Bringing Smiles

FRASER & NEAVE HOLDINGS BHD
196101000155 (4205-V)



ANNUAL REPORT **TWENTY TWENTY**

PURE ENJOYMENT. PURE GOODNESS.

Thank You

EVERYONE

As the COVID-19 pandemic continues
to impact our communities, we would like to thank
everyone for rising to the challenge in these
unprecedented times.

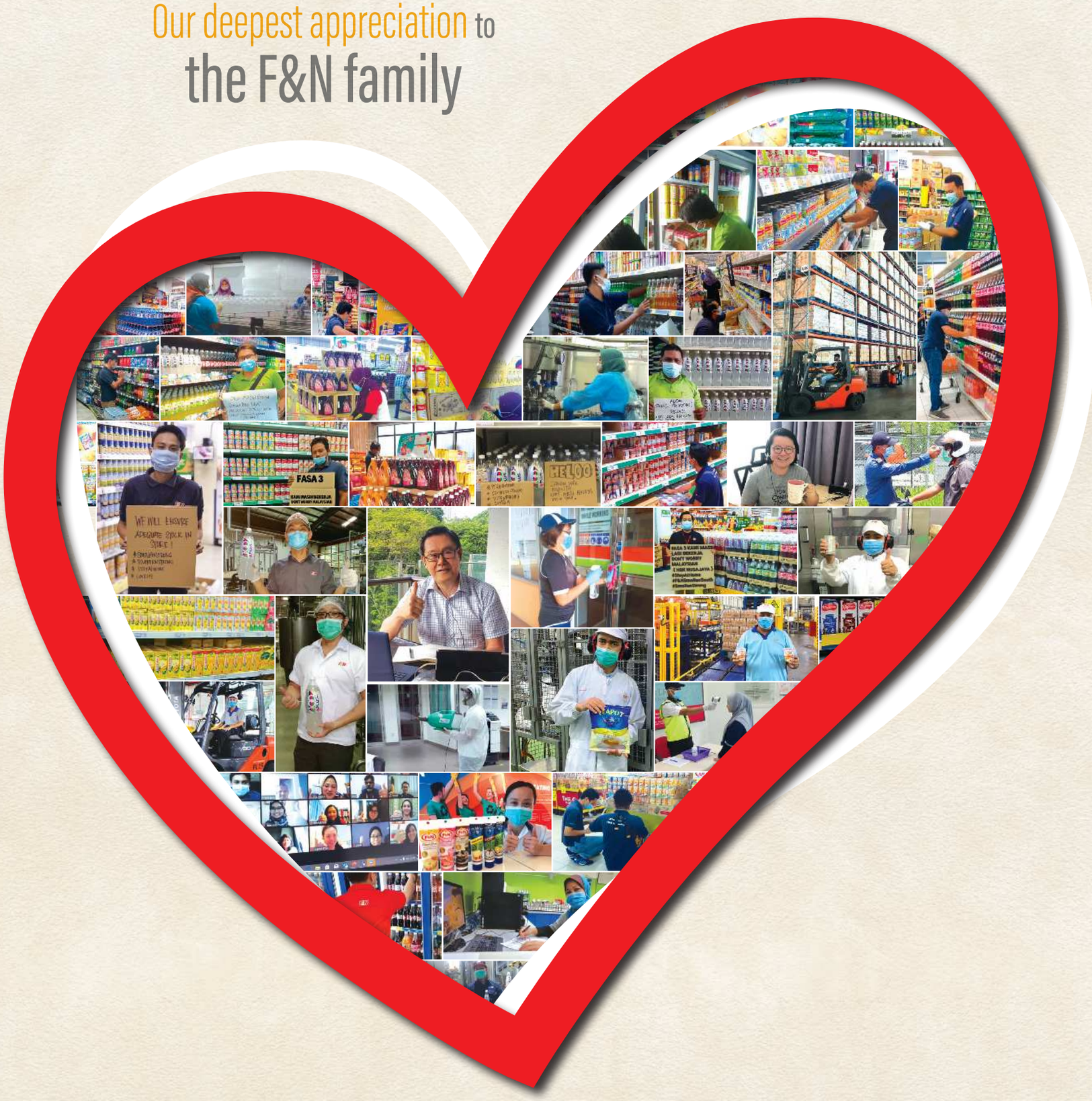


Our heartfelt gratitude goes out to all our employees, partners, suppliers and frontliners.
Your tireless dedication and contributions have made it possible for us to continue delivering
Pure Goodness, Pure Enjoyment to everyone in these trying times.
F&N salutes you!
A big thank you also goes out to all our customers and consumers as we continue to meet
your satisfaction and bring more smiles to you.

Stay Healthy & Stay Safe

Thank You

Our deepest appreciation to
the F&N family



Working with Our Partners to Bring Smiles

Stephanie Yeoh
Director of Sales, BidFood Malaysia Sdn Bhd



"We've been distributing F&N products to Foodservice segment outlets since July 2019. When the pandemic hit, and the MCO was implemented, we found ourselves with a significant volume of chilled products as practically all our customers – cafes, restaurants and coffeeshops – were required to shut down. We didn't want this to go to waste, so we quickly shifted our focus online and used social media to connect directly with consumers.

The response was pretty good. Many consumers came personally to our office to purchase the chilled products, especially milk. Most were middle-aged or elderly folks who bought in bulk, for themselves and their friends. I guess they came to us because they preferred buying from a physical store and it was convenient because we are in their neighbourhood. We also worked with F&N to give away more than 500 cartons to charitable organisations such as Food Aid Foundation, which distributes food to those in need.

It felt good ensuring the milk was consumed, and bringing neighbours together. We're always ready to partner F&N to bring smiles to consumers."



Irene Khor Kim Ean
Head of Division – Grocery, Non-food and HBC, AEON Retail

"AEON Retail has enjoyed a good relationship with F&N for many years, and we are today one of the biggest retail outlets for F&N's chilled products like fresh milk and fruit juices. This year, I'm happy to say, our relationship has grown even stronger as we worked together to overcome the challenges posed by COVID-19. The pandemic caused a change in buying behaviour among our customers. At the same time, it created a temporary shortage of supply for F&N. But, with close collaboration and frequent communication, we were able to overcome most of the obstacles.

Most importantly, we kept F&N apprised of products that were in demand so they could ensure replenishment of their stock in our outlets. We also came up with promotions that would keep sales up. For example, when F&N wasn't able to supply us with the twin FARMHOUSE milk packs (due to constraints faced by the packaging manufacturer), we offered a mix and match deal through which consumers were able to buy two 1L packs at the same discounted rate of the twin packs. When the supply of any particular product was interrupted for any reason, we would discuss alternatives that would meet customers' needs.

The fact that F&N has assigned a dedicated sales manager to service the AEON chain is a great help. Having gone through the worst of COVID-19, I look forward to continued collaboration with our account manager to keep enhancing our sales by listening to the voice of the end consumer."

Hj Ab Wahab Bin Long
Chief Executive Officer, Yayasan Food Bank Malaysia



"F&N has been supporting our Food Bank Siswa programme since 2019, distributing 100PLUS, condensed and evaporated milk, and other products which are channelled to the needy.

During the Movement Control Period, many local university students have been stranded in their universities' dormitory and are unable to return home. While they are away from their loved ones, they also struggle to maintain their supply of food and necessities to survive through this challenging period. F&N stepped up their support and contributed generously to these students, as well as various underprivileged communities.

Their actions made a real difference to so many Malaysians and demonstrate that we can count on F&N through thick and thin. This is something we highly value and we look forward to more collaboration with F&N to serve the community."

Kian Joo Group

"When the MCO was declared in March, it brought significant challenges to normalise our operations, in view of restrictions around the movement of capital goods, materials and people within Malaysia, as well as between countries. It is critical for packaging material manufacturers like us to work closely with our customers like F&N to weather the pandemic period. Invariably, if businesses thrive during this period, it means jobs for Malaysians.

Given the myriad of challenges faced during this period, we continue to retain our commitment to F&N in the best possible manner. The level of cooperation and professionalism between Kian Joo and F&N's team is well demonstrated. A strong partnership with F&N during the MCO proves that they truly see us as business partners, and has made us appreciate our business relationship with them more than ever before."

Welcome to FRASER & NEAVE HOLDINGS BHD'S ANNUAL REPORT FOR THE FINANCIAL YEAR 2020



ANNUAL REPORT

Provides a comprehensive assessment of the Group's performance and financial statements for 2020.



SUSTAINABILITY REPORT

Delivers a balanced report on our efforts to create value for stakeholders and conducting business in a responsible manner. The report complies with the Global Reporting Initiative (GRI) Standards and Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to Sustainability Statements in Annual Reports.



For this financial year 2020, Fraser & Neave Holdings Bhd has incorporated some elements of integrated reporting approach. We trust that transparency and well-balanced reporting is the way to understanding the Group's process and businesses. Through the changes we have instituted into our reports this year, and aligning with the principles of integrated reporting, we hope to provide a clear account of what we believe value creation means for our stakeholders.

Read the full version of F&NHB Annual Report 2020 and Sustainability Report 2020 here.

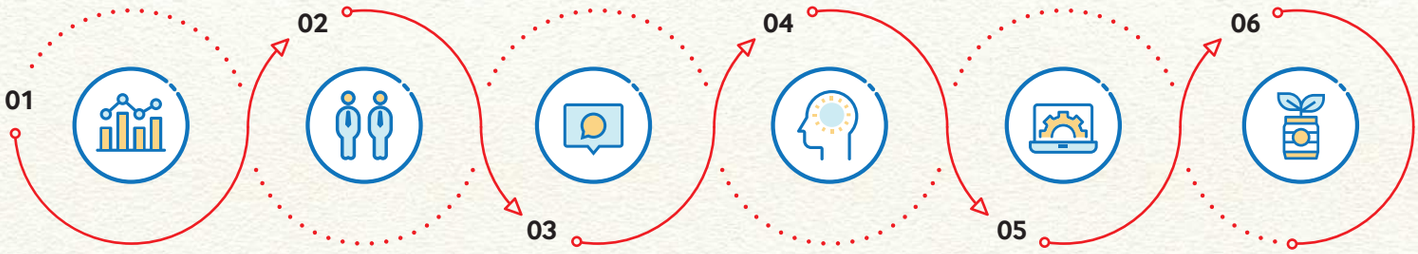
FEATURE IN THIS ANNUAL REPORT

Follow the steps below to scan the QR code reader in 3 easy steps

01 Download the "QR Code Reader" on App Store or Google Play

02 Run the QR Code Reader app and point your camera to the QR Code

WE CREATE VALUE THROUGH 6 CAPITALS



Financial | Human Capital | Social & Relationship | Intellectual | Manufactured | Natural

OUR STAKEHOLDERS

- Shareholders & Financial Investors
- Employees
- Distributors & Trade Customers
- Suppliers
- Consumers
- Communities
- Regulators

REGULATIONS COMPLIED

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Companies Act 2016
- Malaysian Code on Corporate Governance
- International Integrated Reporting Framework
- Malaysian Financial Reporting Standards (MFRS)

ASSURANCE

- Internal controls and management assurance
- Compliance and internal audit reviews
- External audit by KPMG PLT on financial information
- External audit by Lloyd's Register Quality Assurance on selected Environment and Social disclosures
- Board approval assisted by the Board Committees

DIRECTORS' APPROVAL

The Board acknowledges and approves its responsibility to ensure the integrity of the Annual Report. In the Board's opinion, the report addresses all material issues and matters and fairly presents the Group's performance for the financial year 2020.

CROSS REFERENCES

Indicates where more detail can be accessed elsewhere in this report

03 Get access to the soft copy of our reports and contact information

We value and appreciate all feedback to help make our future reports more relevant to our stakeholders.

Please direct your comments and questions to:

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+603-9235 2288

Mail:
Communications, Corporate Affairs and Sustainability Department
No. 3, Jalan Metro Pudu 1, Fraser Business Park,
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www.fn.com.my

Contact Us

Cover *Rationale*

COVID-19 is a human catastrophe. But it is also making millions assess what is important, and to count our blessings. We witness communities coming together and forging bonds of solidarity. That in itself is something to be thankful for.

Since the outbreak, we have contributed products to the country's frontliners who have been working tirelessly to keep us safe. Our dedicated workforce and frontline employees have also gone the extra mile to make our products available to our loyal consumers, trade partners and customers. Through their hard work, our products continue to get to our consumers in time for celebrations, ensuring a festive spirit in these uncertain times.

During these challenging times, we learnt that there are moments to be treasured every single day. Ultimately, it's the little things in life that bring the most joy, so we have been working hard to ensure an adequate supply of 'pure enjoyment and pure goodness' reaches all our customers and consumers through our products. It's our way of bringing smiles to everyone, everywhere.

The cover design reflects our aim to put smiles on everyone's face and provide joy everywhere we go. The theme 'Bringing Smiles' is aptly captured on the smiling faces of our employees, customers, consumers and frontliners.



59th ANNUAL GENERAL MEETING

To be held virtually

Date

Tuesday,
19 January 2021 at 10:00 a.m.

what's Inside

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Who We Are

Fraser & Neave Holdings Bhd (F&NHB or the Group) is listed on Bursa Malaysia's Main Board and is amongst the region's oldest and most established companies. Founded in 1883 to produce carbonated soft drinks by John Fraser and David Chalmers Neave – from whom the 'F&N' initials are derived – the Group has grown to be an iconic household name that is trusted to provide 'Pure Enjoyment, Pure Goodness' through its wide portfolio of well-loved brands.

VISION

To become the leading total beverage company in Malaysia and the region

MISSION

To provide superior returns to our shareholders, excellent value for our customers and a rewarding career for our employees

A Syariah-compliant company, the Group has an annual turnover of close to RM4 billion from its core businesses in the manufacture, sales and marketing of beverages and dairy products. Today, the Group is one of the largest beverage manufacturers and distributors in the region with brands such as 100PLUS, F&N Fun Flavours, F&N NutriSoy, F&N SEASONS, F&N ICE MOUNTAIN, BORNEO, OYOSHI, est Cola and RANGER. Within the dairies line, we produce sweetened condensed and evaporated milk, as well as packaged milk and juice products under the F&N, TEAPOT, Gold Coin, F&N Magnolia, FARMHOUSE and F&N Fruit Tree brands. F&N is also an exclusive manufacturer, marketer and distributor of Carnation products in Thailand, Laos and Cambodia; Carnation, Cap Junjung and Ideal canned milk products in Malaysia, Singapore and Brunei. Currently, F&NHB has over 170 products in Malaysia and Thailand.

There have been no significant changes to F&NHB's size, operations, ownership or supply chain during the past year.

The Group's operating businesses are organised according to products and services, namely Food and Beverages Malaysia (F&B Malaysia) which encompass both Soft Drinks and Dairies Malaysia business; Food and Beverages Thailand (F&B Thailand); Property and others.

Global Values

Our Global Values serve as a compass for our actions and describe how we behave in our organisation.

Collaboration
We leverage the power of inherent strengths and diversity to create inclusive synergies and commit to team goals

Creating Values
We are passionate about applying new idea and grasping opportunities to create positive impacts

Caring for Stakeholders
We embrace our stakeholders' perspectives with good intent and the right mindset to bring them into our long-term sustainability efforts



Our Story

"137 years ago, two visionaries, John Fraser & David Chalmers Neave formed The Singapore and Straits Aerated Water Company to produce carbonated soft drinks. This company eventually became one of the region's food and beverage giants, Fraser & Neave (F&N). Today, F&N is synonymous with high quality and halal-compliant products, that is trusted by generations."

Our *Brands*

F&N

100 PLUS

F&N Magnolia

F&N

F&N Nutri SOY

TEAPOT

Sunkist

F&N ICE MOUNTAIN

FARMHOUSE

F&N

Ideal Susu Sejat Penuh Krim

SEASONS

RANGER ENERGY DRINK

OYOSHI GREEN TEA

est COLA

F&N Fruit Tree

GOLD COIN

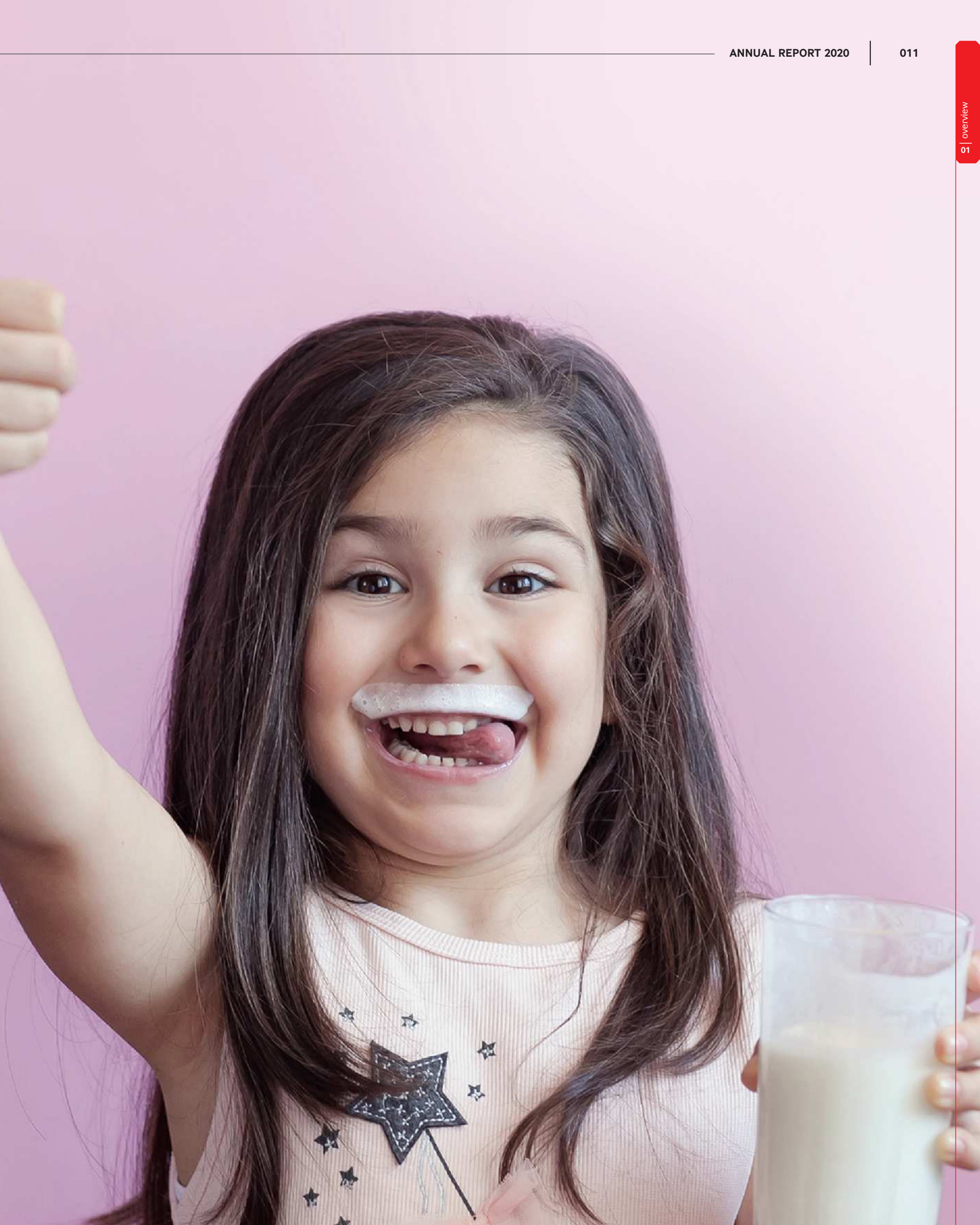
Carnation

BORNEO

Nestlé BEAR BRAND

Cap Junjung Krimer Manis



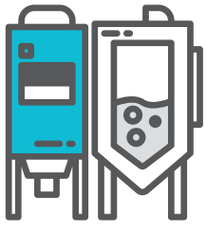


F&NHB AT A *Glance*



20 brands in **13** categories

8 cutting-edge plants



Beverage:
Shah Alam, Kuching, Kota Kinabalu

Dairy:
Pulau Indah, Rojana, Pak Chong

Mineral Water:
Bentong, Matang

Extensive network coverage with

>220,000

Outlets in Malaysia, Thailand, Cambodia and Laos

RM4 billion



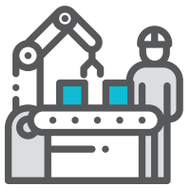
annual turnover

EXPORT MARKET:

82 countries worldwide

Food and beverage powerhouse

in the ASEAN region with market-leading brands



TRUSTED BY GENERATIONS FOR:

137 years

WORK FORCE:

>2,600

100% Halal-certified products


F&N
Sarsi
F&N
TEH TARIK ORI

Our *Product* Category



Isotonic



Liquid Milk



Carbonated Soft Drinks



Soya



Asian Drinks



Milk Tablets



Juice



Tea



Water & Energy



Condensed & Evaporated Milk

OUR MARKET LEADING POSITIONS

MALAYSIA

NUMBER 1

- in Isotonic segment
- in Carbonated Soft Drink category
- in Evaporated Milk category
- in Sweetened Condensed Milk category

THAILAND

NUMBER 1

- in Sweetened Condensed Milk category
- in Evaporated Milk category

CAMBODIA & LAOS

NUMBER 1

- in Sweetened Condensed Milk category
- in Evaporated Milk category

Our *Recognitions*

MARKETPLACE AWARDS

Halal Food and Beverage Excellence Award
from Halal Development Council
at the World Halal Excellence Awards 2020
(Fraser & Neave Holdings Bhd)

Thailand Best Halal Company of the Year 2020
from the Central Islamic Council of Thailand
(F&N Dairies Thailand)

Most Number of Participants in a virtual 'Teh Tarik' Mamak session
from The Malaysia Book of Records
(F&N Ready-to-drink Teh Tarik)

The Best 6-seconds Storytelling Award
from YouTube Malaysia Ad Awards 2019
(F&N Dairies – "Nikmati Kepuasan Teh Tarik Ori F&N" Ad)

Gold in Best Marketer in Media & Content Partnership Marketing
from CMO Asia (100PLUS)

Bronze in Best Use of Influencer for Aktifkan AME 2019
from Effie Award (100PLUS)

WORKPLACE AWARDS

Top 5 in Graduates' Choice Award 2020
Malaysia's Most Attractive Graduate Employers to Work
in the Fast Moving Consumer Goods category
(Fraser & Neave Holdings Bhd)

National Occupational Health & Safety Award 2020
Diamond Level from the Ministry of Labour, Thailand
(F&N Dairies Thailand)

Zero Accident Campaign 2020 - Silver Level
from the Ministry of Labour, Thailand
(F&N Dairies Thailand)

Excellent Establishment on Labour Relations and Welfare 2020
from the Ministry of Labour, Thailand for 8 consecutive years
(F&N Dairies Thailand)

Our *Value Chain*

The preparation, production and packaging of our beverages and dairy products require a range of raw materials, equipment, and other goods and services. During the past year, we engaged with over 2,900 global and local suppliers across our supply chain, including manufacturers, wholesalers, retailers, importers/merchants, contractors and professional services providers. We spent a total of RM3.21 billion on products and services provided by our suppliers.

SOURCING

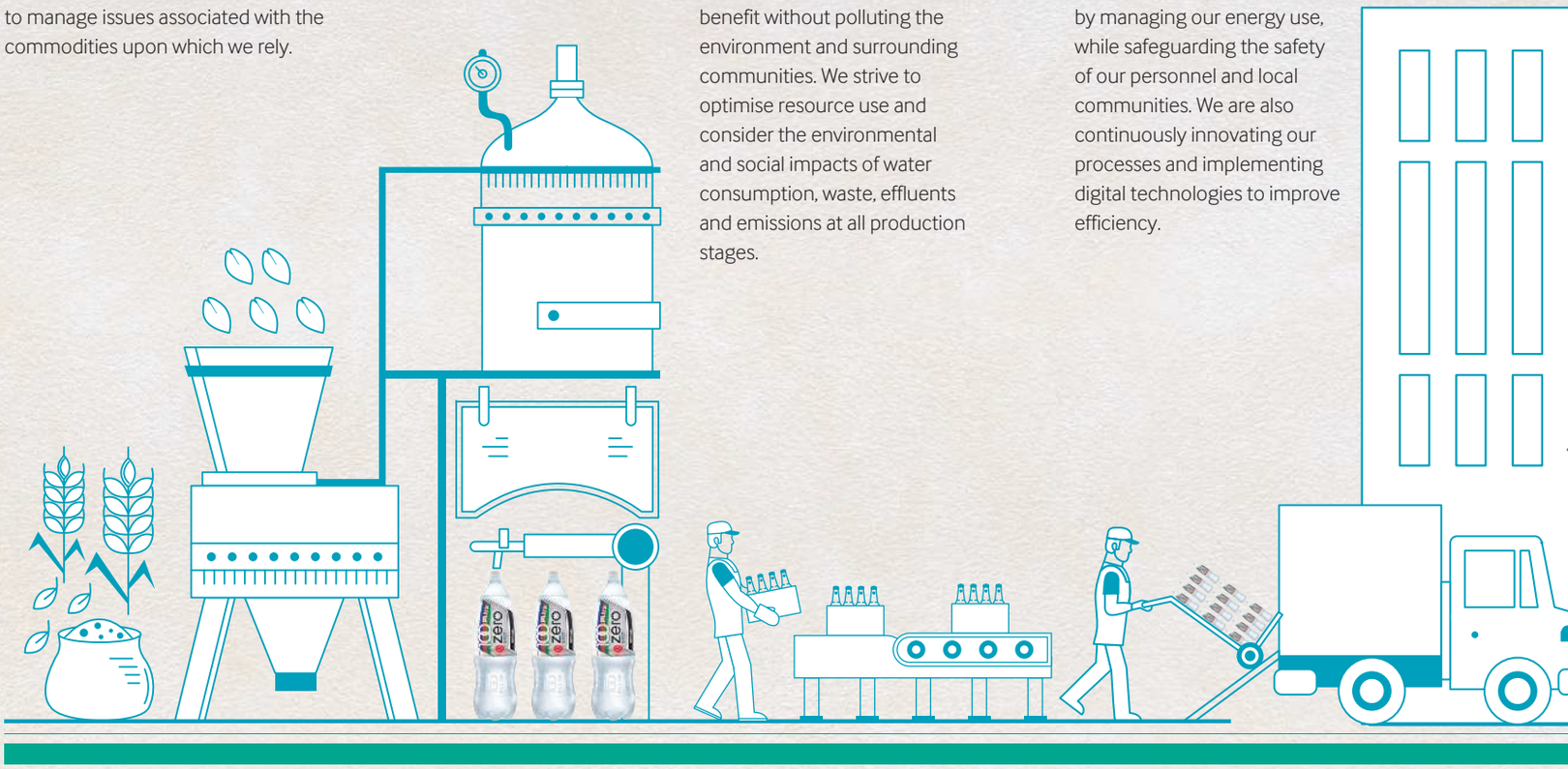
We work closely with our suppliers to ensure their goods and services meet quality, environmental and social standards, in addition to our stringent internal standards. This helps to ensure that our products are safe and of high quality. To ensure the sustainability of our business, we have risk management mechanisms in place to manage issues associated with the commodities upon which we rely.

PRODUCTION

We have implemented a standardised safe production process, in accordance with international standards, throughout all of our operations. We strive for eco-efficient processes, in which we provide good value and maximum benefit without polluting the environment and surrounding communities. We strive to optimise resource use and consider the environmental and social impacts of water consumption, waste, effluents and emissions at all production stages.

DISTRIBUTION

We have a fully integrated and extensive distribution system and network to ensure that our products are efficiently distributed to our consumers. Our focus is to minimise the environmental and social impacts from transportation by managing our energy use, while safeguarding the safety of our personnel and local communities. We are also continuously innovating our processes and implementing digital technologies to improve efficiency.

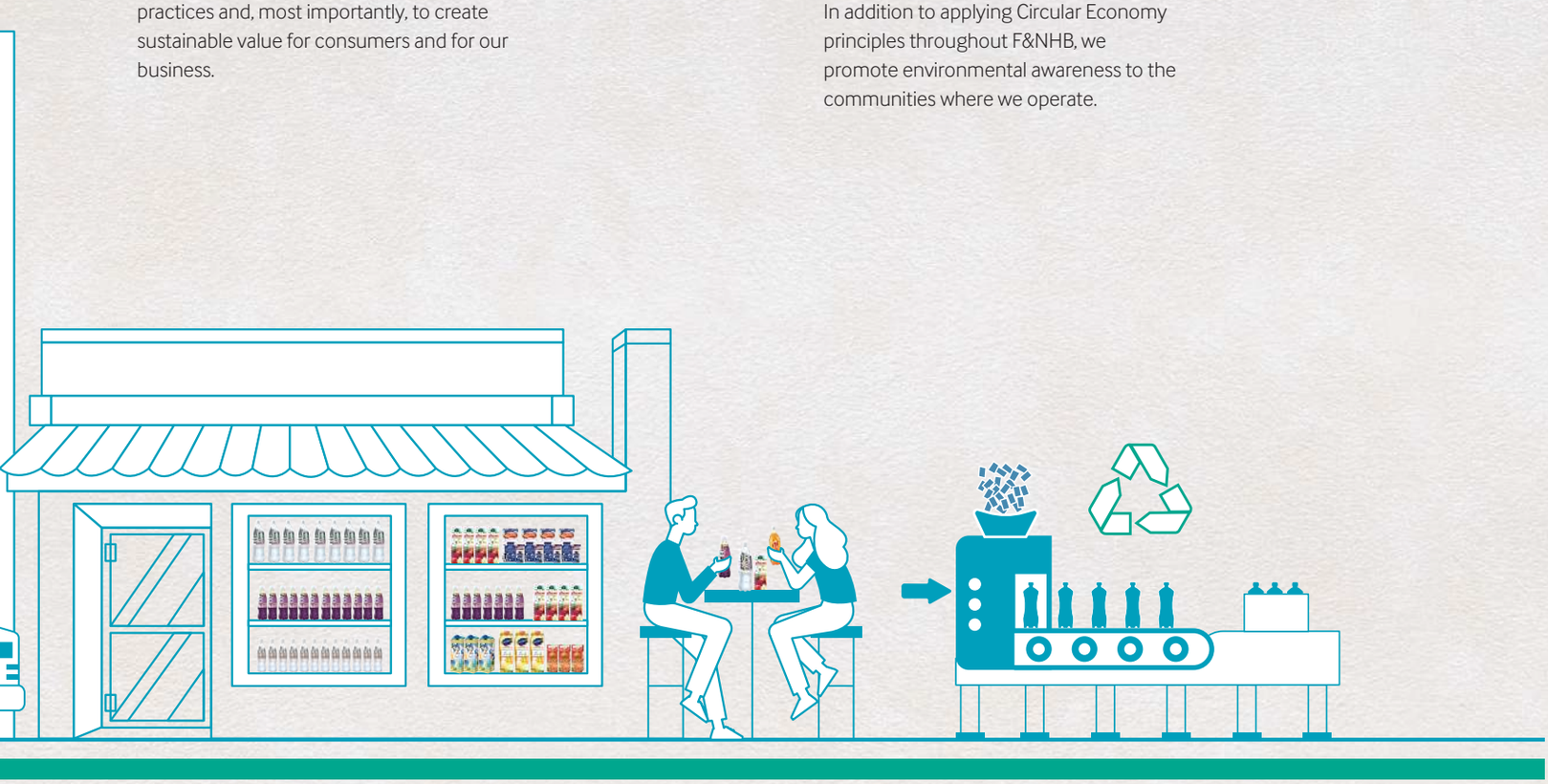


MARKETING AND SALES

Responsible marketing and sales practices are of great importance to F&NHB. We demonstrate consumer and societal responsibility by providing healthier product options and informative product labels. We also seek feedback from our customers on our products to improve our marketing practices and, most importantly, to create sustainable value for consumers and for our business.

POST-CONSUMPTION PACKAGING MANAGEMENT

We minimise the impact of post-consumer waste through research and development to deliver innovative and environmental-friendly packaging. We are continuously seeking out sustainable packaging that can also meet the needs of our consumers. In addition to applying Circular Economy principles throughout F&NHB, we promote environmental awareness to the communities where we operate.



Chairman's Message

TENGKU SYARIF BENDAHARA PERLIS SYED BADARUDIN JAMALULLAIL IBNI ALMARHUM TUANKU SYED PUTRA JAMALULLAIL

Chairman



Dear Shareholders and Stakeholders,

The effects of COVID-19 on the economy and our lives have made almost everyone re-evaluate what is, and should be, important to us. At F&NHB, it further reinforced our Global Values, namely Collaboration, Creating Value and Caring for Stakeholders.

The year saw a heightened level of collaboration, not only internally among our employees but also between F&NHB, our business partners and the community. Such collaboration, together with countless other initiatives, served to create value as well as care for our stakeholders.

LIVING OUR GLOBAL VALUES

Our "Caring for Stakeholders" value was perhaps most evident in the manner in which we have been ensuring the safety of our people and business partners while playing our part to support the community. During the Movement Control Order (MCO) period, we distributed over 650,000 products to the country's tireless front liners at Sungai Buloh Hospital, Selayang Hospital, Kuala Lumpur Hospital and Queen Elizabeth Hospital, the Royal Malaysia Police, the National Disaster Management Agency (NADMA) and numerous city councils in both Peninsular and East Malaysia.

Neither did we forget the marginalised, who were the worst hit by the pandemic. Over the course of Ramadan and Raya, we distributed over 500,000 products to about 10,000 underprivileged families under the 'Tabahkan Rakyat Malaysia di Ramadan Mulia' programme.

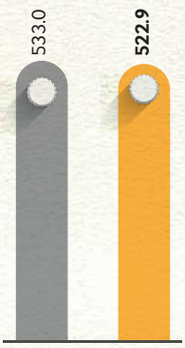
For our consumers, we made sure to deliver on our brand promise of Pure Enjoyment, Pure Goodness by ensuring the continuity of our core products. At the same time, we developed more beverages that cater to the demand for healthier choices while maintaining great taste. Among the ten new additions this year were 100PLUS Zero, Sunkist Pure Juice Drink, F&N ICE MOUNTAIN Sparkling Water and my personal favourite, F&N Ready-to-drink Teh Tarik Ori. What is more, access to our products is now easier, via F&N Life, our online store. The value this brings has been underlined by the pandemic, providing our consumers with a practical alternative to going out for their favourite F&N products.

There was also close collaboration and cooperation among F&NHB and various trade partners that ensured continued operations, enabling us to maintain our supply chain, from the supply of raw materials to the distribution of products. For this, I would like to acknowledge the responsiveness of the Ministry of International Trade and Industry (MITI) to the needs of manufacturers. Meanwhile, initiatives undertaken served to further strengthen our relationships with suppliers and distributors, many of whom have been serving the Group for generations.

To add value to our shareholders, we have always protected their investments through increasing operational and cost efficiencies. Our performance this financial year again proves our resilience in an ever-changing environment. It gives me great pride to share that, despite the immense challenges faced – primarily from the pandemic but also from intensifying competition and volatile input prices – our profit after tax this year was maintained at RM410.1 million from RM410.2 million last year. This allowed us to continue to offer our shareholders steady dividends. For the financial year 2020 (FY2020), despite a poorer first half performance and the uncertainty created by the COVID-19 pandemic, we maintained an interim single-tier dividend of 27.0 sen per share amounting to approximately RM99.0 million, which was paid on 12 June 2020. I am happy to report that the Board is also proposing a final dividend of 33.0 sen per share which, if approved, would mean a total dividend for the year of 60.0 sen per share, matching last financial year's dividends.

Profit Before Tax
(RM million)

-1.9%



Basic Earnings per Share
(Sen)



DIVIDEND FOR THE YEAR

60 sen per share

Chairman's Message (Cont'd.)

As always, our encouraging performance has been the result of the hard work and dedication of our employees, who have carried out their functions to the best of their ability despite trying conditions. Many among them also went the extra mile in supporting our programmes to contribute to front liners and the community. It has been incredibly heart-warming to see their response to the community in a time of need.

The Board also is gratified by Management's efforts to safeguard our people's well-being. In times like these, it is paramount that we keep morale high and ensure that our people have peace of mind. In addition to ensuring that standard operating procedures (SOPs) were adhered to in our workplaces, all employees and contract workers in our production lines and warehouses who had to work during the MCO received a special weekly allowance. Employees also received early pay-out of contractual bonuses and deferred repayment of motorcycle loans. At the same time, we set up a dedicated 24-hour employee careline to assist with work-related queries or issues that may impact their health and emotional well-being.

An employee recognition gesture that has become our hallmark is the F&NHB Chairman's Award. Since 2003, F&NHB has been presenting the Chairman's Award to children of employees to motivate them to excel. This year, we awarded a total of RM228,225 to 99 children who attained excellent academic and co-curricular achievements.



EXEMPLARY ESG PERFORMANCE

Value creation for our stakeholders is one aspect of the Environmental, Social and Governance (ESG) considerations that underpin our sustainability. We recognise the impact organisations can have on the well-being of societies and are benchmarking our sustainability performance against the United Nations' Sustainability Development Goals (SDGs).

Other than to live our Global Values, which reinforce our social contributions, we continue to undertake programmes that drive social progress by strengthening vulnerable communities and promoting a healthy nation. In Thailand, F&N joined hands with our suppliers to tackle the problem of water shortage during the dry season in Chaiyaphum Province. As a result of the seven-month programme, 24 milk farms and numerous households can now enjoy consistent and sufficient supply of clean water. In the belief that an active lifestyle does not stop with the pandemic, we encouraged Malaysians to maintain an active lifestyle at home with live #StayFitwith100PLUS online workouts.

Environmentally, we are investing in renewable solar energy to play our part in climate change mitigation. Following the successful installation of Solar Photovoltaic system at Rojana, Thailand plant in April this year, we will be committing RM30 million into implementing a renewable energy programme in Malaysia in 2021. We also believe in the importance of more effective waste management and have become a founding member of a coalition of manufacturers that seeks to promote a more sustainable future through the recycling of post-consumption packaging waste.

Meanwhile, we continue to nurture a generation of young eco-warriors through our school recycling programme. Even amidst the fight with COVID-19, we owe it to the future generation to continue the recycling educational programme. Buntings and signages were sent to 430 schools across Malaysia featuring our recycling programme hero R-Boy, a familiar figure among school children.

In terms of governance, the Board continuously looks for ways to enhance our framework of integrity. In August 2019, we had reviewed the F&N Code of Business Ethics and Conduct. This led to the establishment of three new policies to reinforce an ethical corporate culture, namely the F&N Anti-Bribery and Anti-Corruption Policy, a Code of Business Practices for Third Parties, and the F&N Supplier Code of Practice. The latter ensures that all our suppliers, too, abide by the principles of respect and dignity in their treatment of employees.

Additionally, we strengthened our Board diversity by bringing on Board Ms Tan Fong Sang as a Non-Independent Non-Executive Director. We now have 27.3 per cent women representation (up from 18.2 per cent previously). Ms Tan also takes on the role of chairing our Sustainability & Risk Management Committee from Mr Lee Kong Yip, who retired on 30 September 2020. Going forward, we will continue to work towards meeting the recommendation as stipulated in the Malaysian Code on Corporate Governance 2017 to have at least 30 per cent women representation on the Board.



AWARDS

Emphasis on governance is driven by our principles and values. However, it is encouraging when we are recognised for our efforts. Indeed, we felt honoured when F&NHB was included in the FTSE4Good Bursa Malaysia (F4GBM) Index for the second consecutive year. Even better, our overall score improved to 4.0 (out of a maximum of 5.0), placing us among the top 15 per cent of F4GBM constituent companies in the food & beverages industry. F&NHB exceeded the Consumer Goods industry average for all three pillars of Environment, Social and Governance; and attained higher scores than the country average (Malaysia) in all the themes applicable to the Group.

We were also recognised for our contributions to the halal ecosystem in both Malaysia and Thailand. In October, F&NHB received the Halal Food and Beverage Excellence Award during the World Halal Conference 2020 organised by the Halal Development Corporation in Kuala Lumpur. F&N Dairies (Thailand) Limited, meanwhile, was named Thailand Best Halal Company of the Year 2020 by the Central Islamic Council of Thailand (CICOT) in Bangkok.

ACKNOWLEDGEMENTS

Our performance, financially and in terms of ESG, reflects the effort and commitment of all Fraserians. This year, particularly, we have seen how so many among our employees have risen over and above their normal call of duty to contribute to the company and bring smiles to our stakeholders. To everyone, from our operational staff to management, please accept my heartfelt gratitude. To Ms Tan Fong Sang, welcome to the Board; we look forward to working closely with you. On behalf of the rest of the Board, I would also like to acknowledge the immense contributions of Mr Lee Kong Yip, who had served us for 20 years. We wish him the best in all future undertakings.

To all our external stakeholders, you continue to inspire us to keep performing better and create even greater value. No matter how uncertain the future may be, rest assured that we will continue to work to bring more smiles to everyone.

Tengku Syarif Bendahara Perlis
Syed Badarudin Jamalullail Ibni
Almarhum Tuanku Syed Putra Jamalullail
Chairman

Group *Financial Highlights* 2020

REVENUE:
RM3,988.5
million

BASIC EARNINGS PER SHARE:
111.9 sen

DEBT TO EQUITY RATIO:
3.4%

PROFIT BEFORE TAX (PBT):
RM522.9
million

SHAREHOLDERS' EQUITY:
RM2,690.6
million

MARKET CAPITALISATION AS AT 30 NOVEMBER 2020:
RM11.9
billion

PROFIT FOR THE YEAR:
RM410.1
million

NET ASSETS PER SHARE:
RM7.34

SHARE CAPITAL:
RM816.8
million

PBT ON REVENUE:
13.1%

RETURN ON SHAREHOLDERS' EQUITY:
15.2%

DIVIDEND PER SHARE:
60.0 sen *



** Included proposed dividend of 33.0 sen, which will only be recognised in the financial statements upon shareholders' approval.*



BY BUSINESS SEGMENTS

REVENUE

F&B Malaysia
F&B Thailand
Property/Others

OPERATING PROFIT

F&B Malaysia
F&B Thailand
Property/Others

FOOD & BEVERAGES MALAYSIA

REVENUE: RM2.0 billion

OPERATING PROFIT: RM145 million

FOOD & BEVERAGES THAILAND

REVENUE: RM1.9 billion

OPERATING PROFIT: RM381 million

Corporate Information

BOARD OF DIRECTORS

- Y.A.M. Tengku Syarif Bendahara Perlis Syed Badarudin Jamalullail Ibni Almarhum Tuanku Syed Putra Jamalullail (Chairman)
- Mr. Lee Meng Tat
- Mr. David Siew Kah Toong
- Mr. Lee Kong Yip (retired on 30 September 2020)
- Y.Bhg. Dato' Sri Johan Tazrin bin Hamid Ngo
- Mdm. Tan Fong Sang
- Y.Bhg. Dato' Jorgen Bornhoft
- Mr. Hui Choon Kit
- Puan Aida binti Md Daud
- Puan Faridah binti Abdul Kadir
- Y.Bhg. Datuk Mohd Anwar bin Yahya
- Y.Bhg. Datuk Kamaruddin bin Taib

COMPANY SECRETARY

- Mr. Timothy Ooi Aik Tuan
  Licence No: LS0010357
  SSM PC No: 201908002732

GROUP EXECUTIVE COMMITTEE

CHAIRMAN

- Mr. Lee Meng Tat

MEMBERS

- Y.Bhg. Dato' Jorgen Bornhoft
- Mr. Hui Choon Kit
- Y.Bhg. Datuk Kamaruddin bin Taib
- Mdm. Tan Fong Sang

SUSTAINABILITY & RISK MANAGEMENT COMMITTEE

CHAIRMAN

- Mdm. Tan Fong Sang

MEMBERS

- Y.Bhg. Dato' Jorgen Bornhoft
- Mr. Hui Choon Kit
- Puan Aida binti Md Daud

AUDIT COMMITTEE

CHAIRMAN

- Mr. David Siew Kah Toong

MEMBERS

- Y.Bhg. Dato' Sri Johan Tazrin bin Hamid Ngo
- Mr. Hui Choon Kit
- Y.Bhg. Datuk Mohd Anwar bin Yahya

NOMINATING COMMITTEE

CHAIRMAN

- Y.Bhg. Dato' Sri Johan Tazrin bin Hamid Ngo

MEMBERS

- Y.A.M. Tengku Syarif Bendahara Perlis Syed Badarudin Jamalullail Ibni Almarhum Tuanku Syed Putra Jamalullail
- Mr. Lee Meng Tat
- Mr. David Siew Kah Toong
- Puan Faridah binti Abdul Kadir

REMUNERATION COMMITTEE

CHAIRMAN

- Y.A.M. Tengku Syarif Bendahara Perlis Syed Badarudin Jamalullail Ibni Almarhum Tuanku Syed Putra Jamalullail

MEMBERS

- Y.Bhg. Dato' Sri Johan Tazrin bin Hamid Ngo
- Mr. Lee Meng Tat
- Mr. David Siew Kah Toong
- Puan Faridah binti Abdul Kadir

SHARE BUY-BACK COMMITTEE

CHAIRMAN

- Y.A.M. Tengku Syarif Bendahara Perlis Syed Badarudin Jamalullail Ibni Almarhum Tuanku Syed Putra Jamalullail

MEMBERS

- Puan Aida binti Md Daud
- Y.Bhg. Datuk Mohd Anwar bin Yahya
- Mdm. Tan Fong Sang

REGISTERED OFFICE

Level 3A, F&N Point
No. 3, Jalan Metro Pudu 1
Fraser Business Park, Off Jalan Yew
55100 Kuala Lumpur, Malaysia
Telephone No.: 603-9235 2288
Facsimile No. : 603-9222 3779

AUDITORS

KPMG PLT
Level 10, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Telephone No.: 603-2783 9299
Facsimile No.: 603-2783 9222
E-mail: is.enquiry@my.tricorglobal.com
Website: www.tricorglobal.com

Customer Service Centre:
Unit G-3, Ground Floor, Vertical Podium
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

PRINCIPAL BANKERS

- OCBC Bank (Malaysia) Berhad
- Deutsche Bank (Malaysia) Berhad

STOCK EXCHANGE

Bursa Malaysia Securities Berhad: Main Market

Stock Name: F&N

Stock Code: 3689

Stock Sector: Consumer Products & Services

Corporate Structure

AS AT 30 NOVEMBER 2020

FOOD & BEVERAGES MALAYSIA

100%
F&N Beverages Manufacturing Sdn Bhd

100%
Borneo Springs Sdn Bhd

100%
F&N Beverages Marketing Sdn Bhd

100%
F&N Dairies Manufacturing Sdn Bhd

100%
F&N Dairies Distribution (Singapore) Pte Ltd

100%
F&N Marketing (B) Sdn Bhd

100%
Fraser & Neave (Malaya) Sdn Bhd *

100%
Fraser and Neave MENA DWC-LLC

100%
Lion Share Management Limited

100%
F&N Dairies (Malaysia) Sdn Bhd

100%
Premier Milk (Malaya) Sdn Berhad

100%
Awana Citra Sdn Bhd #

FOOD & BEVERAGES THAILAND

100%
F&N Dairies (Thailand) Limited

PROPERTY

100%
F&N Properties Sdn Bhd

100%
Greenclipper Corporation Sdn Bhd

100%
Nuvak Company Sdn Bhd

100%
Utas Mutiara Sdn Bhd

100%
Tropical League Sdn Bhd

70%
Lettricia Corporation Sdn Bhd

50%
Vacaron Company Sdn Bhd

OTHERS

100%
Fraser & Neave (Malaya) Sdn Bhd *

100%
F&N Capital Sdn Bhd

100%
Elsinburg Holdings Sdn Bhd

100%
F&N AgriValley Sdn Bhd

27.19%
Cocoaland Holdings Berhad

Notes:

* *Classified under Food & Beverages Malaysia and Others segments.*

\# *Incorporated on 10 November 2020.*

Our *Global* Presence

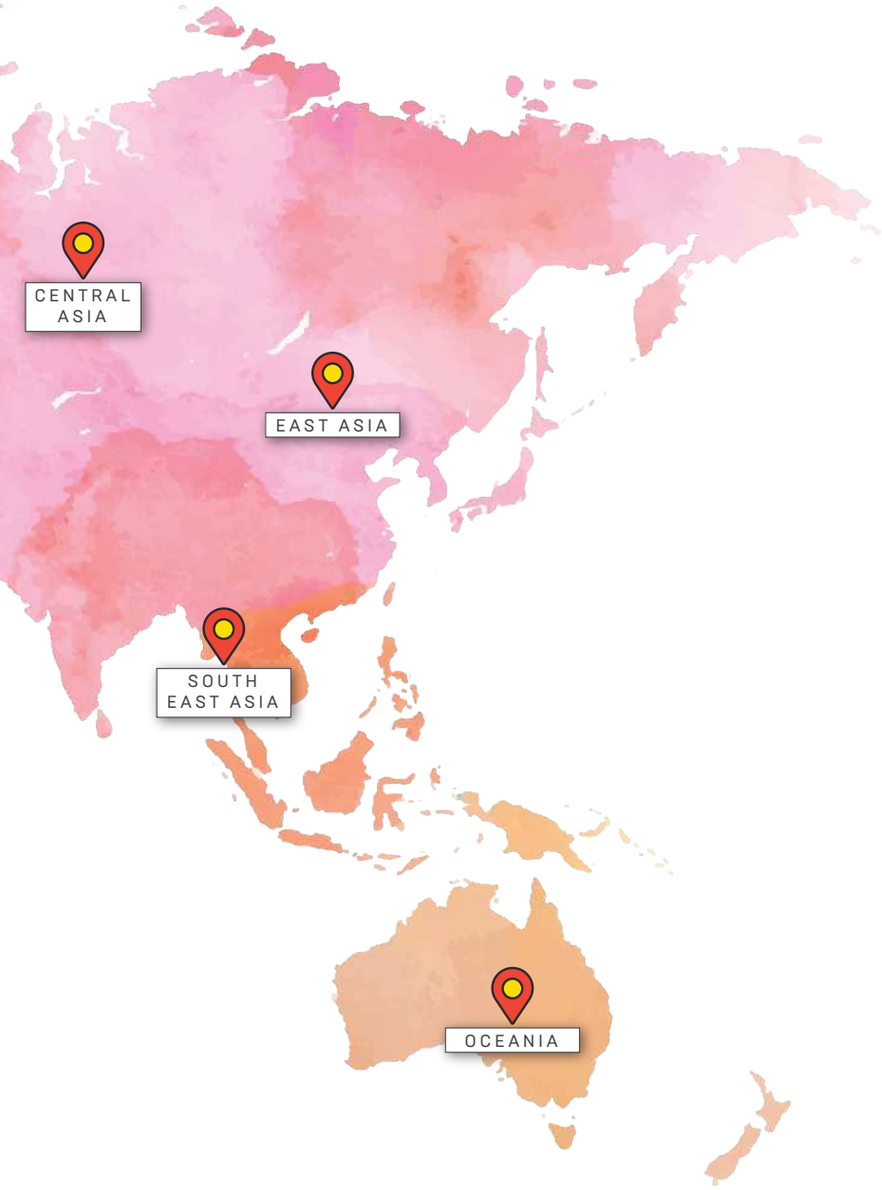






F&NHB now exports to 82 countries around the world. During the year, **we expanded our network to 7 new countries include Albania, Australia, Bangladesh, Pakistan, Suriname and Tonga.** We also established our first international office, strategically located in Dubai, which will serve as a regional office for the Middle East and North Africa (MENA).

Soh Swee Hock | Managing Director, International Markets Development



We **intend to set up more regional offices, with China and Asean being immediate targets** as they represent significant markets which we can further develop.

We are also **looking to nurture more partnerships with customers in our Export markets and to explore the potential of co-branding,** thus convert some OEM customers into co-branded partners.

EXPORT HIGHLIGHTS:

TOP EXPORTED PRODUCTS:

- Condensed Milk and Evaporated Milk

DIFFERENTIATION IN PACKAGING FORMAT CATERING TO THE DIFFERENT NEEDS OF OUR CONSUMERS:

- Stick pack
- 2.5kg pouch
- 20kg bag-in-box (BIB)
- 1 Metric Tonne Chep Pallecon (for Industrial)

- 7 new export countries in FY2020

- Established first international office in Dubai

CONTRIBUTION OF EXPORT REVENUE TO SEGMENT REVENUE FY2020

22% F&B MALAYSIA

18% F&B THAILAND

CONTRIBUTION OF TOTAL EXPORTS FY2020

20% GROUP REVENUE

18% GROUP OPERATING PROFIT

EXPORT MARKET

COUNTRIES WORLDWIDE **82**

Key *Milestones*



1883 to 1965

1883

The Singapore and Straits Aerated Water Company was founded by our founding fathers, John Fraser and David Chalmers Neave.



1898



The Singapore and Straits Aerated Water Company went public under its present name, Fraser and Neave, Limited on 27 January 1898.

1913

By this year, F&N had branches across the peninsula, including Kuala Lumpur, Melaka, Seremban, Ipoh and Penang.



1962

The Kuala Lumpur plant commenced its operations.

1965

The first F&N soft drinks plant in East Malaysia was opened in Kuching.



1983 to 2004

1983



F&N celebrated its 100th anniversary and introduced the iconic 100PLUS brand to the market, which soon became the No.1 Isotonic Drink in Malaysia and Singapore.

1989

F&N restructured its dairy operations under F&N Dairies (Malaysia) Sdn Bhd.

1996

Soft drinks plant relocated to Shah Alam on 23 March 1996. The Group's glass, dairies and soft drinks operation in Malaysia were incorporated under the umbrella of Fraser & Neave Holdings Bhd.

2004

F&N's property division started construction on Fraser Business Park in Sungai Besi, Kuala Lumpur, Malaysia.





2007 to 2013

2007

F&N Dairies (Thailand) Limited was established.

2011

The official opening of F&N Dairies manufacturing plant in Rojana, Thailand.

2012

F&N Dairies Manufacturing plant in Petaling Jaya ceased operations after 52 years, making way for the Section 13, Petaling Jaya property development project.



2013

The official opening of F&N Dairies manufacturing plant in Pulau Indah, Malaysia.



2015 to 2020

2015

The Group embarked on an organisational exercise to align the operations.

2017

The official launch of first-of-its-kind UHT Line at F&N Beverages manufacturing plant in Kuching, Malaysia.



2018

Celebrating 135th anniversary of F&N. The official launch of Cold-Aseptic Filling PET line at F&N Beverages manufacturing plant in Shah Alam, Malaysia.

2020

The commissioning of our first Solar Photovoltaic System at F&N Dairies Thailand manufacturing plant in Rojana, Thailand.



Board Composition

COMPOSITION

Independent Non-Executive Directors	6
Non-Independent Non-Executive Directors	5

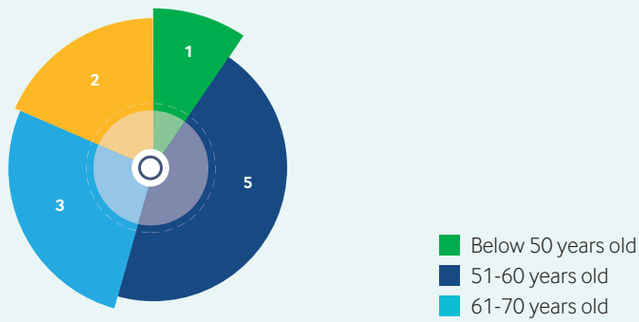
ETHNICITY

Malay	6
Chinese	4
Others	1

GENDER

MALE	FEMALE
8	3

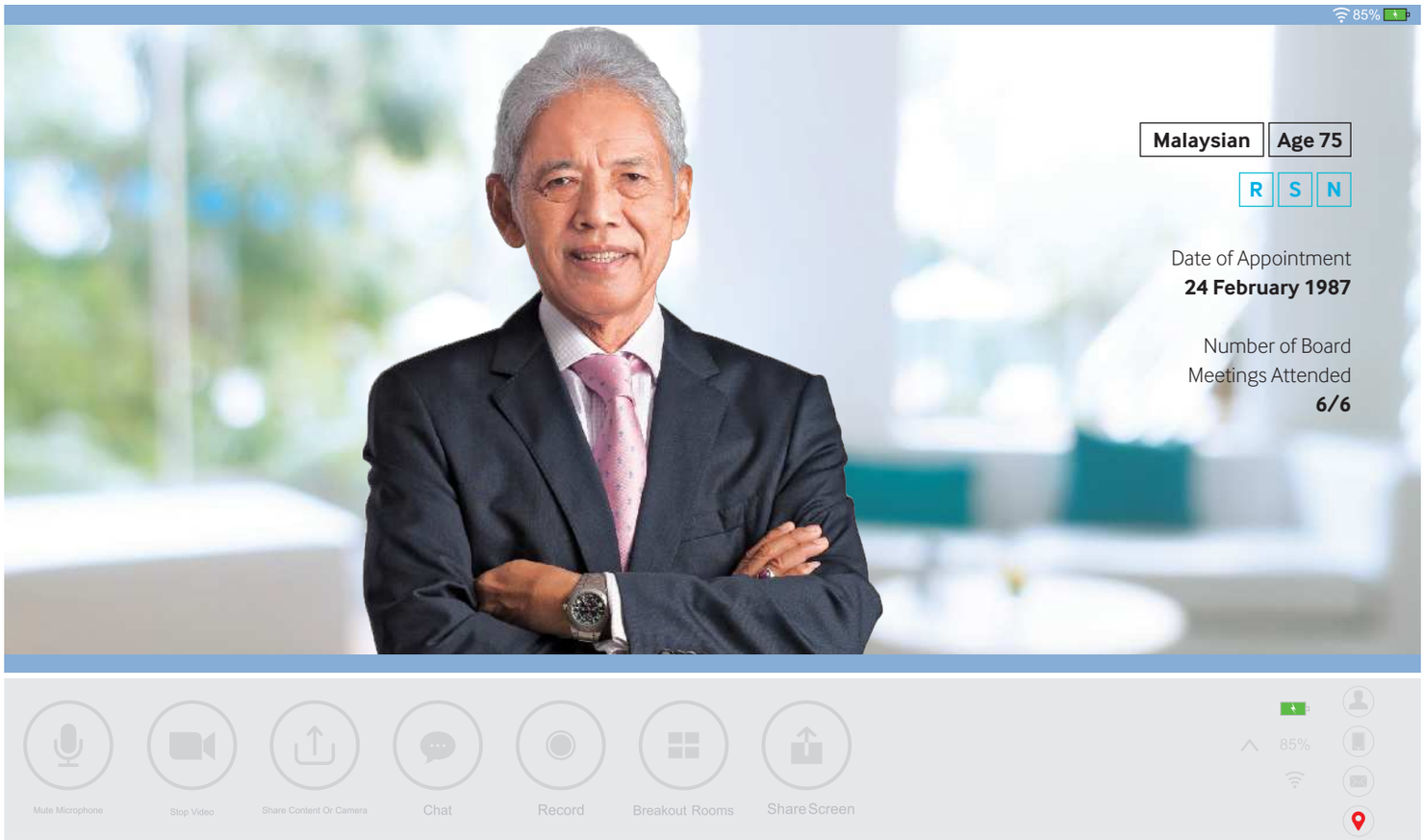
AGE GROUP



COMMITTEE MEMBER KEY

A	Audit Committee	R	Remuneration Committee	S	Share Buy-Back Committee
N	Nominating Committee	E	Group Executive Committee	M	Sustainability & Risk Management Committee

Profile of *Board of Directors*



Y.A.M. Tengku Syarif Bendahara Perlis Syed Badarudin Jamalullail Ibni Almarhum Tuanku Syed Putra Jamalullail

Chairman of Board, Non-Independent Non-Executive Director

QUALIFICATION(S)

- Master of Arts degree in Law & History, Cambridge University, United Kingdom

MEMBERSHIP(S) OF BOARD COMMITTEES

- Remuneration Committee (Chairman)
- Share Buy-Back Committee (Chairman)
- Nominating Committee

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR LISTED ISSUER(S)

- Director of Fraser and Neave, Limited, Singapore

PRESENT APPOINTMENT(S)

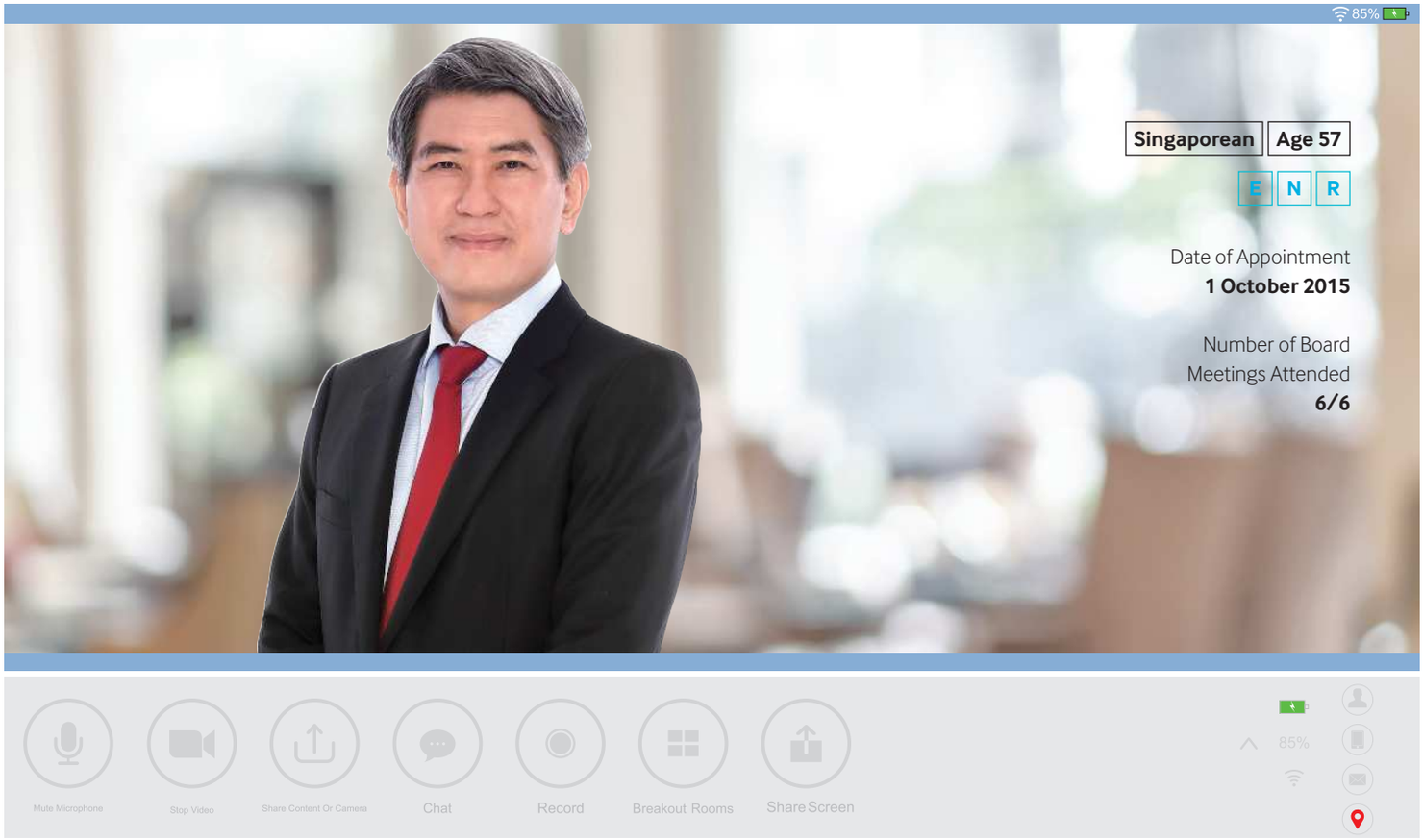
- Board member of Yayasan Tuanku Syed Putra, a charitable foundation
- President of Tuanku Syed Putra Dialysis Centre, Perlis

PAST DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR PAST APPOINTMENT(S)

- Director of Hwang Capital (Malaysia) Berhad
- Director of Hwang-DBS Investment Bank Berhad
- Director of Hwang Investment Management Berhad

Y.A.M. Tengku Syed Badarudin Jamalullail does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company save and except that he is an Independent Non-Executive Director of Fraser and Neave, Limited, a major shareholder of the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Profile of *Board of Directors* (Cont'd.)



