



ENVICTUS

# DELIVERING **GROWTH** STRIVING FOR **SUCCESS**

Annual Report 2022


# TABLE OF CONTENTS


Johan
Krimer Manis
Johan
Krimer Manis

# CORPORATE PROFILE

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

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

In 2018, the Group returned to the dairies business with the selling and distribution of sweetened creamer and evaporated creamer supplied by third party manufacturer. In June 2018, the Group completed the acquisition of Motivage Sdn Bhd which had a manufacturing license to produce dairy products including sweetened creamer and evaporated creamer. This acquisition was to realise the Group's plans for setting up its own dairy manufacturing plant.

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

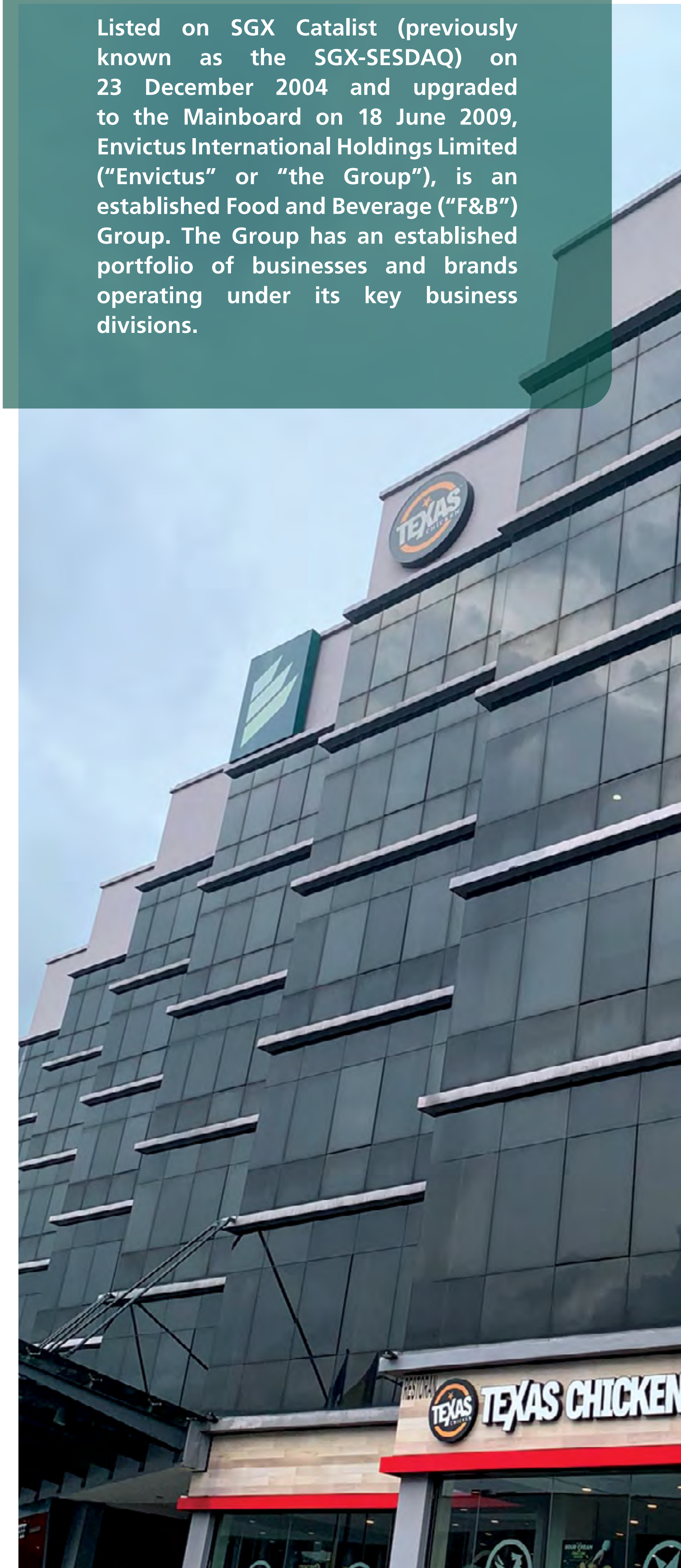
In 2022, in continuation of the Group's optimisation efforts, Envictus disposed off assets related to its frozen bakery business.

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

Envictus' operating facilities are located in Malaysia. Apart from Malaysia, the Group's products can also be found in other countries including Africa, China, Japan, Thailand, Singapore and Vietnam. The Group's products are traded under various brand names such as SuJohan, San Francisco Coffee and Gourmessa.

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


*Pok Brothers' fleet of refrigerated trucks*




*The Envictus building housing San Francisco Coffee and Texas Chicken at ground floor*


## Trading and Frozen Food Division

**Pok Brothers**

*60 YEARS - Pok Brothers Sdn Bhd is one of Malaysia's leading frozen food and premium food wholesaler.*

**With an established track record of nearly 60 years, Pok Brothers Sdn Bhd ("Pok Brothers") is one of Malaysia's leading frozen food and premium food wholesaler.**

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

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

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

## Food Services Division

**Texas Chicken**
**San Francisco Coffee**

*(a) TEXAS CHICKEN 91 Outlets*
*(b) SAN FRANCISCO COFFEE 51 Outlets*

### TEXAS CHICKEN

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

The Group and Cajun have renewed its Franchise Agreement on 20 May 2022 to extend the Franchise Period. Further to the extension of the Franchise Period, the exclusive right to develop 115 restaurants in Malaysia is from 2022 to 2030 whereas the exclusive right to develop 10 restaurants in Brunei is from 2022 to 2029. Each restaurant is given a 10-year period to operate from the date of opening with an option to renew for another 10 years.

As at the date of renewal of the Franchise Agreement, the Group owns and operates 85 Texas Chicken restaurants throughout Peninsular Malaysia, which exceeded its initial commitment of opening 80 Texas Chicken restaurants in its initial 10-year franchise period. With the extension of the Franchise Period, the Group intends to continue to expand the Texas Chicken restaurant business by opening new outlets, including in other Malaysian states such as Sabah and Sarawak.

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

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

The rising trend of Malaysian families dining out due to their time-pressured lifestyle is identified as a potential area of growth for the Texas Chicken business. Furthermore, Malaysians love Quick Service Restaurants (QSR) because they are conveniently located, affordable and can satisfy all age groups in a family.

Since the opening of the first flagship outlet at Aeon Bukit Tinggi Shopping Centre, in Bandar Bukit Tinggi township, Klang on 31 January 2013, Envictus has leveraged on the robust demand for the Texas Chicken restaurant concept by growing its presence at a considerable pace to reach a total of 91 outlets in Malaysia as of 8 December 2022. New outlets opened between 1 October 2021 to 8 December 2022 are as follows:-

| Locations | 1 Oct 2021 - 8 Dec 2022 |
|---|---|
| Kuantan DT, Pahang | 31 October 2021 |
| Shell Jalan Simpang DT, Taiping, Perak | 10 December 2021 |
| The Envictus | 22 December 2021 |
| Setia City Mall, Setia Alam, Selangor | 18 December 2021 |
| Awana Skycentral, Genting Highlands, Pahang | 27 January 2022 |
| Sunway Carnival Mall, Penang | 22 June 2022 |
| Shell Teluk Panglima Garang DT, Selangor | 7 July 2022 |
| KB Mall, Kota Bharu, Kelantan | 25 August 2022 |
| Setia Ecohill Mall, Semenyih, Selangor | 7 October 2022 |
| R&R Skudai DT, Johor | 10 November 2022 |
| Aeon Mall Bandaraya Melaka | 1 December 2022 |

## SAN FRANCISCO COFFEE

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

SFCoffee currently operates 51 wholly owned specialty coffee outlets in prominent office buildings and malls. New outlets opened between 1 October 2021 to 8 December 2022 as follows:-

| Locations | 1 Oct 2021 - 8 Dec 2022 |
|---|---|
| Ayer@8, Putrajaya | 23 March 2022 |
| Sunway Giza Mall | 22 April 2022 |
| Menara KWSP | 18 July 2022 |
| Sungai Mas Plaza | 30 July 2022 |
| Sungai Besi | 3 October 2022 |
| Pavilion Bukit Jalil | 8 October 2022 |
| Menara IGB | 25 October 2022 |

In looking towards modernisation and increasing efficiency, SFCoffee is ramping up technology adoption in its daily operations with direct customer interaction via social media, development of the SF Coffee Application, and the optimisation of the Point of Sale (POS) systems to be more intuitive. These initiatives that SFCoffee has embarked on will enable the Group to become more sustainable and well positioned to adapt to the ever changing and challenging business environment.

To further contribute to improving processes, logistics and cost efficiencies, the roasting plant, distribution centre and storage facilities has been strategically relocated to a more central location with the focus on efficient cost and stock management modules now the core of our efficiency drive to improve competitiveness.

At the heart of our improvement is managing the cost of supplies while balancing the quality offerings and consistency that SFCoffee is known for. This is in line with the principles of Kaizen allowing SFCoffee to offer our customers good value and good customer experience which will in turn translate into increased sustained revenue.

## Food Processing Division

**Butchery**

*Gourmessa - Processes cold cuts, sausages, portion control meat and smoked salmon.*

## Dairies Division

**Manufacturing and distribution of condensed and evaporated milk**

*Under the brand SuJOHAN*
- *Sweetened Creamer ("SC")*
- *Evaporated Creamer ("EC")*

## BUTCHERY

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

Its Gourmessa brand of quality cold cuts and sausages are well distributed and displayed in most supermarkets and hypermarket chains across Malaysia.


*Gourmessa's packaging line at Pulau Indah*

**The Group started selling and distribution of sweetened creamer ("SC") and evaporated creamer ("EC") under the brand SuJOHAN, which was co-packed by third party manufacturer in 2018. The sales and marketing of the products both locally and overseas are undertaken by its marketing arm, Envictus Dairies Marketing Sdn Bhd, and appointed distributors throughout Malaysia.**

In the same year, the Group obtained the manufacturing license to produce dairy products including SC, EC, milk powder, sterilised milk, and tin cans after acquiring Motivage Sdn Bhd. However, the construction of the dairy manufacturing facility and commencement of production were subsequently delayed due to the Covid-19 pandemic. The production of SC finally started at the tail end of 2020.

The Dairies Division has since obtained the HALAL certification in the first quarter of 2021. In the long run, the Dairies Division will be able to capture the exciting growth opportunity to cover wider areas of Malaysia and overseas market.

*SC production line at Pulau Indah*

# KEY MILESTONES

## 2004 DECEMBER

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

## 2006 FEBRUARY

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

## 2009 JUNE

**Upgraded to SGX Mainboard** on 18 June 2009.

## 2012 JULY

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

## 2014 JULY

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

## 2015 DECEMBER

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

## 2016 AUGUST

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

## 2017 NOVEMBER

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

## 2018 JUNE

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

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

### OCTOBER

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

### NOVEMBER

**At the close of the rights exercise on 21 November 2018,** valid acceptances and calid excess application for a total of 105,195,904 Rights Shares with Warrants, representing approximately 92.66% of the 113,543,799 Rights Shares with Warrants available under the Rights cum Warrants Issue were received. This amounts to net proceeds of approximately S$16.53 million.

## 2021 MARCH

**The following agreements were entered into on 31 March 2021.**

a) A manufacturing, operations, supply and purchase agreement between De-luxe Food Services Sdn Bhd ("De-luxe") with Aryzta Food Solutions Malaysia Sdn Bhd ("Aryzta")
b) A conditional option plant and equipment purchase agreement ("SPA") between De-Luxe with Aryzta for sale of De-luxe's factory with all its machineries and equipment for RM76 million
c) A conditional option sale and purchase agreement ("SPA") between Polygold Beverages Sdn Bhd and Aryzta for the sale of land on which De-Luxe's factory is situated on for RM12 million.

### OCTOBER

**On 8 October 2021,** Aryzta issued a Letter of Intent relating to its intention to bring forward the potential purchase of the property and assets ahead of the option granted under the option SPAs.

## 2022

On 31 January 2022, De-luxe and Polygold Beverages entered into revised SPAs with Aryzta to reflect earlier completion date.

On 4 February 2022, SGX rejected the waiver application for shareholders' approval for the proposed disposals and approved the Company's request to seek shareholders' approval for proposed disposals by way of a ratification resolution at an Extraordinary General Meeting ("EGM").

The disposal of business, factory, machineries and equipment of De-luxe and land by Polygold Beverages to Aryzta was completed on 11 February 2022.

At the EGM held on 5 August 2022, the shareholders approved the proposed ratification of the disposals.

On 20 May 2022, Texas Chicken (Malaysia) Sdn Bhd and Cajun have renewed its Franchise Agreement to extend the Franchise period with the exclusive right to develop 115 restaurants in Malaysia from 2022 to 2030 whereas exclusive right to develop 10 Restaurants in Brunei is from 2022 to 2029. Each restaurant is given a 10-year period to operate from the date of opening with an option to renew for another 10 years.

# Dairies Division

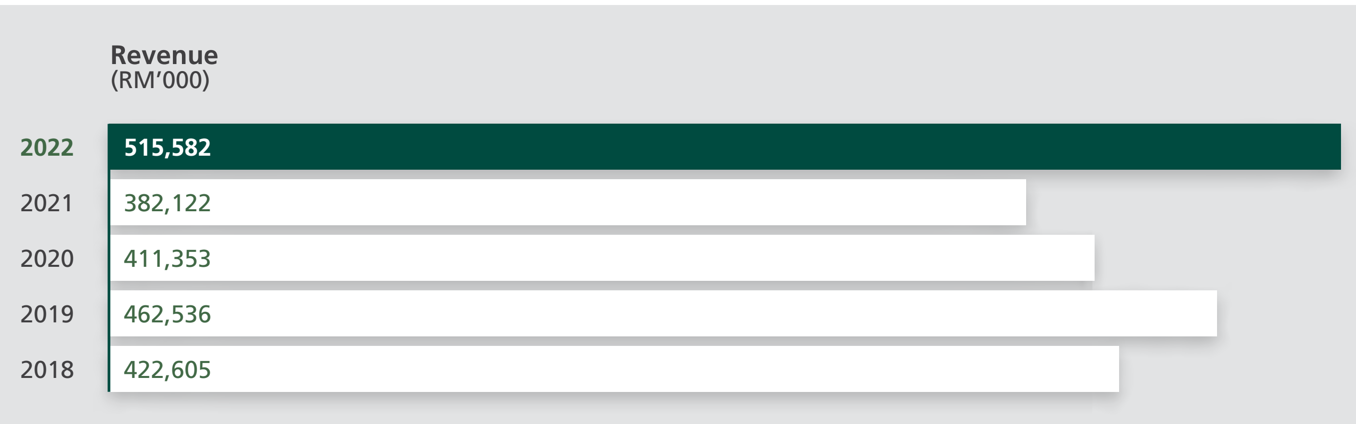
**REVENUE**

RM **79.1**
Million in 2022


# MESSAGE FROM THE CHAIRMAN

## Dear Valued Shareholders,

On behalf of the Board of Directors of Envictus International Holdings Limited, I present to you our Annual Report for the financial year ended 30 September 2022 ("FY2022").




During the year under review, Malaysia reopened its borders on 1st April 2022 as part of a national move to transition into the Endemic Phase with Malaysia's economy trending towards recovery on the back of an increase in consumption by the population following the full lifting of local travel restrictions earlier in 2022. The general economy, especially the tourism-related industries namely hotels and restaurants, have seen a gradual return to normalcy and an increase in sales as a result.

## Overall Group revenue rose significantly by RM133.5 million or 34.9% to RM515.6 million.


### REVIEW OF FINANCIAL PERFORMANCE

In Malaysia, the F&B industry has seen a rebound with the reopening of economic activities in April 2022. Recent data from the Malaysian department of statistics notes an increase in consumer spending to RM235858 million in the third quarter of 2022, from RM219516 million in the second quarter of 2022. Nonetheless, challenges remain with elevated food costs, rising commodities prices and fluctuation in currency.

Overall Group revenue rose significantly by RM133.5 million or 34.9% to RM515.6 million, with growth mainly driven by an improved performance from all four of our business divisions – Food Services, Trading and Frozen Food, Food Processing and Dairies Division – enabled by the reopening of the economy. The revenue increase of the Food Processing Division was achieved despite the cessation of our bakery business in February 2022. Growth in the Food Services Division was supported by new store openings of Texas Chicken restaurants and comparable stores sales growth for both Texas Chicken restaurants and San Francisco Coffee ("SFCoffee") chain; whilst the Trading and Frozen Food Division experienced higher sales particularly from hotel and restaurant sectors with the lifting of interstate travel ban and dine-in restrictions. Similarly, revenue from the Dairies Division, was lifted by a higher demand supported by increased production volume from our new plant.

The higher revenue, coupled with the management's combined effort to improve the Group's bottom line through streamlining and disposal of non-core assets, led to a marked reduction in operating losses. The result is a loss after tax of RM6.4 million as compared to RM48.4 million in the preceding year. Without including the one-time net gain on disposal of assets and impairments, the Group reported a reduced loss after tax of RM22.9 million as compared to RM53.0 million in the previous financial year.


*Shell Teluk Panglima Garang DT, Selangor*

### SEEKING RESILIENT GROWTH

For the Food Services Division, with Malaysia' reopening, Texas Chicken continued with its prudent expansion in Malaysia with eight new store openings, thereby increasing the store count to 88, with plan to open another 18 outlets in the next financial year. Furthermore, the Group has renewed the exclusive 10-year International Multiple Unit Franchise and Development Agreement with US-based Cajun Global LLC for exclusive rights to develop and operate 115 Texas Chicken restaurants in Malaysia and 10 in Brunei. With this extension of the agreement for another 10-year period, it sends a clear signal of the confidence that Cajun Global LLC has in Envictus.

Notwithstanding the challenges, we will continue to maintain a good balance between physical stores and delivery services to launch more enticing offers and campaigns to continue to attract new customers.

SFCoffee saw good revenue growth from existing and new stores due to good quality product offering, improvement in recipes and limited time offer. To mitigate rising costs and fierce competition, SFCoffee has adopted various strategies like engaging multiple suppliers, to hedging supplies and looking at measures to reduce costs and improve operational efficiency. For the next 12 months, SFCoffee's long-term model will be driven by new store openings, as well as an increase of the brand's overall presence in the market through effective marketing strategies such as promotion activities and introduction of innovative products to drive sales and long-term profitability.

During the year, the Dairies Division faced intensified margin pressure due to a surge in commodity prices, with prices of main raw materials used in production reaching new highs, further exacerbating the cost increase is the Russia-Ukraine war. On the other hand, export markets will take some time to recover due to lower consumption and rising consumer prices.

As for the Food Processing Division, as part of the Group's strategic consolidation efforts, the management has completed the disposal of non-core assets of frozen bakery business at Pulau Indah to Aryzta. Consequently, the Group has stemmed losses by ceasing operations of our non-core frozen bakery business, De-luxe.

Additionally, Gourmessa has developed a new range of higher-priced products to better mitigate the higher cost of raw materials and saw good revenue growth amid the reopening of the economy.

Challenges remain, with no end in sight to the Russia-Ukraine conflict, the world economy remains volatile due to the high energy, commodities, and food prices. This is further exacerbated by supply chain disruptions and increases in interest rate by the Federal Reserve to contain inflation in the US. The International Monetary Fund has already highlighted that global growth in 2023 will be heading to a slowdown, owing to geopolitical tensions, high commodities prices and persistent high inflation triggering an upward trend in interest rates.

While the issues above are not within our control, the Group will continue to evaluate and expand our business where possible across all divisions, introduce both innovative and defensive marketing strategies to maintain and improve sales, and at the same time, monitor and manage costs to further control operating expenses and improve operational efficiency across our main business segments. We will continue in our efforts by practising prudent and responsive cash management and as at 30 September 2022, the Group's cash and cash equivalents stood at RM16.8 million, while shareholders' equity was RM158.7 million.

**The result is a loss after tax of RM6.4 million as compared to RM48.4 million in the preceding year.**

Shareholders' Equity

**RM158.7 million**

## WORD OF APPRECIATION

I would like to extend a heartfelt thank you to our Board of Directors for their guidance and counsel in continuing to steer the Group amidst global and local volatility. Additionally, I would also like to highlight and commend the achievements of the senior management team in their commitment and tenacity in continuously improving the Group's operations.

To close, I would also like to thank all management and staff for their continued dedication and contribution in ensuring that Envictus is ready to face any challenges should they arise.

Lastly, I would like to extend our appreciation to all our shareholders, bankers, clients, consultants, suppliers, partners, and business associates for their continued support and patience as Envictus remains focused in the smooth execution of our plans and emerge with strength for the future.

Dato' Jaya J B Tan
Executive Chairman

8 December 2022

*Pok Brothers' warehouse facility in Pulau Indah*

# Trading and Frozen Food Division

**REVENUE**

RM **149.6**

Million in 2022

# REVIEW OF OPERATIONS

**For FY2022 under review, the Group saw overall revenue improvements across all business divisions with the lifting of most pandemic-related restrictions in terms of interstate travel and dining in at restaurants. The increase in revenue and the continued streamlining of business divisions have resulted in the narrowing of losses compared to the previous financial years.**


The Group's core business segments remain unchanged, and are as follows:

### Food Services Division

Texas Chicken restaurants and SF Coffee chains

### Trading and Frozen Food Division

- Pok Brothers

### Food Processing Division

- Bakery
- Butchery

### Dairies Division

Manufacturing and distribution of condensed and evaporated milk

Envictus remain steadfast in its commitment to deliver high quality F&B products to its customers, and strives to continually meet their evolving tastes and preferences, while focusing on consolidating its business fundamentals in becoming a global F&B group.

## CONSOLIDATED INCOME STATEMENT

For FY2022, the Group's revenue rose to RM515.6 million from RM382.1 million in the previous financial year, improving by RM133.5 million or 34.9%. The increase in revenue was attributed to the improved performance across the Food Services, Trading and Frozen Food, and Dairies Divisions, enabled by the resumption of economic activities, following a string of pandemic-related lock downs in the previous financial years. Also worth noting is that the revenue increase was achieved despite the cessation of the Group's bakery business in February 2022.

The Food Services Division's revenue rose 25.0% to RM273.5 million from RM218.8 million, contributed mainly from the Texas Chicken restaurants in Malaysia. Texas Chicken's revenue surged by RM44.5 million or 23.2% from RM191.9 million to RM236.4 million, backed by eight new store openings and higher comparable store sales. Similarly, SFCoffee chains' revenue rose by RM10.2 million or 38.1% from RM26.8 million to RM37.0 million, due to existing stores sales growth and new store openings.


All of the Group's business division faced margin compression since the beginning of the year, with gross profit margin reducing to 37.3% from 39.7%, amid surges in food costs, raw materials, commodities, and a prolong supply chain disruption that was worsened by a weaker Ringgit, and the commencement of the Russia-Ukraine conflict.

Other operating income of RM30.0 million comprised mainly the one-time gain on disposal of land, payroll subsidies from the government and others of RM16.6 million, RM5.6 million and RM7.8 million, respectively. In the previous financial year, other income of RM15.8 million comprised mainly the reversal of impairment on property, plant and equipment, payroll subsidies and others of RM8.2 million, RM3.4 million and RM4.2 million, respectively.

Overall, in tandem with the ongoing expansion of Texas Chicken restaurants, the Group's operating expenses increased by RM11.7 million or 6.0% from RM193.9 million to RM205.6 million, as selling and marketing expenses increased by RM13.0 million. The increase was partially mitigated by operating cost savings from San Francisco Coffee chains due to outlet closure and cost management efficiencies. Furthermore, with the cessation of the bakery business in February, costs associated with the business were no longer a factor. Other operating costs of RM7.0 million comprised mainly of foreign currency fluctuation losses due to a weaker ringgit and property, plant and equipment written off due to closure/temporarily closure of outlets of RM3.6 million and RM1.8 million, respectively.

Finance costs decreased by RM0.8 million or 4.1% from RM21.1 million to RM20.3 million was primarily due to settlement of certain bank borrowings which were secured by the disposed land and assets. Income tax expense increased by RM1.7 million was primarily due to higher profit generated by a subsidiary.

The Group posted a loss after tax of RM6.4 million, a significant narrowing of losses compared to the loss after tax of RM48.4 million in the previous financial year. Excluding a one-time net gain on disposal of assets and impairments, the Group's loss after tax was narrowed to RM22.9 million as compared to RM53.0 million due to overall improved performance of the business segments following the post-pandemic economic recovery.

The stronger recorded revenue was primarily due to the lifting of operational restrictions and higher footfall in the outlets as consumers spending are returning to pre-pandemic levels.

Revenue of the Trading and Frozen Food Division increased 49.6% to RM149.6 million from RM100.0 million, lifted by good demand from the hotel and restaurant sectors, as they gradually return to normalcy following the lifting of interstate travel bans and dine-in restrictions, that led to higher domestic consumption relating to the tourism sector.

Revenue of the Dairies Division grew by RM35.2 million or 80.2% from RM43.9 million to RM79.1 million, backed by higher sales volume locally, and an increase in production volume from the new plant, after operational inefficiencies were resolved.

The Food Processing Division registered a lower revenue of RM13.5 million as compared to RM19.2 million recorded in the previous financial year, a reduction of RM5.7 million or 29.7% that is primarily due to the cessation of bakery business following the disposal of its plant.

**The Food Services Division's revenue rose 25.0% to RM273.5 million from RM218.8 million, contributed mainly from the Texas Chicken restaurants in Malaysia.**

## STATEMENT OF FINANCIAL POSITION

Non-current assets were reduced by RM25.3 million largely due to disposal of 3 lots of land that were valued at RM20.2 million.

A decrease in current assets by RM45.0 million was mainly due to disposal of assets classified as held for sale of RM83.9 million, offset by an increase in inventories and trade receivables of RM9.1 million and RM16.3 million respectively amid higher sales volume and additional new store openings. Additionally, there was a balance sum of RM11.1 million receivable from the disposal of 3 lots of land.

Current liabilities and non-current liabilities reduced by RM42.9 million and RM24.6 million respectively, largely due to reduction in bank borrowings of RM71.6 million as a full settlement was made to those debts that are secured by the disposed land and assets.

The Group has a negative working capital of RM73.9 million as at 30 September 2022, and will closely monitor its liquidity position to ensure it is able to meet its short-term debts obligations by taking the actions as disclosed in Note 2.1 of the Financial Statements to reduce both operational and financial risks.

## CASHFLOW POSITION

The Group's cash and cash equivalents stood at RM14.9 million for the current financial year ended 30 September 2022, a decrease of RM1.5 million from RM16.4 million recorded in the previous financial year.

Net cash from operating activities were at RM6.3 million principally from the operating profit of RM46.0 million, utilised to finance the higher receivables, inventories, payables as well as interest and income tax paid of RM19.4 million, RM9.1 million, RM7.8 million, and RM3.4 million respectively.

The Group's disposal of land and assets raised RM109.5 million, combined with the advances from directors and a third party amounting to RM8.8 million, were utilised for repayment of bank borrowings, lease obligations, capital expenditures for new store openings, and interest paid. As a result, net cash generated from investing activities were RM97.1 million and net cash used in financing activities totalled RM104.9 million.

## SEGMENTAL REVIEW BY BUSINESS DIVISIONS

The Group's businesses comprise the Food Services, Trading and Frozen Food, Food Processing and Dairies Divisions. In February 2022, the Group has ceased its bakery business.

| | FY2022 RM'000 | FY2021 RM'000 |
|---|---|---|
| **(A) BUSINESS SEGMENTS** | | |
| **REVENUE** | | |
| Food Services | 273,451 | 218,832 |
| Trading and Frozen Food | 149,576 | 100,022 |
| Food Processing | 13,454 | 19,243 |
| Dairies | 79,101 | 43,928 |
| Unallocated | - | 97 |
| | 515,582 | 382,122 |
| **(LOSS)/PROFIT BEFORE TAX** | | |
| Food Services | (3,940) | (15,060) |
| Trading and Frozen Food | 13,753 | 1,365 |
| Food Processing | (5,164) | (11,966) |
| Dairies | (10,684) | (10,349) |
| Unallocated | 2,354 | (11,336) |
| | (3,681) | (47,346) |
| **(B) GEOGRAPHICAL SEGMENTS** | | |
| **REVENUE** | | |
| Malaysia | 508,975 | 371,701 |
| ASEAN (excluding Malaysia) | 1,139 | 4,081 |
| China | 734 | 2,573 |
| Africa | 4,734 | 3,767 |
| | 515,582 | 382,122 |

## Food Services Division

- Texas Chicken
- San Francisco Coffee

Revenue rose by 25.0% to RM273.5 million from RM218.8 million, largely contributed from the Texas Chicken restaurants in Malaysia. Texas Chicken's revenue surged by RM44.5 million or 23.2% from RM191.9 million to RM236.4 million, backed by eight new store openings and higher comparable store sales. The revenue increase was further boosted by better performance from the San Francisco Coffee chain, with the topline edging up by RM10.2 million or 38.1%, from RM26.8 million to RM37.0 million as the coffee business trended towards a return to normalcy.

