on its products and services, and has three (3) reportable operating segments as follows:

Distribution	Distribution of third party consumer packaged goods
Manufacturing	Manufacturing of bakery products
Others	Investment holding

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statement of profit or loss and other comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

34. SEGMENT INFORMATION *(cont'd)*

(i) Operating segment *(cont'd)*

Segment profit

Segment performance is used to measure performance as the Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment asset is measured based on all of a segment, as included in the internal reports that are reviewed by the Managing Director.

Segment liabilities

The total of segment liabilities is measured based on all of a segment, as included in the internal reports that are reviewed by the Managing Director.

	Note	Distribution	Manufacturing	Others	Adjustments and elimination	Total
		RM	RM	RM	RM	RM
2021						
Revenue						
Revenue from external customers	(a)	656,738,250	12,471,404	-	-	669,209,654
Inter-segment revenue		9,990,048	537,902	7,062,676	(17,590,626)	-
Total revenue		666,728,298	13,009,306	7,062,676	(17,590,626)	669,209,654
Results						
Interest income		(2,209,513)	(377,860)	(1,506,163)	3,942,022	(151,514)
Interest expense		8,065,922	493,586	683,012	(3,942,022)	5,300,498
Depreciation of property, plant and equipment		2,473,973	834,338	816,963	1,631,176	5,756,450
Rental expenses:						
- warehouses and offices		1,150,699	-	-	(829,385)	321,314
- office equipment		55,706	-	28,896	-	84,602
Other non-cash expenses	(b)	1,458,110	508,526	199,379	-	2,166,015
Segment profit after tax	(c)	6,440,142	1,279,501	4,578,115	(3,588,935)	8,708,823
Assets						
Additions to non-current assets (excluding financial assets and deferred tax assets)	(d)	3,444,146	231,845	243,701	-	3,919,692
Segment assets	(e)	323,991,755	31,998,981	130,661,375	(173,771,039)	312,881,072
Liabilities						
Segment liabilities	(f)	225,164,882	13,384,280	37,062,885	(88,366,686)	187,245,361

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

34. SEGMENT INFORMATION *(cont'd)*

(i) Operating segment *(cont'd)*

	Note	Distribution	Manufacturing	Others	Adjustments and elimination	Total
		RM	RM	RM	RM	RM
2020						
Revenue						
Revenue from external customers	(a)	631,643,473	8,746,136	-	-	640,389,609
Inter-segment revenue		732,742	372,487	6,409,317	(7,514,546)	-
Total revenue		632,376,215	9,118,623	6,409,317	(7,514,546)	640,389,609
Results						
Interest income		(3,526,582)	(365,345)	(1,567,206)	5,277,396	(181,737)
Interest expense		13,157,319	636,095	827,081	(5,277,396)	9,343,099
Depreciation of property, plant and equipment		3,679,939	938,050	47,456	1,611,321	6,276,766
Rental expenses:						
- warehouses and offices		2,015,163	-	-	(1,468,366)	546,797
- office equipment		71,347	-	19,506	-	90,853
Other non-cash expenses	(b)	2,889,450	1,275,758	1,109,604	-	5,274,812
Segment profit after tax	(c)	13,025,281	340,260	1,457,666	(10,667,692)	4,155,515
Assets						
Additions to non-current assets (excluding financial assets and deferred tax assets)	(d)	1,757,219	454,335	24,917	-	2,236,471
Segment assets	(e)	400,038,314	32,969,182	127,684,663	(210,831,491)	349,860,668
Liabilities						
Segment liabilities	(f)	310,129,290	15,601,812	37,259,625	(129,984,102)	233,006,625

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

34. SEGMENT INFORMATION *(cont'd)*

(i) Operating segment *(cont'd)*

(a) Inter-segment revenue are eliminated on consolidation.

