BERJAYA

# BERJAYA FOOD BERHAD

[Registration No. 200901032946 (876057-U)]

## ANNUAL REPORT 2021


Kenny Rogers ROASTERS Deliciously Healthy

STARBUCKS®

Jollibean® We've bean spreading joy

Joybean™ We've bean spreading joy

SALA EAT • LIVE • LOVE

# WHAT'S INSIDE




## Vision

To be the leading Food and Beverage organisation with a portfolio of reputable brands that will enhance profitable and sustainable growth and stakeholder returns.

## Mission

- To ensure we provide a people culture that is performance driven and built on the foundations of personal development, diversity and mutual respect for each other.
- To ensure total customer satisfaction.
- To generate a profitable rate of return for all our shareholders.
- To carry out our business in ways that are socially and environmentally responsible.

# CORPORATE PROFILE

**BERJAYA FOOD BERHAD ("BFood")** was incorporated in Malaysia on 21 October 2009. It was converted into a public limited company on 3 December 2009 and listed on the Main Market of Bursa Malaysia Securities Berhad on 8 March 2011. As part of The Listing Scheme, Berjaya Roasters (M) Sdn Bhd ("BRoasters") was acquired and became a wholly-owned subsidiary of BFood in January 2011. BRoasters is engaged in the development and operation of the Kenny Rogers Roasters ("KRR") chain of restaurants in Malaysia.

On 26 July 2011, BFood entered into a conditional joint venture agreement with PT Mitra Samaya, Indonesia, PT Harapan Swasti Sentosa, Indonesia and PT Boga Lestari Sentosa, Indonesia ("PT Boga") to develop and operate the KRR franchise in Java Island and Bali, Indonesia under PT Boga. On 24 November 2017, Berjaya Food (International) Sdn Bhd ("BFI"), disposed of its entire stake in PT Boga.

On 19 July 2012, BFood completed the acquisition of 11,500,000 ordinary shares of RM1.00 each, representing 50% equity interest in Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") for a cash consideration of RM71.7 million. The remaining 50% equity interest was held by Starbucks Coffee International, Inc ("SCI"). On 9 August 2012, BFood completed its Rights Issue and the 115,081,760 new shares and 115,081,760 warrants arising from the Rights Issue was listed on the Main Market of Bursa Malaysia Securities Berhad on 13 August 2012. On 18 September 2014, BFood completed the acquisition of 11,500,000 ordinary shares of RM1.00 each, representing the remaining 50% equity interest in BStarbucks not owned by BFood for a total cash consideration of USD88,000,000 (equivalent to about RM279.52 million). BStarbucks is now a 100% owned subsidiary of BFood.

On 7 December 2012, BFood acquired 100% equity interest in Jollibean Foods Pte Ltd, Singapore ("Jollibean Foods") for a cash consideration of RM19.02 million. On 30 January 2018, the Company's wholly-owned subsidiary, BFI completed the disposal of 5% equity interest in Jollibean Foods to Mr Sydney Lawrance Quays for a cash consideration of SGD150,000 (equivalent to about RM445,020).

On 7 October 2013, BFI entered into a Joint Venture Cum Shareholders' Agreement with Deluxe Daily Food Sdn Bhd ("Deluxe") for the subscription of 80% equity interest in Berjaya Food Supreme Sdn Bhd, a Brunei Darussalam-incorporated company to undertake the operations of "Starbucks Coffee" chain of cafes in Brunei Darussalam for a total cash consideration of about BND2.40 million (or about RM6.20 million). The remaining 20% was subscribed by Deluxe.

On 19 August 2020, BFI entered into a subscription cum shareholders agreement for the proposed subscription of 50% of the enlarged issued share capital of Ser Vegano Sdn Bhd ("SER") for a total cash subscription price of RM250,000. SER is operating a Latin-inspired, Tex-Mex, plant-based vegan restaurant under the name "Sala".

## STARBUCKS

Starbucks Coffee in Malaysia is operated by BStarbucks. From its first store opening in Kuala Lumpur on 17 December 1998, Starbucks is now available in 15 states and federal territories in Malaysia. As at 30 June 2021, there are a total of 327 stores nationwide.

BStarbucks is also the first coffeehouse in Malaysia to introduce a drive-thru concept store in December 2009 in Johor Bahru. As at 30 June 2021, there are a total of 56 Starbucks drive-thru concept stores across Malaysia. In 2015, BStarbucks opened the first Starbucks Reserve™ concept store as part of its commitment to push the premium coffee experience even further through the retail of some of the world's most exceptional beans and an immersive coffeehouse experience. As of 30 June 2021, there are 12 Starbucks Reserve Stores in Malaysia and 2 Starbucks drive-thru Reserve Stores across Malaysia.


*Starbucks Reserve Tropicana Gardens Mall.*

# CORPORATE PROFILE

The company also operates the world's first Starbucks Signing Store, which promotes accessibility and offers employment and development for the Deaf community. In November 2019, it opened its second Starbucks Signing Store in Burmah Road, Penang - the fourth of its kind in the world.

On 16 February 2014, the first Starbucks store opened in Mabohai Shopping Complex in Brunei. The store features a traditional coffee bar also known as an "Experience Bar" to allow customers to savor their favourite Starbucks coffees using the pour-over brewing method. On 7 September 2014, the first drive-thru concept store was opened in Beribi. As at 30 June 2021, there are 4 Starbucks stores in Brunei.

## JOLLIBEAN

Jollibean Foods was first incorporated in November 1993 in Singapore. The brand came to life through the inspiration of a simple goal: to make available traditional drinks and snacks typically found in wet markets by repackaging them in a fuss-free and affordable way. Since then, Jollibean Foods has developed from one speciality store to a chain of over 33 outlets under four different brand concepts: Jollibean with 23 outlets, Sushi Deli with 9 outlets and Kopi Alley with its 1 outlet, as of 30 June 2021.

In March 2020, Jollibean Foods also opened its newest concept store, Joybean by Jollibean in Our Tampines Hub, which is its first halal-certified store in Singapore. Jollibean Foods also operates Joybean in Malaysia, with its first outlet in Sunway Pyramid. Joybean features a locally-inspired menu as well as Jollibean's core favourites such as the crispy pancake and mini rolls. As of 30 June 2021, there are a total of 3 Joybean outlets within Malaysia.

Jollibean's signature product is its fresh daily-made soy milk using Grade A, non-genetically modified organism (non-GMO), identity-preserved Canadian soy beans to ensure the highest quality of its product each time. It also offers traditional snacks such as the popular street pancake – Mee Chiang Kueh – which complement its soy milk offerings. All of Jollibean's products are prepared fresh at the start of each day.

Its Sushi Deli outlets serve an array of "pick-and-choose" sushi, assorted sashimi sets, sushi & maki sets, Japanese salads, bento sets, party platters and Japanese sweets like Tofu Cheese Cake. In 2006, Jollibean Foods opened its first traditional kopi café concept, Kopi Alley, which offers traditional café food like toasted bread with kaya, as well as local delights such as nasi lemak and mee siam.