Loss before tax narrowed to RM3.9 million compared to RM15.1 million in the previous financial year, due to better operating results from San Francisco Coffee on higher sales and enhanced operational efficiencies, and the absence of impairment loss of RM3.7 million. This was offset by higher losses from Texas Chicken restaurants due to rising food, labour, packaging material costs, increased operating costs for new outlets, coupled with an increase in promotional activities to boost sales.

Segmental assets increased by RM8.7 million or 3.9% from RM225.3 million to RM234.0 million mainly due to franchise fees paid for the renewal of the franchise agreement that extends the franchise period for the Group to 2030, and higher inventories and capex for new store openings.

Segment liabilities increased by RM3.1 million or 1.5% from RM211.3 million to RM214.4 million mainly due to increase in trade and other payables, as a result of higher purchases and capex for new store openings, partly offset by lower bank borrowings due to the settlement of a term loan that was secured by the disposed land.

## Trading and Frozen Food Division

- Pok Brothers

Revenue of the Trading and Frozen Food Division grew by 49.6% or RM49.6 million to RM149.6 million from RM100.0 million, mainly from the hotel and restaurant sectors following the post-pandemic resumption of business activities. As a result, profit before tax surged to RM13.8 million as compared to RM1.4 million in the previous financial year.

Segmental assets increased by RM12.8 million or 12.6% from RM101.9 million to RM114.7 million due to increase in inventories, trade and other receivables, on account from a higher sales volume. Segmental liabilities were recorded at RM47.4 million compared to RM37.8 million in the previous financial year, increasing by RM9.6 million or 25.4% due largely to higher tradelines utilisation on increased purchases.

## Food Processing Division

- Bakery and Butchery

The Division registered a lower revenue of RM13.5 million as compared to RM19.2 million recorded in the previous financial year, down by RM5.7 million or 29.7% primarily due to cessation of the loss-making bakery business following the disposal of its plant on 11 February 2022. As a result, loss before tax narrowed to RM5.2 million compared with RM12.0 million in the previous financial year.

Segmental assets decreased significantly by RM87.3 million or 67.4% to RM42.3 million from RM129.6 million mainly attributed to disposal of the bakery plant and collection received from customers. Segmental liabilities reduced by RM97.1 million or 71.6% from RM135.6 million to RM38.5 million following the repayment of bank borrowings and finance lease obligations from the proceeds of the plant disposal.

## Dairies Division

Manufacturing and distribution of condensed and evaporated milk

Revenue of the Dairies Division grew by RM35.2 million or 80.2% from RM43.9 million to RM79.1 million, backed by higher sales volume from the local market and increased production volume from the new plant. The Division reported a slightly higher loss before tax of RM10.7 million as compared to RM10.3 million in the previous financial year, owing to higher production costs due to the continually rising commodity prices, increased operating costs, and higher interest rates on bank borrowings.

Segmental assets increased RM13.4 million or 14.5% from RM92.7 million to RM106.1 million mainly attributed to increase in trade receivables on higher sales. The segmental liabilities increased RM14.3 million or 19.5% from RM73.4 million to RM87.7 million largely due to higher bank borrowings and trade payables on higher purchase volumes.

**Revenue of the Dairies Division grew by RM35.2 million or 80.2% from RM43.9 million to RM79.1 million.**


*Sungai Mas Plaza*

## PERFORMANCE REVIEW BY GEOGRAPHICAL SEGMENTS

The Group's recorded an increase in revenue by 34.9% to RM515.6 million in FY2022 from RM382.1 million in FY2021. Malaysia remains the Group's biggest market, contributing RM509.1 million or 98.8% of the total revenue. This is followed by Africa, ASEAN (excluding Malaysia), and China which contributed RM4.7 million or 0.9%, RM1.1 million or 0.2% and RM0.7 million or 0.1% respectively.

## MALAYSIA

In FY2022, Malaysia's contribution to the topline of the Group was at 98.8% compared with 97.3% in the previous financial year. Malaysia's position as the key market of Envictus remain firmly established. Revenue increased by RM137.3 million from FY2021 due to the economy reopening and the resumption of business activities following the gradual return to normalcy in Malaysia.

## AFRICA

Revenue from the Africa increased by 23.7% to RM4.7 million from RM3.8 million due to improvement in export sales for the Dairies Division.

## ASEAN (EXCLUDING MALAYSIA)

Revenue from ASEAN decreased by 73.2% to RM1.1 million in FY2022 from RM4.1 million in FY2021, primarily due to lower export sales volume from the Dairies Division amid slower market and increase in prices, coupled with the cessation of bakery business in February 2022.

## CHINA

Revenue in China decreased by 73.1% in FY2022 to RM0.7 million from RM2.6 million due to the cessation of bakery business in February 2022 and no export sales from the Dairies Division for the current financial year due to the continuation of pandemic related control measures and the China's borders still closed since 2020.

## PROSPECTS AND GROWTH PLANS

Since the outbreak of the Russia-Ukraine conflict on 24 February 2022, the global economy has been adversely affected by high energy and commodities prices. Supply chains were also disrupted, further exacerbating the price fluctuations. While energy and commodities prices have begun to abate lately, the rising interest rate environment due to inflation stickiness have caused central banks worldwide to continue with their rate hikes. In the US, the Fed in its attempt to contain inflation has continually raised interest rates as the latest September 2022 CPI reading increase by 6.6% compared to a year ago, the highest since 1982. With another rate hike expected in December 2022, many world currencies have depreciated against the US dollar, with consumer demand consequently impact by high inflation rates. Europe is looking to be amongst the worst hit region due to rising energy costs, which could drag countries into a recession in 2023. As for China, there is some return of optimism as the country begins to ease its zero-COVID policy and gradually relaxes its COVID restrictions.

The International Monetary Fund has already highlighted that global growth in 2023 will be heading to a slowdown, owing to geopolitical tensions, high commodities prices and persistent high inflation triggering an upward trend in interest rates. Operating within this concerning economic backdrop, the Group's food and beverage businesses will face a challenging task in the next twelve months.

## Food Services Division

- Texas Chicken
- San Francisco Coffee

### Texas Chicken

With the reopening of economic activities as a result of the removal of pandemic management policies in April 2022, Texas Chicken recorded a significant increase in sales of approximately 30%, that could be attributed to pent up demand amongst consumers. However, sales were subsequently dampened by shortages of chicken supplies as farms reduced production due to a continually rising cost of feeds used. Costs of other poultry products and materials also increased by about 15% due to increases in fertilizers, labour, and shipment costs. Gross profit margin was consequently impacted adversely by approximately 5%. In addition, operating costs were affected by higher labour and rental costs.

To mitigate margin erosion, Texas Chicken is planning to gradually increase prices of certain menu items to improve margins, with the first increase commencing in July 2022. High labour cost is addressed through the containment of overtime and scheduling of leave applications, and hostel rental policies will be reviewed for further usage and cost optimisation.

On 20 May 2022, the Group and Cajun Global have renewed the Franchise Agreement, extending the franchise period from 2022 to 2030 with the Group owning exclusive rights to develop up to 115 restaurants in Malaysia and 10 restaurants in Brunei from 2022 to 2029. The total store count for the financial year ended 30 September 2022 was 88, and Texas Chicken plans to open another 18 stores in the next financial year, with three new stores already operational from October to December 2022.

### San Francisco Coffee

Overall, SFCoffee stores performance improved due to a consumption-led recovery following the lifting of pandemic-related restrictions in early 2022. The improved sales from the resumption of economic activities will continue to drive sales ahead. However, the performance of SFCoffee chains remains challenging as raw material prices, including coffee beans, remain elevated amid an economic backdrop that are still affected by currency fluctuations, and inflationary pressures.

SFCoffee has implemented the followings to combat the rising cost of raw materials:

- Price increases across a selected range of products;
- Engaging multiple suppliers to ensure price and supply security;
- Ensuring efficient staff management structures to contain costs; and
- Hedging supplies and ensuring efficiency in the usage of supply.

While competition is expected to remain fierce in the coffee chain business, SFCoffee's long-term model will primarily be driven by new store openings, comparable store sales growth and a sharp focus on profitability and operational efficiency. SFCoffee will continue to develop and streamline its product offerings and make continual adjustments to the pricing structure to further protect profit margins from being eroded. Additionally, SFCoffee continues to implement effective marketing strategy by promotional activities and constantly review its products, and refresh its menu with innovative products to boost sales.

The number of SFCoffee stores reached 51 following the recent opening of two new stores at Pavilion Bukit Jalil and IGB South Tower, Mid Valley in October 2022, and it plans to open an additional outlet in the next quarter.

## Trading and Frozen Food Division

- Pok Brothers

### Pok Brothers

Pok Brothers has benefitted from the removal of restrictions under the Movement Control Order in April 2022, with business activities rebounding strongly, with shopping malls packed during weekends and public holidays. With additional government support in promoting the local tourism industry, coupled with various subsidies including tax credits to taxpayers for domestic holidays, hotels managed to register its highest occupancy in recent times. These increased in local tourism activities have seen sales increasing by 15% since the economic reopening.

However, gross margin came under pressure as hotels operators actively sought better pricing, and with most competitors lowering their prices, Pok Brothers has to follow suit and to reduce prices accordingly.

Prices of its imports have been increasing due to a combination of multiple factors such as increase in demand, adverse weather conditions in key food producing areas, rising energy prices, the Russian-Ukraine conflict, rising labour costs, disruption in the supply chain and covid-related causes. Additionally, Australian beef supplies were impacted recently by flooding and excessive rainfall in the key beef producing regions of Australia, resulting in a temporary disruption in the supply chain. High global demand has also consequently driven up prices for New Zealand and Brazilian beef. These were further exacerbated by weakening of the Malaysian Ringgit against the currencies of its major suppliers, which combine to further erode margins. To mitigate margin pressures, Pok Brothers has to increase prices for certain products.

## Food Processing Division

- Bakery and Butchery

### Bakery

On 11 February 2022, Deluxe, the Group's bakery business under the Food Processing Division, completed the disposal of its single storey factory with all the manufacturing equipment to Aryzta and henceforth Deluxe has completely ceased its manufacturing operations.

### Butchery

Gourmessa's revenue improved in tandem with the reopening of the economy. Due to higher cost of raw materials, Gourmessa has increased all prices of its product range by 20% to 30%, with the sole exception of a contract customer.

## Dairies Division

Manufacturing and distribution of condensed and evaporated milk

The dairies business continues to face intensified margin pressure from the surge in commodity prices, especially after a conflict erupted between Russia and Ukraine. However, the Group has observed that commodity prices such as palm oil, sugar, and milk powder are starting to soften. The Group anticipates that the price of sweetened creamer ("SCM") to soften in the coming 3 to 12 months period. Due to the price volatility of commodities, no clear standard selling price exists in the market currently. The Dairies Division will continue to assess, review, and adjust its selling price accordingly as required to suit the market.

Meanwhile, a large majority of export customers are scaling back on their orders as the price of SCM has gone up too much, with the cost increases becoming too much to bear for consumers in less-developed countries. Compounding the issue is the difficulties faced by customers in the Africa region in obtaining USD through their local bank networks to put in their purchase orders.

## DIGITALISATION

Contactless Ordering using QR Technology has been introduced in Food Services Division to provide customers with a new experience in placing orders from the comfort of their mobile phones. It helps to assist higher transaction capacity during peak ordering times as it is a frictionless ordering and payment method.

## HUMAN RESOURCE

The Group's total staff count was approximately 2,300 as at 30 September 2022.

## UTILISATION OF PROCEEDS FROM WARRANTS ISSUE

On 25 November 2022, the Group raised a total of S$9.1 million (approximately RM29.9 million) from the allotment and issue of 57,066,950 new ordinary shares in the capital of the Company pursuant to the exercise of 57,066,950 warrants at the exercise price of S$0.16 per share.

As at 8 December 2022, the utilisation of the Warrant proceeds was as follow:

| | RM'000 |
|---|---|
| Repayment of bank borrowings | 667 |
| Repayment of amount due to Director | 575 |
| Expansion of existing businesses | 1,000 |
| Working capital | |
| - Trade and non-trade suppliers | 5,639 |
| - Rental | 923 |
| - Consultancy fee | 677 |
| - Other operating expenses | 115 |
| **Total** | **9,596** |


*Shell Jalan Simpang DT, Taiping, Perak*

# Food Services Division

**REVENUE**

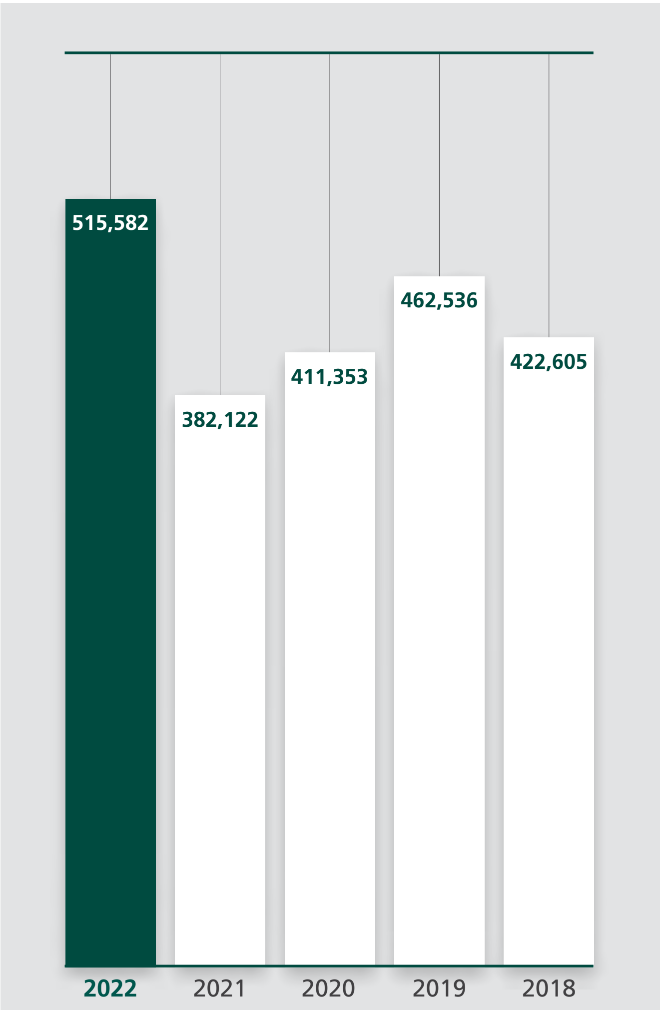
RM **273.5**

Million in 2022

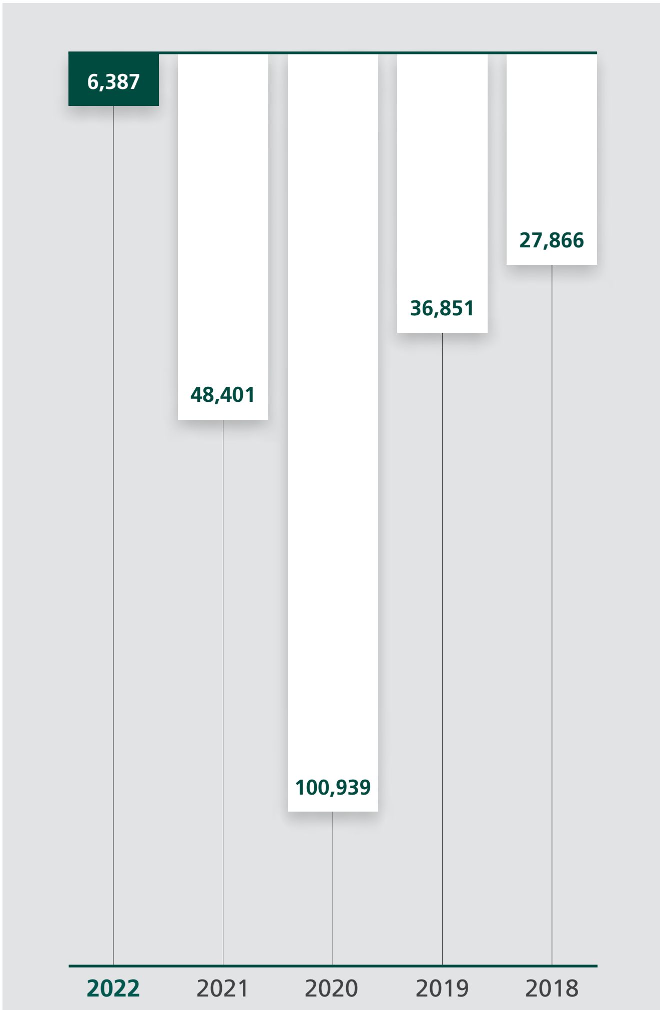

# FINANCIAL HIGHLIGHTS

| | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|---|---|---|---|---|---|
| **KEY FINANCIAL INFORMATION** | | | | | |
| **Revenue (RM'000)** | | | | | |
| - Continuing @ | 354,381 | 420,788 | 399,599 | 382,122 | 515,582 |
| - Discontinued @ | 68,224 | 41,748 | 11,754 | - | - |
| Total | 422,605 | 462,536 | 411,353 | 382,122 | 515,582 |
| **Loss after income tax (RM'000)** | | | | | |
| - Continuing @ | (18,575) | (26,449) | (88,542)* | (48,401)# | (6,387)^ |
| - Discontinued @ | (9,291) | (10,402) | (12,397) | - | - |
| Total | (27,866) | (36,851) | (100,939) | (48,401) | (6,387) |

* Includes the one-off impairment of property, plant and equipment of RM35.5 million.
# Includes the one-off impairment of property, plant and equipment and intangible assets of RM3.7 million and a reversal of impairment of RM8.2 million.
@ For FY2018, the revenue and loss after tax have been disaggregated for comparative purpose due to discontinued operations in FY2020.
^ Includes the one-time net gain on disposal of land and assets of RM16.8 million.

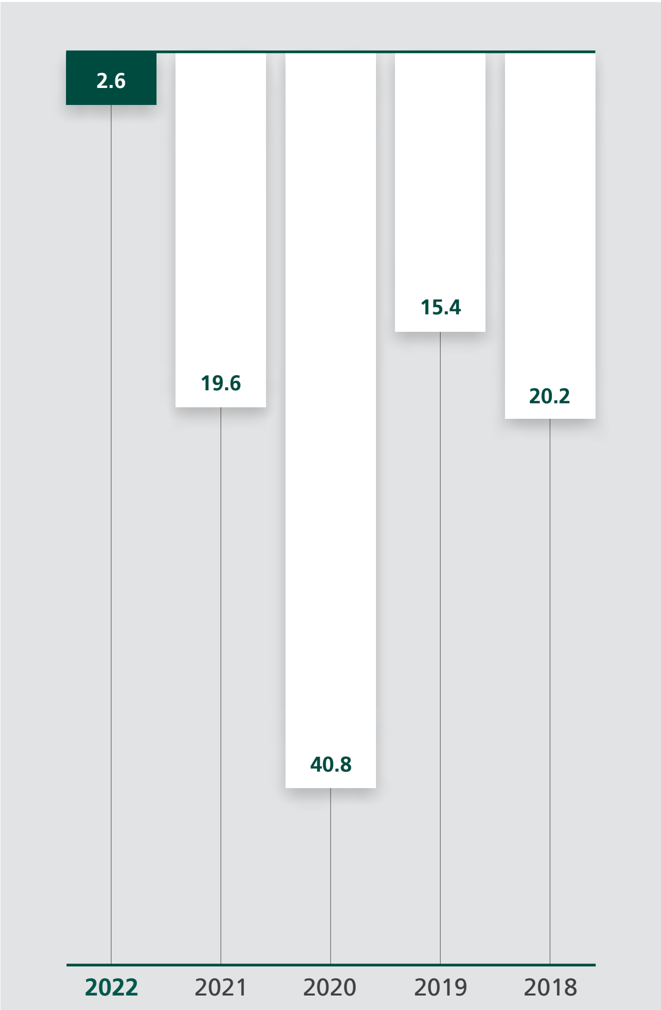



Revenue
(RM'000)

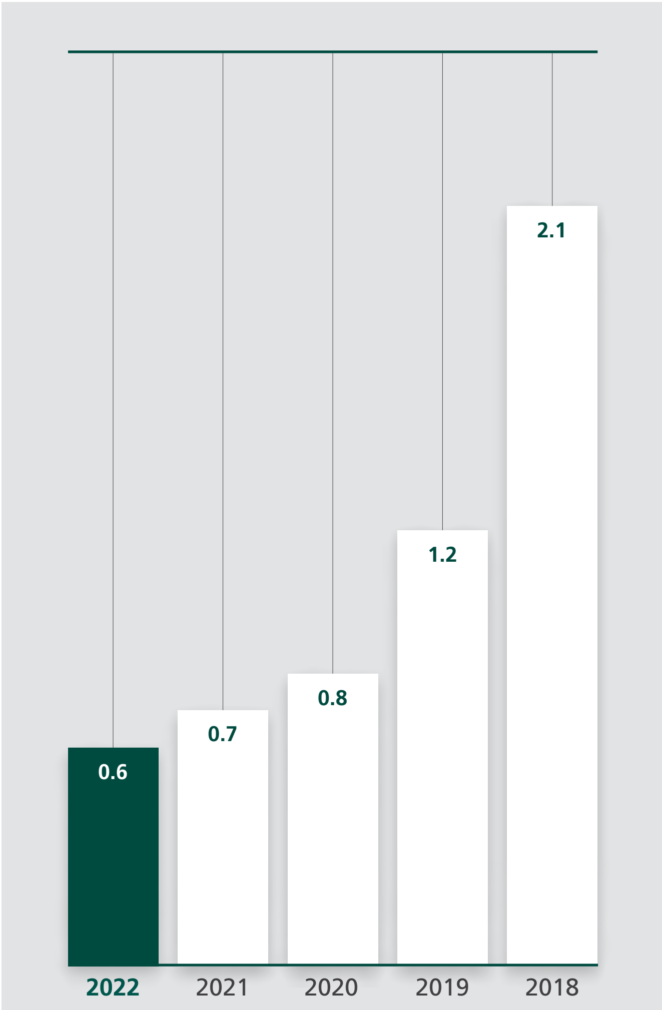



Loss after Income Tax
(RM'000)

| | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
|---|---|---|---|---|---|
| **Shareholders' equity (RM'000)** | 294,827 | 303,545 | 208,932 | 161,555 | **158,732** |
| **Weighted average number of shares** | 130,983,901 | 230,398,342 | 247,114,403 | 247,114,403 | 247,114,403 |
| **KEY FINANCIAL RATIO** | | | | | |
| **Loss per share (RM sen)** | (20.2) | (15.4) | (40.8) | (19.6) | (2.6) |
| **Return on equity (%)** | (6.7) | (9.4) | (30.5) | (14.2) | (10.3) |
| **Net assets value per share (RM)** | 2.1 | 1.2 | 0.8 | 0.7 | 0.6 |




**Loss per share**
(RM sen)




**Net assets value per share**
(RM)

# RISK FACTORS

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

## ECONOMIC RISKS

Changes in the economic conditions within Malaysia where the Group's operations are based may have material adverse impact on the demand for the Group's products, consequently affecting the operations and financial performance of the Group. While the Group operates in a fairly defensive F&B industry, the Group is not completely shielded from the impact of world economic crisis resulting from the Russian Ukraine war, China's strict Covid-19 lockdown policy, rising interest rates and inflation.

## BUSINESS RISKS

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

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

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

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

It is also possible that the relevant authorities may impose directives as a result of health and hygiene issues to carry out certain remedial actions which may impact on our operations. Failure to comply with such directives may result in our operations/licenses being suspended and/or revoked, which will have a material adverse impact on our reputation and financial performance.

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

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

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

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

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

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

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

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

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

*Labour shortages in a highly competitive market may slow down our growth*

The F&B industry is highly competitive and labour appears to be in short supply since the lifting of the restrictions arising from Covid-19 and new players enter the market and existing players embark on rapid expansion plans. Effective manpower planning is critical to ensure that our workforce growth is able to meet our restaurant growth. Potential shortfalls in labour supply may adversely impact our expansion plans and hinder our capacity to operate existing restaurants at optimal levels.

## FINANCIAL RISKS

*Credit risks*

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

*Foreign currency risks*

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

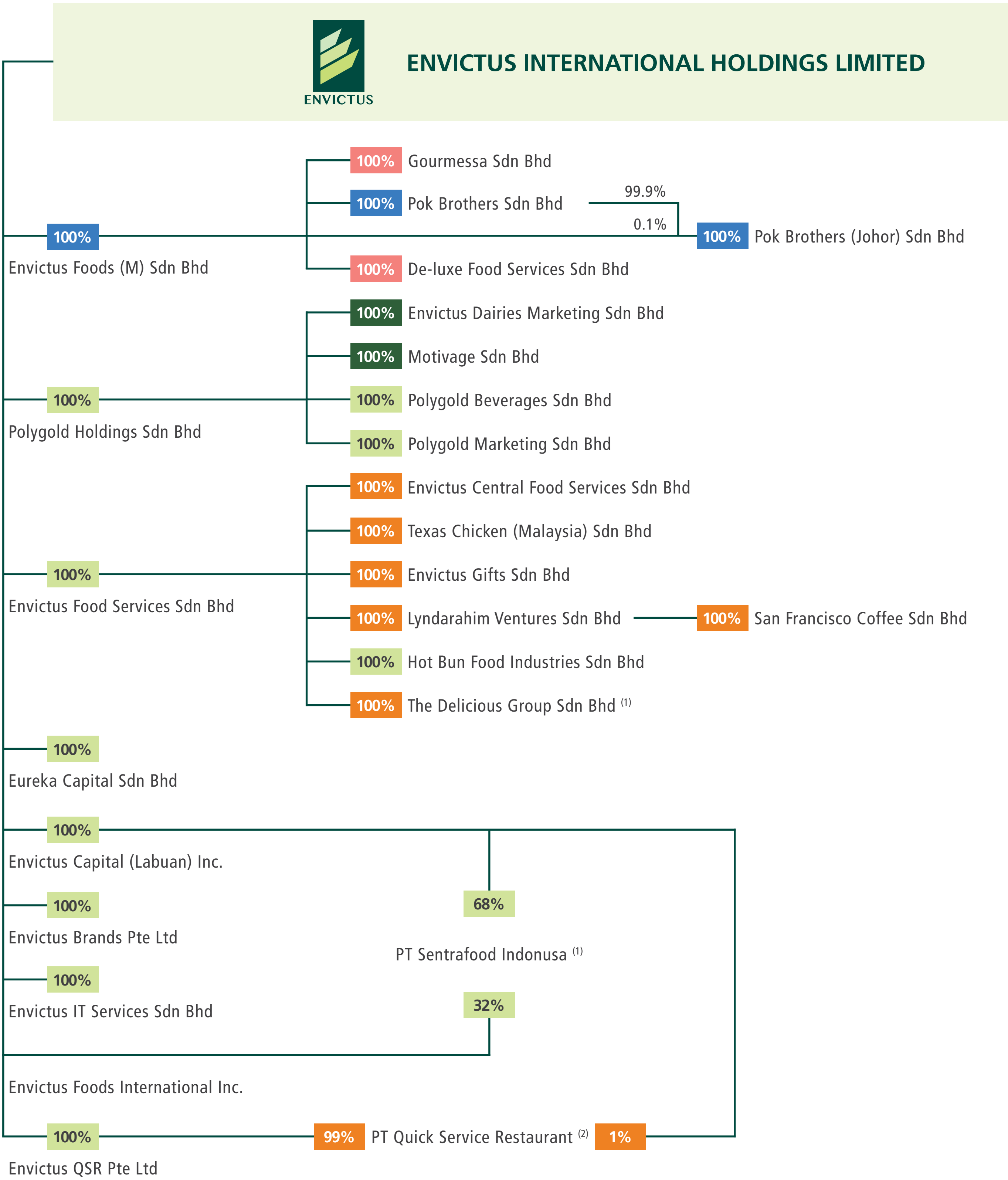
*Interest rate risks*

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

*Liquidity risks*

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

# GROUP STRUCTURE




Trading and Frozen Food Division
Dairies Division
Unallocated
Food Services Division
Food Processing Division

(1) Under liquidation
(2) Deregistered on 28 November 2022

# CORPORATE INFORMATION

## Board of Directors

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

## Company Secretaries

S Surenthiraraj

Kok Mor Keat

## Registered Office

SGX Centre II, #17-01
4 Shenton Way
Singapore 068807

Telephone: (65) 6535 0550

Facsimile : (65) 6538 0877

## Share Registrar

Boardroom Corporate & Advisory Services Pte Ltd
I Harbourfront Avenue
Keppel Bay Tower
#14-03/07
Singapore 098632

## Independent Auditor

BDO LLP
Public Accountants and Chartered Accountants
600 North Bridge Road
#23-01 Parkview Square
Singapore 188778

Partner-in-charge: Ng Kian Hui
*(Appointed since the financial year ended 30 September 2021)*

## Principal Bankers

Maybank Islamic Berhad

Malayan Banking Berhad

Bank Pertanian Malaysia Berhad

HSBC Amanah Malaysia Berhad

## Solicitors

Morgan Lewis Stamford LLC

# BOARD OF DIRECTORS

## DATO' JAYA J B TAN

**Executive Chairman**

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

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

From May 2004 to May 2022, Dato' Jaya held the position of Chairman of Lasseters International Holdings Limited, a company formerly listed on the Singapore Stock Exchange ("SGX").