(b) Other material non-cash expenses/(income) consist of the following items as presented in the respective notes:

	2021 RM	2020 RM
Bad debts written off	134,819	244,873
Deposits written off	41,000	-
(Reversal of impairment)/ Impairment charge on financial assets	(412,001)	1,431,125
(Reversal of impairment)/ Impairment on slow moving inventories	(860,372)	860,372
Inventories written off	3,336,361	1,616,265
(Gain)/Loss on disposal of property, plant and equipment	(293,192)	12,040
Property, plant and equipment written off	30,000	1,450
Reversal of bad debts written off	(9,700)	(917)
Unrealised loss on foreign exchange	199,100	1,109,604
	2,166,015	5,274,812

(c) The following items are added to/(deducted from) segment profit to arrive at profit before tax presented in the consolidated statement of profit or loss and other comprehensive income:

	2021 RM	2020 RM
Profit from inter-segment sales	(15,857,976)	(6,195,604)
Unallocated corporate expenses	18,947,305	8,912,828
Other income	(6,646,095)	(13,420,219)
Tax expenses	(32,169)	35,303
	(3,588,935)	(10,667,692)

(d) Additions to non-current assets (excluding financial assets and deferred tax assets) consist of:

	2021 RM	2020 RM
Property, plant and equipment	3,919,692	2,236,471

(e) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2021 RM	2020 RM
Inter-segment assets	(173,771,039)	(210,831,491)

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

34. SEGMENT INFORMATION *(cont'd)*

(i) Operating segment *(cont'd)*

(f) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2021 RM	2020 RM
Inter-segment liabilities	(88,366,686)	(129,984,102)

(ii) Geographical information

The analysis of the Group's revenue by geographical segment is as disclosed in Note 5 to the financial statements.

The following is the analysis of non-current assets, other than financial instruments and deferred tax assets, which is analysed by the Group's geographical location:

	Sabah RM	Sarawak RM	Brunei RM	Total RM
2021				
Property, plant and equipment	95,894,234	877,437	1,523,339	98,295,010
Goodwill on consolidation	4,164,013	1,817,371	-	5,981,384
	100,058,247	2,694,808	1,523,339	104,276,394
2020				
Property, plant and equipment	93,805,486	4,376,688	2,229,815	100,411,989
Goodwill on consolidation	4,164,013	1,817,371	-	5,981,384
	97,969,499	6,194,059	2,229,815	106,393,373

(iii) Major customers

There is no major customer with revenue equal or more than ten percent (10%) of the revenue of the Group during the current and previous financial year.

35. SIGNIFICANT EVENT

The emergence and spread of the coronavirus (COVID-19) in early 2020 has affected businesses and economic activities in Malaysia and beyond. The Company has not been adversely affected as at the date of this report. No adjustments are required to the financial position and operating results for the current financial year. The Company shall continue to monitor the developments of the COVID-19 situation closely, assess and react actively to its impacts on the financial position and operating results of the Company for the financial year ending 30 June 2022. This includes continuous special attention to be given towards ensuring all standard operating procedures set by the government are complied with to minimise the risk of COVID-19 occurrences, which may impact the operations of the Company negatively.

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2021
(cont'd)

36. SUBSEQUENT EVENTS

Mercury Securities Sdn. Bhd. ("Mercury Securities") had on 13 September 2021 announced that the Company proposes to undertake a placement involving the issuance of up to 96,000,000 new ordinary shares in the Company ("Placement Shares") to Bumiputera investors to be identified and approved by the Ministry of International Trade and Industry ("MITI") at an issue price to be determined and announced later, after obtaining all relevant approvals ("Proposed Placement").

Bursa Malaysia Securities Berhad ("Bursa Securities") has, *vide* its letter dated 8 October 2021, approved the listing of and quotation for up to 96,000,000 Placement Shares to be issued pursuant to the Proposed Placement subject to the following conditions:

(i) The Company and Mercury Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Placement;
(ii) The Company and Mercury Securities to inform Bursa Securities upon the completion of the Proposed Placement; and
(iii) The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Placement is completed.

The Proposed Placement is yet to be completed at the date of authorisation of these financial statements.