Mr. Lee Meng Tat

Non-Independent Non-Executive Director

QUALIFICATION(S)

- Master of Business Administration, Imperial College, London
- Bachelor of Engineering (Mechanical), National University of Singapore
- Advanced Management Programme, Harvard Business School
- Certificate in Corporate Governance, International Directors Programme (IDP-C), INSEAD

MEMBERSHIP(S) OF BOARD COMMITTEES

- Group Executive Committee (Chairman)
- Nominating Committee
- Remuneration Committee

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR LISTED ISSUER(S)

- Director of Vietnam Dairy Products Joint Stock Company, a company listed on the Ho Chi Minh Stock Exchange

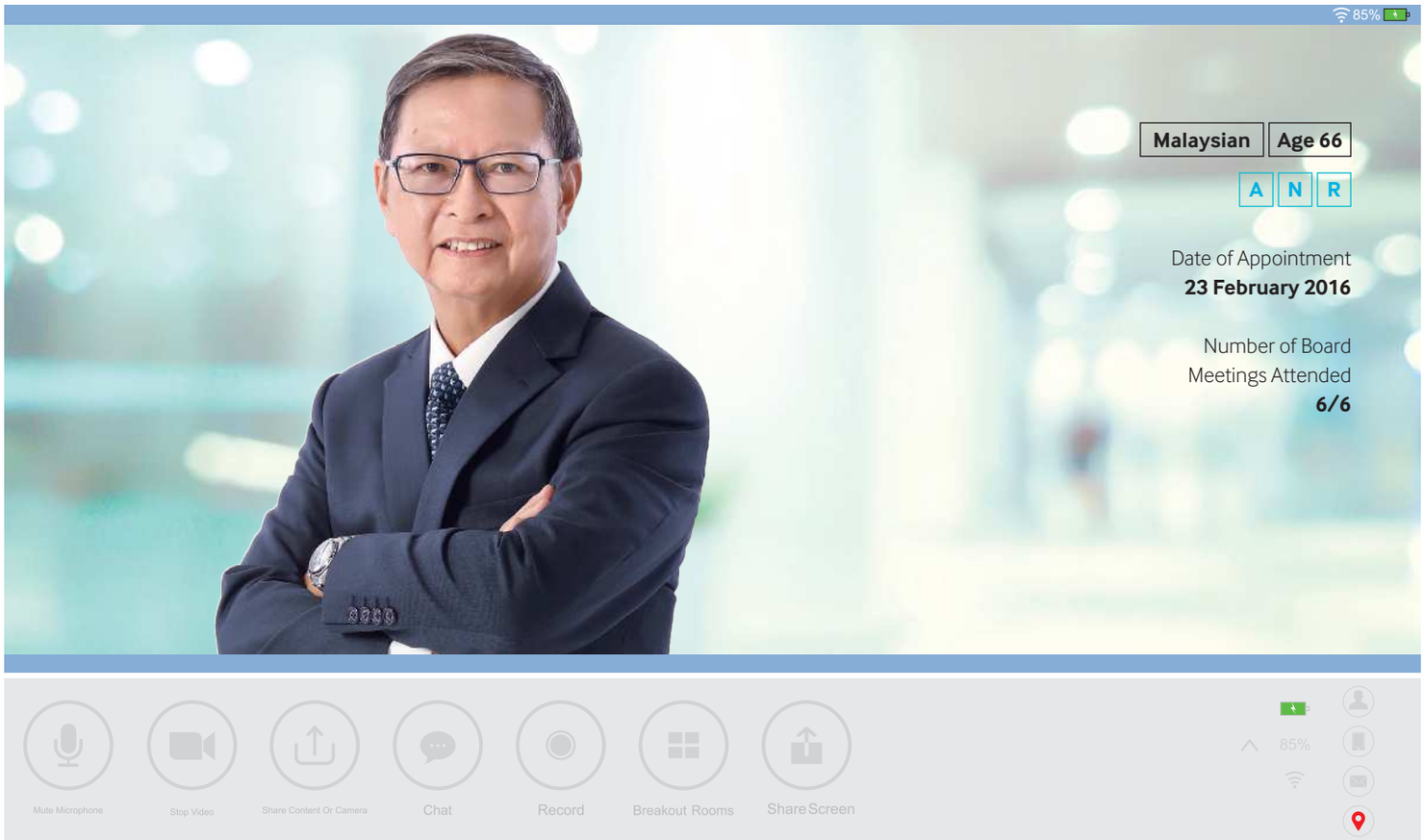
PRESENT APPOINTMENT(S)

- Chief Executive Officer, Non-Alcoholic Beverages of the Fraser and Neave, Limited Group

PAST DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR PAST APPOINTMENT(S)

- Chief Executive Officer of Wildlife Reserves Singapore
- Chief Corporate Development Officer for Foods and Beverages division of the Fraser and Neave, Limited Group
- Regional Director of China in Asia Pacific Breweries Limited
- Chief Executive Officer of Heineken-APB (China) Management Services Co. Ltd.

Mr. Lee Meng Tat does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company save and except that he is a nominee director of Fraser and Neave, Limited, a major shareholder of the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



Mr. David Siew Kah Toong
Independent Non-Executive Director

QUALIFICATION(S)

- Member of Malaysian Institute of Accountants ("MIA")
- Member of Malaysian Institute of Certified Public Accountants ("MICPA")
- Member of CPA Australia

MEMBERSHIP(S) OF BOARD COMMITTEES

- Audit Committee (Chairman)
- Nominating Committee
- Remuneration Committee

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR LISTED ISSUER(S)

- Director of Great Eastern Life Assurance (Malaysia) Berhad

PRESENT APPOINTMENT(S)

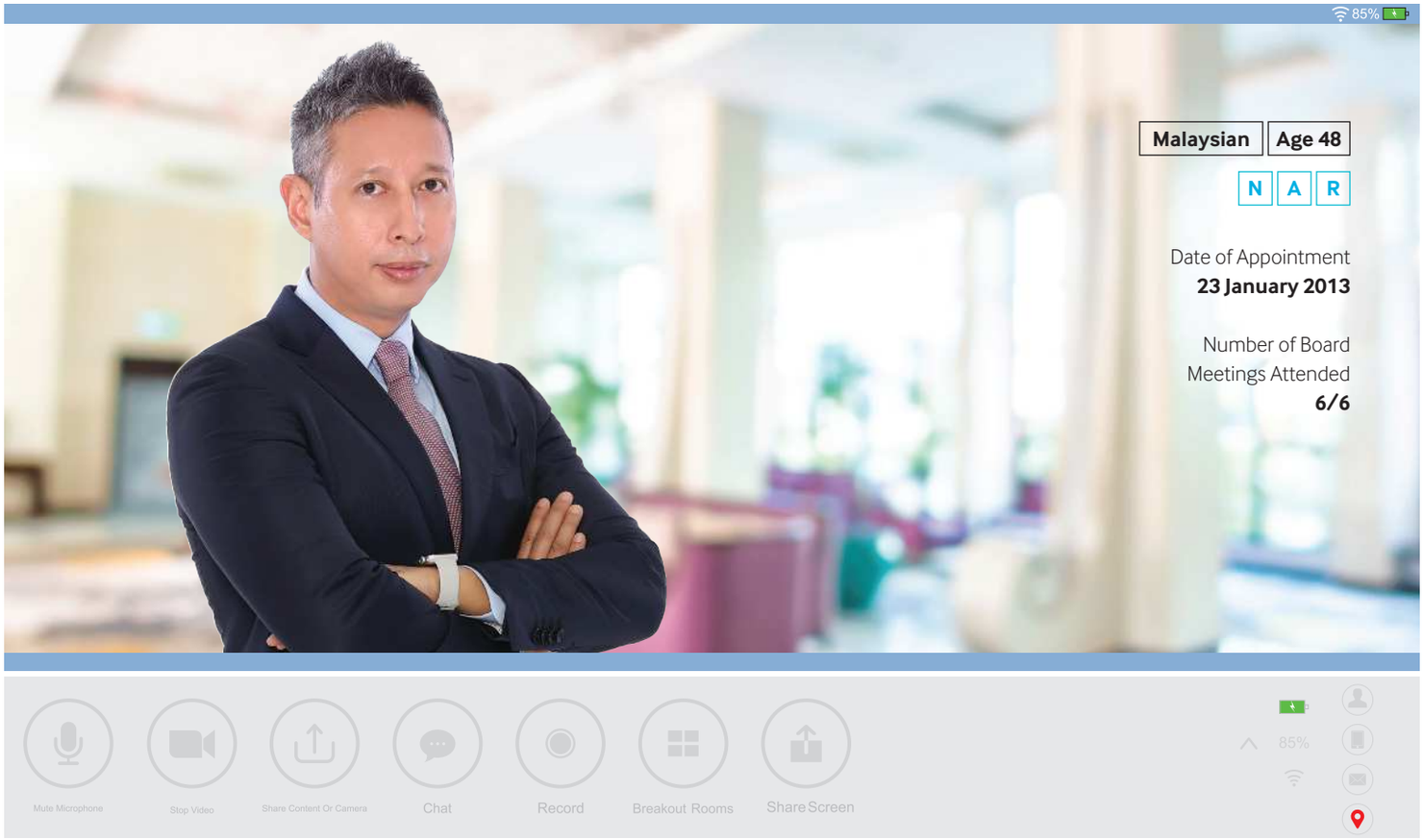
- Managing Partner of Sekhar & Tan, Chartered Accountants
- Member of the Public Practice of MICPA
- Member of Audit Committee of Great Eastern Life Assurance (Malaysia) Berhad

PAST DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR PAST APPOINTMENT(S)

- Director, Chairman of Audit Committee and member of Remuneration Committee of Wing Tai Malaysia Berhad (now known as Wing Tai Malaysia Sdn Bhd)
- Finance Director of Malaysian Mosaics Berhad
- Managing Partner of BDO
- Board member of the Financial Reporting Foundation
- Member of the Developing Nations Committee of the International Federation of Accountants
- Special Administrator for several public listed companies pursuant to the Pengurusan Danaharta Nasional Berhad Act 1998
- Member of the Practice Review Committee of the MIA
- Member of the Auditing and Accounting Technical and Financial Statement Review Committees of MICPA
- Director, Chairman of Audit Committee, member of the Risk Management and Sustainability Committee and Nominating and Remuneration Committee of Tan Chong Motor Holdings Berhad

Mr. David Siew Kah Toong does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Profile of *Board of Directors* (Cont'd.)



Dato' Sri Johan Tazrin Bin Hamid Ngo

Independent Non-Executive Director

QUALIFICATION(S)

- Bachelor of Arts (Honours) degree in Business Economics, Reading University, United Kingdom
- Associate Member of the Society of Investment Professionals , United Kingdom (CFA Institute) and European Associate of Financial Analysts

MEMBERSHIP(S) OF BOARD COMMITTEES

- Nominating Committee (Chairman)
- Audit Committee
- Remuneration Committee

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR LISTED ISSUER(S)

- Nil

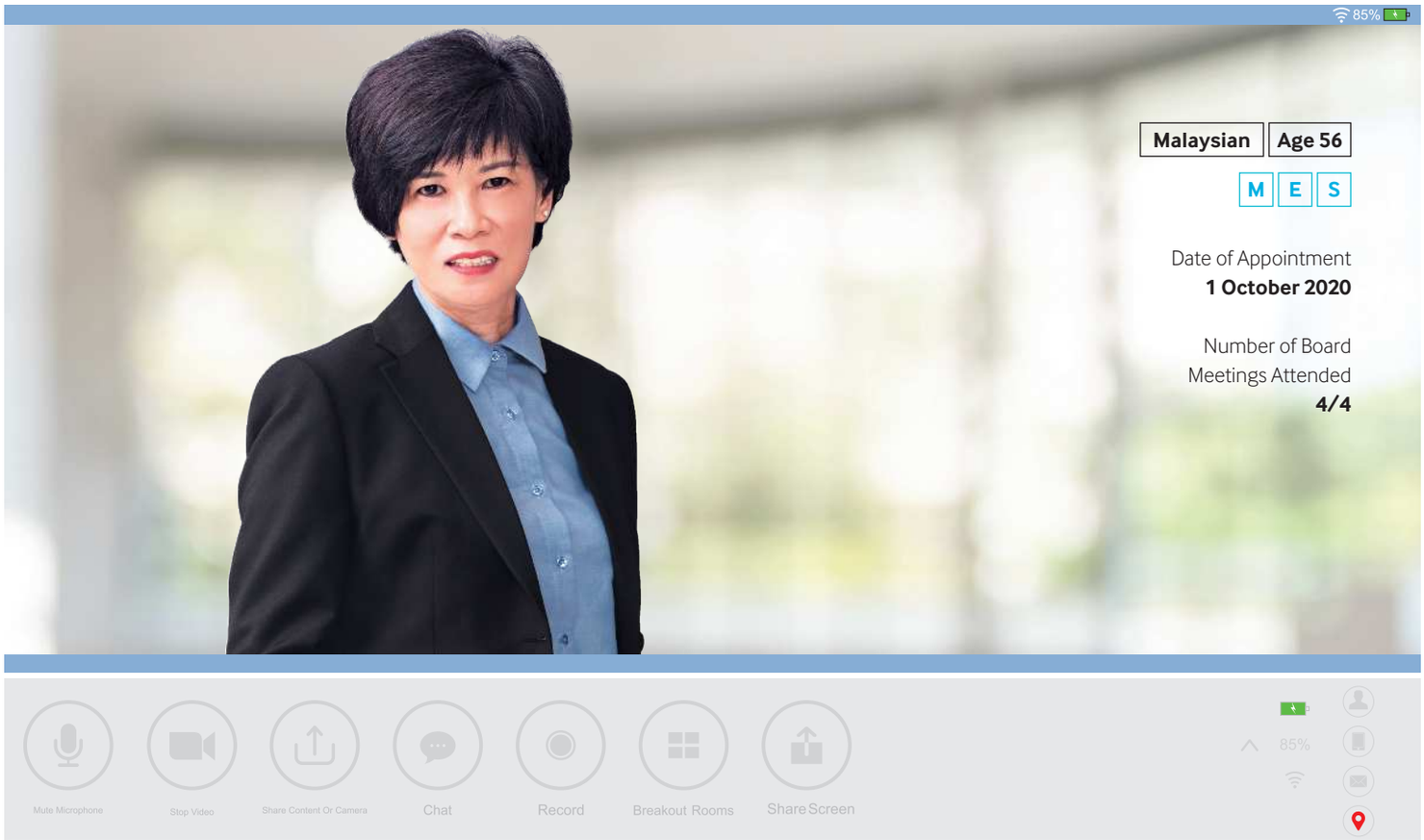
PRESENT APPOINTMENT(S)

- Managing Director and Chief Investment Officer of Amara Investment Management Sdn Bhd, a fund management company licensed by the Securities Commission

PAST DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR PAST APPOINTMENT(S)

- Portfolio Manager of Coutts & Co. (London) Ltd
- Director, Kenanga Asset Management Sdn Bhd
- Director, Kenanga Unit Trust Berhad

Dato' Sri Johan Tazrin bin Hamid Ngo does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



Mdm. Tan Fong Sang

Non-Independent Non-Executive Director

QUALIFICATION(S)

- Member of Malaysian Institute of Accounts
- Bachelor degree in Accounting, National University of Malaysia

MEMBERSHIP(S) OF BOARD COMMITTEES

- Sustainability & Risk Management Committee (Chairman)
- Group Executive Committee
- Share Buy-Back Committee

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR LISTED ISSUER(S)

- Director of Great Eastern General Insurance (Malaysia) Berhad

PRESENT APPOINTMENT(S)

- Director of Crystal Coastal Sdn Bhd

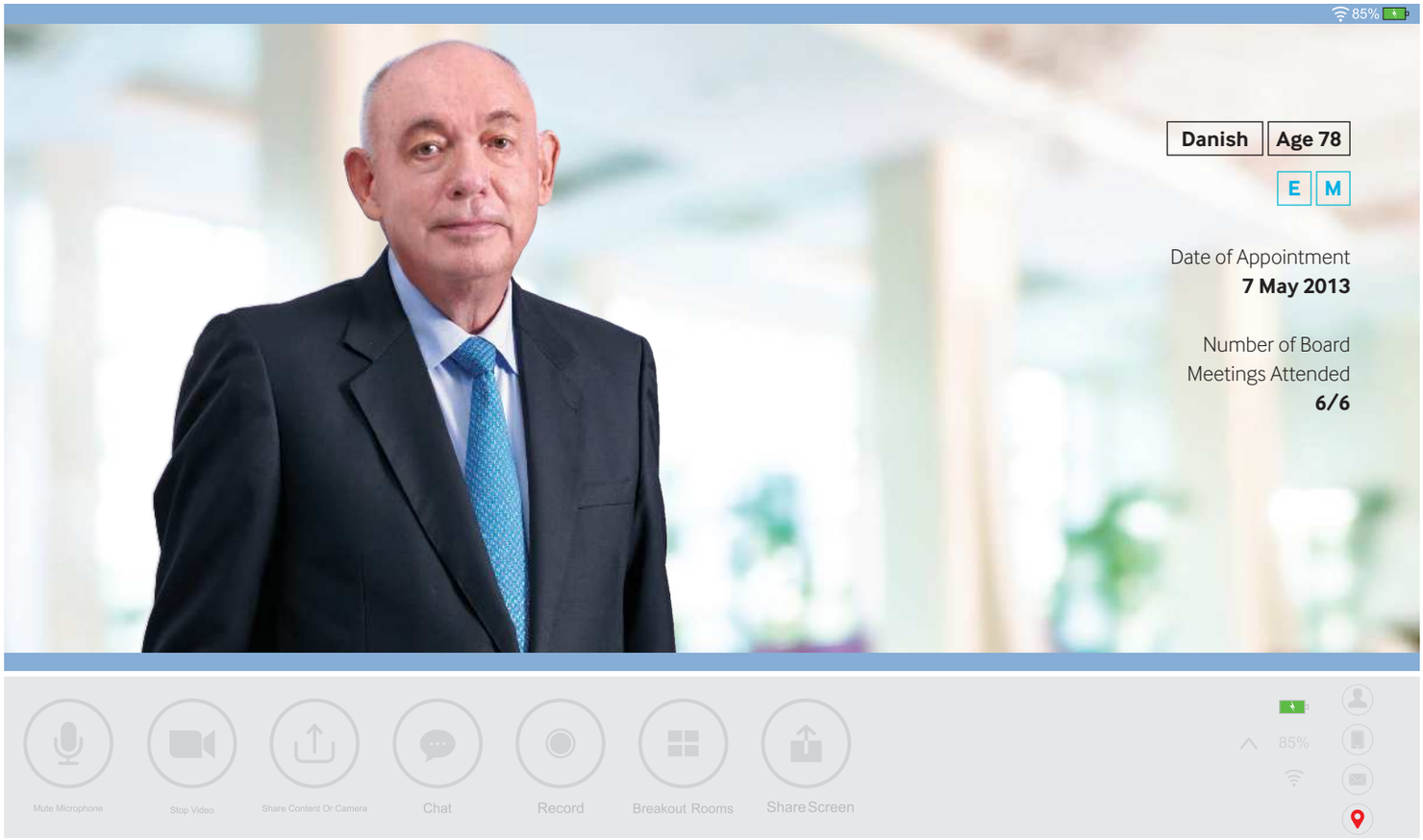
PAST DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR PAST APPOINTMENT(S)

- Director of Great Eastern Life Assurance (M) Berhad
- Director of e2 Power Sdn Bhd, OCBC Credit Berhad, OCBC Capital Sdn Bhd and OCBC Advisers (M) Sdn Bhd, subsidiaries of Oversea-Chinese Banking Corporation Limited ("OCBC")
- Executive positions in OCBC Bank (Malaysia) Berhad including position of the Chief Financial Officer

Mdm. Tan Fong Sang was appointed as Alternate Director to Mr. Lee Kong Yip on 17 February 2020 and ceased as his alternate following his retirement as a Non-Independent Non-Executive Director of the Company on 30 September 2020. She was then appointed as a Non-Independent Non-Executive Director on 1 October 2020.

Mdm. Tan Fong Sang does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company except she is a nominee director of Fraser and Neave, Limited, a major shareholder of the Company. She has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Profile of *Board of Directors* (Cont'd.)



Dato' Jorgen Bornhoft
Non-Independent Non-Executive Director

QUALIFICATION(S)

- Degree in Accountancy and Finance (Bachelor of Commerce), Copenhagen Business School.

MEMBERSHIP(S) OF BOARD COMMITTEES

- Group Executive Committee
- Sustainability & Risk Management Committee

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR LISTED ISSUER(S)

- Nil

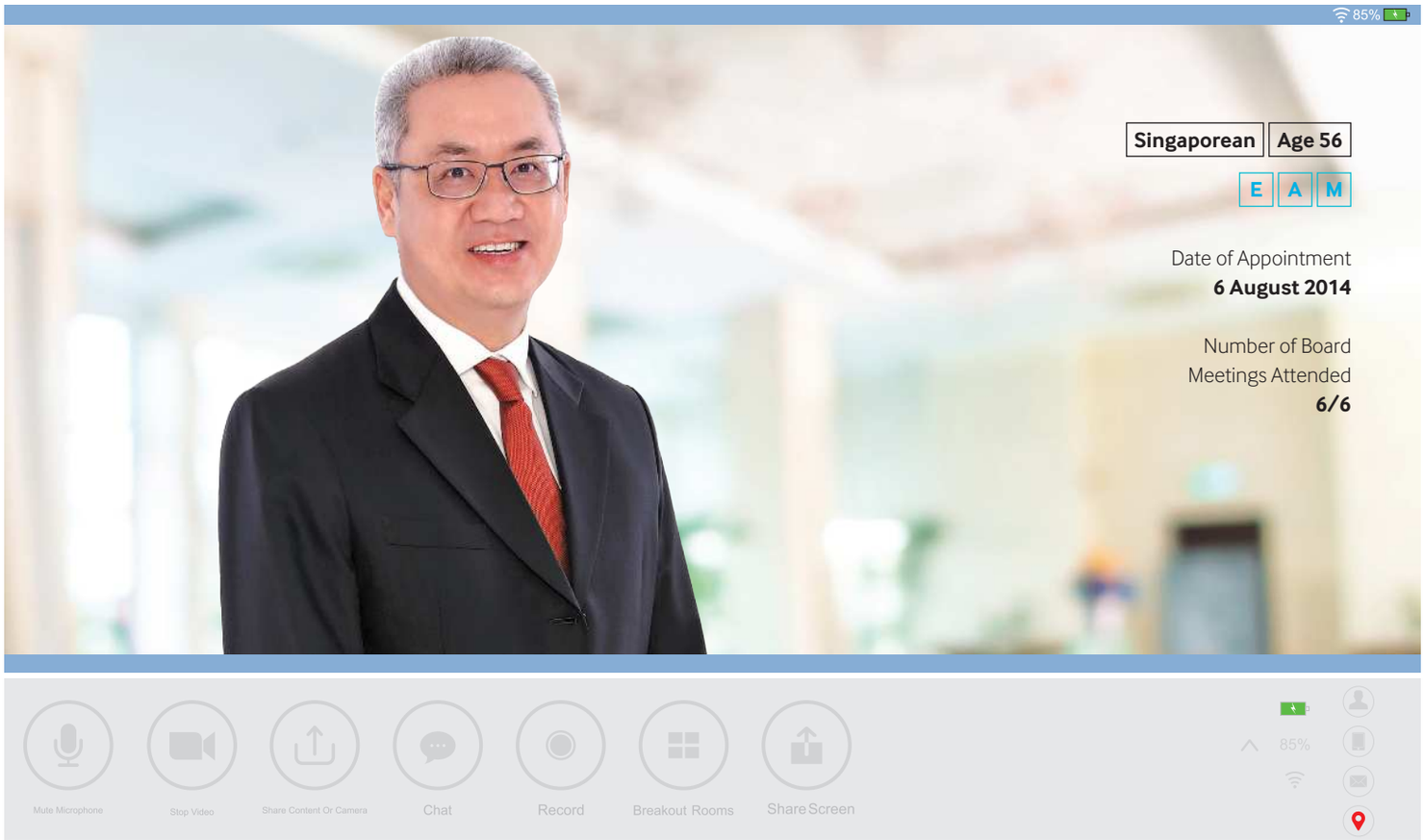
PRESENT APPOINTMENT(S)

- Vice-Chairman of International Beverage Holdings Limited

PAST DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR PAST APPOINTMENT(S)

- Chairman, Managing Director, Director and Chief Executive Officer of Carlsberg Brewery Malaysia Berhad
- Chief Executive Officer of Carlsberg Asia Pte Ltd, Singapore
- Vice-President of Carlsberg International A/S, Denmark
- President of the Malaysian International Chamber of Commerce and Industry
- Director of Hap Seng Plantations Holdings Berhad
- Chairman of Hap Seng Consolidated Berhad
- Director of Mega First Corporation Berhad

Dato' Jorgen Bornhoft does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company save and except that he is a nominee director of Fraser and Neave, Limited, a major shareholder of the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



Mr. Hui Choon Kit
Non-Independent Non-Executive Director

QUALIFICATION(S)

- Master of Business Administration, Nanyang Technological University
- Bachelor of Business, Curtin University, Australia
- Member of the Institute of Singapore Chartered Accountants

MEMBERSHIP(S) OF BOARD COMMITTEES

- Group Executive Committee
- Audit Committee
- Sustainability & Risk Management Committee

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR LISTED ISSUER(S)

- Nil

PRESENT APPOINTMENT(S)

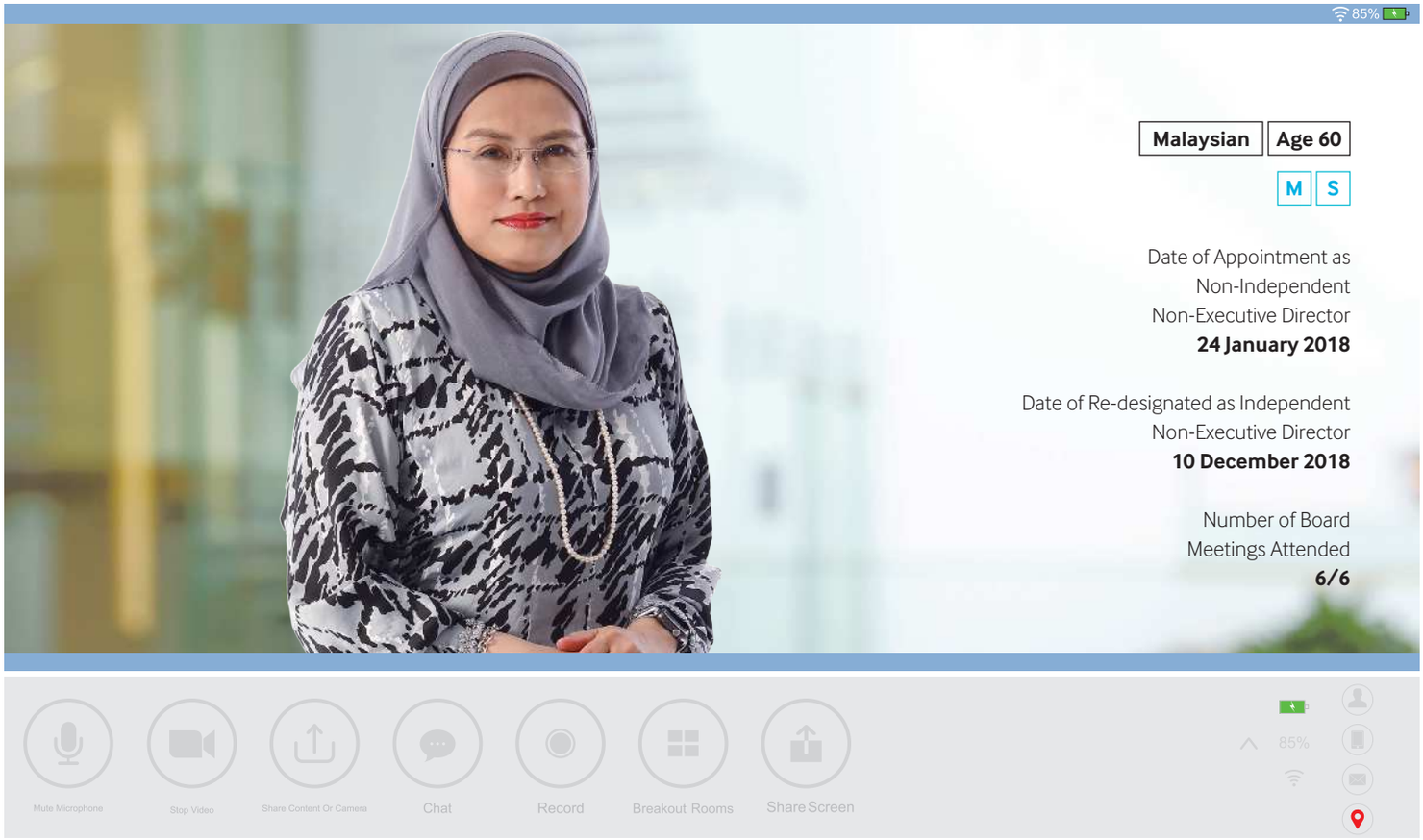
- Chief Financial Officer and Company Secretary of the Fraser and Neave, Limited Group

PAST DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR PAST APPOINTMENT(S)

- Senior Manager, Business Development of the Fraser and Neave, Limited Group
- Corporate Finance Banker in Singapore and Thailand
- Accountant and Financial Consultant in Ernst & Young

Mr. Hui Choon Kit does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company save and except that he is a nominee director of Fraser & Neave, Limited, a major shareholder of the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Profile of *Board of Directors* (Cont'd.)



Puan Aida Binti Md Daud
Independent Non-Executive Director

QUALIFICATION(S)

- Master in Business Administration, Strathclyde University, Scotland
- Bachelor of Science in Business Administration (Finance and Law), Portland State University, The United States of America
- Senior Associate Member of the Financial Securities Institute of Australia
- Certified Member of Financial Planning Association of Malaysia
- Diploma in Public Administration, Institute Teknologi MARA

MEMBERSHIP(S) OF BOARD COMMITTEES

- Sustainability & Risk Management Committee
- Share Buy-Back Committee

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR LISTED ISSUER(S)

- Director of Amway (Malaysia) Holdings Berhad

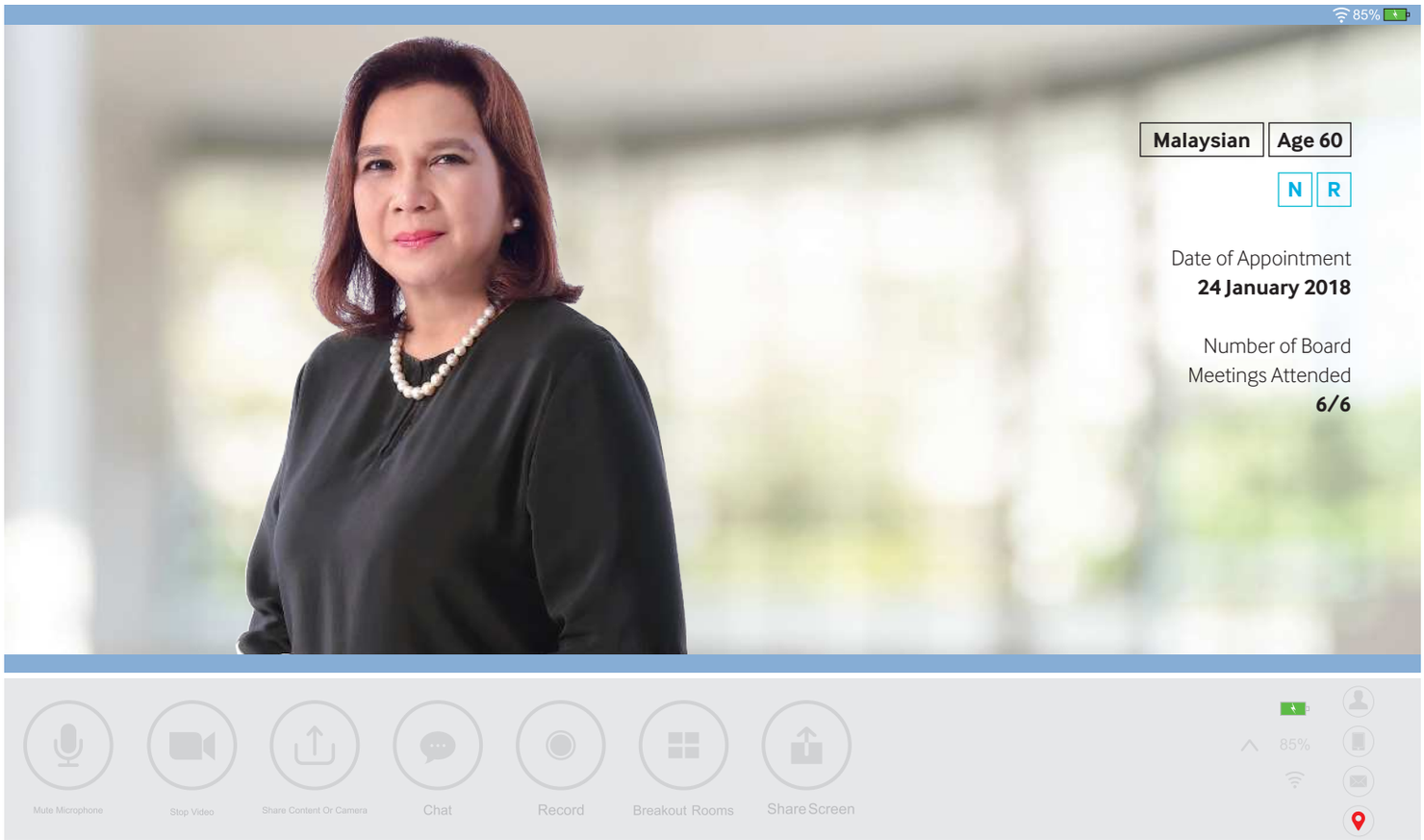
PRESENT APPOINTMENT(S)

- Senior Vice President of Human Capital Division of Permodalan Nasional Berhad ("PNB")
- Director of PNB Investment Institute Sdn Berhad

PAST DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR PAST APPOINTMENT(S)

- Head of Human Resource Operations & Administration Department, PNB
- Head of Human Capital Planning & Development Department, PNB
- Chief Executive Officer, PNB Investment Institute Sdn Berhad
- Head of Corporate Services Department, PNB
- Research and Corporate Services Analyst, PNB
- Represented PNB on the board of Cerebos Malaysia Sdn Bhd, Kim Fashion Knitwear (Malaysia) Sdn Berhad, Malaysian Nasional Reinsurance Berhad, Amalgamated Industries Steel Berhad and Lion Corporation Berhad
- Member of the Board of Governors of Financial Planning Association of Malaysia

Puan Aida binti Md Daud does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. She has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



Puan Faridah Binti Abdul Kadir
Independent Non-Executive Director

QUALIFICATION(S)

- Master of Business Administration, Cranfield School Management, United Kingdom
- Economics (Accounting & Finance) degree, London School of Economics, United Kingdom

MEMBERSHIP(S) OF BOARD COMMITTEES

- Nominating Committee
- Remuneration Committee

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR LISTED ISSUER(S)

- Nil

PRESENT APPOINTMENT(S)

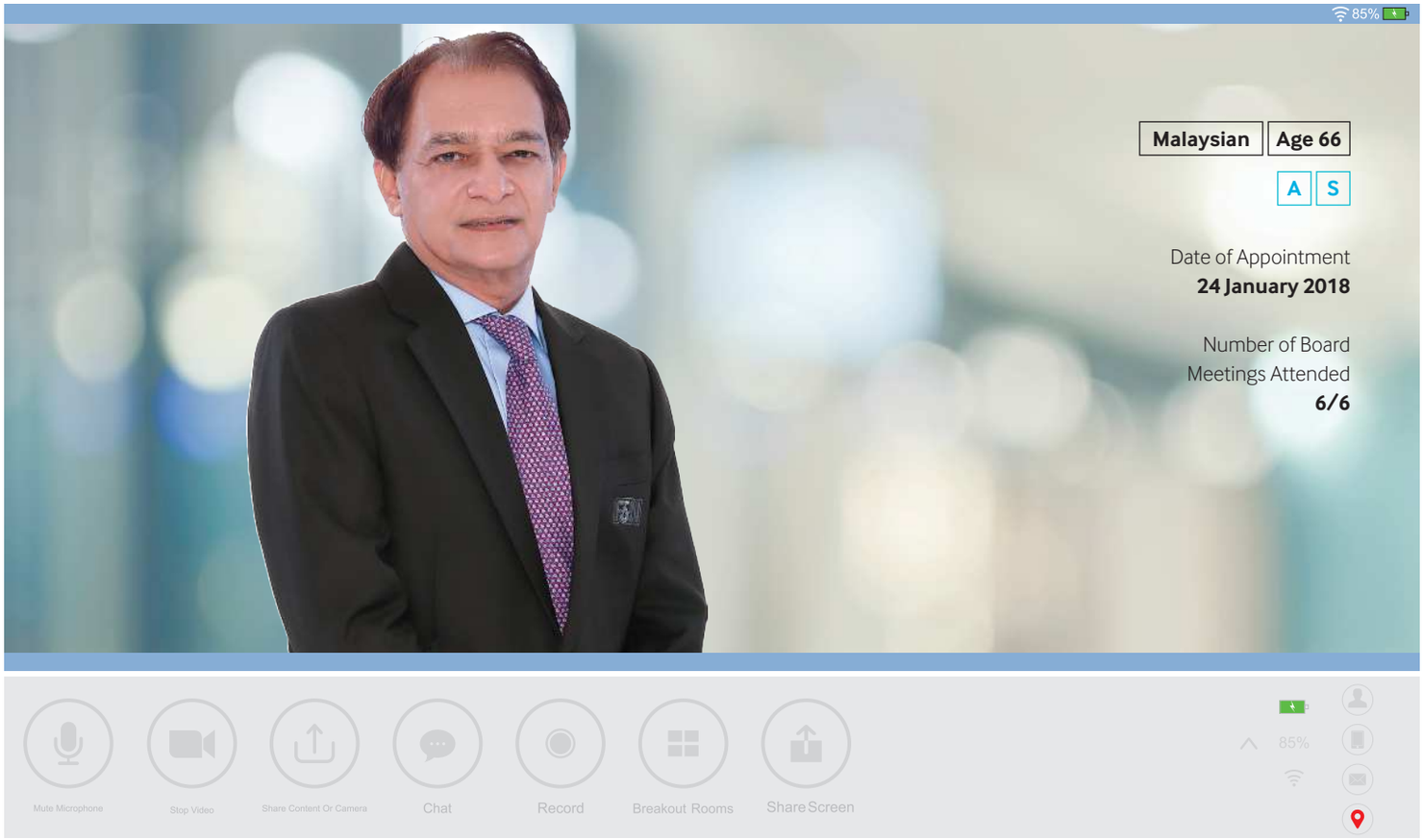
- Board member of Trustees of Yayasan Kadir & Fatimah
- Council member of the Society for the Severely Mentally Handicapped Selangor
- Director of Fibertex Personal Care Sdn Bhd, Kay & Ef Sdn Bhd, Kay and Ef Trading Sdn Bhd and Fatimah Hashim Holdings Sdn Bhd

PAST DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR PAST APPOINTMENT(S)

- Board member of the Malaysian Danish Business Council, ISS Facility Services Sdn Bhd and Danfoss Industries Sdn Bhd
- Regional Representative of The Industrialization Fund for Developing Countries, Denmark ("IFU")
- Advisor of IFU (Malaysian projects)
- Executive of Permata Chartered Merchant Bank

Puan Faridah binti Abdul Kadir does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. She has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Profile of *Board of Directors* (Cont'd.)



Datuk Mohd Anwar Bin Yahya

Independent Non-Executive Director

QUALIFICATION(S)

- Bachelor of Science (Honours) degree in Economics and Accountancy, University of Hull, United Kingdom
- Chartered Accountant, Fellow of Institute of Chartered Accountant England & Wales
- Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants

MEMBERSHIP(S) OF BOARD COMMITTEES

- Audit Committee
- Share Buy-Back Committee

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR LISTED ISSUER(S)

- Director of Maybank Islamic Berhad
- Director of FGV Holdings Berhad
- Director of Pelaburan Hartanah Nasional Bhd
- Director of Amanah Saham Nasional Berhad

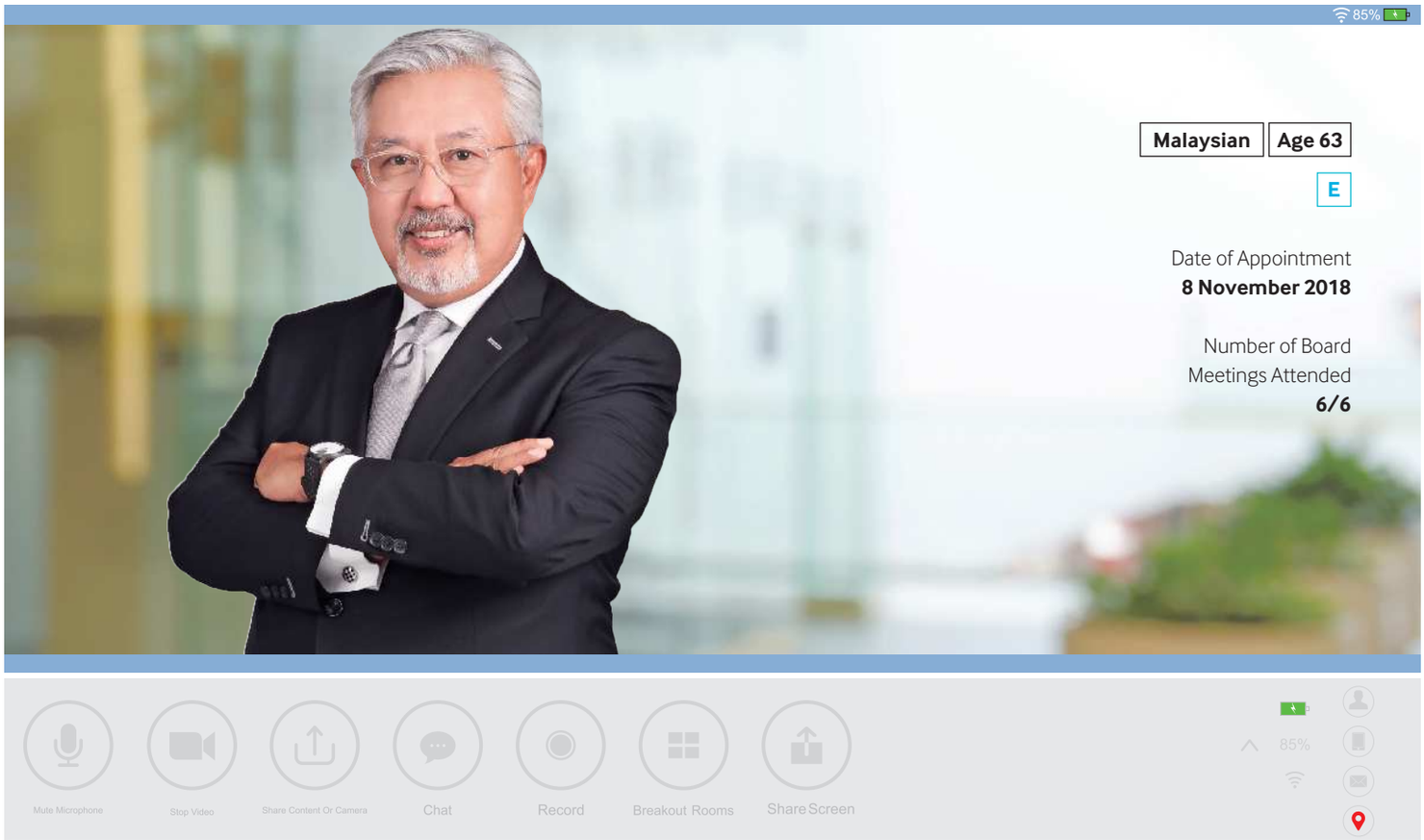
PRESENT APPOINTMENT(S)

- Partner of Sage 3 Sdn Bhd
- Director of Technology Park Corporation Malaysia Sdn Bhd

PAST DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR PAST APPOINTMENT(S)

- Partner of PricewaterhouseCoopers
- Partner of Maybridge Consulting PLT
- Chief Executive Officer of Permodalan Kelantan Berhad
- Finance Manager of Lembaga Kemajuan Kelantan Selatan
- Director of Usains Holdings Sdn Bhd

Datuk Mohd Anwar bin Yahya does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



Datuk Kamaruddin Bin Taib
Independent Non-Executive Director

QUALIFICATION(S)

- Bachelor of Science in Mathematics, University of Salford, United Kingdom

MEMBERSHIP(S) OF BOARD COMMITTEES

- Group Executive Committee

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR LISTED ISSUER(S)

- Chairman of GHL Systems Berhad
- Chairman of HSBC Amanah Malaysia Berhad
- Director of Great Eastern General Insurance (Malaysia) Berhad
- Director of Malaysia Smelting Corporation Berhad
- Director of RAM Holdings Berhad

PRESENT APPOINTMENT(S)

- Director of DNV GL Malaysia Sdn Bhd
- Director of FIDE FORUM (Financial Institutions Directors Education FORUM)
- Member of the Human Resource Sub-Committee of The Royal Selangor Golf Club

PAST DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND/OR PAST APPOINTMENT(S)

- Executive Chairman of DNV GL Malaysia Sdn Bhd
- Director of BFC Exchange Sdn Bhd
- Trustee of the Malaysian Oil & Gas Services Council
- Chairman of Great Eastern Takaful Berhad
- Director of I Great Capital Holdings Sdn Bhd
- Director and member of the Independent Review Panel for Great Eastern Life Assurance (Malaysia) Berhad
- Member of the Internal Audit Sub-committee of The Royal Selangor Golf Club

Datuk Kamaruddin bin Taib does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Management Team



1 **Lim Yew Hoe**
Chief Executive Officer

2 **Lai Kah Shen**
Director, Finance/ Chief Financial Officer

3 **Bart Lim Siang Chin**
Managing Director, Domestic Commercial Operations (Peninsular Malaysia)

4 **David Hoong Cheong Wai**
Senior Director, Human Capital

5 **Soh Swee Hock**
Managing Director, International Markets Development

6 **Suchit Riewcharoon**
Managing Director, F&N Dairies (Thailand) Limited

7 **Dr. Yap Peng Kang**
Senior Director, Manufacturing and Group Research & Development

8 **Bryan Lee Chee Kong**
Director, Domestic Commercial Operations (East Malaysia & Brunei)

9 **Graham Lim**
Director, Marketing

10 **Jasmine Teo**
Director, Digital Solutions & Technology

11 **Karen Tan Chui Chui**
Director, Communications, Corporate Affairs & Sustainability

12 **Lau Cheng Yew**
Director, Property & Integrated Projects

13 **Dato' Raffiq bin Md Ariff**
Director, Government and Industry Engagement & Halal Affairs

14 **Timothy Ooi Aik Tuan**
Director, Group Legal Counsel & Company Secretary

15 **Albert Loh Wee Han**
Head, Internal Audit

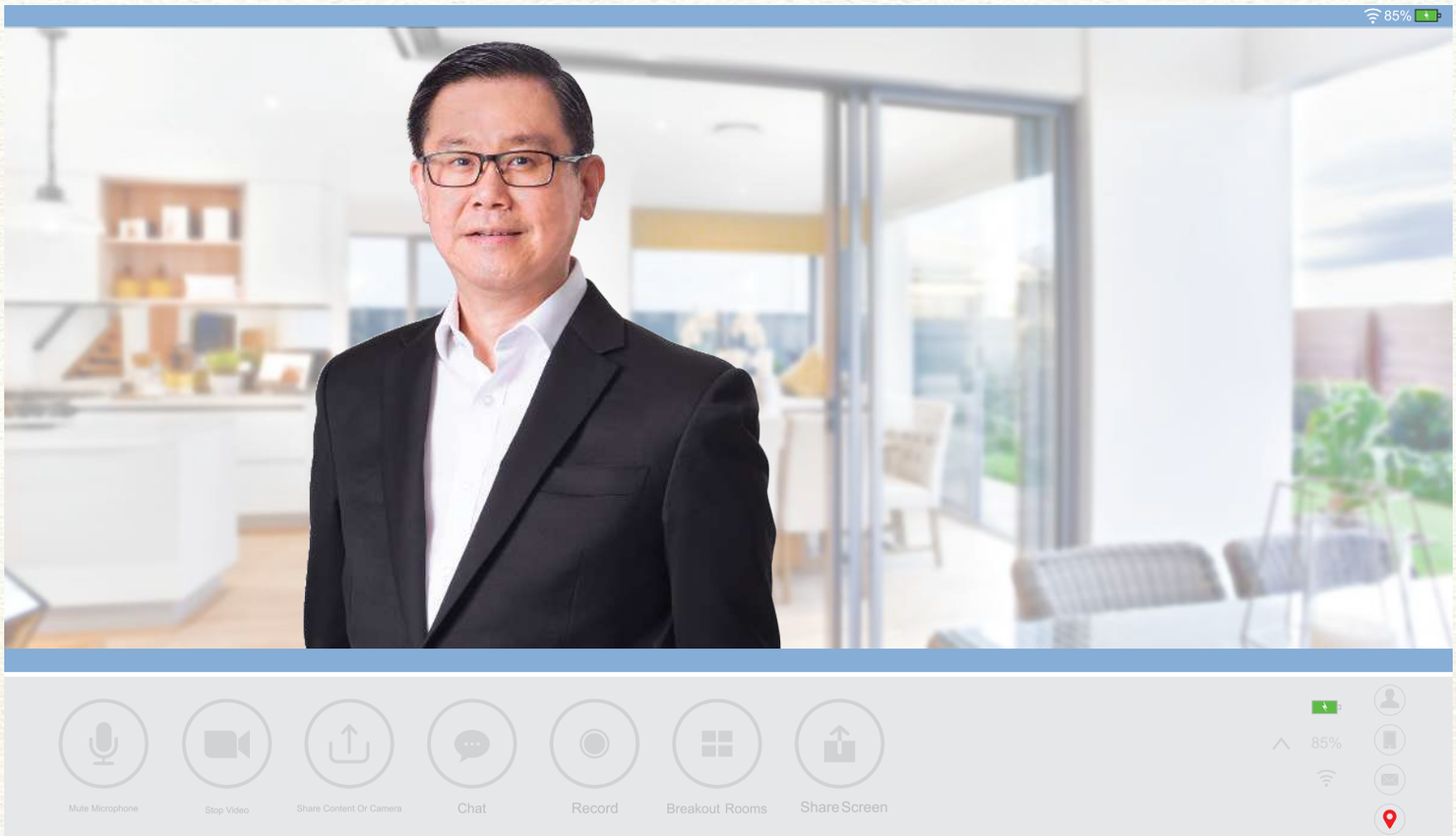
16 **Kelleigh Foo Chooi Kian**
Senior Manager, CEO Office & Risk Management

17 **Lee Lay Yean**
Senior Manager, Business Capability & Strategy

18 **Zainal Abidin Musa**
Senior Manager, Business Development (Foods) & Innovation


2
3
4
5
6
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8
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11
12
13
14
15
16
17
18
85%
Record
Chat
Breakout Rooms
Share Screen

Profile of *Chief Executive Officer*



Lim Yew Hoe
Chief Executive Officer

Singaporean | **Age 54** Date of Appointment **1 December 2014**

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor of Science (Estate Management) degree, National University of Singapore
- Master of Business Administration majoring in Banking and Finance, Nanyang Technological University of Singapore

WORKING EXPERIENCE

- Joined Asia Pacific Breweries Limited (now known as Heineken Asia MTN Pte Ltd) in 1997 and has held various positions in Asia Pacific Breweries Limited Group, the last being Managing Director of Asia Pacific Brewery (Hanoi) Limited in 2014.

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND LISTED ISSUER(S)

Cocoaland Holdings Bhd

He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Profile of *Key Senior Management*



Lai Kah Shen

Director, Finance/Chief Financial Officer

Singaporean | **Age 47** Date of Appointment **4 February 2019**

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor of Accountancy, Nanyang Technological University of Singapore
- Chartered Financial Analyst, Association for Investment Management & Research
- Bachelor of Law, University of London

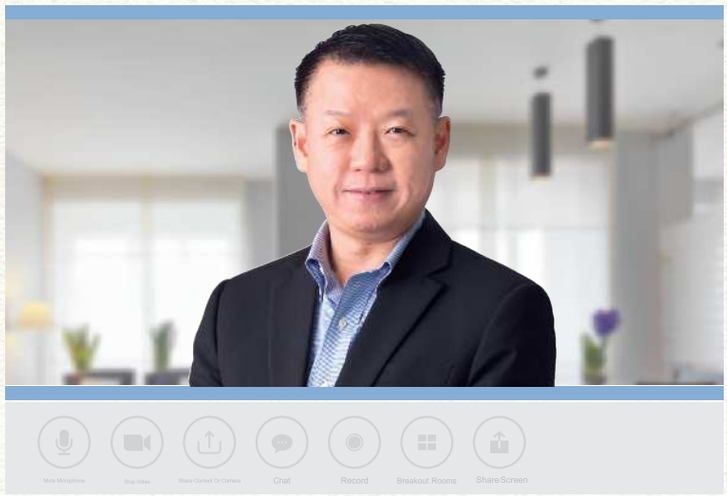
WORKING EXPERIENCE

- Positions held in Fraser and Neave, Limited ("FNL") Group since May 2003:
  - Financial Controller, Food & Beverage including heading FNL Group's ice cream division and concentrate plant operation
  - Group Finance Manager
- July 1997 to April 2003 – Auditor in PricewaterhouseCoopers before moving on to public-listed companies in banking and commercial sectors

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND LISTED ISSUER(S)

Nil

He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



Bart Lim Siang Chin

Managing Director, Domestic Commercial Operations (Peninsular Malaysia)

Singaporean | **Age 50** Date of Appointment **1 October 2018**

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor of Business Studies, Nanyang Technological University of Singapore

WORKING EXPERIENCE

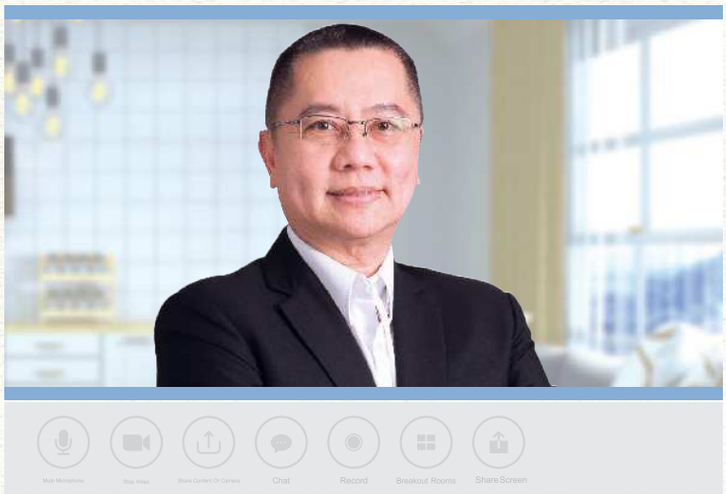
- Over 24 years of experience in customer development, marketing and operation controls, and has held various operational and leadership roles, among which were the positions of Regional Director for Johnson & Johnson Consumer (Asia Pacific), General Manager for Carlsberg Singapore Pte Ltd and Chief Operating Officer for St. Joseph's Home
- Positions held in Fraser and Neave, Limited Group:
  - January 2018 to present – General Manager, Emerging and New Markets prior to assuming the current role
  - April 2014 to September 2015 – General Manager, Non-Alcoholic Beverages CEO's Office

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND LISTED ISSUER(S)

Nil

He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Profile of *Key Senior Management* (Cont'd.)



David Hoong Cheong Wai

Senior Director, Human Capital

Malaysian | **Age 60** Date of Appointment **5 August 2013**

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor degree of Arts majoring in business administration and industry psychology, Wilfrid Laurier University, Waterloo Ontario, Canada

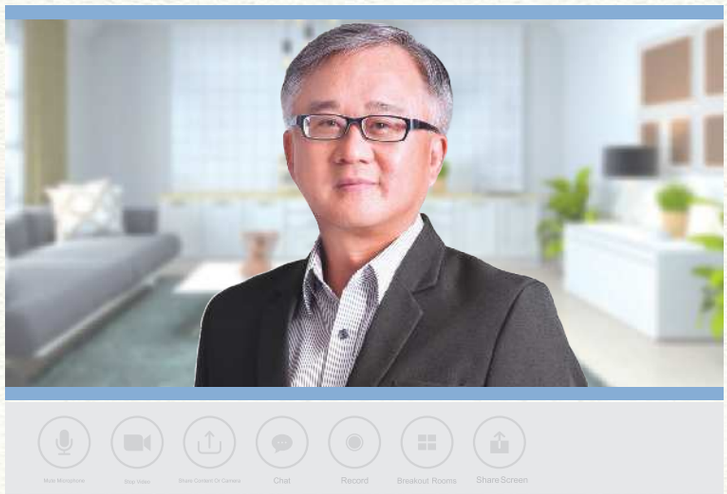
WORKING EXPERIENCE

- Over 35 years of human resource management experience in the manufacturing environment for large organisations of various industries
- June 2006 to July 2013 – Vice President, Human Resource of Unisem (M) Berhad

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND LISTED ISSUER(S)

Nil

He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



Soh Swee Hock

Managing Director, International Markets Development

Malaysian | **Age 58** Date of Appointment **1 October 2015**

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Master in Business Administration majoring in corporate finance, State University of New York, Buffalo, United States of America

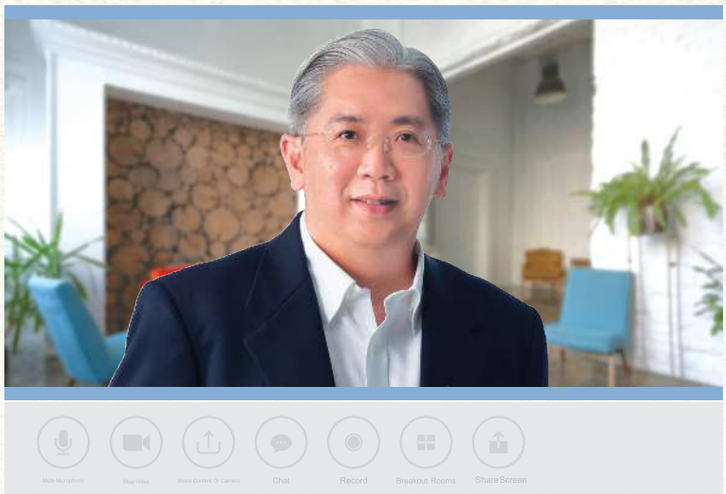
WORKING EXPERIENCE

- January 2010 – Senior Manager, Projects of Fraser & Neave Holdings Bhd Group
- Positions held in Asia Pacific Breweries Limited:
  - June 2009 – General Manager (Business Development, China)
  - July 2004 – Assistant General Manager (Projects)
- 1992 to June 2004 – held various positions in Lion Group of Malaysia, the last being General Manager, China Investment Division
- 1988 to 1992 – held various positions in IBM Malaysia, the last being Planning Analyst

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND LISTED ISSUER(S)

Cocoaland Holdings Bhd

He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



Suchit Riewcharoon

Managing Director, F&N Dairies (Thailand) Limited

Thai | **Age 56** Date of Appointment **1 April 2019**

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Master in Marketing, Thammasart University, Thailand
- Bachelor of Business Administration majoring in Marketing of Assumption University, Thailand

WORKING EXPERIENCE

- February 2007 to March 2019 – Head of Sales for Thailand and Indochina of F&N Dairies (Thailand) Limited
- 1988 to 2007 – held various managerial positions in Nestle (Thai) Limited, the last being Business Excellence and Training Manager

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND LISTED ISSUER(S)

Nil

He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



Dr. Yap Peng Kang

Senior Director, Manufacturing and Group Research & Development

Singaporean | **Age 53** Date of Appointment **1 October 2018**

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Doctorate of Philosophy (PhD) in Microbiology
- Bachelor of Science (Hons) in Microbiology, National University of Singapore

WORKING EXPERIENCE

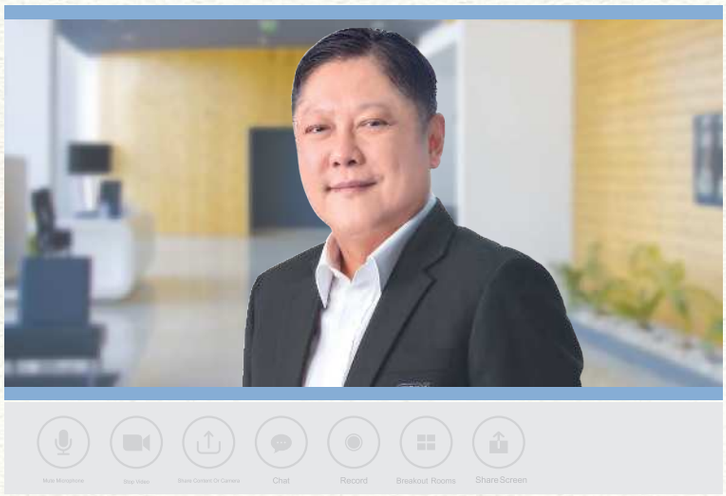
- October 2017 to present - Head, Group Research & Development of Fraser and Neave, Limited prior to assuming the current role
- Over 21 years of experience in the brewery industry and has held various senior positions in the Heineken Group of Companies

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND LISTED ISSUER(S)

Nil

He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Profile of *Key Senior Management* (Cont'd.)



Bryan Lee Chee Kong

Director, Domestic Commercial Operations (East Malaysia & Brunei)

Malaysian | **Age 57** Date of Appointment **3 December 2018**

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Chartered Institute of Marketing, Berkshire, United Kingdom

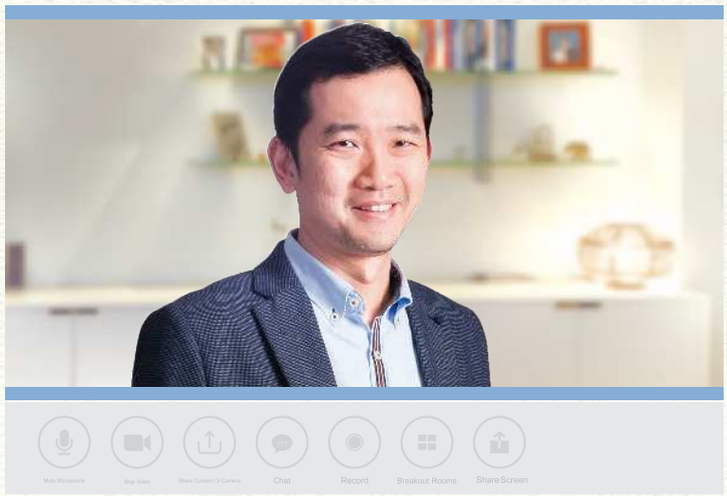
WORKING EXPERIENCE

- 30 years of experience at various multinational companies with solid range of experience not limited to Strategic Developments, Innovations & New Product Development, Brand and Trade Marketing. The last posting was in Myanmar heading the Commercial Division at a leading Beverage Company

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND LISTED ISSUER(S)

Nil

He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



Graham Lim

Director, Marketing

Singaporean | **Age 43** Date of Appointment **1 October 2017**

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor of Business majoring in Marketing & Finance, University of Technology, Sydney

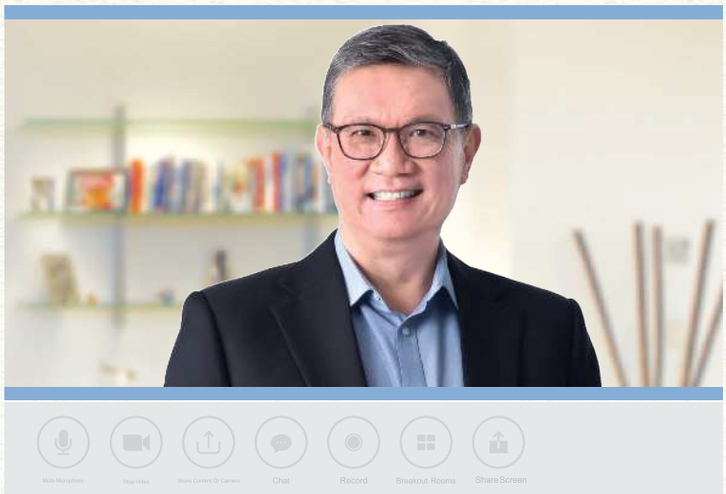
WORKING EXPERIENCE

- Positions held in Fraser and Neave, Limited Group:
  - September 2011 to April 2016 – Country Manager for F&N Foods Myanmar Branch Office
  - February 2008 to August 2011 – Regional Marketing Manager, Sports Beverages

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND LISTED ISSUER(S)

Nil

He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



Timothy Ooi Aik Tuan

Director, Group Legal Counsel & Company Secretary

Malaysian | **Age 58** Date of Appointment **5 December 2018**

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- LL.B (Hons), University of London
- Barrister-at-Law, Middle Temple
- Licensed Company Secretary

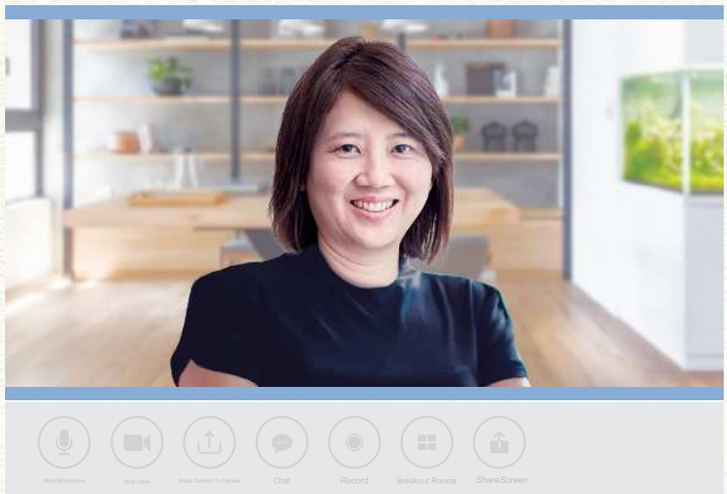
WORKING EXPERIENCE

- Over 30 years' experience as legal counsel, company secretary and compliance officer in various organisations in Hong Kong and Malaysia
- 2012 – Head, Legal of Fraser & Neave Holdings Bhd Group
- 2018 – In addition to overseeing legal department, he is also responsible for the company secretarial services of Fraser & Neave Holdings Bhd Group

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND LISTED ISSUER(S)

Nil

He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



Jasmine Teo Geok Lin

Director, Digital Solutions & Technology

Singaporean | **Age 55** Date of Appointment **1 January 2020**

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor degree of Science majoring in Mathematics in National University of Singapore

WORKING EXPERIENCE

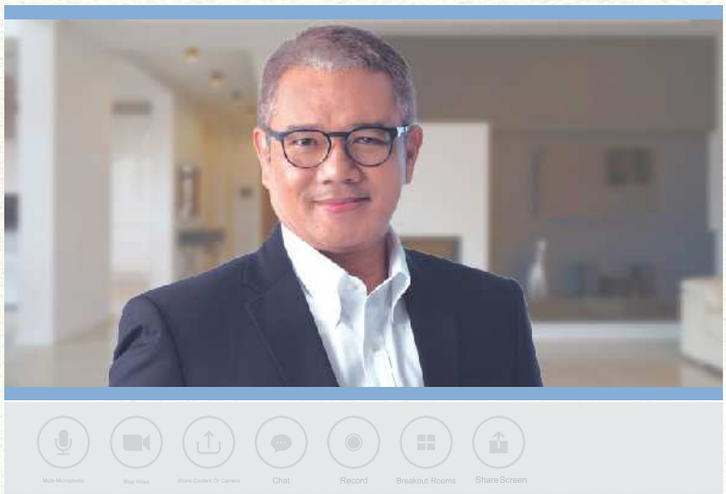
- 32 years of IT experience working in both public and private sectors in Singapore, in the area of applications design and development, SAP system support and maintenance. Last 16 years as senior vice president in Sembcorp Industries, setting up and heading the IT Shared Services function for the whole group

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND LISTED ISSUER(S)

Nil

She does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. She has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Profile of *Key Senior Management* (Cont'd.)