He is currently the Vice Chairman of Park Hyatt Saigon, a 259-room 5-star hotel in Ho Chi Minh City, Vietnam.

Dato' Jaya was re-elected as Director at the Annual General Meeting ("AGM") held in 2022. Dato' Jaya is the brother of Dato' Kamal Y P Tan.

## DATUK DR SAM GOI SENG HUI

**Non-Executive Vice-Chairman**

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

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

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

Dr Sam Goi also serves as Non-Executive Chairman of Tat Seng Packaging Group Ltd, as well as Non-Independent, Non-Executive Director and Vice Chairman of JB Foods Limited. He is also a Non-Executive and Non-Independent Director of Catalist-listed company, Tung Lok Group Restaurants (2000) Ltd. In addition, he has business interest across a range of private entities in diverse industries, including food and beverage, leisure real estate, consumer essentials, renewable energy, healthcare, technology, distribution, and logistics.

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

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

He was named "Businessman of the Year" at the Singapore Business Awards (2014) and conferred the Public Service Star (Bar) (BBM (L)) at the 49th National Day Awards by the President of Singapore for his contributions to the community. For his social and business contributions to Kota Kinabalu, Sabah, Malaysia, he was conferred the State Award of Panglima Gemilang Darjah Kinabalu (PGDK), which carries the title of Datuk, from the state of Sabah. In 2015, he received the "SG50 Outstanding Chinese Business Pioneers Award" and the Long Service Award from Singapore's People's Action Party. Dr Sam Goi was also awarded the Lifetime Achievement Award by Enterprise Asia in 2015 and by the Asian Strategy & Leadership Institute in 2016. In 2017, he was honoured for his contributions and success as an overseas Chinese by the People's Tribune Magazine in Beijing, China. In 2018, he was conferred the Distinguished Business Leader Award at the World Chinese Economic Forum. In 2019, he was appointed Patron for Advancement and received the inaugural Benefactors Fellow Award from the Singapore University for Technology and Design (SUTD) and conferred the Pearl of Orient award at the World Chinese Economic Forum. In 2021, Mr Goi was conferred an Honorary Doctorate from SUTD. In 2022, he received the PAP Commendation Medal for his contributions to the People's Action Party and country.

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

Dr Sam Goi was re-elected as Director at the AGM held in March 2021.

## DATO' KAMAL Y P TAN

### Non-Executive Director

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

Dato' Kamal Y P Tan is the Non-Executive Director of the Company and was first appointed to the Board on 23 December 2003. He was the Executive Director of the Company upon its listing on 23 December 2004 and subsequently became the Group Chief Executive Officer on 20 January 2009. He has been re-designated as Non-Executive Director and Adviser on 1 April 2019 following his decision for semi-retirement. On 1 April 2020, Dato' Kamal was re-designated as Acting Group Chief Executive Officer to relieve the then Group CEO. Dato' Kamal held the position of Group CEO from 1 October 2020 to 3 November 2020, and thereafter as the Non-Executive Director and Adviser on 3 November 2020 to 31 October 2022. He was re-designated as Non-Executive Director on 1 November 2022 following the expiry of the Advisory Agreement with the Company.

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

Dato' Kamal has served as Director of Lasseters International Holdings Limited, a company formerly listed on the Singapore Stock Exchange from May 2004 to May 2022.

He is a Board member of Park Hyatt Saigon, a 259-room 5-star hotel in Ho Chi Minh City, Vietnam.

Dato' Kamal will be retiring by rotation at the forthcoming AGM and will offer himself for re-election at the forthcoming AGM. Dato' Kamal is the brother of Dato' Jaya J B Tan.

## TEO CHEE SENG

### Independent Director

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

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

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

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

Mr Teo was re-elected as Director at the AGM held in March 2021 and he was also re-appointed as Independent Director pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which has taken into effect from 1 January 2022) in the same AGM.

## MAH WENG CHOONG

**Non-Executive Director**

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

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

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

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

Mr Mah was re-elected as Director at the AGM held in January 2022.

## JOHN LYN HIAN WOON

**Independent Director**

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

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

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

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

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

Mr Lyn will be retiring at the forthcoming AGM and has offered himself for re-election as Director of the Company. He was re-appointed as Independent Director pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which has taken effect from 1 January 2022) at the AGM held in March 2021.

# KEY MANAGEMENT

## BILLY LIM YEW THOON

**Chief Financial Officer**

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

Mr Lim brings with him a wealth of experience of more than 18 years in the audit practice and another 8 years in the commercial industry. He has also worked as the General Manager of Internal Audit for more than 3 years in a large public corporation listed on Bursa Malaysia Securities Berhad. His commercial experience includes monitoring of manufacturing and gaming operations located in Malaysia and overseas as well as participation in the negotiation and takeover of companies.

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

## DATO' LAWRENCE POK YORK KEAW

**Chief Executive Officer, Frozen Food Division**

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

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

GOURMESSA®
QUALITY IN EVERY BITE

# Food Processing Division

**REVENUE**

RM **13.5**
Million in 2022

# CORPORATE GOVERNANCE

**The Directors and Management of Envictus International Holdings Limited ("Envictus" or the "Company") and its subsidiaries (collectively with the Company, the "Group") are committed to maintain high standards of corporate governance in order to protect the interests of its shareholders as well as enhance corporate performance and business sustainability. It has put in place practices in accordance with the principles and guidelines set out in the Code of Corporate Governance 2018 (the "Code"). The following outlines the corporate governance principles applied by the Company with specific references to the Code. Where there is any material deviation from the provisions of the Code, an explanation has been provided within this report.**

## BOARD MATTERS

**PRINCIPLE 1**
**The company is headed by an effective Board which is collectively responsible and works with Management for the long term success of the Company.**

### Provision 1.1

### Board's Role

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

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

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

### Provision 1.2

### Directors' Duties and Responsibilities

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

## Continuous Training and Development of Directors

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

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

For the financial year commencing 1 January 2022, all directors are to undergo a one-time training on sustainability matters as prescribed by the SGX-ST. In connection thereto, the following Directors have attended the following training course in fulfilment of the requirement:-

| Directors | Training |
|---|---|
| Dato' Jaya J B Tan | LED - Environmental, Social and Governance Essentials (Core) awarded by the Singapore Institute of Directors on 25 October 2022. |
| Datuk Dr Sam Goi Seng Hui | Sustainability E-Training for Directors awarded by the Institute of Singapore Chartered Accountants and SAC Capital Private Limited on 10 October 2022. |
| Dato' Kamal Y P Tan | LED - Environmental, Social and Governance Essentials (Core) awarded by the Singapore Institute of Directors on 25 October 2022. |
| Mr Teo Chee Seng | Sustainability E-Training for Directors awarded by the Institute of Singapore Chartered Accountants and SAC Capital Private Limited on 17 September 2022. |
| Mr Mah Weng Choong | LED - Environmental, Social and Governance Essentials (Core) awarded by the Singapore Institute of Directors on 25 October 2022. |
| Mr John Lyn Hian Woon | LED - Environmental, Social and Governance Essentials (Core) awarded by the Singapore Institute of Directors on 6 November 2022. |

### Provision 1.3

### Internal Guidelines on Matters Requiring Board Approval

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

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

### Provision 1.4

### Delegation of Authority to Board Committees

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

The present Board Committee members are as follows:-

| Directors | Audit Committee | Nominating Committee | Remuneration Committee |
|---|---|---|---|
| John Lyn Hian Woon | Chairman | Member | Member |
| Teo Chee Seng | Member | Chairman | Chairman |
| Dato' Kamal Y P Tan | Member | Member | Member |

**Provision 1.5**

**Meetings of Board and Board Committees**

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

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

| | Board | Audit Committee | Remuneration Committee | Nominating Committee |
|---|---|---|---|---|
| No. of meetings held in FY2022 | 3 | 2 | 1 | 1 |
| <u>Number of meetings attended</u> | | | | |
| Dato' Jaya J B Tan | 3 | n/a | n/a | n/a |
| Datuk Dr Sam Goi Seng Hui | 3 | n/a | n/a | n/a |
| Dato' Kamal Y P Tan | 3 | 2 | 1 | 1 |
| Mah Weng Choong | 3 | n/a | n/a | n/a |
| Teo Chee Seng | 3 | 2 | 1 | 1 |
| John Lyn Hian Woon | 3 | 2 | 1 | 1 |

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

**Provision 1.6**

**Board's Access to Information**

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

**Provision 1.7**

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

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

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

## BOARD COMPOSITION AND GUIDANCE

### PRINCIPLE 2

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

### Provision 2.1

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

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

| Name | Age | Date of first appointment | Date of last re-election/ re-appointment | Designation |
|---|---|---|---|---|
| Dato' Jaya J B Tan | 75 | 23.12.2003 | 27.01.2022 | Executive Chairman |
| Datuk Dr Sam Goi Seng Hui | 76 | 09.01.2013 | 11.03.2021 | Non-Executive Vice-Chairman |
| Dato' Kamal Y P Tan | 70 | 23.12.2003 | 14.01.2020 | Non-Executive Director |
| Mah Weng Choong | 84 | 03.08.2004 | 27.01.2022 | Non-Executive Director |
| Teo Chee Seng | 68 | 03.08.2004 | 11.03.2021 | Independent Director |
| John Lyn Hian Woon | 64 | 03.08.2004 | 11.03.2021 | Independent Director |

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

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

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

### Provisions 2.2 and 2.3

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

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

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

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

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

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

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

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

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

**Provision 2.4**

**Composition and Size of the Board**

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

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

**Provision 2.5**

**Role of Non-Executive Directors**

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

**CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

**PRINCIPLE 3**

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

**Provisions 3.1 and 3.2**

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

The Company has not adopted the recommendation of the Code to have a separate appointment of Chairman and Chief Executive Officer. The Board is of the view that it is in the best interests of the Group to adopt a single leadership structure, whereby the CEO and the Chairman of the Board is the same person, so as to ensure that the decision-making process of the Group would not be unnecessarily hindered.

Presently, Dato' Jaya J B Tan, as Executive Chairman, continues to provide strategic leadership for the Group and hold executive responsibility for the Company's business. Additionally, he is responsible for the effective workings of the Board and promotes high standards of corporate governance. He ensures that Board meetings are held when necessary and sets the Board meeting agenda in consultation with other Directors and the key management. He also reviews Board papers before they are presented to the Board to ensure that information provided to the Board members is adequate. During the Board meetings, he facilitates effective contributions and constructive discussions on strategic issues and business planning from the executive and non-executive Directors. Dato' Jaya is assisted by an experienced and qualified team of executive officers of the Group.

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

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

**Provision 3.3**

**Lead Independent Director**

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

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

**PRINCIPLE 4**

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

**Provisions 4.1 and 4.2**

**Nominating Committee**

The NC comprises one Non-Executive Director and two Independent Non-Executive Directors, one of whom is also the Chairman of the Committee. The members of the NC are as follows:-

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

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

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

The NC performs the following principal functions:-
- Reviews the structure, size and composition of the Board and make recommendations to the Board;
- Identifies candidates and reviews all nomination for the appointment and re-appointment of members of the Board;
- Determines annually whether or not a Director is independent in accordance with the guidelines of the Code;
- Decides how the Board's performance may be evaluated and proposes objective performance criteria for the Board's approval; and
- Assesses the effectiveness of the Board as a whole, as well as the contribution by each member of the Board.

**Provision 4.3**

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

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

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

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

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

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

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

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

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

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

**Provision 4.4**

**Determining Directors' Independence**

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

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

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

In addition, the Independent Directors or his immediate family member, in the current or immediate past financial year, did not provide or received from the Company or its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services) for payments aggregated in excess of S$50,000 other than compensation for board service.

The Independent Directors or their immediate family member, did not in the current or immediate past financial year, is or was, a substantial shareholder or a partner in (with 5% or more stake), or an executive officer of, or a Director of, any organisation which provided to or received from the Company or any of its subsidiaries any significant payments or material services (which may include auditing, banking, consulting and legal services) in excess of S$200,000.

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

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

### Provision 4.5

### Multiple Board Representations

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

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

## BOARD PERFORMANCE

### PRINCIPLE 5

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

### Provisions 5.1 and 5.2

### Conduct of Board Performance

### Criteria for Board Evaluation of Individual Directors

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

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

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

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

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

## REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

### PRINCIPLE 6

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

### Provisions 6.1 and 6.2

### Remuneration Committee

The Remuneration Committee ("RC") comprises one Non-Executive Director and two Independent Non-Executive Directors, one of whom is also the Chairman of the Committee, namely:-

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

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

Primary functions performed by RC:-

- Reviews and recommends to the Board, a framework of remuneration for the Board and key executives taking into account factors such as industry benchmark, the Group's and individual's performance;
- Reviews the level of remuneration that are appropriate to attract, retain and motivate the Directors and key executives;
- Ensures adequate disclosure on Directors' remuneration;
- Reviews and recommends to the Board the terms for renewal of Directors' service contracts; and
- Recommends to the Board, the Executive Share Option Schemes or any long-term incentive schemes which may be set up from time to time and does all acts necessary in connection therewith.

**Provision 6.3**

**Review of remuneration**

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

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

**Provision 6.4**

**Engagement of remuneration consultants**

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

**LEVEL AND MIX OF REMUNERATION**

**PRINCIPLE 7**

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

**Provision 7.1**

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

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

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

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

**Provision 7.2**

**Remuneration of Non-Executive Directors**

The Board concurred with the RC that the proposed Directors' fees for the year ended 30 September 2022 payable to the Non-Executive Directors are appropriate taking into consideration the level of contributions by the Directors and factors such as effort and time spent on the Board and Board Committees as well as the responsibilities and obligations of the Directors.

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

### Provision 7.3

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

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

## DISCLOSURE ON REMUNERATION

### PRINCIPLE 8

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

### Provision 8.1

### Remuneration Report

The breakdown of the level and mix of remuneration of each Director for FY2022 are set out below:-

| | Salary[1] % | Directors'Fees % | Bonus % | Total Remuneration % |
|---|---|---|---|---|
| Directors | | | | |
| **S$250,000 to below S$500,000** | | | | |
| Dato' Jaya J B Tan | 92.9 | - | 7.1 | 100.0 |
| **Below S$250,000** | | | | |
| Datuk Dr Sam Goi Seng Hui | - | 100.0 | - | 100.0 |
| Dato' Kamal Y P Tan | - | 100.0 | - | 100.0 |
| Mah Weng Choong | - | 100.0 | - | 100.0 |
| John Lyn Hian Woon | - | 100.0 | - | 100.0 |
| Teo Chee Seng | - | 100.0 | - | 100.0 |

Notes :
(1) Inclusive of benefits in kind, allowances and provident funds, where applicable.

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

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

On the remuneration of the top five key management personnel, one key personnel received remuneration band was above S$250,000 and the remaining four received remuneration band below S$250,000. In aggregate, the total remuneration paid to the top five key management personnel in FY 2022 was approximately S$913,000.

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

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

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

**Provision 8.2**

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

Except for Dato' Jaya J B Tan, there are no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company and whose remuneration exceeded S$100,000 during FY2022.

**Provision 8.3**

**Employee Share Scheme**

The Company does not have any share option or other share incentive scheme for its employees. The RC has reviewed and is satisfied that the existing remuneration structure for management personnel and executives paid out in cash would continue to be adequate in incentivizing performance without being overly-excessive.

## RISK MANAGEMENT AND INTERNAL CONTROLS

**PRINCIPLE 9**

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

**Provision 9.1**

**Risk Management and Internal Controls Systems**

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

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

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

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

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

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

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

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

### Provision 9.2

### Assurance from the Executive Chairman and the CFO

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

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

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

Based on the internal controls established and maintained by the Group, the work performed by the external auditors and the reviews conducted by the Management, the Board, with the concurrence of the AC is of the opinion that the Group's risk management and internal controls systems addressing financial, operational, compliance and information technology risks were adequate as at 30 September 2022.

## AUDIT COMMITTEE

### PRINCIPLE 10

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

### Provisions 10.1 and 10.2

### Audit Committee

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

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

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

### Roles, Responsibilities and Authorities of AC

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

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

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

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

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

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

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

### Independence of External Auditors

For the financial year under review, the Group has accrued an aggregate amount of audit fees of RM443,026, comprising audit fees of RM239,246 paid to auditors of the Company; and RM203,780 paid to other auditors for audit fees. In compliance with Rule 1207(6) of the Listing Manual issued by Singapore Exchange Securities Trading Limited, the AC confirmed that it has undertaken a review of all non-audit services provided by the Auditors and they would not, in the AC's opinion, affect the independence of the Auditors.

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

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

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

Whistle-blowing Policy

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

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

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

### Provision 10.3

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

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

### Provision 10.4

### Internal Audit Function

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

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

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

### Adequacy and Effectiveness of Internal Audit Functions

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

The internal audit work carried out in FY2022 was guided by the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors.

### Provision 10.5

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

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

## SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

### PRINCIPLE 11

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

### Provision 11.1

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

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

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

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

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

### Provision 11.2

### Separate Resolutions for Separate Issues

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

### Provision 11.3

### Attendance of Directors and Auditors at General Meetings

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

The Company's last AGM was held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangement for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order") on 27 January 2022. Attendance at the last AGM was by way of electronic means accessed via live audio-visual website or live audio-only stream. Questions were submitted to the Chairman of the Meeting in advance of the said AGM. Voting was conducted by appointing the Chairman of the Meeting as proxy at the said AGM. Pursuant to the Order, all attendees comprising Shareholders, all Directors, Company Secretaries, Auditors, Share Registrar, Scrutineer and invitees attended the last AGM via electronic means.

The Company's forthcoming AGM will also be held by electronic means pursuant to the Order on 30 January 2023. Shareholders may participate at the forthcoming AGM in the following manner:

(a) observing and/or listening to the AGM proceedings via a "live" audio-visual webcast or the "live" audio-only stream;

(b) submitting questions in advance of the AGM or "live" at the AGM; and/or

(c) voting at the AGM (i) "live" by shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to vote on their behalf at the AGM.

The Company will endeavor to address substantial and relevant questions submitted in advance of the AGM prior to the forthcoming AGM. Details of the arrangements will be provided in the Notice of AGM which will be disseminated by electronic means via publication on the website of the Company and SGXNet.

**Provision 11.4**

**Absentia voting**

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

**Provision 11.5**

**Minutes of general meetings**

The Company prepares minutes of general meetings detailing proceedings and questions raised by shareholders and answers given by the Board and Management.

In view of the requirements of COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies') Order 2020, the Company had published the minutes of its last Annual General Meeting on SGXNet and the Company's website within one month after the date of the meeting. Results of general meetings will continue to be released as an announcement on SGXNet.

**Provision 11.6**

**Dividend**

The Company does not have a fixed policy on payment of dividend. The Board will consider the Group's earnings, cash flow, capital requirement and general business condition before proposing a dividend. For FY2022, the Company did not declare any dividend as it is not in a profitable position.

## ENGAGEMENT WITH SHAREHOLDERS

**PRINCIPLE 12**

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

**Provision 12.1**

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

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

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

### Provisions 12.2 and 12.3

### Investor Relations

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

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

## ENGAGEMENT WITH STAKEHOLDERS

## PRINCIPLE 13

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

### Provisions 13.1 and 13.2

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

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

### Material Contracts

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

### Interested Person Transactions

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

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

| Name of Interested Person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than S$100,000) |
|---|---|---|
| | RM | RM |
| Perinsu (Broker Insurans) Sdn Bhd<br>- Insurance premium | 1,520,875<br>(or approximately S$483,370) | - |
| Tee Yih Jia Food Manufacturing Pte Ltd<br>- Purchase of goods | 352,830<br>(or approximately S$112,138) | - |

Based on average exchange rate for the year ended 30 September 2022 of S$1 = RM3.1464

Dato' Kamal has been re-designated from Group CEO to Non-Executive Director and Adviser on 3 November 2020. The Company has entered into an advisory agreement with Dato' Kamal for his advisory services as the Company continues to benefit from his knowledge, experience and advice. This agreement is valid for 2 years from 3 November 2020 to 31 October 2022 at a fee of S$13,000 per month. There is an option to renew for another 2 years from 1 November 2022 to 31 October 2024. For FY2022, the Company paid advisory fees of S$156,000 to Dato' Kamal for the period from 1 October 2021 to 30 September 2022. The advisory agreement expired on 31 October 2022 and the parties did not exercise the option to renew the said agreement.

Motivage Sdn Bhd ("MSB") has entered into a Consultancy Agreement with Mr Mah Weng Choong for the period of 12 months from 1 July 2021 to 30 June 2022 at a monthly consultancy fee of RM18,000. MSB has renewed the Consultancy Agreement for another 12 months from 1 July 2022 to 30 June 2023 at a monthly consultancy fee of RM18,000. Mr Mah is a veteran who had previously contributed to the Group on the setting up and expansion of Etika Dairies' factories due to his in-depth knowledge and experience in the processed milk industry. Mr Mah's primary role is to oversee and monitor the construction of a new factory in Pulau Indah for the manufacturing of sweetened condensed creamer and evaporated creamer. Among others, the scope of work include mechanical and engineering, process flow, type of equipment and machineries, procurement of raw materials and other business advisory services.

During FY2022, MSB paid Mr Mah a total of RM216,000 (or approximately S$68,650) from 1 October 2021 to 30 September 2022.

### Dealings in Securities

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

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

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

### Sustainability Report

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



# Financial Statements

# DIRECTORS' STATEMENT

The Directors of Envictus International Holdings Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 30 September 2022 and the statement of financial position of the Company as at 30 September 2022 and statement of changes in equity of the Company for the financial year ended 30 September 2022.

## 1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company together with the notes thereon are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2022, and of the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2. Directors

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

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

## 3. Share options

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

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

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

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

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

# DIRECTORS' STATEMENT

## 5. Directors' interests in shares or debentures

The Directors of the Company holding office at the end of the financial year had interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 (the "Act").

| | Shareholdings registered in the name of Directors and Nominees | | | Shareholdings in which Directors are deemed to have an interest | | |
|---|---|---|---|---|---|---|
| | Balance as at 21.10.2022 | Balance as at 30.9.2022 | Balance as at 30.9.2021 | Balance as at 21.10.2022 | Balance as at 30.9.2022 | Balance as at 30.9.2021 |
| **The Company** | | | *Number of ordinary shares* | | | |
| Dato' Jaya J B Tan | 44,063,449 | 44,063,449 | 44,063,449 | 46,059,252 | 46,059,252 | 46,059,252 |
| Datuk Dr Sam Goi Seng Hui | 35,767,677 | 35,245,577 | 33,216,377 | 29,123,680 | 29,123,680 | 29,123,680 |
| Dato' Kamal Y P Tan | 38,850,292 | 38,850,292 | 38,850,292 | 51,272,409 | 51,272,409 | 51,272,409 |
| Mah Weng Choong | 15,117,399 | 15,117,399 | 15,117,399 | - | - | - |
| John Lyn Hian Woon | 545,420 | 545,420 | 545,420 | - | - | - |
| Teo Chee Seng | 30,000 | 30,000 | 30,000 | - | - | - |
| | | | *Number of warrants* | | | |
| Dato' Jaya J B Tan | - | 24,305,977 | 24,305,977 | 3,781,760 | 26,631,838 | 26,631,838 |
| Datuk Dr Sam Goi Seng Hui | - | 17,842,513 | 17,682,313 | - | 12,730,080 | 12,730,080 |
| Dato' Kamal Y P Tan | 2,800,000 | 25,650,078 | 25,650,078 | 981,670 | 25,287,737 | 25,287,737 |
| Mah Weng Choong | - | 5,029,995 | 5,029,995 | - | - | - |
| John Lyn Hian Woon | 244,320 | 244,320 | 244,320 | - | - | - |

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

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

A total of 57,066,950 warrants have been exercised at the exercise price at S$0.16 per share prior to the expiry date on 25 November 2022 at 5:00 p.m. A total of remaining 48,128,954 warrants that had not been exercised as aforesaid have lapsed and subsequently delisted from the official list of the Singapore Exchange Securities Trading Limited ("SGX-ST") with effect from 28 November 2022.

## 6. Audit committee

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

(a) the audit plans of the internal and external auditors and the results of the auditors' examination and evaluation of the Group's systems of internal accounting controls;

# DIRECTORS' STATEMENT

## 6. Audit committee (Continued)

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

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

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

## 7. Independent auditor

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

On behalf of the Board of Directors

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

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

8 December 2022

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENVICTUS INTERNATIONAL HOLDINGS LIMITED

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Envictus International Holdings Limited (the "Company") and its subsidiaries (the "Group"), as set out on pages 56 to 138 which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 September 2022;
- the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended; and
- notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 September 2022, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

### Basis for Opinion

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

### Key Audit Matters

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

| KEY AUDIT MATTER | AUDIT RESPONSE |
|---|---|
| **1 Impairment of property, plant and equipment** | |
| As at 30 September 2022, the carrying amount of the Group's property, plant and equipment including right-of-use assets ("PPE") amounted to RM392,114,000 which represents 67% of the Group's total assets. During the financial year, management carried out an impairment assessment on certain PPE of the Group for those with indicators of impairment.<br><br>In carrying out the impairment assessment on certain of the Group's PPE, using the value-in-use method, management determined the recoverable amounts by estimating the expected discounted future cash flows over the remaining useful lives of the PPE. This required key assumptions to be made regarding the respective revenue growth rates, gross margins and relevant discount rates as well as overall market and economic condition of the industry.<br><br>In carrying out the impairment assessment of other PPE, management determined the recoverable amounts using the fair value less cost of disposal method ("FVLCOD"). This assessment involved critical assumptions and judgement in determining the recoverable amount.<br><br>Due to significant management judgement and estimation involved in the impairment assessment, as well as the significance of the carrying amount of PPE to the Group's financial statements, we have determined this area to be a key audit matter.<br><br>Refer to note 2.7, note 3.2(ii) and note 4 of the accompanying financial statements. | Our audit procedures included, amongst others:<br><br>Evaluated the management's assessment of indicators of impairment of PPE in accordance with SFRS(I) 1-36.<br><br>Evaluated management's assessment of the remaining useful lives and residual value of the PPE.<br><br>Evaluated the reasonableness of management's key assumptions on the revenue growth rates and gross margins which considers the overall economic and business environment.<br><br>Engaged our internal valuation specialist to evaluate the reasonableness and appropriateness of the valuation methodology and key assumption applied by management such as discount rates used for certain CGU assets.<br><br>Performed sensitivity analysis to assess the extent of changes to the key assumptions that would cause the recoverable amount to be below the carrying amount.<br><br>Assessed the reasonableness of the key assumptions used in FVLCOD such as similar PPE, take into consideration for key attributes such as size, tenure, condition and prevailing market conditions by evaluating the underlying data.<br><br>Evaluated the adequacy of the related disclosures in the financial statements. |

# INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ENVICTUS INTERNATIONAL HOLDINGS LIMITED

| KEY AUDIT MATTER | AUDIT RESPONSE |
|---|---|
| **2 Impairment of intangible assets** | |
| As at 30 September 2022, the carrying amount of the Group's intangible assets amounted to RM26,353,000 comprising mainly goodwill, trademarks and franchise fees from the Food Services, Trading and Frozen Food and Dairies business segments.<br><br>Under SFRS(I) 1-36 Impairment of Assets, the Group is required to carry out impairment assessment at least annually by comparing the carrying amounts of the CGUs to which the intangible assets belong against the recoverable amounts for intangible assets with indefinite useful lives such as trademarks and goodwill, and franchise fees with definite useful lives if there are indications of impairment.<br><br>Management determined the recoverable amounts using the value-in-use method by estimating the present value of the future cash flows from these CGUs. This required key assumptions to be made regarding the respective revenue growth rates, gross margins and relevant discount rates.<br><br>We have determined the impairment of intangible assets as a key audit matter due to significant management judgement and estimate involved in the impairment assessment. | Our audit procedures included, amongst others:<br><br>Evaluated the reasonableness of management's key assumptions on the revenue growth rates and gross margins which considers the overall economic and business environment.<br><br>We also evaluated management's assessment of the remaining useful lives of the franchise fees.<br><br>Engaged our internal valuation specialist to evaluate the reasonableness and appropriateness of the valuation methodology and key assumption applied by management such as discount rates used for certain CGUs.<br><br>Performed sensitivity analysis to assess the extent of changes to the key assumptions that would cause the recoverable amount to be below the carrying amount of the intangible assets.<br><br>Evaluated the adequacy of the related disclosures in the financial statements. |
| Refer to note 2.7, note 3.2(i) and note 9 of the accompanying financial statements. | |

| KEY AUDIT MATTER | AUDIT RESPONSE |
|---|---|
| **3 Liquidity of the Group** | |
| The Group recorded a net loss of RM6,387,000 for the financial year ended 30 September 2022. As at that date, the Group's net current liabilities and capital commitment contracted but not provided for as at 30 September 2022 were RM73,879,000 and RM44,524,000, respectively.<br><br>The Group's net cash generated from operating activities amounted to RM6,267,000 during the financial year and has cash and bank balances of RM16,760,000 as at 30 September 2022.<br><br>During the financial year, the Group has disposed 3 lots of leasehold land and assets for a consideration of RM35,329,000. The Group will continue to monetise certain of its non-core and non-profitable assets of the Group when the opportunity arises.<br><br>Subsequent to the financial year, the Company received total proceeds of RM29,896,000 from the issuance of new ordinary shares arising from exercise of warrants.<br><br>The Group actively manages its operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. Based on the cash flow forecast prepared and the availability of funds through positive operating cash flow and available credit facilities (includes unutilised credit facilities and new credit facilities applied), the Board of Directors has determined that the Group will have sufficient liquidity for its working capital and financial obligations as and when they fall due.<br><br>We have determined the liquidity of the Group to be a key audit matter as the availability of funds will impact the Group's ability to continue as a going concern. | Our audit procedures included, amongst others:<br><br>Evaluated management's cash flow forecast prepared based on approved budget on the Group's ability to settle its obligations as and when they fall due.<br><br>Checked to the contracted capital commitments, availability of unutilised credit facilities, the outcome of application for new credit facilities and extension to credit terms from financial institutions.<br><br>Performed sensitivity analysis over the key assumptions made by management.<br><br>Assessed the adequacy of the related disclosures in the financial statements. |
| Refer to note 2.1, note 12, note 15, note 30.1 and note 32.4 of the accompanying financial statements. | |

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ENVICTUS INTERNATIONAL HOLDINGS LIMITED

## Other Information

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

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

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

## Responsibilities of Management and Directors for the Financial Statements

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

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

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

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

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

# INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ENVICTUS INTERNATIONAL HOLDINGS LIMITED

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

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

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

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

## Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ng Kian Hui.