GROUP'S PROPERTIES

as at 30 June 2021

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Age of the Building/ Tenure	Land/ Built-up Area sq ft	Date of Last Revaluation	Carrying Amount as at 30 June 2021 RM
Creamos Malaysia	**Title** Master Title CL 015585501, District of Kota Kinabalu, State of Sabah **Address** Lot No. 3 Lorong 1F KKIP Selatan, Industrial Zone 4 (I.Z. 4), Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah ("Lot 3")	**Description** Industrial land with a detached 3-storey office cum single-storey warehouse building **Existing use** (i) Ground floor of the 3-storey office is use by Creamos Malaysia and Gardenia as storage; (ii) A portion of ground floor (approximately 235 sq ft) is used by Creamos Malaysia and Gardenia as sanitation room; (iii) First and second floor of the 3-storey office is used by Creamos Malaysia and Gardenia as office; and (iv) Warehouse building is used by Creamos Malaysia and Gardenia as factory A small part of the exterior of the building at Lot 3 is used by Digi Telecommunication Sdn Bhd for the installation of base transceiver station facility and for the installation of antennas and/ or other telecommunications equipment	**Approximate age of the building** 12 years **Tenure** 99 years expiring 31 December 2098	81,463/ 64,268	6 August 2021	10,396,496
KTC Distribution	**Title** Master Title CL 015585501, District of Kota Kinabalu, State of Sabah **Address** Lot No. 5, Lorong 1F, KKIP Selatan, Industrial Zone 4 (I.Z. 4), Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah ("Lot 5")	**Description** Industrial land with 2 units single-storey warehouse building (1 unit with cold room storage) and 1 covered loading and unloading bay **Existing use** Entire building is used by KTC Distribution as office and warehouse storage	**Approximate age of the building** 8 years and 3 years (for extended warehouse) **Tenure** 99 years expiring on 31 December 2098	105,630/ 105,162	6 August 2021	16,400,820

GROUP'S PROPERTIES

as at 30 June 2021
(cont'd)

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Age of the Building/ Tenure	Land/ Built-up Area sq ft	Date of Last Revaluation	Carrying Amount as at 30 June 2021 RM
KTC Sdn Bhd	**Title** CL 015379674, District of Kota Kinabalu, State of Sabah **Address** No. 22, Jalan Kilang, SEDCO Light Industrial Estate, Mile 5 ½, Jalan Tuaran, 88450 Kota Kinabalu, Sabah	**Description** Industrial land with a detached 2-storey office building annexed with a single-storey warehouse and an extended warehouse **Existing use** (i) Ground floor of the 2-storey office building is used by KTC Borneo as office; (ii) First floor of the 2-storey office building is used by KTC Sdn Bhd as office; (iii) A portion of first floor (approximately 100 sq ft) is used by Glaxosmithkline Consumer Health Sdn Bhd as office; (iv) A portion of first floor (approximately 100 sq ft) is used by Kimberly-Clark Trading (M) Sdn Bhd as office; (v) A portion of first floor (approximately 100 sq ft) is used by Hawley & Hazel Chemical Co. (HK) Sdn Bhd as office; and (v) Existing and extended warehouses are used by KTC Borneo as warehouse storage	**Approximate age of the building** 38 years and 33 years (for extended warehouse) **Tenure** 60 years expiring on 31 December 2079	53,580/ 57,044	6 August 2021	14,771,160
KTC Sdn Bhd	**Title** CL 015620701, District of Kota Kinabalu, State of Sabah **Address** Lot 74A, Jalan Kilang, SEDCO Light Industrial Estate, Mile 5 ½ Jalan Tuaran, 88450 Kota Kinabalu, Sabah	**Description** Industrial land with a semi-detached 2-storey showroom/ office-cum-single-storey-warehouse **Existing use** (i) Ground and first floor of the showroom/office is used by KTC Sdn Bhd as office; and (ii) Warehouse is used by KTC Sdn Bhd for warehouse storage	**Approximate age of the building** 15 years **Tenure** 60 years expiring on 31 December 2072	20,076/ 23,829	6 August 2021	5,973,145

GROUP'S PROPERTIES

as at 30 June 2021
(cont'd)