Dato' Raffiq bin Md Ariff

Director, Government and Industry Engagement & Halal Affairs

Malaysian | **Age 50** Date of Appointment **1 November 2019**

ACADEMIC/PROFESSIONAL QUALIFICATION(S)

- Bachelor of Accountancy, University Technology MARA, Malaysia
- ACCA (Partial), Emile Woolf College of Accountancy, United Kingdom

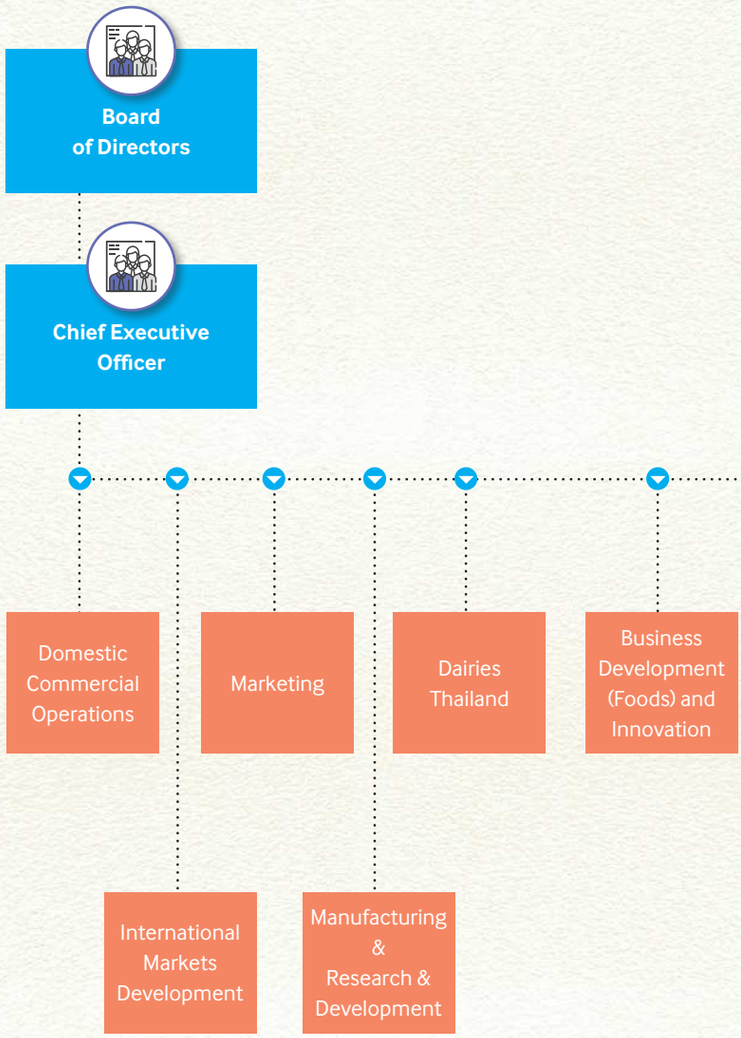
WORKING EXPERIENCE

- January 2017 – Senior Manager, International Markets Development of Fraser & Neave Holdings Bhd Group prior to assuming the current role
- Began his career at the public accounting firm before assuming managerial positions in several multinational companies such as InterBev Malaysia Sdn Bhd, Samsung Malaysia and Carlsberg Brewery

PRESENT DIRECTORSHIP(S) IN PUBLIC COMPANY(IES) AND LISTED ISSUER(S)

Nil

He does not have any family relationship with any director and/or major shareholder of the Company, nor any personal interest in any business arrangement involving the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial year, which require disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.



WORKFORCE

NUMBER OF EMPLOYEES

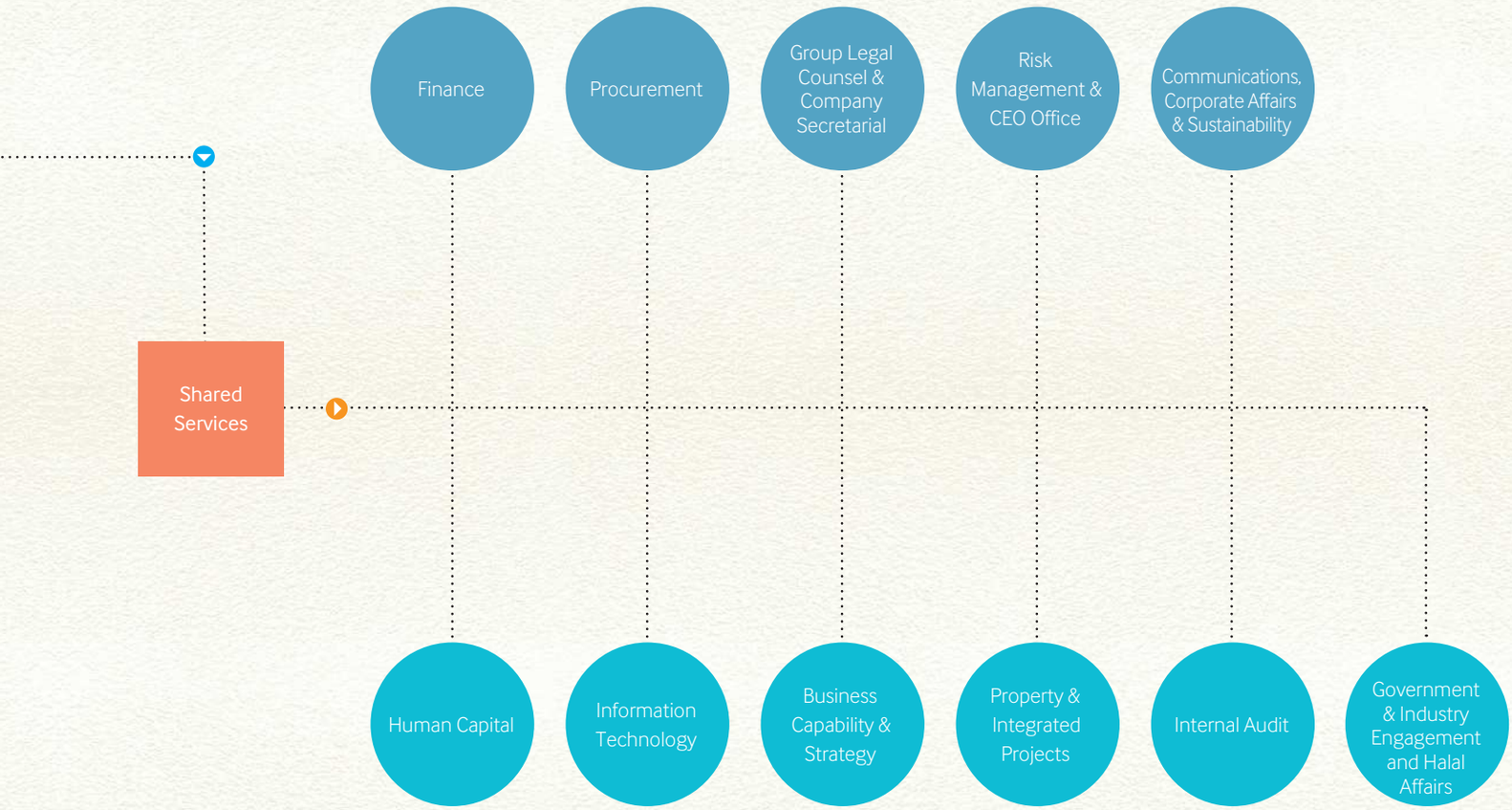
2,616

BY EMPLOYMENT STATUS

2,573 Permanent Contract

43 Temporary Contract

Organisation Structure



BY JOB CATEGORY

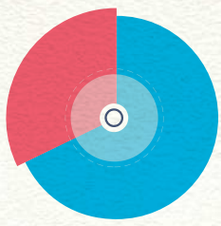
1,049
Executive

1,567
Non-Executive

AVERAGE NUMBER OF HOURS OF TRAINING PER EMPLOYEE PER YEAR

19

BY GENDER



69%
(1,802)

31%
(814)


USE BY
F&N
Nutri
SOY
Fresh Soya Milk
High Calcium
Omega

Consumers

For many generations, our products have been a part of almost every celebration and occasion, creating enjoyable and treasured moments for all. The celebrations may be simpler this year, but the memories created together will last a lifetime.

Bringing Smiles



STRATEGIC REPORT:

Chief Executive Officer's Statement

LIM YEW HOE
Chief Executive Officer

Dear Shareholders and Stakeholders,

The last few months have been exceedingly challenging due to the COVID-19 pandemic, with movement restrictions impacting everyday life as well as economic activity. Amidst the containment measures and subdued outdoor activities, Fraser & Neave Holdings Bhd (F&NHB or the Group) maintained commendable top and bottom lines in the financial year ended 30 September 2020 (FY2020). More importantly, we made good progress in strategic plans set out for the year 2020 despite the unfavourable circumstances. This was mainly the result of years of focus on creating greater efficiencies as part of our transformation to become a sustainable beverage leader in the region.

Our focus on three strategic priorities, namely Innovation, Cost Competitiveness and Excellence in Execution (I.C.E.) provided the clarity and purpose to navigate through these unprecedented times. The hard work and dedication of our people, as well as the strong relationship and collaboration with suppliers, trade partners and regulatory agencies have enabled us to emerge with better results than anticipated.

Although the beverages markets in Malaysia and Thailand shrank by double digits, we either maintained or grew our leadership in key categories, indicating our effective route to market strategies and strengthened brand value among our customers and consumers.

> **"We made good progress in strategic plans set out for the year 2020 despite the unfavourable circumstances.** This was mainly the result of years of focus on creating greater efficiencies as part of **our transformation to become a sustainable beverage leader in the region."**

SERVING UP INNOVATION

PRODUCTS THAT RESONATE WITH CONSUMERS

During the pandemic crisis, while prioritising the availability of our core products, we pushed ahead with product innovation to deliver value choices that resonate with consumers.

One natural outcome of COVID-19 has been the more apparent importance of health and wellness, and it is in this direction that we have been innovating on new products for several years. Half of the ten new products launched this year offer health benefits in different forms.

In Malaysia, we launched three beverages with no sugar at all, namely 100PLUS Zero, F&N ICE MOUNTAIN Sparkling Water and OYOSHI Zero-Sugar Green Tea. We also launched Sunkist Pure in two premium variants, orange and lemon apple. In Thailand, we introduced Carnation Plus, a zero-fat sweetened condensed milk with 25 per cent reduced sugar boasting the highest milk content in its category.

By financial year-end, the number of products carrying the Healthier Choice Logo (HCL) endorsed by the Malaysian Ministry of Health or Thailand's Ministry of Public Health increased from 41 at end FY2019 to 47.

Perhaps the most exciting innovation this year was our F&N ready-to-drink (RTD) Teh Tarik. It has not been easy to get the recipe right for this perennial Malaysian favourite. After years of testing different combinations of tea leaves with condensed and evaporated milk, our F&N Teh Tarik Ori and Teh Tarik Less Sweet taste like what you would get at mamak stalls or restaurants.

Further underlining our spirit of innovation, we ventured into two new product categories. In Thailand, for the first time, we produced milk candy tablets under the brand Magnolia Milkies. In Malaysia, TEAPOT Sweetened Beverage Creamer squeeze tubes positioned as spread and topping entered the market, signalling our entry into the adjacent ready-to-eat category.

We now also have an eco-friendly packaging option for F&N ICE MOUNTAIN Drinking Water using recyclable paper that is Forest Stewardship Council (FSC) certified, while the caps are bio-based, made from sugar cane.

STRATEGIC REPORT:
Chief Executive Officer's Statement (Cont'd.)

VALUE-ADDING FOR CONSUMERS, CUSTOMERS & BUSINESS PARTNERS

Value creation for consumers and customers is always given top priority at F&NHB, and we continued to find new ways to do this. For consumers, we offered value trade-up deals such as 1.75L bottles of carbonated soft drinks for the price of the 1.5L versions. We also ensured a presence in every price tier, especially the more affordable ones in the current climate of growing cost-conscious consumers.

We also work closely with our customers on product and application development to meet their specific needs.

This resulted in innovative packagings such as the 1kg stand-up pouch of evaporated milk for the foodservice channel in Thailand. Carnation and TEAPOT Evaporated Milk in 1 kg pouch were highly sought after by hawker customers to gain savings, who have been especially impacted by COVID-19. By September 2020, we were selling about 25,000 cases per month compared to 5,000 cases at launch.

For the export market, we introduced 1 metric tonne packaging for sweetened condensed milk (catering specifically to F&B manufacturers); and 160g cans for evaporated milk. Along with co-branding, the differentiated pack sizes that could cater to every need has helped us expand our global customer base and drive higher growth for our Exports business.

INNOVATIVE MARKETING TO STRENGTHEN CUSTOMER & CONSUMER TIES

The new normal means a shift in marketing investment, resources and strategy to quickly adapt to consumers' new consumption behaviour. At F&N, we continued to focus on meeting customers and consumers' satisfaction by adopting innovative approaches to boost customer experience and e-commerce engagement.

In Thailand, we intensified efforts in building brand loyalty and visibility with our hawker customers through a loyalty programme that utilises innovative digital media. The team also kept our large community of hawker customers in Thailand, Cambodia and Laos updated with the latest campaigns and recipes through LINE app, which now has more than 8,000 members. This year, we have also started a web-ordering system in Thailand through F&N Dairies Thailand's website to target foodservice customers as well as online shoppers.

In Malaysia, the team went out of the way to ensure Ramadan and Hari Raya celebrations would be as festive as usual despite the different circumstances. We offered special bundles for a wide range of products on F&N Life, our new e-commerce store; and helped consumers re-create their favourite Ramadan Bazaar food and drinks at home through the 'Gerai Rasa Raya' (Taste of Raya) Campaign.

The launch of F&N RTD Teh Tarik in April 2020 was especially meaningful as this was in the middle of the Movement Control Order (MCO) when Malaysians could not frequent their favourite mamak hangouts. Unable to organise a physical event, we introduced the product on social media with an online mamak teh tarik session which gained entry into the Malaysia Book of Records for the largest participation for an event of its kind.

Undeterred by restrictions on outdoor activities, the 100PLUS team, through live **#StayFitwith100PLUS** online workouts, continued to encourage Malaysians to stay fit during the pandemic by maintaining an active lifestyle at home.



COST COMPETITIVENESS

INVESTING FOR FUTURE

We continuously expand our capabilities while optimising our operational and cost efficiencies as we believe in the long-term attractiveness of our market. As more of our capital expenditure (capex) projects come to fruition, the added capability to expand our product offerings, as well as the capacity to fuel export business, will improve our economies of scale. I am pleased to share that despite the inevitable delays caused by movement restrictions, we completed three significant capex projects during the year.

In February 2020, we commercialised a new milk candy tablet line to produce Magnolia Milkies at our plant in Rojana, Thailand. This was followed by the commissioning of a new solar photovoltaic (PV) system at the plant in April. The 30 million Baht solar roof, with a generating capacity of 1MWp, has reduced the plant's energy offtake from the grid, lowering both our energy cost as well as our carbon footprint.

In April, we also commercialised a new pasteurised product line at our Pulau Indah plant as part of a general shift towards in-sourcing for better management of costs, quality and supply guarantee.

Two other capex projects are still ongoing and expected to be completed in FY2021, namely:

- RM182 million integrated warehouse in Shah Alam equipped with an Automated Storage Retrieval System (ASRS) which will have a capacity to store over 50,000 pallets
- RM20 million drinking water line and warehouse in Kota Kinabalu Industrial Park (KKIP).

Additionally, we embarked on two significant projects that are also expected to be completed in FY2021:

- A 20,000-square metre Regional Distribution Centre (RDC) in Rojana to be equipped with an RM40 million ASRS.
- A renewable energy programme that entails the setting up of solar PV systems at Shah Alam, Pulau Indah and Bentong plants in Malaysia.

EXCELLENCE IN EXECUTION

ENSURING PRODUCT AVAILABILITY

Our suppliers and distributors are integral to our success as a consumer goods company. To ensure minimal disruption to our production and maintain an adequate inventory of core products during the MCO in Malaysia and the emergency decree in Thailand, we regularly engaged with our trade partners. We also conducted a supplier assessment exercise and took steps to help those unable to meet their business obligations. This included engaging the Ministry of International Trade and Industry (MITI) on behalf of suppliers for permission to resume operations during the MCO. At the same time, we extended our credit lines to several distributors to help ease their financial position.

Essentially, strong relationships with our diverse pool of suppliers in Malaysia and Thailand helped to maintain the sustainability of our supply chain.

GOING DOWN THE RIGHT ROUTES

As important as having the right products, it is equally important to offer them through the right channels via effective route-to-market strategies.

Launched in January 2020, it was fortuitous that our flagship online store, F&N Life, was up and running when the pandemic hit. Having scaled up our online operations in March to provide consumers with easier access to our products during the MCO, F&N Life now offers no less than 250 product types while achieving more than 20,000 user downloads in less than a year. More than just serving as an e-commerce platform, our vision is for F&N Life to become a lifestyle super app. At the same time, we are also working more closely with e-commerce partners in Malaysia, Thailand and overseas markets to expand the reach of our products to a wider audience.



Deepening our market penetration, in Malaysia, we embarked on two initiatives that are gaining traction. The first is a wholesaler bundling programme. The second has been to launch F&N cash sales vans to serve semi-urban and rural areas. At the same time, we have expanded our direct distribution network with a growing number of customers in Central Peninsular Malaysia and East Malaysia.

In Thailand, the team continue to strengthen our distribution network and increase coverage by 2,000 new outlets despite muted demand from general trade and foodservice channel due to the emergency decree. This is attributed to strong operational execution and successful trade programs to build brand visibility and availability.

Excellence in execution has enabled us to maintain our leadership in our core categories. In Malaysia, we are No.1 in the carbonated soft drink, tea and canned milk segments. In Thailand, we have retained our leadership in the evaporated milk and total sweetened beverage creamer (SBC) markets with Carnation heading the superior segment and TEAPOT maintaining its strong position in the mainstream segment.



STRATEGIC REPORT:
Chief Executive Officer's Statement (Cont'd.)

DIGITALISATION AT WORK

An ongoing focus at F&NHB is to leverage digital technologies to optimise the entire value chain of our operations. Along with this digital transformation, we are ensuring that our people have the skills to adapt to and use emerging technologies to work better and smarter. We are providing relevant training, and have teams looking into the integration of artificial intelligence (AI) as well as big data into our systems. We are also bringing a greater diversity of talent on board to accelerate a new, data-driven way of working.

To encourage a digital culture at work, in January 2020, we launched the Fraserians Connect App in Malaysia. This serves as an effective communication tool enabling us to keep our employees up-to-date with the latest news and happenings in F&N. During the MCO in Malaysia, employees get frequent and timely updates on work arrangements, guidelines and memos relating to the pandemic via the app. At the same time, we ensured our people continue to receive adequate training by introducing more online modules.

SAFEGUARDING THE WELL-BEING OF OUR PEOPLE

One of our key priorities during the current pandemic is to protect our employees' well-being. To do this, we have made greater use of digital media and video conferencing to replace physical meetings and business travel. Our annual employee townhall was conducted virtually for the very first time. We adopted flexible work arrangements for office-based employees and encouraged our employees to work from home, even when this was not mandatory.

We are also ensuring that strict hygiene and standard operating procedures (SOPs) are adhered to in our workplaces. These include daily enhanced cleaning of work areas and common areas after every shift, regular special chemical sanitisation, daily temperature monitoring of employees working on site, and social distancing practices.

Recognising that some of our people may have faced financial pressures during these difficult times, we paid out our fixed bonus component earlier than usual. We deferred the monthly deductions for motorcycle loans while also providing an additional weekly allowance to frontline employees during the MCO. To help our employees cope with personal or psychological stress caused by the pandemic, we also set up an employee assistance careline.



1. 100PLUS Zero **2.** F&N ICE MOUNTAIN Sparkling Water – Original, Lemon and Grapefruit **3.** F&N Teh Tarik – Ori and Less Sugar **4.** No Sugar OYOSHI Gold Kabusecha, No Sugar OYOSHI Gold Sencha **5.** Sunkist Pure – Orange and Lemon Apple **6.** TEAPOT Squeeze Tube – Plain, Gula Melaka & Pandan **7.** F&N Fruit Tree Fresh Reduced Sugar Soursop with Nata De Coco

FINANCIAL PERFORMANCE

Maintaining business as usual as efficiently as possible under the circumstances, F&NHB concluded FY2020 with a resilient performance sustained by stronger performance in the first quarter and recovery in the fourth quarter, as well as a generally robust Exports performance.

Amidst the prolonged COVID-19 containment measures and subdued outdoor activities, the Group's revenue contracted minimally by 2.2 per cent, from RM4.08 billion in FY2019 to RM3.99 billion. Profit after tax (PAT), meanwhile, came in at RM410.1 million, almost mirroring the RM410.2 million achieved in FY2019 despite continuing uncertainty and commodity price pressures. This was mainly the result of concerted efforts to manage our costs.



1. Carnation Plus SCM 0% Fat, 25% Reduced Sugar
2. TEAPOT Squeeze Tube – Matcha, Mango
3. Magnolia Milkies Tablet – Classic Malt, Hokkaido Milk, Strawberry Yogurt

> Against a challenging backdrop, total exports from **Malaysia and Thailand contributed RM796 million revenue** to the Group this year, a noteworthy achievement in light of the pandemic. We would have overachieved our target Group export sales of RM800 million in FY2020 under normal circumstances.

F&B MALAYSIA

Sustained demand for dairy products, boosted by in-home consumption, moderated the contraction in F&B Malaysia's performance this year. Further aided by fourth-quarter domestic recovery and strong exports, revenue from our Malaysian operations declined moderately by 5.7 per cent from RM2.16 billion in FY2019 to RM2.04 billion during the period under review.

Along with the lower revenue and higher input cost (mainly skimmed milk), operating profit for F&B Malaysia decreased by 10.0 per cent to RM144.9 million. Excluding the RM7.8 million gain on disposal of "TEAPOT" trademark to F&N Global Marketing Pte Limited, a direct wholly owned subsidiary of Fraser and Neave, Limited (F&NL) and effects of one-off and non-operating items in both years, F&B Malaysia operating profit declined by 16.8 per cent.

F&B THAILAND

F&B Thailand delivered a resilient full year performance attributed to successful tactical strategies as well as recovery in Indochina and export markets, which compensated the temporary contraction in general trade and foodservice channels due to the emergency decree. In FY2020, F&B Thailand posted revenue of RM1.94 billion, up by 1.8 per cent from RM1.91 billion in FY2019.

Aided by favourable RM/THB forex translation, F&B Thailand's operating profit improved 5.3 per cent (2.0 per cent in Thai Baht terms) to RM381.0 million due to prudent cost control over overheads and advertising and marketing spend.

EXPORTS

Against a challenging backdrop, total exports from Malaysia and Thailand contributed RM796 million revenue to the Group this year, a noteworthy achievement in light of the pandemic. We would have overachieved our target Group export sales of RM800 million in FY2020 under normal circumstances.

Exports from Malaysia grew by double-digit driven by more robust sales to the Middle East and Africa, and ASEAN markets. Our focus on halal markets is already bearing fruit, as evidenced by revenue from halal markets exceeding the RM100 million target.

Indochina markets (managed by F&B Thailand) also performed strongly this year with Cambodia and Laos collectively contributing over RM200 million in revenue, driven by successful expansion of distribution and reach. Today, TEAPOT is the market-leading brand in condensed milk market in both Cambodia and Laos.

Exports accounted for 20 per cent of the Group's total revenue in FY2020, up from 18 per cent in FY2019. This was aided by further expansion of our markets, which now comprise 82 countries.

In December 2019, we achieved a milestone with the incorporation of Fraser and Neave MENA DWC-LLC, our first international office, in Dubai, which will serve as a strategic base to develop opportunities in the Middle East and North Africa (MENA) regions.

STRATEGIC REPORT:
Chief Executive Officer's Statement (Cont'd.)

INCLUSIVE GROWTH

COVID-19 has reaffirmed the importance of our stakeholders to our business sustainability, placing greater urgency on managing the environmental and social risks that could affect them. It pleases me to share that, as a result of having in place an inclusive growth strategy, we were able to build on and further strengthen various initiatives that create stakeholder value.

RESPONSIBLE SUPPLY CHAIN

We are reinforcing our social and environmental stewardship by ensuring positive impacts along our supply chain. This year, we achieved three milestones in this regard:

- F&NHB became part of the world's first fully sustainable end-to-end sugar supply chain through the Buyers Supporting VIVE Programme.
- Having completed our target of purchasing Roundtable on Sustainable Palm Oil (RSPO) credits for all our palm oil requirements, we now target to use only RSPO-certified palm oil by 2025.
- We have become a founding member of a coalition of manufacturers that seeks to promote a more sustainable future through the recycling of post-consumption packaging waste.

REDUCING OUR CARBON FOOTPRINT

We recognise the critical need to mitigate climate change and fully support the Government's target of reducing the country's greenhouse gas (GHG) intensity. Towards this end, we are installing 10 MWp of solar energy capacity at our plants in Malaysia. Once completed in 2021, this will generate clean energy equivalent to the electrical consumption of 3,700 typical households in the country. Come 2022, we will achieve at least 20 per cent clean energy requirements for Malaysia.

Our capex projects further reduce our carbon footprint. The installation of the ASRS in our warehouses in both Malaysia and Thailand means less shunting between third-party warehouses and our factories; and minimises use of forklifts, thus cutting our fuel usage and greenhouse gas emission.



DELIVERING VALUE TO DRIVE SOCIAL PROGRESS

The sheer size and reach of our operations lend us the potential to create positive social and economic value. Leveraging on our position, we strive to empower various segments of the community.

For example, we partner with the Halal Industry Development Corporation (HDC) to help small and medium enterprises (SMEs) qualify as halal vendors. Our contributions to the halal ecosystem in Malaysia were recognised this year through the Halal Food and Beverage Excellence Award during the World Halal Conference 2020. F&N Dairies (Thailand) Limited, meanwhile, was named Thailand Best Halal Company of the Year 2020 by the Central Islamic Council of Thailand (CICOT) in Bangkok.

In Thailand, building on a long-established relationship with dairy cooperatives, we established a three-year Farming Excellence programme in 2019 which is helping 2,200 dairy farms enhance the quantity and quality of their milk while also reducing energy consumption and waste. This will translate into higher productivity and income for the farmers.

Meanwhile, maintaining our support for the marginalised, we directed our efforts this year towards helping them overcome the difficulties brought about by the pandemic. Special focus was given to frontliners, whom we kept energised as they helped keep the nation safe. Since the viral outbreak in Malaysia, F&NHB has distributed more than one million products in both Peninsular and East Malaysia.

More details about how we deliver inclusive growth while managing our impact can be found in the Sustainability Statement in this report.



OUTLOOK AND GOING FORWARD

Given the ongoing COVID-19 pandemic, as well as local and global uncertainties, the Group is cautious regarding the immediate future. At the same time, the pandemic has provided us an opportunity for a reset and to 'reimagine' our business strategies to fuel growth and innovation.

As mentioned in the previous annual report, we are looking to diversify into dairy farming. Although the proposed acquisition of land in Chuping, Perlis did not pan out, we still believe there is huge potential for growth in the liquid milk sector. We will continue to evaluate and seize opportunities to realise our ambition. While delaying some of our longer-term strategic initiatives, the pandemic has given us time to reassess our objectives and better prepare us to make quicker decisions when the time comes.

In terms of Exports, we aim to set up more international offices, following the Dubai model. The path towards building another significant pillar i.e. Exports, will continue and be intensified.

To summarise, we can expect another challenging year. However, we have identified many opportunities that present attractive long-term prospects and will be channelling our resources towards these. Our journey forward will be driven by a new five-year roadmap that builds on the momentum of Vision 2020. Called Passion 2025, it will see us focus on further developing our brands, reach and professionalism. Our goal is to be more significant in significant markets. And I believe we have what it takes to make this happen.

> Maintaining business as usual as efficiently as possible while safeguarding the well-being of our employees and the community remains a top priority. **We will continue to focus on process improvements and digitalisation, and relentlessly pursue opportunities to build a stronger, more sustainable business for the future through continued investments in capex and our brands.**



ACKNOWLEDGEMENTS

To conclude, I would like to thank all our stakeholders for helping to maintain F&NHB on our ongoing journey. Each of our consumers, customers, suppliers, distributors, investors, shareholders, regulators and the community partners play an integral role in our success. We fully appreciate your contributions and are committed to reciprocating by creating value for you.

Most of all, I would like to thank everyone at F&NHB for your passion and dedication to the Group. I would especially like to extend my gratitude to all employees who have risen to the challenge of keeping our business going during these turbulent times. Your commitment to our vision and values is inspiring and lends every reason for us to smile at the prospects of a brighter future to come.

Lim Yew Hoe
Chief Executive Officer

STRATEGIC REPORT:
Market Review

Both our key markets – Malaysia and Thailand – have been significantly impacted by the global COVID-19 pandemic, which has severely curtailed economic activity as well as trade.

In Malaysia, the Ministry of Finance in its Economic Report published in November 2020 has predicted a contraction in the economy of 4.5 per cent for the year. This is following weak performance in the first half of the year, and particularly the second quarter, post MCO, when the economy shrunk by a record low of -17.1 per cent. The anticipated pick-up in the second half of the year is due to the implementation of various stimulus packages comprising fiscal and non-fiscal measures totalling RM305 billion, which are expected to lead to an upturn in production and trade.[1]

Similarly, in Thailand, the economy contracted drastically in the second quarter, improving in the third quarter along with an easing of lockdown measures. Recovery has not been complete, however, as the country is heavily reliant on tourism, which continues to be affected by travel restrictions. At the same time, although companies signalled an improvement in manufacturing activity, sales continue to be impeded by a weak trading environment. Consumer sentiment dipped significantly in March and has been steadily rising since April but still remains much lower than it was in January 2020.[2]

KEY TRENDS AND OUR RESPONSES

CONSUMER BEHAVIOUR



Social distancing measures and other restrictions imposed due to COVID-19 have meant that people are not dining out as much as before. This has seen an increase in spend on groceries, including food for home consumption. At the same time, loss of jobs together with general economic uncertainties have made people even more cautious than ever about their spending. Where possible, they seek bargains and value-for-money deals when making purchases. Additionally, there is a discernible preference for convenience, ie to shop in outlets where consumers are able to get everything they need for home in one go, such as supermarkets, and proximity due to movement limitations that gave rise to growing popularity of convenience stores near homes.

HEALTH CONSCIOUSNESS



COVID-19 has served to create a reset in lifestyles, with a real shift towards healthier living to boost immunity. Whilst before people were aware of the need to focus on well-being, today they are acting on such knowledge to safeguard themselves and their family. They are exercising more, taking more wellness supplements, and paying more attention to what they eat and drink, especially as they are now cooking and eating more at home. When making purchase decisions, they are increasingly opting for foods and beverages that are nutritious. There is therefore increased consumption of healthier choices such as fresh juices and low-sugar, or no-sugar, drinks.

OUR RESPONSE

- To meet greater demand for value buys, we introduced a number of promotions such as product bundling and value trade ups. For example, we have started offering 1.75L bottles of carbonated soft drinks for the price of the original 1.5L versions in Malaysia. In Thailand, we introduced Carnation and TEAPOT Evaporated Milk in 1 kg pouch value pack that are targeted at hawker customers.
- In line with the fact that people are cooking more, we focused our marketing efforts on in-home consumption, and especially our dairy products as these have multiple applications in food preparation.
- As for meeting demand in the right outlet, our sales teams worked closely with customers such as supermarket/hypermarket chains to ensure they always had enough stock of our products. We also penetrated deeper into previously unserved areas throughout Malaysia with van sales to provide easier access for our consumers.

- We have continued to focus our product innovation on developing healthier choices for consumers. Six new healthier products were launched this year, increasing the total products that carry the Healthier Choice Logo (HCL) issued by the relevant national public health authorities in Malaysia and Thailand to 47.
- Our conscious effort towards lowering sugar content has successfully reduced our total sugar index by half today compared to 10 years ago. Today, more than 90 per cent of our ready-to-drink products sold in Malaysia contain less than 5g of sugar per 100ml.
- We now offer a healthier option is every product category we are in except for energy drink. F&N takes the position that reducing the sugar level of our energy drinks drastically would result in a loss of its functionality and purpose to our consumers. Hence, we did not proceed to launch a healthier choice for 'Energy' category.

1 https://www.theedgemarkets.com/article/malaysias-economy-seen-grow-6575-2021-after-45-contraction-2020
2 Trading economics, Thailand Consumer Confidence, https://tradingeconomics.com/thailand/consumer-confidence#:~:text=Looking%20forward%2C%20we%20estimate%20Consumer,according%20to%20our%20econometric%20models.
3 https://www.globaldata.com/covid-19-accelerates-e-commerce-growth-malaysia-says-globaldata/

DIGITAL REVOLUTION



The last few years have seen a shift in demand from brick and mortar retail to e-commerce, and the pandemic has accelerated this change. Movement restrictions imposed by governments, together with individuals' own preference to stay away from crowded retail outlets, have led to a significant spike in e-commerce. According to GlobalData's E-Commerce Analytics, Malaysia's e-commerce market is expected to grow by 24.7 per cent in 2020 and to exceed RM51 billion by 2024,[3] increasing at a compounded annual growth rate of 14.3 per cent between 2020 and 2024. At the same time, there is a greater need for organisations to adopt digital technologies to enable employees to work remotely, as well as to enhance efficiencies.

- F&N Life, our flagship online store was scaled up rapidly in March to meet increasing online demand post-MCO. Today, we offer 250 product types via the virtual store. We helped our distributors to set up e-selling platforms and organise e-Ramadan Bazaars to boost sales during the Ramadan period. We are also collaborating with T-mall, one of the biggest e-commerce sites in China and other e-commerce sites in Malaysia to reach out to more online consumers.
- In addition, we are leveraging digital tools and our online presence to enhance our consumer/customer engagement. F&N Teh Tarik Ori was successfully launched during the MCO period with a virtual mamak session. Meanwhile, in Thailand, we have a Line group chat through which we engage with some 8,000 hawkers.
- In terms of work, we are creating a digital culture in which there will be greater use of AI and big data to create efficiencies in everything we do. The year also saw all employees in Malaysia connected through the 'Fraserian Connect' mobile app.

ENVIRONMENTAL SUSTAINABILITY



Among the ongoing global concern regarding the sustainability of our natural environment are climate change and waste management. Experts predict dire consequences should the Earth's temperature increase by more than 2°C from pre-industrial levels. Improved waste management, meanwhile, is critical due to limitations of landfills as well as the increasing volume of plastic that is choking waterways while also threatening the marine ecosystem. Many governments have committed to varying levels of carbon emissions reduction and making concerted efforts to reduce and eventually eliminate single-use plastics while promoting greener technologies. Meanwhile, consumers themselves actively seek brands that contribute to a greener environment.

- We achieved a milestone in 2020 by installing our first solar panel roof, at our plant in Rojana, Thailand. We further committed RM30 million investment into energy conservation which includes the 10MWp solar roof projects at Shah Alam, Pulau Indah and Bentong plants in Malaysia. We aim to replace at least 20 per cent of our total energy requirement in Malaysia with clean energy by 2022.
- The Group's capex investment over the last five years are also aimed at achieving our environmental goals. For example, F&NHB's new warehouse at Shah Alam will significantly reduce shunting and double handling between our plants and the Automated Storage and Retrieval System (ASRS) will significantly reduced the use of forklifts, thus cutting our fuel usage and greenhouse gas emission.
- In terms of waste management, F&N school recycling programme has so far saved more than 4.76 million kilogrammes of recyclables from going into landfill. This year, we have also become a founding member of an industry coalition that seeks to promote the recycling of post-consumption packaging waste in Malaysia.

STRATEGIC REPORT:

Value Creation *Business Model*

Our business is built in a profitable, responsible and sustainable manner. This means ensuring that our overall strategy reflects awareness of the interdependencies and trade-offs between different types of capital, and how they support our ability to create value for the short, medium and long-term.

Vision

- To become the **Leading Total Beverage Company** in Malaysia and the **Region**

Mission

- To **provide superior returns** to our shareholders, **excellent value** for our customers and a **rewarding career** for our employees

Inputs

CAPITALS

- **Financial**
- **Human Capital**
- **Social & Relationship**
- **Intellectual**
- **Manufactured**
- **Natural**

COMPONENTS OF VALUE CREATION

Financial

Share Capital:
RM816.8 million
Shareholders' Equity:
RM2,690.6 million
Return on Shareholders' Equity:
15.2%

Human Capital

Total No. of Employees:
2,616 employees
Local Senior Management:
Malaysia – 97%
Thailand – 100%

Social & Relationship

Strong long-term relationships with all our stakeholders, including customers, strategic partners, employees, investors, governments, regulators and the communities within which we operate.

Intellectual

- Equity from 20 well-loved brands.
- New product formulations and recipes.
- Innovative process and technology.

Strategic Partnership:
ThaiBev, Fraser and Neave, Limited, Nestle, Sunkist.

Manufactured

8 Manufacturing Facilities:
6 in Malaysia, 2 in Thailand
21 Warehouses:
19 in Malaysia, 2 in Thailand
Production Capacity:
130 million cases per year

Natural

Water is a fundamental element of our products, and our business is dependent on clean water supply. Our activities also require energy, as well as raw materials like sugar, aluminium and resin which we seek to use efficiently and source responsibly. We also ensure efficient effluents and waste management processes to protect biodiversity and ecosystems' health.

STRATEGIC PLANNING MODEL

Activity

ACTIVITY / FOCUS AREAS

Sourcing

We work closely with our suppliers to ensure their goods and services meet quality, environmental and social standards, in addition to our stringent internal standards.

Production

We have implemented a standardised safe production process, in accordance with international standards, throughout all of our operations.

We also strive for eco-efficient processes, to provide good value and maximum benefit without polluting the environment.

Distribution

We have a fully integrated and extensive distribution system and network to ensure that our products are efficiently distributed to our consumers.

We strive to minimise the environmental and social impacts from transportation by managing our energy use, while safeguarding the safety of our personnel and local communities.

Marketing & Sales

We demonstrate consumer and societal responsibility by providing healthier product options and informative product labels. We also seek feedback from our customers on our products to create sustainable value for consumers and for our business.

Post-consumption Packaging Management

We minimise the impact of post-consumer waste through research and development to deliver innovative and environmental-friendly packaging. We also promote environmental awareness to the communities where we operate.

Creating Shared Value
Understanding societal needs and stakeholder expectations
Communicating through stakeholder engagement

Core areas of sustainability:

- Driving economic value
- Empowering our people
- Enhancing social well-being

Core Values

- Collaboration
- Creating Values
- Caring for Stakeholders

Operating Environment / Market Drivers / Trends

- Consumer Behaviour
- Digital Revolution
- Health Consciousness
- Environmental Sustainability

Competitive Advantage

- Better products
- Greater efficiencies
- Strengthened relationships with key stakeholders

Our Businesses

- Food & Beverages Malaysia
- Food & Beverages Thailand
- Property & Others

Outputs

SUSTAINABILITY GOALS



F&N GROUP 2020 SUSTAINABILITY TARGETS

1. Reduce solid waste intensity by 5% from 2017 by 2020
2. Reduce energy intensity by 5% from 2017 by 2020
3. Reduce GHG emission intensity by 5% from 2017 by 2020
4. Purchase 100% Roundtable on Sustainable Palm Oil (RSPO) credits for palm oil usage by 2020
5. Reduce water intensity at our plants by 5% from 2017 by 2020
6. Offer at least one healthier choice option in all our product categories by 2020
7. Provide outreach and engagement programmes across Malaysia and Thailand by exploring and implementing appropriate outreach programmes to address community needs
8. Invest in product and process innovation to increase our product range, and improve efficiency and productivity
9. Provide an average of at least 12 training hours per employee per year by 2020
10. Have zero Lost Time Injury Frequency Rate by 2020

DELIVERING FINANCIAL OUTCOMES FOR F&N

Revenue: RM3,988.5 MILLION

Operating Profit: RM515.2 MILLION

Profit before Tax: RM522.9 MILLION

Profit for the Year: RM410.1 MILLION

OUR STAKEHOLDERS

Shareholders & Financial Investors

- Managing our resources effectively enables us to maximise profits which benefit shareholders through sustainable shareholder returns and dividend payouts
- Maintaining a strong balance sheet to take advantage of opportunities as they arise and protect against unforeseen risks
- Dividend Payout Ratio: 53.6%
- Dividend per Share: 60.0 sen*
- Total Dividend Payout: RM220.1 million
- Basic Earnings per Share: 111.9 sen

* *Included proposed final dividend of 33.0 sen, which will only be recognised in the financial statements upon shareholders' approval.*

Employees

- Employed 204 new employees in FY2020
- Career advancement and ability to reach individual potential
- Paid RM297.40 million in total employee remuneration and benefits in FY2020
- Female representation in our workforce:
  – 31% of total employees
  – 45% of total managerial positions
- Boosted earning potential of employees with training and development
- Awarded RM228,225 to 99 children of employees in 2020 under F&N Chairman's Award. Since 2003, F&NHB has disbursed close to RM4 million to >2,000 children

Distributors & Trade Customers

- Partnership with >220,000 retailers and outlets in Malaysia, Thailand, Cambodia and Laos
- Source of income and job creation at our distributors
- Supported the livelihood of 40,000 hawkers in Thailand, Laos and Cambodia

Consumers

- Launched various innovative solutions to address the needs of our consumers in 82 countries worldwide
- Fulfilled consumers' demand for safe and quality products
- Provide accessibility to our products through an extensive distribution network coverage
- 10 new products launched in FY2020
- 47 products with 'Healthier Choice Logo' in FY2020

Communities

- Social investment in FY2020: >RM400,000
- Nurtured local sports champions
- Advocated active lifestyles via sports events and activities
- Partnered with local councils to develop collaterals to increase awareness on COVID-19 prevention for 430 schools across Malaysia
- Supported over 200 beneficiaries from vulnerable communities

Regulators

- Complied with regulation to mitigate against systemic risk
- Adhered to sustainable practices to protect our stakeholders
- Contributed RM112.8 million in tax for FY2020
- Active industry collaboration and knowledge exchange with government agencies and statutory bodies

Suppliers

- Worked with local suppliers (94% of our suppliers are local)
- Total Supplier Spend: RM3.21 billion
- 75% local purchase value

Creating Shared Value
Understanding societal needs and stakeholder expectations
Communicating through stakeholder engagement

Eco-efficiency	Responsible supply chain	Safety and well-being

STRATEGIC REPORT:
Stakeholder Engagement

F&NHB's stakeholders include any individual or group who are impacted by or interested in our activities. We strive to build and maintain strong relationships based on trust and respect with all stakeholders, and utilise various platforms where they can voice their opinions and suggestions, as shown in the table below. Information received via these channels is used in our planning and strategy for sustainable value creation.

	Engagement Channels and Frequency of Engagements	Key Concerns	How F&NHB creates value for this stakeholder
SHAREHOLDERS AND INVESTORS	• Annual General Meetings (AGMs) • Regular face-to-face meetings & conference calls • Office/plant visits, as and when required • Investor Days/briefing	• Transparent and accurate disclosure • Return on investment • Sustainable financial and operational performance	• Managing our resources effectively enables us to maximise profits which benefit shareholders through sustainable shareholder returns and dividend payouts • Maintaining a strong balance sheet to take advantage of opportunities as they arise and protect against unforeseen risks • Dividend Payout Ratio: 53.6 per cent • Dividend per Share: 60.0 sen* • Total Dividend Payout: RM220.1 million • Basic Earnings per Share: 111.9 sen * *Included proposed final dividend of 33.0 sen, which will only be recognised in the financial statements upon shareholders' approval*
EMPLOYEES	• Biennial employee engagement survey • Annual CEO town hall/roadshow • Annual dinner • Festive gatherings • Sports tournaments • F&N Chairman's Award • iConnect (intranet), F&N BITES (news update), monthly email news highlights, digital TV, Fraserians Connect (mobile app) • F&N Voice WhatsApp channel • Dialogues with unions	• Compensation and benefits • Competency development • Senior leadership • Learning & development • Rewards & recognition • Safety at work • COVID-19 related safety precautions and employee wellness	• Employing 204 new employees in FY2020 • Career advancement and ability to reach individual potential • Paying RM297.4 million in total employee remuneration and benefits in FY2020 • Female representation in our workforce: 31 per cent of total employees – 45 per cent of total managerial positions • Boosting earning potential of employees with training and development • Awarding RM228,225 to 99 children of employees in 2020 under F&N Chairman's Award. Since 2003, F&NHB has disbursed close to RM4 million to >2,000 children • Virtual wellness programmes • Strict hygiene practice and sanitary environment in the workplace
DISTRIBUTORS AND TRADE CUSTOMERS	• Annual customer meetings • Annual factory visits • Annual business planning • Regular business development activities • Joint supply chain meetings • Quarterly business reviews • Customer appreciation events	• Latest consumer & shopper trends • Product innovation • Customer relationship management • Shopper loyalty programmes • Improving customer service level • Business practices & ethics • Efficient delivery systems • COVID-19 related payment challenges	• Partnership with over 220,000 retailers and outlets in Malaysia, Thailand, Cambodia and Laos • Source of income and job creation at our distributors • Supporting the livelihood of 40,000 hawkers in Thailand, Laos and Cambodia • Case-to-case flexible payment method

	Engagement Channels and Frequency of Engagements	Key Concerns	How F&NHB creates value for this stakeholder
CONSUMERS	• Marketing & sales promotions • Brand communication through advertising • On-going social media interactions • On-ground events & activities • Dedicated consumer hotline	• Product quality & safety • Consumer health & safety • Fair & reasonable product pricing • Social & community engagement • Environmental-friendly packaging	• Launching innovative solutions to address the needs of our consumers in 82 countries worldwide • Fulfilling consumers' demand for safe and quality products • Providing accessible products through an extensive distribution network coverage • 10 new products launched in FY2020 • 47 products with 'Healthier Choice Logo' in FY2020
COMMUNITIES	• Collaborations & partnerships • Meetings • Outreach programmes • Meetings/dialogues with community representatives • Leadership programmes • Sponsorships to more than 10 communities	• Social & environmental responsibility • Job opportunities for locals • Promotion of good health & quality of life • Skill development in sports & leadership • Stimulating local economies	• Social investment in FY2020: > RM400,000 • Nurturing local sports champions • Advocating active lifestyles via sports events and activities • Partnering with local councils to develop collaterals to increase awareness on COVID-19 prevention for 430 schools across Malaysia • Supporting over 200 beneficiaries from vulnerable communities
REGULATORS	• Active collaborations e.g. Federation of Malaysian Manufacturers • Meetings with government agencies and statutory bodies • Collaboration & partnerships with local councils	• Good governance • Fair labour practices • Safety at work • Compliance with laws & regulations • Water & waste management • Environmental-friendly labelling & packaging • Greenhouse gas emission (GHG) • Recycling awareness • COVID-19 standard operating procedures	• Compliance with regulation to mitigate against systemic risk • Adhering to sustainable practices to protect our stakeholders • Contributing RM112.8 million in tax for FY2020 • Active industry collaboration and knowledge exchange with government agencies and statutory bodies • Adhering to COVID-19 guidelines and social distancing measures
SUPPLIERS	• Supplier meetings • Annual audits • Tender Management System • Annual supplier assessment review and audit	• Fair & robust procurement system • Support of local businesses • Social & environmental responsibility • Ethics - anti-bribery & corruption	• Working with local suppliers (94 per cent of our suppliers are local) • Total Supplier Spend: RM3.21 billion • 75 per cent local purchase value

STRATEGIC REPORT: *Material* Matters

OUR MATERIAL ISSUES

We undertook our first materiality assessment in 2017 to evaluate our most important sustainability issues. This assessment was based on three steps: Identification, Prioritisation and Validation.

STEP 1: IDENTIFICATION

We first conducted a comparative analysis of sustainability issues identified by global initiatives (such as the United Nation Sustainable Development Goals) and best practices of peer companies in the industry. These issues were then discussed within the Group Sustainability Development Committee (SDC) to identify the ones of most relevance of F&N. Our employees were surveyed in order to make sure that our identification process was accurate and a list of key issues was finalised.

STEP 2: PRIORITISATION

To prioritise our sustainability issues, we engaged department heads, the C-suite and board directors in a materiality workshop. The workshop involved an in-depth discussion of each identified sustainability issue, including the possibility of impacts to our business and stakeholders. Each issue was then prioritised on a scale of 'moderate' to 'high'.

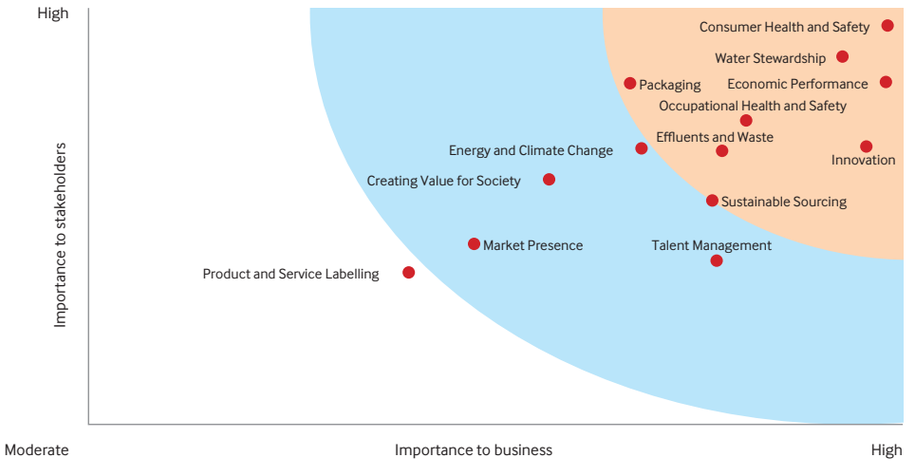
STEP 3: VALIDATION

After the preliminary materiality matrix was developed, we proceeded to validate the matrix through engagements with the F&NHB Sustainability Management Committee and the Board.

FY2020 MATERIALITY MATRIX

Following the initial materiality exercise in 2017, we have continued to review the materiality issues every year.

Our most significant material topic 'Consumer Health and Safety' is extremely relevant this year amidst the COVID-19 pandemic as communities are becoming more discerning of their health and hygiene. 'Economic Performance' is vital as we continue to ensure adequate supply to the market as well as the contribution to our frontliners and people in need whilst maintaining a resilient financial performance. The 'Occupational Health and Safety' issue is also increasingly important in light of the pandemic.



The Group selects high priority material issues to establish medium-term performance sustainability goals to be achieved by 2020. Here are the high priority and key material issues that will be detailed in the following pages:

1 Innovation
2 Sustainable Sourcing
3 Consumer Health & Safety
4 Occupational Health & Safety
5 Talent Management
6 Environmental Stewardship
7. Creating Value for Society

1 INNOVATION



WHY IT IS IMPORTANT TO US

Innovation is critical to maintaining leadership and competitive advantage in a rapidly evolving market. We need to stay relevant to customers' and consumers' needs and demands that have evolved towards healthier lifestyles and convenience as well as growing concerns on social and environmental issues.

RISKS

- High investment costs in R&D and equipment with uncertain commercial returns.
- Balancing between the risk of non-acceptance by consumers and the risk of being overtaken by competitors.
- Replication and improvement by competitors riding on products, processes and packaging of innovator.

OPPORTUNITIES

- Innovative product that resonates with customers and consumers generates higher sales and profit.
- Adoption of emerging and disruptive technologies increases competitive edge.
- Improved cost and operational efficiency enhances economies of scale and environmental performance.

OUR RESPONSE

Product Innovation

- Continuous products development to meet the changing needs and preferences of consumers and to deliver high-quality products, with the right nutritional values and taste.
- Collaborate with research institutes to access cutting-edge research and scientific studies.
- Offer innovative packaging formats to reduce environmental footprint, as well as appeal to consumers' demand for convenience and flexibility without compromising product quality and integrity.

Process Innovation

- Investing in more advanced equipment and technology to expand innovation capability.
- Adopt technical and scientific advances to capture value and efficiency from our supply chain.
- Inculcate employee-driven innovation initiatives to enhance productivity, quality and cost savings.

> *Refer to the 'Sustainability Statement' section on pages 133 to 139 in this AR, or read more in the F&NHB Sustainability Report 2020.*

STRATEGIC REPORT: *Material* Matters (Cont'd.)

2 SUSTAINABLE SOURCING

WHY IT IS IMPORTANT TO US

Our business sustainability hinges on the inter-dependence relationship between our suppliers and us to create long lasting value. Therefore, it is imperative to ensure all our vendors and suppliers along our supply chain abide by the same principles of sustainability that we do.

RISKS

- Unethical practice within the supply chain leads to regulatory violations, monetary fines and reputational risk.
- Price fluctuation as a result of global economic performance and foreign exchange exposure.
- Ability of local suppliers to deliver and meet growing demands.

OPPORTUNITIES

- Establish robust policies and systems to ensure competitive pricing and safeguard vendors from corruption and malpractice.
- Supply chain stewardship helps elevate vendors' productivity and performance in sustainability practices and compliance with food safety standards.
- Create local employment and support local economy by prioritising local suppliers.

OUR RESPONSE

Promote sustainable and responsible sourcing via risks management, conscientious supplier selection and local sourcing.

- Established a transparent and fair procurement management system that protects the rights of our vendors.
- Yearly audits to assess quality assurance, food safety and SHE standards, and environmental performance of critical suppliers.
- Pre-qualifying new vendor checklist and Supplier Code of Practice cover all environmental and social impacts.
- Commit to using Certified Sustainable Palm Oil (CSPO) in our products by 2025.
- Source materials that are certified by eco-credentials, such as Forest Stewardship Council (FSC).
- Support local economy and minimise environmental impact from transportation by engaging local suppliers.

> *Refer to the 'Sustainability Statement' section on pages 133 to 139 in this AR, or read more in the F&NHB Sustainability Report 2020.*

3 CONSUMER HEALTH AND SAFETY



WHY IT IS IMPORTANT TO US

Our success are built on mutual trust with our consumers. We consistently maintain the highest quality and safety standards so that customers have full confidence when purchasing and consuming our products.

RISKS

- Failure to address the shift in consumer trends effectively will result in loss of sales.
- Reputational risk and customer claims arising from break of supply chain or compromised packaging outside of factory.
- Regulatory changes that may affect product recipe and/or packaging.

OPPORTUNITIES

- Transforming product portfolio towards healthier options that contribute to consumers' well-being.
- Higher sales and revenue from product range expansion and portfolio diversity.
- Improvement in product quality results in increased consumer trust and strong credibility in exports market.

OUR RESPONSE

Our products comply with relevant standards across their entire life cycle. Proper governance system supported by Group's various policies and frameworks are put in place to ensure that controls are working as intended.

i. Healthier Options

- Continuously develop new healthier options and reformulating existing product to cater to consumer's demand.
- Reduced the sugar index of our total beverage portfolio.
- Support Government's Healthier Choice Logo certification in Malaysia and Thailand.

ii. Halal Assurance

- All products are halal certified by the Department of Islamic Development Malaysia, and other relevant authorised certification bodies.
- Established F&N Group Halal Council at strategic level and an internal Halal Committee in each of our manufacturing plants to ensure halal compliance in our supply chain.

iii. Quality & Safety

- Adherence to health and safety regulations in the markets where we operate and international food safety standard like Food Safety Management System ISO 22000, Quality Management System ISO 9001, Accredited Laboratory, Good Manufacturing Practice, and Hazard Analysis and Critical Control Points (HACCP).

iv. Nutritional goodness

- Our Nutrition Charter guides all aspects of our product development, marketing and initiatives to advocate healthy lifestyles.

> *Refer to the 'Sustainability Statement' section on pages 133 to 139 in this AR, or read more in the F&NHB Sustainability Report 2020.*

STRATEGIC REPORT: *Material* Matters (Cont'd.)

4 OCCUPATIONAL HEALTH AND SAFETY

WHY IT IS IMPORTANT TO US

A safe and healthy working environment is conducive to a productive workforce and achieving operational and performance excellence, which leads to the growth of the organisation.

RISKS

- Productivity loss from injuries, occupational diseases, lost days and fatalities.
- Workplace safety issue may impact business continuity and the company's license to operate.
- Potential financial and reputational implications.

OPPORTUNITIES

- A productive workforce helps the organisation optimise operational performance.
- Higher productivity with less absentee and lost day rate.
- Positive employer branding.

OUR RESPONSE

Comply with relevant laws and regulations in the country where we operate, supported by appropriate Safety, Health and Environmental Management policies and programmes to safeguard the health and safety of our people at all times.

i. Creating a Safety Culture

- Established safety, health, and environment (SHE) systems and monitoring processes across our operations.
- International standards certification including ISO 14001 and ISO 45001.
- Regular safety training and awareness programmes.
- Trained Company Emergency Response Teams (CERT) to mobilise and ensure the safety of our employees.
- Safety Committees oversee safety systems and programmes to ensure their effectiveness.

ii. Healthy Workforce

- Trained Health Risk Assessment Committee to review areas where employees may be exposed to health risks, including incentivising healthy habits.
- Annual health screening.
- Promote physical activities and employee wellness programmes.

> *Refer to the 'Sustainability Statement' section on pages 133 to 139 in this AR, or read more in the F&NHB Sustainability Report 2020.*

5 TALENT MANAGEMENT



WHY IT IS IMPORTANT TO US

People are vital assets as they help determine how well we perform, executing our strategies into action. Hence, our talent pool must be nurtured and upskilled to keep up with the evolving industry.

RISKS

- The challenge to attract and retain the right talent.
- Adapting to the rapid skill set requirement changes of the evolving market.
- Demotivated employees result in loss of talent to competitors.

OPPORTUNITIES

- Robust employee compensation and recognition systems increase talent retention and acquisition to maintain our competitive edge.
- Effective training and upskilling programmes contribute to a high-performance culture and sustainable organisations.
- Provide job opportunities to the local community where we operate.

OUR RESPONSE

We strive to recruit the best talent and create a stimulating work environment, where talent is nurtured, and employees are engaged and empowered to reach their highest potential. We contribute to the economic well-being of employees through a fair and competitive remuneration package.

Our Talent Management strategy is guided by:

- Human Capital Roadmap to 2020.
- Seven Modules for Strategic Human Capital Transformation.
  - Clear structure and roles
  - Market-oriented compensation and benefits
  - Recognition-based performance management
  - Holistic high performer retention and development
  - Proactive succession and workforce planning
  - Engaging corporate culture
  - Strategic talent acquisition and onboarding

> *Refer to the 'Sustainability Statement' section on pages 133 to 139 in this AR, or read more in the F&NHB Sustainability Report 2020.*

STRATEGIC REPORT: *Material* Matters (Cont'd.)

6 ENVIRONMENTAL STEWARDSHIP

WHY IT IS IMPORTANT TO US

Water management practices are fundamental for business growth, especially in beverage manufacturing. As a large producer, it is also critical to ensure that our operations do not negatively impact the environment or the communities.

RISKS

- Extreme weather events due to climate change expose our assets and operations to costly damages.
- Risk of losing license to operate due to non-compliance to applicable environmental legislations and regulations.
- Failure to meet stakeholders' expectation in managing the impact of our operations to our planet, particularly relating to climate change, packaging and waste.

OPPORTUNITIES

- Reducing water, energy and material consumption also translate to lower cost.
- Good environmental stewardship uplifts the organisation's reputation and consumer's preference.
- Inculcate sustainable practices and values in employees and communities through the adoption and engagement of the 3Rs: Reduce, Reuse and Recycle.

OUR RESPONSE

We implement environmentally sustainable business practices and guided by the principles in our Environmental, Safety & Health Policy.

i. Water Stewardship

We seek to use water efficiently across the value chain and employ water resources risk management to ensure sufficient water for our production purposes.

ii. Effluents and Waste

We comply with international and national standards in effluents and waste management. These include actions to minimise waste in the production process and post consumption.

iii. Energy and Climate Change

We curb our contribution to climate change by managing our energy consumption and GHG emissions in our manufacturing processes and supply chain. This includes creating greater energy efficiencies in our operations and using as much renewable energy as possible.

> *Refer to the 'Sustainability Statement' section on pages 133 to 139 in this AR, or read more in the F&NHB Sustainability Report 2020.*

7 CREATING VALUE FOR SOCIETY



WHY IT IS IMPORTANT TO US

Our consumers and employees come from all segments of society. Sustainable business development occurs when our communities develop alongside us.

RISKS

- Failure to balance social, economic and environmental needs will bring financial implications.
- Lack of community programmes and initiatives impacts our reputation as a corporate citizen and affects employee morale.

OPPORTUNITIES

- Help to bridge the socio-economic divide by addressing inequality of opportunity.
- Support Government's nation building agenda by promoting diversity and national unity.
- Working with communities strengthens our relationships, our credibility and presence.

OUR RESPONSE

We strive to create positive impacts on local communities through social development, economic and environmental initiatives.

We undertake a number of long and short-term programmes that serve to create greater social equity across Malaysia and Thailand by implementing appropriate programmes to address community needs and concerns in four thematic areas:

- Strengthening Vulnerable Groups
- Promoting Environmental Consciousness
- Promoting Active Lifestyles
- Spreading Festive Cheer

> *Refer to the 'Sustainability Statement' section on pages 133 to 139 in this AR, or read more in the F&NHB Sustainability Report 2020.*

STRATEGIC REPORT:

Principal / Key Risks & Mitigation

SNAPSHOT OF THE ENTERPRISE RISK MANAGEMENT PROCESS FLOW

1 Risk Identification & Assessment
Continuous risk assessment at fundamental and Operations level through its self-assessment scorecard

2 Risk Treatment
Four core response strategies: • Accept • Avoid • Reduce • Transfer

3 Risk Reporting
Key risks, mitigating actions or controls carried out and residual rating are highlighted to the Sustainability and Risk Management Committee quarterly

ADDRESSING OUR RISKS & OPPORTUNITIES

COMMODITIES AND MATERIAL PRICES

RISK

Commodities and material prices are influenced by the global & local supply and demand, weather conditions as well as regulatory changes imposed by the government. As such, any significant increase in prices of commodities and materials could materially affect the cost of our products.

MITIGATION ACTIONS

- Commodities and materials price risk is managed through forward purchase of key commodities, active monitoring of commodities price trends, and vigilant sales forecasting and production planning.
- In addition, we also source from multiple suppliers and origin of commodities/ materials as listed in our approved vendors list to enable us to respond ably in the event of shortage in supply and/or increase in price.
- We also hedge our purchases using our enlarged and collective purchasing capability.

LINK TO MATERIAL ISSUES



FOREIGN CURRENCY EXCHANGE EXPOSURE

RISK

In times of foreign currency market volatility, the Group is exposed to the risk of fluctuations in foreign exchange rates against the local currency due to:

- Importation of materials for production;
- Exports of goods are traded in foreign currency; and
- Overseas operations are valued in foreign currencies.

MITIGATION ACTIONS

- The Group is guided by the Group Treasury Policy which outlines the policy in hedging the identified and committed foreign exchange exposure.
- Typically, at least 60 per cent of our forex requirements are hedged to manage fluctuating prices of commodities as well as forex movements.
- Exports serve as additional natural hedge to cushion the impact of depreciating local currencies.

LINK TO MATERIAL ISSUES



EXPOSURE TO FOOD SAFETY RISK

RISK

As a player in the food & beverage industry, the Group is exposed to the risks associated with product quality and standards as product safety and quality are of paramount importance to the Group.

The exposure in product quality and standards may bring serious ramifications in terms of financial impact as well as reputational impact.

MITIGATION ACTIONS

- Quality assurance cycle begins with suppliers' pre-qualification and approval, source or origin of raw materials, manufacturing facilities and procedures, up to the distribution and storage of our products.
- Comprehensive policies and procedures established on processing, packaging and storage, equipment and plant sanitization as well as employee personal hygiene to prevent contamination.
- Compliance with stringent quality systems in place such as ISO22000, Food Safety System Certification 22000 and HACCP Certification by Ministry of Health.
- Contingency plans on product traceability and product recall/withdrawal should such circumstances arise.

LINK TO MATERIAL ISSUES



LEGENDS

Economic Performance
Occupational Health & Safety
Product & Service Labelling
Consumer Health & Safety
Sustainable Sourcing
Innovation
Packaging
Creating Value for Society

INCREASING AWARENESS ASSOCIATED WITH EXCESSIVE SUGAR CONSUMPTION

RISK

Consumers are becoming more informed on possible health effects associated with excessive sugar consumption. While adapting to the recently implemented and/or impending policy changes on sugar tax within the region, the challenge faced by the Group today is how do we move beyond sugar reduction.

Should we fail to address the shift in the consumer trends nimbly and effectively, it may result in financial as well as reputational impact in the longer term.

MITIGATION ACTIONS

- Continuous improvement on the offerings of healthier choice products in our innovations roadmap with target to offer a healthy option in every product category that we are in by 2020.
- Prioritise R&D on developing new products and further improve existing products to meet consumers' demand for healthier choices such as low-sugar, non-sugar added and mid-calorie beverages, without compromising on taste.
- Proactively decrease our sugar index (amount of sugar contained per millilitre of all our beverages).
- Introduce new pack size as part of our portion control commitment.
- Promote sports and active lifestyles through programs that target schools and communities.

LINK TO MATERIAL ISSUES

OPERATIONAL DISRUPTION IN THE EVENT OF CRISIS OR DISASTER

RISK

The Group is exposed to risks associated with anticipated or unanticipated disruption to the normal operations of the Group which could be due to internal or external factors.

MITIGATION ACTIONS

- Group Business Continuity Management Framework (BCMF) has been established which sets out the policies and procedures in relation to response, recovery and restoration of business in the event of a crisis or disaster.
- Business Continuity Plans (BCP) are in place and being tested in accordance with the BCMF.
- Regular engagement with internal and external stakeholders to balance stakeholders needs.
- Maintain healthy cashflow positions during crisis.
- Ensure compliance with SOPs issued by government.

LINK TO MATERIAL ISSUES

CYBER SECURITY THREATS

RISK

Amid the evolving technology-reliant business environment, the Group is exposed to cyber security threats from cyber criminals which may compromise data integrity and even leakage of confidential and sensitive information which is valuable to the Group.

MITIGATION ACTIONS

- The Group has developed Cybersecurity Framework to provide guidance to businesses on managing cyber security risks.
- Regular trainings and constant updates related to cyber threats are provided to all employees to maintain awareness level.

LINK TO MATERIAL ISSUES

NEGATIVE PERCEPTION STEMMING FROM NEWS IN RELATION TO HALAL COMPLIANT STATUS

RISK

Living in the age of social media, it is difficult to immune from false allegations in particularly where the Group's Halal compliant status is concerned.