## KENNY ROGERS ROASTERS ("KRR")

BFood's holding company, Berjaya Group Berhad ("BGroup") effectively holds the worldwide KRR franchise following BGroup's acquisition of KRR International Corp, USA in April 2008. As at 30 June 2021, there are a total of 75 KRR restaurants across Malaysia including the first KRR restaurant in Terengganu.

KRR stays true to its philosophy of serving up wholesome, hearty meals in its menu offerings. Its rotisserie-roasted chicken is complemented by a variety of hot and cold sides, its famously delicious muffins, salads, pastas, soup, desserts and an effervescent array of creative beverages – all served in a friendly and comfortable environment. All KRR restaurants serve their customers in a full service, mid-casual dining setting providing customers with a wholesome dining experience.


*Joybean's assorted soymilk.*

*KRR's Satay Ayam Lite Meal.*

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin**
Chairman/Independent Non-Executive Director

**Sydney Lawrance Quays**
Chief Executive Officer

**Tan Thiam Chai**
**Chryseis Tan Sheik Ling**
Non-Independent Non-Executive Directors

**Datuk Zainun Aishah Binti Ahmad**
**Dato' Mustapha Bin Abd Hamid**
Independent Non-Executive Directors

## AUDIT AND RISK MANAGEMENT COMMITTEE

**Datuk Zainun Aishah Binti Ahmad**
Chairman/
Independent Non-Executive Director

**Dato' Mustapha Bin Abd Hamid**
Independent Non-Executive Director

**Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin**
Independent Non-Executive Director

**Tan Thiam Chai**
Non-Independent Non-Executive Director

## SECRETARIES

**Tham Lai Heng Michelle**
(MAICSA No. 7013702)
(SSM Practising Certificate No. 202008001622)

**Wong Siew Guek**
(MAICSA No. 7042922)
(SSM Practising Certificate No. 202008001490)

**Wong Poo Tyng**
(MAICSA No. 7056052)
(SSM Practising Certificate No. 202008001580)

## SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd
Lot 10-04A & 10-04B, Level 10, West
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur
Tel : 03-2145 0533
Fax: 03-2145 9702

## AUDITORS

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : 03-7495 8000
Fax: 03-2095 5332

## REGISTERED OFFICE

Lot 13-01A, Level 13 (East Wing)
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur
Tel : 03-2149 1999
Fax: 03-2143 1685

## PRINCIPAL BANKERS

AmBank (M) Berhad
Malayan Banking Berhad

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

## STOCK SHORT NAME

BJFOOD (5196)

## PLACE OF INCORPORATION AND DOMICILE

Malaysia

# PROFILE OF DIRECTORS

**DATO' SERI DIRAJA TUNKU SHAZUDDIN ARIFF IBNI SULTAN SALLEHUDDIN**
Chairman/
Independent Non-Executive Director

**TAN THIAM CHAI**
Non-Independent Non-Executive Director

**SYDNEY LAWRANCE QUAYS**
Director and Chief Executive Officer

**CHRYSEIS TAN SHEIK LING**
Non-Independent Non-Executive Director

**DATUK ZAINUN AISHAH BINTI AHMAD**
Independent Non-Executive Director

**DATO' MUSTAPHA BIN ABD HAMID**
Independent Non-Executive Director

# PROFILE OF DIRECTORS

## DATO' SERI DIRAJA TUNKU SHAZUDDIN ARIFF IBNI SULTAN SALLEHUDDIN

Chairman/Independent Non-Executive Director

| Malaysian | Aged 51 | Male |
|---|---|---|

He was appointed to the Board on 4 December 2017 as the Chairman of the Company. He is a member of the Nomination Committee, Audit and Risk Management Committee, Remuneration Committee and Employees' Share Scheme Committee.

He graduated from Kansas Wesleyan University, United States of America, majoring in design and marketing. He began his career with Johan Design Associates and managed numerous design projects from graphic, interior design to branding for various corporate and private clients. He continued his career in the same industry with other companies including Hewlett Packard, Data One and Keppel Group of Singapore until year 2001. In 2002, he ventured into the design business and formed an agency in 2005 and subsequently became a major shareholder for both Rethink Sdn Bhd and Reka 3 Sdn Bhd.

Currently, he is the Chairman and a Director of Naza Italia Sdn Bhd. He is also a shareholder and Managing Director of Seri Libana Sdn Bhd, a company involved in interior fit-outs and project management specifically handling government contracts. He also provided consultancy services to various state and government departments, including acquisition of new technologies and funding for various agricultural and tourism initiatives.

## SYDNEY LAWRANCE QUAYS

Director and Chief Executive Officer

| Malaysian | Aged 53 | Male |
|---|---|---|

He was appointed to the Board on 12 January 2017 as an Executive Director and subsequently appointed as the Chief Executive Officer of the Company on 1 June 2017. He is the Chairman of the Employees' Share Scheme Committee. He is also a member of the Sustainability Committee.

He graduated with Honors from the American Hotel and Lodging Association, United States of America majoring in Hospitality Management and Marketing in 1988. He started his career in the hotel industry, moving through different divisions and subsequently joined the quick service restaurant industry, working for McDonald's Malaysia as a trainee manager in 1989.

He was a pioneer of Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks"), holding the position as Marketing and Merchandise Manager when he joined in 1998. Subsequently, he was appointed as Managing Director of BStarbucks on 31 October 2012 and Berjaya Food Supreme Sdn Bhd ("BFood Supreme") on 24 September 2013. He has been awarded "The Asia Pacific Entrepreneurship Award" in years 2014 and 2016 respectively and "The Asia Responsible Entrepreneur" in 2016.

Currently, he is overseeing the day-to-day operational decisions for BStarbucks, Berjaya Roasters (M) Sdn Bhd ("BRoasters"), Jollibean Foods Pte Ltd ("JFPL") and BFood Supreme. He is also responsible for developing the business strategies and directions for business growth and new market expansion as well as preparing and implementing comprehensive business and marketing plans, bringing new and innovative ideas to build sales and elevate brand status. In addition, he is also responsible for the financial performance, profitability and future prospects of the business.

He is a Managing Director of Berjaya Food Trading Sdn Bhd ("BFood Trading") and is responsible for the growth of BFood Trading, which operates the fast-moving consumer goods ("FMCG") business, overseeing the expansion of the FMCG business into different channels and other retail sections as well as new products implementation.

He is also a Director of BRoasters, Berjaya Jollibean (M) Sdn Bhd, JFPL, Ser Vegano Sdn Bhd, Berjaya Food (International) Sdn Bhd and holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

# PROFILE OF DIRECTORS

## TAN THIAM CHAI

Non-Independent Non-Executive Director

| Malaysian | Aged 62 | Male |
|---|---|---|

He was appointed to the Board on 20 May 2010 as a Non-Independent Non-Executive Director. He is also a member of the Nomination Committee, Audit and Risk Management Committee, Remuneration Committee and Sustainability Committee.