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Age of the Building/ Tenure	Land/ Built-up Area sq ft	Date of Last Revaluation	Carrying Amount as at 30 June 2021 RM
KTC Sdn Bhd	**Title** CL 015620710, District of Kota Kinabalu, State of Sabah **Address** Lot 74B, Jalan Kilang, SEDCO Light Industrial Estate, Mile 5 ½, Jalan Tuaran, 88450 Kota Kinabalu, Sabah	**Description** Industrial land with a semi-detached 2-storey showroom/ office-cum-single-storey-warehouse **Existing use** (i) Ground floor of the showroom/office is used by KTC Sdn Bhd as office; (ii) First floor is used by KTC Sdn Bhd as office and a portion (approximately 1,000 sq ft) is used by Danone Dumex (Malaysia) Sdn Bhd as office; and (iii) Warehouse is used by KTC Sdn Bhd for warehouse storage	**Approximate age of the building** 15 years **Tenure** 60 years expiring on 31 December 2072	19,540/ 24,164	6 August 2021	5,875,192
KTC Sdn Bhd	**Title** CL 015424423, District of Kota Kinabalu, State of Sabah **Address** Lot 73, Jalan Kilang, SEDCO Light Industrial Estate, Mile 5 ½, Jalan Tuaran, 88450 Kota Kinabalu, Sabah	**Description** Industrial land with a detached single-storey warehouse cum 2-storey office building **Existing use** (i) Ground and first floor of the office building are used by KTC Sdn Bhd as office; and (ii) Warehouse is used by KTC Sdn Bhd for warehouse storage	**Approximate age of the building** 27 years **Tenure** 60 years expiring on 31 December 2070	42,857/ 40,360	6 August 2021	12,034,135
Gardenia	**Title** CL 105508601, CL 105508610, CL 105508629, District of Tawau, State of Sabah **Address** TB 9889, Lot 1A, 2A and 3A, Perdana Square, KM 6, Jalan Apas, 91000 Tawau, Sabah	**Description** Three (3) parcel of commercial lands with 2-storey office cum single-storey warehouse building **Existing use** (i) First floor of the building is used as office; and (ii) Ground floor of the building and high ceiling warehouse area is used as warehouse storage	**Approximate age of the building** 11 years **Tenure** 99 years expiring on 31 December 2101	35,761/ 40,321	5 August 2021	7,620,820

GROUP'S PROPERTIES

as at 30 June 2021
(cont'd)

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Age of the Building/ Tenure	Land/ Built-up Area sq ft	Date of Last Revaluation	Carrying Amount as at 30 June 2021 RM
KTC Shipping	**Title** 01-LCPLS-014-008-00726, Distirct of Muara Tebas Land, State of Sarawak **Address** Lot 726, Block 8, Muara Tebas Land District, Demak Laut Industrial Park, Jalan Bako, 93050 Kuching, Sarawak	**Description** Industrial land with a double storey office annexed with a single storey warehouse ("Warehouse 1") and a detached single storey warehouse ("Warehouse 2") **Existing use** (i) Ground and first floor of the double storey office are used as office; and (ii) Warehouse 1 and 2 are used as warehouse storage	**Approximate age of the building** 13 years **Tenure** 60 years expiring on 14 June 2065	130,671/ 90,815	6 August 2021	9,762,898

ANALYSIS OF SHAREHOLDINGS

as at 15 October 2021

SHARE CAPITAL

Total Number of Issued Shares	:	670,289,386 Shares
Class of Shares	:	Ordinary shares
Voting Rights	:	Every member of the Company, present in person or by proxy, shall have on a show of hands, one (1) vote or on a poll, one (1) vote for each share held
Number of Shareholders	:	2,651

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares	%
1 - 99	13	0.490	382	0.000
100 - 1,000	167	6.299	90,400	0.013
1,001 - 10,000	672	25.349	4,494,618	0.671
10,001 - 100,000	1,499	56.545	63,530,300	9.478
100,001 - 33,514,468 (*)	299	11.279	126,884,300	18.930
33,514,469 and above (**)	1	0.038	475,289,386	70.908
Total :	**2,651**	**100.000**	**670,289,386**	**100.000**

*Remark : * - Less than 5% of Issued Shares*
*** - 5% and above of Issued Shares*

DIRECTORS' SHAREHOLDINGS

	Shareholdings			
Name of Directors	Direct	%	Indirect	%
Y. Bhg. Tan Sri Datuk Seri Panglima Richard Malanjum	-	-	-	-
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	-	-	475,289,386 (1)	70.91
Y. Bhg. Datin Lim Fook Len @ Lim Su Chin	-	-	475,289,386 (2)	70.91
Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau	-	-	475,289,386 (2)	70.91
Mr. Lim Hui Kiong	-	-	-	-
Ms. Phang Sze Fui	-	-	-	-
Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor	-	-	-	-
Madam Wong Wen Miin	-	-	-	-

(1) Deemed interested by virtue of its/his shareholdings in Kim Teck Cheong Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 ("the Act").

(2) Deemed interested by virtue of his/her family member's shareholdings in Kim Teck Cheong Holdings Sdn. Bhd. and Kim Teck Cheong Capital Sdn. Bhd. pursuant to Section 197 of the Act.