MITIGATION ACTIONS

- Halal Governance and Assurance Framework is put in place with dedicated resources to implement the framework and uphold the Halal standards.
- Stringent compliance with Halal standards from sourcing of raw materials to delivery of products.
- Close monitoring of news published in the media and response procedures are in place to manage situations.

LINK TO MATERIAL ISSUES

STRATEGIC REPORT:
Strategic Performance Review

At F&N, we believe sustainable and profitable growth requires a balanced approach where our brands stay relevant to consumers, and our people, stakeholders and communities grow together as we strengthen our presence in the market. Inclusive growth for all means, we must create value for all our stakeholders, and we do this by consistently offering great products and brands while ensuring they are accessible to consumers. Three strategic priorities, namely Innovation, Cost Competitiveness and Excellence in Execution (I.C.E.), provide the focus and clarity while our Global Values act as guiding principles towards achieving our growth objectives.

INCLUSIVE GROWTH STRATEGY

INCLUSIVE GROWTH OBJECTIVES



CREATING VALUE FOR ALL STAKEHOLDERS
Creating value for our people, consumers, business partners, shareholders and the society we operate in.

GROWING PRODUCTS PORTFOLIO AND BRANDS
Growing our brands and portfolio of products to win in more markets.

GROWING MARKET REACH
Growing the breadth and depth of our market reach.

STRATEGIC PRIORITIES

Innovation
Innovations beyond new product development to serve our customers' needs.

Cost Competitiveness
Optimising operational costs by leveraging on our strengths while maximising opportunities.

Excellence in Execution
Driving operational excellence in our core businesses.

GLOBAL VALUES: COLLABORATION,

	2020 HIGHLIGHTS	2021 PRIORITIES
	◗ Successfully launched 10 new products including 5 healthier options. Also started our foray into adjacent ready-to-eat category with milk candy tablets under the brand Magnolia Milkies in Thailand. ◗ Embarked on e-Commerce journey with establishment of F&N Life in Malaysia. Scaled up our online operations in March during the MCO. F&N Life now offers no less than 250 product types while achieving more than 20,000 user downloads in less than a year. ◗ Offered packaging options that deliver even more value in the current climate of cost and environmentally-conscious consumers. For the export market, we introduced one metric tonne packaging for sweetened condensed milk catering specifically to F&B manufacturers. We also introduced an eco-friendly packaging option for F&N ICE MOUNTAIN Drinking Water.	◗ Continue to develop healthier products and more packaging formats to meet the evolving needs of our consumers. ◗ Reinforce our environmental stewardship with sustainable packaging and carbon reduction initiatives in our operation. ◗ Develop competency in emerging technologies and smart automation among our talents to accelerate a new, data-driven way of working.
	◗ Maintained full Year profit after tax of RM410 million from successful cost management across the organisation despite higher commodity cost. ◗ Improved operational and cost efficiencies through various initiatives to reduce consumption of resources, improve productivity and yield while enhancing product quality. ◗ Completed three significant capex projects during the year that expanded our capabilities despite the inevitable delays caused by movement restrictions.	◗ Focus on process improvements and digitalisation to capture more values along the value chain. ◗ Complete on-going capex projects and enhance insourcing capabilities. ◗ Cost reduction initiatives across all facets of operations, including sourcing of materials, marketing, logistics and distribution, and manufacturing.
	◗ Protected and grew our market leadership in key categories despite general market decline due to COVID-19. Increased brand presence via online and offline platforms by adopting innovative approaches to boost customer experience and e-commerce engagement. ◗ Maintained adequate supply of our core products in the market during the MCO in Malaysia and the emergency decree in Thailand. Expanded our direct distribution network in Malaysia and increased our distribution network coverage by 2,000 new outlets in Thailand. ◗ Enforced strict hygiene and standard operating procedures (SOPs) in our workplaces as well as adopted flexible work arrangements and videoconferencing to safeguard employees' well-being.	◗ Maintain business as usual as efficiently as possible while safeguarding the well-being of our employees and the community. ◗ Strengthening our reach via strategic collaborations and effective route-to-market strategies. Deepen our foothold in Export markets. ◗ Disciplined portfolio management across different channels to accelerate brands growth in domestic markets and abroad.

CREATING VALUES & CARING FOR STAKEHOLDERS

STRATEGIC REPORT:

Key Performance Indicators

HOW WE TRACK OUR PROGRESS

F&N is focused on building a stronger and more sustainable business for the future through continued focus on profitable growth, sustainable cost structure, and organisation excellence.

Here are several financial and operating metrics that help us to measure our effectiveness in achieving our inclusive growth objectives in creating value for our people and stakeholders while we expand our portfolio and reach.

Complementing these metrics are ten sustainability targets that track our eco-efficiency, health & safety parameters, sustainable sourcing and contribution to our community's well-being.

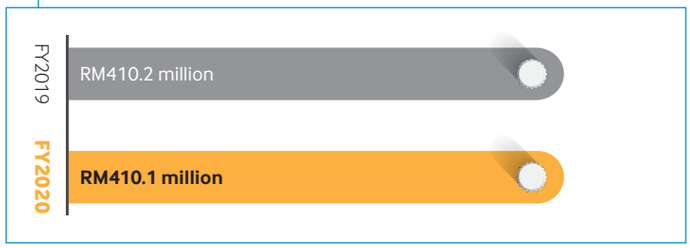
> *Read more about 'summary of the targets and progress', on pages 032 to 035 of the SR*



FINANCIAL INDICATORS

Objective: Maximise value creation and provide good returns to shareholder.

Profit After Tax



OPERATIONAL EXCELLENCE

Objective: Ensure sustainable revenue growth and increase the Company's efficiency and cost competitiveness.

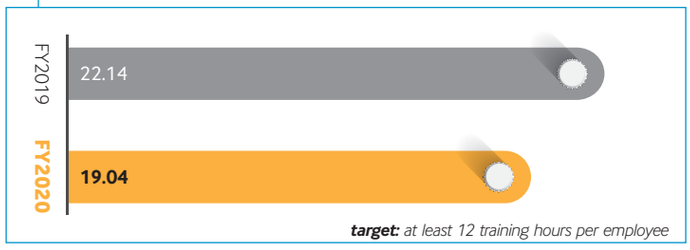
Revenue



ORGANISATIONAL CAPABILITY

Objective: Build capability of our talents and product innovation to maintain our competitive edge.

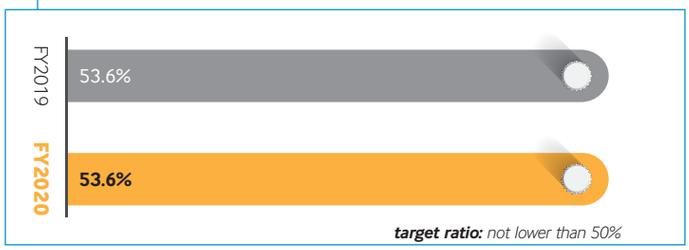
Average Training Hours per Employee



SUSTAINABLE PRACTICES

Our strategy is further guided by our Sustainability framework in creating value for all stakeholders through proactive management of our key material issues.

Dividend Payout Ratio



Return on Shareholders' Equity (ROE)



OPEX as percentage of NSR



Revenue over Full Time Equivalent (FTE)



Women in Management



No. of Healthier Choice Products



We measure our performance through the F&N Group Sustainability 2020 Goals which included tracking our eco-efficiency, health & safety parameters, sustainable sourcing and contribution to our community's well being. Refer to page 032 to 035 of our Sustainability Report for a summary of the targets and progress to date.


TEAPOT



Customers

Our partnerships with small businesses, cafes and dining establishments ensure our well-loved products are accessible to more of our consumers. By prioritising their needs, we fuel their growth, so they can continue to put a smile on your face with your favourite beverages.

Bringing *Smiles*

BUSINESS REVIEW:

Food and Beverages

Malaysia



Bart Lim Siang Chin

Managing Director,
Domestic Commercial Operations
(Peninsular Malaysia)

Bryan Lee Chee Kong

Director, Domestic
Commercial Operations
(East Malaysia & Brunei)

F&B Malaysia demonstrated resilience in overcoming what was undoubtedly one of the most challenging years we have faced in recent times. While the market shrank considerably due to the Movement Control Order (MCO) and its iterations, relentless focus on product and marketing innovation, as well as effective execution targeted at meeting new norms in the marketplace, helped us to ride out the storm.

Movement restrictions and social distancing had a significant yet differentiated impact on sales. Coffee shops, cafes, restaurants and hotels ceased operations during the height of the MCO, while demand from petrol marts, convenience stores and traditional trade retailers also fell significantly. In contrast, modern trade outlets continued to enjoy brisk sales as Malaysians were keen to get all their groceries at one go. E-commerce channels also continued to gain traction.

Without doubt, the most exciting product introduced during the year was that of F&N Teh Tarik, our ready-to-drink version of the 'national drink'. We launched F&N Ready-to-Drink Teh Tarik Ori seven months earlier than planned, foreseeing heightened demand following the temporary closure of mamak outlets. The online mamak session organised in conjunction with the launch proved we were right; 667 fans participated in the event, leading to an entry in the Malaysia Book of Records.

We also continue to innovate on enhancing our portfolio of healthier options. This led to the launch of F&N ICE MOUNTAIN Sparkling, 100PLUS Zero and OYOSHI Gold No Sugar Premium Japanese Green Tea – all with no sugar. The launch of F&N ICE MOUNTAIN Sparkling in Classic, Lemon and Grapefruit flavours was particularly successful, leading to an increased share of the water segment. We also launched a premium Sunkist Pure in Orange and Lemon Apple flavours.

Other than new products, we met the need for greater value through trade-up deals and strategically priced products. This saw us offer extra volume of carbonated soft drinks at no increased cost and introduce value-tier condensed milk such as TEAPOT Extra and Gold Coin Juara.

A key highlight was to launch our e-commerce store, F&N Life, enabling us to tap into growing demand online. Due to the exponential growth of sales on this channel, we redirected a considerable volume of products from physical outlets to our virtual store. Being agile and scaling up F&N Life, we delivered our two-year online sales target in six months. Most encouragingly, demand did not taper off with the relaxation of MCO, indicating a loyal and increasing online consumer base.

In line with the increased focus on digital marketing, much effort was channelled towards creating impactful content, and we felt validated for our efforts when F&N Dairies won the Best 6-seconds Storytelling Award from YouTube Malaysia Ad Awards in December 2019.

> **Innovation and excellence** in execution enabled F&B Malaysia to protect and grow our market share in key product categories. We maintained our market-leading positions in Malaysia, within carbonated soft drinks category, isotonic segment, sweetened condensed milk category, and evaporated milk category.



1. 100PLUS Zero
2. F&N ICE MOUNTAIN Sparkling Water – Original, Lemon and Grapefruit
3. F&N Teh Tarik – Ori and Less Sugar
4. No Sugar OYOSHI Gold Kabusecha, No Sugar OYOSHI Gold Sencha
5. Sunkist Pure – Orange and Lemon Apple
6. TEAPOT Squeeze Tube – Plain, Gula Melaka & Pandan
7. F&N Fruit Tree Fresh Reduced Sugar Soursop with Nata De Coco

Complementing online sales, we strengthened our route to market by partnering other merchants as well as F&B outlets with whom we bundled our products. We also penetrated deeper into previously unserved areas throughout Malaysia with pilot van sales to drive impulse purchase, while further expanding the network of customers served directly to cover central Peninsular Malaysia and East Malaysia.

During the MCO, we continued to strengthen in-store presence and worked closely with our F&B merchants to introduce combo meals and delivery tie-ups. Tapping on the growing online trends during MCO, we helped our distributors to set up e-selling platforms and organise e-Ramadan Bazaars to boost sales during the Ramadan period.

Innovation and excellence in execution enabled F&B Malaysia to protect and grow our market share in key product categories. We maintained our market-leading positions in Malaysia, within carbonated soft drinks category[1], isotonic segment[2], sweetened condensed milk category[3], and evaporated milk category[4].

We reaffirmed our market leadership with the various awards and accolades won in the year. We won the prestigious Halal Food and Beverage Excellence Award from Halal Development Council, as a testament to our commitment in upholding Halal standards throughout our operations and our contribution towards the development of the nation's Halal industry. 100PLUS continued with its Golden streak at the Putra Brand Awards in 2019, winning in the Non-Alcoholic Beverages category for the seventh consecutive year. At the same time, 100PLUS also claimed a Gold for Best Marketer in Media & Content Partnership Marketing at CMO Asia Awards 2019 and a Bronze for the Best Use of Influencers at the Effie Awards 2019.

Concerted efforts by the Export team also bore fruit and saw F&B Malaysia grow its international sales revenue by 10 per cent. This was contributed mainly by sales to the Middle East, Africa and ASEAN markets.

BUSINESS REVIEW: Food and Beverages

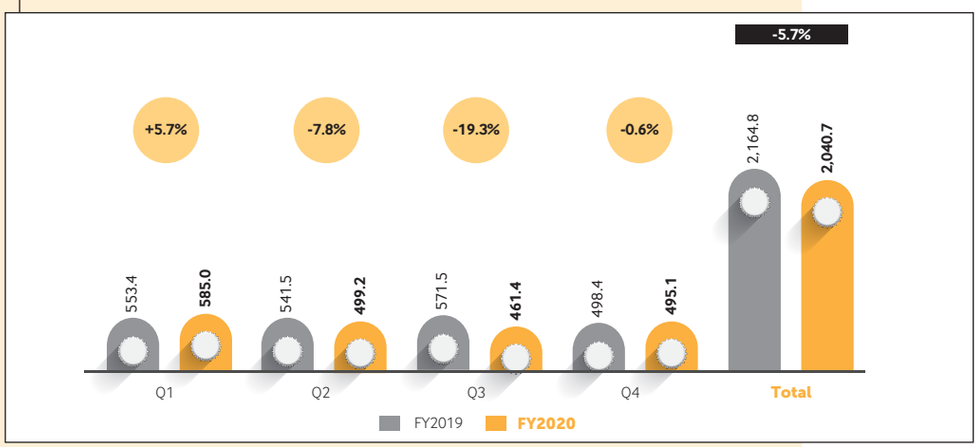
Malaysia (Cont'd.)

OUR FINANCIAL PERFORMANCE

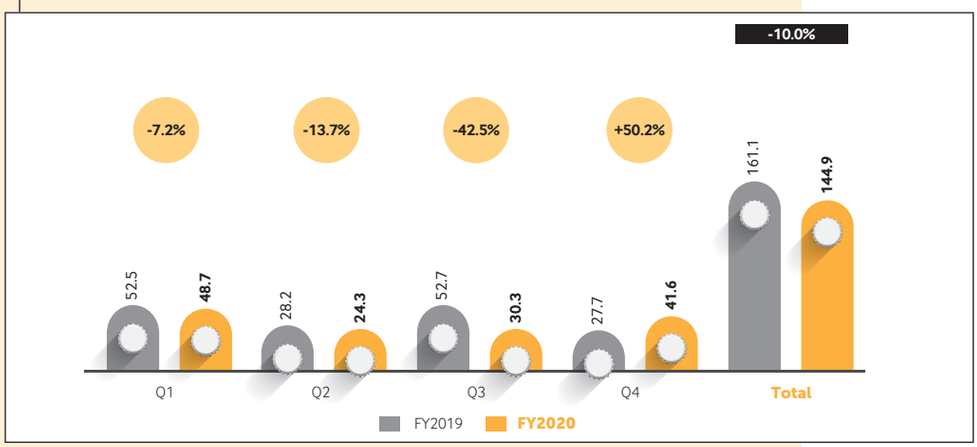
Product innovation combined with execution excellence in both domestic and exports market helped to mitigate the market contraction due to COVID-19, enabling F&B Malaysia to record a slight 5.7 per cent decrease in revenue for the year to RM2.04 billion.

Operating profit decreased by 10.0 per cent from RM161.1 million to RM144.9 million during the period under review, mainly due to lower revenue and higher input costs. This was despite various cost-saving initiatives and a gain of RM7.8 million from the disposal of the "TEAPOT" brand to Fraser and Neave, Limited (F&NL), which owns and manages all the F&N brands.

REVENUE (RM million)



OPERATING PROFIT (RM million)



OUTLOOK

The immediate future is wrought with the ongoing pandemic as well as local and global uncertainties. Despite the volatile landscape, we have been able to discern emerging trends and harness opportunities as efficiently as possible.

Most pertinently, demand for healthier beverages is set to increase further. Catering to this, we have already planted the seeds for a greater presence in the wellness category. We will be focusing on purposeful innovation to nurture our health and wellness basket.

At the same time, we will remain nimble and responsive to changes in consumers' behaviour to optimise our investments and deliver the most effective marketing strategies. Having already scaled up F&N Life, we will continue to build the momentum gained to leverage the potential of online consumer engagement and sales fully.

Continued emphasis on meeting consumers' and customers' expectations will lend us an edge, and bring smiles to everyone.

MARKETING HIGHLIGHTS

MALAYSIA

F&N LIFE

F&N Life was launched on 9 January 2020, enabling consumers to order their favourite F&N products in bulk and at competitive prices. In addition to offering our products, F&N Life provides product details and nutrition values, recipes and loyalty programmes. It is also an effective platform for online campaigns, contests and marketing activities.

During Ramadan, F&N Life more than made up for the absence of bazaars with its digital campaign, 'Gerai Rasa Raya F&N' offering ten value-add bundles that put together favourite soft drinks as well as dairy products. Not only were these delivered free to consumers throughout Peninsular Malaysia, but first-timers to the online store were also given a rebate. The campaign also included a cooking contest offering winners RM500 cash and RM500 F&N Life e-vouchers.

100PLUS

Already the undisputed favourite among healthy-living enthusiasts, 100PLUS went a step ahead with the launch of a zero-sugar version in January 2020.

To encourage an active lifestyle among Malaysians, 100PLUS organised a series of 'Hari Aktifkan Malaysiaku 2019' across major cities in Malaysia, including Kota Kinabalu, Kuala Terengganu and Bukit Jalil and attracted the participation of over 20,000 Malaysians. 100PLUS Day covered a series of fun activities, including a 6km Obstacle Fun Run, Zumba sessions, engagement with 100PLUS brand ambassadors and plogging, as well as mini concerts featuring local artists.

During the MCO, 100PLUS held virtual workout sessions, conducted by professional trainers, to help Malaysians achieve a healthier mind and body. These free, online sessions, which included HIIT and dance sessions, were part of 100PLUS' month-long campaign to encourage a healthier lifestyle amidst the limitation in outdoor activities.

100PLUS has kept the nation's frontliners hydrated since the most intense period of combatting the COVID-19 pandemic in March and April 2020. During Ramadan and Hari Raya, 100PLUS and other F&N favourites such as F&N ICE MOUNTAIN, F&N Fun Flavours, F&N Magnolia Milk and F&N SEASONS Tea were distributed to the police, hospital staff, old folks, orphans and underprivileged families, in addition to necessities including sanitisers, face masks, rice and cooking oil. 100PLUS also collaborated with local businesses to prepare special meal boxes hot meals which were contributed along with 500,000 F&N products to frontliners under the 'Tabahkan Hatimu, Sinarkan Ramadanmu' programme, ensuring they stayed hydrated and energised during the fasting month. Over 10,000 underprivileged families also benefited from the distribution of essentials, along with 100PLUS and other F&N products.

Maintaining its close association with badminton, the brand added three more emerging personalities to its band of ambassadors. In January 2020, 100PLUS signed on fast-rising Malaysian shuttler Lee Zii Jia, followed by leading doubles duo Aaron Chia and Soh Wooi Yik in September 2020. 100PLUS also continued to lend its support towards the Football Association of Malaysia (FAM) as the official hydration partner for major football and futsal events across Malaysia, including the Malaysian Premier Futsal League 2020.







F&N FUN FLAVOURS

F&N lent a touch of yesteryear to Chinese New Year 2020 celebrations by bringing back its classics – F&N Orange Crush, F&N Sarsi and F&N Ice Cream Soda – in nostalgic designs. Made available in smaller packs which is part of our portion control initiative, Malaysians of all generations got to enjoy these great tasting, indulgent beverages. To celebrate Raya, perennial favourites including F&N Fruitade, F&N Grape, F&N Orange, F&N Strawberry, F&N Sarsi and F&N Ice Cream Soda were offered in value packs of 1.75L with price tags matching that for the regular 1.5L bottles. Adding extra excitement to the festive season, F&N also ran the 'Tunaikan Hasratmu Campaign' from 1 April to 31 May 2020 offering ten lucky winners all-paid-for Umrah packages for two.

F&N SEASONS

Although there were no Ramadan bazaars this year, F&N stepped in to ensure Muslims got to enjoy the fasting month with beverages they have grown to love. The F&N SEASONS 'Serasi Di Sisi Ibu' Campaign, run from 3 April – 25 May 2020, enabled mums to create lightness and joy in their homes with the goodness of Soya and refreshing taste of SEASONS Ice Lemon Tea complementing delicious home-cooked meals for Sahur and Buka.

BUSINESS REVIEW: Food and Beverages

Malaysia (Cont'd.)

F&N ICE MOUNTAIN

F&N ICE MOUNTAIN sparked greater sales with the introduction of a carbonated range in November 2019. While the zero-calorie range of Sparkling Water in Classic, Lemon and Grapefruit flavours struck a chord in health-conscious consumers, those who are environmentally friendly also have reason to celebrate. F&N ICE MOUNTAIN is now available in an eco-friendly packaging option, made of recyclable paper featuring caps made from sugar cane.



CARNATION®

From 8 December 2019 to 15 February 2020, CARNATION® Go Gourmet Australia Contest was rolled out to encourage Malaysians to incorporate evaporated and sweetened creamer in their gourmet-inspired recipes. Through the collaboration with Astro, Hong Kong celebrity and TV show host Maria Cordero dedicated an entire season of her Maria Auspicious Menu series to Chinese New Year recipes. Proudly presented by CARNATION®, Maria met her Malaysian fans in an exclusive cooking showcase at Sunway Velocity Mall on 18 January 2020 and shared her gourmet home cooked dishes with CARNATION® products such as Fish Daikon, Mango Sago and Chocolate Balls to welcome the new year of 2020.





TEAPOT

TEAPOT garnered more fans in November 2019 with the launch of 180g squeeze tubes of sweetened creamer in plain as well as local favourites, Gula Melaka and Pandan flavours. The tubes have become a hit in households as they are incredibly convenient to use in drinks, desserts, pastry toppings and even as spreads. The launch was accompanied by an extensive digital campaign.

F&N TEH TARIK

During the MCO, Malaysians deprived of going to the mamak's for their teh tarik fix had the next best option – enjoying their favourite teh tarik in the comfort of their home. This was made possible with the launch of F&N Ready-to-drink Teh Tarik in April 2020. Brewed using premium tea leaves with signature F&N condensed and evaporated milk, the drink tastes as smooth and creamy as the teh tarik at your favourite mamak shop. More than that, it can be enjoyed anytime, anywhere. The digital launch was supported by a home delivery service that brought Malaysians' most loved beverage to their very doorstep.

F&N MAGNOLIA

F&N Magnolia captured kids' imagination during the year-end season from October to December 2019 by collaborating with Disney Tsum Tsum Frozen, just as Frozen 2 hit our cinemas. Using Tsum Tsum Frozen product packaging, coupled with samplings, roadshow and digital ads, sales picked up as kids clamoured for the nutritious fresh milk and special Tsum Tsum Frozen merchandise.

Later, during the Ramadan months of April and May 2020, F&N Magnolia reminded mums of the health benefits of milk, especially for those observing the fast. An online campaign also led consumers to order online via Lazada and Shopee.

F&N FRUIT TREE

This year, we launched the healthier option of soursop juice – F&N Fruit Tree Fresh Reduced Sugar Soursop Juice, made with real soursop juice. The new variant is high in antioxidants – Vitamins C, A and E and contains 25 per cent less sugar than regular juices as well as generous amounts of chewy and jelly-like nata de coco.







SUNKIST

A 126 year old brand and Citrus expert that is already a firm favourite among the discerning who will not settle for anything less than the freshest juice, in November 2019 Sunkist launched two new premium variants – Sunkist Pure Orange and Sunkist Pure Lemon Apple. Vitamin-packed and with no preservatives, the launch of Sunkist Pure was supported with TV and outdoor advertising, as well as digital activation.

OYOSHI

In March 2020, OYOSHI Gold launched two premium no sugar variants, adding to its appeal as a healthy antioxidant beverage made from 100 per cent authentic imported green tea leaves from the Makinohara Plateau in Shizuoka Prefecture, the largest tea producing prefecture in Japan.

OYOSHI Gold Kabusecha uses tea leaves that are shielded from the sun's UV rays for a week before harvesting. This preserves the benefits of the tea catechins, indulging consumers with a tender and fragrant flavour.

OYOSHI Gold Sencha, meanwhile, is brewed using imported Matcha and green tea leaf shoots from Matsuda of Makinohara Plateau, with its year-round fresh alpine water supply. The tea presents a perfect combination of umami taste and delicate aroma loved by the Japanese.

OYOSHI GOLD was the main sponsor of the Japan Expo Malaysia (JEMY) held virtually on 18-19 July 2020 and a major hit with the crowd.

MILK & JUICES

F&N Magnolia, FARMHOUSE, F&N Fruit Tree Fresh and Sunkist now come in new and improved one-litre Tetra Edge packaging with larger resealable screwcaps to allow for easier pour and closure. The easy-grip packaging, which is convenient for consumers of all ages, is also manufactured by our new pasteurised line at Pulau Indah plant since April 2020.

Footnote:

1. ***No. 1* in Total Malaysia in Carbonated Soft Drink category***
   **Based on Retail Index Service for Carbonated Soft Drink category for the 12 months ending July 2020 in Total Malaysia. (Copyright © 2020, The Nielsen Company (M) Sdn Bhd)*

2. ***No. 1* in Total Malaysia in the Isotonic Segment in the Carbonated Soft Drink category***
   **Based on Retail Index Service for Carbonated Soft Drink category for the 12 months ending July 2020 in Total Malaysia. (Copyright © 2020, The Nielsen Company (M) Sdn Bhd)*

3. ***No. 1* in Total Malaysia in Sweetened Condensed Milk category***
   **Based on Retail Index Service for Sweetened Condensed Milk category for the 12 months ending July 2020 in Total Malaysia. (Copyright © 2020, The Nielsen Company (M) Sdn Bhd)*

4. ***No. 1* in Total Malaysia in Evaporated Milk category (Carnation)***
   **Based on Retail Index Service for Evaporated Milk category for the 12 months ending July 2020 in Total Malaysia. (Copyright © 2020, The Nielsen Company (M) Sdn Bhd)*

BUSINESS REVIEW:

Food and Beverages *Thailand*



Suchit Riewcharoon

Managing Director,
F&N Dairies (Thailand) Limited

Despite a challenging year due to the COVID-19 pandemic, F&B Thailand pulled in a very encouraging performance, aided by successful execution of operational strategies as well as recovery in the Indochina and export markets. While movement restrictions severely impacted the domestic general trade and foodservice channels during the emergency decree in Thailand which began in March 2020, continued focus on our strong hawker network in Thailand, Cambodia and Laos helped to buoy sales while enhancing brand loyalty and visibility.

During the emergency decree, schools as well as dining outlets – hotels, restaurants, cafes and hawkers – were required to close, impacting demand for a range of our products. Fortunately, this was buffered by increased demand from home consumption. We continued to strengthen our distribution network and increase coverage by 2,000 new outlets despite muted demand from general trade and foodservice channels.

Marketing spend on traditional media and channels was tightened during the most intense shutdown months. However, as the lockdown gradually lifted in the third quarter, efforts to drive sales resumed, especially for new products. With higher investment in advertising and promotions, sales volume picked up once again in the fourth quarter. Throughout the year, there was also a greater emphasis on digital marketing to build brand visibility and loyalty.

Continued product innovation, meanwhile, meant we were able to meet the increasing demand for healthier options with the launch of products that cater to the changing tastes of our consumer demographic. In November 2019, we introduced a novel ready-to-eat product, milk candy tablets made from 100 per cent New Zealand milk. Magnolia Milkies was launched nationwide in Classic Malt, Strawberry Yogurt and Hokkaido Milk flavours, and garnered positive response. By the end of the financial year, the product had gained the third spot in its market.

Overall agility in meeting market changes enabled us to maintain our leadership in key categories, namely that for sweetened condensed and evaporated milk with more than half of total market share. Carnation continued to command the superior segment, aided by the launch of a 0% Fat, 25% Reduced Sugar condensed milk with high milk powder content. In the mainstream segment, TEAPOT maintained its lead with the introduction of squeezable tubes in Matcha Green Tea and Mango flavours, improving its in-home penetration. The 1kg pouches of Carnation and TEAPOT evaporated milk also proved very popular, especially among hawkers looking for value deals. Sales of these products increased from 5,000 cases a month in November 2019, when they were launched, to 25,000 cases in September 2020.

We continued providing support to our hawker customers in domestic Thailand market, Cambodia and Laos through a loyalty programme utilising innovative digital media. Through this programme, the team ensured a high level of engagement with hawker customers by setting up a Line chat specifically for them (which now has more than 8,000 members) and keeping track of the hawkers' movements and orders to ensure they are always well-stocked with our products.

The Export market performed particularly well this year, growing by 14 per cent thanks to strong sales in Cambodia and Laos, which contributed to over RM200 million in revenue along with expanded distribution and reach. Today, TEAPOT is the market-leading brand in condensed milk market in both Cambodia and Laos. A star product was the 160g evaporated milk, which gained significant traction in Africa.

This year, for the first time, we received a special recognition towards our commitment in developing Halal products for Thailand and export markets, by winning the prestigious Thailand Best Halal Company of the Year 2020 from the Central Islamic Council of Thailand. We were also awarded the Diamond Level for National Occupational Health and Safety Award, and Silver Level for Zero Accident Campaign 2020 from Ministry of Labour Thailand. Meanwhile, we were also recognised by the Ministry of Labour Thailand, with our eighth consecutive Excellent Establishment on Labour Relations and Welfare Award.

> "Despite a challenging year due to the COVID-19 pandemic, **F&B Thailand pulled in a very encouraging performance,** aided by successful execution of operational strategies as well as recovery in the Indochina and export markets."



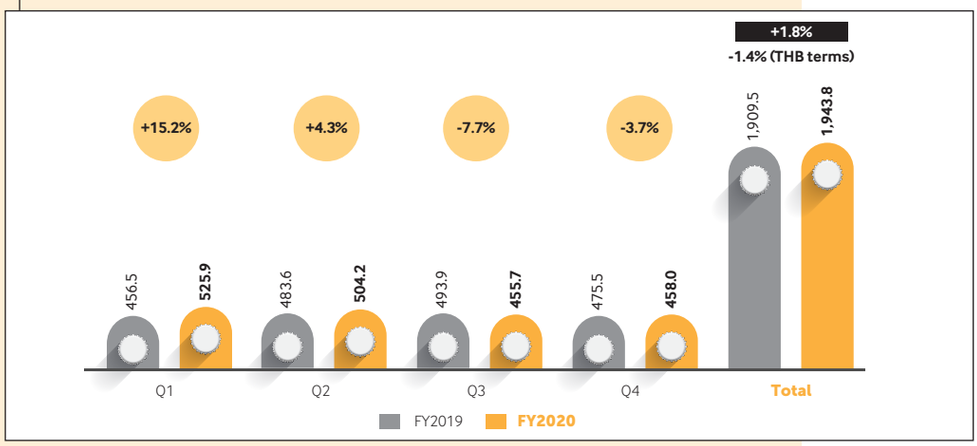
BUSINESS REVIEW: Food and Beverages

Thailand (Cont'd.)

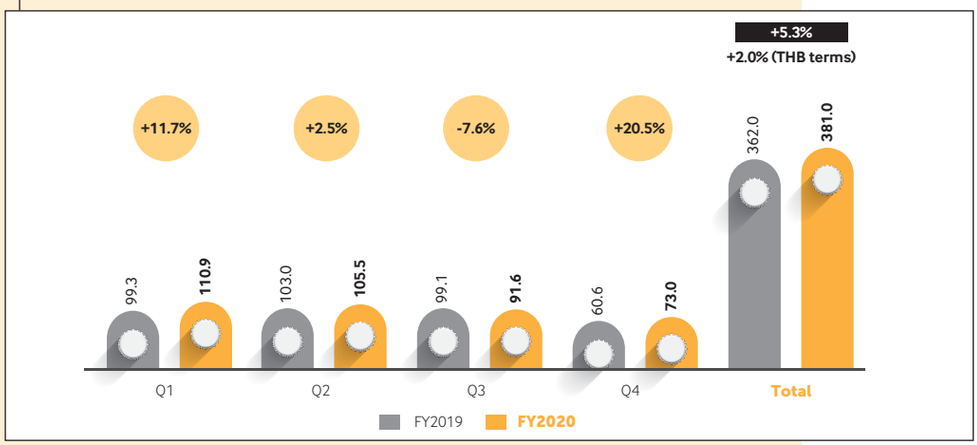
OUR FINANCIAL PERFORMANCE

F&B Thailand's full-year results were resilient, mainly due to successful tactical strategies as well as recovery in Indochina and our export market, which compensated the temporary contraction in general trade and foodservice channels due to the emergency decree. Revenue increased by 1.8 per cent, from RM1.91 billion to RM1.94 billion, aided by a favourable Thai Baht/Ringgit exchange rate. Operating profit, meanwhile, grew by 5.3 per cent to RM381.0 million (2.0 per cent in Thai Baht terms), boosted by tightened cost control on overheads and advertising and marketing spend.

REVENUE (RM million)



OPERATING PROFIT (RM million)



OUR JOURNEY AHEAD

A tangible outcome of COVID-19 has been more significant consumer concern for maintaining good health. We are determined to capture more of the expanding healthy product market and have planned various new products that will satisfy consumers' demand for nutritious beverages that boost well-being.

In the face of economic uncertainties, and cost-conscious consumer behaviour, we will continue to offer attractive savings with value packs and bundles. This will be complemented by an internal focus on driving cost efficiencies through greater automation, innovation and upskilling of our people.

We will leverage e-commerce more fully as more and more Thais are embracing social media and online networks. In FY2020, we started a web-ordering system through F&N Dairies Thailand's website targeting foodservice customers as well as online shoppers. Moving forward, we seek to learn from the experience of F&N Life (e-commerce store in Malaysia) and make our e-commerce channel a success in the Thai market.

As there remains a large number of customers who have yet to be connected online, we will ensure optimal reach leveraging ThaiBev's distribution network which already has inroads into smaller towns along the length and breadth of the country. In Cambodia and Laos, we seek to convert more F&B players into F&N fans through our loyalty programme while, again, extending our coverage upcountry.

The year will no doubt be challenging, but with new products and route to market, better service and expanded reach, we are certain of continuing to bring smiles to everyone.

New Products in FY2020

1. Carnation Plus SCM with 0% Fat, 25% Reduced Sugar
2. TEAPOT SCM Squeeze Tube Matcha
3. Magnolia Milkies Milk tablets in Classic Malt, Hokkaido Milk and Strawberry Yogurt flavours



MARKETING HIGHLIGHTS

F&N MAGNOLIA

2020 saw the launch of our first ever milk candy tablets – Magnolia Milkies, which come in three delectable flavours: Classic Malt, Strawberry Yogurt and Hokkaido Milk. The melt-in-your-mouth milk tablets are available at all leading supermarkets across Thailand.

At the same time, an online campaign supplemented by a nationwide sampling was organised to create greater awareness of Magnolia Plus Ginkgo Salted Caramel, focusing on the unique taste and aroma of the quality caramel as well as the varied health benefits of the milk. While ginkgo boosts brain functions, the milk also contains 35 per cent calcium and 30 per cent vitamin B12, which are important for strong bones and immunity respectively.

Reinforcing the connection between ginkgo and healthy brains, Magnolia Plus Ginkgo launched its first Magnolia X Tutor Activity for high school students preparing for their entrance examination. Renowned tutors in Thai language, English language and Mathematics were brought in to provide tips to 500 students – most of whom attended the session online due to COVID-19. To be eligible for the tutorial session, students only need to buy any two packs of Magnolia Ginkgo product.



TEAPOT

The spirit of innovation at TEAPOT continued as the brand expanded its range of sweetened condensed milk in squeezable tubes. TEAPOT Matcha Green Tea made its debut in November 2019, followed by TEAPOT Mango in April 2020. The two new products drove a nine per cent increase in unit sales of TEAPOT, further reinforcing its position as the No.1 brand in the flavoured sweetened condensed milk market.

Further brand-building was achieved via a new TV commercial, emphasising the fact that TEAPOT is the only sweetened condensed milk in tubes that contains fresh milk. TEAPOT also launched a loyalty campaign through LINE app in July 2020. Called TEAPOT Happy Rewards, the programme offers attractive prizes from cash vouchers to golden necklaces. Another loyalty programme was rolled out for over 20,000 hawker customers with premium products and stall decorations as the reward. TEAPOT also sported a new look – with a revamped logo and a more modern packaging since September 2020.





CARNATION

Carnation launched a new, healthy variant of its sweetened condensed milk, catering to health conscious consumers. In addition to having zero per cent fat and 25 per cent reduced sugar, the condensed milk is made with quality milk from New Zealand, that boasts the highest milk powder content in its category, promising a "tastier and more milky aroma". Its launch in January was accompanied by a 360° online and offline communication campaign, complete with in-store sampling and displays.

For the second year running, Carnation ran a four-month nationwide campaign, CARNATION AROI THUENG JAI, AROI GRAI KAB NADECH, offering weekly prizes of gold and iPhones. Using social media and various point-of-sales activations, the campaign helped to drive top-of-mind awareness. Sales in the evaporated milk category were also very encouraging, driven by home consumption. This was boosted by online and cross-category displays which led to higher participation and growth in sales volume year-on-year.



BEAR BRAND

Maintaining its leadership in the sterilized milk category, Bear Brand ran a campaign underlining the health benefits of milk. The overriding message was that Bear Brand Sterilised Milk "nourishes you everyday". TV and online ads aired from July 2020 depicted mothers serving their families Bear Brand Sterilised Milk, equating it with love, warmth and care.



Footnote:
F&N Dairies (Thailand) Limited ranked first as a manufacturer in both value share and volume share in total Condensed Milk Market since 1 August 2016 to 30 September 2020. The Nielsen retail index report covers Supermarkets, Hypermarkets, Convenience Stores and Traditional Trades.

Employees

Our employees are the driving force behind the success of our company, therefore safeguarding their well-being during this pandemic is our number one priority. With the proper safety measures, right information, tools and resources, they continue bringing our strategies into action with complete peace of mind.



Bringing Smiles


Speaker View
Remaining Meeting Time: 06:57
angeliang@fn.com.my
THILLAINATHAN PONNIAH
Leave Meeting
Participants
Chat
Share Screen
Reactions

PERFORMANCE REVIEW:

5-Year Group *Financial Summary*

Year ended 30 September		2016	2017	2018	2019	2020
Results (RM million)						
Revenue		4,167.6	4,101.4	3,871.0 (i)	4,077.1	**3,988.5**
Profit before tax ("PBT")		442.9	353.7	424.1 (i)	533.0	**522.9**
Profit for the year		385.4	323.3	386.5 (i)	410.2	**410.1**
Dividend per share						
Earnings – basic	(sen)	105.3	88.3	105.3 (i)	111.9	**111.9**
Earnings – diluted	(sen)	104.8	88.0	104.9 (i)	111.6	**111.7**
Dividend – net	(sen)	57.5	57.5	57.5	60.0	**60.0 (ii)**
Dividend – cover	(times)	1.8	1.5	1.8	1.9	**1.9**
Dividend – payout	(%)	55%	65%	55%	54%	**54%**
Statement of Financial Position (RM million)						
Share capital		366.8	816.8	816.8	816.8	**816.8**
Shareholders' equity		1,989.0	2,124.2 (i)	2,305.4 (i)	2,529.3	**2,690.6**
Total assets		3,205.9	3,231.5	3,345.3	3,503.8	**3,520.1**
Total borrowings		404.6	379.1	335.5	123.3	**91.9**
Share capital	(number of shares)	366.8	366.8	366.8	366.8	**366.8**
Net assets per share	(RM)	5.43	5.79 (i)	6.29 (i)	6.90	**7.34**
Ratio (%)						
PBT on revenue		10.6	8.6	11.0 (i)	13.1	**13.1**
Return on shareholders' equity		19.4	15.2	16.8 (i)	16.2	**15.2**
Debt to equity ratio		20.3	17.8	14.6	4.9	**3.4**
Net debt to equity ratio		–	–	–	–	**–**

Notes:

(i) Restated for adjustments pursuant to the adoption of MFRS 15, Revenue from Contracts with Customers. Comparatives for financial years prior to 2018 have not been restated.

(ii) Included proposed dividend of 33.0 sen, which will only be recognised in the financial statements upon shareholders' approval.

PERFORMANCE REVIEW:
5-Year Group *Financial Highlights*

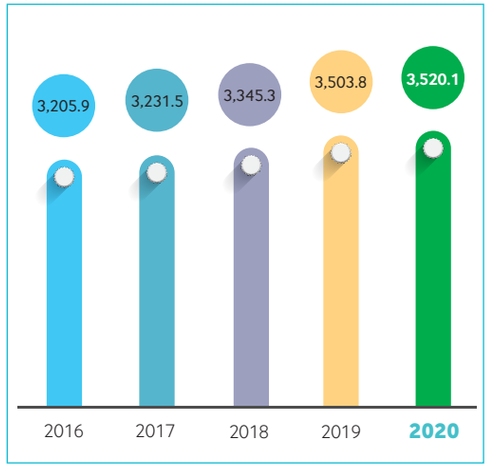
PBT (RM million) **-1.9%**



REVENUE (RM million) **-2.2%**



TOTAL ASSETS (RM million) **+0.5%**



SHAREHOLDERS' EQUITY (RM million) **+6.4%**



PROFIT FOR THE YEAR (RM million) **+0.0%**



NET DIVIDEND PER SHARE (sen) **+0 sen**



NET ASSETS PER SHARE (RM) **+RM0.44**



Notes:

(i) Restated for adjustments pursuant to the adoption of MFRS 15, Revenue from Contracts with Customers. Comparatives for financial years prior to 2018 have not been restated.

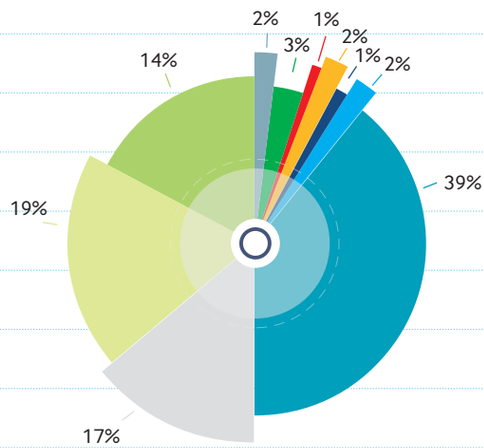
(ii) Included proposed dividend of 33.0 sen, which will only be recognised in the financial statements upon shareholders' approval.

PERFORMANCE REVIEW:

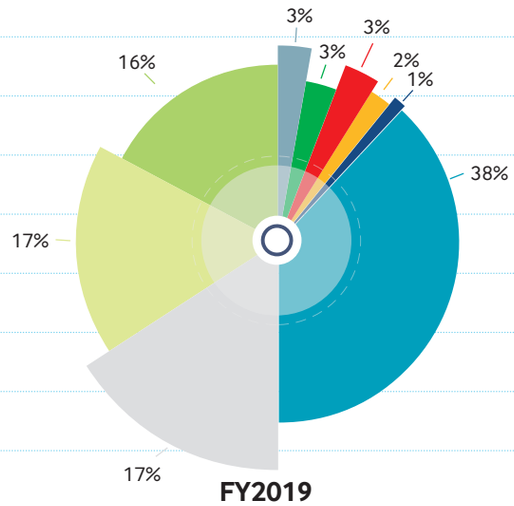
Simplified Group Statement of Financial Position

TOTAL ASSETS

- Property, Plant and Equipment
- Right-of-use Assets
- Investment Properties
- Properties held for Development
- Intangible Assets
- Investment in an Associate
- Investment in a Joint Venture
- Trade and Other Receivables
- Inventories
- Cash and Cash Equivalents
- Other Assets (Note i)



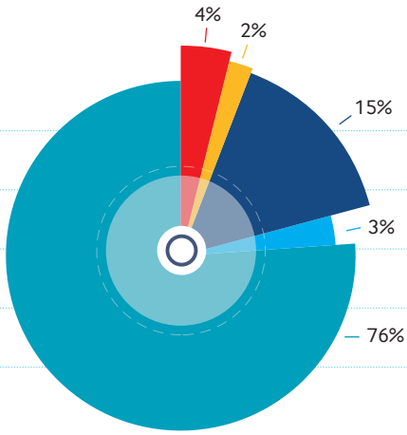
FY2020



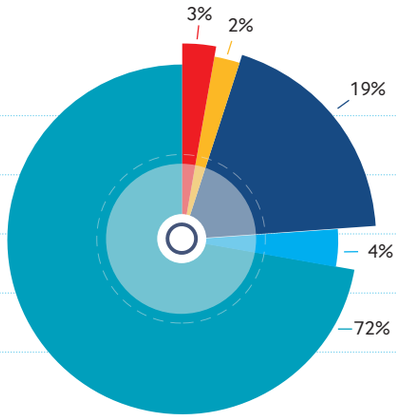
FY2019

TOTAL EQUITY AND LIABILITIES

- Total Equity
- Loans and Borrowings
- Trade and Other Payables
- Contract Liabilities
- Other Liabilities (Note ii)



FY2020



FY2019

Notes:

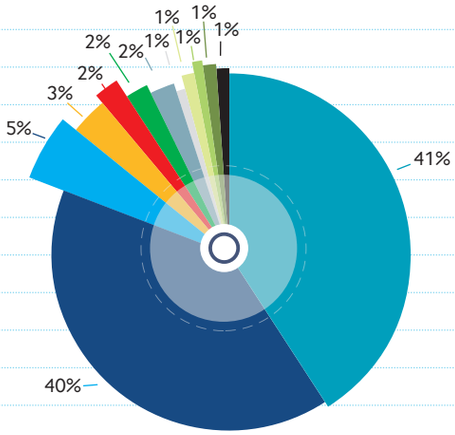
(i) Comprise deferred tax assets, current tax assets and derivative financial assets.

(ii) Comprise lease liabilities, employee benefits, deferred tax liabilities, current tax liabilities and derivative financial liabilities.

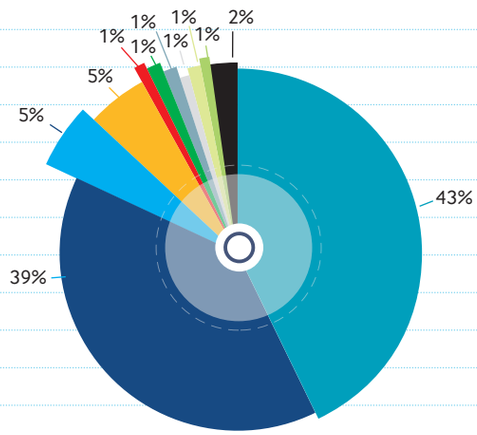
PERFORMANCE REVIEW:
Group *Segmental Analysis*

REVENUE – BY GEOGRAPHICAL SEGMENTS

- Malaysia
- Thailand
- Cambodia
- Singapore
- Africa
- Hong Kong
- Indonesia
- Phillipines
- Laos
- Myanmar
- China
- Brunei
- Vietnam
- Others



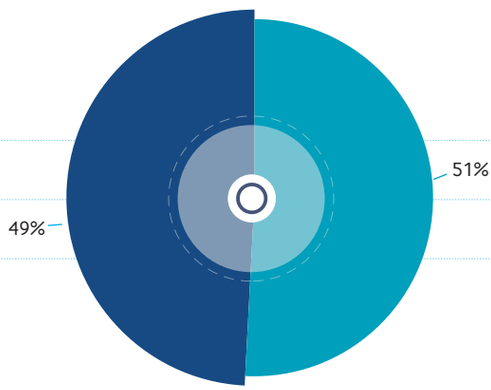
FY2020



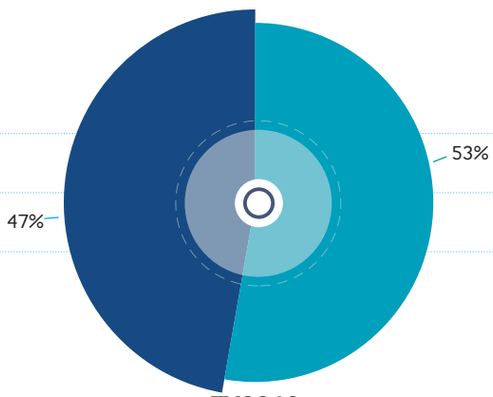
FY2019

REVENUE

- F&B Malaysia
- F&B Thailand
- Property/Others



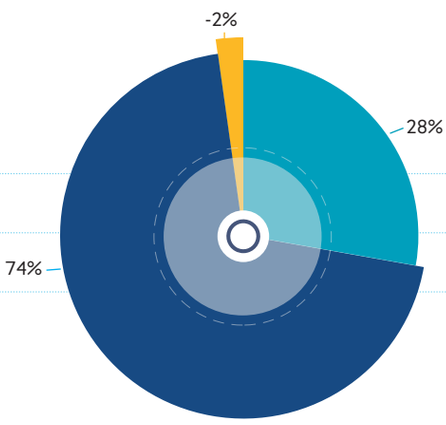
FY2020



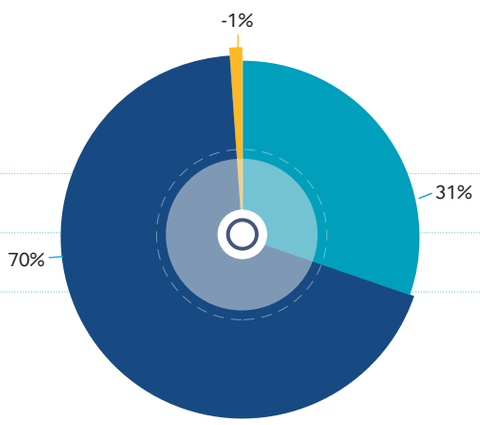
FY2019

OPERATING PROFIT

- F&B Malaysia
- F&B Thailand
- Property/Others



FY2020

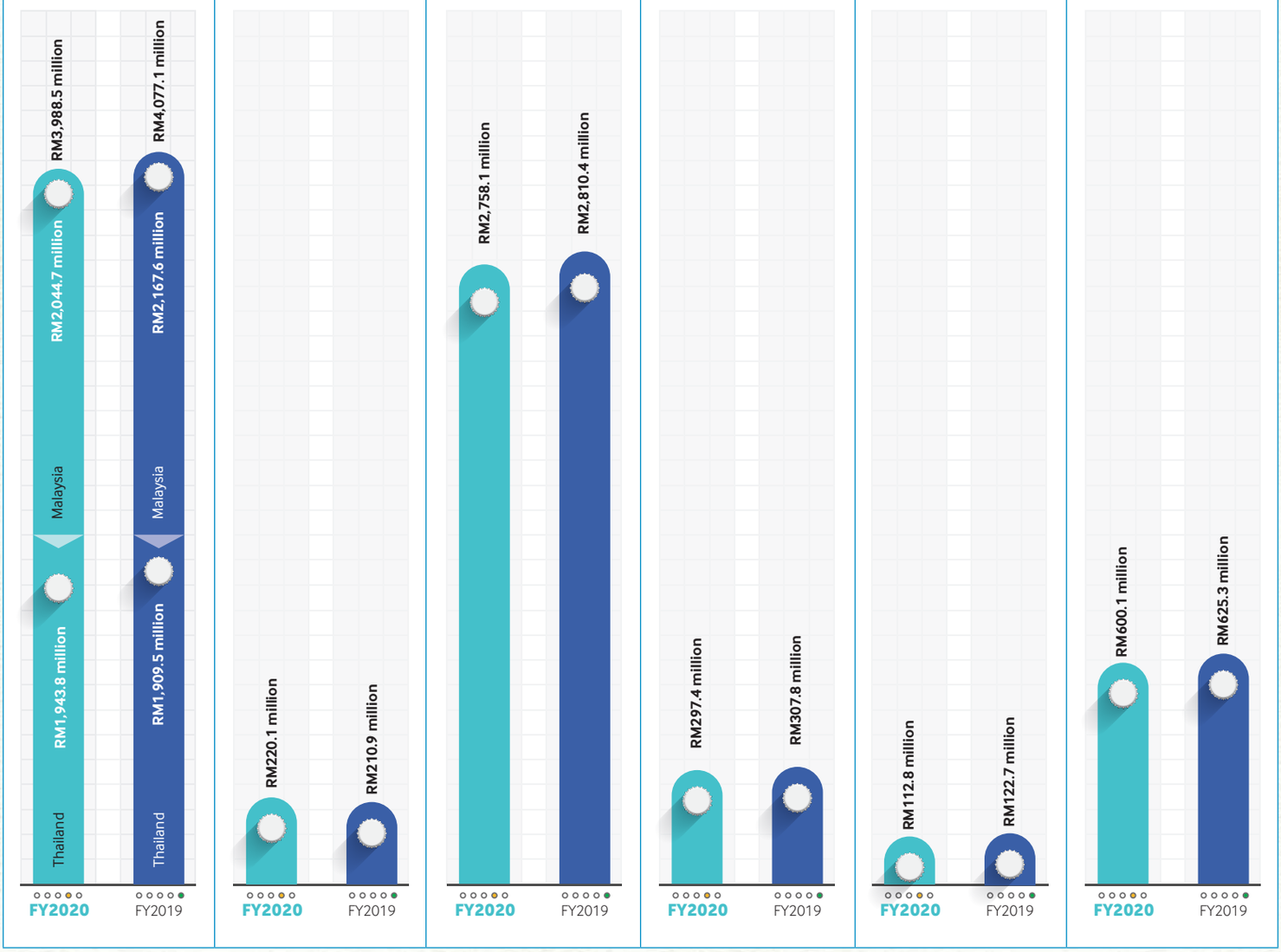


FY2019

PERFORMANCE REVIEW:
Statement of *Value Added*

ECONOMIC PERFORMANCE

DIRECT ECONOMIC VALUE GENERATED	ECONOMIC VALUE DISTRIBUTED				ECONOMIC VALUE RETAINED
REVENUE	– ANNUAL DIVIDENDS	– COST OF SALES	– EMPLOYEE BENEFIT EXPENSES	– INCOME TAX EXPENSES	= ECONOMIC VALUE RETAINED



Notes:

(i) Employee benefit expenses comprise of wages, salaries, contributions to state plans, expenses related to defined benefit plans, share-based payment expense, one-off restructuring costs and other staff costs.

(ii) Economic value retained is calculated by direct economic value generated (revenue) - economic value distributed (annual dividends, cost of sales, employee benefit expenses and income tax expenses). Community investments are not included.

PERFORMANCE REVIEW: *Group Quarterly* Financial Performance

RM million	Q1	Q2	Q3	Q4	FY2020
Revenue	1,111.1	1,005.6	918.1	953.7	**3,988.5**
Operating profit	157.9	130.4	119.0	107.9	**515.2**
Profit before tax	160.6	134.1	120.0	108.2	**522.9**
Profit for the year	128.4	102.2	93.8	85.7	**410.1**
Basic earnings per ordinary share (sen)	35.0	27.9	25.6	23.5	**111.9**

RM million	Q1	Q2	Q3	Q4	FY2019
Revenue	1,010.3	1,025.4	1,066.3	975.1	4,077.1
Operating profit	151.9	130.1	151.9	86.5	520.4
Profit before tax	154.1	134.0	155.5	89.4	533.0
Profit for the year	122.9	104.4	114.9	68.0	410.2
Basic earnings per ordinary share (sen)	33.5	28.5	31.3	18.6	111.9

PERFORMANCE REVIEW:

Financial Calendar

20 JANUARY 2020

58th Annual General Meeting

23 JANUARY 2020

Date of entitlement of the final single tier dividend of 33 sen per share for the financial year ended 30 September 2019

3 FEBRUARY 2020

Quarterly announcement on consolidated results for the financial period ended 31 December 2019

13 FEBRUARY 2020

Date of payment of the final single tier dividend of 33 sen per share for the financial year ended 30 September 2019

4 MAY 2020

Quarterly announcement on consolidated results for the financial period ended 31 March 2020

20 MAY 2020

Date of entitlement of the interim single tier dividend of 27 sen per share for the financial year ended 30 September 2020

12 JUNE 2020

Date of payment of the interim single tier dividend of 27 sen per share for the financial year ended 30 September 2020

4 AUGUST 2020

Quarterly announcement on consolidated results for the financial period ended 30 June 2020



3 NOVEMBER 2020

Quarterly announcement on consolidated results for the financial period ended 30 September 2020

18 DECEMBER 2020

Announcements on the Notice of the 59th Annual General Meeting, Notice of an Extraordinary General Meeting and dates of entitlement and payment for the proposed final single tier dividend of 33 sen per share for the financial year ended 30 September 2020.

21 DECEMBER 2020

Issuance of Annual Report for the financial year ended 30 September 2020 and Circulars to Shareholders

19 JANUARY 2021

59th Annual General Meeting

PERFORMANCE REVIEW:

Investor Information

AS AT 30 NOVEMBER 2020

SHARE CAPITAL

RM816.8 million

NO. OF SHAREHOLDERS

5,055

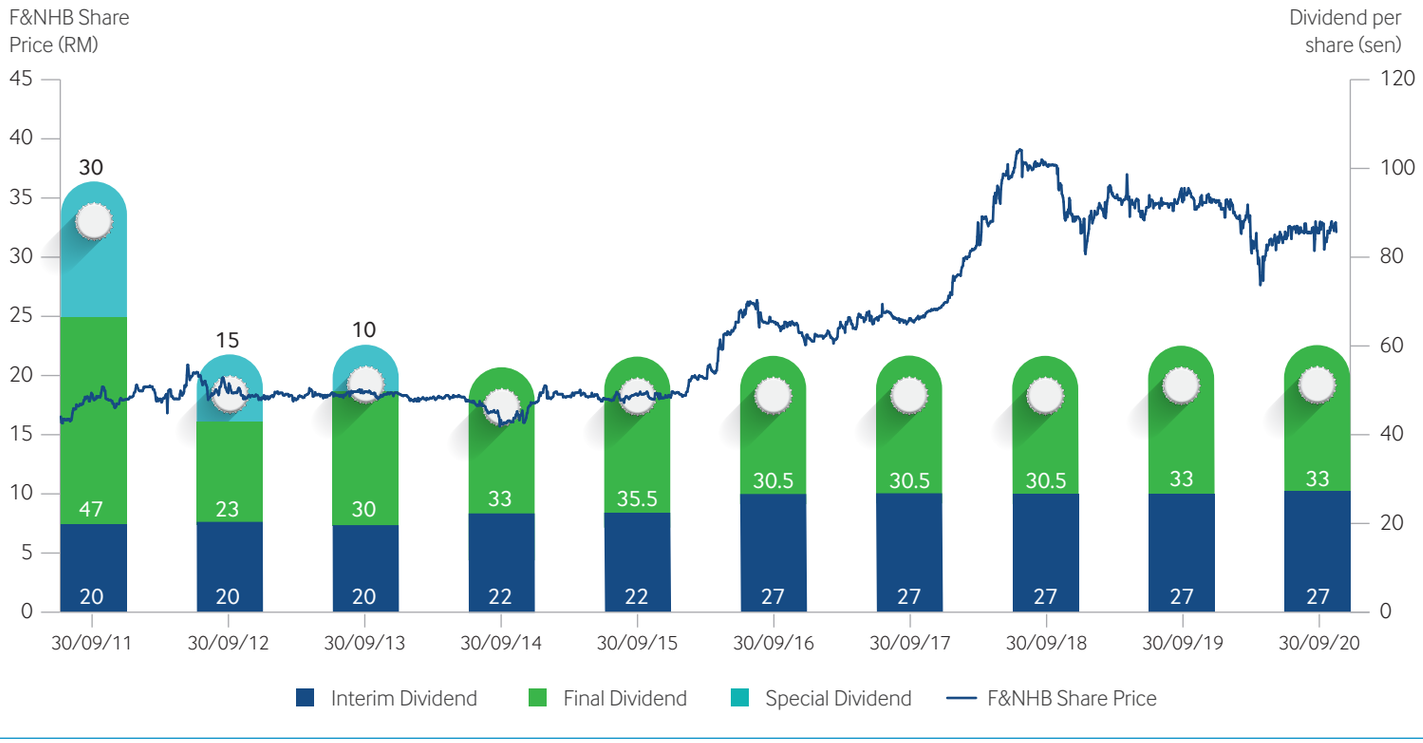
TOTAL NO. OF ISSUED SHARES

366,778,501

SUBSTANTIAL SHAREHOLDERS 74.900%

Fraser and Neave, Limited	55.475%
Employees Provident Fund Board	11.907%
Amanahraya Trustees Berhad – Amanah Saham Bumiputera	7.518%

SHAREHOLDER RETURNS (FY2011-FY2020)



OUR INVESTOR PORTAL

We communicate with our shareholders and general public via our corporate website, **www.fn.com.my/investors/**. This website is also a platform where we share our annual reports, financial results, financial briefing presentation decks, press releases and disclosures to Bursa Malaysia.

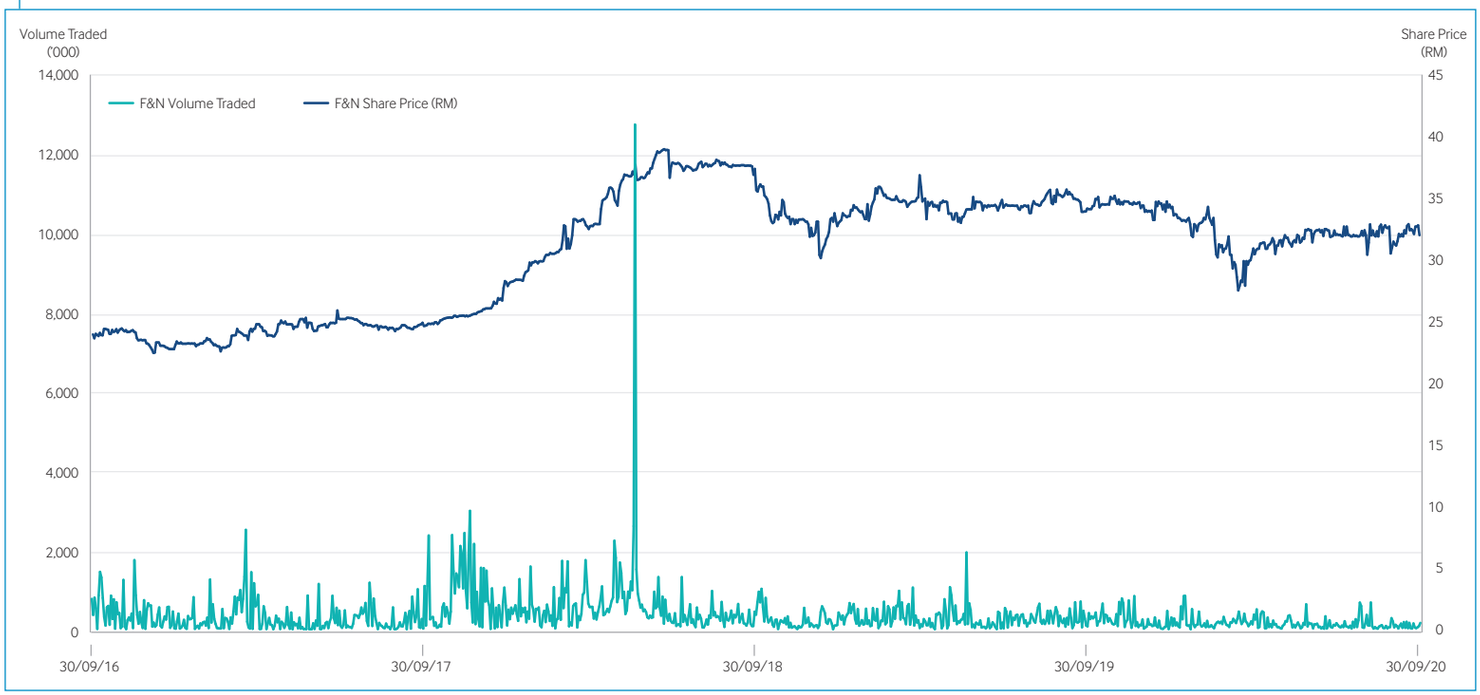
OUR INVESTOR CALENDAR	
4 November 2020	Full Year Results Briefing

PERFORMANCE REVIEW: *Share* Price Chart

Fraser & Neave Holdings Bhd's Share Price and FTSE Bursa Malaysia KLCI Index ("FBM KLCI Index")



Fraser & Neave Holdings Bhd's Share Price and Volume Traded



Chairman's Introduction To Corporate Governance

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Fraser & Neave Holdings Bhd's Corporate Governance Overview Statement. This Statement reinforces our unwavering commitment to ensure that the highest standards of governance are embedded in the way our business is managed.

As a Company, we are resolute in delivering strong long-term returns to our shareholders. Our ability to do this has largely been premised on these important principles of good governance – i.e. accountability, transparency and integrity in the conduct of our business.

Our corporate governance framework encompasses a robust decision-making process and a clear framework within which decisions are made, delegated and executed with clear accountability across all levels. Through the governance framework, the Board can review and guide the Company's strategy and ensure its effective implementation by consistently monitoring business performance.

In discharging its duties and responsibilities effectively, the Board is supported by various Board Committees each with specific authority and clear Terms of Reference. The Board retains the ultimate responsibility for decisions made by the Board Committees and reserves certain key matters to itself for approval.

I am especially pleased that the unwavering commitment to good governance has resulted in the Company being recognised and acknowledged. We have been included in the FTSE4Good Bursa Malaysia (F4GBM) Index for the second year and our efforts to build trust with stakeholders through transparency, quality and relevance of our disclosures has been rewarded with the NACRA Industry Excellence Award for the Consumer Products and Services category in December 2019.

In the following pages, you will find more details of our work throughout the financial year and illustrations of our commitment to deliver transparent and sustainable value to all our stakeholders.