He graduated with a Diploma in Commerce (Financial Accounting) from Kolej Tunku Abdul Rahman (now known as Tunku Abdul Rahman University College) and also completed The Association of Chartered Certified Accountants (UK) professional course in 1981. He is a Fellow member of the Association of Chartered Certified Accountants (UK) since 1990 and also a member of the Malaysian Institute of Accountants.

He started work with an accounting firm in Kuala Lumpur for about 2 years and thereafter served in various Finance and Accounting positions with the Hong Leong group of companies in Malaysia as well as in Hong Kong for about 8 years. He joined Berjaya group of companies in early 1991 as a Finance Manager of an operating subsidiary and was promoted to Operation Manager later that year. In 1992, he was transferred to the Corporate Head Office of Berjaya Group Berhad to head the Group Internal Audit function and subsequently in 1993, he was promoted to oversee the Group Accounting function of Berjaya Group Berhad.

He was previously appointed as the Chief Financial Officer of Berjaya Corporation Berhad ("BCorp") on 18 July 2008 until his retirement on 31 December 2018 and he is currently the Financial Adviser of BCorp. He is also a Director of Atlan Holdings Bhd, Indah Corporation Berhad, Cosway Corporation Berhad, Berjaya Vacation Club Berhad, Tioman Island Resort Berhad, Berjaya Starbucks Coffee Company Sdn Bhd and Cosway Corporation Limited (Hong Kong).

He also holds directorships in several other private limited companies in the Berjaya Corporation group of companies.

## CHRYSEIS TAN SHEIK LING

Non-Independent Non-Executive Director

| Malaysian | Aged 32 | Female |
|---|---|---|

She was appointed to the Board on 15 March 2018 as a Non-Independent Non-Executive Director.

She graduated with a Bachelor of Arts in Liberal International Studies from Waseda University, Tokyo in 2012. She also did an exchange programme in Accounting and Finance in London School of Economics, United Kingdom for a year in 2010.

Currently, Ms Chryseis Tan is the Chief Executive Officer of Berjaya Times Square Sdn Bhd, a wholly owned principal subsidiary of Berjaya Assets Berhad, mainly involved in the marketing and overall management of Berjaya Times Square Mall located in Kuala Lumpur.

Ms Chryseis Tan is also a Director and Chairman of Natural Avenue Sdn Bhd ("NASB"), a subsidiary of Berjaya Assets Berhad since 1 August 2014. NASB is the exclusive agent for Sarawak Turf Club's Special Cash Sweep Number Forecast Lotteries in Sarawak.

Presently, Ms Chryseis Tan is an Executive Director of Berjaya Assets Berhad and Berjaya Land Berhad as well as the Head of Marketing for Four Seasons Hotel and Residences, Kyoto, Japan, a hotel and residences development project undertaken by Berjaya Kyoto Development (S) Pte Ltd, a subsidiary company of Berjaya Corporation Berhad. She also holds directorships in several other private limited companies.

Her father, Tan Sri Dato' Seri Vincent Tan Chee Yioun, is a major shareholder of the Company.

# PROFILE OF DIRECTORS

## DATUK ZAINUN AISHAH BINTI AHMAD

Independent Non-Executive Director

| Malaysian | Aged 75 | Female |
|---|---|---|

She was appointed to the Board on 20 May 2010 as an Independent Non-Executive Director. She is the Chairman of the Audit and Risk Management Committee, Nomination Committee and Sustainability Committee. She is also a member of the Remuneration Committee and Employees' Share Scheme Committee.

She graduated with a Bachelor of Economics degree from University Malaya. She began her career and worked with Malaysian Industrial Development Authority ("MIDA"), the Malaysian government's principal agency for the promotion and coordination of industrial development in the country for 35 years. In her 35 years of service, she has held various key positions in MIDA as well as in some of the country's strategic council, notably her pivotal role as the National Project Director in the formulation of the first Malaysian Industrial Master Plan. She was the Director-General of MIDA for 9 years and Deputy Director-General for 11 years. Whilst in MIDA, she also sat on various committees/authorities at national level, including being a member of the Industrial Coordination Act Advisory Council, Defence Industry Council and National Committee on Business Competitiveness Council, Malaysia Incorporated and the National Project for Majlis Penyalarasan Perindustrian before retiring in September 2004.

Currently, she is a Director of Pernec Corporation Berhad.

## DATO' MUSTAPHA BIN ABD HAMID

Independent Non-Executive Director

| Malaysian | Aged 68 | Male |
|---|---|---|

He was appointed to the Board on 20 May 2010 as an Independent Non-Executive Director. He is the Chairman of the Remuneration Committee. He is also a member of the Nomination Committee, Audit and Risk Management Committee and Sustainability Committee.

He graduated from the Royal Military College in 1972 and went on to obtain a Bachelor Degree (Honours) in Social Science from Universiti Sains Malaysia, Penang in 1977, and a Diploma in Public Management from the National Institute of Public Administration Malaysia (more commonly known as INTAN) in 1978. He started his career as an Administrative and Diplomatic Officer of the Research Division in the Prime Minister's Department and was posted as the First Secretary of the Malaysian Embassy in Paris, France (1982-1985). During his 16 years in the public service sector, he was also the Consul of Consulate General Malaysia in Medan, Indonesia (1990-1993) and the Principal Assistant Director in the Prime Minister's Department (1993-1994). He was appointed as Chancellor of Saito University College in April 2018 and at the same time was awarded an Honorary Doctorate in Education.

Currently, he is a Director of Teo Guan Lee Corporation Berhad, Acmar FHP Group Berhad and Lii Hen Industries Bhd. He also holds directorship positions in several other private limited companies.

Save as disclosed, none of the Directors have:-

1. any family relationship with any Directors and/or major shareholders of the Company;
2. any conflict of interest with the Company;
3. any conviction for offences within the past 5 years other than traffic offences; and
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

# KEY SENIOR MANAGEMENT

Malaysian | Aged 51 | Female

## CHIN WAN CHING (LOUISE)

Chief Financial Officer
Berjaya Food Berhad

Louise joined Starbucks Malaysia on 1 December 2008 as a Financial Analyst and was appointed as the Vice President of Finance on 1 October 2017. Louise is an accomplished finance executive with more than 20 years of vast experience in the field of accounting and finance across various service industries. In her current position, Louise spearheads the Finance and Accounts Department and the Supply Chain Operations (SCO) Department at Berjaya Starbucks Coffee Company Sdn Bhd. Louise also oversees the Finance and Accounts Department in Berjaya Food Supreme Sdn Bhd (Starbucks Brunei) and Berjaya Food Trading Sdn Bhd, since its inception.

Louise earned her professional accounting qualification from the Association of Chartered Certified Accountants (ACCA) in 1995 and is a member of the Malaysian Institute of Accountants (MIA) since the year 2000.