**BDO LLP**
Public Accountants and
Chartered Accountants

Singapore
8 December 2022

# STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| **Non-current assets** | | | | | |
| Property, plant and equipment* | 4 | 392,114 | 420,416 | - | - |
| Investment property | 5 | 19,992 | 20,441 | - | - |
| Investments in subsidiaries | 6 | - | - | 326,737 | 217,785 |
| Financial assets at fair value through other comprehensive income ("FVOCI") | 7 | 9,862 | 8,946 | 9,597 | 8,631 |
| Deferred tax assets | 8 | 308 | 308 | - | - |
| Intangible assets | 9 | 26,353 | 23,845 | - | - |
| | | 448,629 | 473,956 | 336,334 | 226,416 |
| **Current assets** | | | | | |
| Inventories | 10 | 49,603 | 40,474 | - | - |
| Trade and other receivables | 11 | 72,087 | 41,734 | 43,378 | 147,831 |
| Cash and bank balances | 12 | 16,760 | 17,265 | 1,259 | 341 |
| | | 138,450 | 99,473 | 44,637 | 148,172 |
| Assets classified as held for sale | 13 | - | 83,942 | - | - |
| | | 138,450 | 183,415 | 44,637 | 148,172 |
| Less: | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 14 | 104,142 | 98,199 | 37,187 | 29,428 |
| Bank borrowings | 15 | 84,946 | 131,846 | - | - |
| Lease liabilities | 16 | 23,075 | 25,096 | - | - |
| Current income tax payable | | 166 | 52 | - | - |
| | | 212,329 | 255,193 | 37,187 | 29,428 |
| **Net current (liabilities)/assets** | | (73,879) | (71,778) | 7,450 | 118,744 |
| Less: | | | | | |
| **Non-current liabilities** | | | | | |
| Bank borrowings | 15 | 101,816 | 126,556 | - | - |
| Lease liabilities | 16 | 106,116 | 106,252 | - | - |
| Provision for restoration costs | 17 | 4,544 | 3,900 | - | - |
| Financial guarantee contracts | 18 | - | - | - | 1,425 |
| Deferred tax liabilities | 19 | 3,542 | 3,915 | - | - |
| | | 216,018 | 240,623 | - | 1,425 |
| **Net assets** | | 158,732 | 161,555 | 343,784 | 343,735 |

* *Includes right-of-use assets*

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

# STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| **Capital and reserves** | | | | | |
| Share capital | 20(a) | 177,865 | 177,865 | 177,865 | 177,865 |
| Treasury shares | 20(b) | (183) | (183) | (183) | (183) |
| Accumulated (losses)/profits | | (25,730) | (19,239) | 126,442 | 143,314 |
| Foreign currency translation reserve | 21 | 33,497 | 29,324 | 63,999 | 46,623 |
| Fair value reserve | 22 | (24,323) | (23,818) | (24,339) | (23,884) |
| Other reserve | 23 | (2,394) | (2,394) | - | - |
| **Equity attributable to the owners of the Company/Total equity** | | 158,732 | 161,555 | 343,784 | 343,735 |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

| | Note | 2022 RM'000 | 2021 RM'000 |
|---|---|---|---|
| Revenue | 24 | 515,582 | 382,122 |
| Cost of goods sold | | (323,425) | (230,250) |
| **Gross profit** | | 192,157 | 151,872 |
| | | | |
| ***Other item of income*** | | | |
| Other operating income | | 29,978 | 15,791 |
| | | | |
| ***Other items of expense*** | | | |
| Administrative expenses | | (36,200) | (35,329) |
| Selling and marketing expenses | | (142,322) | (129,326) |
| Warehouse and distribution expenses | | (20,796) | (20,782) |
| Write back of/(Loss allowance) on receivables, net | | 746 | (360) |
| Other operating expenses | | (6,994) | (8,092) |
| Finance costs | 26 | (20,250) | (21,120) |
| **Loss before income tax** | 25 | (3,681) | (47,346) |
| Income tax expense | 27 | (2,706) | (1,055) |
| **Loss for the financial year** | | (6,387) | (48,401) |
| | | | |
| **Other comprehensive income:** | | | |
| ***Items that may be reclassified subsequently to profit or loss:*** | | | |
| Exchange differences on translation of foreign operations | | 3,031 | 1,236 |
| ***Items that will not be reclassified subsequently to profit or loss:*** | | | |
| Net fair value gain/(loss) on financial assets at FVOCI | 7 | 533 | (212) |
| **Other comprehensive income for the financial year, net of tax** | | 3,564 | 1,024 |
| | | | |
| **Total comprehensive income** | | (2,823) | (47,377) |
| | | | |
| **Loss attributable to:** | | | |
| Owners of the Company | | (6,387) | (48,401) |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | (2,823) | (47,377) |
| | | | |
| **Loss per share attributable to owners of the Company (RM sen)** | | | |
| Basic and diluted | 28 | (2.58) | (19.59) |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

| | | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Note | Share capital RM'000 | Treasury shares RM'000 | Foreign currency translation reserve RM'000 | Fair value reserve RM'000 | Other reserve RM'000 | Accumulated losses RM'000 | Total equity RM'000 |
| **Group** | | | | | | | | |
| **2022** | | | | | | | | |
| At 1 October 2021 | | 177,865 | (183) | 29,324 | (23,818) | (2,394) | (19,239) | 161,555 |
| **Total comprehensive income for the year:** | | | | | | | | |
| **Loss for the financial year** | | - | - | - | - | - | (6,387) | (6,387) |
| Other comprehensive income: | | | | | | | | |
| Exchange differences on translation of foreign operations | | - | - | 4,173 | (1,142) | - | - | 3,031 |
| Net fair value gain on financial assets at FVOCI | 7 | - | - | - | 533 | - | - | 533 |
| Total other comprehensive income, net of tax | | - | - | 4,173 | (609) | - | - | 3,564 |
| **Total comprehensive income** | | - | - | 4,173 | (609) | - | (6,387) | (2,823) |
| Reclassification due to disposal of financial assets at FVOCI | | - | - | - | 104 | - | (104) | - |
| At 30 September 2022 | | 177,865 | (183) | 33,497 | (24,323) | (2,394) | (25,730) | 158,732 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

| | | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Note** | **Share capital RM'000** | **Treasury shares RM'000** | **Foreign currency translation reserve RM'000** | **Fair value reserve RM'000** | **Other reserve RM'000** | **Accumulated profits / (losses) RM'000** | **Total equity RM'000** |
| **Group** | | | | | | | | |
| **2021** | | | | | | | | |
| At 1 October 2020 | | 177,865 | (183) | 27,763 | (23,281) | (2,394) | 29,162 | 208,932 |
| **Total comprehensive income for the year:** | | | | | | | | |
| **Loss for the financial year** | | - | - | - | - | - | (48,401) | (48,401) |
| Other comprehensive income: | | | | | | | | |
| Exchange differences on translation of foreign operations | | - | - | 1,561 | (325) | - | - | 1,236 |
| Net fair value loss on financial assets at FVOCI | 7 | - | - | - | (212) | - | - | (212) |
| Total other comprehensive income, net of tax | | - | - | 1,561 | (537) | - | - | 1,024 |
| **Total comprehensive income** | | - | - | 1,561 | (537) | - | (48,401) | (47,377) |
| At 30 September 2021 | | 177,865 | (183) | 29,324 | (23,818) | (2,394) | (19,239) | 161,555 |

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

# STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

| | Note | Share capital RM'000 | Treasury shares RM'000 | Foreign currency translation reserve RM'000 | Fair value reserve RM'000 | Accumulated profits RM'000 | Total equity RM'000 |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **2022** | | | | | | | |
| At 1 October 2021 | | 177,865 | (183) | 46,623 | (23,884) | 143,314 | 343,735 |
| **Loss for the financial year** | | - | - | - | - | (16,768) | (16,768) |
| Other comprehensive income: | | | | | | | |
| Exchange differences on translation | | - | - | 17,376 | (1,142) | - | 16,234 |
| Net fair value gain on financial assets at FVOCI | 7 | - | - | - | 583 | - | 583 |
| Total other comprehensive income, net of tax | | - | - | 17,376 | (559) | - | 16,817 |
| Total comprehensive income | | - | - | 17,376 | (559) | (16,768) | 49 |
| Reclassification due to disposal of financial assets at FVOCI | | - | - | - | 104 | (104) | - |
| At 30 September 2022 | | 177,865 | (183) | 63,999 | (24,339) | 126,442 | 343,784 |

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

## STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

| | Note | Share capital RM'000 | Treasury shares RM'000 | Foreign currency translation reserve RM'000 | Fair value reserve RM'000 | Accumulated profits RM'000 | Total equity RM'000 |
|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | |
| **2021** | | | | | | | |
| At 1 October 2020 | | 177,865 | (183) | 41,615 | (23,344) | 142,165 | 338,118 |
| **Profit for the financial year** | | - | - | - | - | 1,149 | 1,149 |
| Other comprehensive income: | | | | | | | |
| Exchange differences on translation | | - | - | 5,008 | (325) | - | 4,683 |
| Net fair value loss on financial assets at FVOCI | 7 | - | - | - | (215) | - | (215) |
| Total other comprehensive income, net of tax | | - | - | 5,008 | (540) | - | 4,468 |
| Total comprehensive income | | - | - | 5,008 | (540) | 1,149 | 5,617 |
| At 30 September 2021 | | 177,865 | (183) | 46,623 | (23,884) | 143,314 | 343,735 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

| | Note | 2022 RM'000 | 2021 RM'000 |
|---|---|---|---|
| **Operating activities** | | | |
| Loss before income tax | | (3,681) | (47,346) |
| | | | |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment* | 4 | 44,409 | 50,338 |
| Finance costs | 26 | 20,250 | 21,120 |
| Foreign currency exchange loss, net | | 2,641 | 1,086 |
| Property, plant and equipment written off | | 1,822 | 2,615 |
| Amortisation of intangible assets | 9 | 531 | 465 |
| Depreciation of investment property | 5 | 449 | 451 |
| Impairment of property, plant and equipment and deposit for purchase of property, plant and equipment | 4 | - | 3,448 |
| Impairment of intangible assets | 9 | - | 205 |
| Reversal of impairment of property, plant and equipment | 4 | (80) | (8,240) |
| Interest income | | (123) | (89) |
| (Write back of)/Loss allowance on receivables, net | | (746) | 360 |
| Rent concession | 16 | (2,665) | (5,246) |
| Gain on disposal of assets classified as held for sale | 13 | (3,636) | - |
| (Gain)/Loss on disposal of property, plant and equipment, net | | (13,184) | 317 |
| Operating profit before working capital changes | | 45,987 | 19,484 |
| | | | |
| Working capital changes: | | | |
| Inventories | | (9,129) | 2,056 |
| Trade and other receivables | | (19,401) | 3,004 |
| Trade and other payables | | (7,833) | 12,257 |
| Cash generated from operations | | 9,624 | 36,801 |
| Interest paid | | (1,260) | (897) |
| Income tax paid, net | | (2,097) | (1,665) |
| **Net cash generated from operating activities** | | 6,267 | 34,239 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

| | Note | 2022<br>RM'000 | 2021<br>RM'000 |
|---|---|---|---|
| **Investing activities** | | | |
| Interest received | | 123 | 89 |
| Deposit from disposal of assets classified as held for sale | | - | 840 |
| Proceeds from disposal of assets classified as held for sale | | 86,738 | - |
| Proceeds from disposal of property, plant and equipment | | 22,715 | 1,426 |
| Purchase of property, plant and equipment | 4(a) | (9,388) | (23,832) |
| Purchase of intangible assets | 9 | (3,062) | (274) |
| **Net cash generated from/(used in) investing activities** | | 97,126 | (21,751) |
| **Financing activities** | | | |
| Interest paid | | (18,793) | (20,622) |
| Advances from Directors, net | | 4,128 | 9,718 |
| Advances from a third party | | 4,642 | - |
| Repayment of lease obligations | 16 | (22,266) | (20,097) |
| Drawdown of bank borrowings | | 87,614 | 73,951 |
| Repayment of bank borrowings | | (160,204) | (63,143) |
| **Net cash used in financing activities** | | (104,879) | (20,193) |
| Net change in cash and cash equivalents | | (1,486) | (7,705) |
| Cash and cash equivalents at beginning of the financial year | | 16,373 | 24,064 |
| Effect of exchange rate changes | | 31 | 14 |
| **Cash and cash equivalents at end of the financial year** | 12 | 14,918 | 16,373 |

* *Included depreciation of right-of-use assets*

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

## 1. General corporate information

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

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

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

## 2. Summary of significant accounting policies

### 2.1 Basis of preparation

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

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

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

Going concern assumption

The Group recorded a net loss of RM6,387,000 for the financial year ended 30 September 2022. The Group's net current liabilities and capital commitment contracted but not provided for as at 30 September 2022 were RM73,879,000 and RM44,524,000, respectively.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

### 2.1 Basis of preparation (Continued)

Going concern assumption (Continued)

The Group's net cash generated from operating activities amounted to RM6,267,000 during the financial year and has cash and bank balances of RM16,760,000 as at 30 September 2022. Subsequent to the financial year, the Company received total proceeds of RM29,896,000 from the issuance of new ordinary shares arising from exercise of warrants (Note 33).

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

a) The Directors of the Company have carried out a detailed review of the 12 months cash flow forecast from the financial year end of the Group and are satisfied that the Group is able to continue to generate operating cashflow and has available unutilised credit facilities (Note 15) and securing new credit facilities to fund its working capital, capital commitments and financial obligations;

b) The Group is actively engaging with its bankers, trade and other creditors to extend or restructure the existing credit terms;

c) The Group will continue to carry out cost-saving initiatives to manage costs to preserve cash;

d) The Group manages inventories, trade receivables and trade payables to optimise cash flow and liquidity;

e) The Group will continue to monetise certain of its other non-core assets when the opportunity arises.

   In September 2022, the Group has completed the sale of 3 lots of land for an aggregate consideration of RM35,329,000; and

f) As and when required, the Executive Chairman has been funding any urgent shortfall in the working capital of the Group. As at 30 September 2022, the amount due to Executive Chairman amounting to RM12,815,000 (included in amount due to Directors as disclosed in Note 14).

Changes in accounting policies

*New standards, amendments and interpretations effective from 1 October 2021*

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

### 2.1 Basis of preparation (Continued)

Changes in accounting policies (Continued)

*New standards, amendments and interpretations issued but not yet effective*

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

| | | | Effective date (annual periods beginning on or after) |
|---|---|---|---|
| SFRS(I) 17 | : | Insurance Contracts | 1 January 2023* |
| Amendments to SFRS(I) 1-1 | : | Classification of Liabilities as Current or Non-current | 1 January 2023** |
| Amendments to SFRS(I) 10 and SFRS(I) 1-28 | : | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |
| SFRS(I) 1-1 and SFRS(I) Practice Statement 2 (Amendments) | : | Disclosure of Accounting Policies | 1 January 2023 |
| SFRS(I) 1-8 (Amendments) | : | Definition of Accounting Estimates | 1 January 2023 |
| SFRS(I) 1-12, SFRS(I) 1 | : | Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction | 1 January 2023 |

* SFRS(I) 17 was originally effective for annual period beginning on or after 1 January 2021, however, in November 2020, the mandatory effective date was deferred to 1 January 2023.

** Amendments to SFRS(I) 1-1 were originally effective for annual period beginning on or after 1 January 2022. In July 2020, the effective date was deferred to 1 January 2023.

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

### 2.2 Basis of consolidation

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

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

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

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

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

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

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

### 2.3 Property, plant and equipment

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

### 2.3 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

| | Years |
|---|---|
| Leasehold land | 52 - 81 |
| Factory/Office buildings/Outlets | 2 - 50 |
| Plant and machinery | 10 |
| Cold room and freezer | 10 |
| Laboratory equipment | 10 |
| Furniture and fittings | 10 |
| Renovation | 10 |
| Motor vehicles | 5 |
| Equipment | 10 |
| Computer system | 5 |

Freehold land is not depreciated.

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

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

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

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

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

### 2.4 Leases

*As lessee*

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

### 2.4 Leases (Continued)

*As lessee* (Continued)

Initial measurement

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

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

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

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

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

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

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

Subsequent measurement

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

| | Years |
|---|---|
| Outlets | 2 - 30 |
| Plant and machinery | 10 |
| Renovation | 10 |
| Motor vehicles | 5 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

### 2.4 Leases (Continued)

*As lessee* (Continued)

Subsequent measurement (Continued)

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

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

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

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

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

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

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;

- In all other cases where the renegotiation increases the scope of the lease (i.e. extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount;

- If the renegotiation results in a decrease in scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference being recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

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

*As lessor*

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

### 2.4 Leases (Continued)

*As lessor* (Continued)

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

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

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

### 2.5 Investment property

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

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

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

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

### 2.6 Intangible assets

*(i) Goodwill on acquisition*

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

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

*(ii) Trademarks*

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

### 2.6 Intangible assets (Continued)

*(iii) Computer software*

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

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

*(iv) Franchise fees*

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

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

*Intangible assets acquired in a business combination*

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

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

### 2.7 Impairment of non-financial assets

Assets other than goodwill

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

### 2.7 Impairment of non-financial assets (Continued)

Assets other than goodwill (Continued)

An assessment is made at the end of each financial year as to whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment loss for an asset other than goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised. Reversals of impairment loss are recognised in the consolidated statement of comprehensive income. After such a reversal, the depreciation or amortisation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill

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

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

### 2.8 Inventories

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

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

Cost of inventories are calculated based on the following:

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

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

**ii) Weighted Average Method**

Food Services Division

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

### 2.9 Cash and bank balances

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

## 2.10 Financial instruments

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

**Financial assets**

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

*Amortised cost*

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

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

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

The Group's financial assets measured at amortised cost comprise trade and other receivables (excluding sales and services tax ("SST") receivables, prepayments, advances to suppliers and tax recoverable) and cash and bank balances in the statements of financial position.

Definition of default

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

- When there is a breach of financial covenants by the counterparty; or

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

**2.10 Financial instruments** (Continued)

**Financial assets** (Continued)

*Amortised cost* (Continued)

Credit-impaired financial assets

At the end of the financial year, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

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

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

*Financial assets at FVOCI*

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

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

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

*Derecognition of financial assets*

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

**Financial liabilities and equity instruments**

Classification as debt or equity

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

### 2.10 Financial instruments (Continued)

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

Equity instruments

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

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

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

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

Financial liabilities

The Group classifies all financial liabilities as subsequently measured at amortised cost.

*(i) Trade and other payables*

Trade and other payables (excluding SST payables and contract liabilities), are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

*(ii) Bank borrowings*

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

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

*(iii) Financial guarantee contracts*

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

### 2.10 Financial instruments (Continued)

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

Financial liabilities (Continued)

*(iii) Financial guarantee contracts* (Continued)

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

a) premium received on initial recognition less the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15; and

b) the amount of loss provisions determined in accordance with SFRS(I) 9.

Derecognition of financial liabilities

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

### 2.11 Offsetting financial instruments

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

### 2.12 Provisions

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

### 2.13 Revenue recognition

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

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

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

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

*Revenue from sale of food and dairies products*

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

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

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

*Interest income*

Interest income is recognised using the effective interest rate method.

*Rental income*

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

### 2.14 Research and development expenses

Research and development expenses are recognised as expenses when incurred.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

### 2.15 Employment benefits

*Defined contribution plan*

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

*Employee leave entitlement*

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

### 2.16 Borrowing costs

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

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

### 2.17 Taxes

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

*Current income tax*

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

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

*Deferred tax*

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

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

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

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

### 2.17 Taxes (Continued)

*Deferred tax* (Continued)

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

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

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

*Sales tax*

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

(i) when the sales tax that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

(ii) receivables and payables that are stated with the amount of sales tax included.

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

### 2.18 Foreign currency transactions and translations

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

### 2.18 Foreign currency transactions and translations (Continued)

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

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

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

### 2.19 Segment reporting

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

### 2.20 Contingencies

A contingent liability is:

(i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(ii) a present obligation that arises from past events but is not recognised because:

a. it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

b. the amount of the obligation cannot be measured with sufficient reliability.

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

### 2.22 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants related to expenses are accounted for in the year where the related costs it intends to compensate is incurred and recognised in the profit or loss. Such government grants are presented under "Other operating income".

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

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

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

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

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

**Determine the lease term**

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

Management has included potential cash outflows of RM103,346,000 (2021: RM113,916,000) in the measurement of lease liability for land and building, as it is reasonably certain that the extension option will be exercised. The assessment on lease terms is reviewed at the end of each reporting period if there is a significant change in the Group's intentions, business plan or other circumstances unforeseen since it was first estimated.

### 3.2 Key sources of estimation uncertainty

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

*(i)* *Impairment of intangible assets*

The management determines whether goodwill and trademarks are impaired at least on an annual basis and as and when there is an indication that goodwill and trademarks may be impaired. Franchise fees are assessed for indicators of impairment at the end of the financial year. This requires an estimation of the value-in-use of the cash-generating units ("CGUs") to which the goodwill, trademarks and franchise fees are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable revenue growth rate, gross margin and discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's intangible assets as at 30 September 2022 are as disclosed in Note 9 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

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

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

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

In carrying out the impairment assessment on property, plant and equipment of Dairies Division and certain corporate assets, management determined the recoverable amounts using the fair value less cost of disposal method. Key assumptions used by management for assessing the fair value less cost of disposal included the selling price for similar property, plant and equipment, take into consideration for key attributes such as size, tenure, location, condition and prevailing market conditions.

The carrying amount of Group's property, plant and equipment as at 30 September 2022 is as disclosed in Note 4 to the financial statements.

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

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

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

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

Other than trade receivables, the Group and the Company assess the credit risk of other receivables at each financial year on an individual basis, to determine whether or not there have been significant increases in credit risk since the initial recognition of these assets. To determine whether there is a significant increase in credit risks, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtors and default or significant delay in payments. Where there is a significant increase in credit risk, the Group and the Company determine the lifetime expected credit loss by considering the loss given default, the probability of default and exposure at default assigned to each counterparty customer. The financial assets are written off either partially or in full when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-offs.

The carrying amounts of the Group's and the Company's trade and other receivables as at 30 September 2022 are disclosed in Note 11 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

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

*(iv)* *Inventories and related allowance*

Inventories are stated at the lower of cost and net realisable value. The management primarily determines cost of inventories using the "first-in, first-out" and weighted average methods. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provide for excess and obsolete inventories based on historical usage, estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 30 September 2022 is as disclosed in Note 10 to the financial statements.

*(v)* *Impairment of investments in subsidiaries*

At the end of the financial year, an assessment is made on whether there is indication that the investments in subsidiaries are impaired. The management's assessment for impairment of investments in subsidiaries is based on the estimation of value-in-use of the CGUs by forecasting the expected future cash flows using a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investments in subsidiaries as at 30 September 2022 is as disclosed in Note 6 to the financial statements.

*(vi)* *Measurement of lease liabilities*

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

The incremental borrowing rate applied to lease liabilities as at 30 September 2022 ranges from 1.71% to 6.98% (2021: 2.28% to 6.98%).