ANALYSIS OF SHAREHOLDINGS

as at 15 October 2021
(cont'd)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

	Shareholdings			
Name of Shareholders	**Direct**	**%**	**Indirect**	**%**
Kim Teck Cheong Holdings Sdn. Bhd.	475,289,386	70.91	-	-
Kim Teck Cheong Capital Sdn. Bhd.	-	-	475,289,386 (1)	70.91
Y. Bhg. Datuk Lau Koh Sing @ Lau Kok Sing	-	-	475,289,386 (1)	70.91
Y. Bhg. Datin Lim Fook Len @ Lim Su Chin	-	-	475,289,386 (2)	70.91
Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau	-	-	475,289,386 (2)	70.91
Mr. Benedick Vicpaul Lau	-	-	475,289,386 (2)	70.91
Ms. Lindfay Laura Lau	-	-	475,289,386 (2)	70.91

Notes:-

(1) Deemed interested by virtue of its/his shareholdings in Kim Teck Cheong Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016 ("the Act").

(2) Deemed interested by virtue of his/her family member's shareholdings in Kim Teck Cheong Holdings Sdn. Bhd. and Kim Teck Cheong Capital Sdn. Bhd. pursuant to Section 197 of the Act.

THIRTY (30) LARGEST SHAREHOLDERS AS AT 15 OCTOBER 2021

No.	**Name of Shareholders**	**No. of Shares**	**%**
1	KIM TECK CHEONG HOLDINGS SDN BHD	475,289,386	70.908
2	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR MAK TIAN MENG (MY3136)*	8,401,000	1.253
3	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GOH LENG PHEOW (MU006)*	7,550,000	1.126
4	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD *TA DYNAMIC ABSOLUTE MANDATE*	5,265,800	0.785
5	TASEC NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD (CLIENTS)*	4,535,900	0.676
6	TEY LAR LIM @ TEY JOO LIM	3,000,300	0.447
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR GAN CHEONG POON*	3,000,000	0.447
8	LOH TEIK HUAT	2,100,000	0.313
9	NG CHOON CHUAN	2,082,200	0.310
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)*	1,966,300	0.293
11	SHARADHA A/P CHANDRASEKHARA MENON	1,850,000	0.276
12	VICTORIA JOY THAMBYRAJA	1,842,800	0.274
13	JF APEX NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE CHEE KEONG (STA 5)*	1,800,000	0.268
14	PUBLIC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LEE KIM SANG (E-SPG)*	1,757,000	0.262
15	LOW KAM FATT	1,600,000	0.238
16	ESMOND SIT BO SHENG	1,500,000	0.223

ANALYSIS OF SHAREHOLDINGS

as at 15 October 2021
(cont'd)

THIRTY (30) LARGEST SHAREHOLDERS AS AT 15 OCTOBER 2021 *(cont'd)*

No.	Name of Shareholders	No. of Shares	%
17	SIT PENG CHOK	1,400,000	0.208
18	TA SECURITIES HOLDINGS BERHAD *CLR (TAM) FOR TA INVESTMENT MANAGEMENT BERHAD*	1,400,000	0.208
19	AMSEC NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR TEE TEOW CHUAN*	980,000	0.146
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LAW CHOO KIANG*	950,000	0.141
21	PUBLIC NOMINEES (ASING) SDN BHD *PLEDGED SECURITES ACCOUNT FOR PHANG MAH THIANG (E-LBG)*	924,100	0.137
22	LIEW SIEW KIAN	920,400	0.137
23	LEE SIEW KHIM	900,000	0.134
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD *HUON CHEK NGIE*	900,000	0.134
25	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD *MAYBANK KIM ENG SECURITIES PTE LTD FOR NG LAY PING*	900,000	0.134
26	ALVIN SIT BO CHOONG	850,000	0.126
27	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LOH WAI CHUAN*	800,000	0.119
28	CHANG VUI YIN	770,000	0.114
29	LEE HUANG HUI	760,000	0.113
30	CHEE SIEW FONG	750,000	0.111
	Total	**536,745,186**	**80.076**

NOTICE OF SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting ("AGM") of Kim Teck Cheong Consolidated Berhad ("**KTC**" or "**Company**") will be conducted fully virtual at the Broadcast Venue, Meeting Room, Lot 73, Jalan Kilang, Sedco Light Industrial Estate, Mile 5 1/2, Jalan Tuaran, 88450 Kota Kinabalu, Sabah on Monday, 6 December 2021 at 9.30 a.m.