She was also overseeing the financials of the brands under Berjaya Food Berhad before her promotion as the Chief Financial Officer of Berjaya Food Berhad on 12 November 2020.

Malaysian | Aged 46 | Female

## BEH HARK YIM (JUNE)

Director of Partner Resources & Compliance
Berjaya Starbucks Coffee Company Sdn Bhd, Berjaya Food Supreme Sdn Bhd

June serves as the head of organizational and cultural excellence at Starbucks, responsible for driving organizational strategy and culture by creating a strong sense of ownership and positive synergy. She also looks after performance management and capability building where she is helping to accelerate transformation through leadership by attracting and developing the best talent and building a culture of engagement, accountability and ownership.

June was appointed to her current position on 1 January 2015. She graduated with a Bachelor of Arts, majoring in Business Administration from Ottawa University, USA in 2001 and completed her Diploma in Human Resources Management from MIHRM in 2003.

She was awarded the HR Leader – Gold Award by the Malaysia Institute of HRM in 2015.

Malaysian | Aged 41 | Male

## STEVEN ANTHONY SOOSAY

Director of Operations
Berjaya Starbucks Coffee Company Sdn Bhd

Steven joined Starbucks Malaysia as a part-time Barista in 1999 and is a longtime Starbucks partner who has directly shaped the growth and development of the operations of Starbucks stores across Malaysia. Known for his passion and commitment to Starbucks partners (employees) and their development, he has demonstrated the ability to successfully work across multiple departments while ensuring consistency of the Starbucks Experience.

In 2003, as a store manager at the time, Steven was awarded Manager of the Year. He was promoted to a District Manager in 2006. He has also held a Senior Manager role in several key functions, including Compliance & Quality Assurance, Employee and Asset Protection and IT, before being promoted to Director of Operations in 2019 where he manages the operations of stores across Starbucks Malaysia and Brunei. He is also part of the Senior Leadership Team and Executive Committee of Starbucks Malaysia and Brunei.

Steven holds a Bachelor's Degree in Business Information System.

# KEY SENIOR MANAGEMENT

| Malaysian | Aged 37 | Male |
|---|---|---|

## LUNG HIAN KIAT (JORDAN)

Commercial Director
Berjaya Food Trading Sdn Bhd

Jordan is the commercial director of Berjaya Food Trading Sdn Bhd. In his role, Jordan is responsible for leading the business and brand experience outside of the company's retail stores. As the distributor of Starbucks Bottled Frappuccino and Joybean snacks and bottled soy milk, Berjaya Food Trading Sdn Bhd brings the experience to homes and on-the-go through consumer-packaged goods across the market.

He joined Berjaya Food Trading Sdn Bhd as Senior Business Manager in 2016 and was promoted to Commercial Director in 2019 as a result of successful launches of Starbucks and Joybean ready-to-drink series. Jordan has more than 13 years of fast-moving consumer goods and trading experience in both sales and marketing divisions. He is also a Masters graduate from University of Nottingham Trent UK.

He currently heads Berjaya Food Trading Sdn Bhd and is expanding its distribution network to other countries such as Singapore, Myanmar, Maldives, etc.

| Malaysian | Aged 56 | Female |
|---|---|---|

## LEE SIEW FEI

General Manager
Berjaya Roasters (M) Sdn Bhd

Siew Fei started her career in 1984 when she joined Golden Arches Restaurant Sdn Bhd as a Purchasing Assistant after she graduated from Informatics College Malaysia. She subsequently joined Berjaya Roasters (M) Sdn Bhd as an Assistant Purchasing Manager in 1994.

She was appointed as General Manager of Berjaya Roasters (M) Sdn Bhd on 1 January 2011 and she currently oversees the Marketing, Product Development, Quality Assurance, Human Resources and Supply Chain departments.

| Malaysian | Aged 50 | Male |
|---|---|---|

## HOW SENG HUAT (ANDY)

Director of Real Estate & Operations
Berjaya Roasters (M) Sdn Bhd

Andy started his career with Starbucks as a Store Manager in 2000 and was promoted to Senior Store Development Manager. He has contributed significantly to the store growth and expansion of Starbucks, particularly with the Starbucks Drive-Thru and Reserve™ concept stores. Given his strong leadership skills and solid business acumen, he was promoted to his current role on 1 March 2018. In his role, Andy oversees the Operations and Restaurant Development Department for Kenny Rogers Roasters in Malaysia.

Andy graduated from McDonalds Hamburger University in 1996 and is a graduate of Inaugural Berjaya Advanced Leadership Programme 2013. He has over 20 years of experience in the QSR and Cafe Industry.

Save as disclosed, none of the Key Senior Management have:-

1. any directorship in public companies and listed issuers;
2. any family relationship with any Directors and/ or major shareholders of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences within the past 5 years other than traffic offences; and
5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

# CHAIRMAN'S STATEMENT

**On behalf of the Board of Directors of Berjaya Food Berhad ("BFood"), I am pleased to present the Annual Report and Financial Statements for the financial year ended 30 June 2021.**

## FINANCIAL RESULTS

BFood registered a revenue of RM717.34 million and pre-tax profit of RM74.73 million in the financial year ended 30 June 2021 as compared to a revenue of RM632.94 million and pre-tax loss of RM8.48 million reported in the previous financial year.

With the gradual easing of the lockdown measures in the first quarter, the Group recorded higher same-store-sales growth, which resulted in the higher revenue recorded in the financial year under review. The higher pre-tax profit was in tandem with the higher revenue recorded in the financial year under review, coupled with lower operating costs which resulted from effective cost management initiatives that mitigated the impact of the COVID-19 pandemic.

## DIVIDEND

For the financial year ended 30 June 2021, the Group declared and paid a total dividend of 2 cents single-tier dividend per share (2 cents single-tier dividend per share for the previous financial year ended 30 June 2020).

## FUTURE PROSPECTS

The Malaysian economy grew by 7.1 per cent in the first half of 2021 despite several headwinds due to the resurgence of COVID-19 cases. The acceleration of the National COVID-19 Immunisation Programme and the launch of the National Recovery Plan as an exit strategy from the pandemic to allow businesses to open in phases, are expected to drive the recovery of the economy in due course.

During the financial year under review, the food and beverage industry was negatively affected by the imposition of the various Movement Control Orders. The respective companies within the Group had to adapt their operations to the shift in the business environment in order to remain competitive. Outlets in areas with reduced footfalls, such as at airports and certain tourist spots, were temporarily closed to minimize operating costs. The companies also implemented various cost-savings initiatives and austerity measures such as labour force reallocation, relief support from both landlords and suppliers in terms of rental and business cost, as well as stock optimisations to mitigate the impact of the intermittent business disruption caused by the lockdown.