The carrying amount of Group's lease liabilities as at 30 September 2022 is disclosed in Note 16 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 4. Property, plant and equipment

| Group | Freehold land RM'000 | Leasehold land RM'000 | Factory/ Office buildings/ Outlets RM'000 | Plant and machinery RM'000 | Cold room and freezer RM'000 | Laboratory equipment RM'000 | Furniture and fittings RM'000 | Renovation RM'000 | Motor vehicles RM'000 | Equipment* RM'000 | Computer system RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | | | | | |
| **Cost** | | | | | | | | | | | | |
| At 1 October 2021 | 8,523 | 86,735 | 224,818 | 47,038 | 26,753 | 1,582 | 37,351 | 73,684 | 13,627 | 58,499 | 1,828 | 580,438 |
| Additions | - | - | 23,892 | 471 | 613 | - | 2,831 | 7,022 | 351 | 4,234 | 318 | 39,732 |
| Disposals | - | (21,857) | - | (14) | - | - | (6) | - | (1,525) | (5) | - | (23,407) |
| Reclassification | - | - | (362) | 362 | - | - | - | - | - | - | - | - |
| Written off | - | - | - | (69) | (27) | - | (202) | (2,178) | - | (612) | - | (3,088) |
| Termination of lease contracts | - | - | (1,685) | (816) | - | - | - | (59) | (457) | - | - | (3,017) |
| Modification of lease contracts | - | - | (139) | - | - | - | - | - | - | - | - | (139) |
| At 30 September 2022 | 8,523 | 64,878 | 246,524 | 46,972 | 27,339 | 1,582 | 39,974 | 78,469 | 11,996 | 62,116 | 2,146 | 590,519 |
| **Accumulated depreciation** | | | | | | | | | | | | |
| At 1 October 2021 | - | 6,135 | 43,750 | 10,995 | 10,594 | 198 | 12,966 | 33,234 | 10,044 | 27,060 | 1,478 | 156,454 |
| Depreciation for the financial year | - | 970 | 19,940 | 3,697 | 2,449 | 157 | 4,002 | 6,060 | 1,408 | 5,650 | 76 | 44,409 |
| Disposals | - | (1,635) | - | (11) | - | - | (5) | - | (1,147) | (4) | - | (2,802) |
| Written off | - | - | - | (47) | (27) | - | (75) | (650) | - | (467) | - | (1,266) |
| Termination of lease contracts | - | - | (884) | (812) | - | - | - | (37) | (307) | - | - | (2,040) |
| Modification of lease contracts | - | - | 162 | - | - | - | - | - | - | - | - | 162 |
| At 30 September 2022 | - | 5,470 | 62,968 | 13,822 | 13,016 | 355 | 16,888 | 38,607 | 9,998 | 32,239 | 1,554 | 194,917 |

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

| Group | Freehold land RM'000 | Leasehold land RM'000 | Factory/ Office buildings/ Outlets RM'000 | Plant and machinery RM'000 | Cold room and freezer RM'000 | Laboratory equipment RM'000 | Furniture and fittings RM'000 | Renovation RM'000 | Motor vehicles RM'000 | Equipment* RM'000 | Computer system RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2022** | | | | | | | | | | | | |
| **Accumulated impairment** | | | | | | | | | | | | |
| At 1 October 2021 | - | - | 1,738 | 61 | - | - | 114 | 1,079 | 80 | 472 | 24 | 3,568 |
| Reversal of impairment during the financial year | - | - | - | - | - | - | - | - | (80) | - | - | (80) |
| At 30 September 2022 | - | - | 1,738 | 61 | - | - | 114 | 1,079 | - | 472 | 24 | 3,488 |
| **Net carrying amount** | | | | | | | | | | | | |
| At 30 September 2022 | 8,523 | 59,408 | 181,818 | 33,089 | 14,323 | 1,227 | 22,972 | 38,783 | 1,998 | 29,405 | 568 | 392,114 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

| Group | Freehold land RM'000 | Leasehold land RM'000 | Factory/ Office buildings/ Outlets RM'000 | Plant and machinery RM'000 | Cold room and freezer RM'000 | Laboratory equipment RM'000 | Furniture and fittings RM'000 | Renovation RM'000 | Motor vehicles RM'000 | Equipment* RM'000 | Computer system RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | | | | | |
| **Cost** | | | | | | | | | | | | |
| At 1 October 2020 | 8,523 | 94,133 | 280,688 | 130,385 | 26,322 | 229 | 35,114 | 73,541 | 13,169 | 58,602 | 1,792 | 722,498 |
| Additions | - | - | 17,832 | 2,816 | 491 | 209 | 2,325 | 5,008 | 573 | 4,078 | 55 | 33,387 |
| Transfer from investment property | - | 1,158 | 510 | - | - | - | - | - | - | - | - | 1,668 |
| Reclassified to assets held for sale | - | (8,556) | (61,751) | (71,050) | - | (70) | (38) | - | - | (252) | - | (141,717) |
| Disposals | - | - | - | (1,226) | - | - | (40) | (23) | (115) | (2,664) | - | (4,068) |
| Reclassification | - | - | 2,151 | (3,614) | - | 1,223 | 233 | - | - | 7 | - | - |
| Written off | - | - | - | (10,100) | (60) | (9) | (243) | (4,842) | - | (1,272) | (21) | (16,547) |
| Adjustment | - | - | (4,779) | (120) | - | - | - | - | - | - | - | (4,899) |
| Termination of lease contracts | - | - | (8,964) | (53) | - | - | - | - | - | - | - | (9,017) |
| Modification of lease contracts | - | - | (869) | - | - | - | - | - | - | - | - | (869) |
| Currency realignment | - | - | - | - | - | - | - | - | - | - | 2 | 2 |
| At 30 September 2021 | 8,523 | 86,735 | 224,818 | 47,038 | 26,753 | 1,582 | 37,351 | 73,684 | 13,627 | 58,499 | 1,828 | 580,438 |
| **Accumulated depreciation** | | | | | | | | | | | | |
| At 1 October 2020 | - | 5,362 | 26,031 | 27,422 | 8,182 | 120 | 9,380 | 30,065 | 8,310 | 23,335 | 1,320 | 139,527 |
| Depreciation for the financial year | - | 1,277 | 22,740 | 5,924 | 2,472 | 156 | 3,872 | 5,907 | 1,849 | 5,964 | 177 | 50,338 |
| Transfer from investment property | - | 110 | 50 | - | - | - | - | - | - | - | - | 160 |
| Reclassified to assets held for sale | - | (614) | (2,204) | (11,321) | - | (70) | (30) | - | - | (191) | - | (14,430) |
| Disposals | - | - | - | (908) | - | - | (26) | (21) | (115) | (1,255) | - | (2,325) |
| Written off | - | - | - | (10,100) | (60) | (8) | (230) | (2,717) | - | (793) | (21) | (13,929) |
| Termination of lease contracts | - | - | (3,206) | (22) | - | - | - | - | - | - | - | (3,228) |
| Modification of lease contracts | - | - | 339 | - | - | - | - | - | - | - | - | 339 |
| Currency realignment | - | - | - | - | - | - | - | - | - | - | 2 | 2 |
| At 30 September 2021 | - | 6,135 | 43,750 | 10,995 | 10,594 | 198 | 12,966 | 33,234 | 10,044 | 27,060 | 1,478 | 156,454 |

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

| Group | Freehold land RM'000 | Leasehold land RM'000 | Factory/ Office buildings/ Outlets RM'000 | Plant and machinery RM'000 | Cold room and freezer RM'000 | Laboratory equipment RM'000 | Furniture and fittings RM'000 | Renovation RM'000 | Motor vehicles RM'000 | Equipment* RM'000 | Computer system RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **2021** | | | | | | | | | | | | |
| **Accumulated impairment** | | | | | | | | | | | | |
| At 1 October 2020 | - | - | 16,880 | 34,311 | - | - | 10 | - | - | 492 | 15 | 51,708 |
| Reclassification | - | - | (124) | 45 | - | - | - | - | 80 | (1) | - | - |
| Impairment during the financial year | - | - | 1,738 | 61 | - | - | 104 | 1,079 | - | 457 | 9 | 3,448 |
| Reversal of impairment during the financial year | - | - | - | (7,767) | - | - | - | - | - | (473) | - | (8,240) |
| Reclassified to assets held for sale | - | - | (16,756) | (26,589) | - | - | - | - | - | - | - | (43,345) |
| Written off | - | - | - | - | - | - | - | - | - | (3) | - | (3) |
| At 30 September 2021 | - | - | 1,738 | 61 | - | - | 114 | 1,079 | 80 | 472 | 24 | 3,568 |
| **Net carrying amount** | | | | | | | | | | | | |
| At 30 September 2021 | 8,523 | 80,600 | 179,330 | 35,982 | 16,159 | 1,384 | 24,271 | 39,371 | 3,503 | 30,967 | 326 | 420,416 |

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

Disposal of leasehold land

On 26 January 2022, the Group entered into 3 separate conditional sale and purchase agreements with Syarikat Logistik Petikemas Sdn Bhd for the sale of 3 pieces of Land at Pulau Indah, Selangor for an aggregate consideration of RM35,329,000. The disposal of 3 pieces of lands was completed in September 2022 with a net gain after real property gain tax of RM12,924,000.

The carrying amount of leasehold land, office buildings and non-movable assets of RM145,782,000 (2021: RM154,787,000) are pledged to licensed banks as security for banking facilities granted to the Group (Note 15).

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

| | 2022 RM'000 | 2021 RM'000 |
|---|---|---|
| Additions of property, plant and equipment | 39,732 | 33,387 |
| Acquired under lease | (23,853) | (13,590) |
| | 15,879 | 19,797 |
| (Less)/Add: Changes in other payables | (6,037) | 4,206 |
| Less: Changes in deposits | - | (53) |
| Less: Provision for restoration costs (Note 17) | (454) | (118) |
| Cash payments made to acquire property, plant and equipment | 9,388 | 23,832 |

(b) Included in property, plant and equipment are the following assets acquired under hire purchase arrangement and the outstanding instalments as at end of the financial year is included in lease liabilities (Note 16):

| | 2022 RM'000 | 2021 RM'000 |
|---|---|---|
| Plant and machinery | - | 61 |
| Cold room and freezer | 1,298 | 1,546 |
| Furniture and fittings | 5,736 | 6,809 |
| Motor vehicles | 1,458 | 2,709 |
| Equipment and computer system | 12,242 | 14,423 |
| Renovations | 6,814 | 8,160 |
| | 27,548 | 33,708 |

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

| | 2022 RM'000 | 2021 RM'000 |
|---|---|---|
| At 1 October | - | 53 |
| Less: Deposits transferred to property, plant and equipment | - | (53) |
| At 30 September | - | - |

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

(d) Impairment of assets

During the financial year, no impairment loss was recognised in the Group. There was a reversal of impairment loss amounting to RM80,000 on the property, plant and equipment of the frozen bakery business unit following the sales of property, plant and equipment.

In the previous financial year, the Group carried out a review of the recoverable amount of its Food Services Division's property, plant and equipment. The Group had performed a value-in-use calculations based on the Expected Cash Flow approach in performing its impairment assessment this financial year. The use of the Expected Cash Flow approach aligns with management's most recent cash flow projections approved by management covering a 5 – 10 years period. The Group recognised impairment loss and reversal of impairment loss on property, plant and equipment of RM3,448,000 and RM8,240,000, respectively.

The impairment assessment in previous financial year resulted in the following:

(i) Additional impairment loss recognised in the profit or loss on the property, plant and equipment arising from coffee chain business unit amounting to RM3,448,000. Based on the value-in-use calculations, the recoverable amount of the relevant assets was RM28,862,000.

If the discount rate had increased by 1% against management's estimates, the Group's impairment on property, plant and equipment would have been higher by RM144,000.

(ii) There was a reversal of impairment loss amounting to RM7,767,000 on the property, plant and equipment of the frozen bakery business unit following the purchaser's intention to bring forward the disposal of assets of its wholly owned subsidiary, De-luxe Food Services Sdn Bhd within 2 to 5 years from the date of conditional option sale and purchase agreement. The reversal of impairment loss in the previous financial year was to align with the expected recoverable amount of the relevant assets of RM76,000,000, which represent the net realisable value.

(iii) There was a reversal of impairment loss amounting to RM473,000 on the property, plant and equipment of the frozen bakery business unit following the sales of property, plant and equipment.

(e) The conditions and restrictions on the Group's leasehold land and factory buildings (Pulau Indah) with net carrying amount of RM132,044,000 (2021: RM157,649,000) are as detailed below:

(i) the land is designated as Selangor Halal Hub and shall be used only for industrial purposes;

(ii) the industrial activities to be carried out shall be in compliance with the Halal Park guidelines and requirements, and in accordance with Islamic principles;

(iii) shall only consist of industries whose activities are consistent and within the overall concept of the Selangor Halal Hub and must have been approved by the appropriate authorities; and

(iv) any assignment, pledge and lease of land requires the consent of the appropriate authorities.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

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

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

| | Outlets RM'000 | Plant and machinery RM'000 | Renovation RM'000 | Motor vehicle RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Cost** | | | | | |
| At 1 October 2021 | 134,558 | 868 | 3,202 | 607 | 139,235 |
| Additions | 23,752 | - | 454 | - | 24,206 |
| Termination of lease contracts | (1,685) | (816) | (59) | (457) | (3,017) |
| Modification of lease contracts | (139) | - | - | - | (139) |
| At 30 September 2022 | 156,486 | 52 | 3,597 | 150 | 160,285 |
| **Accumulated depreciation** | | | | | |
| At 1 October 2021 | 37,714 | 773 | 1,226 | 319 | 40,032 |
| Depreciation for the financial year | 18,149 | 70 | 351 | 72 | 18,642 |
| Termination of lease contracts | (884) | (812) | (37) | (307) | (2,040) |
| Modification of lease contracts | 162 | - | - | - | 162 |
| At 30 September 2022 | 55,141 | 31 | 1,540 | 84 | 56,796 |
| **Impairment** | | | | | |
| At 1 October 2021 | 1,738 | - | - | 80 | 1,818 |
| Reversal of impairment during the financial year | - | - | - | (80) | (80) |
| At 30 September 2022 | 1,738 | - | - | - | 1,738 |
| **Net carrying amount** | | | | | |
| At 30 September 2022 | 99,607 | 21 | 2,057 | 66 | 101,751 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

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

| | Outlets RM'000 | Plant and machinery RM'000 | Renovation RM'000 | Motor Vehicle RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Cost** | | | | | |
| At 1 October 2020 | 130,964 | 921 | 3,084 | 607 | 135,576 |
| Additions | 13,427 | - | 118 | - | 13,545 |
| Termination of lease contracts | (8,964) | (53) | - | - | (9,017) |
| Modification of lease contracts | (869) | - | - | - | (869) |
| At 30 September 2021 | 134,558 | 868 | 3,202 | 607 | 139,235 |
| **Accumulated depreciation** | | | | | |
| At 1 October 2020 | 20,804 | 515 | 1,021 | 177 | 22,517 |
| Depreciation for the financial year | 19,777 | 280 | 205 | 142 | 20,404 |
| Termination of lease contracts | (3,206) | (22) | - | - | (3,228) |
| Modification of lease contracts | 339 | - | - | - | 339 |
| At 30 September 2021 | 37,714 | 773 | 1,226 | 319 | 40,032 |
| **Impairment** | | | | | |
| At 1 October 2020 | - | - | - | - | - |
| Reclassification | - | - | - | 80 | 80 |
| Impairment during the financial year | 1,738 | - | - | - | 1,738 |
| At 30 September 2021 | 1,738 | - | - | 80 | 1,818 |
| **Net carrying amount** | | | | | |
| At 30 September 2021 | 95,106 | 95 | 1,976 | 208 | 97,385 |

The Group leases outlets - coffee chains and restaurants in Malaysia that contains sub-leasing restrictions.

(a) Lease liabilities

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

(b) Extension options

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

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

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

(c) Amount recognised in profit or loss

| | Group | |
|---|---|---|
| | **2022 RM'000** | **2021 RM'000** |
| Depreciation of right-of-use assets | 18,642 | 20,404 |
| Interest expense on lease liabilities (Note 26) | 9,797 | 10,248 |
| Variable lease payments (Note 25) | 3,510 | 2,675 |
| (Reversal of) /Impairment during the financial year | (80) | 1,738 |
| Lease expense not capitalised in right-of-use assets: | | |
| - Expenses relating to short-term lease and low value assets (Note 25) | 5,409 | 4,556 |
| - Rent concession (Note 25) | (2,665) | (5,246) |
| Total amount recognised in the profit or loss | 34,613 | 34,375 |

As at 30 September 2022, information relating to the Group's freehold/leasehold properties are as follows:

| Location | Description | Existing use | Gross land area (sq ft) | Gross floor area (sq ft) |
|---|---|---|---|---|
| **Trading and Frozen Food Division** | | | | |
| No.2, Jalan U1/24,Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor, Malaysia | Industrial land with 2 storey warehouse | Office, warehouse and cold room | 68,674 | 53,554 |
| Lot 1-3-1, Sri Kerjaya Apartment, Shah Alam, Selangor, Malaysia | Apartment | Staff quarters | - | 883 |
| Lot 1-3-3, Sri Kerjaya Apartment, Shah Alam, Selangor, Malaysia | Apartment | Staff quarters | - | 893 |
| 49, Lorong Wong Ah Jang, 25100 Kuantan, Pahang, Malaysia | Shop office | Office, warehouse and cold room | 1,560 | 2,976 |
| No.139, Jalan Makloom, 10150 Pulau Pinang, Malaysia | Industrial land with 4 storey warehouse | Office, warehouse and cold room | 10,613 | 16,860 |
| 7, Jalan Tiong Emas 1, Kawasan Perindustrian Tiong Nam, 81100 Johor Bahru, Johor, Malaysia | Industrial warehouse | Office, warehouse and cold room | 13,433 | 12,846 |
| Lot no. 84, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor, Malaysia | Warehouse | Office, warehouse and cold room | - | 38,594 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

As at 30 September 2022, information relating to the Group's freehold/leasehold properties are as follows: (Continued)

| Location | Description | Existing use | Gross land area (sq ft) | Gross floor area (sq ft) |
|---|---|---|---|---|
| **Food Processing Division** | | | | |
| Lots nos. 76, 77, 83 and 84, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor, Malaysia | Industrial land | Lots nos. 76 and 77: Vacant | 757,944 | - |
| Lot no. 83, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor, Malaysia | Factory | Office and factory | - | 44,937 |
| **Dairies Division** | | | | |
| Lot no. 81, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor, Malaysia | Industrial land | Vacant | 172,062 | - |
| Lot no. 82, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor, Malaysia | Industrial land with factory | Office and factory | 189,107 | 70,030 |

## 5. Investment property

| | Group | |
|---|---|---|
| | **2022 RM'000** | **2021 RM'000** |
| **Cost** | | |
| At the beginning of the financial year | 23,103 | 24,771 |
| Reclassification to property, plant and equipment | - | (1,668) |
| At the end of the financial year | 23,103 | 23,103 |
| **Accumulated depreciation** | | |
| At the beginning of the financial year | 2,662 | 2,371 |
| Depreciation for the financial year | 449 | 451 |
| Reclassification to property, plant and equipment | - | (160) |
| At the end of the financial year | 3,111 | 2,662 |
| **Net carrying amount** | 19,992 | 20,441 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 5. Investment property (Continued)

| | Group | |
|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 |
| **Represented by:** | | |
| Leasehold land | 13,900 | 14,208 |
| Leasehold building | 6,092 | 6,233 |
| | 19,992 | 20,441 |

The following amounts are recognised in profit or loss:

| | Group | |
|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 |
| Rental income from investment property (Note 25) | 1,368 | 1,376 |
| Direct operating expenses arising from: | | |
| - Rental-generating investment property | 470 | 435 |
| - Non-rental-generating investment property | 675 | 689 |
| | 1,145 | 1,124 |

As at 30 September 2022, the fair value of the Group's investment property amounted to RM52,000,000 (2021: RM42,000,000). The leasehold land and building ("office building") is partially owner-occupied where the net carrying amount of RM17,210,000 (2021: RM17,598,000) is included in property, plant and equipment (Note 4).

The fair value of the investment property was estimated based on management's estimation by using the direct sales comparison approach by making reference to market evidence of prices per square meter for comparable properties, management take into consideration for key attributes such as size, tenure, location, condition and prevailing market conditions and based on highest and best use which is in line with its current use.

In the previous financial year, the management had assessed the valuation of the Group's office building with the assistance of an independent professional valuation firm on 21 September 2020 that has the relevant experience in the location and category of the property. The valuation was based on the asset's highest and best use arrived at using the direct sales comparison approach by analysing sales and listing of similar properties in the locality by making reference to market evidence of prices per square feet and adjusted for differences in key attributes such as property size, location and other relevant factors.

The resulting fair values of investment property is considered Level 3 (2021: Level 3) fair value measurements.

The carrying amount of office building of RM19,992,000 (2021: RM20,441,000) was pledged to a licensed bank as security for a banking facility granted to the Group (Note 15).

The Group has no restrictions on the realisability of its investment property and for repairs, maintenance or enhancement.

Details of the Group's investment property are as detailed below:

| Location | Description | Tenure | Unexpired lease term |
|---|---|---|---|
| No.11 Jalan 225, Petaling Jaya,<br>46100 Selangor Darul Ehsan, Malaysia | Office building | Leasehold | 45 years |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 6. Investments in subsidiaries

### 6.1 Investments in subsidiaries comprise:

| | Company | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Unquoted equity shares in corporations, at cost | 11,922 | 11,371 |
| Issuance of financial guarantee contracts granted | 10,762 | 10,265 |
| Share options granted to employees | 666 | 635 |
| Deemed as capital contribution in subsidiaries* | 343,803 | 234,061 |
| Allowance for impairment loss | (40,416) | (38,547) |
| | 326,737 | 217,785 |

| | Company | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Movement of allowance for impairment loss as follows: | | |
| At 1 October | 38,547 | 38,021 |
| Currency realignment | 1,869 | 526 |
| At 30 September | 40,416 | 38,547 |

* Amounts due from subsidiaries of RM343,803,000 (2021: RM234,061,000) which are non-trade were reclassified as deemed investments in subsidiaries as the planned settlements are either through capitalisation of debt through subscription of ordinary shares of the subsidiaries or the settlements are neither planned nor likely to occur in the foreseeable future.

As at the end of the financial year, the Group carried out a review of the recoverable amounts of the investments in subsidiaries from the Food Services Division, Food Processing Division and Dairies Division (2021: Food Services Division) due to the losses reported and net current liabilities in these segments.

The review of the recoverable amount of these segments resulted in the following:

The recoverable amounts of the investments of RM296,979,000 (2021: RM143,205,000) have been determined on the basis of its value-in-use. The pre-tax discount rates used in measuring the value-in-use ranges from 11.06% to 16.06% (2021: 10.18% to 13.24%).

The recoverable amounts of the investments of RM128,808,000 (2021: RM112,559,000) have been determined on the basis of its fair value less cost of disposal during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 6. Investments in subsidiaries (Continued)

### 6.2 Particulars of subsidiaries

| Name of company (Country of incorporation/ principal place of business) | Principal activities | Effective equity held by the Group 2022 % | 2021 % |
|---|---|---|---|
| **Held by the Company** | | | |
| Polygold Holdings Sdn Bhd[(2)] (Malaysia) | Investment holding | 100 | 100 |
| Envictus Brands Pte Ltd[(1)] (Singapore) | Collection of royalties for the brands that it owns | 100 | 100 |
| Envictus Capital (Labuan) Inc.[(2)] (Malaysia) | Intra-group lending and investment holding | 100 | 100 |
| Envictus Foods International Inc.[(2)] (Malaysia) | Investment holding | 100 | 100 |
| Envictus Foods (M) Sdn Bhd[(2)] (Malaysia) | Investment holding | 100 | 100 |
| Envictus IT Services Sdn Bhd[(2)] (Malaysia) | IT services | 100 | 100 |
| Eureka Capital Sdn Bhd[(2)] (Malaysia) | Providing management services and property investment | 100 | 100 |
| Envictus Food Services Sdn Bhd[(2)] (Malaysia) | Investment holding | 100 | 100 |
| Envictus QSR Pte Ltd[(1)] (Singapore) | Investment holding | 100 | 100 |
| **Held by the Subsidiaries** | | | |
| **- Envictus Capital (Labuan) Inc.** | | | |
| PT Sentrafood Indonusa[(3)(4)] (Indonesia) | Under liquidation | 100 | 100 |
| **- Envictus Foods (M) Sdn Bhd** | | | |
| Pok Brothers Sdn Bhd[(2)] (Malaysia) | Wholesalers of foodstuff, provisions and frozen meat | 100 | 100 |
| De-luxe Food Services Sdn Bhd[(2)] (Malaysia) | Ceased operation on 11 February 2022 | 100 | 100 |
| Gourmessa Sdn Bhd[(2)] (Malaysia) | Processing of convenient value added frozen food | 100 | 100 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 6. Investments in subsidiaries (Continued)

### 6.2 Particulars of subsidiaries (Continued)

| **Name of company** (Continued) **(Country of incorporation/ principal place of business)** | **Principal activities** | **Effective equity held by the Group** | |
|---|---|---|---|
| | | **2022 %** | **2021 %** |
| **Held by the Subsidiaries** (Continued) | | | |
| **- Polygold Holdings Sdn Bhd** | | | |
| Polygold Beverages Sdn Bhd[2] (Malaysia) | Investment property | 100 | 100 |
| Polygold Marketing Sdn Bhd[2] (Malaysia) | Dormant | 100 | 100 |
| Envictus Dairies Marketing Sdn Bhd[2] (Malaysia) | Distribution of beverages and dairies products | 100 | 100 |
| Motivage Sdn Bhd[2] (Malaysia) | Manufacturing of dairies products | 100 | 100 |
| **- Envictus QSR Pte Ltd** | | | |
| PT Quick Service Restaurant[3][5][8] (Indonesia) | Under liquidation | 100 | 100 |
| **- Pok Brothers Sdn Bhd** | | | |
| Pok Brothers (Johor) Sdn Bhd[2] (Malaysia) | Dormant | 100 | 100 |
| **- Envictus Food Services Sdn Bhd** | | | |
| Texas Chicken (Malaysia) Sdn Bhd[2] (Malaysia) | Operation of fast food restaurant business | 100 | 100 |
| Hot Bun Food Industries Sdn Bhd[2] (Malaysia) | Dormant | 100 | 100 |
| Lyndarahim Ventures Sdn Bhd[2] (Malaysia) | Investment holding | 100 | 100 |
| The Delicious Group Sdn Bhd[2][7] (Malaysia) | Under liquidation | 100 | 100 |
| Envictus Central Food Services Sdn Bhd[2] (Malaysia) | Dormant | 100 | 100 |
| Envictus Gifts Sdn Bhd[2] (Malaysia) | Selling of restaurant and café vouchers | 100 | 100 |
| **- Lyndarahim Ventures Sdn Bhd** | | | |
| San Francisco Coffee Sdn Bhd[2] (Malaysia) | Operating of specialty coffee chain | 100 | 100 |
| **- The Delicious Group Sdn Bhd** | | | |
| Delicious Catering Sdn Bhd[6] (Malaysia) | Struck off | - | 100 |
| Food Emporium Sdn Bhd[6] (Malaysia) | Struck off | - | 100 |
| Reunion Restaurants Sdn Bhd[6] (Malaysia) | Struck off | - | 100 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 6. Investments in subsidiaries (Continued)

### 6.2 Particulars of subsidiaries (Continued)

(1) Audited by BDO LLP, Singapore, a member firm of BDO International Limited.

(2) Audited by BDO PLT, Malaysia, a member firm of BDO International Limited.

(3) Audited by Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan, a member of Crowe Horwath International.

(4) Envictus Capital (Labuan) Inc. and Envictus Foods International Inc. hold 68% and 32%, respectively.

(5) Envictus QSR Pte Ltd and Envictus Capital (Labuan) Inc. hold 99% and 1%, respectively.

(6) These subsidiaries have been struck off during the financial year.

(7) The Delicious Group Sdn Bhd has ceased operations on 31 May 2020 and it has been placed under voluntary liquidation on 5 August 2020. The liquidation is still in the process as of the reporting date.

(8) PT Quick Service Restaurant has ceased operation on 1 October 2019 and has been placed under voluntary liquidation on 20 September 2021. The liquidation is still in the process as of the reporting date.

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

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| **Quoted equity securities, at fair value** | | | | |
| At 1 October | 8,946 | 9,038 | 8,631 | 8,726 |
| Fair value recognised in other comprehensive income | 533 | (212) | 583 | (215) |
| Currency realignment | 383 | 120 | 383 | 120 |
| At 30 September | 9,862 | 8,946 | 9,597 | 8,631 |
| Quoted equity securities: | | | | |
| - SGX-ST | 9,597 | 8,631 | 9,597 | 8,631 |
| - Bursa Malaysia Securities Berhad | 265 | 315 | - | - |
| Total | 9,862 | 8,946 | 9,597 | 8,631 |

(i) The Group has designated all equity instruments to be measured at FVOCI. The Group intends to hold these investments for long-term for appreciation in value as well as strategic investments purposes.

(ii) The investments in listed equity securities have no fixed maturity date nor coupon rate. The fair values of these securities are based on quoted market bid price on the last market day of the financial year. An equity security with fair value of RM9,597,000 which was temporarily suspended from trading on the Singapore Exchange Securities Trading Limited ("SGX-ST") since 16 September 2017 has resumed trading on 1 June 2022.

In the previous financial year, an equity security with a fair value of RM8,631,000 which was temporarily suspended from trading on SGX-ST was valued using valuation techniques that are commonly used by market participants. The Group had engaged an independent professional valuer to perform valuation on the equity security as at 30 September 2021. The valuation model is based on Asset Approach and publicly available information adjusted for the effect of non-marketability of the equity investment and lack of control (Note 32.5(ii)).

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

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

The currency profiles of the financial assets at FVOCI at the end of the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Ringgit Malaysia | 265 | 315 | - | - |
| Singapore dollar | 9,597 | 8,631 | 9,597 | 8,631 |
| | 9,862 | 8,946 | 9,597 | 8,631 |

## 8. Deferred tax assets

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| At the beginning/end of the financial year | 308 | 308 |

The following are the deferred tax assets recognised by the Group and movements thereon during the financial year:

| Group | Property, plant and equipment RM'000 | Unutilised tax losses RM'000 | Other deductible temporary differences RM'000 | Total RM'000 |
|---|---|---|---|---|
| At 1 October 2021/30 September 2022 | (24) | 304 | 28 | 308 |

At the end of the financial year, the deferred tax assets not recognised comprises unutilised tax losses and unabsorbed capital allowances of approximately RM78,188,000 (2021: RM70,083,000) and RM39,890,000 (2021: RM30,519,000), respectively that are available for set-off against future taxable profits. No deferred tax asset has been recognised in respect of these items due to the unpredictability of the profit streams. The unutilised tax losses are subject to agreement by relevant tax authorities.