As of the date of this report, I am pleased to inform that the Company has complied with the principal Practices set out in the Malaysian Code on Corporate Governance (MCCG) 2017, the relevant provisions of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia), the Companies Act 2016, the Corporate Governance Guide – 3rd Edition issued by Bursa Malaysia, in addition to benchmarking our practices against the ASEAN Corporate Governance Scorecard. The status of the Company's application is explained in the Corporate Governance Report, which is accessible to the public on the Company's website at **www.fn.com.my**.



Corporate Governance Overview Statement

Fraser & Neave Holdings Bhd ("F&NHB" or "Company") recognises the importance of strong corporate governance and has in place sound policies, business practices and internal controls to help safeguard its assets and shareholders' interests while building a sustainable business. The Company is guided by the principles of the Malaysian Code on Corporate Governance ("CG Code") and the Corporate Governance Guide issued by Bursa Malaysia Berhad in its corporate governance practices, and continues to strive towards achieving a high standard of corporate governance.

This statement provides an overview of the Company's corporate governance practices throughout the financial year ended 30 September 2020 ("Financial Year 2020") with reference to the three key principles A to C below as set out in the CG Code. This statement is to be read together with the Corporate Governance Report 2020 ("CG Report"), which is available on the Company's website at https://fn.com.my/investors/ar2020/. The CG Report describes how the Company has applied each practice of the CG Code, any departure thereof and alternative measures taken, where applicable during the financial year under review.

GOVERNANCE PHILOSOPHY

F&NHB is an organisation based on values and committed to high standards of business integrity and ethics. Ethical and effective leadership underpins the Board's oversight and strategic steer. The Board embraces and promotes value-creating governance through a deliberate and structured approach.

F&NHB embraces world-class business practices and robust institutional governance and risk frameworks. The Board together with management regularly reviews these practices and frameworks, always mindful of the dynamic and evolving corporate landscape, to ensure that the Company acts in the best interests of stakeholders. The Board and management believe that good governance contributes to living the corporate values through, among others, enhanced accountability, strong risk and performance management, transparency and effective leadership.

PRINCIPLE A — BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

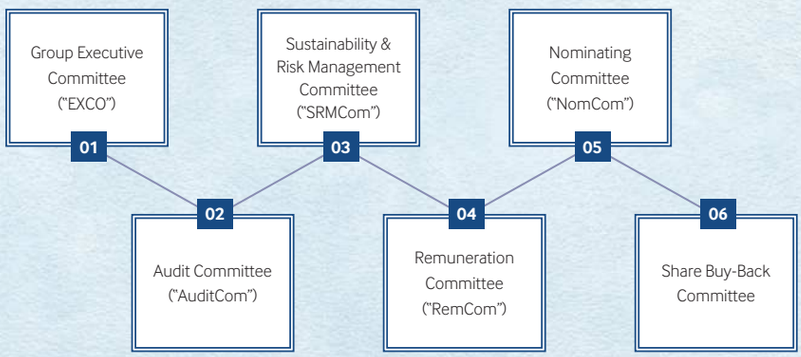
1. BOARD DUTIES AND RESPONSIBILITIES

In pursuing sustainable value and growth of the Group, the Board provides entrepreneurial leadership, sets strategic directions and oversees the business affairs of the Group and management effectiveness. The Board is guided by a Board Charter to ensure orderly and effective discharge of its duties and responsibilities as set out in the Board Charter. The Board Charter further defines the respective roles of the Chairman of the Board, the Chief Executive Officer ("CEO"), the Non-Executive Directors and the Senior Independent Director. The Board Charter is available for reference on the Company's website.

The Group has two sets of Charts of Authority ("COA") i.e. Board COA and Management COA, which set out matters reserved for the Board's approval and matters delegated to the Board Committees and management. The delegation of authority to the Board Committees, the CEO and senior management are set out in the Terms of Reference ("TOR") of the Board Committees, the Board COA and the Management COA respectively. Among the Group's key matters reserved for the Board's approval are annual business plans and budgets, dividends, accounting policies, Group funding and restructuring, expenditures above certain pre-determined limits; disposal and acquisition of land, properties, equities and businesses.

2. BOARD COMMITTEES

The Board has established six Board Committees, namely:



all of which operate within their respective TORs, which are available for reference on the Company's website.

The Board Committees review matters within their TORs and make recommendations to the Board for approval, where relevant. The Board is kept apprised of the activities of the Board Committees through circulation of minutes of meetings of the Board Committees and update on meeting deliberations and outcomes by the respective chairmen of the Board Committees at meetings.

Corporate Governance Overview Statement (Cont'd.)

3. CHAIRMAN AND CEO

The positions of the Chairman of the Board and the CEO are held by different individuals and their roles are clearly defined in the Board Charter. Separation in the positions ensures a balance of power and authority while facilitating effective discharge of the distinct roles of the Chairman and CEO.

Y.A.M. Tengku Syed Badarudin Jamalullail Chairman	The Chairman of the Board is responsible for ensuring the Board's effectiveness and conduct by focusing on strategy, governance and compliance; promoting constructive and respectful relations between Directors, and between the Board and management; and ensuring a smooth, open and constructive dialogue between the Board and shareholders.
Mr. Lim Yew Hoe Chief Executive Officer	The CEO of the Company is responsible for the day-to-day management of the Group, organisational effectiveness and implementation of Board policies, strategies and decisions. The CEO together with the management team manages the business of the Group in accordance with the Board's strategic plans, instructions and directions.

4. COMPANY SECRETARY

The Board is supported by a Company Secretary who has a legal qualification and is qualified to act as company secretary under the Companies Act 2016. The Company Secretary plays an important advisory role in advising the Board on statutory and regulatory requirements, particularly on corporate governance issues and ensuring compliance with the relevant acts, rules and regulations.

5. ACCESS TO INFORMATION AND ADVICE

The Board's rights to all information pertaining to the Group and independent access to senior management for information and clarification in furtherance of its duties are set out in the Board Charter. Besides, the Board Charter also provides for the Directors, either as a group or individually to seek and obtain independent professional advice where necessary, at the Company's expense, to discharge their duties effectively.

Directors have unrestricted access to senior management for information or updates regarding the Group. Senior management provides Directors with the required information or updates either personally or at meetings. The Board emphasises provision of timely and quality information by management to facilitate effective deliberation and decision-making process.

6. FORMALISED ETHICAL STANDARDS

Directors, officers, employees and business associates of the Group are required to observe and maintain high standards of integrity in carrying out their roles and responsibilities and to comply with laws, regulations and the Group's policies, including those relating to anti-bribery and anti-corruption.

The Group has in place a Code of Business Ethics and Conduct which sets out the standards and ethical conduct expected of all employees in the course of their employment with the Group. In June 2020, the Board approved a system with relevant policies and procedures to manage bribery and corruption risks of the Group as guided by the Guidelines on Adequate Procedures issued pursuant to section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009.

The Group also has a Whistleblowing Policy with a well-defined process to provide an independent feedback channel through which staff may, in confidence and in good faith, raise concerns about possible improprieties in matters of financial reporting and other matters. Besides, a Fraud Control Policy is in place to protect the revenue, assets and reputation of the Group from loss or damage due to fraud.

More details of the Code of Business Ethics and Conduct, Whistleblowing Policy, Fraud Control Policy and policies relating to anti-bribery and anti-corruption are set out in the Statement on Risk Management and Internal Control. The said code and policies are published on the Company's website.

7. STRATEGIES PROMOTING SUSTAINABILITY

The Board is responsible for formulating on-going programmes to promote sustainability, where attention is given to environmental, social and governance aspects of business which underpins sustainability.

The SRMCom provides oversight and approves strategic initiatives and policies for the sustainability agenda of the Company and reports to the Board regularly. The SRMCom, at its quarterly meetings, receives regular updates on the Group's sustainability agenda.

Details of the corporate sustainability of the Group are presented in the Sustainability Report.

II. BOARD COMPOSITION

1. BOARD COMPOSITION

The Company's Constitution provides for the Board to compose of a maximum of eleven Directors.

Madam Tan Fong Sang was appointed as an Alternate Director to Mr. Lee Kong Yip on 17 February 2020 and ceased as his alternate following his retirement as a Non-Independent Non-Executive Director on 30 September 2020. Madam Tan was then appointed as a Non-Independent Non-Executive Director on 1 October 2020.

The present Board comprises eleven Non-Executive Directors whose varied skills and vast experience are relevant to the business operations of the Group.

The mix of Directors on the current Board is broadly balanced to reflect the interests of the controlling shareholder and minority shareholders. Of the eleven Directors, six are Independent Directors and five are Non-Independent Directors including the Chairman and four nominees of the controlling shareholder, Fraser and Neave, Limited. Representation of Independent Directors on the Board remained at 55% throughout the Financial Year 2020.

The Board through the NomCom conducts an annual review of its composition and annual evaluation to determine if the Board has sufficient diversity with independence elements and its effectiveness.

2. INDEPENDENCE OF DIRECTORS

The Board recognises the importance of independence and objectivity in its decision-making process. The Independent Directors who are professionals of high calibre and integrity and possess in-depth knowledge of the Group's business, bring their independent and objective views and judgement to Board deliberations.

The Company has a Policy on Independence of Directors, which specifies the considerations taken into account by the Board to assess the independence of each Independent Director. The policy sets out the test of independence that will be used to determine the independence of Directors and the disclosure of information in the Company's annual report. Independent Directors will provide the Board with an annual confirmation of their independence based on the criteria set out in the policy. The Board through the NomCom will assess the independence of Directors upon appointment and annually and will re-assess determinations of independence when any new interests or relationships are disclosed by Directors.

During the Financial Year 2020, the Board through the NomCom engaged an external consultant, Aon Hewitt Singapore Pte Ltd, to perform a self/peer evaluation of all Directors including the Independent Directors and was satisfied that the Independent Directors continued to exercise independent and objective judgement and acted in the interest of the Company and its stakeholders.

The Board also recognises that an extended time on the Board may impair a Director's independence and takes cognisance of the recommendations of the CG Code regarding tenure of Independent Directors. Based on the Policy on Independence of Directors, the tenure of an Independent Director shall not exceed a cumulative of nine years and shall not be further extended unless the Independent Director is re-designated as Non-Independent. As it is not contemplated that any Independent Director will continue to serve on the Board as a Non-Independent Director, the Board, through the NomCom, shall be entitled to commence a search for replacement of an outgoing Independent Director prior to the end of the anticipated nine-year term.

3. BOARD DIVERSITY

The Board acknowledges the importance of Board diversity to the effective functioning of the Board. The Board has adopted a Board Diversity Policy, which is available on the Company's website.

Differences in thought, perspective, knowledge, skills, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender will be considered in determining the optimum Board composition.

A Board Skills Matrix has been used as reference for the Directors' improvement and succession planning. The Board as a whole possesses a diverse set of skills, experience and expertise in relation to food and beverages business, financial and accounting, legal practice, human resource and labour relations, strategy and analytics, sales and marketing, information technology, corporate governance, risk management and internal controls, which are necessary to govern the Group.

In terms of nationality diversity, 73% of the current eleven Directors are Malaysians and 27% are foreigners. 55% of the Directors are between the ages of 45 to 60 and the remaining 45% are above 60 years old. 27% of the Board are women Directors. The Board endeavours to increase its women representation to 30% by 2021.

Corporate Governance Overview Statement (Cont'd.)

4. TIME COMMITMENT AND PROTOCOL FOR ACCEPTING NEW DIRECTORSHIPS

The Directors are aware of the time commitment expected from them to attend to matters of the Group in general, including attendance at meetings of the Board and Board Committees and other types of meeting. Board meetings and meetings of Board Committees for each financial year are scheduled in advance for Directors to plan their schedule ahead.

The Board is satisfied with the level of time commitment given by the Directors in the discharge of their roles and responsibilities as Directors of the Company as evidenced by their attendance at the respective meetings in the Financial Year 2020:

Directors	Board	Board Committees					Annual General Meeting
		AuditCom	NomCom	RemCom	EXCO	SRMCom	
Y.A.M Tengku Syed Badarudin Jamalullail	6/6		2/2	2/2			1/1
Mr. Lee Meng Tat	6/6		2/2	2/2	4/4		1/1
Mr. David Siew Kah Toong	6/6	4/4	2/2	2/2			1/1
Mr. Lee Kong Yip [(1)]	6/6				4/4	4/4	1/1
Y.Bhg. Dato' Sri Johan Tazrin bin Hamid Ngo	6/6	4/4	2/2	2/2			1/1
Y.Bhg. Dato' Jorgen Bornhoft	6/6				4/4	4/4	1/1
Mr. Hui Choon Kit	6/6	4/4			4/4	4/4	1/1
Puan Aida binti Md Daud	6/6					3/4	1/1
Puan Faridah binti Abdul Kadir	6/6		2/2	2/2			1/1
Y.Bhg. Datuk Mohd Anwar bin Yahya	6/6	4/4					1/1
Y.Bhg Datuk Kamaruddin bin Taib	6/6				4/4		1/1
Madam Tan Fong Sang [(2)] (Alternate Director to Mr. Lee Kong Yip)	4/4				2/2	2/2	

Notes:

(1) Mr. Lee Kong Yip retired as a Director and ceased as the Chairman of the SRMCom and a member of the EXCO on 30 September 2020.

(2) Madam Tan Fong Sang was appointed as an Alternate Director to Mr. Lee Kong Yip on 17 February 2020 and ceased as his alternate on 30 September 2020. On 1 October 2020, Madam Tan was appointed as a Non-Independent Non-Executive Director, the Chairman of the SRMCom and a member of the EXCO.

Under the existing practice, Directors will inform the Board immediately after accepting new directorships in other companies so long as their number of directorships in public listed companies is not more than five in compliance with the Listing Requirements of Bursa Securities.

5. DIRECTORS' TRAINING

In compliance with the Listing Requirements of Bursa Securities, all members of the Board have attended the required training programmes as prescribed by Bursa Securities.

From time to time, the Directors attend training to keep abreast with current developments as well as the new statutory and regulatory requirements. In addition to this, the Group, in collaboration with external training providers, also organises internal training programmes for the Directors.

The Board had via the NomCom evaluated the training needs of Directors, and identified the training topics required by the Directors. Set out below are the training programmes attended by the Directors during the Financial Year 2020:

Directors	Training Programmes Attended
1. **Y.A.M. Tengku Syed Badarudin Jamalullail**	• Bracing for Economic Impact Post Global Pandemic • Anti-Bribery and Anti-Corruption Management System ("ABCMS") • Directors' Continuing Education Programme 2020: > Module 1: Digitally Powered F&B Player – Why? What? & How? > Module 2: Geopolitical Risk Landscape
2. **Mr. Lee Meng Tat**	• Accounting and Corporate Regulatory Authority – Singapore Stock Exchange-Singapore Institute of Directors ("SID") Audit Committee Seminar 2020: Looking Beyond the Veneer of Numbers • How to Lead Courageously During a Crisis • Board's Role in AI Leadership for a Sustainable Business • SID Directors Virtual Conference 2020: "Living with Covid-19: A Singapore Perspective" • Competing in the Age of AI and Digital Transformation: Lessons from Technology Giants and the COVID Crisis • ABCMS • Directors' Continuing Education Programme 2020: > Module 1: Digitally Powered F&B Player – Why? What? & How? > Module 2: Geopolitical Risk Landscape
3. **Mr. David Siew Kah Toong**	• 2020 Budget Seminar • Anti-Money Laundering and Counter Financing of Terrorism • Financial Institutions Directors' Education Programme Insurance Core B • Presentation of Financial Statements – A Change for Better Comparability and Transparency of Companies' Performance Reporting • National Tax Conference 2020 • ABCMS • Directors' Continuing Education Programme 2020: > Module 1: Digitally Powered F&B Player – Why? What? & How? > Module 2: Geopolitical Risk Landscape
4. **Mr. Lee Kong Yip** (retired on 30 September 2020)	• Board Educational Series: > IT Strategies and Cybersecurity Roadmap > Implementation of MFRS 17 Insurance Contract: Technical Accounting Papers ("TAP") (Batch 1 and Batch 2) > Emerging Trend in Money Laundering and Terrorism Financing – E-Wallet • ABCMS • Directors' Continuing Education Programme 2020: > Module 1: Digitally Powered F&B Player – Why? What? & How? > Module 2: Geopolitical Risk Landscape
5. **Y.Bhg. Dato' Sri Johan Tazrin bin Hamid Ngo**	• CGS-CIMB 12th Annual Malaysia Corporate Day • Invest Malaysia 2020 • ABCMS • Directors' Continuing Education Programme 2020: > Module 1: Digitally Powered F&B Player – Why? What? & How? > Module 2: Geopolitical Risk Landscape

Corporate Governance Overview Statement (Cont'd.)

Directors	Training Programmes Attended
6. Y.Bhg. Dato' Jorgen Bornhoft	• Post Budget 2020: Outlook and Perspectives for the Economy & Capital Market Businesses • The Malaysian Anti-Corruption Commission Act (Section 17A) • ABCMS • Directors' Continuing Education Programme 2020: > Module 1: Digitally Powered F&B Player – Why? What? & How? > Module 2: Geopolitical Risk Landscape
7. Mr. Hui Choon Kit	• Webinar on Leading Courageously in a Crisis • KPMG Finance and Accounting Seminar • Leadership Chat with Professor Kishore Mahbubani • SID Directors Virtual Conference 2020 • Webinar on Singapore Swap Offer Rate (SOR) Transition to Singapore Overnight Rate Average (SORA): Interest Rate Landscape • ABCMS • Directors' Continuing Education Programme 2020: > Module 1: Digitally Powered F&B Player – Why? What? & How? > Module 2: Geopolitical Risk Landscape
8. Puan Aida binti Md Daud	• PNB Group Innovation Challenge 2019 • PNB Corporate Summit 2019 – Rebooting Corporate Malaysia • PNB Compliance Engagement Session • Learning Expedition Melbourne 2019 • Anti-Corruption – Section 17A, Corporate Liability Training • Online Talk – Perspectives: Change from the Outside-In: Digital Disruption & Opportunity with En. Farid Basir, Chief Human Capital Officer of Telekom Malaysia • Business Strategy – Focus Four • PETRA – End User Procurement Training • Digitalising Organisation • ABCMS • Directors' Continuing Education Programme 2020: > Module 1: Digitally Powered F&B Player – Why? What? & How? > Module 2: Geopolitical Risk Landscape
9. Puan Faridah binti Abdul Kadir	• Fundamentals of Corporate Directorship – Module A: The Role of the Board in Strategy & Risk Management Oversight • Environmental, Social and Governance ("ESG") Trends & Regulatory Developments • Force Majeure & COVID-19: How are Contractual Relationships Affected and Managed? • Managing Political Risks • ABCMS • Directors' Continuing Education Programme 2020: > Module 1: Digitally Powered F&B Player – Why? What? & How? > Module 2: Geopolitical Risk Landscape
10. Y.Bhg. Datuk Mohd Anwar bin Yahya	• PNB Corporate Summit 2019 – Rebooting Corporate Malaysia • Malaysia REIT Forum 2019 – Opportunities in the New Malaysia • Audit Oversight – Board Conversation with Audit Committees • Training on Malaysian Financial Reporting Standards ("MFRS") by PricewaterhouseCoopers • ABCMS • Directors' Continuing Education Programme 2020: > Module 1: Digitally Powered F&B Player – Why? What? & How? > Module 2: Geopolitical Risk Landscape

Directors	Training Programmes Attended
11. Y.Bhg. Datuk Kamaruddin bin Taib	• Cyber Range Exercise 2019 • Implementation of MFRS 17 Insurance Contracts: TAP (Batch 2, Batch 3 and Batch 4) • Singapore Fintech Festival • IT Strategies & Cybersecurity Roadmap • Emerging Trend in Money Laundering & Terrorism Financing: E-Wallet • Non-Executive Global Mandatory Training 2019 Trimester 3 > Conduct & Me > Competition Law > Insider Risk • Financial Institutions Directors' Education ("FIDE") Elective: Understanding the Evolving Cybersecurity Landscape • Budget 2020 • Digital Banking Webinar: Why Does it Matter? • "The Day After Tomorrow" Leadership Practices During a Time of Crisis • Webinar Series on "The Day After Tomorrow" > A Balancing Act: Supporting your People and your Business (2nd session) > Managing by Freedom Within the Framework Post COVID-19 (4th session) > Digital Platforms and The New World (8th session) • Webinar Series on "The Day After Tomorrow": Creating Jobs in the Post-COVID World • Stakeholder Primacy: Increased Emphasis on ESG • Digitalisation – Review Competitive Strategies using AI: A Board's Perspective • What if the lockdowns do not work? • Authentic Leadership – Leadership Today: Authentic, Open & Transparent • Digitalisation – Cybersecurity Considerations amid a Global Pandemic • COVID-19 & Current Economic Reality: Implications for Financial Stability • Authentic Leadership: Leadership in Times of Distress • Crisis Management – Managing Human Resource for the Long Haul: Road to Recovery • COVID-19 & Critical Supply Chains Medical Services & Food (3rd session) • Stakeholder Engagement – In Times of Crisis, Stakeholders Take Centre Stage • Crisis Management – Leading Through Crisis and Uncertainty: Harnessing Mental Health and Resilience to Navigate Storms of Change • PowerTalk #10 – The Path to the Next Normal: So What Now for Leadership? • Impact of the Coronavirus Pandemic on the Global Islamic Finance Industry • Rising Corporate Risks of Weaponised Fake News • Navigating the COVID-19 Crisis (Part 1): The New Normal of the Workforce • Model Risk Training • Outthink the Competition: Excelling in a Post COVID-19 World • Building Security in an Unsecure World (6th session) • Challenging Times from COVID-19: What Role Must Board Play? • Corruption Risk by Independent Consultants • Central Banks: Navigating in Turbulent Times – Financial Support in Times of Crisis • Cybersecurity Updates • Cloud Updates • ESG Trends & Regulatory Developments • Central Banks: Navigating in Turbulent Times – Central Banks' Dilemma in a Time of Crisis: Independence, Subservience or Co-Dependence with the Government?

Corporate Governance Overview Statement (Cont'd.)

Directors	Training Programmes Attended
11. Y.Bhg. Datuk Kamaruddin bin Taib (Continued)	• The Coronavirus Pandemic and the Climate Emergency • Board & Executive Pay During and Post COVID-19 • Risks: A Fresh Look from the Board's Perspective • Digital Financial Institutions Series: Managing Virtual Banking and Insurance Businesses • Banking on Governance, Insuring Sustainability • Digital Financial Institutions Series – Fidor's Experience • Cyber Security in 2020 • Cyber Security Road Map Update & Understading of Functions Implemented • ABCMS • Directors' Continuing Education Programme 2020: > Module 1: Digitally Powered F&B Player – Why? What? & How? > Module 2: Geopolitical Risk Landscape
12. Madam Tan Fong Sang (appointed as an Alternate Director to Mr. Lee Kong Yip on 17 February 2020 and ceased as his alternate on 30 September 2020. On 1 October 2020, she was appointed a Non-Independent Non-Executive Director)	• Mandatory Accreditation Programme • COVID-19 and Current Economic Reality • Challenging Times: What Role Must the Board Play? • Guidelines on Adequate Procedures and Corruption Risk Management • Implementation of MFRS 17 Insurance Contracts – TAP (Batch 3 and Batch 4) • ESG Trends & Regulatory Developments • Cyber Security in Year 2020 • Cyber Security Road Map Update • IFRS 17 For Directors of General Insurance Companies • Sustainable and Responsible Investment (SRI) Virtual Conference 2020 • Bank Negara Malaysia (BNM) – FIDE FORUM Annual Dialogue • ABCMS • Directors' Continuing Education Programme 2020: > Module 1: Digitally Powered F&B Player – Why? What? & How? > Module 2: Geopolitical Risk Landscape

6. NOMINATING COMMITTEE

The Board has established the NomCom to assist the Board in ensuring the existence of the right mix of skills, knowledge, experience, qualities, gender, nationality, age and other attributes that are relevant and contribute to the effective functioning of the Board. A summary of the activities of the NomCom is set out in the NomCom Report.

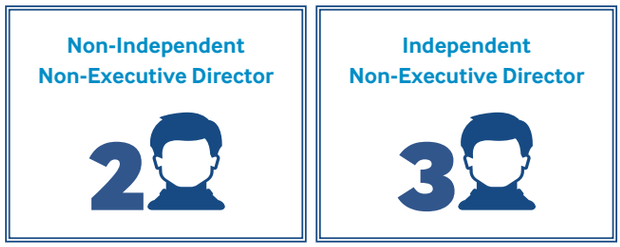
7. RECRUITMENT AND ANNUAL ASSESSMENT OF DIRECTORS

The NomCom is responsible for assessing and recommending appointments to the Board and Board Committees and reviewing the annual assessment of Directors. The recruitment and assessment processes are set out in the NomCom Report.

III. REMUNERATION

1. FORMAL AND TRANSPARENT REMUNERATION POLICIES AND PROCEDURES FOR DIRECTORS

RemCom



The Board has established the RemCom, comprising five Non-Executive Directors, three of whom are Independent Directors, to assist the Board mainly in establishing formal and transparent remuneration policies and procedures to attract and retain Directors. The RemCom is also entrusted with the role of determining and recommending suitable policies in respect of salary packages for Executive Directors, CEO and senior executives. The current salary packages comprise a combination of basic salary and a variable performance incentive to attract and retain talent in a competitive environment. There was no change in the remuneration policies and practices during the Financial Year 2020.

The remuneration for Non-Executive Directors is based on a standard fixed fee, with the Chairman receiving a double amount in recognition of his additional responsibilities. An additional fee is also paid to Non-Executive Directors sitting on Board Committees. A meeting allowance is paid for attendance at meetings of the Board and Board Committees as well as general meetings. The Company has in force Directors and Officers insurance policy essentially covering the acts of Directors and Officers and personal accident insurance policy for Directors.

Fees and benefits payable to the Company's Directors are subject to yearly approval by shareholders at the Company's annual general meeting.

Based on the Directors' Remuneration Policy, Directors' fees and meeting allowances are reviewed every two years.

The Directors' Remuneration Policy and Senior Management's Remuneration Policy are available on the Company's website.

2. DIRECTORS' REMUNERATION

The aggregate Directors' remuneration paid to the Directors of the Company for the Financial Year 2020 is disclosed in the financial statements.

Details of remuneration paid to Directors of the Company for the Financial Year 2020 are as follows:

Directors	Remuneration paid by the Company			
	Fees RM	Meeting Allowances RM	Benefits[(Note)] RM	Total RM
1. Y.A.M Tengku Syed Badarudin Jamalullail	162,000	27,000	32,300	221,300
2. Mr. Lee Meng Tat	99,000	22,500	600	122,100
3. Mr. David Siew Kah Toong	104,004	22,500	600	127,104
4. Mr. Lee Kong Yip *(retired on 30 September 2020)*	97,500	22,500	600	120,600
5. Y.Bhg. Dato' Sri Johan Tazrin bin Hamid Ngo	96,996	20,500	600	118,096
6. Y.Bhg. Dato' Jorgen Bornhoft	90,000	18,500	600	109,100
7. Mr. Hui Choon Kit	99,996	22,500	600	123,096
8. Puan Aida binti Md Daud	82,500	13,500	600	96,600
9. Puan Faridah binti Abdul Kadir	84,000	14,500	600	99,100
10. Y.Bhg. Datuk Mohd Anwar bin Yahya	84,756	14,500	600	99,856
11. Y.Bhg Datuk Kamaruddin bin Taib	82,500	14,500	600	97,600
12. Madam Tan Fong Sang *(appointed as an Alternate Director to Mr. Lee Kong Yip on 17 February 2020 and ceased as his alternate on 30 September 2020)*	0	0	372	372
Total	**1,083,252**	**213,000**	**38,672**	**1,334,924**

Note:

Benefits include personal accident insurance premium for all Directors.

Corporate Governance Overview Statement (Cont'd.)

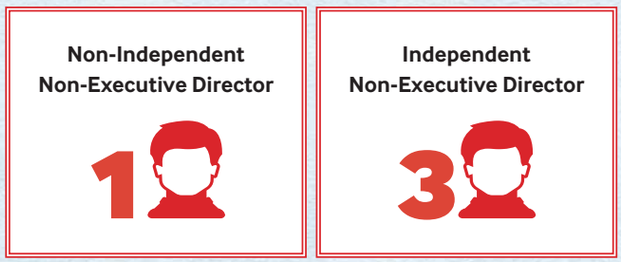
PRINCIPLE B

EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

1. COMPOSITION AND FUNCTIONS OF AUDITCOM

AuditCom



The AuditCom of the Company comprises four Non-Executive Directors, three of whom including the Chairman of the AuditCom are Independent Directors. All members of the AuditCom are financially literate, possess an appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the AuditCom's TOR.

The Board is responsible for ensuring that financial statements are prepared in accordance with the Companies Act 2016 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Company and the Group.

The Board recognises that an effective AuditCom is necessary in ensuring that the Company's financial statements are a reliable source of financial information. To assist the Board in this matter, the AuditCom is entrusted with the responsibility to review the quarterly reports and annual financial statements focusing particularly on compliance with applicable financial reporting standards and other legal requirements, changes in major accounting policies and practices, implementation of new accounting policies and practices, significant matters highlighted including financial reporting issues, significant adjustments made by management, significant and unusual events or transactions, and how these matters are addressed.

The AuditCom also assists the Board, among others, to oversee the Group's external and internal audit functions; review any related party transactions and recurrent related party transactions and the relevant procedures to ensure compliance with the Listing Requirements. A summary of the activities of the AuditCom during the Financial Year 2020 is set out in the AuditCom Report.

2. ASSESSMENT OF EXTERNAL AUDITORS

The Board maintains a transparent and professional relationship with the external auditors through the AuditCom. Under the existing practice, the AuditCom invites external auditors to attend all meetings of the AuditCom. In addition, the AuditCom will also have private meeting(s) with the external auditors without the presence of the CEO and senior management to enable exchange of views on issues requiring attention. During the Financial Year 2020, the AuditCom had met with the external auditors once without the presence of the CEO and senior management.

The AuditCom conducts an annual assessment on the suitability, objectivity and independence of the external auditors. Areas of assessment include:

Technical competencies	Independence and objectivity	Audit scope and planning
Adequacy of specialist support and partners/director accessibility and time commitment		
Audit and non-audit fees	Audit communications to the AuditCom	

The AuditCom ensures that the external auditors are independent of the activities they audit, and reviews the contracts for provision of non-audit services by the external auditors. Details of the non-audit fees incurred and the non-audit services provided by KPMG PLT during the Financial Year 2020 are set out in the Audited Financial Statements and AuditCom Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges its responsibility to maintain a sound risk management and internal control system to manage and mitigate significant risks across the Group and to safeguard stakeholders' interests and the Group's assets.

The Board has established an effective risk management and internal control framework within the Group. The Board, through the SRMCom and AuditCom, continually reviews and ensures the adequacy and effectiveness of the Group's risk management and internal control system.

The SRMCom, at its quarterly meeting, reviews the implementation of the risk management framework as well as deliberates on the business risks and the mitigating controls to address the risks identified.

The Internal Audit function, which reports directly to the AuditCom, is primarily responsible in assessing and improving the effectiveness of the risk management, internal control systems and governance processes within the Group. More details on the Internal Audit function and its activities are set out in the AuditCom Report.

The AuditCom reviews and assesses the adequacy of the risk management and internal control systems mainly based on reports presented by management, external and internal auditors during its meetings.

The Statement on Risk Management and Internal Control provides an overview of the Group's risk management and internal control framework as well as the adequacy and effectiveness of the framework.

PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Company observes the Corporate Disclosure Guide issued by Bursa Securities as well as the disclosure requirements of the Listing Requirements of Bursa Securities. The Company also acknowledges the importance of timely and equal dissemination of material information to shareholders, investors and public at large. The Company holds two briefing sessions in each financial year for fund managers, investment analysts and media in conjunction with announcements of half-yearly and yearly financial results to Bursa Securities.

The Company maintains a corporate website at www.fn.com.my which provides information relating to among others, annual reports, quarterly financial reports, analyst briefing materials, corporate information, announcements, Board Charter, TORs of Board Committees and relevant policies of the Group. Shareholders and the public can also direct their queries through the email contacts provided on the corporate website.

The Board has in place a Shareholder Communication Policy, which is published on the Company's website.

II. CONDUCT OF GENERAL MEETINGS

The Board recognises the need for and the importance of effective communication with shareholders. The annual general meeting ("AGM") is especially important for individual shareholders as it is the principal forum for dialogue with the Board. Notice of AGM and annual report are sent to the shareholders at least 28 days ahead of the AGM date to encourage shareholders to attend the AGM. During the AGM, the Board and management take questions from the shareholders present.

All resolutions put to general meetings will be voted by poll. An independent scrutineer is appointed to validate the votes cast at general meetings. Decision for each resolution and the name of the independent scrutineer will be announced to Bursa Securities on the same day.

The Company has adopted electronic voting for the conduct of polls on all resolutions using smartphones/tablets since its AGM in 2017.

Nominating Committee Report

COMPOSITION

CHAIRMAN

Y.BHG. DATO' SRI JOHAN TAZRIN BIN HAMID NGO	Independent Non-Executive Director

MEMBERS

Y.A.M. TENGKU SYED BADARUDIN JAMALULLAIL	Non-Independent Non-Executive Director
MR. LEE MENG TAT	Non-Independent Non-Executive Director
MR. DAVID SIEW KAH TOONG	Independent Non-Executive Director
PUAN FARIDAH BINTI ABDUL KADIR	Independent Non-Executive Director

NOMINATION, ELECTION AND SELECTION OF DIRECTORS

Procedures relating to appointment and re-election of Directors are contained in the Company's Constitution. When assessing the suitability of Directors for appointment to the Board, the NomCom will take into consideration the skills, knowledge, expertise and experience, professionalism, integrity, competencies, commitment, contribution, performance, gender, nationality and age of the candidates.

When a vacancy on the Board arises, the NomCom will meet to agree on the profile of the position to be filled and the search process, which includes soliciting recommendations from existing Directors and/or engaging external searches for candidates. The NomCom will then shortlist candidates, and conduct interviews together with the other Directors. An invitation will be extended to the selected candidate to join the Board, and upon acceptance, the Board will approve the appointment and make the necessary announcement to Bursa Malaysia Securities Berhad. An induction programme will be organised for all newly appointed Directors which includes briefings and presentations by senior management, sharing of past minutes of meetings and company policies along with plant visits.

New Directors appointed by the Board are subject to re-election at the annual general meeting ("AGM") following their first appointment. In addition, one-third of the Directors are required by rotation to submit themselves for re-election by shareholders at every AGM of the Company.

EVALUATION OF BOARD AND BOARD COMMITTEES; AND INDIVIDUAL DIRECTORS SELF/PEER EVALUATION

The Board is kept abreast of developments in the area of Board performance assessment. A formal evaluation process is in place to assess the effectiveness of the Board as a whole. The evaluation of the Board and Board Committees, Directors Self/Peer and Independent Directors are facilitated by the NomCom annually. An external consulting firm is engaged to carry out the evaluation to ensure that the process remains robust and thorough.

The annual Board evaluation is based on Board composition, Board role and functioning, information management, managing company's performance, Board priorities, Chief Executive Officer performance management and succession planning, Director development and management, sustainability and risk management. The Board Committees are assessed based on structure, responsibilities, right mix of capabilities, experience and skills and process while the individual Directors' self/peer assessments are based on objectivity, participation, independence, integrity, knowledge and abilities and personal commitment. The effectiveness of the AuditCom and its members along with independence of Directors are also assessed.

Evaluation results of the Board and Board Committees are respectively presented to the NomCom and Board at meetings whereas evaluation results of the Directors are sent to the Board Chairman and the respective Directors. The NomCom reviews the evaluation results of the Directors who are due for retirement by rotation and casual vacancy before making recommendation to the Board for re-election.

In addition to the above, the NomCom also reviews the term of office and performance of the AuditCom and its members annually to determine that the AuditCom and its members have carried out their duties in accordance with the TOR of the AuditCom.

THE SUMMARY OF ACTIVITIES UNDERTAKEN BY THE NOMCOM DURING FINANCIAL YEAR 2020

The NomCom held two meetings in the financial year ended 30 September 2020 ("Financial Year 2020") and discussed inter-alia the following matters:

a) assessed the independence of Independent Directors, namely Y.Bhg. Dato' Sri Johan Tazrin bin Hamid Ngo, Mr. David Siew Kah Toong, Puan Aida binti Md Daud, Puan Faridah binti Abdul Kadir, Y.Bhg. Datuk Mohd Anwar bin Yahya and Y.Bhg. Datuk Kamaruddin bin Taib and reviewed their yearly confirmation on independence;

b) reviewed and recommended the appointment of Madam Tan Fong Sang as an Alternate Director to Mr. Lee Kong Yip;

c) reviewed and recommended the appointment of Madam Tan Fong Sang as a Non-Independent Non-Executive Director, the Chairman of the Sustainability & Risk Management Committee and a member of the Group Executive Committee and the Share Buy-Back Committee respectively;

d) reviewed and recommended re-election of Directors who are due for retirement for shareholders' approval at the annual general meeting held on 20 January 2020;

e) reviewed and recommended revisions to the Policy on Independence of Directors and NomCom's TOR;

f) reviewed and recommended the NomCom Report for the Financial Year 2019 for inclusion in annual report;

g) evaluated training needs of Directors and noted the training programmes attended by Directors;

h) reviewed and approved the appointment of an external consulting firm, Aon Hewitt Consulting Singapore Pte Ltd, to conduct an evaluation of the Board, Board Committees, Directors Self/Peer and Independent Directors for the Financial Year 2020, and the relevant evaluation questionnaires;

i) reviewed and noted the results of the evaluation of the Board and Board Committees for the Financial Year 2020 presented by external consultant and proposed action plans to be taken;

j) reviewed the NomCom's evaluation results for the Financial Year 2020;

k) reviewed the effectiveness of the AuditCom and its members and was satisfied with the performance of the AuditCom and its members. Also reviewed and noted the term of office of the AuditCom and its members;

l) reviewed the required mix of skills, knowledge, experience and other qualities which non-executive directors should bring to the Board along with diversity in gender, nationality, age, culture and socio-economic background; and

m) received feedback on the induction programme conducted for Madam Tan Fong Sang, who was appointed as an Alternate Director to Mr. Lee Kong Yip.

Audit Committee Report

The Board is pleased to present the following report on the Audit Committee and its activities for the financial year ended 30 September 2020.

AUDIT COMMITTEE COMPOSITION AND MEETINGS

The Audit Committee, is chaired by Mr. David Siew Kah Toong. The Audit Committee comprises four Non-Executive Directors, a majority of whom are independent, which is in line with the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities Malaysia Berhad ("Bursa Securities").

The names of the members of the Audit Committee and the record of their attendance at meetings during the financial year are as follows:-

	Date of Meeting			
Names	**4.11.2019**	**3.2.2020**	**4.5.2020**	**3.8.2020**
Independent and Non-Executive Director				
Mr. David Siew Kah Toong (Chairman)	✓	✓	✓	✓
Y. Bhg Dato' Sri Johan Tazrin bin Hamid Ngo	✓	✓	✓	✓
Y. Bhg Datuk Mohd Anwar bin Yahya	✓	✓	✓	✓
Non-Independent and Non-Executive Director				
Mr. Hui Choon Kit	✓	✓	✓	✓

✓ *Attendance at meetings*

At the invitation of the Audit Committee, the Chief Executive Officer, relevant Senior Management personnel, external and internal auditors attended the Audit Committee meetings and presented their reports on financial results, audit and other matters for the information and/or approval of the Audit Committee. The Chairman of the Audit Committee thereafter tabled the recommendations of the Audit Committee to the Board and apprised the Board of relevant issues.

Throughout the year, there was continuous engagement between members of the Audit Committee and Senior Management on matters impacting the Group. This included the conduct of quarterly pre-Audit Committee meetings chaired by the Audit Committee Chairman and attended by the external and internal auditors as well as the Chief Executive Officer and Chief Financial Officer focusing on items related to financial management and internal controls.

TERMS OF REFERENCE

The Audit Committee is responsible among others, to review and monitor the integrity of the Group's reporting process, system of internal control, audit process as well as compliance with legal, regulatory and taxation matters for the Group. The terms of reference of the Audit Committee, which is annually reviewed, is made available on the Company's corporate website at www.fn.com.my.

SUMMARY OF ACTIVITIES

During the financial year, the Audit Committee discharged its functions and carried out its duties as set out in its terms of reference. The summary of key activities undertaken by the Audit Committee during the financial year is provided below:

FINANCIAL REPORTING AND COMPLIANCE

The Audit Committee reviewed the quarterly and annual consolidated financial statements and announcements of the Group, before submission to the Board. In doing so, there was focus on changes in major accounting policies and practices as well as adjustments/issues affecting the audit to ascertain compliance with applicable financial reporting standards, the Listing Requirements of Bursa Securities and other statutory requirements. The external auditors' annual audit reports and interim review reports as well as the accompanying management reports and responses by Management were also reviewed by the Audit Committee as part of their oversight over the accounting, auditing and financial reporting practices and procedures of the Group.

INTERNAL CONTROL

Based on reports presented by the Management, external and internal auditors during the Audit Committee meetings, the Audit Committee assessed the adequacy of the internal control system of the Group.

EXTERNAL AUDIT

At the Annual General Meeting held on 20 January 2020, the shareholders had approved the re-appointment of KPMG PLT as auditors of the Company.

The Audit Committee had conducted an evaluation of the external auditors, KPMG PLT for the financial year 2020, encompassing technical competencies, adequacy of specialist support and partners/director accessibility and time commitment, independence and objectivity, audit scope and planning, audit and non-audit fees and audit communications to the Audit Committee. On the basis of the evaluation by the Audit Committee, a recommendation was made to the Board to re-appoint KPMG PLT for the ensuing financial year. The re-appointment will be put to the shareholders for approval at the forthcoming Annual General Meeting.

Apart from conducting the annual statutory audit, the auditors were also appointed to review the Condensed Interim Financial Statements for the two quarters ended 31 December 2019 and 30 June 2020 in accordance with the relevant Malaysian Financial Reporting Standards and Bursa Securities Listing Requirements.

Through the statutory audit and the quarterly reviews, the Audit Committee regularly engaged with the auditors, including at least one meeting without the presence of management, to ensure that the reviews and audits were robust, effective and consistent with professional auditing standards. During the financial year 2020, the Audit Committee had one meeting with the auditors without the presence of management. The Audit Committee reports that there was no significant matter of disagreement between the auditors and Management.

To reinforce the independence and objectivity of the auditors, the Audit Committee was apprised of all non-audit services that the auditors might be called upon to perform. This was so in those circumstances where the auditors were best qualified and suitable to provide the required services given their comprehensive knowledge of the Group's business operations, systems and processes. During the financial year, the amount incurred in respect of non-audit related fees amounted to RM192,000 (FY2019: RM284,000) and comprised the following assignments:

- Quarterly Reviews;
- Review of Statement on Risk Management and Internal Control; and
- Update of Transfer Pricing Documentation for a subsidiary.

Other activities by the Audit Committee included a review and discussion of the annual audit plan to ensure that time allocated to audit the areas of high risks as highlighted in the Group's risk matrices were adequately dealt with and the level of resources and experiences assigned to the examination were appropriate.

Consistent with its examination, the external auditors performed audit procedures to obtain reasonable assurance that the financial statements were free from material misstatement, whether caused by fraud or error. They reported that they did not note any instance indicating existence of fraud that might result in a material misstatement in the financial statements. The external auditors performed a limited assurance review of the Statement on Risk Management and Internal Control as required under the Bursa Securities Listing Requirements.

GROUP INTERNAL AUDIT

Group Internal Audit activities were performed by a team of six professional internal auditors, supervised by the Head, Internal Audit. The Head, Internal Audit was a Certified Practicing Accountant (CPA Australia) as well as a professional member of the Institute of Internal Auditors, Malaysia. Some of the internal audit staff were also members of the Institute of Internal Auditors, Malaysia.

In accordance with the FNHB IA Charter, Group Internal Audit has a reporting line direct to the Audit Committee enabling it to be independent of Management so as to ensure objectivity. The Head, Internal Audit reports functionally to the Chairman of the Audit Committee and administratively to the CEO, this further ensures impartiality and independence in execution of the role.

Group Internal Audit did not have any direct operational responsibility or authority over any of the activities it audited or had engaged in any activity that might impair the internal auditor's judgment. All the internal audit staff had confirmed via an annual declaration that they were free from any relationships or conflict of interests which could impair their objectivity and independence.

Group Internal Audit had adopted and complied with the International Standards for the Professional Practice of Internal Auditing ("IIA Standards") issued by the International Internal Audit Standards Board. The Department maintained a quality assurance and improvement program to evaluate the internal audit activity's conformance with the IIA Standards and the Code of Ethics. The quality assurance and improvement program included both annual internal self-assessment and an external assessment conducted by a qualified independent consulting firm, appointed once in four years.

The Audit Committee continually evaluated the Group Internal Audit function to ensure its activities were performed independently and with impartiality and due professional care. The annual internal audit plan was approved by the Audit Committee to ascertain the extent of its scope and coverage of the Group's activities, including the adequacy of Group Internal Audit's staffing strategies in supporting the plan's completion. Following the completion of audit reviews conducted, the audit reports and the corresponding key findings, audit recommendations and agreed action plans taken by Management were deliberated upon during the Audit Committee meetings.

In accordance with the annual internal audit plan approved by the Audit Committee, Group Internal Audit conducted regular reviews of the governance and internal controls processes within the Group. The audits were performed using a risk-based approach and were consistent with the Group's established framework in designing, implementing and monitoring of its control systems. Group Internal Audit had regular interactions with the Chairman of the Audit Committee, Senior Management, Risk Management and, when necessary, the external auditors.

Audit Committee Report (Cont'd.)

The Audit Committee had assessed the performance of the Group Internal Audit function during the financial year 2020 through an internal stakeholders' satisfaction survey conducted by the Human Capital Department. Based on the survey findings, the Group Internal Audit function had been effective in performing its duties.

The ambit of the Group Internal Audit function is defined in the Internal Audit Charter which is reviewed by the Audit Committee annually. During the financial year, the key activities carried out by Group Internal Audit included the following:

- Performed periodic audits of key subsidiaries and regional office operations within the Group to test appropriateness of control design and implementation as well as compliance with existing policies and procedures. This included the conduct of the following audits:
  - sales activities covering order processing, cooler and chiller management, distributor management, market returns management, customer master file management, credit management and collections;
  - marketing activities encompassing marketing plans and sponsorships, appointment and performance evaluation of media/advertising agencies, budget planning and marketing spend, advertising and promotion stock, promotion programs and brand promoters;
  - plant operations covering raw, packaging and work-in-progress materials management, production and quality control management, repair and maintenance of plant facilities as well as plant safety and security;
  - logistics and distribution, covering finished goods management, transporters as well as warehouse security and safety;
  - human capital management covering human resources administration, payroll processing, segregation of duties, industrial relations and employee relations management, training and staff development as well as building facilities and security;
  - procurement activities covering pre-qualification, sourcing, appointment, performance appraisal of suppliers, monitoring of purchase orders, contract management, vendor master file management and Capex projects;
  - information technology, covering access management, change management, IT operations (backup, disaster recovery, incident management), network security, cyber security, IT budget monitoring, project management and vendor management; and
  - governance practices covering implementation of Group Policies, risk management process and legal documents management.
- Performed ad hoc audits to address specific management's concerns.
- Collated the status of implementation of audit recommendations provided by responsible management teams for reporting to the Audit Committee on a quarterly basis.

The operational costs incurred by Group Internal Audit for the financial year 2020 amounted to about RM1.4 million (FY2019 was RM2.4 million). The cost saving was achieved with the appointment of a locally based Head, Internal Audit. Last year, Group Internal Audit was supervised by the Deputy Head and the Head of Group Internal Audit from its parent company, Fraser and Neave, Limited ("F&NL") to fill the void left by the previous Head, Internal Audit; the cost recovery for these services was billed in Singapore dollar resulting in higher costs.

OTHER MATTERS

The related party transactions entered into by the Group were reviewed by the Audit Committee to ensure that they were conducted on the Group's normal commercial terms and adequate internal procedures had been deployed in the Group in relation to such transactions; for monitoring compliance with the Listing Requirements of Bursa Securities and to ascertain that the transactions entered into were not prejudicial to the interest of the non-controlling shareholders. The Audit Committee was also apprised of recurrent related party transactions, particularly towards monitoring that amounts transacted were within the approved shareholders' mandate obtained. The Audit Committee was satisfied that during the financial year under review, the related party transactions were fairly concluded on prevailing market rates/prices, had been carried out at arm's length basis and normal commercial terms/conditions, applicable industry norms and were not detrimental to the interests of the Company and its minority shareholders.

As at the date of this report, the Audit Committee had also reviewed the "agreed-upon procedures" performed by Group Internal Audit in relation to the allocation of share grants under the Restricted Share Grant Plan at the end of the financial year. This was to ensure that the actual and target key performance indicators were computed accurately based on the audited and approved budget figures to support the allocation of share grants to employees.

The Statement on Corporate Governance, Statement on Risk Management and Internal Control and the Audit Committee Report for inclusion in this Annual Report were reviewed by the Audit Committee prior to Board's approval.

The Audit Committee also reviewed the declaration of interim dividend and recommendation of final dividend, the press release relating to financial results, its revised Terms of Reference ("TOR") and the guidelines on related party transactions prior to the respective Board and/or shareholder approvals.

For the financial year 2020, the Audit Committee was of the view that the Company was in compliance with the Main Market Listing Requirements ("MMLR") and as such, the reporting to Bursa Malaysia under Paragraph 15.17 (Rights of the Audit Committee) of the MMLR was not required.

For the financial year under review, the Board assessed the performance of the Audit Committee through the annual evaluation exercise. The Board agreed that the Audit Committee had continued to support the Board in reviewing financial and audit matters, contributing to the overall effectiveness of the Board's decision-making process. The Board was satisfied that the Audit Committee had discharged its functions, duties and responsibilities in accordance with the Audit Committee's TOR.

Statement on Risk Management and Internal Control

This Statement on Risk Management and Internal Control is intended to provide our stakeholders and readers of this Annual Report with sufficient and meaningful information about the adequacy and current state of Fraser & Neave Holdings Bhd ("F&NHB" or the "Group")'s system of risk management and internal control.

INTRODUCTION

This Statement has been prepared in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers ("Guidelines") issued on 31 December 2012. The Guidelines provide guidance for companies complying with paragraph 15.26 (b) of the Listing Requirements of Bursa Securities and Principle B and Practice 9.1 and 9.2 of the Malaysian Code on Corporate Governance that was issued in 2017.

BOARD'S RESPONSIBILITY AND ACCOUNTABILITY

F&NHB recognises that effective risk management and a sound system of internal control are fundamental to good corporate governance. The objective of risk management is to create and protect the values for the Group through improving performance, encouraging innovation and supporting the achievement of objectives. The Board of Directors ("Board") acknowledges its responsibility and is committed to maintain an effective risk management and internal control system to address all key risks which the Group considers relevant and material to its operations while Management plays an integral role in assisting the design and implementation of the Board's policies on risk management and internal control.

In view of the inherent limitations in any such system, the Board recognises that the system of risk management and internal control are designed to manage and mitigate risks rather than eliminate risks which may hinder the achievement of the Group's objectives and would therefore provide only reasonable and not absolute assurances against material misstatements or losses.

For the purposes of this Statement, associated companies and joint ventures have been excluded from the Group.

THE GROUP'S RISK MANAGEMENT SYSTEM

The Group adopts the Enterprise-wide Risk Management Policy ("ERM Policy") which is designed to manage risks in an integrated, systematic and consistent manner. It establishes the overall risk management framework and processes in defining the strategy to identify and manage risks across the Group. During the year under review, the ERM policy was reviewed and updated to benchmarked against the ISO31000:2018 Risk Management – Guidelines. In addition, ERM principles are embedded in the corporate culture, processes and structures of the Group. The main features of the Group's risk management system are described in the following sections.

ROLES AND RESPONSIBILITIES

The Board regards risk management as an integral part of the operations and processes of the Group is assisted by the Sustainability* and Risk Management Committee ("SRMC") to:

- provide oversight of the Group's significant risks;
- determine the nature and extent of significant risks, i.e. the risk appetite and risk tolerance level, which the Group is willing to take in achieving its strategic objectives;
- identify, assess and monitor key business risks faced by the Group; and
- ensure that Management maintains an effective system of risk management and internal control to safeguard shareholders' investments and the Group's assets.

The terms of reference ("TOR") of the SRMC states, amongst others, that the SRMC also maintains a close relationship with the Audit Committee to minimise and/or prevent any overlapping of functions with the Audit Committee, which include the review of the adequacy and effectiveness of internal control system, including financial, operational, compliance, and information technology controls.

During the financial year, SRMC had held 4 meetings on a quarterly basis to:

- review the implementation of the risk management framework;
- deliberate on the key business risks and the mitigating controls to address the risks identified;
- provide oversight of the Group's insurance, cyber risk management, business continuity management ("BCM") programmes, Charts of Authority, and sustainability-related matters; and
- recommend to the Board for endorsement or approval where necessary.

The responsibility for day to day risk management resides with the Management of each function/business unit where they are the risk owners and are accountable for managing the risks identified and assessed. In managing the risks of the Group, the Risk Management Department collaborates with the Management in reviewing and ensuring that there is on-going monitoring of risks, the adequacy and effectiveness of its related controls, and that action plans are developed and implemented to manage these risks within the acceptable level by the Group.

The Management Risk Committee, chaired by the Chief Executive Officer ("CEO") and supported by the Functional Heads, Business Unit Head, and the Head of Departments, meets on a quarterly basis to share emerging and significant risks faced by the business, and ensure that the mitigating controls and action plans are conducted within the boundaries set by the ERM Policy, prior to escalation to the SRMC.

* *For further details on sustainability related matters, refer to Sustainability Report.*

Statement on Risk Management and Internal Control (Cont'd.)

THE ENTERPRISE RISK MANAGEMENT ("ERM") PROCESS

The ERM process involves a systematic application of the risk management methodology to facilitate risk identification, assessment, reporting as well as monitoring and review as described below:

RISK IDENTIFICATION AND ASSESSMENT

- The ERM process begins with the business strategies and objectives setting and/or review prior to the commencement of every financial year, which is also aligned to the Group's vision and mission. Subsequently, risks arising from the business strategies and objectives to be pursued are identified.
- A consistent approach in determining the risk likelihood and risk impact is adopted across the Group to reflect the risk appetite approved by the Board.
- Risks identified are assessed to determine their likelihood of occurrence and potential impact on the relevant business strategies/objectives. The outcome of the risk assessment process at respective functional or business unit levels will then be consolidated at the Group level in a Corporate Risk Scorecard which enables subsidiaries within the Group to report risks and risk status using a common platform.

RISK REPORTING AND REVIEW

Annual Review

- Risk appetite and risk tolerance statements, which set out the nature and extent of risks that the Group is willing to accept or retain in pursuit of its goals and objectives, are reviewed by the SRMC and approved by the Board annually.
- Impact parameters, upon which the risk ratings are measured against the likelihood, are reviewed and updated annually.

Quarterly Review

- On a quarterly basis, the risk profiles of the key subsidiaries are tabled to the Management Risk Committee and the SRMC in a heat map, which set out the priority and focus for risk mitigation strategies based on risk ratings at gross and net levels. The net risk level is determined after taken into consideration the effectiveness of existing controls and risk treatment plans. The risks identified and assessed are reported under the following categories:
- Key Risk Indicators ("KRIs"), presented in the form of Key Risk Dashboard, are also established to monitor risks and mitigating measures for risks that are material to the Group and included as part of the quarterly risk reporting.
- Changes to risk profiles and emerging risks are also identified and promptly brought to the attention of the Board and Board Committees.

For discussion on assessment of key risk areas and the controls in place to mitigate or manage those risks, refer to Management Discussion & Analysis section of the Annual Report.

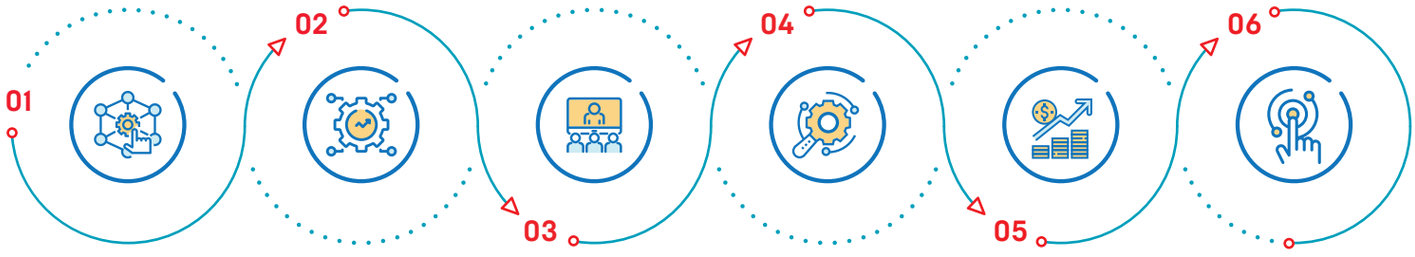
ASSURANCE RECEIVED FROM MANAGEMENT

At the end of the financial year, the Board receives assurance from the CEO and Chief Financial Officer ("CFO") that the risk management and internal control system in place for the Group is adequate and effective to address risks which the Group considers relevant and material to its operations through the ERM Validation Report and Comfort Matrix.

The ERM Validation Report summarises the risk management activities conducted and implementation of ERM Policy during the financial year whilst the Comfort Matrix sets out the key financial, compliance, operational, and information technology risks of the Group and presented against how strategies, policies, people, processes, systems, mechanisms and reporting processes that have been put in place, in addressing these risks.

Both ERM Validation Report and Comfort Matrix are tabled at the SRMC and Audit Committee meetings respectively prior to recommendations to the Board on an annual basis.

In addition, the risk management process in the Group is reviewed on a periodic basis by Internal Audit, according to its annual audit plan approved by the Audit Committee.



INTERNAL CONTROL

The following areas of governance contained clearly defined corporate values, code of business ethics and conduct as well as comprehensive policies and procedures to assist Management in ensuring that a sound system of internal control is maintained in the Group.

INTEGRITY AND ETHICAL VALUES

A framework which consists of Code of Business Ethics & Conduct, Whistleblowing Policy, and Fraud Control Policy, Anti-Bribery and Anti-Corruption Policy and Code of Business Practices for Third Parties sets the expectation in upholding integrity and ethical values within the Group and they are made available to all staff in the Group's intranet and the Group's website.

CODE OF BUSINESS ETHICS & CONDUCT

Code of Business Ethics & Conduct ("the Code") prescribes the values and principles committed by F&NHB and expects employees in F&NHB to act with integrity, respect and excellence. It defines expected behaviour for employees in dealing with key stakeholders in the Company, workplace, marketplace, and external stakeholders such as customers and suppliers. Provisions in the Code include (but are not limited to) the following:

Protection of Company's assets	Confidential information	Anti-discrimination and anti-harassment
Accuracy and completeness of accounting records and reports		
Product quality	Anti-competitive behaviour	Conflict of interest

FRAUD CONTROL POLICY

Fraud Control Policy defines a process focussing on the prevention, detection and management of fraud and applies to any irregularity, or suspected irregularity, involving employees as well as shareholders, consultants, vendors, contractors, external agencies and employees of such agencies, and/or any other parties with a business relationship with F&NHB. The Group adopts a "zero tolerance" stance towards fraud. Where fraud is suspected, investigations will be conducted and where fraud has been established, appropriate actions will be taken in line with existing policies and procedures.

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY AND CODE OF BUSINESS PRACTICES FOR THIRD PARTIES

F&NHB has been governed by integrity, honesty, fair dealing and compliance with applicable laws and regulations. The Group adopts a "zero-tolerance" stance in all forms of bribery and corruption by its employees and business associates, and is committed to uphold all applicable laws and regulations. In line with the foregoing, F&NHB implemented the Anti-Bribery and Anti-Corruption Policy and Code of Business Practices for Third Parties which prohibits all forms of bribery and corruption practices.

WHISTLEBLOWING POLICY

Whistleblowing Policy enables the businesses within the Group to respond nimbly to concerns raised notwithstanding changes in the environment and to ensure that the corporate culture of integrity, transparency and accountability are upheld across the Group. The policy encourages and provides a channel to employees and members of the public to report in good faith and in confidence, without fear of reprisals, of concerns about possible improprieties. Allegations of improprieties which are reported via the whistle-blowing channel such as a dedicated hotline and email account are appropriately followed up and the outcome(s) will be reported at the Audit Committee meetings.

The above-mentioned policies/codes are available for reference at the Company's website at https://www.fn.com.my/about-us/#our-codes-policies.

BOARD AND BOARD COMMITTEES

Board and Board Committees provide oversight function and ascertain the adequacy of the internal control framework in the Group. Further details on the structures of the Board and its committees are provided under Corporate Information as well as the Corporate Governance Statement and Audit Committee Report.

DELEGATION OF AUTHORITY

The authority limits aligned to the Group's organisational requirements in areas such as procurement, contracting, human resources and financial management are encapsulated in the Chart of Authority. The Chart of Authority provides guidance on the division of responsibilities between the Board and Management and is periodically reviewed and updated to reflect changes in the business, operational and organisational environment.

ANNUAL BUSINESS PLANS AND PERFORMANCE

The Annual Business Plan sets the targets and objectives based on the strategic directions and initiatives of the Group and is supplemented by key performance indicators to monitor and track the actual achievement against the Group's targets and objectives. Quarterly engagements between the Board and the CEO/Management via Group Executive Committee meetings and management reports provide a platform for performance to be periodically monitored, followed up and/or adjusted where appropriate.

POLICIES, GUIDELINES AND PROCEDURES

The Group has set in place standard operating procedures covering critical and significant facets of the Group's business processes and are primarily geared towards the protection of assets and critical data as well as other major aspects of the Group's business operations. These areas include financial management, occupational safety procedures, information technology and cyber security, social media, human capital management, productivity benchmarks, product quality assurance, compliance with regulatory standards and disciplines, among other matters. The procedures are also subject to review as processes change or when new business requirements need to be met. Compliance with these procedures is an essential element of the internal control framework.

Statement on Risk Management and Internal Control (Cont'd.)

HUMAN CAPITAL

Talent plays a pivotal role in achieving the business objectives of the Group. Hence, a process has been put in place to assess talent for career development and succession planning. Roles and responsibilities are clearly defined in the job description for each position. In addition, continuous improvement approach is implemented in the areas of operational efficiencies as well as manpower productivity. To ensure the performance evaluation process is carried out in a systematic manner, a performance management system which provides rating criteria for the assessment of employees' performance based on agreed Key Result Areas and competencies defined is deployed.

INFORMATION AND COMMUNICATIONS SYSTEMS

The Group operates on an enterprise resource planning system which integrates various facets of the Group's operations. The system provides management with data, analysis, variations, exceptions and other input relevant to the Group's performance. Employees within the Group are guided by the Information Technology (IT) policies and procedures such as IT Security Policy, Access Management, Cyber Security Framework and End User Policy. As part of the measures to raise awareness, cyber security and ransomeware awareness mandatory training are conducted to all employees through online learning platform.

BUSINESS CONTINUITY MANAGEMENT

The Board is cognizant of the importance of business continuity management ("BCM") in strengthening the Group's resilience in response to the evolving business environment and enhancement of shareholders' values.

F&NHB has in place the following components within the BCM Framework to enable the Group's operations to be prepared in the event of emergencies:

- Business impact analysis;
- Development of BCM strategies and plans;
- Business recovery procedures;
- Business continuity testing and exercise; and
- Monitoring and evaluation of the overall effectiveness of BCM.

The Group's pandemic preparedness was further strengthened, as seen from the cohesive responses and teamwork amidst reduced workforce, work-from-home arrangement as well as collaboration and coordination with our external stakeholders such as our customers and suppliers impacted by the pandemic outbreak.

The Framework and the BCM plans developed are reviewed on an annual basis and tested periodically to ensure that it is up-to-date and relevant to the business environment. In addition, annual testing on Disaster Recovery which involves IT, vendors and respective department are conducted to ensure systems are able to recover in an organised, efficient and effective manner.

AUDIT COMMITTEE AND GROUP INTERNAL AUDIT

Group Internal Audit performs periodic audits of subsidiaries within the Group in accordance with an annual internal audit plan, which is formulated through a comprehensive risk-based methodology and approved by the Audit Committee. The audits are designed to test the appropriateness of control design and implementation as well as compliance with the existing policies and procedures. Based on the audits performed, areas of improvement on control design and implementation are highlighted, on a quarterly basis, to the Audit Committee and Management to implement internal audit recommendations. Status of implementation of agreed audit recommendations is tracked until completion and quarterly updates are provided to the Audit Committee and Management. Further details on the activities of the Audit Committee and Group Internal Audit are set out in the Audit Committee Report.

BOARD COMMENTARY AND OPINION

The Board, through the SRMC and Audit Committee, has undertaken review of the adequacy and effectiveness of risk management and internal control system in accordance with the Terms of Reference during the year under review. The Board is of the view that the Group's overall risk management and internal control system is sound and adequate in all material aspects, and has received the same assurance from both the CEO and CFO of the Group.

The Board ensures that the risk management process in identifying, evaluating and managing significant risks is operating adequately and effectively throughout the financial year up to the date of approval of this Statement. It is in the Board's opinion that the Group's system of internal control during the year under review is adequate and effective to safeguard the Group's assets and the interests of shareholders and stakeholders.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountant for inclusion in the Annual Report of the Group for the year ended 30 September 2020, and reported to the Board that nothing has come to their attention that cause them to believe that the Statement intended to be included in the Annual Report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal controls aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

This Statement is made in accordance with the resolution of the Board dated 3 November 2020.

Statement on Directors' Responsibility

FOR THE AUDITED FINANCIAL STATEMENTS

The Directors of the Company are required by the Companies Act 2016 in Malaysia ("the Act") to ensure that the financial statements prepared for each financial year give a true and fair view of the financial position and the financial performance of the Group and of the Company. Pursuant to paragraph 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors is required to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The Directors, have through the Statement by Directors on page 222 of the Annual Report given their opinion that the financial statements have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act.

In preparing these financial statements, the Directors ensured that:

- appropriate accounting policies have been adopted and applied consistently;
- the going concern basis used in preparation of the financial statements are appropriate; and
- where judgements and estimates are made, they are reasonable and prudent.

The Directors are also responsible for ensuring that proper accounting and other records are kept in accordance with the provisions of the Act to sufficiently explain the transactions and financial position of the Group and of the Company.