*Starbucks partners mask-up as part of the COVID-19 SOPs.*

# CHAIRMAN'S STATEMENT

**REVENUE**

RM**717.34** million

2020
RM632.94 million

**PRE-TAX PROFIT**

RM**74.73** million

2020 (pre-tax loss)
RM8.48 million

With the restrictions imposed on dining in, the BFood companies actively drove sales through online food aggregators and collaborative marketing programmes with prominent e-wallet providers. They also offered more appealing and enticing menu items to attract new customers.

The emerging plant-based food trend in Malaysia has encouraged the Group to invest in plant-based alternatives and solutions to expand its plant-based choices and create environmentally-friendly menus. This also helps build on its sustainability commitments and goals. Most recently, Sala restaurant launched its Beyond Meat range, adding more delicious options to its menu, while Jollibean introduced the wholemeal Mee Chiang Kueh as a healthy alternative. Starbucks also added more plant-based dairy alternatives, including almond milk and oat milk to its menu.

To promote customer loyalty and engagement, the BFood companies offered more exciting rewards and value-for-money promotions through their respective loyalty programmes to show appreciation to their loyal customers, as well as to grow their membership base. Starbucks Malaysia also launched its new and revamped Starbucks Rewards programme, which moves from a transaction-based loyalty programme to a spend-based loyalty programme, providing more flexibility for its customers.

With these initiatives in place, coupled with the gradual relaxation of the lockdown measures and the recovery of the economy, the Directors are cautiously optimistic that the operating results of the Group will be satisfactory in the ensuing financial year ending 30 June 2022.

## APPRECIATION

On behalf of the Board, I wish to convey our gratitude and sincere appreciation to our customers and business partners for their steadfast support and confidence in the Group.

I would like to take this opportunity to also thank our management and employees for their hard work, dedication and enthusiasm, even through the toughest of times. With the right approach and determination, I believe that we will continue to deliver excellent service and value to our customers.

Lastly, I would like to thank my fellow directors on the Board for their commitment and valuable contributions towards the Group. It has been a challenging year, and I look forward to clearer skies ahead as we continue to build market share and increase shareholder value.

Stay safe and thank you.

**Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin**
Chairman
14 October 2021

*Two Tacos Combo Plate from Sala.*

*Festive Gift Pack from Kenny Rogers Roasters.*

# MANAGEMENT DISCUSSION & ANALYSIS

## BERJAYA STARBUCKS COFFEE COMPANY SDN BHD

### OVERVIEW

Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") was incorporated in Malaysia on 7 May 1998 under the name of Berjaya Coffee Company (M) Sdn. Bhd. and assumed its present name on 16 September 2004.

BStarbucks is a wholly-owned subsidiary of Berjaya Food Berhad ("BFood"). The nature of BStarbucks's business is to sell high-quality whole bean coffees, along with freshly brewed coffees, Italian-style espresso beverages, cold blended beverages, a variety of pastries and confectionery, coffee-related equipment and accessories, and a selection of premium teas, among others.

The first Starbucks retail store in Malaysia was opened in Fahrenheit 88, Kuala Lumpur (previously known as KL Plaza) on 17 December 1998. As at 30 June 2021, BStarbucks has 327 stores located throughout Malaysia, except in the state of Perlis.

### REVENUE

For the financial year ended 30 June 2021, BStarbucks registered a revenue of RM625.4 million compared to RM533.2 million in the previous financial year despite the continuous negative impact of the COVID-19 pandemic and the imposition of Movement Control Order ("MCO") 2.0 and 3.0 on the retail industry.

During the financial year under review, BStarbucks' stores increased to 327 from 316 stores in the previous financial year. The new store openings included two Starbucks Reserve Stores, Tropicana Gardens Reserve, which opened in March 2021 and is the largest Starbucks Reserve store in Malaysia, as well Eco Majestic, which opened in May 2021 and is the second Starbucks Reserve Drive-Thru store in Malaysia. The number of drive-thru stores is 58 stores with 6 new drive-thru stores opened during the financial year ended 30 June 2021.

### STORE LOCATION BY REGION


| Location | Total |
|---|---|
| **Southern** | **49** |
| Johor | 35 |
| Melaka | 9 |
| Negeri Sembilan | 5 |
| **East Coast** | **16** |
| Pahang | 12 |
| Kelantan | 2 |
| Terengganu | 2 |
| **East Malaysia** | **27** |
| Sabah | 14 |
| Sarawak | 13 |

| Location | Total |
|---|---|
| **Northern** | **53** |
| Penang | 31 |
| Kedah | 10 |
| Perak | 12 |
| **Central** | **182** |
| Kuala Lumpur | 85 |
| Selangor | 93 |
| Putrajaya | 4 |

# MANAGEMENT DISCUSSION & ANALYSIS

Starbucks launched the new Starbucks Rewards programme – a spend-based loyalty programme – ahead of its initial schedule, bringing new excitement to their loyal customers. The Starbucks Rewards loyalty programme recorded a tender rate of 47.2%, contributing a total of RM312.5 million for the financial year ended 30 June 2021. During the year, market specific Starbucks Cards themed around significant observances in Malaysia were launched, such as the Negaraku 63 Tahun Starbucks Card, Signing with theme "Love" Starbucks Card, Reserve 5th Anniversary Starbucks Card, Diwali Starbucks Card, Lunar Ox Starbucks Card and Gawai Kaamatan Starbucks Card.

As at 30 June 2021, there were approximately 3.7 million (30 June 2020: 3.3 million) registered Starbucks Rewards members. Starbucks continues to drive key tactical programmes such as new designer series, merchandise launches, promoting sustainable products, and special weekend promotions to customers.

## PROFIT BEFORE TAX

BStarbucks recorded a profit before tax of RM90.1 million compared to RM21.3 million in the previous financial year. Various cost management initiatives and efforts were adopted to minimize the negative impact arising from the COVID-19 pandemic in order to keep expenditure low.

During MCO 2.0 and 3.0, outlets at airports, theme park and certain tourist spots were temporarily closed in order to minimize operating costs.

## FUTURE PROSPECTS

In the financial year 2022, BStarbucks plans to open 38 new stores with one additional Reserve Drive-Thru concept store and a store in Perlis, the only state in which Starbucks is not currently present in. BStarbucks will focus on unique and elevated store designs with relevant local elements to create affinity for local Malaysians and strengthen its brand presence across the country.

In addition, BStarbucks will continue to introduce innovative food and beverage offerings that resonate with its customers' tastes and expectations of Starbucks as a premium coffee company.

BStarbucks will promote its new Starbucks Rewards loyalty programme to drive customers' loyalty and frequency, offering more card designs and attractive benefits for its members. The company will also leverage on digital innovations as well as strengthen its IT capabilities and improve its Customer Relationship Management system for more efficiency and cater for future growth.

As part of its commitment towards empowering Malaysian communities, BStarbucks will continue to obtain raw materials from local communities to develop food products and merchandise for sale in Starbucks stores.