Deferred tax assets have not been recognised in respect of the following items:

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Malaysia RM'000 | Singapore RM'000 | Malaysia RM'000 | Singapore RM'000 |
| Unutilised tax losses | 66,678 | 11,510 | 61,531 | 8,552 |
| Unutilised capital allowances | 39,890 | - | 30,519 | - |
| Other temporary differences | (16,538) | - | (12,239) | - |
| | 90,030 | 11,510 | 79,811 | 8,552 |
| Unutilised deferred tax assets on the above temporary differences | 21,607 | 1,957 | 19,155 | 1,454 |

The unutilised tax losses of Malaysian subsidiaries may be carried forward for a maximum period of 10 years and the unutilised tax losses of Singapore subsidiaries may be carried indefinitely subject to the conditions imposed by the law.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 8. Deferred tax assets (Continued)

The expiry dates of the unutilised tax losses of the Malaysian subsidiaries are as follows:

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Expiring on 30 September 2028 | 19,620 | 28,004 |
| Expiring on 30 September 2029 | 7,656 | 7,656 |
| Expiring on 30 September 2030 | 13,852 | 13,852 |
| Expiring on 30 September 2031 | 12,019 | 12,019 |
| Expiring on 30 September 2032 | 13,531 | - |
| | 66,678 | 61,531 |

## 9. Intangible assets

| Group | Goodwill RM'000 | Trademarks RM'000 | Computer software RM'000 | Franchise fees* RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2022** | | | | | |
| **Cost** | | | | | |
| At 1 October 2021 | 19,059 | 10,421 | 1,798 | 5,802 | 37,080 |
| Additions | - | - | 172 | 2,890 | 3,062 |
| Currency realignment | - | (23) | - | - | (23) |
| At 30 September 2022 | 19,059 | 10,398 | 1,970 | 8,692 | 40,119 |
| **Accumulated amortisation** | | | | | |
| At 1 October 2021 | - | - | 1,652 | 2,496 | 4,148 |
| Amortisation for the financial year | - | - | 97 | 434 | 531 |
| At 30 September 2022 | - | - | 1,749 | 2,930 | 4,679 |
| **Accumulated impairment** | | | | | |
| At 1 October 2021/ 30 September 2022 | 2,020 | 7,067 | - | - | 9,087 |
| **Net carrying amount** | | | | | |
| At 30 September 2022 | 17,039 | 3,331 | 221 | 5,762 | 26,353 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

**9. Intangible assets** (Continued)

| Group | Goodwill RM'000 | Trademarks RM'000 | Computer software RM'000 | Franchise fees* RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2021** | | | | | |
| **Cost** | | | | | |
| At 1 October 2020 | 19,059 | 10,407 | 1,774 | 5,552 | 36,792 |
| Additions | - | - | 24 | 250 | 274 |
| Currency realignment | - | 14 | - | - | 14 |
| At 30 September 2021 | 19,059 | 10,421 | 1,798 | 5,802 | 37,080 |
| **Accumulated amortisation** | | | | | |
| At 1 October 2020 | - | - | 1,563 | 2,120 | 3,683 |
| Amortisation for the financial year | - | - | 89 | 376 | 465 |
| At 30 September 2021 | - | - | 1,652 | 2,496 | 4,148 |
| **Accumulated impairment** | | | | | |
| At 1 October 2020 | 2,020 | 6,862 | - | - | 8,882 |
| Impairment during the financial year | - | 205 | - | - | 205 |
| At 30 September 2021 | 2,020 | 7,067 | - | - | 9,087 |
| **Net carrying amount** | | | | | |
| At 30 September 2021 | 17,039 | 3,354 | 146 | 3,306 | 23,845 |

* The remaining useful life of the franchise fees is between 1 to 20 years (2021: 1 to 20 years).

The amortisation of computer software and franchise fees is included in the "Administrative expenses" in the consolidated statement of comprehensive income.

During the financial year, the Group paid franchise fees for renewal of franchise agreement to extend the franchise period to 2030 and new stores of RM2,890,000 (2021: RM250,000) in accordance with the International Multiple Unit Franchise and Development Agreement to develop and operate "Texas Chicken" restaurants for a period of 10 to 20 years in Malaysia.

Trademarks referred to the registered brands for Dairies and San Francisco Coffee (acquired through business combinations).

The useful lives of the trademarks are estimated to be indefinite because based on the current market share of the trademarks, management believes that there is no foreseeable limit to the period over which the trademarks are expected to generate net cash flow for the Group. As such there is no amortisation of the costs of trademarks.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

**9. Intangible assets** (Continued)

Impairment testing of goodwill, trademarks and other intangible assets

Goodwill acquired in a business combination is allocated to the cash-generating units ("CGUs") that are expected to benefit from that business combination.

The Group tests significant CGUs for impairment annually, or more frequently when there is an indication that the unit may be impaired.

In the previous financial year, the management carried out the review of the recoverable amount of Food Services Division and the coffee chain business unit has made an impairment of trademarks amounting to RM205,000, mainly due to continuing operating losses of the CGU. The recoverable amount of this CGU is determined on the basis of value-in-use calculations.

The recoverable amount of the CGUs of RM296,979,000 (2021: RM285,568,000) has been determined on the basis of its value-in-use. The recoverable amount of the investments of RM76,827,000 (2021: RM70,559,000) has been determined on the basis of its fair value less cost of disposal during the financial year.

In the previous financial year, the total impairment of trademarks of RM205,000 has been included under "other operating expenses" in the profit and loss.

For presentation purposes, the carrying amounts of significant goodwill, trademarks and other intangible assets allocated to the respective CGUs have been grouped to the following segments:

(a) Food Services;

(b) Trading and Frozen Food; and

(c) Dairies.

| | Food Services RM'000 | Trading and Frozen Food RM'000 | Dairies RM'000 |
|---|---|---|---|
| **2022** | | | |
| **Net carrying amount** | | | |
| Goodwill | 12,005 | 4,042 | 992 |
| Trademarks | 3,095 | - | 236 |
| Franchise fees | 5,762 | - | - |
| **2021** | | | |
| **Net carrying amount** | | | |
| Goodwill | 12,005 | 4,042 | 992 |
| Trademarks | 3,095 | - | 259 |
| Franchise fees | 3,306 | - | - |

The recoverable amount of the CGUs is determined from value-in-use calculations based on forecasts derived from the most recent cash flow projections approved by management covering a 5-year period or more. The key assumptions for these value-in-use calculations are those regarding the discount rates, revenue growth rates and gross margins which consider the overall economic and business environment.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 9. Intangible assets (Continued)

Impairment testing of goodwill, trademarks and other intangible assets (Continued)

| | Food Services % | Trading and Frozen Food % |
|---|---|---|
| **2022** | | |
| Gross margin[1] | 55.98 – 69.73 | 20.98 |
| Revenue growth rate[2] | 10.00 – 12.37 | 10.89 |
| Discount rate[3] | 13.66 – 16.06 | 13.57 |
| **2021** | | |
| Gross margin[1] | 57.65 – 70.65 | 21.60 |
| Revenue growth rate[2] | 10.00 – 10.48 | 14.78 |
| Discount rate[3] | 10.18 – 13.24 | 12.36 |

(1) Average budgeted gross margin.
(2) Average revenue growth rate for:
- Food Services: 5-year period for coffee chain and 10-year period for fast food restaurants; and
- Trading and Frozen Food: 5-year period.

(3) Pre-tax discount rate applied to the cash flow projections.

Key assumptions used in the value-in-use calculations

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

Budgeted gross margins – Gross margins are benchmarked against average margins achieved in the five years preceding the start of the budget period. These are adjusted for anticipated efficiency improvements and expectations of future changes in market condition.

Revenue growth rates – The forecasted revenue growth rates are based on management estimates with reference to the historical trend as well as the forecasted economic condition over the budgeted period of 5 – 10 years.

Pre-tax discount rates – Discount rates are based on the Group’s beta adjusted to reflect management’s assessment of specific risks related to each of the CGUs.

The budgeted period of 10 years used for fast food restaurants due to the renewal of franchise agreement for another 10 years.

Sensitivity to changes in assumptions

If any of the following changes were made to the above key assumptions, the carrying amounts of the CGUs would not be materially different from their recoverable amounts.

| | Group | |
|---|---|---|
| | 2022 | 2021 |
| Budgeted gross margins | Reduction from 5% - 10% | Reduction from 5% - 10% |
| Revenue growth rates | Reduction of 10% | Reduction of 10% |
| Pre-tax discount rates | Increase of 10% | Increase of 10% |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 10. Inventories

| | Group | |
|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 |
| Finished goods | 34,571 | 26,641 |
| Raw materials | 4,377 | 4,614 |
| Packaging materials | 1,423 | 2,485 |
| Consumables | 9,864 | 7,286 |
| Work in progress | 200 | 280 |
| | 50,435 | 41,306 |
| Allowance for write-down of inventories | (832) | (832) |
| | 49,603 | 40,474 |

Movements in the allowance for write-down of inventories are as follows:

| | Group | |
|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 |
| At 1 October/30 September | 832 | 832 |

The cost of inventories recognised as an expense and included in "cost of goods sold" amounted to RM307,376,000 (2021: RM203,462,000).

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 11. Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| **Current receivables** | | | | |
| Trade receivables | 43,117 | 27,596 | - | - |
| Loss allowance on trade receivables (Note 32.1) | (2,620) | (3,366) | - | - |
| | 40,497 | 24,230 | - | - |
| Other receivables | 565 | 569 | 177 | 171 |
| Sale proceeds receivable from the disposal of property, plant and equipment | 11,074 | - | - | - |
| SST receivables | 16 | 16 | - | - |
| | 11,655 | 585 | 177 | 171 |
| Prepayments | 1,606 | 2,138 | 78 | 81 |
| Deposits | 12,191 | 11,514 | 37 | 36 |
| Advances to suppliers | 5,947 | 2,257 | - | - |
| Tax recoverable | 191 | 1,010 | - | - |
| | 19,935 | 16,919 | 115 | 117 |
| Due from subsidiaries | | | | |
| - non-trade | - | - | 115,530 | 207,671 |
| Loss allowance on receivables (Note 32.1) | - | - | (72,444) | (60,128) |
| | - | - | 43,086 | 147,543 |
| Total trade and other receivables | 72,087 | 41,734 | 43,378 | 147,831 |

The trade amounts owing by third parties are repayable within the normal trade credit terms 30 to 60 days (2021: 30 to 60 days).

The non-trade amounts due from subsidiaries are unsecured, interest-free, are repayable on demand and are to be settled in cash.

The currency profiles of the Group's and Company's trade and other receivables (excluding SST receivables, prepayments, advances to suppliers and tax recoverable) at the end of the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Ringgit Malaysia | 64,170 | 36,068 | 41,645 | 146,320 |
| Singapore dollar | 147 | 207 | 1,519 | 1,430 |
| United States dollar | 10 | - | 136 | - |
| Indonesian rupiah | - | 38 | - | - |
| | 64,327 | 36,313 | 43,300 | 147,750 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 12. Cash and bank balances

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Fixed deposits | 615 | 615 | - | - |
| Cash and bank balances | 16,145 | 16,650 | 1,259 | 341 |
| | 16,760 | 17,265 | 1,259 | 341 |

Fixed deposits are placed for a period of approximately 30 to 365 days (2021: 30 to 365 days) and carry zero interest rate per annum. The total fixed deposits of RM615,000 (2021: RM615,000) was pledged as security for the bank guarantee.

The currency profiles of the Group's and Company's fixed deposits and cash and bank balances as at the end of the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Ringgit Malaysia | 16,484 | 16,907 | 1,040 | 122 |
| Singapore dollar | 223 | 238 | 186 | 185 |
| United States dollar | 4 | 4 | 2 | 2 |
| New Zealand dollar | 20 | 22 | 20 | 22 |
| Australian dollar | 11 | 10 | 11 | 10 |
| Indonesian rupiah | 18 | 84 | - | - |
| | 16,760 | 17,265 | 1,259 | 341 |

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Fixed deposits | 615 | 615 |
| Cash and bank balances | 16,145 | 16,650 |
| Total | 16,760 | 17,265 |
| Less: pledged fixed deposits | (615) | (615) |
| Less: bank overdraft (Note 15)* | (1,227) | (277) |
| Cash and cash equivalents for the purpose of the consolidated statement of cash flows | 14,918 | 16,373 |

* Bank overdraft of RM1,227,000 (2021: RM277,000) was utilised for operating activities (excluded from cash and cash equivalents) and the remaining balance of RM Nil (2021: RM999,000) for financing activities.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 13. Assets classified as held for sale

**Previous financial year**

On 31 March 2021, the Group has entered into the following conditional option sale and purchase agreement ("SPA") with Aryzta Food Solutions Malaysia Sdn Bhd ("Aryzta") for the proposed sale of the following Property and Assets ("Proposed Disposals") within 2 to 5 years from the SPA date:

(i) Land located at Pulau Indah, Selangor ("Property") for a consideration of RM12,000,000; and

(ii) A single storey factory with all the manufacturing equipment therein and a two storey office with all the fixtures and fittings erected thereon located at Pulau Indah, Selangor ("Assets") for a consideration of RM76,000,000.

(iii) The disposal of lands and the bakery plant had been completed on 11 February 2022 with a net gain on disposal of RM3,636,000.

The property, plant and equipment in relation to the proposed sale of Property and Assets were reclassified as assets held for sale on the consolidated statement of financial position in the previous financial year.

The classes of assets in assets classified as held for sale as at 30 September 2021 were as follows:

| | 2021<br>RM'000 |
|---|---:|
| **Assets** | |
| Leasehold land | 7,942 |
| Building | 42,791 |
| Plant and machinery | 33,140 |
| Equipment | 61 |
| Furniture and fittings | 8 |
| | 83,942 |

As at end of the previous financial year, the above leasehold land and building were pledged for bank borrowings granted to the Group (Note 15).

## 14. Trade and other payables

| | Group | | Company | |
|---|---:|---:|---:|---:|
| | 2022<br>RM'000 | 2021<br>RM'000 | 2022<br>RM'000 | 2021<br>RM'000 |
| Trade payables – third parties | 34,146 | 30,715 | - | - |
| SST payables | 3,065 | 283 | - | - |
| Other payables | 19,799 | 29,113 | 15 | 12 |
| Contract liabilities | 153 | 422 | - | - |
| Refundable deposits received | 1,637 | 2,673 | 14 | 14 |
| Deposit received from sale of land | - | 840 | - | - |
| Accruals | 26,854 | 24,435 | 1,241 | 1,411 |
| Amount due to Directors | 13,846 | 9,718 | 13,846 | 9,718 |
| Amount due to a third party | 4,642 | - | 4,642 | - |
| Due to subsidiaries – non-trade | - | - | 17,429 | 18,273 |
| Total trade and other payables | 104,142 | 98,199 | 37,187 | 29,428 |

The average credit period on purchases of goods ranges from 7 to 90 days (2021: 7 to 90 days).

The non-trade amount due to subsidiaries is unsecured, interest-free and repayable on demand to be settled in cash.

The amount due to Directors is non-trade in nature, unsecured, interest-free and repayable on demand to be settled in cash.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 14. Trade and other payables (Continued)

*Contract liabilities*

| | Group | |
|---|---|---|
| | **2022 RM'000** | **2021 RM'000** |
| Volume rebates | 126 | 310 |
| Deferred income | 27 | 112 |
| | 153 | 422 |

Changes in contract liabilities:

| | Group | |
|---|---|---|
| | **2022 RM'000** | **2021 RM'000** |
| At 1 October | 422 | 829 |
| Cash received in advance of performance and not recognise as revenue | 153 | 422 |
| Amount recognised as revenue | (422) | (829) |
| At 30 September | 153 | 422 |

Contract liabilities for expected volume rebates are discounts offered to customers with large volume orders.

Deferred income is an obligation to transfer goods and services to the customers for which payments from sale of F&B vouchers and sale of goods were received in advance from customers. Deferred income is recognised as revenue upon redemption of the vouchers or delivery of the performance obligations which are generally within 12 months.

The currency profiles of the Group's and Company's trade and other payables (excluding SST payables and contract liabilities) as at the end of the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2022 RM'000** | **2021 RM'000** | **2022 RM'000** | **2021 RM'000** |
| Ringgit Malaysia | 91,905 | 92,148 | 23,314 | 17,133 |
| Singapore dollar | 1,056 | 1,774 | 984 | 1,171 |
| United States dollar | 5,765 | 2,460 | 4,606 | 2,015 |
| New Zealand dollar | - | - | 8,283 | 9,067 |
| Others | 2,198 | 1,112 | - | 42 |
| | 100,924 | 97,494 | 37,187 | 29,428 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 15. Bank borrowings

| | Group | |
|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 |
| **Current liabilities** | | |
| *Secured:* | | |
| Banker's acceptance | 44,403 | 28,873 |
| Revolving credit | 5,000 | 4,000 |
| Bank overdraft | 1,227 | 1,276 |
| Term loans | 34,316 | 97,697 |
| - Fixed rate | 2,106 | 4,922 |
| - Floating rate | 32,210 | 92,775 |
| | 84,946 | 131,846 |
| **Non-current liabilities** | | |
| *Secured:* | | |
| Term loans | | |
| - Fixed rate | 12,177 | 21,026 |
| - Floating rate | 89,639 | 105,530 |
| | 101,816 | 126,556 |
| Total bank borrowings | 186,762 | 258,402 |

In the previous financial year, the bank borrowings that were related to the proposed disposal of Assets (as disclosed in Note 13) will be fully settled concurrently with the completion of the sale. Accordingly, long-term portion of the bank borrowings and lease liabilities of RM79,390,000 and RM1,417,000, respectively have been reclassified to short-term borrowings in the previous financial year. During the financial year, these bank borrowings have been fully settled upon completion of disposal of the Assets.

The carrying amounts of bank borrowings approximate their fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates or drawdown near the end of the financial year or the fixed interest rates approximates market interest rates for such liabilities which management expects to be available to the Group.

| | Group | |
|---|---|---|
| | 2022<br>% | 2021<br>% |
| **Effective interest rates** | | |
| Banker's acceptance | 1.97 – 4.09 | 1.97 – 4.24 |
| Revolving credit | 2.91 – 3.73 | 2.91 |
| Bank overdraft | 6.90 | 6.15 |
| Term loans | | |
| - Fixed rate | 6.00 – 7.75 | 3.75 – 7.75 |
| - Floating rate | 2.99 – 6.50 | 2.99 – 7.00 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 15. Bank borrowings (Continued)

Non-current bank borrowings are repayable as follows:

| | Group | |
|---|---|---|
| | **2022 RM'000** | **2021 RM'000** |
| After one year | 19,296 | 23,614 |
| Two to five years | 49,747 | 64,189 |
| After five years | 32,773 | 38,753 |
| | 101,816 | 126,556 |

Breach of subsidiary's financial covenant

A subsidiary of the Group has not complied with the financial covenant required by the banks in relation to the maintenance of positive tangible net worth as at 30 September 2022.

Due to the non-compliance of the financial covenant, the banks are contractually entitled to request immediate repayment of the outstanding amount. Accordingly, the carrying amount of the bank borrowings amounting to RM16,504,000 in which the non-current portion amounting to RM11,754,000 have been reclassified to current liabilities as at 30 September 2022. The banks have not requested for early repayment of the outstanding amount as of the date when these financial statements were approved by the Directors. Management is in the process of renegotiating with the respective banks for the rectification of the breach of covenant.

The Group's bank borrowings as at 30 September 2022 are secured against the following:

(a) Company's corporate guarantee;

(b) Pledge of leasehold land, freehold land and buildings and investment property (Note 4 and Note 5);

(c) Pledge of fixed deposit of a subsidiary; and

(d) Debenture comprising fixed and floating charge over all future and present assets of a subsidiary.

As at the end of the financial year, the Group has unutilised banking facilities for working capital and capital expenditure amounting to RM24,497,000 (2021: RM56,302,000).

The Group's bank borrowings as at the end of the financial year are denominated in Ringgit Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 16. Lease liabilities

| | 2022 RM'000 | 2021 RM'000 |
|---|---|---|
| **Group** | | |
| At 1 October | 131,348 | 150,497 |
| Additions | 23,853 | 13,590 |
| Termination of contracts | (947) | (6,527) |
| Modification of lease contracts | (132) | (869) |
| Interest expenses (Note 26) | 9,797 | 10,248 |
| Rent concession (Note 25) | (2,665) | (5,246) |
| Lease payments | | |
| - Principal portion | (22,266) | (20,097) |
| - Interest portion | (9,797) | (10,248) |
| At 30 September | 129,191 | 131,348 |

| | Minimum lease payments RM'000 | Future finance charges RM'000 | Present value of lease payments RM'000 |
|---|---|---|---|
| **Group** | | | |
| **2022** | | | |
| Within one year | 31,268 | (8,193) | 23,075 |
| After one year but within five years | 83,210 | (18,786) | 64,424 |
| After five years | 61,925 | (20,233) | 41,692 |
| | 145,135 | (39,019) | 106,116 |
| | 176,403 | (47,212) | 129,191 |
| **2021** | | | |
| Within one year | 33,280 | (8,184) | 25,096 |
| After one year but within five years | 87,981 | (18,235) | 69,746 |
| After five years | 52,724 | (16,218) | 36,506 |
| | 140,705 | (34,453) | 106,252 |
| | 173,985 | (42,637) | 131,348 |

The Group leases outlets - coffee chains and restaurants in Malaysia that contains sub-leasing restrictions. The Group also leases motor vehicles, plant and equipment with only fixed payments over the lease terms. The lease liabilities included hire purchase creditors.

Certain equipment of the Group qualify as low value assets and the Group also leases certain warehouse, machinery and equipment on a short-term basis (i.e. 1 to 12 months). The election of short-term leases are made by class of underlying assets with similar nature and use in the Group's operation whereas the low-value lease exemption are made on a lease-by-lease basis.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

**16. Lease liabilities** (Continued)

Total cash outflow for all the leases was RM40,982,000 (2021: RM37,576,000).

Certain leases of the Group contain extension or termination options exercisable by the Group, management applied judgement to determine the lease term as disclosed under Note 3.1 to the financial statements.

All leases are based on fixed payment terms, except for lease contracts for F&B restaurants and coffee chains located in commercial properties that contains monthly variable lease payments that are linked to the monthly sales generated from the restaurants and coffee chains. Such variable lease payments are recognised in profit or loss in the period in which the condition triggers the payment occurs.

Certain leases of the Group are secured over the PPE acquired under hire purchase. The PPE acquired under hire purchase with a carrying amount of RM27,548,000 (2021: RM33,708,000) are secured over the lease liabilities hire purchase creditors of RM19,869,000 (2021: RM27,080,000). These assets will be seized and returned to lessor in the event of default by the Group.

As at 30 September 2022, the Group has approximately RM2,163,000 (2021: RM121,000) of aggregate undiscounted commitments for short-term leases. The incremental borrowing rates applied in the lease liabilities ranges from 1.71% to 6.98% (2021: 2.28% to 6.98%) per annum.

The Group's lease liabilities as at the end of the financial year are denominated in Ringgit Malaysia.

**17. Provision for restoration costs**

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| At the beginning of the financial year | 3,900 | 3,671 |
| Arose during the financial year (Note 4) | 454 | 118 |
| Discount rate adjustment | 232 | 180 |
| Unused amounts reversed | - | (4) |
| Utilised | (42) | (65) |
| At the end of the financial year | 4,544 | 3,900 |

Provision for restoration costs is based on the estimated cost of restoring the leased premises, arising from the use of such premises and in accordance to the stipulations in the tenancy agreements. The estimated costs of such restoration are included in the costs of property, plant and equipment.

The estimated restoration costs are reviewed and updated annually based on the latest cost of restoring a premise.

Provision for restoration costs is classified as current liabilities unless the tenancy agreement, for which the restoration is required, expire more than 12 months after the end of the financial year.

**18. Financial guarantee contracts**

| | Company | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Corporate guarantees | - | 1,425 |

The Company provided corporate guarantee to banks for certain bank borrowings (2021: bank borrowings) of its subsidiaries. These guarantees were subject to impairment requirements of SFRS(I) 9. The Company has assessed that its subsidiaries have financial capacity to meet the contractual cash flow obligations in near future, and hence, a reversal of expected credit loss allowances of RM4,369,000 was recognised by the Company relating to the financial guarantee issued in the previous financial year. During the year, the loans for which the financial guarantee of RM1,425,000 was provided, were fully paid up, and the financial guarantee was therefore derecognised.

The Company's financial guarantee contracts as at the end of the financial year are denominated in Ringgit Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 19. Deferred tax liabilities

| | Group | |
|---|---|---|
| | 2022<br>RM'000 | 2021<br>RM'000 |
| At the beginning of the financial year | 3,915 | 3,815 |
| (Credit)/Charge to profit or loss | (373) | 100 |
| At the end of the financial year | 3,542 | 3,915 |

The following are the deferred tax liabilities recognised by the Group and movements thereon during the financial year:

| | Property, plant and equipment<br>RM'000 | Other taxable temporary differences<br>RM'000 | Total<br>RM'000 |
|---|---|---|---|
| **Group** | | | |
| At 1 October 2020 | 3,779 | 36 | 3,815 |
| Charge to profit or loss | - | 100 | 100 |
| At 30 September 2021 | 3,779 | 136 | 3,915 |
| Credit to profit or loss | (34) | (339) | (373) |
| At 30 September 2022 | 3,745 | (203) | 3,542 |

## 20. Share capital and treasury shares

### (a) Share capital

| | Group and Company | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | S$'000 | RM'000 | S$'000 | RM'000 |
| **Issued and fully paid:** | | | | |
| At the beginning/end of the financial year | 68,511 | 177,865 | 68,511 | 177,865 |

The Company has only one class of ordinary shares which carry no right to fixed income. The holders of ordinary shares of the Company are entitled to receive dividends as and when declared by the Company. All ordinary shares of the Company carry one vote per share without restriction. Share capital does not have a par value. All of these newly issued ordinary shares rank pari-passu with the existing ordinary shares.

On 28 November 2018, the Company completed its renounceable non-underwritten Rights cum Warrants following the issuance and allotment of 105,195,904 new ordinary shares in the Company (the "Rights Shares") at an issue price of S$0.16 per Rights Share, together with up to 105,195,904 free detachable Warrants (the "Warrants"), on the basis of four (4) Rights Shares for every five (5) existing ordinary shares in the capital of the Company held by entitled shareholders as at books closure date on 29 October 2018, with one (1) Warrant for every one (1) Rights Share subscribed by the shareholders of the Company.

Each Warrant carries the right to subscribe one new ordinary share in the capital of the Company at an exercise price of S$0.16 for each new ordinary share and is exercisable at any time during the period commencing on the date falling twelve (12) months from the date of issue of the Warrants and expiring on the market day immediately preceding the fourth (4th) anniversary of the date of issue of the Warrants.

Subsequent to the current financial year, total number of warrants exercised were 57,066,950 at the exercise price of S$0.16 per share and the total number of expired warrants were 48,128,954. Please refer to Note 33 to the financial statements for further details on this matter.

The newly issued shares rank pari-passu in all respect with the previously issued shares.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 20. Share capital and treasury shares (Continued)

### (a) Share capital (Continued)

| | Group and Company Number of ordinary shares | |
|---|---|---|
| | 2022 '000 | 2021 '000 |
| At the beginning/end of the financial year | 247,356 | 247,356 |

### (b) Treasury shares

| | Group and Company | | | |
|---|---|---|---|---|
| | Number of treasury shares | | Amount | |
| | 2022 '000 | 2021 '000 | 2022 RM'000 | 2021 RM'000 |
| At the beginning/end of the financial year | 242 | 242 | 183 | 183 |

The total amount paid to repurchase the shares has been deducted from shareholders' equity. The repurchased shares are held as treasury shares.

## 21. Foreign currency translation reserve

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| At 1 October | 29,324 | 27,763 | 46,623 | 41,615 |
| Net currency translation differences of financial statements of foreign subsidiaries | 4,173 | 1,561 | 17,376 | 5,008 |
| At 30 September | 33,497 | 29,324 | 63,999 | 46,623 |

The foreign currency translation reserve of the Group and the Company represents foreign exchange differences arising from the translation of the financial statements of foreign operations and the Company whose functional currencies are different from that of the Group's presentation currency. This is non-distributable and the movements in this account are set out in the statements of changes in equity.

## 22. Fair value reserve

The fair value reserve represents the cumulative changes in the fair value adjustments, net of taxes of financial assets at FVOCI until the assets are derecognised. Upon derecognition, the cumulative fair value changes will be transferred to accumulated (losses)/profits.

## 23. Other reserve

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| At the beginning/end of the financial year | 2,394 | 2,394 |

Other reserve is in respect of premium paid for the acquisition of non-controlling interests in subsidiaries and dilutive effects arising from the forgiveness of debt in balances owed by a subsidiary with non-controlling interests.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 24. Revenue

Revenue represents sale of food and beverages from food services as well as processing and distribution of food, beverages and dairies products recognised at a point in time (Note 31).