The following are the business to be transacted at the Seventh AGM:

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the Financial Year Ended 30 June 2021 together with the Reports of the Directors and Auditors thereon. ***Please refer to Note 1***

2. To approve the following payments to Non-Executive Directors:

   (i) Directors' fees of RM253,500 for the Financial Year Ended 30 June 2021; ***Resolution 1***
   (ii) Directors' fees of up to RM260,160 from 1 July 2021 up to the next Annual General Meeting of the Company to be held in 2022; and ***Resolution 2***
   (iii) Meeting allowance of RM40,000 from 1 July 2021 up to the next Annual General Meeting of the Company to be held in 2022. ***Resolution 3***

3. To re-elect the following Directors who retire by rotation pursuant to Clause 97 of the Company's Constitution:

   (i) Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor ***Resolution 4***
   (ii) Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau ***Resolution 5***
   (iii) Madam Wong Wen Miin ***Resolution 6***

4. To re-appoint Messrs. PKF Malaysia as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. ***Resolution 7***

SPECIAL BUSINESS:-

To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolution:-

5. **ORDINARY RESOLUTION** ***Resolution 8***
   - **Authority for Directors to allot and issue shares pursuant to Section 76 of the Companies Act, 2016**

   The ordinary resolution set out below shall be proposed to the Members for approval:-

   "**THAT** pursuant to Section 76 of the Companies Act, 2016 and subject always to the approvals of the relevant authorities, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

ANY OTHER BUSINESS:-

6. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

NOTICE OF SEVENTH ANNUAL GENERAL MEETING
(cont'd)

BY ORDER OF THE BOARD

WONG YOUN KIM (MAICSA 7018778)
Company Secretary

Dated: 29 October 2021
Kuala Lumpur

NOTES:

1. *Item 1 of the Notice is meant for discussion only as the provision of Section 248(2) of the Companies Act, 2016 does not require a formal approval of shareholders for the Audited Financial Statements and hence, is not put forward for voting.*
2. *A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
4. *Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("**Omnibus Account**") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The Form of Proxy shall be signed by the appointer or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.*
6. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited by hand at the Registered Office of the Company not less than 24 hours before the time set for the Meeting or any adjournment thereof.*
7. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 30 November 2021 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

8. ***Explanatory Notes on Special Business***

   Resolution 8 pursuant to Section 76 of the Companies Act, 2016

   *Pursuant to the 20% General Mandate announced by Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 April 2020, the 20% General Mandate may be utilised by a listed corporation to issue new securities until **31 December 2021** ("Extended Utilisation Period") and thereafter, the **10% general mandate will be reinstated**.*

   *The proposed Resolution 8 is intended to renew the authority granted to the Directors of the Company at the Sixth Annual General Meeting of the Company held on 21 December 2020 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued **does not exceed 10%** of the issued and paid-up share capital of the Company for the time being. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting.*

   The Company did not issue any share pursuant to a mandate granted to the Directors at the last Annual General Meeting held on 21 December 2020.

   The general mandate for the issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding future investment, working capital and/or acquisition(s).

STATEMENT ACCOMPANYING NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING

1. The Directors seeking for re-election/re-appointment at the Seventh Annual General Meeting of Kim Teck Cheong Consolidated Berhad are as follows:

   Clause 97

   Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor
   Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau
   Madam Wong Wen Miin

   The profiles of the Directors who are standing for re-election is set out on pages 15, 18 and 19 of this Annual Report.

2. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the Financial Year Ended 30 June 2021 are disclosed in the respective profiles of the Directors.