*Starbucks' exclusive mooncakes for Mid-Autumn Festival.*

*Starbucks X Kate Spade New York merchandise.*

# MANAGEMENT DISCUSSION & ANALYSIS

## BERJAYA ROASTERS (M) SDN BHD

### OVERVIEW

Berjaya Roasters (M) Sdn Bhd ("BRoasters") is a wholly-owned subsidiary of Berjaya Food Berhad ("BFood"), and the master franchisee of restaurant chain, Kenny Rogers ROASTERS ("KRR") in Malaysia. It offers a mid-casual dining setting with rotisserie-roast chicken as its main menu item complemented by a rich variety of hot and cold side dishes. Other menu items include Kenny's famous home-made muffins, vegetable salads, pasta, soups, desserts and beverages served in a friendly and comfortable environment.

During the financial year ended 30 June 2021, BRoasters' main focus was on cost rationalisation and optimisation. The company also accelerated its digital marketing efforts with promotional activities carried out through various online and e-commerce platforms. BRoasters also collaborated with other corporates and e-wallet providers to drive sales through digital voucher programmes.

To stay competitive and appealing to supporters as well as new customers, BRoasters launched four limited-time offers, namely Ayam Nyior Pedas, Tandoori Chicken, Classic Chicken Chop and Satay Ayam during the financial year. BRoasters also introduced various products to cater to changed consumer trends such as dining-at-home and cooking-at-home lifestyles brought about by the COVID-19 pandemic. These included KRR's Festive Gift Pack and Epic Roast, as well as Kenny's Kitchen Inspirations' range of ready-to-serve sauces.

BRoasters aggressively worked on driving online delivery sales volume through strategic menu offerings and frequent co-funded marketing campaigns with food aggregators. In line with its delivery coverage expansion plan at a lower CAPEX, BRoasters opened the second cloud kitchen in collaboration with a food aggregator during the financial year under review.

As at 30 June 2021, there are 71 stores operated by BRoasters and 4 sub-franchisee stores throughout Malaysia.

### REVENUE

For the financial year ended 30 June 2021, BRoasters recorded a revenue of RM55.3 million, a decrease of 19.5% compared to RM68.7 million in the previous financial year. The decreased revenue was mainly due to the imposition of MCO 2.0 and MCO 3.0, as well as closure of non-performing stores. During the MCO periods, most businesses were mandated by the Government to shut down or to restrict business hours and dine-ins. During the financial year under review, BRoasters opened 2 new stores and closed 4 non-performing stores.

### LOSS BEFORE TAX

BRoasters registered a loss before tax of RM4.4 million during the financial year ended 30 June 2021 as compared with a loss after tax of RM12.2 million in the previous financial year. The improvement was due to the cost-saving initiatives undertaken by the company to lower operating costs.

### FUTURE PROSPECTS

Moving forward, BRoasters will continue to strategise towards digitalisation and cost optimisation. Collaboration with business partners will be the key focus in driving sales from various digital platforms to the restaurants. Contactless menus and cashless payments will be emphasised to offer a safer environment for guests and team members in the new normal. BRoasters will maintain its strategy of prudent restaurant expansion with a smaller footprint.

*KRR's Tandoori Chicken Rice Meal.*

# MANAGEMENT DISCUSSION & ANALYSIS


## JOLLIBEAN FOODS PTE LTD

### OVERVIEW

Jollibean Foods Pte Ltd ("Jollibean Foods") holds the sole and exclusive worldwide rights to develop, franchise, operate and manage all outlets, stalls, and kiosks, and holds the distribution rights for the products under the brand names of "Jollibean", "Sushi Deli", "Kopi Alley" and "Kopi Alley Plus" in Singapore, and "Joybean" in Malaysia.

The "Jollibean" brand has become a household name since its inception in 1995. It all started with the philosophy of bringing back the nostalgic childhood memories of Singaporeans by providing nutritious and healthy traditional snacks suitable for all ages. As at 30 June 2021, Jollibean Foods operates 33 outlets under the 4 brands in Singapore. During the financial year under review, Jollibean Foods opened 4 new outlets and closed 4 non-performing outlets.

### REVENUE

For the financial year ended 30 June 2021, revenue decreased by 9.72% to S$6.5 million from S$7.2 million in the previous financial year. The results reflected a contraction in demand during lockdown imposed by the Singapore Government, whereby the workforce was encouraged to work from home. As such, the outlets in the CBD or office areas took the biggest impact. The decrease in revenue was also contributed by lower footfall in the retail malls.

### LOSS BEFORE TAX

During the financial year under review, Jollibean Foods recorded a loss before tax of S$695,000, an improvement of 14.6% from a loss before tax of S$814,000 registered in the previous financial year. This was due to the adoption of several cost-saving initiatives, such as staff cost reduction by shortening operation hours, and monthly cost reduction in Point of Sale rentals by negotiating with the vendor.

### FUTURE PROSPECTS

As part of its business strategy moving forward, Jollibean Foods will focus on store expansions and targets to open 6 new stores in the financial year 2022. Prior to the pandemic, the company had embarked on an e-commerce strategy on a modest scale, which substantially scaled its online stores to reach a revenue of S$100,000.

*Jollibean's Peanut Mee Chiang Kueh.*

Moving forward, the company will pivot to digital channels in order to connect with its current and future customers. It also aims to emerge stronger from the current economic crisis by building on its capabilities, increasing productivity, mitigating risks, and being alert to opportunities which can add value to its existing business. On this basis, the company is in the process of sourcing for a central kitchen facility for soy milk and sushi production in order to reduce its operating expenses.

Jollibean Foods will also be introducing a wholemeal Mee Chiang Kueh as a healthy alternative to its customers in light of the growing trend for plant-based food. In order to increase ticket prices, Jollibean Foods will also provide alternative dairy options such as "OATLY" milk and soy cold brew, as well as embark on further brand collaborations with "Laughing Cow, "Ovaltine" and "Yeos". The company does not expect a full return to normality in the near future, even as Singapore pivots from a pandemic to an endemic. However, Jollibean Foods will strive to achieve profitability by adapting its business strategies to the new normal.

# MANAGEMENT DISCUSSION & ANALYSIS


## BERJAYA JOLLIBEAN (M) SDN BHD

### OVERVIEW

Berjaya Jollibean (M) Sdn Bhd ("Joybean") is a wholly-owned subsidiary of Jollibean Foods Pte Ltd. Adopting the same principles of its holding company, Joybean serves freshly made soy-based beverages and local snacks. Joybean opened its first kiosk at R&R Rawang (Northbound) in August 2019.

Due to the COVID-19 pandemic and imposition of the MCO which caused major impacts to the business, Joybean had to close four kiosks during the financial year under review.

As of 30 June 2021, there are 3 Joybean kiosks in Malaysia.

### REVENUE

For the financial year ended 30 June 2021, Joybean registered a revenue of RM0.39 million compared to RM0.22 million in the previous financial year. The increased revenue was due to the annualised full year revenue impact for stores opened in the last financial year. 3 stores were opened during the year.