## 25. Loss before income tax

In addition to the charges and credits disclosed elsewhere in the financial statements, loss before income tax is arrived at after charging/(crediting) the following:

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Advertising and promotions | 10,541 | 8,805 |
| Amortisation of intangible assets | 531 | 465 |
| Audit fees: | | |
| - Auditor of the Company | 239 | 212 |
| - Other auditors | 204 | 212 |
| Depreciation of: | | |
| - Property, plant and equipment | 44,409 | 50,338 |
| - Investment property | 449 | 451 |
| Directors' remuneration: | | |
| - Directors of the Company | 1,223 | 1,036 |
| - Directors of the subsidiaries | 817 | 727 |
| Directors' fee of the Company | 841 | 1,057 |
| Lease expenses on: | | |
| - Short-term leases/low value assets | 5,409 | 4,556 |
| - Variable portion | 3,510 | 2,675 |
| - Rent concession | (2,665) | (5,246) |
| Property, plant and equipment written off | 1,822 | 2,618 |
| Staff costs: | | |
| - Salaries, bonuses and allowances | 61,238 | 63,144 |
| - Employer contributions to defined contribution plans | 6,155 | 6,368 |
| Impairment of intangible assets | - | 205 |
| Impairment of property, plant and equipment | - | 3,448 |
| Reversal of impairment of property, plant and equipment | (80) | (8,240) |
| Foreign currency exchange loss*, net | 3,593 | 1,031 |
| (Gain)*/loss on disposal of: | | |
| - Assets classified as held for sale | (3,636) | - |
| - Property, plant and equipment | (13,184) | 317 |
| Interest income@ | (123) | (89) |
| Rental income:@ | | |
| - Investment property | (1,368) | (1,376) |
| - Others | (117) | (308) |

* Included in other operating expenses.
@ Included in other operating income.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 26. Finance costs

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Interest expense | | |
| - Bank overdraft | 78 | 56 |
| - Banker's acceptance | 857 | 591 |
| - Term loans | 9,151 | 9,975 |
| - Lease liabilities (Note 16) | 9,797 | 10,248 |
| - Others | 367 | 250 |
| | 20,250 | 21,120 |

## 27. Income tax expense

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| **Current tax:** | | |
| - Current year | 3,115 | 771 |
| - (Over)/Under provision in prior years | (85) | 128 |
| - Withholding tax | 49 | 56 |
| | 3,079 | 955 |
| **Deferred tax:** | | |
| - Current year | (91) | (5) |
| - (Over)/Under provision in prior years | (282) | 105 |
| | (373) | 100 |
| | 2,706 | 1,055 |

The Group has significant operations in Malaysia, for which the corporate income tax rate applicable is 24% (2021: 24%). Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 27. Income tax expense (Continued)

The income tax expense varied from the amount of income tax expense determined by applying the Malaysia income tax rate of 24% (2021: 24%) to loss before income tax as a result of the following differences:

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Loss before income tax | (3,681) | (47,346) |
| Income tax calculated at Malaysia statutory tax rate of 24% (2021: 24%) | (883) | (11,363) |
| Effect of different tax rates in other countries | 637 | 397 |
| Expenses not deductible for tax purposes | 4,837 | 6,736 |
| Income not subject to tax | (4,522) | (1,910) |
| (Over)/Under provision in prior years | (85) | 128 |
| Deferred tax (over)/under provision in prior years | (282) | 105 |
| Deferred tax assets not recognised | 4,701 | 6,904 |
| Utilisation of deferred tax asset previously not recognised | (1,746) | - |
| Withholding tax | 49 | 56 |
| Others | - | 2 |
| | 2,706 | 1,055 |

## 28. Loss per share

Basic loss per share is calculated by dividing the Group's loss after income tax attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| *Numerator* | | |
| Net loss attributable to owners of the Company for the financial year | (6,387) | (48,401) |
| *Denominator* | | |
| Number of ordinary shares in issue during the financial year ('000) | 247,114 | 247,114 |
| *Loss per share (RM sen)* | | |
| Basic/diluted loss per share | (2.58) | (19.59) |

Diluted loss per share is the same as the basic loss per share as at the end of the current and previous financial year because the potential ordinary shares which are the warrants as disclosed in Note 20(a) to the financial statements are anti-dilutive.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 29. Significant related party transactions

During the financial year, in addition to the information disclosed elsewhere in the financial statements, the Group and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| With related parties: | | | | |
| - Insurance premium paid to a related party* | 1,521 | 1,644 | 53 | 45 |
| - Purchase of goods from a related party* | 353 | 801 | - | - |
| - Purchase of motor vehicles and service from a related party* | 8 | 188 | - | - |
| - Rental income | 178 | 178 | - | - |
| - Advances from Directors | 9,320 | 10,950 | 9,320 | 10,950 |
| - Repayment of amount due to Directors | (5,680) | (1,200) | (5,680) | (1,200) |
| - Consultancy fees paid to Director | 216 | 207 | - | - |
| - Advisory fees paid to a Director | 491 | 437 | 491 | 437 |

| | Company | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| With subsidiaries: | | |
| - Management fees | (978) | (933) |
| - Net settlement of liabilities on behalf for subsidiaries | (204) | (221) |
| - Advances to subsidiaries | (29,914) | (17,547) |
| - Repayments from subsidiaries | 27,355 | 2,343 |

* A related party is a company where the Directors have beneficial interest or significant influence.

As at 30 September, the outstanding balances in respect of the above related party transactions are disclosed in Notes 11 and 14 to the financial statements.

The remuneration of Directors and other members of key management of the Group and of the Company are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Short-term employee benefits | 3,938 | 3,830 | 2,021 | 2,076 |
| Post-employment benefits | 182 | 140 | 42 | 17 |
| | 4,120 | 3,970 | 2,063 | 2,093 |
| Analysed into: | | | | |
| - Directors of the Company | 2,063 | 2,093 | 2,063 | 2,093 |
| - Directors of the subsidiaries | 817 | 727 | - | - |
| - Other key management personnel | 1,240 | 1,150 | - | - |
| | 4,120 | 3,970 | 2,063 | 2,093 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 30. Commitments

### 30.1 Capital commitments

As at the end of the financial year, the Group had the following capital commitments:

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Contracted but not provided for: | | |
| Renovation, purchase of plant and equipment | 44,524 | 6,457 |

### 30.2 Operating lease commitments – as lessor

As at the end of the financial year, there were non-cancellable operating lease commitments for rental receivable for premises in subsequent accounting periods as follows:

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Within one year | 357 | 1,368 |
| Two to three years | - | 198 |
| | 357 | 1,566 |

The above lease agreements expire within 1 year expiring in 2023 (2021: within 1 to 2 years expiring in 2022). The current rent receivables under the leases are subject to revision after expiry with no provisions for contingent rent.

Upon expiry of the lease term, the lessee is granted an option to renew the tenancy for 2 years subject to compliance and observation of all the terms and conditions in the tenancy agreements.

## 31. Segment information

### Business segments

A segment is a distinguishable component of the Group's business that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management has determined the operating segments based on the reports reviewed that are used to make strategic decisions.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

**31. Segment information** (Continued)

**Business segment** (Continued)

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments.

Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

The Group's businesses segments are as follows:

(a) Food Services Division – Texas Chicken restaurants and San Francisco Coffee chains;

(b) Trading and Frozen Food Division – wholesalers of foodstuff, provisions and frozen meat;

(c) Food Processing Division comprising of:

- bakery;
- butchery; and

(d) Dairies Division – manufacturing and distribution of condensed and evaporated milk.

**Intersegment sales**

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation. Inter-segment pricing is determined on an arm's length basis.

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

**31. Segment information** (Continued)

| | Food Services RM'000 | Trading and Frozen Food RM'000 | Food Processing RM'000 | Dairies RM'000 | Unallocated RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **2022** | | | | | | |
| **Revenue** | | | | | | |
| Total revenue | 273,472 | 167,816 | 13,821 | 137,128 | 6,785 | 599,022 |
| Intersegment revenue | (21) | (18,240) | (367) | (58,027) | (6,785) | (83,440) |
| Revenue from external customers | 273,451 | 149,576 | 13,454 | 79,101 | - | 515,582 |
| **Results** | | | | | | |
| Segment results | 7,709 | 14,582 | (1,382) | (7,655) | 3,192 | 16,446 |
| Interest income | 53 | 68 | 2 | - | - | 123 |
| Finance costs | (11,702) | (897) | (3,784) | (3,029) | (838) | (20,250) |
| **(Loss)/Profit before income tax** | (3,940) | 13,753 | (5,164) | (10,684) | 2,354 | (3,681) |
| Income tax expense | (13) | (2,563) | - | - | (130) | (2,706) |
| **(Loss)/Profit for the financial year** | (3,953) | 11,190 | (5,164) | (10,684) | 2,224 | (6,387) |
| **Segment assets** | 233,972 | 114,716 | 42,267 | 106,097 | 90,027^ | 587,079 |
| **Segment liabilities** | (214,406) | (47,367) | (38,467) | (87,701) | (40,406)# | (428,347) |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 31. Segment information (Continued)

| | Food Services RM'000 | Trading and Frozen Food RM'000 | Food Processing RM'000 | Dairies RM'000 | Unallocated RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **2022** (Continued) | | | | | | |
| **Other information** | | | | | | |
| Additions to property, plant and equipment** | 38,443 | 702 | 39 | 456 | 92 | 39,732 |
| Additions to intangible assets | 2,944 | 103 | 15 | - | - | 3,062 |
| Depreciation and amortisation | 32,578 | 3,916 | 3,934 | 2,799 | 2,162 | 45,389 |
| (Write back of)/Loss allowance on receivables, net | - | (354) | (473) | 105 | (24) | (746) |
| Property, plant and equipment written off | 1,791 | 9 | 22 | - | - | 1,822 |
| Gain on disposal of assets classified as held for sale | - | - | - | - | (3,636) | (3,636) |
| Gain on disposal of property, plant and equipment, net | (1) | (15) | (244) | - | (12,924) | (13,184) |
| Reversal of impairment of property, plant and equipment | - | - | (80) | - | - | (80) |

^ Included in unallocated segment assets are financial assets at FVOCI, property, plant and equipment and investment property of the Company and certain subsidiaries amounting to RM9,597,000, RM46,942,000 and RM19,992,000, respectively which are not attributable to the reporting segments.

# Included in unallocated segment liabilities is bank borrowings of certain subsidiaries amounting to RM19,457,000 which are not attributable to the respective reporting segments.

** Included right-of-use assets.

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

### 31. Segment information (Continued)

| | Food Services RM'000 | Trading and Frozen Food RM'000 | Food Processing RM'000 | Dairies RM'000 | Unallocated RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| **Revenue** | | | | | | |
| Total revenue | 218,863 | 116,488 | 20,323 | 49,625 | 6,606 | 411,905 |
| Intersegment revenue | (31) | (16,466) | (1,080) | (5,697) | (6,509) | (29,783) |
| Revenue from external customers | 218,832 | 100,022 | 19,243 | 43,928 | 97 | 382,122 |
| **Results** | | | | | | |
| Segment results | (3,001) | 2,220 | (7,260) | (7,792) | (10,482) | (26,315) |
| Interest income | 27 | 58 | 3 | - | 1 | 89 |
| Finance costs | (12,086) | (913) | (4,709) | (2,557) | (855) | (21,120) |
| **(Loss)/Profit before income tax** | (15,060) | 1,365 | (11,966) | (10,349) | (11,336) | (47,346) |
| Income tax expense | (10) | (855) | (27) | - | (163) | (1,055) |
| **(Loss)/Profit for the financial year** | (15,070) | 510 | (11,993) | (10,349) | (11,499) | (48,401) |
| **Segment assets** | 225,288 | 101,882 | 129,562 | 92,667 | 107,972* | 657,371 |
| **Segment liabilities** | (211,329) | (37,795) | (135,581) | (73,355) | (37,756)@ | (495,816) |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 31. Segment information (Continued)

| | Food Services RM'000 | Trading and Frozen Food RM'000 | Food Processing RM'000 | Dairies RM'000 | Unallocated RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **2021** (Continued) | | | | | | |
| **Other information** | | | | | | |
| Additions to property, plant and equipment** | 24,392 | 703 | 2,021 | 5,578 | 693 | 33,387 |
| Additions to intangible assets | 268 | - | 1 | 5 | - | 274 |
| Depreciation and amortisation | 33,830 | 4,296 | 7,794 | 2,671 | 2,663 | 51,254 |
| Loss allowance on receivables, net | - | 32 | 250 | 88 | (10) | 360 |
| Property, plant and equipment written off | 2,558 | 1 | 56 | - | - | 2,615 |
| Impairment of property, plant and equipment | 3,448 | - | - | - | - | 3,448 |
| Impairment of intangible assets | 205 | - | - | - | - | 205 |
| (Gain)/Loss on disposal of property, plant and equipment, net | (9) | (17) | 343 | - | - | 317 |
| Reversal of impairment of property, plant and equipment | - | - | (8,240) | - | - | (8,240) |

* Included in unallocated segment assets are financial assets at FVOCI, property, plant and equipment, investment property and assets classified as held for sale of the Company and certain subsidiaries amounting to RM8,631,000, RM68,782,000, RM20,441,000 and RM7,942,000, respectively which are not attributable to the reporting segments.

@ Included in unallocated segment liabilities is bank borrowings of certain subsidiaries amounting to RM24,074,000 which are not attributable to the respective reporting segments.

** Included right-of-use assets.

## NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

**31. Segment information** (Continued)

**Geographical segments**

The Group's business segments operate in four (2021: four) main geographical areas. Revenue is based on the country in which the customer is located. Segment non-current assets consist primarily of non-current assets other than financial instruments and deferred tax assets. Segment non-current assets are shown by geographical area in which the assets are located.

| | Malaysia RM'000 | China RM'000 | ASEAN (excluding Malaysia) RM'000 | Africa RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **2022** | | | | | |
| **Revenue** | | | | | |
| Total revenue from external customers | 508,975 | 734 | 1,139 | 4,734 | 515,582 |
| **Segment non-current assets** | 438,459 | - | - | - | 438,459 |
| **2021** | | | | | |
| **Revenue** | | | | | |
| Total revenue from external customers | 371,701 | 2,573 | 4,081 | 3,767 | 382,122 |
| **Segment non-current assets** | 464,702 | - | - | - | 464,702 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 32. Financial instruments, financial risks and capital management

The Group's activities expose the Group to financial risks (including credit risk, foreign currency risk, interest rate risk and liquidity risk) arising in the normal course of business. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The management is responsible for setting the objectives and underlying principles of financial risks management for the Group. The management continually monitors the Group's financial risk management process to ensure that an appropriate balance between risk and control is achieved.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. The Group and the Company do not hold or issue derivative financial instruments for trading purposes.

### 32.1 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

At the end of the financial year, the Group's and Company's maximum exposure to credit risk were represented by the carrying amount of the financial assets on the statement of financial position except for the financial guarantees as disclosed in Note 32.4 to the financial statements. For the corporate guarantee issued, the Company has assessed that these subsidiaries have sufficient financial capabilities to meet their contractual cash flows obligation in the near future hence, the Company does not expect any material loss allowance under 12-month expected credit loss model.

The Group's and Company's major classes of financial assets are fixed deposits, cash and bank balances, financial assets at FVOCI and trade and other receivables (excluding SST receivables, prepayments and advances to suppliers).

*Trade receivables*

The age analysis of trade receivables that are past due are as follows:

| | Past due for 1 day to 3 months RM'000 | Past due for 3 to 6 months RM'000 | Past due for 6 to 12 months RM'000 | Past due over 12 months RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2022** | | | | | |
| Expected loss rate | 3% | 100% | 100% | 100% | |
| Trade receivables (Gross) | 12,386 | 414 | 391 | 1,417 | 14,608 |
| Less: Specific allowances | (16) | (67) | (51) | (1,411) | (1,545) |
| | 12,370 | 347 | 340 | 6 | 13,063 |
| Less: Expected credit losses | (382) | (347) | (340) | (6) | (1,075) |
| Trade receivables (Net) | 11,988 | - | - | - | 11,988 |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

**32. Financial instruments, financial risks and capital management** (Continued)

**32.1 Credit risk** (Continued)

*Trade receivables* (Continued)

| | Past due for 1 day to 3 months RM'000 | Past due for 3 to 6 months RM'000 | Past due for 6 to 12 months RM'000 | Past due over 12 months RM'000 | Total RM'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **2021** | | | | | |
| Expected loss rate | 0% | 83% | 100% | 100% | |
| Trade receivables (Gross) | 8,637 | 2,461 | 529 | 444 | 12,071 |
| Less: Specific allowances | (171) | (1,092) | (442) | (407) | (2,112) |
| | 8,466 | 1,369 | 87 | 37 | 9,959 |
| Less: Expected credit losses | - | (1,130) | (87) | (37) | (1,254) |
| Trade receivables (Net) | 8,466 | 239 | - | - | 8,705 |

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| Expected credit losses | 1,075 | 1,254 |
| Specific allowances | 1,545 | 2,112 |
| Total allowances | 2,620 | 3,366 |

The management measures loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables, excluding trade receivables determined to be credit-impaired, are determined based on historical credit loss rate and historical payment pattern, adjusted for current conditions and forecast of future economic conditions that may affect the ability of the customer to settle the trade receivables at the end of the financial year. As at 30 September 2022, the Group recognised loss allowance of RM2,620,000 (2021: RM3,366,000).

Movements in the allowance for impairment loss on trade receivables are as follows:

| | Group | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| At 1 October | 3,366 | 3,350 |
| Allowance made during the financial year | 118 | 978 |
| Write back of allowance no longer required | (864) | (618) |
| Written off | - | (344) |
| At 30 September | 2,620 | 3,366 |

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 32. Financial instruments, financial risks and capital management (Continued)

### 32.1 Credit risk (Continued)

*Other receivables and deposits*

The Group has assessed credit risk for other receivables amounts due from third parties based on 12-month expected credit loss basis which reflects the low credit risk of exposures.

For amount due from subsidiaries, the management has taken into account information that it has available internally about these subsidiaries' past, current and expected operating performance and cash flow position. The management monitors and assesses at the end of each financial year on any indicator of significant increase in credit risk on the amount due from the subsidiaries, by considering their financial performance and any default in external debt.

Movements in the allowance for impairment loss on other receivables and amounts due from subsidiaries are as follows:

| | Company | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| At 1 October | 60,128 | 63,964 |
| Allowance made during the financial year | 9,896 | 1,393 |
| Write back of allowance no longer required | - | (5,674) |
| Currency realignment | 2,420 | 445 |
| At 30 September | 72,444 | 60,128 |

The management individually assessed and determined that there is a significant increase in credit risk on the amount due from subsidiaries of RM9,896,000 (2021: RM1,393,000). The subsidiary has a history of losses and has ceased operations at financial year end. The balance has been determined to be credit-impaired as the likelihood of recovery is remote. As at 30 September 2022, the Company has recognised a loss allowance of RM9,896,000 (2021: RM1,393,000). Write back of allowance no longer required is due to amount recovered in the previous financial year.

Cash and bank and fixed deposits

Bank balances and fixed deposits are mainly deposits with financial institutions with high credit-ratings assigned by international credit rating agencies which are assigned with investment grade ratings of generally at least BBB. Impairment of cash and bank balances have been measured based on 12 months expected credit loss model. At the end of the financial year, the Group did not expect any credit loss from non-performance by the counterparties.

### 32.2 Foreign currency risk

The Group operates and trades in several countries predominantly in Singapore, Malaysia and Indonesia. Currency risk arises within entities in the Group when transactions are denominated in foreign currencies.

Exposure to foreign currency risk is monitored on an ongoing basis to ensure that the net exposure is at an acceptable level, as the Group manages its transactional exposure by matching, as far as possible, receipts and payments in each individual currency.

In relation to the Group's overseas investments in foreign operations where net assets are exposed to currency translation risks, they are not hedged as currency positions in these foreign currencies are considered to be long-term in nature. Differences arising from such translation are recorded under the foreign currency translation reserves.

Foreign currency risk arises from transactions denominated in currencies other than the functional currencies of the respective companies in the Group and the Company.

The currencies that give rise to this risk of the Group are primarily Ringgit Malaysia ("MYR"), United States dollar ("USD"), Singapore dollar ("SGD") and Indonesian rupiah ("IDR").

The currencies that give rise to this risk of the Company are primarily Ringgit Malaysia ("MYR"), New Zealand dollar ("NZD") and United States dollar ("USD").

The Group and the Company have not entered into any currency forward exchange contracts as at the end of the financial year.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 32. Financial instruments, financial risks and capital management (Continued)

### 32.2 Foreign currency risk (Continued)

The Group's and the Company's material exposure from foreign currency denominated financial assets and financial liabilities as at the end of the financial year is as follows:

| | MYR RM'000 | USD RM'000 | SGD RM'000 | IDR RM'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2022** | | | | |
| Total financial assets | 80,919 | 14 | 9,967 | 18 |
| Total financial liabilities | (407,858) | (5,765) | (1,056) | (1) |
| Net financial (liabilities)/assets | (326,939) | (5,751) | 8,911 | 17 |
| Less: | | | | |
| Net financial liabilities/(assets) denominated in the respective entities' functional currencies | 360,043 | (30,787) | (33,886) | (7,715) |
| Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies | 33,104 | (36,538) | (24,975) | (7,698) |
| **2021** | | | | |
| Total financial assets | 53,290 | 4 | 9,076 | 122 |
| Total financial liabilities | (481,898) | (2,460) | (1,774) | (90) |
| Net financial (liabilities)/assets | (428,608) | (2,456) | 7,302 | 32 |
| Less: | | | | |
| Net financial liabilities/(assets) denominated in the respective entities' functional currencies | 560,062 | (28,899) | (32,391) | (7,476) |
| Currency exposure of financial assets/(liabilities) net of those denominated in the respective entities' functional currencies | 131,454 | (31,355) | (25,089) | (7,444) |

| | MYR RM'000 | NZD RM'000 | USD RM'000 |
|---|---|---|---|
| **Company** | | | |
| **2022** | | | |
| Total financial assets | 42,685 | 20 | 138 |
| Total financial liabilities | (23,314) | (8,283) | (4,606) |
| Net currency exposure of financial assets | 19,371 | (8,263) | (4,468) |
| **2021** | | | |
| Total financial assets | 146,442 | 22 | 2 |
| Total financial liabilities | (18,558) | (9,067) | (2,015) |
| Net currency exposure of financial assets | 127,884 | (9,045) | (2,013) |

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 32. Financial instruments, financial risks and capital management (Continued)

### 32.2 Foreign currency risk (Continued)

*Foreign currency sensitivity analysis*

The following tables detail the Group's sensitivity to a 10% (2021: 10%) change in MYR, USD, SGD and IDR against the Group entities' respective functional currency and the Company's sensitivity to a 10% (2021: 10%) change in MYR, NZD and USD against the Company's functional currency (SGD). The sensitivity analysis assumes an instantaneous 10% (2021: 10%) change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in SGD, USD, NZD, IDR and MYR are included in the analysis.

| | Increase/(Decrease) Group Profit or Loss | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| *MYR* | | |
| Strengthened against SGD | 3,310 | 13,145 |
| Weakened against SGD | (3,310) | (13,145) |
| *USD* | | |
| Strengthened against MYR | (3,654) | (3,136) |
| Weakened against MYR | 3,654 | 3,136 |
| *SGD* | | |
| Strengthened against MYR | (2,498) | (2,509) |
| Weakened against MYR | 2,498 | 2,509 |
| *IDR* | | |
| Strengthened against MYR | (770) | (744) |
| Weakened against MYR | 770 | 744 |

| | Increase/(Decrease) Company Profit or Loss | |
|---|---|---|
| | 2022 RM'000 | 2021 RM'000 |
| *MYR* | | |
| Strengthened against SGD | 1,937 | 12,788 |
| Weakened against SGD | (1,937) | (12,788) |
| *NZD* | | |
| Strengthened against SGD | (826) | (905) |
| Weakened against SGD | 826 | 905 |
| *USD* | | |
| Strengthened against SGD | (447) | (201) |
| Weakened against SGD | 447 | 201 |

## 32. Financial instruments, financial risks and capital management (Continued)

### 32.2 Foreign currency risk (Continued)

*Foreign currency sensitivity analysis* (Continued)

The potential impact of foreign exchange rate fluctuation in profit or loss as described in the sensitivity analysis above is attributable mainly to foreign exchange rate fluctuations of the Group's and the Company's foreign exchange exposure on foreign currency denominated cash and cash equivalents, receivables and payables at the end of the financial year.

### 32.3 Interest rate risk

The Group's exposure to market risks for changes in interest rates relates primarily to bank borrowings (2021: bank borrowings) with financial institutions. The Group maintains an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short-term borrowings.

*Interest rate sensitivity analysis*

The sensitivity analysis below has been determined based on the exposure to interest rate risk for bank borrowings at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of the financial year was outstanding for the whole year. The sensitivity analysis assumes an instantaneous 100 basis point (2021: 100 basis point) change in the interest rates from the end of the financial year, with all variables held constant.

If the interest rates increase by 100 basis point (2021: 100 basis point), loss before tax of the Group will increase by:

| | Group Loss before tax | |
|---|---|---|
| | **2022 RM'000** | **2021 RM'000** |
| Bank borrowings | 1,675 | 2,284 |

A 100 basis point (2021: 100 basis point) decrease in the interest rates would have an equal but opposite effect to the Group.

### 32.4 Liquidity risk

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents and by ensuring the availability of funding through adequate amount of credit facilities from financial institutions to meet their working capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 32. Financial instruments, financial risks and capital management (Continued)

### 32.4 Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial instruments. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group is expected to pay. The table includes both interest and principal cash flows.

| | Effective interest rate % | Less than 1 year RM'000 | 1 to 2 years RM'000 | 2 to 5 years RM'000 | More than 5 years RM'000 | Total RM'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **2022** | | | | | | |
| Bank borrowings | 2.07 – 7.75 | 93,128 | 24,744 | 58,216 | 34,801 | 210,889 |
| Lease liabilities | 1.71 – 6.98 | 31,268 | 28,265 | 54,945 | 61,925 | 176,403 |
| Trade and other payables** | - | 100,924 | - | - | - | 100,924 |
| | | 225,320 | 53,009 | 113,161 | 96,726 | 488,216 |
| **2021** | | | | | | |
| Bank borrowings | 1.97 – 7.75 | 166,886 | 32,135 | 78,112 | 39,311 | 316,444 |
| Lease liabilities | 2.28 – 6.98 | 33,280 | 30,045 | 57,936 | 52,724 | 173,985 |
| Trade and other payables** | - | 97,494 | - | - | - | 97,494 |
| | | 297,660 | 62,180 | 136,048 | 92,035 | 587,923 |

** Excludes SST payables and contract liabilities.

The repayment terms of the bank borrowings and lease liabilities are disclosed in Notes 15 and 16 to the financial statements.

| | Effective interest rate % | Less than 1 year RM'000 |
|---|---|---|
| **Company** | | |
| **2022** | | |
| Trade and other payables | - | 37,187 |
| **2021** | | |
| Trade and other payables | - | 29,428 |

As at 30 September 2022, the Company provided financial guarantees to the banks for bank borrowings and hire purchase liabilities of certain subsidiaries which amounted to RM192,941,000 (2021: RM246,274,000). These bank borrowings represent the maximum amount that the guarantees could be called within one financial year should the subsidiaries default on repayment.

## 32. Financial instruments, financial risks and capital management (Continued)

### 32.5 Fair values of financial assets and financial liabilities

*Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are determined using the other observable inputs such as quoted prices for similar asset/liability in active markets, quoted prices for identical or similar asset/liability in non-active markets or inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Unobservable inputs for the asset or liability.

There was transfer between levels of the fair value hierarchy during the financial year for the financial assets at FVOCI from Level 3 to Level 1 (Note 7).

There have been no changes in the valuation techniques of the various classes of financial instruments during the financial year except for investment properties as disclosed in Note 5 to the financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

(i) Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of current financial assets and financial liabilities, such as trade and other receivables, trade and other payables, bank borrowings are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the financial year.

The carrying amounts of the non-current bank borrowings approximate their fair values due to floating rates or frequent re-pricing.

(ii) Equity investment at fair value through other comprehensive income (“FVOCI”)

**Current financial year**

Quoted equity securities (Level 1): The fair value is determined by reference to the exchange quoted market bid prices at the close of business at the end of the financial year.

As at 30 September 2022, the Group has 10.44% (2021: 10.48%) investment in Yamada Green Resources Limited (“YGRL”), which was temporarily suspended from trading on the Singapore Exchange Trading Limited (“SGX-ST”) on 16 September 2017 and subsequently resumed trading on the SGX-ST on 1 June 2022.

**Previous financial year**

Quoted equity securities (Level 3): The fair value is determined based on asset approach and publicly available information adjusted for the effect of non-marketability of the equity investment and lack of control.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 32. Financial instruments, financial risks and capital management (Continued)

### 32.5 Fair values of financial assets and financial liabilities (Continued)

*Fair value hierarchy* (Continued)

(ii) Equity investment at fair value through other comprehensive income ("FVOCI") (Continued)

**Significant unobservable inputs:**

- Discount for lack of marketability ("DLOM") of 40%
- Discount for lack of control ("DLOC") of 24.4%

**Inter-relationship between key unobservable inputs and fair value**

Increased DLOM and DLOC would decrease fair value; lower DLOM and DLOC would increase fair value.