The Directors also have the responsibility to ensure that a system of internal control is in place to ensure that the assets of the Group are safeguarded against loss from unauthorised use or disposition and that transactions are properly authorised and recorded as necessary to enable the preparation of financial statements that are true and fair and are free from material misstatement.

This Statement is approved by the Board of Directors on 3 November 2020.

Additional Compliance Information

The following information is provided in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"):

1. UTILISATION OF PROCEEDS

COMMERCIAL PAPER ("CP") AND MEDIUM TERM NOTE ("MTN") PROGRAMME RESPECTIVELY WITH A NOMINAL VALUE OF RM750,000,000 FOR EACH PROGRAMME

A wholly owned subsidiary of the Company, F&N Capital Sdn Bhd ("the Issuer"), is able to issue up to RM750,000,000 in nominal value under each of the CP and the MTN programmes respectively, which are unconditionally and irrevocably guaranteed by the Company. The CP has a tenure of seven (7) years from the first issue date of the CP under the CP Programme whilst the MTN has a tenure of fifteen (15) years from the first issue date of the MTN under the MTN Programme.

No CP/MTN was issued during the Financial Year 2020. As at 30 September 2020, the unutilised CP and MTN facilities available for use amounted to an aggregate of RM1,500,000,000 (2019: RM1,500,000,000). The CP programme has expired on 14 October 2020 whilst the tenure of the MTN Programme is up to 28 September 2028.

2. AUDIT AND NON-AUDIT FEES

The respective fees are disclosed in the Audit Committee Report and Audited Financial Statements set out in this Annual Report. Non-audit fees are disclosed in Audit Committee Report.

3. MATERIAL CONTRACTS

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving the interest of Directors and major shareholders during the Financial Year 2020:

(a) A conditional Sale and Purchase Agreement ("SPA") dated 8 October 2019 between the Company's wholly-owned subsidiary, F&N AgriValley Sdn Bhd ("F&N AgriValley") and MSM Perlis Sdn Bhd ("MSM Perlis") for the proposed acquisition by F&N AgriValley from MSM Perlis of nine pieces of leasehold land measuring in total approximately 4,453.92 hectares, all in Mukim Chuping, Daerah Perlis, Negeri Perlis for a total cash consideration of RM156,000,000.

Datuk Mohd Anwar bin Yahya, being a Director of the Company and FGV Holdings Berhad, a major shareholder of MSM Perlis, was deemed interested in the SPA.

(b) A shareholders' agreement ("Shareholders' Agreement") dated 6 April 2020 between the Company, F&N AgriValley and D.Y.M.M. Tuanku Syed Sirajuddin ibni Almarhum Tuanku Syed Putra Jamalullail ("DYMM Tuanku") pursuant to which DYMM Tuanku subscribed for 3,000,000 ordinary shares representing 30% of the issued and paid-up share capital of F&N AgriValley at a total cash consideration of RM3,000,000.

(c) A shares sale agreement ("Shares Sale Agreement") dated 1 June 2020 between DYMM Tuanku and the Company pursuant to which DYMM Tuanku disposed his entire interest in F&N AgriValley representing 30% of the issued and paid-up share capital in F&N AgriValley to the Company for a consideration of RM3,000,000.

Y.A.M. Tengku Syed Badarudin Jamalullail ("YAM Tengku"), the Chairman and a Director of the Company and also a Director of F&N AgriValley, is the brother of DYMM Tuanku and was deemed interested in the Shareholders' Agreement and Shares Sale Agreement.

(d) A conditional Sale and Purchase Agreement ("Trademark SPA") dated 29 July 2020 between the Company's wholly-owned subsidiary, Lion Share Management Limited ("Lion Share Management") and F&N Global Marketing Pte Limited ("F&N Global Marketing"), a direct wholly-owned subsidiary of Fraser and Neave, Limited ("F&N Ltd") for the disposal of the "Teapot" trademark by Lion Share Management to F&N Global Marketing for a total cash consideration of RM83,175,000.

F&N Ltd is a major shareholder of the Company. Mr. Lee Meng Tat, Mr. Hui Choon Kit, Mr. Lee Kong Yip and Dato' Jorgen Bornhoft, nominee directors of F&N Ltd appointed to the Board of the Company and YAM Tengku, also a director of F&N Ltd were all deemed interested in the Trademark SPA.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the 58th Annual General Meeting of Fraser & Neave Holdings Bhd ("F&NHB" or "Company") held on 20 January 2020, the Company had obtained shareholders' mandate to enter into recurrent related party transactions of a revenue or trading nature with the mandated related parties which are necessary for the day-to-day operation of the F&NHB Group.

Pursuant to the MMLR of Bursa Securities, the details of the recurrent related party transactions entered into during the Financial Year 2020 are as follows:

Mandated Related Parties	Relationship	Type of Transaction	Actual Value Transacted RM'000
Fraser and Neave, Limited ("F&N Ltd") Group	F&N Ltd is the holding company of F&NHB	Purchase of concentrates and/or raw materials from the F&N Ltd Group	157,783
		Purchase of finished products from the F&N Ltd Group	11,523
		Sale of finished products and/or raw materials to the F&N Ltd Group	269,561
		Payment of royalties to the F&N Ltd Group for the use of trademarks, trade names and brand names owned by F&N Ltd	49,477
		Payment of fees to the F&N Ltd Group for corporate services, corporate research and development services and technical services	0
		Receipt of rental from the F&N Ltd Group	114
		Receipt of corporate services fees and staff costs from the F&N Ltd Group	3,211
Berli Jucker Public Company Limited ("BJC") Group	BJC's ultimate parent company is TCC Corporation Limited, which in turn is under the control of Y.Bhg. Tan Sri Charoen Sirivadhanabhakdi ("Tan Sri Charoen") and Y.Bhg. Puan Sri Wanna Sirivadhanabhakdi ("Puan Sri Wanna"), the ultimate major shareholders of ThaiBev and the Company. Hence, the BJC Group is deemed a person connected to the said ultimate major shareholders	Purchase of raw materials from the BJC Group	1,201
		Sale of finished products to the BJC Group	69,410
		Purchase of packaging materials from the BJC Group	16,915
		Receipt of logistic services from the BJC Group	10,599
Thai Beverage Public Company Limited ("ThaiBev") Group	ThaiBev is deemed a major shareholder of the Company by virtue of its indirect substantial interest in F&N Ltd held through its indirect wholly owned subsidiary, InterBev Investment Limited	Sale of finished products to the ThaiBev Group	2,553
		Receipt of tetrapak co-packing services from the ThaiBev Group	2,228
		Purchase of raw materials from the ThaiBev Group	2,127
		Receipt of marketing services from the ThaiBev Group	20,887
		Purchase of finished products from the ThaiBev Group	1,664
		Receipt of corporate services from the ThaiBev Group	2,274
		Payment of share of profit to/receipt of share of loss(*) from the ThaiBev Group arising from the sale of finished products	*1,596
		Sale of scrap to the ThaiBev Group	379
Frasers Property Limited ("FPL") Group	FPL's major shareholder is TCC Assets Limited, which in turn is under the control of Tan Sri Charoen and Puan Sri Wanna, the ultimate major shareholders of ThaiBev and the Company. Hence, the FPL Group is deemed a person connected to the said ultimate major shareholders	Receipt of corporate services fees and staff costs from the FPL Group	120
		Sale of finished products to the FPL Group	70
		Payment of rental to the FPL Group	0
Thai Group Holdings Public Company Limited ("Thai Group Holdings")	Thai Group Holdings's major shareholders are Tan Sri Charoen and Puan Sri Wanna, the ultimate major shareholders of ThaiBev and the Company. Hence, the Thai Group Holdings Group is a person connected to the said ultimate major shareholders	Payment of insurance premium to the Thai Group Holdings Group	3,192
		Lease of assets from the Thai Group Holdings Group	134
TCC Land Co. Ltd. ("TCC Land") Group	TCC Land is under the control of Tan Sri Charoen and Puan Sri Wanna, the ultimate major shareholders of ThaiBev and the Company. Hence, the TCC Land Group is a person connected to the said ultimate major shareholders	Sale of finished goods to the TCC Land Group	140
TCC Corporation Limited ("TCC Corporation") Group	TCC Corporation is under the control of Tan Sri Charoen and Puan Sri Wanna, the ultimate major shareholders of ThaiBev and the Company. Hence, the TCC Corporation Group is a person connected to the said ultimate major shareholders	Payment of management fees to the TCC Corporation Group	307
		Sale of finished products to the TCC Corporation Group	28
		Purchase of raw materials from the TCC Corporation Group	57,045





Ensuring Inclusive Growth

Embedding sustainability in all that we do is crucial to our business and we ensure that every level of our operations is guided by practices that create value for all.



Sustainability Statement

Sustainability is a key business driver for our company and a critical component of our success. Our brand promise of 'Pure Enjoyment, Pure Goodness', means that we want our products to provide enjoyment and nourishment to consumers. In other words, utilising the best ingredients, together with best practices in the way we source, produce and distribute.

Equally important for our brand promise is to ensure that Fraser & Neave Holdings Bhd (F&NHB or the Group) is an integral part of our community. We continue to improve livelihoods across our value chain, become the employer and partner of choice providing opportunities for advancement and development, play a leading role in community development, and demonstrate environmental responsibility and leadership.

We continue to make positive strides to strengthen our approach in managing sustainability topics that are material to our business, demonstrate our constant commitment to incorporate sustainable practices into our business, and show leadership with the sustainability challenges we face.

Published our **fourth** **Standalone Sustainability Report**
(in accordance with the GRI Standards – Core Options)

Achieved **5** of our **Sustainability Targets for 2020** and made good progress on another 3

Obtained external assurance on selected Environment and Social **disclosures from Lloyd's Register Quality Assurance**

Included in the FTSE4Good **FTSE4Good Bursa Malaysia Index** for the second consecutive time, with higher rating for our Environmental, Social and Governance (ESG) practices

SUSTAINABILITY APPROACH

Sustainability is embedded in F&NHB's culture. Our Board's Charter sets out their responsibility to "include strategies on economic, environmental and social considerations underpinning sustainability." Hence, our Board ensures sustainability principles guide F&NHB's long-term business direction, and they have ultimate oversight of all sustainability issues. They are supported by the Sustainability and Risk Management Committee, Sustainability Management Committee, Sustainability Development Committee at the F&N Group level, as well as our Sustainability Development Working Team.

Our Materiality Assessment, first carried out in 2017 and reviewed each year, helps us to identify the sustainability issues which are most important to us and our stakeholders. Our most significant material topic **'Consumer Health and Safety'** is extremely relevant this year amidst the COVID-19 pandemic as communities are becoming more discerning of their health and hygiene. **'Economic Performance'** is vital as we continue to provide contributions to our front liners and people in need whilst staying strong with our financial performance. **'Occupational Health and Safety'** is also increasingly important in light of the pandemic.

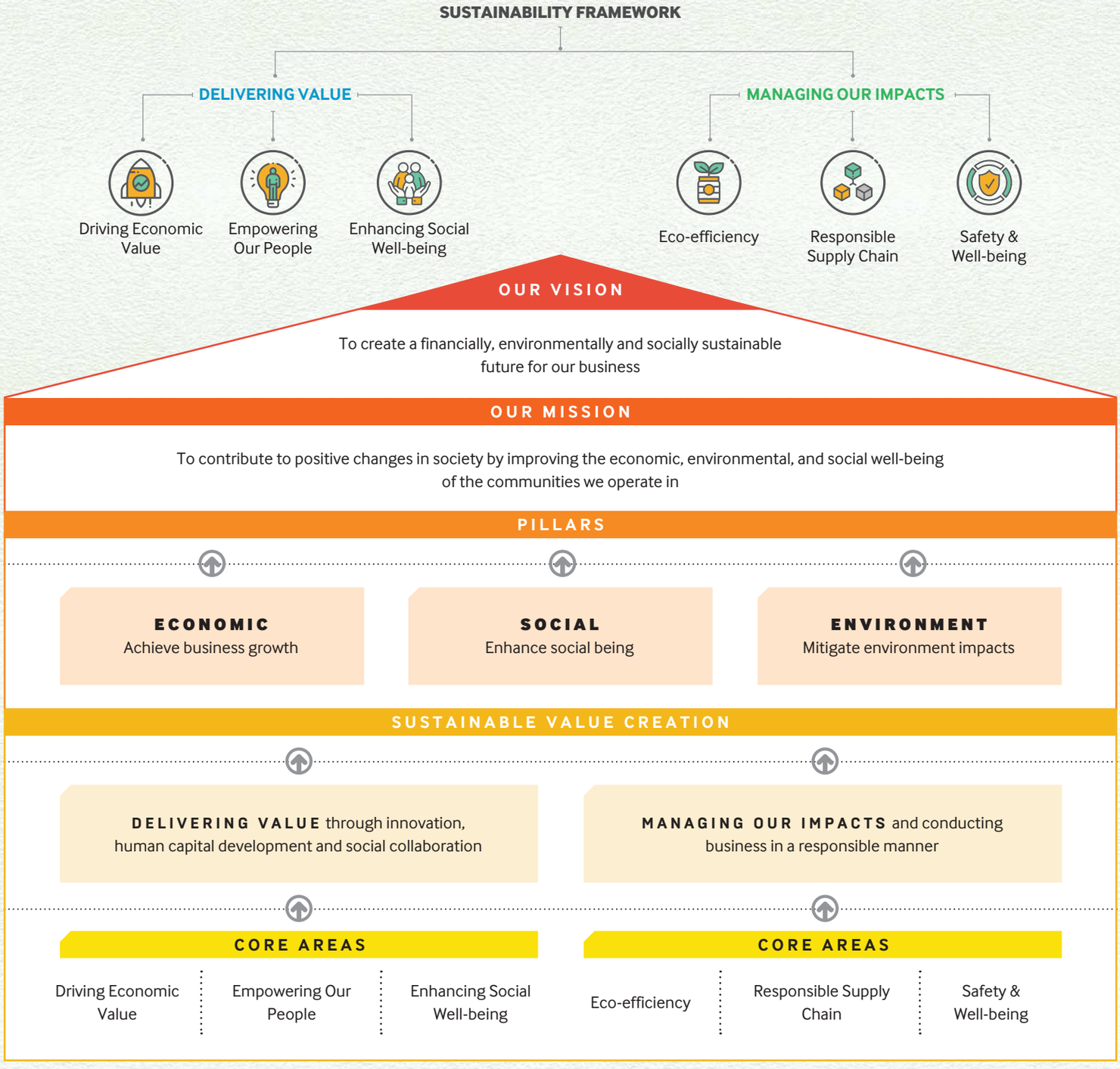
We have conducted a materiality assessment this year, with the support of an independent consultant, to engage our internal and external stakeholders to get their input on the material issues for F&N. We have set medium term 2025 sustainability targets, especially for 'high' materiality issues. The 2021 materiality matrix and 2025 sustainability targets will be reflected in next year's report.

Sustainability Statement (Cont'd.)

It is our vision **to create a financially, environmentally, and socially sustainable future for our business** by:

- Delivering value through innovation, human capital development and social collaboration, and
- Managing our impacts and conduct business in a responsible manner.

Our overall sustainability framework comprises of six pillars:



This Sustainability Statement provides a snapshot of our Sustainability Report 2020, which communicates what sustainability means to us; what our goals are; and the initiatives implemented to achieve these. In this Sustainability Statement, we provide a summary of the six core areas, and introduce some of the highlights for the year.

OUR RESPONSE TO COVID-19

In 2020, the unprecedented situation caused by the COVID-19 pandemic had significant impacts on people and businesses around the world. It has reiterated the materiality of environmental and social topics by showing just how connected we are as a global society and how sustainability risks can very quickly create an impact across the economic system.

Our commitment to addressing sustainability through our material issues helps ensure the resilience of our business and our stakeholders against external shocks such as COVID-19. F&NHB has responded to the COVID-19 pandemic with a focus on the following areas:

- Business continuity to deliver stakeholder value
- Structures and plans to manage systemic shocks
- Ensuring the wellbeing of our people is our top priority
- Accelerating our transition to the future of work
- Reinforcing our commitment to healthy products and lifestyles
- Supporting consumer needs during the pandemic
- Partnering to ensure supply chain resilience and avoid disruption
- Supporting local communities through the COVID-19 pandemic

Read more in our Sustainability Report 2020.



1. DRIVING ECONOMIC VALUE

During 2020, F&NHB maintained a resilient economic performance in the face of external shocks, to continue delivering value for all stakeholders. We achieved this by maintaining leadership in our core markets, and by leveraging innovative technologies and employees' expertise to meet consumers' evolving demands and enter new markets. We worked to maximise output despite a reduced workforce and production hours during the MCO period. Our economic performance provides us with a firm foundation to continue delivering the products which our customers love.

We have invested in product and process innovation to increase our product range, and improve efficiency and productivity. Over the past year, we launched new healthier choice products and more convenient packaging to meet the diverse needs of our customers. We have also been implementing employee-driven innovative manufacturing processes that increase productivity and improve environmental performance.

Deliver our **'Pure Enjoyment, Pure Goodness'** promise to our consumers with **10** new product launches – **6** are healthier product options

Capacity building for in-sourced milk and juices with the commencement of a **new fresh milk line in Pulau Indah plant.**

Investment of RM134 million to improve energy efficiency by **generating renewable energy**, **elevate product innovation** and **drive cost competitiveness**

Rolled out a sustainable packaging – F&N ICE MOUNTAIN Drinking Water recyclable paper (Tetra Pak) **carton packaging, with bio-based cap**

Launch the **Fraserians Connect App**, a mobile app that connects F&N employees in Malaysia

Sustainability Statement (Cont'd.)

2. EMPOWERING OUR PEOPLE

Our people are what differentiate F&N from our peers and determine our success. We strive to create a stimulating work environment for our employees where fresh perspectives are valued, talent is nurtured and rewarded, and employees are engaged and empowered to perform to their highest potential, thereby enabling the company to meet our business objectives.

F&NHB's strategic plan to be a preferred employer is guided by our Human Capital Roadmap to 2020, and specifically our seven 'Modules for Strategic Human Capital Transformation', each explained in more detail below.

7 Modules For Strategic Human Capital Transformation



We recognise the importance of diversity in terms of cultural background, age and gender in order to enrich the workplace with fresh perspectives that will enable us to meet our business objectives. F&N strives to offer equal opportunities for all, regardless of an individual's race, gender, religion and any other attributes unrelated to employment expectations. During the pandemic restrictions in both Malaysia and Thailand, we ensure that our employees' well-being are taken care of, even if we are not physically working together.

Our hiring practices are also aligned with the interests of the local economies in which we operate, and we are determined to be the employer of choice and a role model for others. We are proud that majority of our senior management in Malaysia and Thailand, are hired from the local community. This helps to keep the value created by F&NHB within the local economy and ensures that we understand the local markets.

2,616 **total employees,** with 204 total new hires

Females are represented in:

31% of our total employees

45% of total managerial positions

97% of senior managers in Malaysia and **100%** of senior managers in Thailand are hired from the local community

Provide training to our employees to develop technical and soft skills for an average of **19** hours per employee

Provide financial support to eligible employees to ease their burden through tough times

Create employee assistance hotline and conduct wellness programmes

3. ENHANCING SOCIAL WELL-BEING

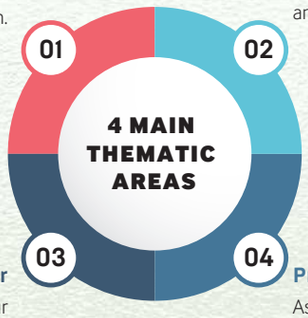
F&N believes, through promoting a more equal society through diversity, equal opportunities and social inclusion, business and society will flourish together. As such, we support and connect with local communities, strengthen relationships between different cultures and maintain a positive corporate image through establishing strong relationships with the local community.

Strengthening Vulnerable Groups

Inequality of wealth and opportunity is a major global challenge. Our consumers and employees come from all segments of society, and inequality undermines the development and potential of both our business and our communities. To take leadership in tackling this issue, we have chosen to focus on strengthening vulnerable groups such as underprivileged children. Through investing in educational programmes including both technical skills and soft skills, F&NHB works towards promoting a more equal society, diversity and social inclusion where business and society together flourish.

Promoting Environmental Consciousness

While companies have a critical role to play in minimising our environmental footprint, sustainable development means a partnership, including behavioural changes at the individual level. Besides maintaining eco-efficiency in our operations, we have taken the task of promoting environmental consciousness in our communities as another priority.



Spreading Festive Cheer

In addition to basic needs and environmental sustainability, our community development programme includes a priority related to our brand promise, which is delivering 'Pure Enjoyment, Pure Goodness' to all. We believe that spreading festive cheers helps our communities connect with each other and strengthen relationships between different cultures. Here, we aim to promote diversity and fosters national unity in our communities.

Promoting Active Lifestyles

As a food and beverage business, F&NHB's products contribute to the health and well-being of our communities. Therefore, we consider it our obligation to facilitate responsible consumption and balanced lifestyles. This is mostly accomplished through the consumption of F&NHB products to maintain a healthy lifestyle in line with consumer needs. We also prioritise community investments which support sports and active lifestyles to better care for our consumers while also creating value for communities.

100%



of our operations in Malaysia and Thailand implemented **local community engagement, impact assessment** and **development programmes**



Social investment of

>RM400,000

to support more than 200 beneficiaries



>650,000 products

distributed to support COVID-19 frontliners in Malaysia

>180 households

and 955 cattle

from 24 farms in Thailand provided with adequate water supply





>500,000

products distributed to **>10,000 families** from underprivileged community in Malaysia

Sustainability Statement (Cont'd.)

4. ECO-EFFICIENCY

Eco-efficiency refers to the act of maximising benefits and minimising ecological costs. As part of our materiality assessment, we identified four main issues in relation to our eco-efficiency efforts:

WATER STEWARDSHIP

A lack of effective water management can have serious implications as F&N's products and business is dependent on a reliable supply of water. While none of our sites are in high water-stress areas, many regions in both Thailand and Malaysia have faced floods in recent years, and the effects of climate change are expected to intensify water stress in the future. Hence, water stewardship and its associated risks are regularly monitored as part of F&NHB enterprise risk management (ERM) and water assessment and action policies are applied across our facilities. Our Group-wide integrated approach includes efficiency measures, the safe return of waste water from our operations and mitigating risk in the supply.

EFFLUENTS AND WASTE

Waste can be a source of value for our supply chain or for another organisation's supply chain. Being able to effectively manage our waste enhances F&N's ability to conserve natural resources and improve efficiency. We continue to improve on our solid waste management by identifying key categories and key waste streams so that we can recycle and reduce our waste generation. We strive to reduce the impacts from our operations, and this means complying with, and going beyond, relevant regulations.

PACKAGING

There is increasing stakeholder awareness of the importance of environmental-friendly packaging, especially in relation to plastics. Increasing the sustainability of our packaging is important to support our national regulators' and government's effort to phase out single-use plastics and go zero waste, as well as reduce the extraction of raw resources and waste generation. We strive to ensure our packaging protects the integrity of the contents and fulfils the visual and functional expectations of our consumers. We have been improving our packaging materials by progressively reducing material usage, increasing the use of sustainable materials and increasing the recyclability of our packaging.

ENERGY AND CLIMATE CHANGE

Climate change is a defining global challenge of the 21st century, presenting risks to the global economy. For F&N, climate change presents risks including price fluctuations on raw material commodities, and access to water resources. Managing this topic presents the opportunity to turn challenges and risks into climate-related opportunities for F&N, through cost savings, energy savings, alignment with customer ambitions and support and contribution to the development of government policies.

Reduce water intensity ratio by **13%** in Thailand

Reduce solid waste intensity ratio by **62% from 2017,** **successfully exceeding the set target of 5%**

Kota Kinabalu and Pulau Indah plant in Malaysia achieved **zero waste** to landfill, with **100%** of waste recycled

Reduction **Over 1,250 MT** of industrial sludge from our wastewater treatment plants **converted into fertiliser**

Reduce energy intensity ratio by **1%** **from 2017**

Solar panel rooftop at our Rojana plant gives us **savings of THB6,000,000**

5. RESPONSIBLE SUPPLY CHAIN

As a market-leading F&B company, we constantly work with our business partners, suppliers and vendors to understand their needs, and deliver mutually sustainable solutions that create long lasting value. We also lead by example, encouraging others to improve sustainability performance throughout their supply chain. F&NHB is committed to Sustainable Sourcing and supports the production of sustainable palm oil and sugar.

We recognise that sustainability in our own operations is futile unless we also work with these partners to ensure best practice across our supply chain. Hence, we look to understand our suppliers' needs and establish mutually beneficial partnerships for circular economy solutions.

The Group works closely with our suppliers and conducts regular audits to ensure standards and practices for food safety and the environment are maintained throughout the value chain. F&NHB supports the UN Guiding Principles on Business and Human Rights and we are a member of the Supplier Ethical Data Exchange. Our Procurement Policy covers our full commitment to standard principles of ethical business practices throughout the supply chain.

This year, we have also launched a new Supplier Code of Practice which covers all environmental and social impacts, including business ethics, environmental management, human rights and occupational health and safety.

106%

of RSPO

credits for palm oil purchased in **2020**

Engage with

>2,900

global and local suppliers across our supply chain

Source raw materials that are **certified with eco-credentials** including **Forest Stewardship Council (FSC)**, **Roundtable on Sustainable Palm Oil (RSPO) and VIVE**

6. SAFETY & WELL-BEING

At F&N, we adopt a holistic approach to health and safety across our operations including creating a proactive safety culture and healthy workforce, embodying our brand promise of "Pure Enjoyment. Pure Goodness" through product safety and nutrition, and enabling consumers to make informed purchasing choices through appropriate and clear labelling and responsible marketing.

F&NHB has safety, health, and environment (SHE) systems and monitoring processes in place across our operations. Our safety practices adhere to International standards including ISO 14001 and ISO 45001 for all major sites. All employees, workers and activities are covered by our SHE systems, and receive adequate training and safety equipment wherever appropriate. Each plant has its own Safety Committee comprising management and workers.

All F&N products are manufactured under stringent international quality and food safety standards. Our plants are certified with FSSC 22000, ISO 22000 and HACCP Food Safety management systems, and all stages of our production processes are subjected to rigorous quality control procedures. All our products are also Halal-certified by the Department of Islamic Development Malaysia and other relevant authorised certification bodies.

As well as safeguarding our consumers' safety while enjoying our products, we are committed to developing products and initiatives to promote health and nutrition. The F&N Nutrition Charter outlines our commitment to develop products which are healthy for consumers, guiding us throughout product development, marketing, and initiatives to advocate healthy lifestyles.

Our packaging and labelling is the primary method through which we communicate information to consumers about our products' quality, nutrition, safety and disposal. Our labelling adheres to the Food Act in Malaysia and requirements of the Food and Drug Administration in Thailand.

In the context of the COVID-19, the health and safety topic is, more than ever, of paramount importance for F&N as we strive to protect our employees and consumers.

Lost time injury frequency rate (LTIFR) in 2020 is

1.97 *per 1,000,000* hours worked

Enhanced health and safety measures at work and encouraged employees to work from home to flatten the curve during COVID-19 pandemic

1,455 employees participated in **6,602 hours of safety trainings**

Lowered the amount of sugar contained per ml of all our beverages by 59% since 2004

11 out of 12

products have healthier choice option, **totaling to 47 'Healthier Choice'** products in Malaysia and Thailand.

>90% of RTD products sold this year contain less than **5g/100ml** of sugar content

Bringing Smiles

Partners

Our suppliers and delivery personnel go above and beyond to ensure everyone gets to enjoy great F&N products as always.





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Directors' Report

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities whilst the principal activities of the subsidiaries are as stated in Note 8 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

HOLDING COMPANIES

Fraser and Neave, Limited ("F&NL"), a corporation incorporated in the Republic of Singapore is the immediate holding company whilst TCC Assets Limited, a corporation incorporated in the British Virgin Islands is regarded by the Directors as the Company's ultimate holding company, during the financial year and until the date of this report.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	**410,384**	**269,700**
Non-controlling interests	**(260)**	**–**
	410,124	**269,700**

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the dividends paid by the Company were as follows:

i) In respect of the financial year ended 30 September 2019 as reported in the Directors' Report of that financial year:
- a final ordinary dividend of 33.0 sen per ordinary share totalling RM121,037,000 declared on 19 December 2019 and paid on 13 February 2020.

ii) In respect of the financial year ended 30 September 2020:
- an interim ordinary dividend of 27.0 sen per ordinary share totalling RM99,030,000 declared on 4 May 2020 and paid on 12 June 2020.

The final ordinary dividend recommended by the Directors in respect of the financial year ended 30 September 2020 is 33.0 sen per ordinary share totalling RM121,037,000, is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 September 2021.

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Tengku Syed Badarudin Jamalullail (Chairman)
Lee Meng Tat
David Siew Kah Toong
Dato' Sri Johan Tazrin bin Hamid Ngo
Tan Fong Sang (appointed as an Alternate Director to Lee Kong Yip on 17 February 2020, ceased as his alternate on 30 September 2020 and was subsequently appointed as a Director on 1 October 2020)
Dato' Jorgen Bornhoft
Hui Choon Kit
Aida binti Md Daud
Faridah binti Abdul Kadir
Datuk Mohd Anwar bin Yahya
Datuk Kamaruddin bin Taib
Lee Kong Yip (retired on 30 September 2020)

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

Subsidiaries	Tengku Syed Badarudin Jamalullail	Lim Yew Hoe	Lai Kah Shen	Hui Choon Kit	Lim Siang Chin	Soh Swee Hock	Suchit Riewcharoon	Yap Peng Kang	Lau Cheng Yew	Ooi Aik Tuan	Goh Teong Hoe	Aisha Alkaff	Tan Hock Beng
Borneo Springs Sdn Bhd		✓								✓(ii)			✓(v)
Elsinburg Holdings Sdn Bhd		✓								✓			
F&N AgriValley Sdn Bhd	✓(iv)	✓	✓(vi)							✓(i)			
F&N Beverages Manufacturing Sdn Bhd		✓		✓						✓(ii)			✓(v)
F&N Beverages Marketing Sdn Bhd		✓	✓							✓(ii)			✓(v)
F&N Capital Sdn Bhd		✓								✓(ii)			✓(v)
F&N Dairies Distribution (Singapore) Pte Ltd		✓			✓					✓(ii)			✓(v)
F&N Dairies (Malaysia) Sdn Bhd		✓	✓							✓(ii)			✓(v)
F&N Dairies Manufacturing Sdn Bhd		✓						✓		✓(ii)			✓(v)
F&N Dairies (Thailand) Limited		✓					✓			✓(ii)			✓(v)
F&N Marketing (B) Sdn Bhd		✓										✓	
F&N Properties Sdn Bhd		✓							✓				
Fraser & Neave (Malaya) Sdn Bhd		✓		✓						✓(ii)			✓(v)
Fraser and Neave MENA DWC-LLC		✓(iii)	✓(iii)			✓(iii)							
Greenclipper Corporation Sdn Bhd		✓								✓			
Lettricia Corporation Sdn Bhd		✓									✓		
Lion Share Management Limited		✓								✓(ii)			✓(v)
Nuvak Company Sdn Bhd		✓								✓			
Premier Milk (Malaya) Sdn Berhad		✓	✓							✓(ii)			✓(v)
Tropical League Sdn Bhd		✓							✓				
Utas Mutiara Sdn Bhd		✓								✓(ii)			✓(v)

(i) appointed on 7 October 2019
(ii) appointed on 1 November 2019
(iii) appointed on 17 December 2019
(iv) appointed on 28 February 2020
(v) resigned on 1 November 2019
(vi) resigned on 28 February 2020

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiaries and made a part hereof.

Directors' Report (Cont'd.)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in shares, Restricted Share Plan ("RSP") and Performance Share Plan ("PSP") of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
Companies in which Directors held interest	**At 1.10.2019**	**Bought**	**Sold**	**At 30.9.2020**
Fraser & Neave Holdings Bhd				
Tengku Syed Badarudin Jamalullail				
– direct interest	**2,062,000**	**–**	**–**	**2,062,000**
Faridah binti Abdul Kadir				
– direct interest	**4,000**	**–**	**–**	**4,000**
F&NL				
Hui Choon Kit				
– direct interest	**506,682**	**46,500**	**–**	**553,182**
Lee Meng Tat				
– direct interest	**56,850**	**47,325**	**–**	**104,175**

	Number of share grants *				
Companies in which Directors held interest	**At 1.10.2019**	**Awarded**	**Achievement factor**	**Vested**	**At 30.9.2020**
F&NL					
Hui Choon Kit					
– F&NL RSP – Year 7	**14,650**	**–**	**–**	**(14,650)**	**–**
– F&NL RSP – Year 8	**14,000**	**–**	**–**	**(7,000)**	**7,000**
– F&NL RSP – Year 9	**35,000**	**–**	**14,700**	**(24,850)**	**24,850**
– F&NL RSP – Year 10	**58,000**	**–**	**–**	**–**	**58,000**
– F&NL RSP 2019 – Year 1	**–**	**68,000**	**–**	**–**	**68,000**
– F&NL PSP – Year 8	**11,000**	**–**	**(11,000)**	**–**	**–**
– F&NL PSP – Year 9	**12,000**	**–**	**–**	**–**	**12,000**
– F&NL PSP – Year 10	**20,000**	**–**	**–**	**–**	**20,000**
Lee Meng Tat					
– F&NL RSP – Year 7	**13,700**	**–**	**–**	**(13,700)**	**–**
– F&NL RSP – Year 8	**15,750**	**–**	**–**	**(7,875)**	**7,875**
– F&NL RSP – Year 9	**35,000**	**–**	**16,500**	**(25,750)**	**25,750**
– F&NL RSP – Year 10	**58,000**	**–**	**–**	**–**	**58,000**
– F&NL RSP 2019 – Year 1	**–**	**68,000**	**–**	**–**	**68,000**
– F&NL PSP – Year 8	**11,000**	**–**	**(11,000)**	**–**	**–**
– F&NL PSP – Year 9	**12,000**	**–**	**–**	**–**	**12,000**
– F&NL PSP – Year 10	**20,000**	**–**	**–**	**–**	**20,000**

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

* F&NL Remuneration Committee administers the Company's share-based remuneration incentive plans, namely, the F&NL RSP, PSP and the RSP 2019, (collectively, the "F&NL Share Plans"). The F&NL RSP and PSP expired on 21 January 2019, and were replaced by the F&NL RSP 2019. The expiry of the F&NL RSP and PSP does not affect awards granted prior to expiry of these share plans and which are pending final release.

Under the F&NL Share Plans, F&NL grants a base number of conditional share awards (the "Base Awards") to eligible participants annually. The Base Awards represent the right to receive fully paid ordinary shares of the F&NL, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance conditions are met over the relevant performance periods. The F&NL Remuneration Committee, as the administrator of the F&NL Share Plans, has absolute discretion in granting the Base Awards. The first grant of Base Awards pursuant to the F&NL RSP 2019 was made on 28 August 2020. The performance periods for the F&NL RSP and PSP are two and three years respectively. For the F&NL RSP 2019, the performance period is one year.

Depending on the level of achievement of the pre-determined targets over the respective performance periods for the F&NL RSP and PSP, an achievement factor will be applied to the relevant Base Awards to determine the final number of shares to be awarded at the end of the respective performance periods. The achievement factor ranges from 0% to 150% for the F&NL RSP and RSP 2019, and 0% to 200% for the F&NL PSP. Accordingly, the actual number of shares to be awarded pursuant to the F&NL Share Plans will range from: 0% to 150% of the Base Awards for the F&NL RSP and RSP 2019, and from 0% to 200% of the Base Awards for the F&NL PSP (the "Final Awards").

In respect of the F&NL RSP, the first tranche at 50% of the relevant Final Awards will be vested to participants after the end of the two-year performance period and followed by the balance which will be vested in equal instalments over the next two years. In respect of the F&NL PSP, 100% of the relevant Final Awards will be vested to the participants after the end of the three-year performance period. In respect of the F&NL RSP 2019, Final Awards will be vested in equal instalments over three years after the end of the one-year performance period.

None of the other Directors holding office at 30 September 2020 had any interest in shares, RSP and PSP of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate apart from the share grants granted pursuant to the immediate holding company's RSP and PSP.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

Directors' Report (Cont'd.)
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

RSP AND PSP (COLLECTIVELY THE SHARE GRANT PLAN ("SGP"))

The Company's SGP which is governed by its by-laws, was approved by Bursa Malaysia Securities Berhad on 20 December 2011 and subsequently approved by the shareholders at the Extraordinary General Meeting held on 13 January 2012. The SGP is valid for 10 years from 15 March 2012 to 14 March 2022.

The first grant of RSP was made in March 2012. There were no grants made under the PSP. The details of the shares awarded under the RSP are as follows:

		Number of share grants					
	Date of offer	At 1.10.2019/ grant date	Adjustment for achievement factor	Vested	* Forfeited	At 30.9.2020	Vesting period
RSP 2016	5.1.2016	**82,575**	**–**	**(82,575)**	**–**	**–**	31.12.2017-31.12.2019
RSP 2017	22.12.2016	**129,700**	**–**	**(64,375)**	**(3,375)**	**61,950**	31.12.2018-31.12.2020
RSP 2018	22.12.2017	**278,500**	**(17,400)**	**(130,550)**	**(1,650)**	**128,900**	31.12.2019-31.12.2021
RSP 2019	21.12.2018	**357,300**	**(127,300)**	**–**	**(16,400)**	**213,600**	31.12.2020-31.12.2022
RSP 2020	23.12.2019	**514,400**	**–**	**–**	**(18,500)**	**495,900**	31.12.2021-31.12.2023
		1,362,475	**(144,700)**	**(277,500)**	**(39,925)**	**900,350**	

* Share grants forfeited upon cessation of employment.

The main features of the Company's RSP and PSP are disclosed in Note 16(D) to the financial statements.

The Directors do not participate in the SGP.

INDEMNITY AND INSURANCE COSTS

The Directors and Officers of the Group were covered by Directors' and Officers' liability insurance for any liability incurred in discharging their duties in their respective capacity, subject to the terms of the insurance policy. The premium paid in respect of the Directors' and Officers' liability insurance for the Directors and Officers of the Group amounted to RM17,641. The policy has an indemnity coverage of RM20,000,000.

There were no indemnity insurance and insurance costs effected for auditors of the Group during the financial year.

QUALIFICATION OF SUBSIDIARIES' FINANCIAL STATEMENTS

The auditors' report on the audited financial statements of the Company's subsidiaries did not contain any qualification or any adverse comments.

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provision made for doubtful debts; and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected to realise.

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent; or

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

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

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

OTHER STATUTORY INFORMATION (CONTINUED)

At the date of this report, there does not exist:

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 September 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

Significant events are disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, KPMG PLT have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 25 to the financial statements.

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

Tengku Syed Badarudin Jamalullail
Director
Kuala Lumpur, Malaysia

Lee Meng Tat
Director
Singapore

3 November 2020

Statements of *Financial Position*

AS AT 30 SEPTEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
ASSETS					
Property, plant and equipment	3	**1,359,893**	1,339,180	**–**	–
Right-of-use assets	4	**87,183**	–	**–**	–
Investment properties	5	**47,569**	48,775	**–**	–
Properties held for development	6	**54,958**	56,047	**–**	–
Intangible assets	7	**45,921**	120,646	**–**	–
Investments in subsidiaries	8	**–**	–	**920,043**	911,423
Investment in an associate	9	**91,261**	89,658	**68,727**	68,727
Investment in a joint venture	10	**87,845**	87,613	**166,114**	165,599
Deferred tax assets	11	**5,970**	6,234	**–**	–
Total non-current assets		**1,780,600**	1,748,153	**1,154,884**	1,145,749
Trade and other receivables	12	**589,661**	599,996	**547,727**	469,852
Inventories	13	**655,981**	578,404	**–**	–
Current tax assets		**200**	7,567	**–**	–
Derivative financial assets	14	**4**	6	**–**	–
Cash and cash equivalents	15	**493,615**	569,719	**86,280**	40,332
Total current assets		**1,739,461**	1,755,692	**634,007**	510,184
Total assets		**3,520,061**	3,503,845	**1,788,891**	1,655,933
EQUITY					
Share capital		**816,770**	816,770	**816,770**	816,770
Shares held by SGP Trust		**(4,688)**	(3,904)	**(4,688)**	(3,904)
Reserves		**1,878,519**	1,716,458	**887,168**	836,274
Equity attributable to owners of the Company	16	**2,690,601**	2,529,324	**1,699,250**	1,649,140
Non-controlling interests		**(161)**	99	**–**	–
Total equity		**2,690,440**	2,529,423	**1,699,250**	1,649,140
LIABILITIES					
Loans and borrowings	17	**–**	95,909	**–**	–
Lease liabilities		**10,785**	–	**–**	–
Employee benefits	18	**51,304**	49,511	**–**	–
Deferred tax liabilities	11	**48,073**	33,994	**–**	–
Total non-current liabilities		**110,162**	179,414	**–**	–
Trade and other payables	19	**516,654**	664,581	**89,316**	4,577
Contract liabilities	20	**57,787**	54,420	**–**	–
Loans and borrowings	17	**91,868**	27,402	**–**	–
Lease liabilities		**13,672**	–	**–**	–
Current tax liabilities		**39,111**	48,469	**325**	2,216
Derivative financial liabilities	14	**367**	136	**–**	–
Total current liabilities		**719,459**	795,008	**89,641**	6,793
Total liabilities		**829,621**	974,422	**89,641**	6,793
Total equity and liabilities		**3,520,061**	3,503,845	**1,788,891**	1,655,933

The notes on pages 157 to 221 are an integral part of these financial statements.

Statements of *Profit or Loss*

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	21	**3,988,507**	4,077,138	**278,256**	216,953
Cost of sales		**(2,758,139)**	(2,810,372)	**–**	–
Gross profit		**1,230,368**	1,266,766	**278,256**	216,953
Other income		**23,622**	16,184	**–**	90
Distribution expenses		**(339,010)**	(350,497)	**–**	–
Marketing expenses		**(260,575)**	(272,958)	**–**	–
Administrative expenses		**(129,299)**	(128,007)	**(3,935)**	(3,785)
Other expenses		**(9,946)**	(11,044)	**(1,551)**	(33)
Operating profit		**515,160**	520,444	**272,770**	213,225
Finance income	22	**5,068**	15,223	**20,315**	28,998
Finance costs	23	**(4,858)**	(4,555)	**–**	–
Net finance income		**210**	10,668	**20,315**	28,998
Share of profit of equity-accounted associate, net of tax	9	**7,824**	9,139	**–**	–
Share of loss of equity-accounted joint venture, net of tax	10	**(283)**	(7,295)	**–**	–
Profit before tax		**522,911**	532,956	**293,085**	242,223
Tax expense	24	**(112,787)**	(122,732)	**(23,385)**	(12,946)
Profit for the year	25	**410,124**	410,224	**269,700**	229,277
Profit for the year attributable to:					
Owners of the Company		**410,384**	410,260	**269,700**	229,277
Non-controlling interests		**(260)**	(36)	**–**	–
		410,124	410,224	**269,700**	229,277
Basic earnings per ordinary share (sen)	27(A)	**111.9**	111.9		
Diluted earnings per ordinary share (sen)	27(B)	**111.7**	111.6		

The notes on pages 157 to 221 are an integral part of these financial statements.

Statements of Other Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Profit for the year		**410,124**	410,224	**269,700**	229,277
Other comprehensive (expense)/income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability	26	**(1,231)**	(5,540)	**–**	–
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations	26	**(28,286)**	35,155	**–**	–
Other comprehensive (expense)/income for the year, net of tax		**(29,517)**	29,615	**–**	–
Total comprehensive income for the year		**380,607**	439,839	**269,700**	229,277
Total comprehensive income attributable to:					
Owners of the Company		**380,867**	439,875	**269,700**	229,277
Non-controlling interests		**(260)**	(36)	**–**	–
		380,607	439,839	**269,700**	229,277

The notes on pages 157 to 221 are an integral part of these financial statements.

Statements of *Changes in Equity*

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

		Attributable to owners of the Company									
		Non-distributable						Distributable			
Group	Note	Share capital (Note 16(A)) RM'000	Shares held by SGP Trust (Note 16(C)) RM'000	Loss on purchase of shares for SGP (Note 16(E)) RM'000	Translation reserve RM'000	Share-based payment reserve RM'000	Legal reserve (Note 16(F)) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 October 2019		**816,770**	**(3,904)**	**(7,251)**	**122,570**	**12,691**	**9,934**	**1,578,514**	**2,529,324**	**99**	**2,529,423**
Remeasurement of defined benefit liability	26	–	–	–	–	–	–	(1,231)	(1,231)	–	(1,231)
Foreign currency translation differences for foreign operations	26	–	–	–	(28,286)	–	–	–	(28,286)	–	(28,286)
Total other comprehensive expense for the year		–	–	–	(28,286)	–	–	(1,231)	(29,517)	–	(29,517)
Profit for the year		–	–	–	–	–	–	410,384	410,384	(260)	410,124
Total comprehensive (expense)/income for the year		–	–	–	(28,286)	–	–	409,153	380,867	(260)	380,607
Contributions by and distributions to owners of the Company											
– Share-based payment expense		–	–	–	–	7,661	–	–	7,661	–	7,661
– Shares vested under SGP		–	6,400	(482)	–	(5,918)	–	–	–	–	–
– Purchase of shares by SGP Trust		–	(7,184)	–	–	–	–	–	(7,184)	–	(7,184)
– Dividends to owners of the Company	28	–	–	–	–	–	–	(220,067)	(220,067)	–	(220,067)
Total transactions with owners of the Company		–	(784)	(482)	–	1,743	–	(220,067)	(219,590)	–	(219,590)
At 30 September 2020		**816,770**	**(4,688)**	**(7,733)**	**94,284**	**14,434**	**9,934**	**1,767,600**	**2,690,601**	**(161)**	**2,690,440**

Statements of *Changes in Equity* (Cont'd.)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

		Attributable to owners of the Company										
		Non-distributable							Distributable			
Group (continued)	**Note**	**Share capital (Note 16(A)) RM'000**	**Treasury shares (Note 16(B)) RM'000**	**Shares held by SGP Trust (Note 16(C)) RM'000**	**Loss on purchase of shares for SGP (Note 16(E)) RM'000**	**Translation reserve RM'000**	**Share-based payment reserve RM'000**	**Legal reserve (Note 16(F)) RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 October 2018		816,770	(1,716)	(4,039)	(6,066)	87,415	16,423	9,934	1,384,692	2,303,413	135	2,303,548
Remeasurement of defined benefit liability	26	–	–	–	–	–	–	–	(5,540)	(5,540)	–	(5,540)
Foreign currency translation differences for foreign operations	26	–	–	–	–	35,155	–	–	–	35,155	–	35,155
Total other comprehensive income/(expense) for the year		–	–	–	–	35,155	–	–	(5,540)	29,615	–	29,615
Profit for the year		–	–	–	–	–	–	–	410,260	410,260	(36)	410,224
Total comprehensive income for the year		–	–	–	–	35,155	–	–	404,720	439,875	(36)	439,839
Contributions by and distributions to owners of the Company												
– Share-based payment expense		–	–	–	–	–	1,957	–	–	1,957	–	1,957
– Shares vested under SGP		–	–	6,874	(1,185)	–	(5,689)	–	–	–	–	–
– Purchase of shares by SGP Trust		–	–	(5,023)	–	–	–	–	–	(5,023)	–	(5,023)
– Transfer of treasury shares		–	1,716	(1,716)	–	–	–	–	–	–	–	–
– Dividends to owners of the Company	28	–	–	–	–	–	–	–	(210,898)	(210,898)	–	(210,898)
Total transactions with owners of the Company		–	1,716	135	(1,185)	–	(3,732)	–	(210,898)	(213,964)	–	(213,964)
At 30 September 2019		816,770	–	(3,904)	(7,251)	122,570	12,691	9,934	1,578,514	2,529,324	99	2,529,423

Statements of *Changes in Equity* (Cont'd.)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

		Attributable to owners of the Company						
		Non-distributable					Distributable	
Company	**Note**	**Share capital (Note 16(A)) RM'000**	**Treasury shares (Note 16(B)) RM'000**	**Shares held by SGP Trust (Note 16(C)) RM'000**	**Loss on purchase of shares for SGP (Note 16(E)) RM'000**	**Share-based payment reserve RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 October 2019		**816,770**	**–**	**(3,904)**	**(7,251)**	**12,691**	**830,834**	**1,649,140**
Profit and total comprehensive income for the year		**–**	**–**	**–**	**–**	**–**	**269,700**	**269,700**
Contributions by and distributions to owners of the Company								
– Share-based payment expense		**–**	**–**	**–**	**–**	**7,661**	**–**	**7,661**
– Shares vested under SGP		**–**	**–**	**6,400**	**(482)**	**(5,918)**	**–**	**–**
– Purchase of shares by SGP Trust		**–**	**–**	**(7,184)**	**–**	**–**	**–**	**(7,184)**
– Dividends to owners of the Company	28	**–**	**–**	**–**	**–**	**–**	**(220,067)**	**(220,067)**
Total transactions with owners of the Company		**–**	**–**	**(784)**	**(482)**	**1,743**	**(220,067)**	**(219,590)**
At 30 September 2020		**816,770**	**–**	**(4,688)**	**(7,733)**	**14,434**	**880,467**	**1,699,250**
At 1 October 2018		816,770	(1,716)	(4,039)	(6,066)	16,423	812,455	1,633,827
Profit and total comprehensive income for the year		–	–	–	–	–	229,277	229,277
Contributions by and distributions to owners of the Company								
– Share-based payment expense		–	–	–	–	1,957	–	1,957
– Shares vested under SGP		–	–	6,874	(1,185)	(5,689)	–	–
– Purchase of shares by SGP Trust		–	–	(5,023)	–	–	–	(5,023)
– Transfer of treasury shares		–	1,716	(1,716)	–	–	–	–
– Dividends to owners of the Company	28	–	–	–	–	–	(210,898)	(210,898)
Total transactions with owners of the Company		–	1,716	135	(1,185)	(3,732)	(210,898)	(213,964)
At 30 September 2019		816,770	–	(3,904)	(7,251)	12,691	830,834	1,649,140

The notes on pages 157 to 221 are an integral part of these financial statements.

Statements of *Cash Flows*

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from operating activities					
Profit before tax		**522,911**	532,956	**293,085**	242,223
Adjustments for:					
Amortisation of intangible assets	7	**1,799**	2,353	**–**	–
Bad debts recovered	25	**(30)**	(64)	**–**	–
Change in fair value of investment properties	5	**1,206**	–	**–**	–
Depreciation of property, plant and equipment	3	**104,907**	100,065	**–**	–
Depreciation of right-of-use assets	4	**25,865**	–	**–**	–
Dividend income	21	**–**	–	**(278,256)**	(216,953)
Employee benefits expense	18	**4,739**	6,567	**–**	–
Finance income	22	**(5,068)**	(15,223)	**(20,315)**	(28,998)
Finance costs	23	**4,858**	4,555	**–**	–
Gain on disposal of intangible assets	25	**(7,805)**	(5)	**–**	–
Gain on lease termination/modification		**(32)**	–	**–**	–
Impairment loss:					
– Investments in subsidiaries	8	**–**	–	**1,380**	–
– Plant and equipment	3	**582**	363	**–**	–
– Trade receivables	25	**513**	511	**–**	–
Inventories written down	13	**5,215**	3,333	**–**	–
Inventories written off	13	**6,498**	8,485	**–**	–
Investment property written off	5	**–**	543	**–**	–
Net fair value loss on derivatives	25	**233**	50	**–**	–
Net loss on disposal of plant and equipment	25	**594**	417	**–**	–
Net unrealised foreign exchange loss/(gain)	25	**843**	(201)	**23**	18
Plant and equipment written off	25	**458**	3,298	**–**	–
Property development costs written off	6	**1,089**	–	**–**	–
Reversal of impairment loss:					
– Plant and equipment	3	**(538)**	(697)	**–**	–
– Trade receivables	25	**(97)**	(199)	**–**	–
Reversal of inventories written down	13	**(298)**	(433)	**–**	–
Share-based payment expense	25	**7,952**	2,275	**–**	–
Share of profit of equity-accounted associate, net of tax	9	**(7,824)**	(9,139)	**–**	–
Share of loss of equity-accounted joint venture, net of tax	10	**283**	7,295	**–**	–
Operating profit/(loss) before changes in working capital		**668,853**	647,105	**(4,083)**	(3,710)
Changes in working capital:					
Changes in inventories		**(88,992)**	(92,624)	**–**	–
Changes in contract liabilities		**3,367**	11,369	**–**	–
Changes in trade and other payables		**(149,183)**	83,415	**84,716**	3,701
Changes in trade and other receivables		**9,512**	2,228	**(70,229)**	(121,917)
Cash generated from/(used in) operations		**443,557**	651,493	**10,404**	(121,926)
Employee benefits paid	18	**(3,880)**	(5,077)	**–**	–
Tax paid		**(108,574)**	(68,805)	**(25,276)**	(12,281)
Tax refunded		**11,500**	724	**–**	–
Net cash from/(used in) operating activities		**342,603**	578,335	**(14,872)**	(134,207)

Statements of Cash Flows (Cont'd.)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from investing activities					
Acquisition of intangible assets	7	**(1,796)**	(128)	**–**	–
Acquisition of property, plant and equipment	3	**(207,423)**	(137,711)	**–**	–
Dividends received		**6,221**	3,733	**278,256**	216,953
Interest received		**5,463**	9,580	**20,315**	28,998
Investment in a subsidiary	8	**–**	–	**(10,000)**	–
Investment in a joint venture		**(500)**	–	**(500)**	–
Proceeds from cancelling ordinary shares in a subsidiary	8	**–**	–	**–**	20,000
Proceeds from disposal of intangible assets		**83,175**	56	**–**	–
Proceeds from disposal of plant and equipment		**242**	277	**–**	–
Net cash (used in)/from investing activities		**(114,618)**	(124,193)	**288,071**	265,951
Cash flows from financing activities					
Dividends paid to owners of the Company	28	**(220,067)**	(210,898)	**(220,067)**	(210,898)
Drawdown of loans and borrowings		**–**	54,805	**–**	–
Interest paid		**(4,736)**	(7,991)	**–**	–
Payment of lease liabilities		**(24,351)**	–	**–**	–
Purchase of shares by SGP Trust	16(C)	**(7,184)**	(5,023)	**(7,184)**	(5,023)
Repayment of loans and borrowings		**(26,248)**	(280,162)	**–**	–
Net cash used in financing activities		**(282,586)**	(449,269)	**(227,251)**	(215,921)
Net (decrease)/increase in cash and cash equivalents		**(54,601)**	4,873	**45,948**	(84,177)
Effects of exchange rate fluctuations on cash and cash equivalents		**(21,503)**	27,754	**–**	–
Cash and cash equivalents at 1 October 2019/2018		**569,719**	537,092	**40,332**	124,509
Cash and cash equivalents at 30 September	15	**493,615**	569,719	**86,280**	40,332

CASH OUTFLOWS FOR LEASES AS A LESSEE

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Included in net cash from operating activities					
Payment relating to short-term leases	25	**3,136**	–	**–**	–
Payment relating to leases of low-value assets	25	**1,643**	–	**–**	–
Payment relating to variable lease payments not included in the measurement of lease liabilities	25	**11,036**	–	**–**	–
Included in net cash from financing activities					
Payment of lease liabilities		**24,351**	–	**–**	–
Interest paid in relation to lease liabilities	23	**1,197**	–	**–**	–
Total cash outflows for leases		**41,363**	–	**–**	–

Statements of Cash Flows (Cont'd.)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020

RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Group	At 1 October 2018 RM'000	Net changes from financing cash flows RM'000	Foreign exchange movement RM'000	At 30 September 2019 RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1 October 2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	Other changes RM'000	At 30 September 2020 RM'000
Lease liabilities	–	–	–	**–**	**29,065**	**29,065**	**(25,548)**	**21,888**	**(480)**	**(468)**	**24,457**
Medium Term Note	150,000	(150,000)	–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Term loan	185,524	(75,357)	13,144	**123,311**	**–**	**123,311**	**(26,248)**	**–**	**(5,195)**	**–**	**91,868**
	335,524	(225,357)	13,144	**123,311**	**29,065**	**152,376**	**(51,796)**	**21,888**	**(5,675)**	**(468)**	**116,325**

Notes to The Financial Statements

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of the registered office of the Company is as follows:

Level 3A, F&N Point
No. 3, Jalan Metro Pudu 1
Fraser Business Park
Off Jalan Yew
55100 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 30 September 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associate and joint venture.

The Company is principally engaged in investment holding activities while the other Group entities are primarily engaged in the manufacture and sale of soft drinks and dairy products, property development activities and the provision of management services. There has been no significant change in the nature of these principal activities during the financial year. Information on the Group's structure is provided in Notes 8, 9 and 10. Information on other related party relationships of the Group is provided in Note 33.

The immediate holding company is Fraser and Neave, Limited ("F&NL"), which is incorporated in the Republic of Singapore and is listed on the Singapore Exchange. The ultimate holding company is TCC Assets Limited, which is incorporated in the British Virgin Islands.

These financial statements were authorised for issue by the Board of Directors on 3 November 2020.

1. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

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

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

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

Notes to The *Financial Statements* (Cont'd.)

1. BASIS OF PREPARATION (CONTINUED)

(A) STATEMENT OF COMPLIANCE (CONTINUED)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 October 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020 and 1 June 2020.
- from the annual period beginning on 1 October 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021.
- from the annual period beginning on 1 October 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)* which is not applicable to the Group and the Company.
- from the annual period beginning on 1 October 2023 for those amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17, *Insurance Contracts* which is not applicable to the Group and the Company.

The initial application of the abovementioned accounting standards and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

(B) BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

(C) FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(D) USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1. BASIS OF PREPARATION (CONTINUED)

(D) USE OF ESTIMATES AND JUDGEMENTS (CONTINUED)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

(i) Note 4 – extension options and incremental borrowing rate in relation to leases

(ii) Note 5 – valuation of investment properties

(iii) Note 7 – goodwill

(iv) Note 16(D) – share-based payments

(v) Note 18 – employee benefits

(vi) Note 20 – contract liabilities

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 34.

(A) BASIS OF CONSOLIDATION

(i) Subsidiaries

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

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

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

(ii) Business combinations

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

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

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

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

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

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

Notes to The *Financial Statements* (Cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF CONSOLIDATION (CONTINUED)

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

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

(v) Associate

An associate is an entity in which the Group has significant influence, but not control, over the financial and operating policies.

Investment in an associate is accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate, from the date that significant influence commences until the date that significant influence ceases.

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

Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The financial statements of the associate are prepared as of a different reporting date from that of the Group. The share of results of an associate refers to Cocoaland Holdings Berhad and is derived from the sum total of its unaudited quarterly results recognised by the Group for the four quarters ended 30 June 2020. Where necessary, adjustments are made to bring the accounting policies of the associate in line with those of the Group.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(A) BASIS OF CONSOLIDATION (CONTINUED)

(vi) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investment in a joint venture is accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the joint venture, from the date that joint control commences until the date that joint control ceases.

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

Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The financial statements of the joint venture are prepared as of the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies of the joint venture in line with those of the Group.

When the Group ceases to have joint control over a joint venture, any retained interest in the former joint venture at the date when joint control is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

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

(vii) Non-controlling interests

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

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

(viii) Transactions eliminated on consolidation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(B) FOREIGN CURRENCY

(i) Foreign currency transactions

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

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

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

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

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

(ii) Operations denominated in functional currencies other than RM

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

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

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

(C) FINANCIAL INSTRUMENTS

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(K)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss are subject to impairment assessment (see Note 2(K)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial liabilities (continued)

(a) Fair value through profit or loss (continued)

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) FINANCIAL INSTRUMENTS (CONTINUED)

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(D) PROPERTY, PLANT AND EQUIPMENT

(i) Recognition and measurement

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

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

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

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

- buildings 10 – 60 years
- plant and machinery 3 – 15 years
- others * 2 – 12 years

* Comprise motor vehicles, postmix, coolers, vending machines, furniture, fittings, office equipment and computer equipment.

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

Notes to The *Financial Statements* (Cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) LEASES

The Group has applied MFRS 16, *Leases* using the modified retrospective approach with the initial application that the right-of-use assets is equivalent to the lease liabilities as at 1 October 2019. Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial year

(i) Definition of a lease

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

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

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

(ii) Recognition and initial measurement

(a) As a lessee

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) LEASES (CONTINUED)

Current financial year (continued)

(ii) Recognition and initial measurement (continued)

(b) As a lessor

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

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

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

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

(iii) Subsequent measurement

(a) As a lessee

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

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

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

(b) As a lessor

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

Previous financial year

As a lessee

(i) Finance lease

Leases in terms of which the Group assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease was classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

Notes to The *Financial Statements* (Cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(E) LEASES (CONTINUED)

Previous financial year (continued)

As a lessee (continued)

(ii) Operating lease

Leases, where the Group did not assume substantially all the risks and rewards of ownership were classified as operating leases and the leased assets were not recognised on the statement of financial position.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

(F) INTANGIBLE ASSETS

(i) Goodwill

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

(ii) Brand

Brand was stated at cost less any accumulated impairment losses. The useful life of the brand was estimated to be indefinite because based on the current market share of the brand, management believed there was no foreseeable limit to the period over which the brand was expected to generate net cash flows to the Group.

Gains or losses arising from derecognition of a brand were measured as the difference between the net disposal proceeds and the carrying amount of the brand and were recognised in the profit or loss when the brand was derecognised.

(iii) Computer software

Customised computer software and computer software license that is not integral to the functionality of the related equipment is recognised as an intangible asset, stated at cost less any accumulated amortisation and any accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Goodwill and brand with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Computer software and computer software license are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives of computer software and computer software license for the current and comparative periods are between 2 to 10 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(G) INVESTMENT PROPERTIES

(i) Investment property carried at fair value

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

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

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

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

(ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(H) PROPERTIES HELD FOR DEVELOPMENT

Properties held for development consist of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Properties held for development are classified within non-current assets and are stated at lower of cost less any accumulated impairment losses and net realisable value.

Properties held for development are reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Cost associated with acquisition of land includes the purchases price of land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

(I) INVENTORIES

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

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

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

Notes to The *Financial Statements* (Cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(J) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(K) IMPAIRMENT

(i) Financial assets

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

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

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

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

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience and adjusted for forward-looking factors specific to the trade receivables and the economic environment.

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

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

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

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

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) IMPAIRMENT (CONTINUED)

(ii) Other assets (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

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

(L) EQUITY INSTRUMENTS

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

(i) Ordinary shares

Ordinary shares are classified as equity.

(ii) Treasury shares

When share capital recognised as equity was repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, was recognised as a deduction from equity. Repurchased shares that were not subsequently cancelled were classified as treasury shares in the statement of changes in equity.

When treasury shares were sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares was recognised in equity.

(iii) Shares held by Share Grant Plan ("SGP") Trust

The Company has established a trust for its SGP and is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase the Company's shares from the open market for the purposes of this trust.

The shares purchased are measured and carried at the cost of purchase on initial recognition and subsequently maintained on the same basis. The SGP Trust is included in the Group's and the Company's financial statements as a deduction from equity and classified as "Shares held by SGP Trust".

Notes to The *Financial Statements* (Cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(M) EMPLOYEE BENEFITS

(i) Short-term employee benefits

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

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

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(iii) Defined benefit plans

Certain subsidiaries of the Group operate unfunded defined benefit plans for its employees. The plans pay a lump sum amount (instead of a pension) at retirement. The schemes do not hold any physical assets but instead the Group makes provision to cover the estimated retirement benefit liabilities.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iv) Share-based payment transactions

The grant date fair value of share-based payment granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes.

The fair value of share awards granted to employees of subsidiaries are recharged by the Company to the subsidiaries.

(v) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) CONTRACT LIABILITIES

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers. Contract liabilities also include trade incentives yet to be paid to customers.

(i) Sale of goods with variable consideration

Some contracts for the sale of goods provide customers with trade incentives. Trade incentives give rise to variable consideration.

Trade incentives

The Group provides incentives to certain customers based on the achievement of the performance criteria stated in the signed incentive guide. Incentives are credited to the customer's account and available for purchase of products. Trade incentives give rise to variable consideration. To estimate the variable consideration for the expected future incentives, the Group applies the maximum achievement criteria of set targets. The sales thresholds contained in the signed incentive guide primarily drive the selected method that best predicts the amount of variable consideration. The Group then applies the requirements on constraining estimates of variable consideration and recognises a liability for the expected future incentives.

(ii) Advances received from customers

Certain customers pay purchase consideration to the Group before the transfer of goods to the customer. The Group concluded that contract liability should be recognised for amount received as advances from customer for which goods are yet to be transferred.

(O) REVENUE AND OTHER INCOME

(i) Revenue

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

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

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

(ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as reduction of rental income, over the term of the lease on a straight-line basis. Rental income from sub-leased property is recognised as other income.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iv) Interest income

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

Notes to The *Financial Statements* (Cont'd.)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(P) BORROWING COSTS

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

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

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

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

(Q) INCOME TAX

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

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

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(G), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

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

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

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(R) EARNINGS PER ORDINARY SHARE

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

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

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share grants granted pursuant to SGP and shares held by SGP Trust.