During the financial year, Joybean rolled out attractive and creative new menu items such as the SoyGurt, Soy Tas-Tea, Chocolate Mini Rolls and Lychee Soy Pudding. In addition, Joybean products were also available on all major food delivery partner platforms to increase revenue.

### LOSS BEFORE TAX

Joybean recorded a loss before tax of RM1.5 million during the financial year under review, as compared to a loss before tax of RM0.5 million in the previous financial year. The higher loss before tax was due to high capital expenditures in opening kiosks in prime locations coupled with low walk-in traffic due to the significantly smaller footfalls in these locations during the MCOs.

Nevertheless, Joybean was able to increase its cost efficiency and productivity while minimising labour costs to manage its business operations.

### FUTURE PROSPECTS

Joybean will downscale and change its business model to a cart concept with core offerings in the upcoming financial year 2022, mirroring the 'street-food' concept which operates with minimal capital and operating expenditure. The first Joybean Cart was opened in Berjaya Times Square in March 2021, and Joybean plans to open a total of five additional carts in high traffic areas in the financial year 2022.

Continuing its cost efficiency measures, Joybean will centralised the food production and purchasing for its raw and packaging materials. In addition, Joybean will have more branding activities to communicate the goodness of its high quality imported non-GMO soy beans. It will also aggressively collaborate with food delivery aggregators on various promotions, and carry out tactical local store marketing programmes with attractive offerings and combos, such as "Buy Three Soy Puddings for RM10", "Buy One Free One Classic Soy Milk" on selected days in a week.


*Joybean's Signature Boba & Almond Soy Pudding.*

# MANAGEMENT DISCUSSION & ANALYSIS

## BERJAYA FOOD SUPREME SDN BHD

### OVERVIEW

Berjaya Food Supreme Sdn Bhd ("BFS") was incorporated in Brunei on 24 September 2013. It is 80% owned by Berjaya Food (International) Sdn Bhd and is principally engaged in the operation of Starbucks retail stores in Brunei. The first Starbucks retail store in Brunei was opened in Mabohai Shopping Complex on 16 February 2014. As at 30 June 2021, BFS has 4 Starbucks stores including one drive-thru concept store.

### REVENUE

For the financial year ended 30 June 2021, BFS's revenue increased to B$2.3 million from B$2.0 million in the financial year 2020, mainly due to the gradual recovery from the global COVID-19 pandemic. The closed borders and travel restriction in Brunei helped spurred higher domestic consumption, resulting in the higher revenue.

### PROFIT/(LOSS) BEFORE TAX

For the financial year ended 30 June 2021, BFS recorded a profit before tax of B$529,000 compared to a loss before tax of B$124,000 in the previous financial year due to improved revenue from higher domestic spending and the initiative to keep operating costs low.

### FUTURE PROSPECTS

BFS will continue to effectively manage its operational and administrative procedures to reduce operating and administrative costs. In addition, the company will offer innovative food and beverage products and merchandise to maintain its brand name as one of the leading coffee retail chains in Brunei.


*A Starbucks outlet in Brunei.*

# MANAGEMENT DISCUSSION & ANALYSIS


## BERJAYA FOOD TRADING SDN BHD

### OVERVIEW

Berjaya Food Trading Sdn Bhd ("BFT"), a wholly-owned subsidiary of Berjaya Food Berhad ("BFood"), was incorporated in Malaysia on 24 July 2013.

The company is in the business of distributing premium Consumer Packaged Goods ("CPG") such as Starbucks Bottled Frappuccino and Joybean's premium soy milk to all retailers in Malaysia such as 7-Eleven, AEON, Cold Storage, Village Grocer, Jaya Grocer, Petrol Marts, to name a few.

As at 30 June 2021, BFT has approximately 5,000 distribution outlets across Malaysia. It has also expanded to other countries such as Myanmar, Singapore and Vietnam.

### REVENUE

For the financial year ended 30 June 2021, BFT recorded a revenue of RM10.1 million compared to RM4.3 million in the financial year 2020. The increase in revenue was due to the increase in product distribution, as well as the launch of several new products under the Joybean and Starbucks brands during the financial year under review. BFT has also obtained the distributorship rights for Manuka Honey, which originates from Australia. The distributorship rights cover most countries in South East Asia, including Malaysia, Singapore, Brunei, Myanmar and Vietnam.

### PROFIT BEFORE TAX

For the financial year ended 30 June 2021, BFT recorded a profit of RM175,000 compared to a loss before tax of RM1.4 million in the previous financial year. The profit before tax was mainly due to business recovery from the COVID-19 pandemic, and reduction in stocks returned as compared to the previous financial year.

### FUTURE PROSPECTS

BFT will launch a new series of Joybean products to provide more variety to the market. It will also further expand its distribution of Joybean products in Malaysia as well as to Singapore, Myanmar, Vietnam and other countries in the South East Asia region.

BFT also has plans to bring in more well-known premium CPG food and beverage brands into the Malaysian market, which will add to the revenue stream of the company.


*Starbucks Bottled Frappuccino.*

# MANAGEMENT DISCUSSION & ANALYSIS

## SER VEGANO SDN BHD

### OVERVIEW

Ser Vegano Sdn Bhd ("Ser Vegano") opened its first 100% vegan Tex-Mex restaurant, Sala, in 2017, located at Hartamas, Kuala Lumpur. In Spanish, Sala means "living-room" and it is also an acronym for "Salvar a los Animales" or "Save All Living Animals".

Sala's ingredients are 100% plant-based, which are lower in calories and cholesterol while being higher in clean protein. It also means that no animals are harmed in the making of Sala's dishes. Sala transforms famous local staples like the Malaysian "Nasi Lemak", and gives them a healthier and cleaner twist.

In August 2020, Berjaya Food (International) Sdn Bhd completed the acquisition of 50% equity interest in Ser Vegano Sdn Bhd.

As at 30 June 2021, Sala has 5 outlets, which are in Hartamas, The Row, Desa Parkcity, Mont Kiara Meridin, and Bandar Rimbayu.

### REVENUE

For the financial year ended 30 June 2021, Ser Vegano recorded a revenue of RM1.8 million for the 10-month period from September 2020 to 30 June 2021. During this period, Ser Vegano expanded with the opening of 4 outlets.

### LOSS BEFORE TAX

For the financial year ended 30 June 2021, Ser Vegano recorded a loss before tax of RM552,000 for the 10-month period mainly due to the COVID-19 pandemic and imposition of the MCO, which resulted in the closure of dine-in facilities at Sala outlets. The company's operating expenses had also increased with the opening of the 4 new outlets.

*Sala's Mini Chimichanga.*

### FUTURE PROSPECTS

Moving into the financial year 2022, Ser Vegano plans to open 4 new outlets. In addition, Ser Vegano will continue to innovate and introduce new plant-based food and beverage offerings to customers, such as the Beyond Meat range.