3. The details of the Seventh Annual General Meeting are as follows:

Date of Meeting	Time of Meeting	Place of Meeting
Monday, 6 December 2021	9.30 a.m.	Broadcast venue: Meeting Room, Lot 73, Jalan Kilang, Sedco Light Industrial Estate, Mile 5 1/2, Jalan Tuaran, 88450 Kota Kinabalu, Sabah

KIM TECK CHEONG CONSOLIDATED BERHAD
Registration No. 201401037782 (1113927-H)

ADMINISTRATIVE GUIDE
IN RESPECT OF THE SEVENTH ANNUAL GENERAL MEETING ("7TH AGM")
TO BE HELD VIA AN ONLINE PLATFORM

The Broadcast Venue of the 7th AGM shall be changed as set out below:

DATE:	TIME:	BROADCAST VENUE:
Monday, 6th December 2021	9.30 a.m.	Meeting Room, Lot 73, Jalan Kilang, Sedco Light Industrial Estate, Mile 5 1/2, Jalan Tuaran, 88450 Kota Kinabalu, Sabah

General Meeting Record of Depositors

1. In respect of deposited securities, only members whose names appear on the Record of Depositors on 30th November 2021 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the or appoint proxy(ies) to attend and/or vote on his(her) behalf.

Proxy

2. A member entitled to participate and vote remotely at the 7th AGM using the Virtual Meeting Facilities is entitled to appoint proxy/proxies, to participate and vote instead of him. If you are unable to attend the meeting and wish to appoint a proxy to vote on your behalf, please submit your Proxy Form in accordance with the notes and instructions set out hereunder.

3. Alternatively, if a shareholder is unable to attend the Annual General Meeting via Virtual Meeting Facilities on 6th December 2021, he/she can appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, not less than twenty-four (24) hours before the time appointed for the taking of poll at the meeting or adjourned meeting, no later than **Sunday, 5th December 2021 at 9.30 a.m.** Please inform the appointed Proxy(ies) to **register themselves via the Registration Link below**.

Poll Voting

5. The voting at the 7th AGM will be conducted by poll in accordance with Clause 75 of the Company's Constitution. The Company has appointed HMC CORPORATE SERVICES SDN BHD as Poll Administrator to conduct the poll by way of online voting and USearch Management Services as Scrutineers to verify the poll results.

6. Shareholders can proceed to vote on the resolutions and submit your votes at any time from the commencement of the 7th AGM at 9.30 a.m. and before the end of the voting session which will be announced by the Chairman of the meeting. The QR Code will be displayed upon the commencement of the meeting. Upon completion of the voting session for the 7th AGM, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

VIRTUAL MEETING FACILITIES

7. We would like to invite the Shareholders to participate and vote remotely at the 7th AGM using the Virtual Meeting Facilities. Please refer to item 10 on the registration link.

8. For Corporate Shareholders, **please register yourself via the Registration Link provided below** to provide the following documents to HMC Corporate Services Sdn Bhd no later than **Sunday, 5th December 2021 at 9.30 a.m.**:

   (a) Original certificate of appointment of its Corporate Representative under the seal of the corporation; and

   (b) Corporate Representative's e-mail address and hand-phone number.

9. For the beneficiary of the shares under a Nominee Company's CDS account who wishes to use the Virtual Meeting Facility at the 7th AGM may request its Nominee Company to appoint him/her as proxy to participate and vote remotely at the 7th AGM via the Virtual Meeting Facilities, please submit the duly executed proxy form to HMC Corporate Services Sdn Bhd no later than **Sunday, 5th December 2021 at 9.30 a.m.** and **register yourself via the Registration Link below**.

10. Please follow the following steps to be taken for participating and voting via the Virtual Meeting facilities:

BEFORE THE AGM		
(a)	REGISTRATION	• Please click on the following link to register yourself as Shareholder/ Corporate Representative/ Beneficiary Owner of an Exempt Nominee for verification of attendance purpose. Registration Link https://bit.ly/3vNZ9qI
(b)	CONFIRMATION ATTENTANCE	• Upon verification, the participation link will be sent to your goodself before the commencement of the meeting.
(c)	SUBMISSION OF QUESTIONS	• You may submit any questions online by scanning the QR Code below or via https://bit.ly/2XRzVv6 and to submit your questions accordingly:
ON THE AGM DAY		
(d)	PARTICIPATION	• Click on the participation link which was provided to you via e-mail. • If you have any question to be raised during the meeting, you may submit by using the Q&A box. The Chairman/Board will try to address the questions submitted prior or during the 7th AGM accordingly.
(e)	ONLINE VOTING	The Voting Link for the Online will be displayed in the Chat Box and Q&A Box of the Virtual Meeting Room upon the Commencement of the AGM. Voting shall commence from 9.30 a.m. Monday, 6th December 2021 until a time when the Chairman announces the closing of the voting session at the 7th AGM venue.
(f)	CLOSURE	The 7th AGM will be closed upon the announcement by the Chairman, the Virtual Meeting will end.