(S) OPERATING SEGMENTS

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

For management purposes, the Group's operating businesses are organised according to products and services, namely Food & Beverages ("F&B") Malaysia, F&B Thailand, Property and others which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

(T) FAIR VALUE MEASUREMENTS

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

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

Notes to The *Financial Statements* (Cont'd.)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Assets under construction RM'000	* Others RM'000	Total RM'000
Cost								
At 1 October 2018		96,353	79,487	549,519	1,069,191	106,833	296,956	2,198,339
Additions		–	–	–	1,009	134,236	2,466	137,711
Transfer to intangible assets	7	–	–	–	–	(589)	(321)	(910)
Disposals		–	–	(10)	(612)	–	(7,278)	(7,900)
Written off		–	–	–	(9,975)	(2,842)	(9,168)	(21,985)
Reclassifications		–	106	14,226	102,633	(120,138)	3,173	–
Effect of movements in exchange rates		1,537	–	12,626	23,151	1,503	2,531	41,348
At 30 September 2019, as previously stated		**97,890**	**79,593**	**576,361**	**1,185,397**	**119,003**	**288,359**	**2,346,603**
Adjustment on initial application of MFRS 16 – reclassed to right-of-use assets		**–**	**(79,593)**	**–**	**–**	**–**	**–**	**(79,593)**
At 1 October 2019, as restated		**97,890**	**–**	**576,361**	**1,185,397**	**119,003**	**288,359**	**2,267,010**
Additions		**–**	**–**	**133**	**2,185**	**201,889**	**3,216**	**207,423**
Transfer to intangible assets	7	**–**	**–**	**–**	**–**	**(648)**	**–**	**(648)**
Disposals		**–**	**–**	**(19)**	**(4,603)**	**–**	**(8,993)**	**(13,615)**
Written off		**–**	**–**	**–**	**(720)**	**–**	**(4,194)**	**(4,914)**
Reclassifications		**–**	**–**	**28,250**	**85,436**	**(117,054)**	**3,368**	**–**
Effect of movements in exchange rates		**(979)**	**–**	**(8,442)**	**(16,055)**	**(740)**	**(1,707)**	**(27,923)**
At 30 September 2020		**96,911**	**–**	**596,283**	**1,251,640**	**202,450**	**280,049**	**2,427,333**
Accumulated depreciation								
At 1 October 2018		–	(12,093)	(117,169)	(559,414)	–	(214,823)	(903,499)
Depreciation for the year	25	–	(1,102)	(12,208)	(62,622)	–	(24,133)	(100,065)
Transfer to intangible assets	7	–	–	–	–	–	277	277
Disposals		–	–	3	258	–	6,945	7,206
Written off		–	–	–	9,937	–	8,750	18,687
Reclassifications		–	–	211	(13)	–	(674)	(476)
Effect of movements in exchange rates		–	–	(2,676)	(12,730)	–	(1,687)	(17,093)
At 30 September 2019, as previously stated		**–**	**(13,195)**	**(131,839)**	**(624,584)**	**–**	**(225,345)**	**(994,963)**
Adjustment on initial application of MFRS 16 – reclassed to right-of-use assets		**–**	**13,195**	**–**	**–**	**–**	**–**	**13,195**
At 1 October 2019, as restated		**–**	**–**	**(131,839)**	**(624,584)**	**–**	**(225,345)**	**(981,768)**
Depreciation for the year	25	**–**	**–**	**(13,416)**	**(69,895)**	**–**	**(21,596)**	**(104,907)**
Disposals		**–**	**–**	**6**	**4,097**	**–**	**8,676**	**12,779**
Written off		**–**	**–**	**–**	**669**	**–**	**3,787**	**4,456**
Effect of movements in exchange rates		**–**	**–**	**1,903**	**9,057**	**–**	**1,256**	**12,216**
At 30 September 2020		**–**	**–**	**(143,346)**	**(680,656)**	**–**	**(233,222)**	**(1,057,224)**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group (continued)	Note	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Assets under construction RM'000	* Others RM'000	Total RM'000
Accumulated impairment loss								
At 1 October 2018		(2,216)	(2,220)	(1,430)	(6,380)	–	(915)	(13,161)
Impairment loss	25	–	–	–	(320)	–	(43)	(363)
Reversal of impairment loss	25	–	–	1	230	–	466	697
Reclassifications		–	–	(2)	408	–	70	476
Effect of movements in exchange rates		–	–	(88)	(21)	–	–	(109)
At 30 September 2019, as previously stated		**(2,216)**	**(2,220)**	**(1,519)**	**(6,083)**	**–**	**(422)**	**(12,460)**
Adjustment on initial application of MFRS 16 – reclassed to right-of-use assets		**–**	**2,220**	**–**	**–**	**–**	**–**	**2,220**
At 1 October 2019, as restated		**(2,216)**	**–**	**(1,519)**	**(6,083)**	**–**	**(422)**	**(10,240)**
Impairment loss	25	**–**	**–**	**–**	**(180)**	**–**	**(402)**	**(582)**
Reversal of impairment loss	25	**–**	**–**	**–**	**115**	**–**	**423**	**538**
Effect of movements in exchange rates		**–**	**–**	**56**	**12**	**–**	**–**	**68**
At 30 September 2020		**(2,216)**	**–**	**(1,463)**	**(6,136)**	**–**	**(401)**	**(10,216)**
Carrying amount								
At 1 October 2018		94,137	65,174	430,920	503,397	106,833	81,218	1,281,679
At 30 September 2019		95,674	64,178	443,003	554,730	119,003	62,592	1,339,180
At 30 September 2020		**94,695**	**–**	**451,474**	**564,848**	**202,450**	**46,426**	**1,359,893**

* Comprise motor vehicles, postmix, coolers, vending machines, furniture, fittings, office equipment and computer equipment.

3.1 An impairment loss of RM582,000 (2019: RM363,000), representing the write-down of plant and equipment to its recoverable amount, was recognised in "cost of sales" line item of the profit or loss for the financial year ended 30 September 2020. The reversal of the impairment loss in respect of the plant and equipment of RM538,000 (2019: RM697,000) was made during the financial year as those plant and equipment were repaired and refurbished. The carrying amount of the plant and equipment was increased to its recoverable amount of RM538,000 (2019: RM697,000).

3.2 Assets under construction are mainly relating to buildings, plant and machinery.

Notes to The *Financial Statements* (Cont'd.)

4. RIGHT-OF-USE ASSETS

Group	Note	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Adjustment on initial application of MFRS 16						
– reclassed from property, plant and equipment		**64,178**	**–**	**–**	**–**	**64,178**
– others		**942**	**23,547**	**123**	**4,478**	**29,090**
At 1 October 2019		**65,120**	**23,547**	**123**	**4,478**	**93,268**
Additions		**–**	**8,813**	**432**	**12,643**	**21,888**
Depreciation for the year	25	**(1,178)**	**(20,057)**	**(389)**	**(4,241)**	**(25,865)**
Terminations/Modifications		**–**	**(402)**	**–**	**(1,232)**	**(1,634)**
Effect of movement in exchange rates		**(40)**	**(363)**	**–**	**(71)**	**(474)**
At 30 September 2020		**63,902**	**11,538**	**166**	**11,577**	**87,183**

Leasehold land relates to the lease of land with lease terms of ten to ninety-nine years for the Group's factory buildings, office buildings and warehouse.

The Group leases various warehouses, office buildings, plant and machinery, and motor vehicles. Rental contracts are typically made for fixed periods of one to ten years with an option to renew the lease after that date. Lease terms are negotiated on an individual basis with different terms and conditions.

4.1 EXTENSION OPTIONS

Some leases of office buildings contain extension options exercisable by the Group up to three years before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

4.2 SIGNIFICANT JUDGEMENTS AND ASSUMPTIONS IN RELATION TO LEASE

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5. INVESTMENT PROPERTIES

	Group 2020 RM'000	2019 RM'000
At fair value - Buildings	**47,569**	48,775
At 1 October 2019/2018	**48,775**	49,318
Change in fair value recognised in profit or loss	**(1,206)**	–
Written off	**–**	(543)
At 30 September	**47,569**	48,775

5. INVESTMENT PROPERTIES (CONTINUED)

Investment properties comprise commercial property and car park that are leased to third parties. Each of the lease contains an initial non-cancellable period of two to three years and subsequent renewals are negotiated with the lessee. No contingent rents are charged. The Group does not charge variable lease payments that do not depend on an index or rate.

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

	Group	
	2020	**2019**
	RM'000	**RM'000**
Lease income	**337**	402
Direct operating expenses		
– income generating investment properties	**(635)**	(714)
– non-income generating investment properties	**(482)**	(535)

FAIR VALUE INFORMATION

Fair values of investment properties are categorised as follows:

	Group	
	2020	**2019**
	Level 3	**Level 3**
	RM'000	**RM'000**
Buildings	**47,569**	48,775

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

			Range and rate	
Properties	**Valuation technique**	**Significant unobservable inputs**	**2020**	**2019**
Commercial property	Investment approach	Estimated rental value per square feet per month (RM)		
		– 1st to 5th year	**4.00-5.50**	4.00-5.50
		– 6th year onwards	**4.00-5.50**	4.00-5.50
		Capitalisation rate		
		– 6th year onwards	**7.25%**	7.25%
		Void factor		
		– 1st to 5th year	**50%**	50%
		– 6th year onwards	**12.50%**	10%
		Capital expenditure reserve per square feet (RM)	**1.00**	1.00
		Discount factor		
		– 1st to 5th year	**7.00%**	7.00%
		– 6th year onwards	**7.25%**	7.25%
		Market interruption	**20.00%**	–
Car park	Direct comparison approach	Value per car park bay	**RM30,000**	RM30,000

Increase/(Decrease) in estimated rental value would result in higher/(lower) fair value of the investment properties assuming if all other assumptions were held constant. Increases/(Decreases) in the capitalisation rate, void factor, capital expenditure reserve, discount factor and market interruption would result in lower/(higher) fair value assuming if all other assumptions were held constant.

Notes to The *Financial Statements* (Cont'd.)

5. INVESTMENT PROPERTIES (CONTINUED)

FAIR VALUE INFORMATION (CONTINUED)

Valuation processes applied by the Group for Level 3 fair value

The fair values of investment properties are based on valuation performed by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation company provides the fair value of the Group's investment property portfolio annually. Changes in Level 3 fair values are analysed by the management annually after obtaining valuation report from the valuation company.

Highest and best use

The Group's investment properties comprise office building and car park which represented the highest and best use of the properties as they are on prime land in the city centre.

6. PROPERTIES HELD FOR DEVELOPMENT

	Group	
	2020 RM'000	**2019 RM'000**
At cost		
At 1 October 2019/2018	**56,047**	56,047
Property development cost written off	**(1,089)**	–
As at 30 September	**54,958**	56,047
Properties held for development comprise:		
– Freehold land	**49,783**	49,783
– Development costs	**5,175**	6,264
	54,958	56,047

7. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Brand RM'000	Computer software RM'000	Total RM'000
Cost					
At 1 October 2018		45,929	75,370	43,685	164,984
Additions		–	–	128	128
Transfer from property, plant and equipment	3	–	–	910	910
Disposals		–	–	(1,588)	(1,588)
Written off		–	–	(14,165)	(14,165)
At 30 September 2019/1 October 2019		**45,929**	**75,370**	**28,970**	**150,269**
Additions		**–**	**–**	**1,796**	**1,796**
Transfer from property, plant and equipment	3	**–**	**–**	**648**	**648**
Disposals	35(B)	**–**	**(75,370)**	**–**	**(75,370)**
At 30 September 2020		**45,929**	**–**	**31,414**	**77,343**
Accumulated amortisation and impairment loss					
At 1 October 2018					
Accumulated amortisation		–	–	(37,303)	(37,303)
Accumulated impairment loss		(5,392)	–	–	(5,392)
		(5,392)	–	(37,303)	(42,695)
Amortisation for the year	25	–	–	(2,353)	(2,353)
Disposals		–	–	1,537	1,537
Written off		–	–	14,165	14,165
Transfer from property, plant and equipment	3	–	–	(277)	(277)
At 30 September 2019/1 October 2019					
Accumulated amortisation		**–**	**–**	**(24,231)**	**(24,231)**
Accumulated impairment loss		**(5,392)**	**–**	**–**	**(5,392)**
		(5,392)	**–**	**(24,231)**	**(29,623)**
Amortisation for the year	25	**–**	**–**	**(1,799)**	**(1,799)**
At 30 September 2020					
Accumulated amortisation		**–**	**–**	**(26,030)**	**(26,030)**
Accumulated impairment loss		**(5,392)**	**–**	**–**	**(5,392)**
		(5,392)	**–**	**(26,030)**	**(31,422)**
Carrying amount					
At 1 October 2018		40,537	75,370	6,382	122,289
At 30 September 2019/1 October 2019		40,537	75,370	4,739	120,646
At 30 September 2020		**40,537**	**–**	**5,384**	**45,921**

Notes to The *Financial Statements* (Cont'd.)

7. INTANGIBLE ASSETS (CONTINUED)

(A) ALLOCATION OF GOODWILL, BRAND AND COMPUTER SOFTWARE

Goodwill, brand and computer software have been allocated to the Group's cash-generating units ("CGUs") as identified according to country of operation and business segment as follows:

Group	Goodwill RM'000	Brand RM'000	Computer software RM'000	Total RM'000
At 30 September 2020				
Dairy products				
– Malaysia	**–**	**–**	**37**	**37**
– Thailand	**999**	**–**	**–**	**999**
Soft drinks				
– Malaysia	**39,538**	**–**	**1,608**	**41,146**
Property/Others	**–**	**–**	**3,739**	**3,739**
	40,537	**–**	**5,384**	**45,921**
At 30 September 2019				
Dairy products				
– Malaysia	–	75,370	64	75,434
– Thailand	999	–	–	999
Soft drinks				
– Malaysia	39,538	–	1,458	40,996
Property/Others	–	–	3,217	3,217
	40,537	75,370	4,739	120,646

(B) KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS

(i) Goodwill

No impairment loss is required for the goodwill assessed in the current financial year as their recoverable values are in excess of their carrying values.

Goodwill is allocated for impairment testing purposes to the individual entity which is also the CGU. The value in use calculations apply a discounted cash flows model using cash flow projections based on financial budgets approved by management covering three-year period.

The discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium at the date of assessment of the respective CGUs.

The terminal growth rate used does not exceed the long-term average growth rate of the respective industry and country in which the entity operates.

Cash flows beyond these periods (i.e. three-year) are extrapolated using the estimated growth rate stated in the table below:

	Terminal growth rate	Average annual growth rate	Pre-tax discount rate
At 30 September 2020			
Dairy products	**1.0%**	**10.1%**	**7.1%**
Soft drinks	**0.0%**	**11.7%**	**8.4%**
At 30 September 2019			
Dairy products	1.0%	7.9%	8.8%
Soft drinks	0.0%	8.4%	9.8%

7. INTANGIBLE ASSETS (CONTINUED)

(B) KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS (CONTINUED)

(ii) Brand

During the financial year, the brand was disposed to F&N Global Marketing Pte Limited, a direct wholly owned subsidiary of F&NL for a cash consideration amounting to RM83,175,000 (Note 35(B)). The Group recorded a gain amounting to RM7,805,000 (Note 25) from the disposal thereof.

In the previous financial year, the value in use calculations applied a discounted cash flows model using cash flow projections based on business plan covering three-year period.

The discount rates applied to the cash flow projections were derived from the cost of capital plus a reasonable risk premium.

	Terminal growth rate	Annual growth rate	Pre-tax discount rate
At 30 September 2019	1.0%	1.0%	9.8%

The key assumptions represented management's assessment of future trends in Condensed Milk industry and were based on both external sources and internal sources (historical data).

(C) SENSITIVITY TO CHANGES IN ASSUMPTIONS

With regard to the assessment of value in use of these CGUs, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these CGUs to differ materially from their recoverable amounts except for the changes in the prevailing operating environment, the impact of which is not expected to be significant.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	**2019 RM'000**
At cost		
Unquoted shares:		
– Ordinary shares	**363,201**	353,201
– Redeemable non-cumulative convertible preference shares ("RNCCPS")	**565,404**	565,404
	928,605	918,605
Less: Impairment loss	**(8,562)**	(7,182)
	920,043	911,423

During the financial year,

(a) The Company's wholly owned subsidiary, Fraser & Neave (Malaya) Sdn Bhd incorporated a wholly owned subsidiary, Fraser and Neave MENA DWC-LLC ("F&N MENA") with a registered and paid up share capital of AED300,000 comprising 300,000 ordinary shares of AED1 each. F&N MENA was set up to conduct the business of trading in food and beverages and dairy products. It had not commenced operations since its incorporation.

(b) The Company subscribed additional issued and paid up share capital of RM10,000,000 in its wholly owned subsidiary, F&N AgriValley Sdn Bhd for a total cash consideration of RM10,000,000 comprising 10,000,000 ordinary shares.

(c) The Company recognised impairment loss of RM1,380,000 for the investments in its subsidiaries, F&N Dairies (Malaysia) Sdn Bhd, F&N Properties Sdn Bhd, Lettricia Corporation Sdn Bhd and Premier Milk (Malaya) Sdn Berhad in "other expenses" as the recoverable amounts are less than the carrying amounts.

Notes to The *Financial Statements* (Cont'd.)

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

In the previous financial year,

(a) A wholly owned subsidiary of the Company, F&N Dairies (Malaysia) Sdn Bhd reduced its issued and paid up capital of RM20,000,000 to RM2 by cancelling 19,999,998 ordinary shares, and that the credit of RM19,999,998 arising therefrom was distributed to the Company as capital repayment.

(b) A wholly owned subsidiary of the Company, Wimanis Sdn Bhd held a final meeting on 8 July 2019 pursuant to its members' voluntary winding up. It was dissolved in accordance with Section 459(5) of the Companies Act 2016 on 7 October 2019.

(c) The Company incorporated F&N AgriValley Sdn Bhd under the Companies Act 2016 for a total cash consideration of RM100 comprising 100 ordinary shares. It had not commenced operations since its incorporation.

The Company subscribed to the entire RNCCPS in the following subsidiaries:

	Issue price RM	Number of shares	2020 RM'000	2019 RM'000
Lion Share Management Limited	3,505	21,000	**73,604**	73,604
Utas Mutiara Sdn Bhd	1,000	17,700	**17,700**	17,700
Greenclipper Corporation Sdn Bhd	1,000	7,000	**7,000**	7,000
F&N Properties Sdn Bhd	1,000	57,000	**57,000**	57,000
Nuvak Company Sdn Bhd	1,000	28,100	**28,100**	28,100
F&N Dairies Manufacturing Sdn Bhd	1,000	382,000	**382,000**	382,000
		512,800	**565,404**	565,404

Details of subsidiaries are as follows:

Name of company	Country of incorporation and place of business	Principal activity/Nature of relationship	Effective ownership and voting interest (%) 2020	2019
Subsidiaries of Fraser & Neave Holdings Bhd				
F&N Beverages Marketing Sdn Bhd	Malaysia	Distribution and sale of soft drinks and dairy products	**100**	100
F&N Beverages Manufacturing Sdn Bhd	Malaysia	Manufacturing and sale of soft drinks	**100**	100
F&N Dairies Manufacturing Sdn Bhd	Malaysia	Manufacturing and sale of dairy products	**100**	100
F&N Dairies (Thailand) Limited [(i)]	Thailand	Manufacturing, distribution and sale of dairy products	**100**	100
F&N Dairies Distribution (Singapore) Pte Ltd [(i)]	Republic of Singapore	Distribution of dairy products	**100**	100
F&N Marketing (B) Sdn Bhd [(i)]	Brunei Darussalam	Sale of soft drinks and dairy products	**100**	100
Fraser & Neave (Malaya) Sdn Bhd	Malaysia	Sale of soft drinks and dairy products, provision of management service and property investment holdings	**100**	100
F&N Capital Sdn Bhd	Malaysia	Provision of financial and treasury services	**100**	100
F&N Properties Sdn Bhd	Malaysia	Provision of property management services	**100**	100
Greenclipper Corporation Sdn Bhd	Malaysia	Property development	**100**	100
Lettricia Corporation Sdn Bhd	Malaysia	Property development	**70**	70

8. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Country of incorporation and place of business	Principal activity/Nature of relationship	Effective ownership and voting interest (%) 2020	2019
Subsidiaries of Fraser & Neave Holdings Bhd (continued)				
Tropical League Sdn Bhd	Malaysia	Property development	**100**	100
Nuvak Company Sdn Bhd	Malaysia	Property development	**100**	100
Utas Mutiara Sdn Bhd	Malaysia	Property investment holding	**100**	100
Elsinburg Holdings Sdn Bhd	Malaysia	Inactive	**100**	100
F&N AgriValley Sdn Bhd	Malaysia	Inactive	**100**	100
F&N Dairies (Malaysia) Sdn Bhd	Malaysia	Inactive	**100**	100
Lion Share Management Limited	British Virgin Islands	Inactive	**100**	100
Premier Milk (Malaya) Sdn Berhad	Malaysia	Inactive	**100**	100
Wimanis Sdn Bhd	Malaysia	Inactive	**–**	100
Subsidiary of F&N Beverages Manufacturing Sdn Bhd				
Borneo Springs Sdn Bhd	Malaysia	Manufacturing and sale of mineral water, drinking water and rental of dispensers	**100**	100
Subsidiary of Fraser & Neave (Malaya) Sdn Bhd				
Fraser and Neave MENA DWC-LLC [ii]	United Arab Emirates	Inactive	**100**	–

(i) Audited by other member firms of KPMG PLT.
(ii) Not audited by KPMG PLT.

The Group concluded that Lettricia Corporation Sdn Bhd, the subsidiary with non-controlling interest, is not material to the Group.

9. INVESTMENT IN AN ASSOCIATE

	Group 2020 RM'000	2019 RM'000	Company 2020 RM'000	2019 RM'000
At cost				
Quoted shares	**68,727**	68,727	**68,727**	68,727
Share of post-acquisition reserves	**73,119**	65,295	**–**	–
Dividends received	**(50,585)**	(44,364)	**–**	–
	91,261	89,658	**68,727**	68,727

Notes to The *Financial Statements* (Cont'd.)

9. INVESTMENT IN AN ASSOCIATE (CONTINUED)

	Group and Company	
	2020 RM'000	2019 RM'000
Market value		
Quoted shares	**107,626**	120,690

The associate is incorporated in Malaysia and the details are as follows:

Name of associate	Principal activity/Nature of relationship	Effective ownership and voting interest (%)	
		2020	2019
Cocoaland Holdings Berhad ("CHB") (Financial year end: 31 December)	Investment holding company, manufacturing, trading and marketing of processed and preserved foods and fruits of all kinds/Strategic supplier of the Group	**27.19**	27.19

The share of results of an associate is derived from the sum total of its unaudited quarterly results recognised by the Group for the four quarters ended 30 June 2020. It is impracticable to use the financial results of the associate at the same reporting date of the Group because the associate is a public listed company and its financial results has not been announced to the public.

The following table summarises the information of CHB, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in CHB, which is accounted for using the equity method.

	Group	
	2020 RM'000	2019 RM'000
Summarised financial information		
As at 30 June		
Non-current assets	**110,189**	102,030
Current assets	**192,903**	198,113
Non-current liabilities	**(5,351)**	(6,690)
Current liabilities	**(28,880)**	(30,487)
Net assets	**268,861**	262,966
Year ended 30 June		
Revenue	**239,359**	251,105
Profit for the year	**28,774**	33,611
Reconciliation of net assets to carrying amount as at 30 September		
Group's share of net assets	**73,103**	71,500
Goodwill	**18,158**	18,158
Carrying amount in the statement of financial position	**91,261**	89,658
Group's share of profit for the year	**7,824**	9,139

10. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At cost				
Unquoted shares	**127,820**	500	**127,820**	500
Share of post-acquisition reserves	**(22,977)**	(22,694)	**–**	–
	104,843	(22,194)	**127,820**	500
Shareholder's loan	**–**	126,820	**–**	126,820
Interest on shareholder's loan	**38,294**	38,279	**38,294**	38,279
	143,137	142,905	**166,114**	165,599
Less: Unrealised profit	**(55,292)**	(55,292)	**–**	–
	87,845	87,613	**166,114**	165,599

The joint venture is incorporated in Malaysia and the details are as follows:

Name of joint venture	Principal activity/Nature of relationship	Effective ownership and voting interest (%)	
		2020	2019
Vacaron Company Sdn Bhd ("VCSB") (Financial year end: 30 September)	Property development/Strategic to the property development activities of the Group	**50.00**	50.00

The following table summarises the information of VCSB, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in VCSB, which is accounted for using the equity method.

	Group	
	2020 RM'000	2019 RM'000
Summarised financial information		
As at 30 September		
Non-current assets	**11**	30
Current assets	**286,595**	286,169
Current liabilities	**(76,939)**	(330,606)
Year ended 30 September		
Revenue	**–**	–
Loss for the year	**(566)**	(14,589)
Reconciliation of net assets/(liabilities) to carrying amount as at 30 September		
Group's share of net assets/(liabilities)	**104,834**	(22,203)
Goodwill	**9**	9
Shareholder's loan	**–**	126,820
Interest on shareholder's loan	**38,294**	38,279
Elimination of unrealised profit	**(55,292)**	(55,292)
Carrying amount in the statement of financial position	**87,845**	87,613
Group's share of loss for the year	**(283)**	(7,295)

The joint venture had no other contingent liabilities or capital commitments as at 30 September 2020 and 2019. VCSB cannot distribute its profits without the consent from the two venture partners.

Notes to The *Financial Statements* (Cont'd.)

10. INVESTMENT IN A JOINT VENTURE (CONTINUED)

SHAREHOLDER'S LOAN

On 11 November 2011, the Company entered into a conditional subscription cum shareholders' agreement ("SSA") with Frasers Property Holdings (Malaysia) Pte. Ltd. ("FPHM") to form a joint venture, via VCSB for the purpose of carrying out a proposed mixed development on the land held under PN 3679 for Lot No. 35 and PN 3681 for Lot No. 37, Seksyen 13, Bandar Petaling Jaya ("PJ"), Daerah Petaling, Selangor ("Land").

The Company and FPHM had both granted shareholders' loans to VCSB pursuant to the SSA. The loans were unsecured, borne interest at KLIBOR + 1.25% (2019: KLIBOR + 1.25%) per annum and were denominated in RM.

On 2 October 2019, the shareholder's loan was converted to 126,820 RNCCPS at issue price of RM1,000 each.

RNCCPS have the following salient terms:

(i) Non-cumulative preferential dividend, the quantum of which will be at the discretion of the joint venture subject to the applicable laws and regulations governing the joint venture.

(ii) The RNCCPS shall rank pari passu as between themselves and prior to the ordinary shares and all other classes of shares, if any, for the time being of the joint venture.

(iii) Each RNCCPS is transferable subject to the Articles of Association and any applicable laws.

(iv) The registered RNCCPS holder would not have the right to vote at any general meeting of the joint venture.

(v) Subject to the applicable laws and regulations governing the joint venture, the RNCCPS is redeemable at the discretion of the joint venture.

(vi) The RNCCPS are convertible into ordinary shares at the option of the joint venture.

UNREALISED PROFIT

On 18 January 2012, VCSB issued new ordinary shares of 499,998 and 500,000 to the Company and FPHM respectively. Consequent thereupon, the Company and FPHM each holds 50% equity interest in VCSB. With the announcement of the completion of the transaction in the financial year ended 30 September 2012, the Company had effectively divested 50% of its interest in the development land in PJ Section 13 and recognised a gain of approximately RM55,292,000. The remaining 50% unrealised profit of RM55,292,000 will be realised upon the disposal of the land by the joint venture or the date on which the Group ceases to have joint control over the joint venture.

11. DEFERRED TAX ASSETS/(LIABILITIES)

RECOGNISED DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Property, plant and equipment	**4**	228	**(84,804)**	(78,002)	**(84,800)**	(77,774)
Right-of-use assets	**–**	–	**(5,475)**	–	**(5,475)**	–
Investment properties	**127**	–	**(651)**	(813)	**(524)**	(813)
Employee benefit plans	**10,253**	9,368	**–**	–	**10,253**	9,368
Tax loss carry-forwards and unutilised capital allowances	**5,782**	7,803	**–**	–	**5,782**	7,803
Unutilised tax incentives	**23,220**	29,169	**–**	–	**23,220**	29,169
Lease liabilities	**5,556**	–	**–**	–	**5,556**	–
Provisions, contract liabilities and others	**3,885**	4,487	**–**	–	**3,885**	4,487
Tax assets/(liabilities)	**48,827**	51,055	**(90,930)**	(78,815)	**(42,103)**	(27,760)
Set off of tax	**(42,857)**	(44,821)	**42,857**	44,821	**–**	–
Net tax assets/(liabilities)	**5,970**	6,234	**(48,073)**	(33,994)	**(42,103)**	(27,760)

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

UNRECOGNISED DEFERRED TAX ASSETS

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2020 RM'000	**2019 RM'000**
Unutilised reinvestment allowances	**79,935**	79,935
Unutilised capital allowances	**6,220**	6,220
Tax loss carry-forwards	**3,251**	3,251
	89,406	89,406

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

Unutilised reinvestment allowances and tax loss can only be carried forward up to 7 consecutive years of assessment and will expire in 2025.

Unutilised capital allowances do not expire under the current tax legislation except that in the case of a dormant company, such allowances and losses will not be available to the company if there is change of 50% or more in the shareholdings thereof.

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE FINANCIAL YEAR

Group	**At 1 October 2018 RM'000**	**Recognised in profit or loss (Note 24) RM'000**	**Recognised in other comprehensive income (Note 24) RM'000**	**Exchange differences RM'000**	**At 30 September 2019 RM'000**
Property, plant and equipment	(67,013)	(10,776)	–	15	(77,774)
Right-of-use assets	–	–	–	–	–
Investment properties	(704)	(109)	–	–	(813)
Employee benefit plans	6,587	894	1,714	173	9,368
Tax loss carry-forwards and unutilised capital allowances	4,561	3,152	–	90	7,803
Unutilised tax incentives	35,635	(6,466)	–	–	29,169
Lease liabilities	–	–	–	–	–
Provisions, contract liabilities and others	5,288	(950)	–	149	4,487
	(15,646)	(14,255)	1,714	427	(27,760)

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

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE FINANCIAL YEAR (CONTINUED)

Group (continued)	At 30 September 2019 RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1 October 2019 RM'000	Recognised in profit or loss (Note 24) RM'000	Recognised in other comprehensive income (Note 24) RM'000	Exchange differences RM'000	At 30 September 2020 RM'000
Property, plant and equipment	**(77,774)**	**–**	**(77,774)**	**(7,026)**	**–**	**–**	**(84,800)**
Right-of-use assets	**–**	**(6,382)**	**(6,382)**	**980**	**–**	**(73)**	**(5,475)**
Investment properties	**(813)**	**–**	**(813)**	**289**	**–**	**–**	**(524)**
Employee benefit plans	**9,368**	**–**	**9,368**	**487**	**389**	**9**	**10,253**
Tax loss carry-forwards and unutilised capital allowances	**7,803**	**–**	**7,803**	**(2,021)**	**–**	**–**	**5,782**
Unutilised tax incentives	**29,169**	**–**	**29,169**	**(5,949)**	**–**	**–**	**23,220**
Lease liabilities	**–**	**6,377**	**6,377**	**(894)**	**–**	**73**	**5,556**
Provisions, contract liabilities and others	**4,487**	**–**	**4,487**	**(370)**	**–**	**(232)**	**3,885**
	(27,760)	**(5)**	**(27,765)**	**(14,504)**	**389**	**(223)**	**(42,103)**

12. TRADE AND OTHER RECEIVABLES

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Current					
Trade receivables from contracts with customers		**446,163**	435,216	**–**	–
Less: Allowance for impairment losses		**(2,622)**	(2,587)	**–**	–
		443,541	432,629	**–**	–
Other receivables					
– Prepayments		**10,797**	5,241	**–**	–
– Deposits		**3,712**	4,897	**–**	–
– Staff loans		**2,094**	3,476	**–**	–
– Sales tax refund receivable		**–**	1,879	**–**	–
– Sundry debtors	12.1	**24,259**	51,610	**–**	–
– Other tax recoverable		**15,949**	21,246	**–**	–
– Interest		**194**	626	**–**	–
– Other receivables		**510**	1,101	**–**	86
		57,515	90,076	**–**	86
Amounts due from related parties					
– Subsidiaries	12.2	**–**	–	**547,723**	469,762
– Related companies	12.3	**88,590**	77,255	**–**	–
– Joint venture	12.4	**11**	32	**–**	–
– Associate	12.5	**4**	4	**4**	4
		88,605	77,291	**547,727**	469,766
		589,661	599,996	**547,727**	469,852

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

12.1 Included in sundry debtors is mainly downpayment to suppliers of RM23,999,000 (2019: RM44,933,000).

12.2 The amounts due from subsidiaries are non-trade in nature, unsecured, receivable on demand and interest free, except for loan portion of RM543,877,000 (2019: RM427,039,000) which bears interest at KLIBOR + 1.25% (2019: KLIBOR + 1.25%) per annum.

12.3 The amounts due from related companies are trade in nature, except for non-trade portion of RM39,459,000 (2019: RM16,974,000). Non-trade amounts are unsecured, receivable on demand and interest free. Related companies refer to the subsidiaries or associates of TCC Assets Limited, Thai Beverage Public Company Limited, Berli Jucker Public Company Limited ("BJC"), Frasers Property Limited, TCC Land Co., Ltd. and TCC Corporation Limited.

12.4 The amounts due from a joint venture are trade in nature, unsecured, interest free and subject to negotiated trade term.

12.5 The amounts due from an associate are non-trade in nature, unsecured, receivable on demand and interest free.

13. INVENTORIES

	Note	Group 2020 RM'000	2019 RM'000
Finished goods		**184,241**	243,425
Raw materials		**389,977**	275,922
Packaging materials		**55,153**	43,473
Other inventories	13.1	**26,610**	15,584
		655,981	578,404
Recognised in profit or loss			
Inventories recognised as cost of sales		**2,393,750**	2,433,639
Inventories written off	25	**6,498**	8,485
Inventories written down	25	**5,215**	3,333
Reversal of inventories written down	25	**(298)**	(433)

13.1 Other inventories comprise engineering spares and machine consumables.

14. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	2020			2019		
Group	**Nominal value '000**	**Assets RM'000**	**Liabilities RM'000**	**Nominal value '000**	**Assets RM'000**	**Liabilities RM'000**
Forward foreign exchange contracts (less than 1 year)						
– USD	**4,602**	**1**	**(302)**	2,400	6	(55)
– AUD	**1,706**	**3**	**(65)**	2,042	–	(81)
		4	**(367)**		6	(136)

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's payables denominated in currencies other than the functional currencies of Group entities. Most of the forward exchange contracts have maturities of less than one year after the end of the financial year. Where necessary, the forward contracts are rolled over at maturity.

Notes to The *Financial Statements* (Cont'd.)

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	**319,306**	252,980	**86,280**	5,332
Short-term deposits	**174,309**	316,739	**–**	35,000
	493,615	569,719	**86,280**	40,332

Included in cash and bank balances of the Company are proceeds received and held on behalf of its subsidiary amounting to RM83,175,000, relating to disposal of "TEAPOT" trademark as disclosed in Note 35(B).

16. CAPITAL AND RESERVES

(A) SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares	**366,779**	**816,770**	366,779	816,770

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

(B) TREASURY SHARES

	Group and Company	
	Number of shares '000	RM'000
At 1 October 2018	237	1,716
Transfer to Shares held by SGP Trust (Note 16(C))	(237)	(1,716)
At 30 September 2019	–	–

The shares repurchased were being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

16. CAPITAL AND RESERVES (CONTINUED)

(C) SHARES HELD BY SGP TRUST

	Group and Company			
	2020		2019	
	Number of shares '000	RM'000	Number of shares '000	RM'000
At 1 October 2019/2018	**204**	**3,904**	131	4,039
Acquired	**214**	**7,184**	147	5,023
Transfer from treasury shares (Note 16(B))	**–**	**–**	237	1,716
Reissued pursuant to SGP	**(278)**	**(6,400)**	(311)	(6,874)
At 30 September	**140**	**4,688**	204	3,904

The Company established a trust ("SGP Trust") for its eligible executives pursuant to the SGP.

The SGP Trust is administered by an appointed trustee. The trustee will be entitled from time to time to accept financial assistance from the Company upon such terms and conditions as the Company and the trustee may agree to purchase shares in the Company from the open market for the purposes of this trust. The shares purchased for the benefit of SGP holders are recorded as "Shares held by SGP Trust" in the Group's and the Company's financial statements as a deduction in arriving at the shareholders' equity.

Details of the shares acquired during the current and previous financial year are as follows:

	Share price (RM)			Number of shares	Total consideration
	Lowest	Highest	Average	'000	RM'000
2020	**31.10**	**34.86**	**33.57**	**214**	**7,184**
2019	33.28	34.60	34.12	147	5,023

(D) SHARE GRANTS UNDER RSP AND PSP (COLLECTIVELY, THE "SGP")

The Company's SGP which is governed by its by-laws, was approved by Bursa Malaysia Securities Berhad on 20 December 2011 and subsequently approved by the shareholders at the Extraordinary General Meeting held on 13 January 2012. The SGP is valid for 10 years from 15 March 2012 to 14 March 2022.

Under the RSP and PSP, the Company grants a base number of conditional share awards (the "Base Award") to eligible participants annually. The Base Award represents the right to receive fully paid ordinary shares of the Company, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance conditions are met. The Remuneration Committee, as administrator of the SGP, has absolute discretion in granting the Base Award.

The RSP Base Award is conditional on the achievement of pre-determined targets set for a two-year performance period and the PSP Base Award is conditional on the achievement of pre-determined targets set for a three-year performance period. The final number of RSP Shares and PSP Shares to be awarded will be determined at the end of the relevant performance period ("Final Award").

RSP

Information regarding the RSP:

(i) Depending on the achievement of pre-determined targets set for a two-year performance period for the RSP, the final number of RSP shares awarded could range between 0% to 150% of the initial grant of the RSP Base Award.

(ii) At the end of the two-year performance period, 50% of the RSP shares under the Final Award will be released to the participants upon vesting. The balance will be released equally over the subsequent two years upon fulfilment of service requirements.

Notes to The *Financial Statements* (Cont'd.)

16. CAPITAL AND RESERVES (CONTINUED)

(D) SHARE GRANTS UNDER RSP AND PSP (COLLECTIVELY, THE "SGP") (CONTINUED)

RSP (continued)

The following table illustrates the number and movements in RSP grants:

	Number of share grants					
	At 1.10.2019/ grant date	Adjustment for achievement factor	Vested	* Forfeited	At 30.9.2020	Vesting period
RSP 2016 (5.1.2016)	**82,575**	**–**	**(82,575)**	**–**	**–**	31.12.2017– 31.12.2019
RSP 2017 (22.12.2016)	**129,700**	**–**	**(64,375)**	**(3,375)**	**61,950**	31.12.2018– 31.12.2020
RSP 2018 (22.12.2017)	**278,500**	**(17,400)**	**(130,550)**	**(1,650)**	**128,900**	31.12.2019– 31.12.2021
RSP 2019 (22.12.2018)	**357,300**	**(127,300)**	**–**	**(16,400)**	**213,600**	31.12.2020– 31.12.2022
RSP 2020 (23.12.2019)	**514,400**	**–**	**–**	**(18,500)**	**495,900**	31.12.2021– 31.12.2023
	1,362,475	**(144,700)**	**(277,500)**	**(39,925)**	**900,350**	

* Share grants forfeited upon cessation of employment.

No awards were granted to Directors of the Company.

The estimated fair value of shares granted during the financial year ranges from RM31.62 to RM33.06. The fair value of equity-settled contingent award of shares are determined using the Monte Carlo Valuation Model, which involves projection of future outcomes using statistical distributions of key random variables including share price and volatility of returns. The inputs to the model used are as follows:

	RSP			
	2020	2019	2018	2017
Dividend yield (%)	**2.33**	2.34	2.72	3.34
Expected volatility (%)	**13.30**	16.35	11.56	12.67
Risk-free interest rate (%)	**2.95-3.14**	3.56-3.80	3.21-3.59	3.58-3.87
Expected term (years)	**2.02-4.02**	2.03-4.03	2.02-4.03	2.02-4.03
Share price at date of grant (RM)	**34.66**	31.34	26.38	22.86

PSP

Information regarding the PSP:

(i) Depending on the achievement of pre-determined targets set for a three-year performance period for the PSP, the final number of PSP shares awarded could range between 0% to 200% of the initial grant of the PSP Base Award.

(ii) All of the PSP shares under the Final Award will be released to the participants at the end of the three-year performance period upon vesting.

As at 30 September 2020, no shares were granted under the PSP.

16. CAPITAL AND RESERVES (CONTINUED)

(E) LOSS ON PURCHASE OF SHARES FOR SGP

Upon vesting of share awards, there will be a difference between total purchase price paid by SGP Trust (Note 16(C)) to acquire the shares from the open market and the fair value of the share awards granted to employees of subsidiaries. This difference will be included in the Group's and the Company's financial statements as a deduction from equity and classified as "Loss on purchase of shares for SGP".

(F) LEGAL RESERVE

Non-distributable legal reserve amounting to RM9,934,000 (2019: RM9,934,000) relates to a subsidiary in Thailand. Under the provision of Thailand Civil and Commercial Code, the subsidiary is required to set aside at least 5% of its net income after accumulated deficit (if any) as a legal reserve until the reserve is not less than 10% of the registered share capital. This reserve is non-distributable as dividends.

17. LOANS AND BORROWINGS

	Currency	Group 2020 RM'000	2019 RM'000
Non-current			
Term loan – unsecured	Thai Baht ("THB")	–	95,909
Current			
Term loan – unsecured	THB	**91,868**	27,402
		91,868	123,311

COMMERCIAL PAPER ("CP")/MEDIUM TERM NOTE ("MTN") OF RM1,500,000,000

A subsidiary of the Company, F&N Capital Sdn Bhd ("the Issuer"), is able to issue up to RM750,000,000 in nominal value under each of the CP and the MTN programmes respectively, which are unconditionally and irrevocably guaranteed by the Company. The CP has a tenure of seven (7) years from the first issue date of the CP under the CP Programme whilst the MTN has a tenure of fifteen (15) years from the first issue date under the MTN Programme.

The Issuer had on 7 October 2013 issued MTN of RM150,000,000 with a tenure of five (5) years from the issue date. This MTN with interest rate of 4.24% per annum was fully repaid in the previous financial year.

As at 30 September 2020, the unutilised CP/MTN facility available for use amounted to RM1,500,000,000 (2019: RM1,500,000,000). The CP programme of RM750,000,000 has expired on 14 October 2020 whilst the tenure of the MTN Programme is up to 28 September 2028.

TERM LOAN OF THB1,000,000,000

On 1 December 2015 and 6 June 2018, a subsidiary of the Company, F&N Dairies (Thailand) Limited ("FNDT"), was granted term loans of THB1,000,000,000 each with the tenure of three (3) years from the issued date and interest rates of 2.35% and 2.44% per annum respectively. As at 30 September 2020, the outstanding balance for the term loans amounted to THB700,000,000 (2019: THB900,000,000).

On 7 June 2018 and 10 January 2019, FNDT was granted short-term loans of THB200,000,000 and THB400,000,000 with the tenure of six (6) months and interest rates of 1.83% and 2.20% per annum respectively. These term loans were fully repaid in the previous financial year.

Notes to The *Financial Statements* (Cont'd.)

18. EMPLOYEE BENEFITS

Certain subsidiaries of the Group operate unfunded defined benefit plan for its employees. The plan pays a lump sum amount (instead of a pension) at retirement. The schemes do not hold any physical assets but instead the Group makes provision to cover the estimated retirement benefits liabilities. The provisions are determined and assessed based on actuarial valuations using the Projected Unit Credit Method.

The defined benefit plans expose the Group to actuarial risks, such as interest rate risk.

MOVEMENT IN THE NET DEFINED BENEFIT LIABILITY

The following table shows a reconciliation from the opening balance to the closing balance for net defined benefit liability and its components.

	Note	Group 2020 RM'000	2019 RM'000
Balance at 1 October 2019/2018		**49,511**	40,176
Included in profit or loss			
Current service cost		**3,251**	2,404
Past service (credit)/cost		**(17)**	2,667
Interest cost		**1,505**	1,496
	25	**4,739**	6,567
Included in other comprehensive income			
Remeasurement loss/(gain)			
– Actuarial loss/(gain) arising from:			
– demographic assumptions		**–**	224
– financial assumptions		**2,793**	5,667
– experience adjustments		**(1,173)**	1,363
Effect of movements in exchange rates		**(686)**	898
		934	8,152
Others			
Benefits paid		**(3,880)**	(5,077)
Transfers		**–**	(307)
		(3,880)	(5,384)
Balance at 30 September		**51,304**	49,511
Principal actuarial assumptions used			
Discount rate (%)		**1.34-3.50**	1.34-4.50
Rate of increase in salaries (%)		**4.00-7.00**	4.00-7.00
Mortality rate (%)		**0.02-0.44**	0.03-0.44
Disability rate (%)		**0.00-0.04**	0.00-0.04
Retirement age (years)			
– Malaysia		**60**	60
– Thailand		**60**	60

The average duration of the defined benefit plan obligation at the end of the financial year is 10 years (2019: 11 years).

18. EMPLOYEE BENEFITS (CONTINUED)

SENSITIVITY ANALYSIS

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Group	Discount rate		Rate of change in salaries	
	1% increase RM'000	1% decrease RM'000	1% increase RM'000	1% decrease RM'000
2020				
(Decrease)/Increase in defined benefit obligation	**(4,570)**	**5,354**	**5,157**	**(4,497)**
2019				
(Decrease)/Increase in defined benefit obligation	(4,199)	4,916	4,604	(4,026)

Although the analysis does not account to the full distribution of cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions shown.

19. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current					
Trade payables		**224,547**	278,621	**–**	–
Other payables					
– Accrued expenses		**43,080**	51,346	**1,367**	965
– Advertising and promotion		**49,904**	72,288	**–**	–
– Deposits	19.1	**20,354**	22,087	**–**	–
– Distributor incentives, discounts and rebates		**25,731**	39,859	**–**	–
– Interest		**1,127**	1,006	**–**	–
– Staff costs		**26,698**	50,892	**–**	–
– Sundry creditors		**43,074**	49,895	**–**	–
– Others		**41,134**	52,129	**–**	–
		251,102	339,502	**1,367**	965
Amounts due to related parties					
– Subsidiaries	19.2	**–**	–	**87,932**	3,581
– Related companies	19.3	**41,005**	46,458	**17**	31
		41,005	46,458	**87,949**	3,612
		516,654	664,581	**89,316**	4,577

Notes to The *Financial Statements* (Cont'd.)

19. TRADE AND OTHER PAYABLES (CONTINUED)

19.1 Included in deposits are amounts received from dealers which bear interest at rate of 2.40% (2019: 3.15%) per annum.

19.2 The amounts due to subsidiaries are non-trade in nature, unsecured, repayable on demand and interest free.

19.3 The amounts due to related companies are trade in nature, except for non-trade portion for the Group and the Company amounting to RM17,369,000 (2019: RM19,766,000) and RM17,000 (2019: RM31,000) respectively. Non-trade amounts are unsecured, repayable on demand and interest free. Related companies refer to the subsidiaries or associates of TCC Assets Limited, Thai Beverage Public Company Limited, BJC, Frasers Property Limited, Thai Group Holdings Public Company Limited and TCC Corporation Limited.

20. CONTRACT LIABILITIES

Certain liabilities arose as a result of the Group's contracts with the customers as analysed below.

	Group	
	2020 RM'000	**2019 RM'000**
Trade incentives	**51,749**	50,844
Customers' down payments	**6,038**	3,576
	57,787	54,420

21. REVENUE

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Revenue from contracts with customers	**3,987,622**	4,076,074	**–**	–
Other revenue				
Rental income	**885**	1,064	**–**	–
Dividend income				
– from subsidiaries	**–**	–	**272,035**	213,220
– from an associate	**–**	–	**6,221**	3,733
	885	1,064	**278,256**	216,953
Total revenue	**3,988,507**	4,077,138	**278,256**	216,953

21. REVENUE (CONTINUED)

(A) DISAGGREGATION OF REVENUE

Group	F&B Malaysia		F&B Thailand		Property		Others		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Primary geographical markets										
Malaysia	**1,603,184**	1,763,283	**–**	–	**120**	129	**916**	788	**1,604,220**	1,764,200
Thailand	**–**	–	**1,586,570**	1,580,913	**–**	–	**–**	–	**1,586,570**	1,580,913
Cambodia	**–**	–	**215,457**	208,874	**–**	–	**–**	–	**215,457**	208,874
Singapore	**103,487**	185,729	**27,461**	26,844	**–**	–	**1,852**	745	**132,800**	213,318
Africa	**75,742**	35,222	**–**	–	**–**	–	**–**	–	**75,742**	35,222
Hong Kong	**57,088**	37,169	**13,548**	11,698	**–**	–	**–**	–	**70,636**	48,867
Indonesia	**35,063**	12,576	**33,431**	21,169	**–**	–	**206**	–	**68,700**	33,745
Philippines	**43,120**	19,452	**9,530**	11,811	**–**	–	**–**	–	**52,650**	31,263
Laos	**–**	–	**37,878**	36,902	**–**	–	**–**	–	**37,878**	36,902
Myanmar	**30,035**	39,821	**–**	–	**–**	–	**23**	47	**30,058**	39,868
China	**23,919**	10,351	**–**	–	**–**	–	**–**	–	**23,919**	10,351
Brunei	**19,625**	17,940	**–**	–	**–**	–	**–**	–	**19,625**	17,940
Vietnam	**12,498**	11,165	**4,697**	1,952	**–**	–	**–**	–	**17,195**	13,117
Others	**36,988**	32,128	**15,184**	9,366	**–**	–	**–**	–	**52,172**	41,494
	2,040,749	2,164,836	**1,943,756**	1,909,529	**120**	129	**2,997**	1,580	**3,987,622**	4,076,074
Timing and recognition										
At a point in time	**2,040,749**	2,164,836	**1,943,756**	1,909,529	**120**	129	**2,997**	1,580	**3,987,622**	4,076,074
Revenue from contracts with customers	**2,040,749**	2,164,836	**1,943,756**	1,909,529	**120**	129	**2,997**	1,580	**3,987,622**	4,076,074
Other revenue	**–**	–	**–**	–	**756**	924	**129**	140	**885**	1,064
Total revenue	**2,040,749**	2,164,836	**1,943,756**	1,909,529	**876**	1,053	**3,126**	1,720	**3,988,507**	4,077,138

(B) NATURE OF GOODS AND SERVICES

The following information reflects the typical transactions of the Group and the Company:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration
Food and beverages	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period ranging from 30 to 60 days from invoice date.	Trade incentives, discounts, returns and other rebates are awarded to customers as contracted and where relevant, subject to certain terms and conditions.
Dividend income	Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.	Not applicable.	Not applicable.

Notes to The *Financial Statements* (Cont'd.)

21. REVENUE (CONTINUED)

(C) TRANSACTION PRICE ALLOCATED TO THE REMAINING PERFORMANCE OBLIGATIONS

The Group applies the practical expedient on exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

(D) SIGNIFICANT JUDGEMENTS AND ASSUMPTIONS ARISING FROM REVENUE RECOGNITION

The Group estimates the variable consideration for expected future incentives based on maximum achievement criteria of set targets.

22. FINANCE INCOME

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Interest income of financial assets calculated using the effective interest method that are:				
– at amortised cost	**5,068**	15,196	**20,315**	28,998
– other finance income	**–**	27	**–**	–
	5,068	15,223	**20,315**	28,998
Recognised in profit or loss	**5,068**	15,223	**20,315**	28,998

23. FINANCE COSTS

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Interest expense of financial liabilities that are not at fair value through profit or loss:				
– bank borrowings	**2,868**	4,271	**–**	–
Interest expense on lease liabilities	**1,197**	–	**–**	–
Other finance costs	**793**	284	**–**	–
	4,858	4,555	**–**	–
Recognised in profit or loss	**4,858**	4,555	**–**	–

24. TAX EXPENSE

RECOGNISED IN PROFIT OR LOSS

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Current tax expense					
Current year		**97,621**	107,954	**23,372**	12,943
Prior years		**662**	523	**13**	3
		98,283	108,477	**23,385**	12,946
Deferred tax expense					
Origination and reversal of temporary differences		**14,535**	14,946	**–**	–
Over provision in prior year		**(31)**	(691)	**–**	–
	11	**14,504**	14,255	**–**	–
Total income tax expense		**112,787**	122,732	**23,385**	12,946
Deferred tax related to items recognised in other comprehensive income					
Net actuarial gains or losses	11	**(389)**	(1,714)	**–**	–
Reconciliation of tax expense					
Profit before tax		**522,911**	532,956	**293,085**	242,223
Income tax calculated using Malaysian tax rate of 24% (2019: 24%)		**125,499**	127,909	**70,340**	58,134
Effect of tax rates in foreign jurisdictions		**(19,290)**	(16,577)	**–**	–
Tax exempt income		**(22,732)**	(53)	**(66,782)**	(52,069)
Non-deductible expenses		**10,114**	4,607	**772**	378
Deferred tax assets recognised		**–**	(625)	**–**	–
Under/(Over) provided in prior years		**631**	(168)	**13**	3
Foreign withholding tax		**20,375**	8,081	**19,042**	6,500
Others		**(1,810)**	(442)	**–**	–
Total income tax expense		**112,787**	122,732	**23,385**	12,946
Effective income tax rate		**22%**	23%	**8%**	5%

Notes to The *Financial Statements* (Cont'd.)

25. PROFIT FOR THE YEAR

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Profit for the year is arrived at after charging/(crediting):					
Auditors' remunerations					
Audit fees:					
– KPMG PLT		**480**	461	**90**	90
– Overseas affiliates of KPMG PLT		**256**	240	**–**	–
– Other auditors		**14**	–	**–**	–
Non-audit fees:					
– KPMG PLT		**124**	179	**124**	179
– Overseas affiliates of KPMG PLT		**68**	105	**–**	–
Material expenses/(income)					
Advertising and promotion expenses		**174,125**	208,698	**–**	–
Amortisation of intangible assets	7	**1,799**	2,353	**–**	–
Bad debts recovered		**(30)**	(64)	**–**	–
Depreciation of property, plant and equipment	3	**104,907**	100,065	**–**	–
Depreciation of right-of-use assets	4	**25,865**	–	**–**	–
Distributor incentives, discounts and rebates		**713,683**	744,967	**–**	–
Impairment loss:					
– Investments in subsidiaries	8	**–**	–	**1,380**	–
– Plant and equipment	3	**582**	363	**–**	–
– Trade receivables		**513**	511	**–**	–
Inventories written down	13	**5,215**	3,333	**–**	–
Inventories written off	13	**6,498**	8,485	**–**	–
Gain on disposal of intangible assets	7	**(7,805)**	(5)	**–**	–
Net fair value loss on derivatives		**233**	50	**–**	–
Net loss on disposal of plant and equipment		**594**	417	**–**	–
Net realised foreign exchange (gain)/loss		**(203)**	1,734	**149**	14
Net unrealised foreign exchange loss/(gain)		**843**	(201)	**23**	18
Plant and equipment written off		**458**	3,298	**–**	–
Rental income from premises		**(999)**	(1,177)	**–**	–
Reversal of impairment loss:					
– Plant and equipment	3	**(538)**	(697)	**–**	–
– Trade receivables		**(97)**	(199)	**–**	–
Reversal of inventories written down	13	**(298)**	(433)	**–**	–
Royalties:					
– Holding company		**–**	3,221	**–**	–
– Related companies		**49,477**	50,898	**–**	–
– Third parties		**91,388**	91,070	**–**	–
Personnel expenses (including compensation of key management personnel)					
– Contributions to state plans		**25,963**	26,698	**–**	–
– Expenses related to defined benefit plans	18	**4,739**	6,567	**–**	–
– Share-based payment expense		**7,952**	2,275	**–**	–
– Wages, salaries and others		**258,749**	270,184	**–**	–
– Restructuring costs		**–**	2,109	**–**	–
Expenses arising from leases:					
Expenses relating to short-term leases	a	**3,136**	–	**–**	–
Expenses relating to leases of low-value assets	a	**1,643**	–	**–**	–
Expenses relating to variable lease payments not included in the measurement of lease liabilities		**11,036**	–	**–**	–
Rental expense		**306**	43,616	**–**	–

Note a

The Group leases photocopier and others with contract terms of 1 to 5 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

26. OTHER COMPREHENSIVE INCOME

Group	2020 Before tax RM'000	2020 Tax benefit RM'000	2020 Net of tax RM'000	2019 Before tax RM'000	2019 Tax benefit RM'000	2019 Net of tax RM'000
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	**(1,620)**	**389**	**(1,231)**	(7,254)	1,714	(5,540)
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	**(28,286)**	**–**	**(28,286)**	35,155	–	35,155

27. EARNINGS PER ORDINARY SHARE

(A) BASIC EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share at 30 September 2020 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group 2020 RM'000	2019 RM'000
Profit for the year attributable to owners of the Company	**410,384**	410,260

	2020 '000	2019 '000
Weighted average number of ordinary shares net of shares held by SGP Trust	**366,653**	366,735
Basic earnings per ordinary share (sen)	**111.9**	111.9

Notes to The *Financial Statements* (Cont'd.)

27. EARNINGS PER ORDINARY SHARE (CONTINUED)

(B) DILUTED EARNINGS PER ORDINARY SHARE

The calculation of diluted earnings per ordinary share at 30 September 2020 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Profit for the year attributable to owners of the Company	**410,384**	410,260

	2020 '000	**2019 '000**
Weighted average number of ordinary shares net of treasury shares and shares held by SGP Trust	**366,653**	366,735
Adjustment for dilutive potential shares under SGP plan	**900**	840
Adjusted weighted average number of ordinary shares net of shares held by SGP Trust	**367,553**	367,575
Diluted earnings per ordinary share (sen)	**111.7**	111.6

28. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	**Total amount RM'000**	**Date of payment**
2020			
Final 2019 ordinary	33.0	**121,037**	13 February 2020
Interim 2020 ordinary	27.0	**99,030**	12 June 2020
		220,067	
2019			
Final 2018 ordinary	30.5	111,867	15 February 2019
Interim 2019 ordinary	27.0	99,031	13 June 2019
		210,898	

After the end of the reporting period, the following dividends were proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share	**Total amount RM'000**
Final 2020 ordinary	33.0	**121,037**

29. OPERATING SEGMENTS

The Group's operating businesses are recognised according to products and services, namely F&B Malaysia, F&B Thailand, Property and others which are the Group's strategic business units. For each of the strategic business unit, the CODM (i.e. the Group's Chief Executive Officer) reviews internal management reports at least on a quarterly basis.

Segment performance is evaluated based on operating profit as included in the internal management reports that are reviewed by the CODM.

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by operating businesses:

Financial year ended 30 September 2020	Note	F&B Malaysia RM'000	F&B Thailand RM'000	Property RM'000	Others RM'000	Total RM'000
Revenue						
Total revenue		**2,040,749**	**1,970,889**	**3,345**	**88,860**	**4,103,843**
Inter-segment		**–**	**(27,133)**	**(2,469)**	**(85,734)**	**(115,336)**
External		**2,040,749**	**1,943,756**	**876**	**3,126**	**3,988,507**
Results						
Operating profit/(loss)		**144,932**	**381,017**	**(1,957)**	**(8,832)**	**515,160**
Finance income	29.1	**–**	**–**	**–**	**–**	**5,068**
Finance costs	29.1	**–**	**–**	**–**	**–**	**(4,858)**
Share of profit of equity-accounted associate, net of tax		**–**	**–**	**–**	**7,824**	**7,824**
Share of loss of equity-accounted joint venture, net of tax		**–**	**–**	**(283)**	**–**	**(283)**
Income tax expense		**(36,149)**	**(53,185)**	**191**	**(23,644)**	**(112,787)**
Profit for the year						**410,124**
Other information						
Segment assets		**1,879,085**	**837,480**	**114,153**	**10,452**	**2,841,170**
Investment in an associate		**–**	**–**	**–**	**91,261**	**91,261**
Investment in a joint venture		**–**	**–**	**87,845**	**–**	**87,845**
Deferred tax assets		**–**	**5,190**	**133**	**647**	**5,970**
Current tax assets		**191**	**–**	**9**	**–**	**200**
Cash and cash equivalents	29.1	**–**	**–**	**–**	**–**	**493,615**
Total assets						**3,520,061**
Segment liabilities		**333,466**	**313,086**	**843**	**3,174**	**650,569**
Loans and borrowings	29.1	**–**	**–**	**–**	**–**	**91,868**
Deferred tax liabilities		**47,422**	**–**	**651**	**–**	**48,073**
Current tax liabilities		**12,746**	**25,858**	**35**	**472**	**39,111**
Total liabilities						**829,621**
Others						
Purchase of property, plant and equipment and intangible assets		**177,945**	**30,925**	**–**	**349**	**209,219**
Depreciation of property, plant and equipment and amortisation of intangible assets		**74,261**	**31,690**	**303**	**452**	**106,706**
Purchase of right-of-use assets		**17,258**	**4,630**	**–**	**–**	**21,888**
Depreciation of right-of-use assets		**18,052**	**7,742**	**–**	**71**	**25,865**

Notes to The *Financial Statements* (Cont'd.)

29. OPERATING SEGMENTS (CONTINUED)

Financial year ended 30 September 2019	Note	F&B Malaysia RM'000	F&B Thailand RM'000	Property RM'000	Others RM'000	Total RM'000
Revenue						
Total revenue		2,164,836	1,924,557	3,337	95,398	4,188,128
Inter-segment		–	(15,028)	(2,284)	(93,678)	(110,990)
External		2,164,836	1,909,529	1,053	1,720	4,077,138
Results						
Operating profit/(loss)		161,059	361,955	(142)	(2,428)	520,444
Finance income	29.1	–	–	–	–	15,223
Finance costs	29.1	–	–	–	–	(4,555)
Share of profit of equity-accounted associate, net of tax		–	–	–	9,139	9,139
Share of loss of equity-accounted joint venture, net of tax		–	–	(7,295)	–	(7,295)
Income tax expense		(37,013)	(71,341)	(245)	(14,133)	(122,732)
Profit for the year						410,224
Other information						
Segment assets		1,792,899	822,398	116,656	11,101	2,743,054
Investment in an associate		–	–	–	89,658	89,658
Investment in a joint venture		–	–	87,613	–	87,613
Deferred tax assets		626	5,513	–	95	6,234
Current tax assets		7,541	–	26	–	7,567
Cash and cash equivalents	29.1	–	–	–	–	569,719
Total assets						3,503,845
Segment liabilities		427,495	336,858	810	3,485	768,648
Loans and borrowings	29.1	–	–	–	–	123,311
Deferred tax liabilities		33,182	–	812	–	33,994
Current tax liabilities		7,031	38,450	21	2,967	48,469
Total liabilities						974,422
Others						
Purchase of property, plant and equipment and intangible assets		91,138	46,488	–	213	137,839
Depreciation of property, plant and equipment and amortisation of intangible assets		74,137	27,300	306	675	102,418

29.1 Group financing (including finance costs), cash and cash equivalents, and loans and borrowings are managed on a group basis and are not allocated to operating segments.

29. OPERATING SEGMENTS (CONTINUED)

GEOGRAPHICAL SEGMENTS

The Group operates significantly in three geographical areas namely, Malaysia, Thailand and Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment non-current assets are based on the geographical location of the assets and excluded investment in an associate, investment in a joint venture and deferred tax assets.

Geographical information

	Revenue		Non-current assets	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	**1,605,105**	1,765,264	**1,231,195**	1,116,469
Thailand	**1,586,570**	1,580,913	**363,974**	372,726
Cambodia	**215,457**	208,874	**–**	–
Singapore	**132,800**	213,318	**–**	–
Africa	**75,742**	35,222	**–**	–
Hong Kong	**70,636**	48,867	**–**	–
Indonesia	**68,700**	33,745	**–**	–
Philippines	**52,650**	31,263	**–**	–
Laos	**37,878**	36,902	**–**	–
Myanmar	**30,058**	39,868	**–**	–
China	**23,919**	10,351	**–**	–
Brunei	**19,625**	17,940	**185**	83
Vietnam	**17,195**	13,117	**–**	–
Others	**52,172**	41,494	**170**	75,370
	3,988,507	4,077,138	**1,595,524**	1,564,648

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	Group	
	2020 RM'000	2019 RM'000
Property, plant and equipment	**1,359,893**	1,339,180
Right-of-use assets	**87,183**	–
Investment properties	**47,569**	48,775
Properties held for development	**54,958**	56,047
Intangible assets	**45,921**	120,646
	1,595,524	1,564,648

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed 10% or more of the Group's revenue for the financial years ended 30 September 2020 and 2019.

Notes to The *Financial Statements* (Cont'd.)

30. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

The table below provides an analysis of financial instruments categorised as follows:

(i) Fair value through profit or loss ("FVTPL") – Mandatorily required by MFRS 9; and

(ii) Amortised cost ("AC").

2020	Note	Carrying amount RM'000	FVTPL RM'000	AC RM'000
Financial assets				
Group				
Trade and other receivables	30.1	**559,203**	**–**	**559,203**
Derivative financial assets	14	**4**	**4**	**–**
Cash and cash equivalents	15	**493,615**	**–**	**493,615**
		1,052,822	**4**	**1,052,818**
Company				
Other receivables	12	**547,727**	**–**	**547,727**
Cash and cash equivalents	15	**86,280**	**–**	**86,280**
		634,007	**–**	**634,007**
Financial liabilities				
Group				
Trade and other payables	30.2	**510,980**	**–**	**510,980**
Derivative financial liabilities	14	**367**	**367**	**–**
Loans and borrowings	17	**91,868**	**–**	**91,868**
		603,215	**367**	**602,848**
Company				
Other payables	19	**89,316**	**–**	**89,316**

30. FINANCIAL INSTRUMENTS (CONTINUED)

(A) CATEGORIES OF FINANCIAL INSTRUMENTS (CONTINUED)

2019	Note	Carrying amount RM'000	FVTPL RM'000	AC RM'000
Financial assets				
Group				
Trade and other receivables	30.1	566,733	–	566,733
Derivative financial assets	14	6	6	–
Cash and cash equivalents	15	569,719	–	569,719
		1,136,458	6	1,136,452
Company				
Other receivables	12	469,852	–	469,852
Cash and cash equivalents	15	40,332	–	40,332
		510,184	–	510,184
Financial liabilities				
Group				
Trade and other payables	30.2	662,050	–	662,050
Derivative financial liabilities	14	136	136	–
Loans and borrowings	17	123,311	–	123,311
		785,497	136	785,361
Company				
Other payables	19	4,577	–	4,577

30.1 Trade and other receivables amounting to RM30,458,000 (2019: RM33,263,000) are not regarded as financial assets. These include prepayments, deposits paid, sales tax refund receivable and other tax recoverable.

30.2 Trade and other payables amounting to RM5,674,000 (2019: RM2,531,000) are not regarded as financial liabilities. These include provision for unconsumed annual leave and other tax payable.

(B) NET GAINS AND LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net (losses)/gains on:				
Fair value through profit or loss				
– Mandatorily required by MFRS 9	**(233)**	(50)	**–**	–
Financial assets at amortised cost	**4,855**	13,177	**20,166**	28,984
Financial liabilities at amortised cost	**(3,661)**	(4,555)	**–**	–
	961	8,572	**20,166**	28,984

30. FINANCIAL INSTRUMENTS (CONTINUED)

(C) FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(D) CREDIT RISK

Credit risk is the risk of a financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to certain subsidiaries of the Company. There are no significant changes as compared to prior periods.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. Certain customers are required to have collateral in the form of financial assets and/or bank guarantees.