*Determination of fair value*

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

| | | Fair value of financial instruments carried at fair value | | | | |
|---|---|---|---|---|---|---|
| | Note | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 | Carrying amount RM'000 |
| **2022** | | | | | | |
| **Group** | | | | | | |
| **Financial assets** | | | | | | |
| - Financial assets at FVOCI | 7 | 9,862 | - | - | 9,862 | 9,862 |
| **Company** | | | | | | |
| **Financial assets** | | | | | | |
| - Financial assets at FVOCI | 7 | 9,597 | - | - | 9,597 | 9,597 |
| **2021** | | | | | | |
| **Group** | | | | | | |
| **Financial assets** | | | | | | |
| - Financial assets at FVOCI | 7 | 315 | - | 8,631 | 8,946 | 8,946 |
| **Company** | | | | | | |
| **Financial assets** | | | | | | |
| - Financial assets at FVOCI | 7 | - | - | 8,631 | 8,631 | 8,631 |

## 32. Financial instruments, financial risks and capital management (Continued)

### 32.6 Categories of financial instruments

The following table sets out the financial instruments as at the end of the financial year:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| **Financial assets** | | | | |
| Trade and other receivables* | 64,327 | 36,313 | 43,300 | 147,750 |
| Fixed deposits | 615 | 615 | - | - |
| Cash and bank balances | 16,145 | 16,650 | 1,259 | 341 |
| **Financial assets at amortised cost** | 81,087 | 53,578 | 44,559 | 148,091 |
| Financial assets at FVOCI | 9,862 | 8,946 | 9,597 | 8,631 |
| **Total financial assets** | 90,949 | 62,524 | 54,156 | 156,722 |
| **Financial liabilities** | | | | |
| Trade and other payables** | 100,924 | 97,494 | 37,187 | 29,428 |
| Bank borrowings | 186,762 | 258,402 | - | - |
| Lease liabilities | 129,191 | 131,348 | - | - |
| Financial guarantee contracts | - | - | - | 1,425 |
| **Financial liabilities at amortised cost, representing total financial liabilities** | 416,877 | 487,244 | 37,187 | 30,853 |

* Excludes SST receivables, prepayments, advances to suppliers and tax recoverable.
** Excludes SST payables and contract liabilities.

### 32.7 Offsetting financial assets and financial liabilities

During the current financial year there are no major offsetting of financial assets and financial liabilities at Company level.

### 32.8 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as a going concern and maintain an optimal capital structure so as to maximise shareholders' values.

The capital structure of the Group consists of debt and equity attributable to equity holders of the Company, comprising issued share capital, reserves and net of accumulated losses as shown in the statements of financial position.

# NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2022

## 32. Financial instruments, financial risks and capital management (Continued)

### 32.8 Capital management policies and objectives (Continued)

The Company may purchase its own shares from the market and the timing of these purchases depends on market prices. Buy and sell decisions are made on a specific transaction basis by the management. The Company does not have a defined buy-back plan.

The Group's overall strategy remains unchanged since the previous financial year.

Management constantly reviews the capital structure to ensure the Group and the Company are able to service all debt obligations (include principal repayment and interests) based on its operating cash flows.

The Group is in compliance with externally imposed capital requirements for the financial years ended 30 September 2022 and 2021. The Group is subject to financial covenants and undertakings in relation to bank borrowings (Note 15) and is in compliance with these financial covenants and undertakings except as disclosed in Note 15 to the financial statements.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as bank borrowings plus leases liabilities plus amount due to Directors and a third party less fixed deposits and cash and bank balances. Total capital is calculated as equity plus net debt.

| | Group | |
|---|---|---|
| | **2022 RM'000** | **2021 RM'000** |
| Net debt | 317,681 | 382,203 |
| Total equity | 158,732 | 161,555 |
| Total capital | 476,413 | 543,758 |
| Gearing ratio | 66.7% | 70.3% |

## 33. Events subsequent to the reporting date

The Group has no significant event subsequent to 30 September 2022 except for the following:

The subscription period for the warrants have expired on 25 November 2022 at 5.00 p.m. Total number of warrants exercised were 57,066,950 warrants at the exercise price of S$0.16 per share and the total number of expired warrants were 48,128,954.

As a result of the allotment and issue of 57,066,950 new ordinary shares in the capital of the Company pursuant to the exercise of 57,066,950 warrants at the exercise price of S$0.16 per share, the number of issued ordinary shares of the Company has increased from 247,356,403 ordinary shares to 304,423,353 ordinary shares (inclusive treasury shares of 242,000). The total proceeds received from the exercise amounted to S$9,130,712 (Equivalent to RM29,896,000).

## 34. Authorisation of financial statements

The consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company for the financial year ended 30 September 2022 were authorised for issue by the Board of Directors of the Company on 8 December 2022.

# STATISTICS OF SHAREHOLDINGS

AS AT 6 DECEMBER 2022

| | | |
|---|---|---|
| Issued and fully paid-up capital | : | S$78,845,551.268 |
| Number of ordinary shares in issue | : | 304,423,353 |
| Class of shares | : | Ordinary share |
| Voting rights | : | One vote per share |
| Number of Treasury Shares held | : | 242,000 |
| Number of ordinary shares excluding Treasury Shares | : | 304,181,353 |
| Percentage of Treasury Shares | : | 0.08%(1) |

*Note:*
(1) *Calculated based on 304,181,353 voting shares as at 6 December 2022.*

## VOTING RIGHTS

Shareholder's voting rights are set out in Regulation 65 of the Company's Constitution.

Every Member present in person or by proxy shall have one vote for every share which he holds or represents.

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) of a listed company in a class that is listed are at all times held by the public.

Based on the information provided and to the best knowledge of the Directors, approximately 19.5% of the issued ordinary shares of the Company are held in the hands of the public as at 6 December 2022 and therefore Rule 723 of the Listing Manual of the SGX-ST is complied with.

## DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 – 99 | 17 | 1.69 | 861 | 0.00 |
| 100 – 1,000 | 162 | 16.09 | 93,493 | 0.03 |
| 1,001 – 10,000 | 487 | 48.36 | 2,213,292 | 0.73 |
| 10,001 – 1,000,000 | 323 | 32.07 | 22,945,422 | 7.54 |
| 1,000,001 and above | 18 | 1.79 | 278,928,285 | 91.70 |
| TOTAL | 1,007 | 100.00 | 304,181,353 | 100.00 |

## TWENTY LARGEST SHAREHOLDERS

| No. | Name | No. of Shares | % |
|---|---|---|---|
| 1. | CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD | 56,085,890 | 18.44 |
| 2. | JAYA J B TAN | 44,063,449 | 14.49 |
| 3. | KAMAL Y P TAN | 38,850,292 | 12.77 |
| 4. | GOI SENG HUI | 35,767,677 | 11.76 |
| 5. | TEE YIH JIA FOOD MANUFACTURING PTE LTD | 29,123,680 | 9.57 |
| 6. | BNP PARIBAS NOMINEES SINGAPORE PTE LTD | 17,367,474 | 5.71 |
| 7. | HSBC (SINGAPORE) NOMINEES PTE LTD | 15,532,599 | 5.11 |
| 8. | KWONG YUEN SENG | 7,071,444 | 2.32 |
| 9. | UOB KAY HIAN PRIVATE LIMITED | 7,029,760 | 2.31 |
| 10. | YUEN CHOOI CHUN @ YUEN PIK CHAN | 5,882,000 | 1.93 |
| 11. | DBS NOMINEES (PRIVATE) LIMITED | 5,037,960 | 1.66 |
| 12. | PHILLIP SECURITIES PTE LTD | 4,680,580 | 1.54 |
| 13. | ABN AMRO CLEARING BANK N.V. | 3,600,000 | 1.18 |
| 14. | OCBC SECURITIES PRIVATE LIMITED | 2,345,140 | 0.77 |
| 15. | HEW MARGARET WYE YOONG OR HEW LEONARD YOKE LEONG | 2,000,000 | 0.66 |
| 16. | SOME YEW PEW | 1,689,200 | 0.56 |
| 17. | PHANG MAH THIANG | 1,611,000 | 0.53 |
| 18. | KE WENG SEONG | 1,190,140 | 0.39 |
| 19. | TAN SAN MAY | 943,520 | 0.31 |
| 20. | TAN SU KIOK OR SIA LI WEI JOLIE (SHE LIWEI JOLIE) | 700,000 | 0.23 |
| | **TOTAL** | **280,571,805** | **92.24** |

## SUBSTANTIAL SHAREHOLDERS
(as recorded in the Register of Substantial Shareholders)

| | Name | Direct Interest | % | Deemed interest | % | Total Interest | % |
|---|---|---|---|---|---|---|---|
| (1) | Dato' Jaya J B Tan | 44,063,449 | 14.49 | 46,059,252 | 15.14 | 90,122,701 | 29.63 |
| (1) | Dato' Kamal Y P Tan | 38,850,292 | 12.77 | 51,272,409 | 16.86 | 90,122,701 | 29.63 |
| (2) | Datuk Dr Sam Goi Seng Hui | 35,767,677 | 11.76 | 29,123,680 | 9.57 | 64,891,357 | 21.33 |
| (3) | Cluny Capital Ltd | 54,878,570 | 18.04 | - | - | 54,878,570 | 18.04 |
| | Tee Yih Jia Food Manufacturing Pte Ltd | 29,123,680 | 9.57 | - | - | 29,123,680 | 9.57 |
| (3) | Khor Sin Kok | 16,849,254 | 5.54 | - | - | 16,849,254 | 5.54 |
| (3) | Mah Weng Choong | 15,117,399 | 4.97 | - | - | 15,117,399 | 4.97 |

*Notes:*
(1) *Deemed interested in each others shares through the shares held by Dato' Jaya, Dato' Kamal, spouse of Dato' Jaya and spouse of Dato' Kamal.*
(2) *Deemed interested in shares held by Tee Yih Jia Food Manufacturing Pte Ltd by virtue of section 7 of the Companies Act, Cap. 50.*
(3) *Direct interest includes shares held through nominees.*

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Pursuant to Rule 720(6) of the Listing Rules of the SGX-ST ("Listing Rules"), the following is the information relating to the Directors seeking re-election as Directors as set out in Appendix 7.4.1 of the Listing Rules:

| Details | Dato' Kamal Y P Tan | Mr John Lyn Hian Woon |
|---|---|---|
| Date of Appointment | 23 December 2003 | 3 August 2004 |
| Date of last re-appointment | 14 January 2020 | 11 March 2021 |
| Age | 70 | 64 |
| Country of principal residence | Malaysia | Singapore |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Dato' Kamal Y P Tan for re-appointment as Non-Executive Director of the Company. The Board have reviewed and concluded that Dato' Kamal Y P Tan possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. | The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Lyn Hian Woon for re-election as Independent Director of the Company.<br><br>The Board of Directors of the Company also concurred with the recommendation of the Nominating Committee that Mr Lyn is considered to be independent for the following reasons :-<br><br>1) He has fulfilled the criteria of independence contained in the Code of Corporate Governance 2018 and remains objective and independent in expressing his views and contributes actively in Board and Board Committees discussions and decision making-process.<br><br>2) He engages with the Management in an effective manner without compromising his independence and objective judgement and is always acting in the best interest of the Company.<br><br>3) He possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.<br><br>Mr Lyn has obtained the approval for his continued appointment as Independent Director pursuant to Rule 210(5)(d)(iii) at the AGM held on 11 March 2021 via a two-tier voting and this shall remain in force until the earlier of (i) the retirement or resignation of the director; or (ii) the conclusion of the third annual general meeting of the Company following the passing of the resolution on 11 March 2021. |
| Whether appointment is executive, and if so, the area of responsibility | Non-Executive | Non-Executive |

| Details | Dato' Kamal Y P Tan | Mr John Lyn Hian Woon |
|---|---|---|
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Non-Executive Director<br>Member of the Audit Committee<br>Member of Remuneration Committee<br>Member of Nominating Committee | Independent Director<br>Chairman of Audit Committee<br>Member of Remuneration Committee<br>Member of Nominating Committee |
| Professional qualifications | Bachelor of Science (Economics), The London School of Economics and Political Science | BSc in Mechanical Engineering, University of Leeds, UK and MBA, Washington State University. |
| Working experience and occupation(s) during the past 10 years | Envictus International Holdings Limited<br>- Group CEO<br>- Executive Director | Indigo Investment Pte Ltd<br>- Chief Executive Officer<br>Vietnam Asset Management<br>- Chairman<br>Colonial Investment Pte. Ltd.<br>- Chief Executive Officer |
| Shareholding interest in the listed issuer and its subsidiaries | Direct Interest – 38,850,292 ordinary shares<br>Deemed Interest – 51,272,409 ordinary shares | Direct interest - 545,420 ordinary shares |
| Any relationship (including immediate family relationships) with any existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries. | Brother of Substantial Shareholder and Director, Dato' Jaya J B Tan | No |
| Conflict of Interest (including any competing business) | No | No |
| Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes |

| Details | Dato' Kamal Y P Tan | Mr John Lyn Hian Woon |
|---|---|---|
| *Other Principal Commitments Including Directorships* | | |
| Past Directorships (for last 5 years) | Directorships:<br>• Envictus Dairies NZ Limited<br>• Lasseters Corporation Limited<br>• PT Sentrafood Indonusa<br>• Sutera Mesra Sdn Bhd<br>• The Delicious Group Sdn Bhd<br>• Lasseters International Holdings Limited<br>• Lasseters International Pte Ltd<br>• Lasseters Resorts Pte Ltd<br>• Lasseters Investments Pte Ltd<br>• Lasseters Interactive Gaming Pte Ltd<br>• Lasseters Holdings Pty Ltd<br>• Ford Dynasty Pty Ltd<br>• Lasseters Seaford Hotel Pty Ltd<br>• Lasseters CLG Pty Ltd<br>• Lasseters Valley Pty Ltd<br>• Lasseters Health Club Pty Ltd<br>• Lasseters Properties Sdn Bhd<br>• Merry Palms Sdn Bhd<br>• Super Ace Resources Sdn Bhd<br>• Cypress Lakes Group Pty Ltd<br>• Cypress Lakes Golf & Country Club Pty Ltd<br>• Cypress Lakes Property Pty Ltd<br>• The Golden Door Pty Ltd<br>• The Golden Door Holdings Pty Ltd<br>• The Golden Door Health Retreat - Elysia Pty Ltd<br>• The Golden Door Health Retreat - Willow Vale Pty Ltd<br>• Delicious Catering Sdn Bhd<br>• Food Emporium Sdn Bhd<br>• Reunion Restaurant Sdn Bhd<br>• The Delicious (Singapore) Pte Ltd<br>• Envictus (NZ) Limited<br>• Naturalac Nutrition Limited<br>• PT Quick Service Restaurant | Directorships:<br>• Vietnam Asset Management<br>• Colonial Investment Pte. Ltd. |

| Details | Dato' Kamal Y P Tan | Mr John Lyn Hian Woon |
|---|---|---|
| Present | Directorships:<br>• Envictus International Holdings Limited<br>• Envictus Brands Pte Ltd<br>• Envictus QSR Pte Ltd<br>• Envictus Capital (Labuan) Inc.<br>• Envictus Foods International Inc.<br>• De-luxe Food Services Sdn Bhd<br>• Envictus Central Food Services Sdn Bhd<br>• Envictus Dairies Marketing Sdn Bhd<br>• Envictus Food Services Sdn Bhd<br>• Envictus Foods (M) Sdn Bhd<br>• Envictus Gifts Sdn Bhd<br>• Envictus IT Services Sdn Bhd<br>• Eureka Capital Sdn Bhd<br>• Gourmessa Sdn Bhd<br>• Hot Bun Food Industries Sdn Bhd<br>• Lyndarahim Ventures Sdn Bhd<br>• Motivage Sdn Bhd<br>• Pok Brothers (Johor) Sdn Bhd<br>• Pok Brothers Sdn Bhd<br>• Polygold Beverages Sdn Bhd<br>• Polygold Holdings Sdn Bhd<br>• Polygold Marketing Sdn Bhd<br>• San Francisco Coffee Sdn Bhd<br>• Texas Chicken (Malaysia) Sdn Bhd<br>• Lasseters Management (M) Sdn Bhd<br>• Consistent Earnings Sdn Bhd<br>• Eleven Section Sixteen Sdn Bhd<br>• Luhur Prisma Sdn Bhd<br>• Medan Beringin Sdn Bhd<br>• Motif Etika Sdn Bhd<br>• Panglima Etika Sdn Bhd<br>• Perinsu (Broker Insurans) Sdn Bhd<br>• Success In Motion Development Sdn Bhd<br>• Universal Topaz Sdn Bhd<br>• Radiant Investments Limited<br>• United Pacific Corporation Ltd<br>• Nurring Group Limited<br>• Able New Investments Ltd<br>• Grand Imperial Saigon Hotel LLC<br>• ES Ceramics Technology Bhd<br>• SAC Arms (KL) Sdn Bhd<br>• Juara Arms Sdn Bhd<br>• Sarasutra Arms Centre Sdn Bhd | Directorships:<br>• Envictus International Holdings Limited<br>• Indigo Investment Pte Ltd<br>• Sirus International Holdings |

| | Details | Dato' Kamal Y P Tan | Mr John Lyn Hian Woon |
|---|---|---|---|
| | **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.** | | |
| a) | Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No |
| b) | Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | Yes. Dato' Kamal resigned as a director of The Delicious Group Sdn Bhd ("TDG"), a wholly-owned subsidiary of Envictus International Holdings Limited on 22 June 2020. TDG has commenced creditors' voluntary liquidation on 5 August 2020 due to cessation of its business operations on 31 May 2020. | No |
| c) | Whether there is any unsatisfied judgment against him? | No | No |
| d) | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No |
| e) | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No |
| f) | Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No |
| g) | Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No |
| h) | Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No |

| Details | Dato' Kamal Y P Tan | Mr John Lyn Hian Woon |
|---|---|---|
| i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No |
| j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– | | |
| i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No | No |
| ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | No |
| iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | No |
| iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere | No | No |
| in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | | |
| k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | Yes, a warning letter was issued by the Monetary Authority of Singapore to Dato' Kamal Y P Tan on 5 October 2018 relating to late disclosure of change of interest in Envictus International Holdings Limited. | No |
| **Disclosure applicable to the appointment of Director only** | | |
| Any prior experience as a director of a listed company?<br><br>If yes, please provide details of prior experience.<br><br>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.<br><br>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable). | Not applicable as this relates to re-election of Director. | Not applicable as this relates to re-election of Director. |

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of Envictus International Holdings Limited (the "Company") will be held by way of electronic means on Monday, 30 January 2023 at 11.00 a.m. to transact the following business:-

**AS ORDINARY BUSINESS**

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 30 September 2022 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Dato' Kamal Y P Tan, retiring by rotation pursuant to Regulation 91 of the Constitution of the Company and who, being eligible, offers himself for re-election. **(Resolution 2)**

3. To re-elect Mr Lyn Hian Woon, retiring by rotation pursuant to Regulation 91 of the Constitution of the Company and who, being eligible, offers himself for re-election. **(Resolution 3)**

4. To approve the payment of Directors' fees of S$305,000 for the financial year ended 30 September 2022 (FY2021: S$305,712). **(Resolution 4)**

5. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

**AS SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following as Ordinary Resolution, with or without modifications:-

7. **ORDINARY RESOLUTION - AUTHORITY TO ISSUE SHARES** **(Resolution 6)**

"THAT pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorized and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

(i) the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below).

(ii) (subject to such calculation as may be prescribed by SGX-ST), for the purpose of determining the aggregate number of shares that may be issued in under sub-paragraph (i) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of passing this Resolution, after adjusting for:-

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from the exercising share options or vesting of shares awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares.

Adjustments in accordance with (ii)(a) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of passing of this Resolution.

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(iv) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

BY ORDER OF THE BOARD

S Surenthiraraj @ S Suressh
Kok Mor Keat
Company Secretaries

Singapore
5 January 2023

## Explanatory Notes

(a) **Resolution 2** - Dato' Kamal Y P Tan will upon re-election remain as members of the Remuneration Committee, Audit Committee and Nominating Committee.

(b) **Resolution 3** - Mr Lyn Hian Woon is an independent director and has served on the Board for an aggregate period of more than 9 years. The approval for his continued appointment as Independent Director pursuant to Rule 210(5)(d)(iii) was obtained at the AGM held on 11 March 2021 via a two-tier voting and shall remain in force until the earlier of (i) the retirement or resignation of the director; or (ii) the conclusion of the third annual general meeting of the Company following the passing of the resolution on 11 March 2021.

Mr Lyn Hian Woon will, upon re-election as a Director of the Company, remain as a Chairman of the Audit Committee and members of the Remuneration Committee and Nominating Committee. He will be considered independent for the purposes of Rules 210(5)(d)(iii) and 704(8) of the Listing Manual of the SGX-ST.

(c) **Ordinary Resolution 6**, if passed, will enable the Directors to issue shares in the Company up to 50% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company (in the case of issuance other than on a pro-rata basis to existing shareholders, such aggregate number of shares not to exceed 20% of the total number of issued shares excluding treasury shares and subsidiary holdings in the capital of the Company) for such purposes as they consider to be in the interests of the Company.

**Important Notice on COVID-19:**

In view of the constantly evolving COVID-19 situation and to comply with the Infectious Diseases (Measures to Prevent Spread of COVID-19) Regulations 2020, the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 of the COVID-19 (Temporary Measures) Act 2020 (Act 14 of 2020) and the Joint Statement by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and the Singapore Exchange Regulation issued on 13 April 2020 (as updated from time to time) which included a checklist to guide listed and non-listed entities on the conduct of general meetings during the period when elevated safe distancing measures are in place (the "Regulations"), the following steps will be taken for the AGM of the Company to help minimise the risk of community spread of the virus. The AGM is being convened, and will be held, by way of electronic means. Shareholders will not be allowed to attend the AGM in person and no Shareholders or their corporate representatives will be admitted. A Depositor shall not be regarded as a Shareholder entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the time fixed for the AGM.

In addition, printed copies of this Notice, Annual Report and the accompanying Proxy Form will not be sent to Shareholders. Instead, this Notice, the Annual Report and the accompanying Proxy Form may be accessed via the Company's website at https://www.envictus-intl.com. This Notice, the Annual Report and the accompanying Proxy Form are also available on SGXNet at https://www.sgx.com/securities/company-announcements.

Shareholders are reminded not to congregate to watch the "live" webcast or listen to the AGM proceedings and ensure that safe distancing measures are practised and the Regulations and all government advisories are adhered to. The Company seeks the understanding and cooperation of all Shareholders to help minimise the risk of community spread of the virus.

**Alternative Arrangements for Participation at the AGM:**

Shareholders may participate at the AGM in the following manner:

(a) observing and/or listening to the AGM proceedings via a "live" audio-visual webcast or the "live" audio-only stream;

(b) submitting questions in advance of the AGM or "live" at the AGM; and/or

(c) voting at the AGM (i) "live" by shareholders themselves or their duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to vote on their behalf at the AGM.

Shareholders (including, where applicable, their appointed proxy(ies)) and CPF and SRS Investors, can pre-register for access to the "live" audio-visual webcast or "live" audio-only stream of the AGM proceedings at the pre-registration website at the URL: https://conveneagm.sg/envictusAGM2023, by 11.00 a.m. on 27 January 2023.

Shareholders who wish to vote on the resolutions at the AGM may:

(a) (where such shareholders are individuals) vote "live" via electronic means at the AGM or (where such shareholders are individuals or corporates) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the AGM on their behalf; or

(b) (where such shareholders are individuals or corporates) appoint the Chairman of the Meeting as their proxy to vote on their behalf at the AGM.

Shareholders who wish to submit instruments appointing a proxy(ies) must do so by downloading, completing and signing the Proxy Form in accordance with the instructions printed thereon, which have been uploaded together with this Notice and the Annual Report on SGXNet and the Company's website at https://www.envictus-intl.com

The Proxy Form can be submitted in the following manner by 11.00 a.m. on 27 January 2023:

(a) if the physical Proxy Form is sent personally or by post, the Proxy Form must be deposited at, or be posted to and received at, the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or

(b) if submitted by email, the Proxy Form must be received by the Company at proxyform@envictus-intl.com.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the AGM and to vote thereat unless his name appears on the Depository Register maintained by the CDP at least 72 hours before the AGM.

Shareholders can submit questions in advance of, or "live" at the AGM. Shareholders who wish to submit questions in advance of the AGM may do so by 11.00 a.m. on 16 January 2023:

(a) via the pre-registration website at the URL https://conveneagm.sg/envictusAGM2023; or

(b) by email to AGMquestions@envictus-intl.com.

Members will need to identify themselves when posing questions by email by providing the following details:

(a) the member's full name as it appears on his/her/its CDP/CPF/SRS share records;

(b) the member's NRIC/Passport/UEN number;

(c) the member's contact number and email address; and

(d) the manner in which the member holds his/her/its shares in the Company (e.g., via CDP, CPF or SRS).

The Company will answer all substantial and relevant questions received prior to the AGM at least 72 hours prior to the closing date and time for the lodgement of the proxy forms i.e. by 11.00 a.m. on 24 January 2022. The answers will be published on SGXNet and the Company's website at https://www.envictus-intl.com. The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

Shareholders (including CPF and SRS investors) and, where applicable, appointed proxy(ies) who wish to ask questions "live" at the AGM must first pre-register at the pre-registration website at the URL https://conveneagm.sg/envictusAGM2023.

Shareholders and proxyholders who pre-registered and are verified to attend the AGM will be able to ask questions relating to the agenda of the AGM by clicking the "Ask a Question" feature and then clicking the "Queue for Video Call" via the Live Webcast. The relevant Shareholder will be informed once it is appropriate for him/her to speak and can thereafter raise his/her question via audio-visual or audio means during the AGM within a certain prescribed time limit.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**ENVICTUS INTERNATIONAL HOLDINGS LIMITED**
Company Registration No. 200313131Z
(Incorporated in the Republic of Singapore)

# PROXY FORM
## ANNUAL GENERAL MEETING

**IMPORTANT:**
A member will not be able to attend the Annual General Meeting in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the Annual General Meeting, he/she/it may:

a) (where the member is an individual) vote "live" via electronic means at the Annual General Meeting, or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Annual General Meeting) to vote "live" via electronic means at the Annual General Meeting on his/her/its behalf; or

b) (where the member is an individual or a corporate) appoint the Chairman of the Annual General Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting. In appointing the Chairman as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 11.00 a.m. on 16 January 2023.

I/We,______________________________________________________________

of_________________________________________________________________

being a member/members of **ENVICTUS INTERNATIONAL HOLDINGS LIMITED** (the "Company"), hereby appoint:

| Name | Address | Email Address | NRIC/Passport Number | Proportion of Shareholdings (%) |
|---|---|---|---|---|
| | | | | |

and/or (delete as appropriate)

| | | | | |
|---|---|---|---|---|
| | | | | |

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and at the Annual General Meeting of the Company to be held by way of electronic means on 30 January 2023 at 11.00 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolution to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarised below, the proxy/proxies will vote or abstain from voting at his/their discretion.

| No. | Resolutions relating to: | No.of Votes | | |
|---|---|---|---|---|
| | | For* | Against* | Abstain* |
| 1 | Adoption of Directors' Statement, Audited Financial Statements and Auditor's Report for the financial year ended 30 September 2022. | | | |
| 2 | Re-election of Dato' Kamal Y P Tan as a Director. | | | |
| 3 | Re-election of Mr Lyn Hian Woon as a Director. | | | |
| 4 | Approval of payment of Directors' fees of S$305,000 in respect of the financial year ended 30 September 2022. | | | |
| 5 | Re-appointment of Messrs BDO LLP as auditors and to authorise the Directors to fix their remuneration. | | | |
| 6 | Authority to allot and issue new shares. | | | |

* *Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please mark "x" in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you mark "x" in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.*

Dated this ____________________ day of ____________________ 2023

| Total Number of Shares held | |
|---|---|
| **CDP Register** | |
| **Register of Members** | |

_________________________________
Signature(s) of Member(s) or,
Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS PROXY FORM**

**Notes:**

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. A member will not be able to attend the Annual General Meeting ("AGM") in person. A member (whether individual or corporate) must appoint a proxy(ies) or the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

3. Pursuant to Section 181 of the Companies Act 1967 of Singapore, any member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act 1970 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act 1953 of Singapore (the "CPF Act"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

   CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM by 11.00 a.m. on 16 January 2023.

4. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in his stead at the AGM. Such proxy need not be a member of the Company.

5. The Proxy Form can be submitted in the following manner by 11.00 a.m. on 27 January 2023:

   a) if the physical Proxy Form is sent personally or by post, the Proxy Form must be deposited at, or be posted to an received at, the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or

   b) if submitted by email, the Proxy Form must be received by the Company at proxyform@envictus-intl.com.

   A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before scanning and sending it by email to the email address provided above, or submitting it by post to the address provided above.

   In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for shareholders to submit completed proxy forms by post, shareholders are strongly encouraged to submit completed proxy forms electronically via email.

6. The instrument appointing a proxy(ies) must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its common seal or under the hand of its authorised officer(s) or its attorney duly authorised.

7. Where an instrument appointing a proxy(ies) is submitted by email, it must be authorised in the following manner:
   (a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation; or
   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

8. The Company shall be entitled to reject the Proxy Form if it is incomplete or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the AGM as proxy). In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. Members should take note that once this proxy form is submitted electronically via email to proxyform@envictus-intl.com or lodged with the Company's Share Registrar, they cannot change their vote as indicated in the box provided above.

**Personal Data Privacy:**
By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This page has been intentionally left blank.

www.envictus-intl.com

**ENVICTUS INTERNATIONAL HOLDINGS LIMITED**
SGX Centre II, #17-01, 4 Shenton Way, Singapore 068807
Tel: (65) 6535 0550 Fax: (65) 6538 0877