IMPORTANT NOTES, TERM AND CONDITIONS:

i) The participation link given is strictly for the registered shareholder to participate and must NOT be shared or forwarded to any other person.

ii) In the event more than one (1) from the same registered shareholder join the virtual meeting and submit multiple votes, his/her vote will be disqualified entirely.

ENQUIRY

11. If you have any enquiry or require any assistance before or during the 7th AGM, please do not hesitate to contact the following officers during office hours from 9.00 a.m. to 5.00 p.m. (Monday to Friday):

HMC CORPORATE SERVICES SDN BHD
Registration No. 198201003810 (83556-P)
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : 603-2241 5800
Mobile/WhatsApp: 017 388 3989
Fax : 603-2282 5022
Email : office365support@hmc.my
Contact Person: HMC Virtual Meeting Administrator

PERSONAL DATA PRIVACY

12. By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

FORM OF PROXY

KIM TECK CHEONG CONSOLIDATED BERHAD
Registration No. 201401037782 (1113927-H)

I/We _____
(name of shareholder as per NRIC, in capital letters)

NRIC No./Passport No./Company No. _____ (New) _____ (Old)

of _____
(full address)

being a Member/Members of Kim Teck Cheong Consolidated Berhad hereby appoint _____

_____ NRIC No. _____ (New)
(name of proxy as per NRIC, in capital letters)

_____ (Old) of _____
(full address)

or failing of him/ her the Chairman of the meeting as my/ our proxy to vote on my/ our behalf at the Seventh Annual General Meeting of the Company to be conducted fully virtual at the Broadcast Venue, Meeting Room, Lot 73, Jalan Kilang, Sedco Light Industrial Estate, Mile 5 1/2, Jalan Tuaran, 88450 Kota Kinabalu, Sabah on Monday, 6 December 2021 at 9.30 a.m.

I/We direct my/our proxy to vote for or against the resolution to be proposed at the meeting as hereunder indicated.

Ordinary Resolution		**For**	**Against**
1	To approve the following payments to Non-Executive Directors: Directors' fees of RM253,500 for the Financial Year Ended 30 June 2021		
2	To approve the following payments to Non-Executive Directors: Directors' fees of up to RM260,160 from 1 July 2021 up to the next Annual General Meeting of the Company to be held in 2022		
3	To approve the following payments to Non-Executive Directors: Meeting allowance of RM40,000 from 1 July 2021 up to the next Annual General Meeting of the Company to be held in 2022		
4	Re-election of Director – Y. Bhg. Dato' Mohd Ibrahim Bin Mohd Nor		
5	Re-election of Director – Y. Bhg. Datuk Lau Wei Dick @ Dexter Dick Lau		
6	Re-election of Director – Madam Wong Wen Miin		
7	To re-appoint Messrs. PKF Malaysia as the Auditors and to authorise the Board of Directors to fix their remuneration		
8	Authority to Issue Shares Pursuant to Section 76 of the Companies Act, 2016		

Dated this _____ day _____ 2021

CDS ACCOUNT NO.	**NUMBER OF SHARES HELD**

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	Percentage
Proxy 1	%
Proxy 2	%
Total	100%

_____
Signature/Common Seal

Fold this flap for sealing

NOTES:

1. *A member (other than an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991) entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy may but need not be a member of the Company.*
2. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The Proxy Form shall be signed by the appointer or his attorney duly authorised in writing or, if the member is a corporation, must be executed under its common seal or by its duly authorised attorney or officer.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority must be deposited by hand at the Registered Office of the Company not less than 24 hours before the time set for the Meeting or any adjournment thereof.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 30 November 2021 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

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The Company Secretary
Kim Teck Cheong Consolidated Berhad
Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia

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Kim Teck Cheong Consolidated Berhad
[Registration No. 201401037782 (1113927-H)]

Lot 73, Jalan Kilang,
SEDCO Light Industrial Estate,
Mile 5 1/2, Jalan Tuaran,
88450 Kota Kinabalu, Sabah, Malaysia.

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F : +603-2727 3311
E : info@ktc.com.my

www.kimteckcheong.com