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

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

There are no significant changes as compared to previous financial year.

Exposure to credit risk, credit quality and collateral

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

The Group receives financial guarantees given by banks, shareholders or directors of customers in managing exposure to credit risks. At the end of the reporting period, financial guarantees received by the Group amounted to RM161,333,000 (2019: RM161,240,000) in respect of RM435,793,000 (2019: RM425,376,000) trade receivables. The remaining balance of trade receivables are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 30 days. The Group's debt recovery process is as follows:

a) Above 30 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the credit management team; and

b) Above 90 days past due, the Group will commence a legal proceeding against the customer.

30. FINANCIAL INSTRUMENTS (CONTINUED)

(D) CREDIT RISK (CONTINUED)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are not material for the purpose of impairment calculation for the financial year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

	2020			2019		
Group	**Gross carrying amount RM'000**	**Loss allowances RM'000**	**Net balance RM'000**	**Gross carrying amount RM'000**	**Loss allowances RM'000**	**Net balance RM'000**
Current (not past due)	**387,007**	**(607)**	**386,400**	375,732	(508)	375,224
1-30 days past due	**46,733**	**(187)**	**46,546**	53,868	(230)	53,638
31-60 days past due	**5,293**	**(382)**	**4,911**	3,723	(325)	3,398
61-90 days past due	**656**	**(187)**	**469**	234	(34)	200
	439,689	**(1,363)**	**438,436**	433,557	(1,097)	432,460
Credit impaired						
More than 90 days past due	**5,855**	**(640)**	**5,215**	1,075	(906)	169
Individually impaired	**619**	**(619)**	**–**	584	(584)	–
	446,163	**(2,622)**	**443,541**	435,216	(2,587)	432,629

There are trade receivables where the Group has not recognised any loss allowance as the trade receivables are supported by collateral such as bank guarantees, properties and other credit enhancement in managing exposure to credit risk.

The movements in the allowance for impairment in respect of trade receivables during the financial year are shown below:

Group	**Lifetime ECL RM'000**	**Credit impaired RM'000**	**Total RM'000**
Balance at 1 October 2018	2,003	503	2,506
Amount written off	–	(231)	(231)
Net remeasurement of loss allowance	–	312	312
Balance at 30 September 2019/1 October 2019	**2,003**	**584**	**2,587**
Amount written off	**–**	**(381)**	**(381)**
Net remeasurement of loss allowance	**–**	**416**	**416**
Balance at 30 September 2020	**2,003**	**619**	**2,622**

As at 30 September 2020, RM381,000 (2019: RM231,000) of trade receivables were written off but they are still subject to enforcement activity.

30. FINANCIAL INSTRUMENTS (CONTINUED)

(D) CREDIT RISK (CONTINUED)

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors the ability of the subsidiary to service its loans on an individual basis.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk amounts to RM93,944,000 (2019: RM128,317,000) representing the outstanding banking facilities of the subsidiary as at end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiary's secured loans.

Recognition and measurement of impairment loss

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

Recognition and measurement of impairment loss

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable.

(E) LIQUIDITY RISK

Liquidity risk is the risk that the Group or the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

30. FINANCIAL INSTRUMENTS (CONTINUED)

(E) LIQUIDITY RISK (CONTINUED)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2020	Note	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-5 years RM'000	More than 5 years RM'000
Group							
Interest-bearing borrowings	17	**91,868**	**2.44**	**93,944**	**93,944**	**–**	**–**
Financial guarantees		**–**	**–**	**15,591**	**15,591**	**–**	**–**
Trade and other payables	30(A)	**510,980**	**–**	**510,980**	**510,980**	**–**	**–**
Lease liabilities		**24,457**	**3.67**	**25,667**	**14,092**	**10,738**	**837**
Derivative financial liabilities	14	**367**	**–**	**367**	**367**	**–**	**–**
		627,672		**646,549**	**634,974**	**10,738**	**837**
Company							
Financial guarantees		**–**	**–**	**93,944**	**93,944**	**–**	**–**
Other payables	19	**89,316**	**–**	**89,316**	**89,316**	**–**	**–**
		89,316		**183,260**	**183,260**	**–**	**–**

2019	Note	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-5 years RM'000
Group						
Interest-bearing borrowings	17	123,311	2.44	128,317	30,241	98,076
Financial guarantees		–	–	12,229	12,229	–
Trade and other payables	30(A)	662,050	–	662,050	662,050	–
Derivative financial liabilities	14	136	–	136	136	–
		785,497		802,732	704,656	98,076
Company						
Financial guarantees		–	–	128,317	128,317	–
Other payables	19	4,577	–	4,577	4,577	–
		4,577		132,894	132,894	–

30. FINANCIAL INSTRUMENTS (CONTINUED)

(F) MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

(i) Currency risk

The Group is exposed to foreign currency risk on cash and cash equivalents, sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Singapore Dollar ("SGD").

Risk management objectives, policies and processes for managing the risk

The Group hedges a portion of its foreign currency denominated trade payables. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	Denominated in USD RM'000	Denominated in SGD RM'000
2020		
Cash and cash equivalents	**24,868**	**7,891**
Receivables	**53,295**	**4,574**
Payables	**–**	**(4,244)**
Net exposure	**78,163**	**8,221**
2019		
Cash and cash equivalents	5,754	7,954
Receivables	74,844	21,751
Payables	(1,709)	(4,963)
Net exposure	78,889	24,742

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 10% (2019: 10%) strengthening of the following currencies against RM at the end of the reporting period would have increased or decreased, respectively pre-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remained constant.

	Group 2020 RM'000	Group 2019 RM'000
USD	**7,816**	7,889
SGD	**822**	2,474

A 10% (2019: 10%) weakening of the above currencies against RM at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

30. FINANCIAL INSTRUMENTS (CONTINUED)

(F) MARKET RISK (CONTINUED)

(ii) Interest rate risk

The Group's investments in fixed rate debt securities and its fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investments in equity securities and short-term receivables and payables are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period are as follows:

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Fixed rate instruments					
Short-term deposits	15	**174,309**	316,739	**–**	35,000
Loans and borrowings	17	**(91,868)**	(123,311)	**–**	–
Lease liabilities		**(25,667)**	–	**–**	–
		56,774	193,428	**–**	35,000
Floating rate instruments					
Shareholders' loan to a joint venture	10	**–**	126,820	**–**	126,820
Loan to a subsidiary	12.2	**–**	–	**543,877**	427,039
		–	126,820	**543,877**	553,859

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change in 100 basis points in interest rates would have decreased or increased pre-tax profit or loss of the Group and of the Company by the amounts shown below.

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Floating rate instruments	**–**	1,268	**5,439**	5,539

30. FINANCIAL INSTRUMENTS (CONTINUED)

(G) FAIR VALUE INFORMATION

The carrying amounts of cash and cash equivalents, short-term receivables and payables, and short-term loans and borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments. The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with fair values and carrying amounts shown in the statements of financial position.

	Note	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2020											
Group											
Financial asset											
Derivative financial assets	14	–	**4**	–	**4**	–	–	–	–	**4**	**4**
Financial liability											
Derivative financial liabilities	14	–	**367**	–	**367**	–	–	–	–	**367**	**367**
2019											
Group											
Financial asset											
Derivative financial assets	14	–	6	–	6	–	–	–	–	6	6
Financial liabilities											
Derivative financial liabilities	14	–	136	–	136	–	–	–	–	136	136
Loans and borrowings	17	–	–	–	–	–	–	123,594	123,594	123,594	123,311
		–	136	–	136	–	–	123,594	123,594	123,730	123,447

Level 2 fair value

Derivatives

The fair value of a forward exchange contract is estimated by taking the difference of the future cash flows arising from the derivative financial instrument, each discounted by their respective risk-free rate (based on government bonds) to the measurement date based on residual maturity of the foreign exchange contract.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2019: no transfer in either directions).

30. FINANCIAL INSTRUMENTS (CONTINUED)

(G) FAIR VALUE INFORMATION (CONTINUED)

Level 3 fair value

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Loans and borrowings	Discounted cash flows method using a rate based on the current market rate of borrowing of the respective Group entities at the reporting date.

Valuation processes applied by the Group for Level 3 fair value

The Group has an established control framework with respect to the measurement of fair values of financial instruments. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the management. The finance team regularly reviews significant unobservable inputs and valuation adjustments.

31. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

Under the requirement of Bursa Malaysia Practice Note No.17/2005, the Company is required to maintain consolidated shareholders' equity equal to or not less than 25% of the issued and paid up capital (excluding treasury shares) and such shareholders' equity is not less than minimum issued and paid-up capital.

The Group has complied with this requirement.

The Group and the Company monitor and maintain a prudent level of total debt to total equity attributable to owners of the Company ratio to optimise shareholders' value and to ensure compliance with covenants under debt agreements. The debt to equity ratio of the Group is as follows:

	Note	Group 2020 RM'000	2019 RM'000
Total loans and borrowings	17	**91,868**	123,311
Equity attributable to owners of the Company		**2,690,601**	2,529,324
Debt to equity ratio		**3%**	5%

32. CAPITAL AND OTHER COMMITMENTS

CAPITAL EXPENDITURE COMMITMENTS

	Group 2020 RM'000	2019 RM'000
Property, plant and equipment		
Contracted but not provided for	**109,441**	206,831

Notes to The *Financial Statements* (Cont'd.)

33. RELATED PARTIES

IDENTITY OF RELATED PARTIES

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entities that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group and certain members of senior management of the Group.

The Group has related party relationship with its holding companies, significant investors, subsidiaries, associate, joint venture and key management personnel.

SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party transactions had been entered into in the normal course of business under negotiated trade terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Note 12 and 19.

		Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
A.	**F&NL Group**					
	Sales of goods		**269,561**	266,876	**–**	–
	Purchases of goods		**(169,306)**	(184,210)	**–**	–
	Royalties paid		**(49,477)**	(54,119)	**–**	–
	Internal audit fees paid		**–**	(1,275)	**–**	–
	Receipt of corporate service fees		**3,211**	1,581	**–**	–
	Proceeds from disposal of intangible assets	35(B)	**83,175**	–	**–**	–
B.	**Subsidiaries**					
	Dividend income	21	**–**	–	**272,035**	213,220
	Finance income		**–**	–	**19,678**	21,338
	Management fees		**–**	–	**(407)**	(410)
C.	**CHB Group**					
	Dividend income		**6,221**	3,733	**6,221**	3,733
D.	**VCSB**					
	Finance income		**15**	5,814	**15**	5,814
E.	**Thai Beverage Public Company Limited Group**	33.1				
	Sales of goods		**2,553**	1,747	**–**	–
	Purchases of goods		**(6,019)**	(2,845)	**–**	–
	Marketing expenses		**(20,887)**	(18,223)	**–**	–
	Corporate service fees paid		**(2,274)**	(1,999)	**–**	–
	Purchase of plant and machinery		**(4,023)**	–	**–**	–
	Other income/(expenses)		**1,967**	(483)	**–**	–
F.	**BJC Group**	33.1				
	Sales of goods		**69,410**	68,099	**–**	–
	Purchases of goods		**(18,116)**	(20,237)	**–**	–
	Other expenses		**(10,599)**	(10,254)	**–**	–

33. RELATED PARTIES (CONTINUED)

SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

		Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
G.	**Other related parties of TCC Group**	33.1				
	Purchases of goods		**(57,045)**	(42,925)	**–**	–
	Management fees		**(307)**	(2,026)	**–**	–
	Insurance premium paid		**(3,192)**	(3,093)	**–**	–
H.	**Key management personnel**					
	Non-Executive Directors					
	Fees		**1,296**	1,275	**1,296**	1,275
	Estimated monetary value of benefits-in-kind		**39**	47	**39**	47
			1,335	1,322	**1,335**	1,322
	Other key management personnel					
	Remuneration		**12,760**	12,950	**–**	–
	Contributions to defined contribution plan		**704**	828	**–**	–
	Share-based payments		**1,138**	541	**–**	–
			14,602	14,319	**–**	–
			15,937	15,641	**1,335**	1,322

33.1 These refer to companies and entities which are jointly controlled by Tan Sri Charoen Sirivadhanabhakdi and his spouse, Puan Sri Wanna Sirivadhanabhakdi, who have a deemed indirect interest in the Company, held through F&NL pursuant to Section 8 of the Companies Act 2016.

The number of Directors of the Company whose total remuneration during the current and previous financial year within the following bands is analysed below:

Remuneration (RM)	Non-Executive Directors 2020	Non-Executive Directors 2019
0 – 50,000	**1**	–
50,001 – 100,000	**4**	3
100,001 – 150,000	**6**	7
150,001 – 200,000	**–**	–
200,001 – 250,000	**1**	1

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group adopted MFRS 16.

DEFINITION OF A LEASE

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 October 2019.

AS A LESSEE

Where the Group is a lessee, the Group applied the requirements of MFRS 16 using modified retrospective approach with the initial application that the right-of-use assets are equivalent to the lease liabilities as at 1 October 2019.

At 1 October 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 October 2019. The weighted-average rate applied is 3.67%. Right-of-use assets are measured at either:

- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 October 2019; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 October 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 October 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

AS A LESSOR

Group entities who is an intermediate lessor reassessed the classification of a sublease previously classified as an operating lease under MFRS 117 and concluded that the sublease is an operating lease under MFRS 16.

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONTINUED)

34.1 IMPACTS ON FINANCIAL STATEMENTS

Since the Group applied the requirements of MFRS 16 using modified retrospective approach with the initial application that right-of-use assets are equivalent to lease liabilities as at 1 October 2019, there are no adjustments made to the prior period presented.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 30 September 2019, and lease liabilities recognised in the statement of financial position at 1 October 2019.

	RM'000
Operating lease commitments at 30 September 2019 as disclosed in the Group's consolidated financial statements	43,481
Discounted using the incremental borrowing rate at 1 October 2019	42,077
Recognition exemption for short-term leases	(5,558)
Recognition exemption for leases of low-value assets	(2,274)
Variable lease payments based on an index or a rate	(2,592)
Others	(2,588)
Lease liabilities recognised at 1 October 2019	29,065

35. SIGNIFICANT EVENTS

Significant events during the financial year are as follows:

(A) Conditional sale and purchase agreement (the "SPA") in relation to the proposed acquisition of approximately 4,453.92 hectares of leasehold land located in Mukim Chuping, Daerah Perlis, Negeri Perlis ("Ladang Chuping") for a cash consideration of RM156,000,000

The Company's direct wholly-owned subsidiary, F&N AgriValley Sdn Bhd had on 8 October 2019 entered into a SPA with MSM Perlis Sdn Bhd ("MSM Perlis"), a direct wholly-owned subsidiary of MSM Malaysia Holdings Berhad.

On 9 April 2020, the Board of the Company announced that MSM Perlis had informed F&N AgriValley Sdn Bhd that MSM Perlis had not granted any extension of time for the satisfaction of conditions precedent under the SPA and MSM Perlis had then rescinded the SPA.

F&N AgriValley Sdn Bhd had received the refund of the deposit paid under the SPA. The Company and F&N AgriValley Sdn Bhd have decided that the Group will pursue and evaluate other opportunities for its proposed integrated crop and dairy farming project when such opportunities arise.

(B) SPA relating to the disposal of the "TEAPOT" trademark for a cash consideration of RM83,175,000

The Board of Directors of the Company had on 29 July 2020 announced that its direct wholly-owned subsidiary, Lion Share Management Limited entered into a SPA with F&N Global Marketing Pte Limited, a direct wholly-owned subsidiary of F&NL, in relation to the disposal of the "TEAPOT" trademark as disclosed in Note 7 for a total cash consideration of RM83,175,000.

Completion of the Sale and Purchase Agreement occurred on 30 September 2020.

At completion, F&N Global Marketing Pte Limited entered into Trade Mark Licence Agreements ("TMLAs") with F&N Beverages Marketing Sdn Bhd, F&N Dairies (Thailand) Limited and F&N Dairies Distribution (Singapore) Pte Ltd. respectively, all of whom are wholly-owned subsidiaries of the Company ("F&NHB Subsidiaries"), granting the F&NHB Subsidiaries a non-exclusive, non-transferable licence to use the "TEAPOT" trademark for the sole purpose of preparing, packaging, manufacturing, marketing, distributing, and selling products under the "TEAPOT" trademark in the respective territories to which each of the F&NHB Subsidiaries have been licensed.

Statement by *Directors*

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 148 to 221 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 September 2020 and of their financial performance and cash flows for the financial year then ended.

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

Tengku Syed Badarudin Jamalullail
Director
Kuala Lumpur, Malaysia

Lee Meng Tat
Director
Singapore

3 November 2020

Statutory *Declaration*

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Lai Kah Shen**, of F&N Point, No. 3, Jalan Metro Pudu 1, Fraser Business Park, Off Jalan Yew, 55100 Kuala Lumpur, Malaysia, being the Chief Financial Officer primarily responsible for the financial management of Fraser & Neave Holdings Bhd, do solemnly and sincerely declare that the financial statements set out on pages 148 to 221 are, to the best of my knowledge and belief, correct and I make this solemn declaration by virtue of the Oaths and Declarations Act (Cap 211), subject to the penalties provided by that Act for the making of false statements in statutory declarations, conscientiously believing the statements contained in this declaration to be true in every particular.

Subscribed and solemnly declared by the abovenamed **Lai Kah Shen**, **Passport No: K1667052B**, at the Republic of Singapore on 3 November 2020.

Lai Kah Shen

Before me:

Commissioner for Oaths
Singapore

Independent Auditors' Report

TO THE MEMBERS OF FRASER & NEAVE HOLDINGS BHD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Fraser & Neave Holdings Bhd, which comprise the statements of financial position as at 30 September 2020 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 148 to 221.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

BASIS FOR OPINION

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

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. This matter was addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

ADVERTISING AND PROMOTION EXPENSES, AND DISTRIBUTOR INCENTIVES, DISCOUNTS AND REBATES

Refer to Note 19 – Trade and other payables, Note 20 – Contract liabilities and Note 25 – Profit for the year of the financial statements.

THE KEY AUDIT MATTER

During the financial year, the Group incurred advertising and promotion expenses, and distributor incentives, discounts and rebates of RM174 million and RM714 million respectively. A total of RM76 million and RM52 million of these expenses were included in accruals and contract liabilities respectively as at financial year end. The advertising and promotion expenses, and distributor incentives, discounts and rebates are relating to food and beverages business, to support, promote and develop the Group's brands.

This was one of the areas that our audit focused on because of the high volume of transactions incurred during the financial year and estimation involved in determining the appropriate amount of accruals and contract liabilities as at financial year end and especially in relation to those promotion and brand support campaigns that were still ongoing subsequent to financial year end.

HOW THE MATTER WAS ADDRESSED IN OUR AUDIT

We performed the following audit procedures, among others:

- obtained an understanding of the process, evaluated the design and implementation and tested the operating effectiveness of controls over the accruals and payment process;
- performed substantive procedures and checked samples of expenses to supplier's and customer's claim; and
- checked accruals and contract liabilities to samples of supporting contracts and documents with the suppliers and customers to assess adequacy of the accruals and contract liabilities.

We have determined that there is no key audit matter in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Independent *Auditors' Report* (Cont'd.)
TO THE MEMBERS OF FRASER & NEAVE HOLDINGS BHD

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors is disclosed in Note 8 to the financial statements.

OTHER MATTER

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya
3 November 2020

Chong Dee Shiang
Approval Number: 02782/09/2022 J
Chartered Accountant

Shareholdings Statistics

AS AT 30 November 2020

Total number of issued shares	:	366,778,501
Class of share	:	Ordinary shares
Voting rights	:	One vote for each ordinary share held

ORDINARY SHARES DISTRIBUTION SCHEDULE

Size of Shareholdings	No. of Shareholders	%	No. of Voting Shares	%
Less than 100	573	11.335	6,824	0.001
100 to 1,000 shares	2,185	43.224	1,268,446	0.345
1,001 to 10,000 shares	1,669	33.016	6,344,494	1.729
10,001 to 100,000 shares	503	9.950	15,601,038	4.253
100,001 to less than 5% of issued shares	122	2.413	71,265,559	19.430
5% and above of issued shares	3	0.059	272,292,140	74.238
	5,055	100.00	366,778,501	100.00

DIRECTORS' SHAREHOLDINGS

(as per Register of Directors' Shareholdings)

		Direct Shareholding		Indirect Shareholding	
No.	Name of Director	No. of Voting Shares Held	%	No. of Voting Shares Held	%
1.	Y.A.M. Tengku Syed Badarudin Jamalullail	2,062,000	0.562	–	–
2.	Faridah binti Abdul Kadir	4,000	0.001	–	–

None of the Directors of the Company holds any share either directly or indirectly in its subsidiaries and associated companies save and except for the interest held through the Company.

SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders)

		Direct Shareholding		Indirect Shareholding	
No.	Name of Shareholders	No. of Voting Shares Held	%	No. of Voting Shares Held	%
1.	Fraser and Neave, Limited	203,470,910	55.475	–	–
2.	InterBev Investment Limited	–	–	203,470,910	55.475*
3.	International Beverage Holdings Limited	–	–	203,470,910	55.475*
4.	Thai Beverage Public Company Limited	–	–	203,470,910	55.475*
5.	Maxtop Management Corp.	–	–	203,470,910	55.475*
6.	Siriwana Company Limited	–	–	203,470,910	55.475*
7.	MM Group Limited	–	–	203,470,910	55.475*
8.	Shiny Treasure Holdings Limited	–	–	203,470,910	55.475*
9.	Tan Sri Charoen Sirivadhanabhakdi	–	–	203,470,910	55.475*
10.	Puan Sri Wanna Sirivadhanabhakdi	–	–	203,470,910	55.475*
11.	TCC Assets Limited	–	–	203,470,910	55.475*
12.	Employees Provident Fund Board	43,670,530	11.907	–	–
13.	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	27,576,000	7.518	–	–
		274,717,440	74.90		

* *Indirect interest in the Company is held through Fraser and Neave, Limited pursuant to Section 8 of the Companies Act, 2016.*

No.	Name of Shareholders	Shareholdings	% of Voting Shares
1.	Fraser and Neave, Limited	203,470,910	55.475
2.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	41,245,230	11.245
3.	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	27,576,000	7.518
4.	Kumpulan Wang Persaraan (Diperbadankan)	7,349,600	2.003
5.	Maybank Nominees (Tempatan) Sdn Bhd – Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	3,825,600	1.043
6.	Amanahraya Trustees Berhad – Amanah Saham Malaysia	3,598,600	0.981
7.	Cartaban Nominees (Asing) Sdn Bhd – Exempt An for State Street Bank & Trust Company (West CLT OD67)	3,526,400	0.961
8.	Citigroup Nominees (Tempatan) Sdn Bhd – Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	2,536,600	0.691
9.	Amanahraya Trustees Berhad – Public Islamic Dividend Fund	2,198,600	0.599
10.	Citigroup Nominees (Tempatan) Sdn Bhd – Exempt An for AIA Bhd.	1,958,000	0.533
11.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board (Affin-Hwg)	1,936,700	0.528
12.	Permodalan Nasional Berhad	1,867,200	0.509
13.	Cimsec Nominees (Tempatan) Sdn Bhd – CIMB Bank for Syed Badarudin Jamalullail (PBCL-0G0077)	1,700,000	0.463
14.	Amanahraya Trustees Berhad – Public Islamic Equity Fund	1,684,500	0.459
15.	Amanahraya Trustees Berhad – Public Ittikal Sequel Fund	1,574,800	0.429
16.	Cartaban Nominees (Tempatan) Sdn Bhd – PAMB for Prulink Equity Fund	1,509,100	0.411
17.	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA for Vanguard Total International Stock Index Fund	1,489,508	0.406
18.	Amanahraya Trustees Berhad – Public Islamic Select Enterprises Fund	1,389,800	0.378
19.	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA for Vanguard Emerging Markets Stock Index Fund	1,372,900	0.374
20.	Maybank Nominees (Tempatan) Sdn Bhd – MTrustee Berhad for Principal Dali Equity Growth Fund (UT-CIMB-Dali) (419455)	1,125,700	0.306
21.	Amanahraya Trustees Berhad – Amanah Saham Bumiputera 2	1,000,000	0.272

Shareholdings Statistics (Cont'd.)

AS AT 30 November 2020

No.	Name of Shareholders	Shareholdings	% of Voting Shares
22.	Citigroup Nominees (Tempatan) Sdn Bhd – Great Eastern Life Assurance (Malaysia) Berhad (Par 3)	948,100	0.258
23.	DB (Malaysia) Nominee (Asing) Sdn Bhd – BNYM SA/NV for People's Bank of China (SICL Asia EM)	937,100	0.255
24.	Citigroup Nominees (Asing) Sdn Bhd – Exempt An for Citibank New York (Norges Bank 14)	871,400	0.237
25.	HSBC Nominees (Asing) Sdn Bhd – J.P. Morgan Securities Plc	869,600	0.237
26.	HSBC Nominees (Asing) Sdn Bhd – JPMBL SA for Robeco Capital Growth Funds	776,900	0.211
27.	Amanahraya Trustees Berhad – Amanah Saham Malaysia 2 – Wawasan	750,000	0.204
28.	HSBC Nominees (Asing) Sdn Bhd – JPMCB NA for Blackrock Institutional Trust Company, N.A. Investment Funds for Employee Benefit Trusts	702,400	0.191
29.	Citigroup Nominees (Asing) Sdn Bhd – Exempt An for Citibank New York (Norges Bank 19)	697,300	0.190
30.	HSBC Nominees (Asing) Sdn Bhd – TNTC for General Organisation for Social Insurance	667,700	0.182
	Total	**321,156,248**	**87.561**

List of Properties

Location	Land area (sq. ft.)	Description/ Existing use of building	Tenure	Approximate age of building (years)	Net book value as at 30 September 2020 RM'000	Date of last revaluation/ acquisition
JOHOR						
Lot 6, Jalan Tampoi 81200 Johor Bahru Johor	59,895	Detached house/Vacant	Freehold	53	1,176	February 1990
Batu 4¾, Jalan Tampoi 81200 Johor Bahru, Johor	241,022	Industrial/ Warehouse and office	Freehold	53	10,233	February 1990
Lot 47261, Jalan Balau 1 Jalan Dato Sulaiman Jalan Tebrau Mukim Bandar Johor Bahru, Johor	137,337	For development of commercial property	Freehold	–	19,599	2005
PERAK						
No. 217, Jalan Lahat 30200 Ipoh, Perak	287,738	Industrial/ Warehouse and office	Freehold	51	5,733	October 1995
No. 79 & 81, Jalan Tun Perak 30100 Ipoh, Perak	51,828	Industrial/Leased premises	Freehold/ Leasehold expiring 2066 and 2118	114	590	October 1995
PULAU PINANG						
No. 3724, Jalan Sungai Nyior 12100 Butterworth, Pulau Pinang	138,848	Industrial/ Warehouse and office	Freehold	66	4,006	October 1995
No. 3725 & 3726 (Lot 3633) Jalan Sungai Nyior 12100 Butterworth, Pulau Pinang	106,450	Detached house/ Warehouse and office	Freehold	65	2,261	October 1995
KELANTAN						
Lot 9 & 10 Pengkalan Chepa Industrial Estate 16100 Kota Bharu, Kelantan	203,861	Industrial/ Warehouse and office	Leasehold expiring 2043	40	802	October 1995
PAHANG						
Lot 85, Mar Lodge, Tanah Rata 39000 Brinchang Cameron Highland, Pahang	90,931	Detached house/ Holiday bungalow	Leasehold expiring 2037	53	525	October 1995
Lot 7399 & 8081 Jalan Mempaga, Mukim Sabai 28600 Karak, Pahang	217,065	Industrial/Factory	Freehold	13	14,733	2007

List of Properties (Cont'd.)

Location	Land area (sq. ft.)	Description/ Existing use of building	Tenure	Approximate age of building (years)	Net book value as at 30 September 2020 RM'000	Date of last revaluation/ acquisition
KUALA LUMPUR						
No. 3, Jalan Metro Pudu 1 Fraser Business Park Off Jalan Yew 55100 Kuala Lumpur	7,208	Office premise	Freehold	13	11,392	2007
Kompleks Metro Pudu No. 1, Jalan Metro Pudu 2 Fraser Business Park Off Jalan Yew 55100 Kuala Lumpur	87,847	Office	Freehold	11	58,620	2020
Lot 682 Seksyen 92 Fraser Business Park Off Jalan Yew 55100 Kuala Lumpur	40,763	Leased premise	Freehold	–	5,598	2018
MELAKA						
No. 10, Jalan Bukit Gedong 75050 Melaka	104,000	Industrial/ Warehouse and office	Freehold/ Leasehold expiring 2023	95	717	October 1995
SELANGOR						
No. 1, Jalan Bukit Belimbing 26/38 Persiaran Kuala Selangor Section 26, 40400 Shah Alam Selangor	1,373,447	Industrial/ Factory and office	Freehold	23	107,364	October 1995
Lot 3-2 (PT 16869) Lion Industrial Park Shah Alam, Selangor	558,875	Industrial/Partially used for warehouse and carpark	Freehold	–	11,679	October 1995
Lot 56, Jalan Sungai Pinang 4/5 Selangor Halal Hub Taman Perindustrian Pulau Indah Fasa 2, 42920 Pulau Indah Selangor	1,629,042	Industrial/Factory	Leasehold expiring 2097	12	184,141	2008
Lot 609, Mukim Hulu Semenyih District of Hulu Langat Selangor	2,025,573	For the development of residential property	Freehold	–	17,824	2006
Lot 1954, Mukim Hulu Semenyih District of Hulu Langat Selangor	614,678	For the development of residential property	Freehold	–	6,762	2006

Location	Land area (sq. ft.)	Description/ Existing use of building	Tenure	Approximate age of building (years)	Net book value as at 30 September 2020 RM'000	Date of last revaluation/ acquisition
SARAWAK						
No. 94, Batu 11, Jalan Matang 93050 Kuching, Sarawak	118,776	Industrial/Factory	Freehold	14	5,583	2006
Lot 1581, Block 4 Matang Land District 93050 Kuching, Sarawak	261,338	Commercial	Leasehold expiring 2071	14	8,494	2006
3½ Mile, Jalan Penrissen 93250 Kuching, Sarawak	308,709	Industrial/Factory	Leasehold expiring 2074	–	25,195	October 1995
Lot 142 Lorong Abang Abdul Rahim 5A 93450 Kuching, Sarawak	1,540	Shop office/Vacant	Leasehold expiring 2784	14	361	2006
SABAH						
5½ Mile, Jalan Tuaran 88818 Kota Kinabalu, Sabah	142,140	Industrial/Vacant	Leasehold expiring 2062	10	1,243	October 1995
5½ Mile, Jalan Tuaran Inanam, 88818 Kota Kinabalu Sabah	142,578	Industrial/Factory	Leasehold expiring 2062	49	4,625	October 1995
Lot 808 Kota Kinabalu Industrial Park Sabah	929,135	Industrial Park Land	Leasehold expiring 2096	–	25,438	2017
THAILAND						
90 Moo 8 Mittraparp Road Phayayen District, Amphur Pakchong Nakornratchasima Province 30320 Thailand	125,857	Industrial/Factory	Leasehold expiring 2037	13	3,327	2007
668 Moo 4 Rojana Industrial Park Zone 2 U-thai, Phra Nakhon Si Ayutthaya 13210 Thailand	990,280	Industrial/Factory	Freehold	11	168,575	2010
				Total	**706,596**	

Corporate Directory

HEADQUARTERS

Fraser & Neave Holdings Bhd
No. 3, Jalan Metro Pudu 1
Fraser Business Park
off Jalan Yew, 55100 Kuala Lumpur
Malaysia
Phone : +603 9235 2288
Fax : +603 9222 7878

CORPORATE OFFICES

F&N Dairies (Thailand) Limited
Q House Lumpini Building, 26th Floor
1 South Sathorn Road, Tungmahamek
Sathorn, Bangkok 10120, Thailand
Phone : +66(0) 2673 7900
Fax : +66(0) 2673 7979

F&N Marketing (B) Sdn Bhd
Lot 1, Tapak Perindustrian Lambak
Kanan Barat FASA II
Mukim Berakas A, B.S.B. BB1714
Brunei Darussalam
Phone : +673 239 2663
Fax : +673 239 2663

PLANTS

F&N Beverages Manufacturing Sdn Bhd
No. 1 Jalan Bukit Belimbing 26/38
Persiaran Kuala Selangor
Section 26, 40400 Shah Alam
Selangor, Malaysia
Phone : +603 5101 4288
Fax : +603 5192 3957

F&N Beverages Manufacturing Sdn Bhd
3½ Mile Jalan Penrissen
93250 Kuching, Sarawak, Malaysia
Phone : +6082 451 411
Fax : +6082 452 488

F&N Beverages Manufacturing Sdn Bhd
5½ Mile, Jalan Tuaran, Inanam
88818 Kota Kinabalu, Sabah, Malaysia
Phone : +6088 421 101
Fax : +6088 425 495

F&N Dairies Manufacturing Sdn Bhd
Lot 56, Jalan Sungai Pinang 4/5
Selangor Halal Hub
Taman Perindustrian Pulau Indah Fasa 2
42920 Pulau Indah
Selangor, Malaysia
Phone : +603 3377 2000
Fax : +603 3101 2399

Borneo Springs Sdn Bhd
No. 94, Batu 11, Jalan Matang
93050 Kuching
Sarawak, Malaysia
Phone : +6012 218 4420

Borneo Springs Sdn Bhd
Lot 7399, Jalan Mempaga
Mukim Sabai, 28600 Karak
Pahang, Malaysia
Phone : +609 231 0011
Fax : +609 231 0012

F&N Dairies (Thailand) Limited
668 Moo 4 Rojana Industrial Park Zone 2
U-thai, Phra Nakhon Si Ayutthaya
13210 Thailand
Phone : +66(0) 3574 6822
Fax : +66(0) 3574 6820

F&N Dairies (Thailand) Limited
90 Moo 8 Mittraparp Road
Phayayen District, Amphur Pakchong
Nakornratchasima Province
30320 Thailand
Phone : +66(0) 4493 8798
Fax : +66(0) 4493 8975

SALES OFFICES

F&N Beverages Marketing Sdn Bhd (Kuala Lumpur)
Kompleks Metro Pudu
No. 1, Jalan Metro Pudu 2
Fraser Business Park
off Jalan Yew
55100 Kuala Lumpur, Malaysia
Phone : +603 9232 9000
Fax : +603 9232 9005, +603 9232 9230

F&N Beverages Marketing Sdn Bhd (Seremban)
156-1 & 157-1, Lorong Haruan 5/5
Oakland Commerce Square
70300 Seremban
Negeri Sembilan, Malaysia
Phone : +606 631 8588, +606 631 8589

F&N Beverages Marketing Sdn Bhd (Johor)
Batu 4¾, Jalan Tampoi
81200 Johor Bahru
Johor, Malaysia
Phone : +607 332 2433
Fax : +607 332 8018

F&N Beverages Marketing Sdn Bhd (Batu Pahat)
Lot 729, Lorong Bintang
Mukim Perserai
80300 Batu Pahat, Johor, Malaysia
Phone : +607 413 9000
Fax : +607 413 9999

F&N Beverages Marketing Sdn Bhd (Kluang)
No. 11, Jalan 2
Taman Perindustrian Sinaran
86000 Kluang, Johor, Malaysia
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F&N Beverages Marketing Sdn Bhd (Melaka)
No. 10, Jalan Bukit Gedong
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Fax : +606 284 7458

F&N Beverages Marketing Sdn Bhd (Butterworth)
No. 3724, Jalan Sungai Nyior
12100 Butterworth
Pulau Pinang, Malaysia
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Fax : +604 331 0427

F&N Beverages Marketing Sdn Bhd (Ipoh)
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30200 Ipoh, Perak, Malaysia
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F&N Beverages Marketing Sdn Bhd (Alor Setar)
No. 111, Taman Saga, Tingkat Bawah
Jalan Alor Mengkudu
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Fax : +604 731 6723

F&N Beverages Marketing Sdn Bhd (Kuantan)
Block A, Lot 95
Kawasan Perindustrian Semambu
25350 Kuantan, Pahang, Malaysia
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F&N Beverages Marketing Sdn Bhd (Kota Bharu)
Lot 9 & 10, Pengkalan Chepa
Industrial Estate, 16100 Kota Bharu
Kelantan, Malaysia
Phone : +609 771 5643, +609 771 5641

F&N Beverages Marketing Sdn Bhd (Kuala Terengganu)
Lot PT 7012K
Kawasan Perindustrian Gong Badak
21300 Kuala Terengganu
Terengganu, Malaysia
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28400 Mentakab
Pahang, Malaysia
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F&N Beverages Marketing Sdn Bhd (Kuching)
3½ Mile Jalan Penrissen
93250 Kuching
Sarawak, Malaysia
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Fax : +6082 452 488

F&N Beverages Marketing Sdn Bhd (Sibu)
No. 28, Lorong Lanang Barat 20-B
Jalan Upper Lanang, 96008 Sibu
Sarawak, Malaysia
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F&N Beverages Marketing Sdn Bhd (Bintulu)
No. 55, BBC Workshop (Light Industrial Estate)
Lot 214 & 217, Block 22
Kemena Land District
5½ Miles Jalan Bintulu Sibu
97000 Bintulu
Sarawak, Malaysia
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F&N Beverages Marketing Sdn Bhd (Miri)
Lot 1830, Jalan Prunus 6
Piasau Jaya Industrial Estate
98000 Miri
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F&N Beverages Marketing Sdn Bhd (Kota Kinabalu)
5½ Mile, Jalan Tuaran, Inanam
88818 Kota Kinabalu, Sabah, Malaysia
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F&N Beverages Marketing Sdn Bhd (Sandakan)
Ground & Mezzanine Floor
Block B, Lot 8, Phase IIA
Taman Grandview, 90000 Sandakan
Sabah, Malaysia
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Fax : +6089 225 500

F&N Beverages Marketing Sdn Bhd (Tawau)
Lot No. 12200, Taman Megah Jaya
KM 8, Off Jalan Tiku
91000 Tawau
Sabah, Malaysia
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Fax : +6089 749 008

INTERNATIONAL OFFICE

Fraser and Neave MENA DWC-LLC
Office 138, Building A3, Business Park
Dubai World Central
Dubai, United Arab Emirates (UAE)
Phone : +971 58 501 1900

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 59th Annual General Meeting of Fraser & Neave Holdings Bhd ("Company") will be held on a fully virtual basis through live streaming from the broadcast venue at the Auditorium, Level 3A Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Tuesday, 19 January 2021 at 10:00 a.m. for the following purposes:

ORDINARY BUSINESS

1.	To receive the Audited Financial Statements for the financial year ended 30 September 2020 together with the Reports of the Directors and Auditors thereon.	**Refer to Explanatory Note (i)**
2.	To approve the payment of a final single tier dividend of 33 sen per share for the financial year ended 30 September 2020.	**Resolution 1**
3.	To re-elect Puan Aida binti Md Daud who retires in accordance with Clause 100 of the Company's Constitution, as a Director.	**Resolution 2**
4.	To re-elect Puan Faridah binti Abdul Kadir who retires in accordance with Clause 100 of the Company's Constitution, as a Director.	**Resolution 3**
5.	To re-elect Y.Bhg. Datuk Mohd Anwar bin Yahya who retires in accordance with Clause 100 of the Company's Constitution, as a Director.	**Resolution 4**
6.	To re-elect Madam Tan Fong Sang who retires in accordance with Clause 106 of the Company's Constitution, as a Director.	**Resolution 5**
7.	To approve the payment of Directors' fees and benefits of up to RM1,500,000 for the period from 20 January 2021 to the next annual general meeting ("AGM") of the Company (2020 AGM: up to RM1,500,000), payable monthly in arrears after each month of completed service of the Directors.	**Resolution 6**
8.	To re-appoint Messrs KPMG PLT, the retiring auditors, as the auditors of the Company for the financial year ending 30 September 2021 and to authorise the Directors to fix their remuneration.	**Resolution 7**

SPECIAL BUSINESS

9.	**ORDINARY RESOLUTION** **– PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY** "**THAT** subject always to the Companies Act 2016 ("Act"), the provisions of the Constitution of the Company, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant authorities, the Board of Directors of the Company be and is hereby unconditionally and generally authorised, to the extent permitted by the law, to make purchases of ordinary shares in the Company's issued shares ("F&N Shares") from time to time through Bursa Securities, subject further to the following: (i) the maximum number of ordinary shares which may be purchased and held by the Company does not exceed ten per centum (10%) of the total issued shares of the Company at any point in time ("Proposed Share Buy-Back"); (ii) the maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the Company's total retained profits at the time of purchase of the Proposed Share Buy-Back; (iii) the approval conferred by this resolution will commence immediately upon the passing of this resolution and will expire at the conclusion of the next annual general meeting of the Company, following the passing of this resolution or the expiration of the period within which the next annual general meeting is required by law to be held unless earlier revoked or varied by ordinary resolution passed by shareholders of the Company at a general meeting but not as to prejudice the completion of purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Act, the rules and regulations made pursuant thereto and the guidelines issued by Bursa Securities and/or any other relevant authority; and (iv) upon completion of the purchase(s) of the F&N Shares or any part thereof by the Company, the Directors be and are hereby authorised to cancel all the F&N Shares so purchased, retain all the F&N Shares as treasury shares for future re-sale or retain part thereof as treasury shares and cancel the balance or distribute all or part of the F&N Shares as dividends to shareholders, and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of MMLR and any other relevant authority for the time being in force	

	AND THAT authority be and is hereby unconditionally and generally given to the Directors to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act 1991, and the entering into all agreements, arrangements and guarantees with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with full power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the shares bought back) in accordance with the Act, the provisions of the Constitution of the Company, the MMLR and all other relevant governmental and/or regulatory authorities."	**Resolution 8**
10.	**ORDINARY RESOLUTION** **– PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** "**THAT** approval be and is hereby given for the Company and/or its subsidiaries ("F&N Group") to enter into any of the category of recurrent transactions of a revenue or trading nature falling within the types of transactions set out in Sections 2.4.1 and 2.4.2, Part B of the Statement/Circular to Shareholders dated 21 December 2020 with the related parties mentioned therein, provided that such transactions are necessary for the day-to-day operations and they are carried out in the ordinary course of business on normal commercial terms which are consistent with the F&N Group's normal business practices and policies, and on terms not more favourable to the related parties than those extended to the other customers of the F&N Group, and not to the detriment of the minority shareholders **AND THAT** such approval shall be in force until: (i) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; (ii) the expiration of the period within which the next annual general meeting is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or (iii) revoked or varied by the Company in a general meeting, whichever is the earlier **AND THAT** the Directors of the Company and each of them be authorised to do all such acts and things (including, without limitation, to execute all such documents) as they may consider necessary, expedient or in the interests of the Company to give effect to this resolution."	**Resolution 9**
11.	To transact any other business of which due notice shall have been given.	

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of shareholders at the 59th Annual General Meeting of the Company, the proposed payment of a final single tier dividend of 33 sen per share for the financial year ended 30 September 2020 will be paid to shareholders on 5 February 2021. The entitlement date for the proposed dividend shall be on 21 January 2021.

A depositor shall qualify for the entitlement to the dividend only in respect of:

a) Shares transferred to the depositor's securities account before 4:30 p.m. on 21 January 2021 in respect of ordinary transfer; and

b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

TIMOTHY OOI AIK TUAN
(LS0010357/SSM PC NO. 201908002732)
Company Secretary

Kuala Lumpur, Malaysia
21 December 2020

Notice of Annual General Meeting (Cont'd.)

NOTES:

Virtual Annual General Meeting ("AGM")

(1) The 59th AGM of the Company will be conducted on a fully virtual basis through live streaming and Remote Participation and Electronic Voting ("RPEV") facilities which will be made available on the online portal of Boardroom Share Registrars Sdn Bhd at https://web.lumiagm.com. Please refer to the Administrative Details for the 59th AGM for the procedures to register, participate and vote remotely via the RPEV facilities.

(2) For the purpose of complying with Section 327(2) of the Companies Act 2016, the Chairman of the meeting is required to be present at the main venue of the AGM. Members/Proxies/Corporate Representatives will not be allowed to attend this AGM in person at the broadcast venue on the day of the AGM.

Appointment of Proxy

(3) A member entitled to attend, speak and vote at the above virtual meeting via the RPEV facilities may appoint a proxy or proxies (but not more than two) to attend, speak and vote on his/her behalf and such proxy or proxies need not be a member or members of the Company.

(4) Where there are two proxies appointed, the number of shares to be represented by each proxy must be stated.

(5) In the case of a corporation, the form of proxy must be executed under seal or under the hand of its attorney duly authorised.

(6) Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. Each appointment of proxy by an exempt authorised nominee shall be by a separate instrument of proxy which shall specify the proportion of shareholding to be represented by each proxy.

(7) The instrument appointing a proxy or proxies may be deposited at the office of the Poll Administrator, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or at its website at https://boardroomlimited.my ("eProxy Lodgement") not less than 48 hours before the meeting. Please refer to the Administrative Details for the 59th AGM for the steps on the eProxy Lodgement.

Members Entitled to Attend the AGM

(8) For the purpose of determining a member who shall be entitled to attend the 59th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 65(6) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at Monday, 11 January 2021. Only a depositor whose name appears on the Record of Depositors as at Monday, 11 January 2021 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.

EXPLANATORY NOTES:

A. FOR ORDINARY BUSINESS

i) Audited Financial Statements

Item 1 of the agenda is intended for discussion only as under Section 340(1) of the Companies Act 2016, the Audited Financial Statements do not require formal approval of shareholders. As such, this item will not be put forward for voting.

ii) Directors' Fees and Benefits (Resolution 6)

Section 230(1) of the Companies Act 2016 provides that fees of directors and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or of a listed company and its subsidiaries shall be approved at a general meeting.

At the AGM on 20 January 2020, shareholders approved the payment of Directors' fees and benefits of up to RM1,500,000 for the period from 21 January 2020 to 19 January 2021. Total Directors' fees and benefits paid for the financial year ended 30 September 2020 amounted to RM1,334,924 as detailed in the Corporate Governance Overview Statement.

In determining the estimated Directors' fees and benefits of up to RM1,500,000, the Board has considered various factors including the number of scheduled and ad-hoc meetings of the Board and Board Committees and the AGM along with Directors' benefits.

Resolution 6, if passed, will facilitate the payment of Directors' fees and benefits on a monthly basis and/or as and when required. The Board is of the view that Directors should be paid such fees and meeting allowances upon them discharging their responsibilities and rendering their services to the Company.

B. FOR SPECIAL BUSINESS

i) Proposed Renewal of Share Buy-Back Authority (Resolution 8)

Resolution 8, if passed, will provide the Company with the authority to buy-back its shares and will allow the Company a further option to utilise its financial resources more efficiently. Additionally, it is intended to stabilise the supply and demand as well as the price of the Company's shares. Please refer to Part A of the Statement/Circular to Shareholders dated 21 December 2020 for more details.

ii) Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Resolution 9)

Resolution 9, if passed, will enable the Company and/or its subsidiaries ("F&N Group") to enter into recurrent transactions with the related parties provided that such transactions are carried out in the ordinary course of business on normal commercial terms which are consistent with the F&N Group's normal business practices and policies and on terms not more favourable to the related parties than those extended to the other customers of the F&N Group, and not to the detriment of the minority shareholders. Please refer to Part B of the Statement/Circular to Shareholders dated 21 December 2020 for more details.

Administrative Details

FOR THE 59TH ANNUAL GENERAL MEETING OF FRASER & NEAVE HOLDINGS BHD

MODE OF MEETING

1. As a precautionary measure amid the COVID-19 pandemic and taking into consideration the health and safety of shareholders and all participants, the 59th Annual General Meeting ("AGM") of Fraser & Neave Holdings Bhd ("F&NHB") will be conducted on a fully virtual basis with proceedings of the AGM being streamed live from the broadcast venue on the date and time as set out below:

Day, Date and Time of meeting	:	Tuesday, 19 January 2021 at 10.00 a.m.
Broadcast venue	:	Auditorium, Level 3A Floor Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan Malaysia

2. Shareholders will be able to access and participate in the proceedings through Remote Participation and Electronic Voting ("RPEV") facilities, which will be made available on the online portal of Boardroom Share Registrars Sdn Bhd at **https://web.lumiagm.com**.

3. The broadcast venue is only meant to facilitate the conduct of the virtual AGM. **No shareholder or proxy shall be physically admitted to the broadcast venue on the day of the AGM.**

ENTITLEMENT TO PARTICIPATE AND VOTE REMOTELY

1. A shareholder whose name appears on the Record of Depositors as at Monday, 11 January 2021 shall be eligible to participate the meeting or appoint proxy(ies) to participate on his/her behalf.

2. If a shareholder is unable to participate at the AGM, he/she may also appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Proxy Form.

VOTING PROCEDURE

1. Voting will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Boardroom Share Registrars Sdn Bhd ("Boardroom") as the Poll Administrator to conduct the poll by way of electronic voting (e-Voting) and Asia Securities Sdn Berhad as Independent Scrutineer to verify the poll results.

2. e-Voting for all the resolutions set out in the Notice of AGM will take place concurrently after the relevant questions in respect of these resolutions have been addressed.

3. Members and proxies are required to use one of the following methods to vote remotely:

   a. Download Lumi AGM App (free of charge) onto your personal voting device prior to the AGM from Apple App Store or Google Play Store; or

   b. Launch Lumi AGM by scanning the QR code given to you in the email along with your remote participation User ID and Password; or

   c. Access to Lumi AGM via website URL **https://web.lumiagm.com**.

   For the purpose of this AGM, e-Voting can be carried out by using either personal smart mobile phones, tablets, personal computers or laptops.

4. During the AGM, the Chairman will invite the Poll Administrator to brief on the e-Voting housekeeping rules. The voting session will commence as soon as the Chairman calls for the poll to be opened and until such time when the Chairman announces the closure of poll.

5. The Scrutineer will verify the poll result reports upon closing of the poll session by the Chairman. Thereafter, the Chairman will announce and declare whether the resolutions put to vote were successfully carried or otherwise.

LODGEMENT OF PROXY FORM

1. If you are unable to attend the AGM via RPEV facilities and wish to appoint the Chairman of the AGM as your proxy to vote on your behalf, please deposit your Proxy Form at the office of the Poll Administrator, Boardroom at **11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia** not less than forty-eight (48) hours before the time of holding the AGM, i.e. latest by Sunday, 17 January 2021 at 10.00 a.m. Any alteration to the Form of Proxy must be initialled.

2. Alternatively, the proxy appointment may also be lodged electronically at **https://boardroomlimited.my**, which is free and available to all individual shareholders, not less than forty-eight (48) hours before the time of holding the AGM, i.e. latest by Sunday, 17 January 2021 at 10.00 a.m. For further information, kindly refer to the "Electronic Lodgement of Form of Proxy" below:

STEP 1 REGISTER ONLINE WITH BOARDROOM SMART INVESTOR PORTAL (FOR FIRST TIME REGISTRATION ONLY)

(Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2 on eProxy Lodgement.)

a. Access website **https://boardroomlimited.my**
b. Click **<<Login>>** and click **<<Register>>** to sign up as a user.
c. Complete the registration and upload a softcopy of your MyKAD/ Identification Card (front and back) or Passport in JPEG or PNG format.
d. Please enter a valid email address and wait for Boardroom's email verification.
e. Your registration will be verified and approved within one (1) business day and an email notification will be provided.

Administrative Details (Cont'd.)

FOR THE 59TH ANNUAL GENERAL MEETING OF FRASER & NEAVE HOLDINGS BHD

STEP 2 e-PROXY LODGEMENT

a. Access website **https://boardroomlimited.my**
b. Login with your User ID and Password given above.
c. Go to **"e-PROXY LODGEMENT"** and browse the Meeting List for **"FRASER & NEAVE HOLDINGS BHD FIFTY-NINTH (59th) ANNUAL GENERAL MEETING"** and click **"APPLY"**.
d. Read the terms & conditions and confirm the Declaration.
e. Enter your CDS Account Number and indicate the number of securities.
f. Appoint your proxy(ies) or the Chairman of the AGM and enter the required particulars for your proxy(ies).
g. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your votes.
h. Review and confirm your proxy(ies) appointment.
i. Click submit.

3. If you wish to participate in the AGM yourself, please do not submit any proxy form for the AGM. You will not be allowed to participate in the AGM together with a proxy appointed by you

REVOCATION OF PROXY

1. If you have submitted your Proxy Form prior to the AGM and subsequently decide to appoint another person or wish to participate in the AGM yourself, please write in to **BSR.Helpdesk@boardroomlimited.com** to revoke the earlier appointed proxy(ies) at least forty-eight (48) hours before the AGM. On revocation, your proxy(ies) will not be allowed to participate in the AGM. In such event, you should advise your proxy(ies) accordingly.

REMOTE PARTICIPATION AND ELECTRONIC VOTING ("RPEV")

1. All shareholders including (i) individual shareholders; (ii) corporate shareholders; (iii) authorised nominees; and (iv) exempt authorised nominees shall use the RPEV facilities to participate and vote remotely at the AGM. You will be able to view a live webcast of the meeting, ask questions and submit your votes in real time whilst the meeting is in progress.

2. Kindly note that the quality of the live streaming is highly dependent on the bandwidth and stability of the internet connection of the participants. Therefore, kindly ensure that connectivity for the duration of the meeting is maintained.

3. Kindly follow the steps below to request for your login ID and password and usage of the RPEV facilities:

Before the day of the AGM

Procedure		**Action**
i.	Register online with Boardroom Smart Investor Portal **(for first time registration only)**	*(Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step (ii) – Submit request for remote participation.)* a. Access website **https://boardroomlimited.my** b. Click **<<Login>>** and click **<<Register>>** to sign up as a user. c. Complete the registration and upload a softcopy of your MyKAD/Identification Card (front and back) or Passport in JPEG or PNG format. d. Please enter a valid email address and wait for Boardroom's email verification. e. Your registration will be verified and approved within one (1) business day and an email notification will be provided.

Before the day of the AGM (Cont'd.)

Procedure		Action
ii.	Submit request for remote participation **(User ID and Password)**	*(Note: Registration for remote access will be opened on Monday, 21 December 2020. Please note that the closing time to submit your request is not less than forty-eight (48) hours before the time of holding the AGM, i.e. latest by Sunday, 17 January 2021 at 10.00 a.m.)* **Individual Members** a. Login to **https://boardroomlimited.my** using your user ID and password. b. Select **"VIRTUAL MEETING"** from main menu and select the correct Corporate Event **"FRASER & NEAVE HOLDINGS BHD FIFTY-NINTH (59th) ANNUAL GENERAL MEETING"**. c. Read and agree to the Terms & Conditions. d. Enter your CDS Account Number and thereafter submit your request. **Corporate Shareholders, Authorised Nominee and Exempt Authorised Nominee** a. Write in to **BSR.Helpdesk@boardroomlimited.com** by providing the name of shareholder, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy (as the case may be) to submit the request. b. Please provide a copy of corporate representative's MyKad/Identification Card (front and back) or Passport in JPEG or PNG format as well as his/her email address.
iii.	Email notification	a. You will receive notification from Boardroom that your request(s) has been received and is being verified. b. Upon system verification against the Record of Depositories of the AGM as at Monday, 11 January 2021, you will receive an email from Boardroom either approving or rejecting your registration for remote participation. c. If your registration is approved, you will also receive your remote access user ID and password in the same email from Boardroom after the closing date. d. Please note that the closing date and time to submit your request is by Sunday, 17 January 2021 at 10.00 a.m.

On the day of the AGM

Procedure		Action
iv.	Login to virtual meeting platform	a. The virtual meeting portal will be opened for login one (1) hour before the commencement of the AGM at 9.00 a.m. on Tuesday, 19 January 2021, which can be accessed via one of the following methods: • Download the free Lumi AGM application from Apple App Store or Google Play Store; • Launch Lumi AGM by scanning the QR Code provided in the email notification; • Access to Lumi AGM webportal via website at **https://web.lumiagm.com** b. Insert the Meeting ID number and sign in with the user ID and password provided to you via the email notification in Step (iii) above.
v.	Participate	*(Note: Questions submitted online will be moderated before being sent to the Chairman to avoid repetition)* a. If you would like to view the live webcast, select the broadcast icon.  b. If you would like to ask a question during the AGM, select the messaging icon.  c. Type your message within the chat box, once completed click the send button.
vi.	Voting	a. Once the meeting is opened for voting, the polling icon  will appear with the resolutions and your voting choices. b. To vote, simply select your voting direction from the options provided. A confirmation message will appear to show your vote has been received. c. To change your vote, simply select another voting direction. d. If you wish to cancel your vote, please press "Cancel".
vii.	End of participation	a. Upon the announcement by the Chairman on the closure of the AGM, the live webcast will end and the messaging window will be disabled. b. You can now logout from the virtual meeting platform.

Administrative Details (Cont'd.)

FOR THE 59TH ANNUAL GENERAL MEETING OF FRASER & NEAVE HOLDINGS BHD

SUBMISSION OF QUESTIONS

1. Shareholders may submit questions in advance on the AGM resolutions and Annual Report 2020 commencing from Monday, 21 December 2020 and in any event no later than 10.00 a.m., Friday, 15 January 2021 via Boardroom's website at **https://boardroomlimited.my** using the same user ID and password provided in Step (iii) above, and select "SUBMIT QUESTION" to pose questions ("Pre-AGM Meeting Questions").

2. Thereafter, on the morning of the 59th AGM, shareholders may also submit questions via the messaging box on Lumi AGM webportal at **https://web.lumiagm.com** starting at 9.00 a.m. This webportal will remain open throughout the virtual AGM session.

3. The Board will endeavour to respond to Pre-AGM Meeting Questions and questions submitted from 9.00 a.m. on the day of the 59th AGM and throughout the meeting. However, not all questions will be answered during the meeting. In such event, the responses will be posted on the Company's website as soon as practicable.

E-COUPON

1. There will be an e-Coupon for shareholders and proxy holders who participate at the AGM. Please refer to the terms and conditions, and procedures for redemption as set out in **Appendix A** for guidance.

RECORDING OR PHOTOGRAPHY

1. No recording or photography of the AGM proceedings is allowed without the prior written permission of the Company.

DIGITAL COPIES OF AGM DOCUMENTS

1. As part of our commitment to protect the environment from paper waste, the following documents can be accessed from our website at **https://fn.com.my/investors/ar2020/**:

    1. Annual Report 2020
    2. Notice of the 59th AGM and Proxy Form
    3. Sustainability Report 2020
    4. Circular in relation to the Share Buy-Back Statement and the Proposed Shareholders' Mandate for Recurrent Related Party Transactions
    5. Corporate Governance Report 2020

ENQUIRY

1. If you have any enquiries prior to the AGM or if you wish to request for technical assistance to participate in the fully virtual meeting, please contact Boardroom during office hours from Monday to Friday (8.30 a.m. to 5.30 p.m.), details as follows:

Boardroom Share Registrars Sdn Bhd

Address	:	11th Floor, Menara Symphony No. 5 Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan, Malaysia
General Line	:	603-7890 4700 (Helpdesk)
Fax Number	:	603-7890 4670
Email	:	BSR.Helpdesk@boardroomlimited.com

PERSONAL DATA POLICY

1. By registering for the remote participation and electronic voting meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), a member of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

Appendix A

F&N LIFE E-COUPON

STEP BY STEP

For further inquiries, please contact us at **contact@fnlife.com.my** or find us on F&N Life Facebook Page



HOW TO USE PROMO CODE

GET IT ON Google Play

Download on the App Store

STEP 1
Create an account on F&N Life

(Available via F&N Life Web or Mobile application)

STEP 2
After successfully registered an account, click on the link

(https://fnlife.com.my/our-products/f-n-agm.html)

to access the redemption page



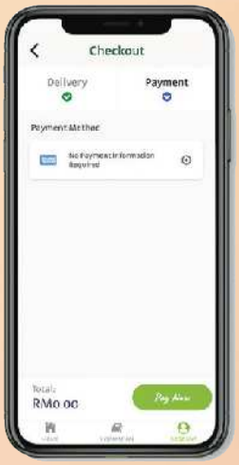
STEP 3
Click on the product on the Redemption Page (100PLUS) and add the product to your cart.



STEP 4
Click on the cart to proceed to checkout



STEP 5
Key in ***FNAGM2021*** in the coupon code section and click ***"Apply code"***



STEP 6
Click on ***"Pay Now"*** to complete your redemption.

e-Coupon terms and conditions:

1. One (1) e-Coupon will be given for one (1) attendee only, regardless of the number of shareholders you are representing as a proxy, and whether you are attending both as proxy and shareholder.
2. The e-Coupon is only valid for remote participants (via RPEV facilities) who logged in during the 59th AGM of Fraser & Neave Holdings Bhd ("the Company").
3. The e-Coupon is limited to one (1) time redemption of one (1) carton of 100PLUS cans per email address registered for the 59th AGM.
4. The e-Coupon is not exchangeable for cash or kind, and is not replaceable for any other reason.
5. This e-Coupon is only applicable in F&N Life's website (**www.fnlife.com.my**) and mobile application.
6. This e-Coupon is valid until 28 February 2021.
7. No charges and delivery fee are required. Delivery is only applicable to Peninsular Malaysia.
8. The Company reserves the right to alter, extend or terminate the e-Coupon and change the terms and condition at any time without prior notice.



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FRASER & NEAVE HOLDINGS BHD
196101000155 (4205-V)

Proxy Form

I/We _____ NRIC/Company No. _____
(full name in block letters)

of _____
(full address)

_____

Tel. No. _____ Email address _____

being a member/members of Fraser & Neave Holdings Bhd, hereby appoint the following person(s):

Full name in block letters	**NRIC/Passport No.**	**Proportion of shareholding to be represented**	
		No. of shares	**Percentage (%)**
Address:			
Tel. No.:			
Email address:			

and/or (delete if inapplicable)

Full name in block letters	**NRIC/Passport No.**	**Proportion of shareholding to be represented**	
		No. of shares	**Percentage (%)**
Address:			
Tel. No.:			
Email address:			

or failing him/her, the Chairman of the meeting as my/our proxy(ies) to vote for me/us on my/our behalf as indicated below, at the 59th Annual General Meeting ("AGM") of the Company to be held on a fully virtual basis through live streaming from the broadcast venue at the Auditorium, Level 3A Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on **Tuesday, 19 January 2021** at **10:00 a.m.** or at any adjournment thereof:

Ordinary Resolutions:	**No.**	**For**	**Against**
To approve the payment of a final single tier dividend of 33 sen per share for the financial year ended 30 September 2020.	1		
To re-elect Puan Aida binti Md Daud who retires in accordance with Clause 100 of the Company's Constitution, as a Director.	2		
To re-elect Puan Faridah binti Abdul Kadir who retires in accordance with Clause 100 of the Company's Constitution, as a Director.	3		
To re-elect Y.Bhg. Datuk Mohd Anwar bin Yahya who retires in accordance with Clause 100 of the Company's Constitution, as a Director.	4		
To re-elect Madam Tan Fong Sang who retires in accordance with Clause 106 of the Company's Constitution, as a Director.	5		
To approve the payment of Directors' fees and benefits of up to RM1,500,000 for the period from 20 January 2021 to the next annual general meeting ("AGM") of the Company (2020 AGM: up to RM1,500,000), payable monthly in arrears after each month of completed service of the Directors.	6		
To re-appoint Messrs KPMG PLT, the retiring auditors, as the auditors of the Company for the financial year ending 30 September 2021 and to authorise the Directors to fix their remuneration.	7		
To approve the Proposed Renewal of Share Buy-Back Authority.	8		
To approve the Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature.	9		

Please indicate with an "X" in the spaces above how you wish your vote(s) to be cast. If no specific direction as to voting is given, your proxy will vote or abstain at his/her discretion.

Dated this _____ day of _____ 20____

Number of shares held:	
CDS Account No.:	

_____
Signature(s)/Common Seal of Shareholder(s)

Fold this flap for sealing

Then fold here

AFFIX
STAMP

THE COMPANY SECRETARY

FRASER & NEAVE HOLDINGS BHD

(Registration No.: 196101000155 (4205-V))

c/o BOARDROOM SHARE REGISTRARS SDN BHD

11th Floor, Menara Symphony

No. 5, Jalan Prof. Khoo Kay Kim

Seksyen 13, 46200 Petaling Jaya

Selangor Darul Ehsan, Malaysia

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Notes:

Virtual Annual General Meeting ("AGM")

(1) The 59th AGM of the Company will be conducted on a fully virtual basis through live streaming and Remote Participation and Electronic Voting ("RPEV") facilities, which will be made available on the online portal of Boardroom Share Registrars Sdn Bhd at https://web.lumiagm.com. Please refer to the Administrative Details for the 59th AGM for the procedures to register, participate and vote remotely via the RPEV facilities.

(2) For the purpose of complying with Section 327(2) of the Companies Act 2016, the Chairman of the meeting is required to be present at the main venue of the AGM. Members/Proxies/Corporate Representatives will not be allowed to attend this AGM in person at the broadcast venue on the day of the AGM.

Appointment of Proxy

(3) A member entitled to attend, speak and vote at the above virtual meeting via the RPEV facilities may appoint a proxy or proxies (but not more than two) to attend, speak and vote on his/her behalf and such proxy or proxies need not be a member or members of the Company.

(4) Where there are two proxies appointed, the number of shares to be represented by each proxy must be stated.

(5) In the case of a corporation, the form of proxy must be executed under seal or under the hand of its attorney duly authorised.

(6) Where a member of the Company is an exempt authorised nominee which holds shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds. Each appointment of proxy by an exempt authorised nominee shall be by a separate instrument of proxy which shall specify the proportion of shareholding to be represented by each proxy.

(7) The instrument appointing a proxy or proxies may be deposited at the office of the Poll Administrator, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or at its website at https://boardroomlimited.my ("eProxy Lodgement") not less than 48 hours before the meeting. Please refer to the Administrative Details for the 59th AGM for the steps on the eProxy Lodgement.

Members Entitled to Attend the AGM

(8) For the purpose of determining a member who shall be entitled to attend the 59th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Clause 65(6) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at Monday, 11 January 2021. Only a depositor whose name appears on the Record of Depositors as at Monday, 11 January 2021 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.

FRASER & NEAVE HOLDINGS BHD
196101000155 (4205-V)

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