# GROUP FINANCIAL SUMMARY

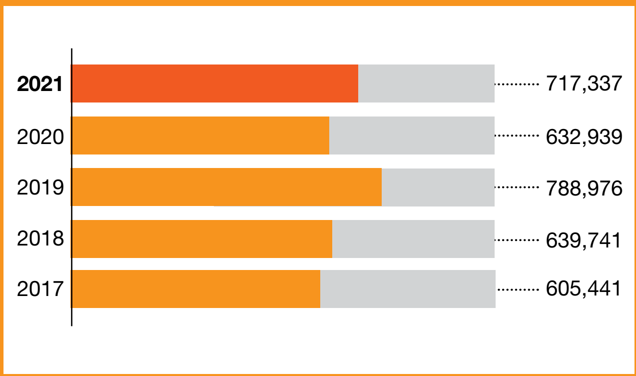
| Description | 2021 USD'000 | 2021 RM'000 | 2020 RM'000 | 2019 RM'000 | 2018 RM'000 | 2017 RM'000 |
|---|---|---|---|---|---|---|
| Revenue | 172,831 | 717,337 | 632,939 | 788,976 | 639,741 | 605,441 |
| Profit/(Loss) Before Tax | 18,004 | 74,726 | (8,479) | 46,563 | 19,197 | 24,319 |
| Profit/(Loss) After Tax | 11,017 | 45,726 | (20,086) | 24,178 | 218 | 6,332 |
| Profit/(Loss) Attributable to Shareholders | 11,351 | 47,112 | (19,582) | 24,376 | 1,175 | 11,435 |
| Share Capital | 59,456 | 246,774 | 243,938 | 243,742 | 243,232 | 240,617 |
| Reserves | 41,003 | 170,184 | 131,158 | 157,314 | 150,274 | 159,634 |
| **Equity Funds** | **100,459** | **416,958** | **375,096** | **401,056** | **393,506** | **400,251** |
| Treasury Shares | (9,972) | (41,388) | (42,145) | (35,730) | (7,687) | (8,334) |
| **Net Equity Funds** | **90,487** | **375,570** | **332,951** | **365,326** | **385,819** | **391,917** |
| Non-controlling Interests | (248) | (1,030) | 357 | 1,218 | 1,370 | (17,587) |
| **Total Equity** | **90,239** | **374,540** | **333,308** | **366,544** | **387,189** | **374,330** |
| Share application money | 44 | 184 | - | - | - | - |
| | **90,283** | **374,724** | **333,308** | **366,544** | **387,189** | **374,330** |
| Long Term Liabilities | 98,124 | 407,265 | 430,524 | 140,110 | 150,218 | 136,711 |
| Current Liabilities | 95,329 | 395,663 | 465,280 | 350,196 | 276,256 | 279,198 |
| **Total Equity and Liabilities** | **283,736** | **1,177,652** | **1,229,112** | **856,850** | **813,663** | **790,239** |
| Property, Plant & Equipment | 64,816 | 269,017 | 286,046 | 275,456 | 234,083 | 216,955 |
| Right-of-use assets | 78,477 | 325,717 | 351,615 | - | - | - |
| Intangible Assets | 110,382 | 458,149 | 458,257 | 459,631 | 457,106 | 454,734 |
| Other Non-Current Assets | 6,174 | 25,627 | 30,030 | 30,844 | 28,133 | 28,744 |
| Current Assets | 23,887 | 99,142 | 103,164 | 90,919 | 94,341 | 89,806 |
| **Total Assets** | **283,736** | **1,177,652** | **1,229,112** | **856,850** | **813,663** | **790,239** |
| Net Assets Per Share (US$/RM) | 0.25 | 1.06 | 0.94 | 1.02 | 1.02 | 1.05 |
| Net Earnings/(Loss) Per Share (Cents/Sen) | 3.20 | 13.29 | (5.50) | 6.64 | 0.31 | 3.05 |
| Dividend Per Share (Cents/Sen) | 0.48 | 2.00 | 2.00 | 4.00 | 4.00 | 3.50 |
| Total Net Dividend Amount (USD'000/RM'000) | 1,711 | 7,102 | 7,096 | 14,482 | 15,061 | 13,095 |

Notes:
Figures for 2017-2018 are for 12 months ended 30 April, 2019 are for 14 months ended 30 June 2019, and 2020-2021 are 12 months ended 30 June. Where additional shares are issued, the earnings/(loss) per share is calculated based on a weighted average number of shares with voting rights in issue.

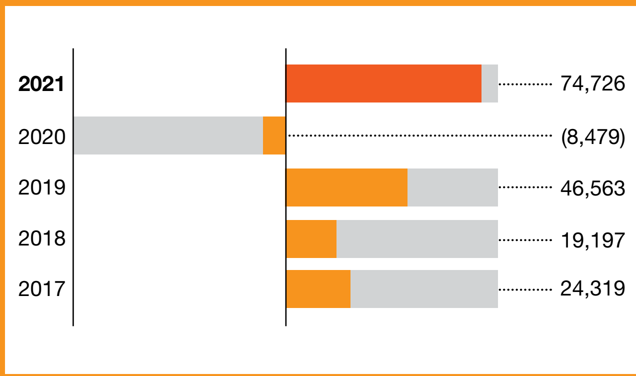
Exchange rate: US$1.00=RM4.1505

# GROUP FINANCIAL HIGHLIGHTS

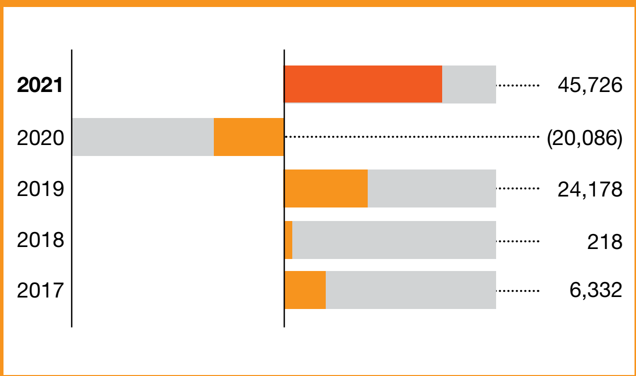
### REVENUE
(RM'000)



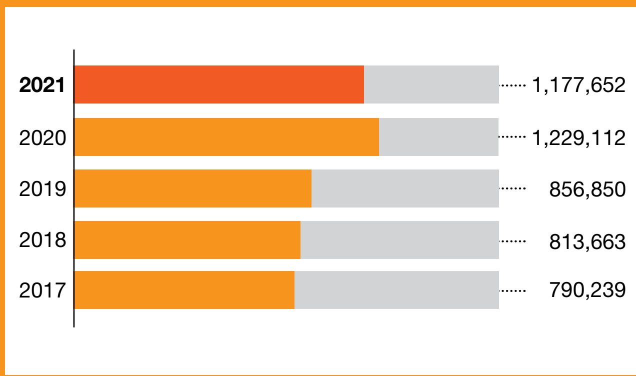

### PROFIT/(LOSS) BEFORE TAX
(RM'000)



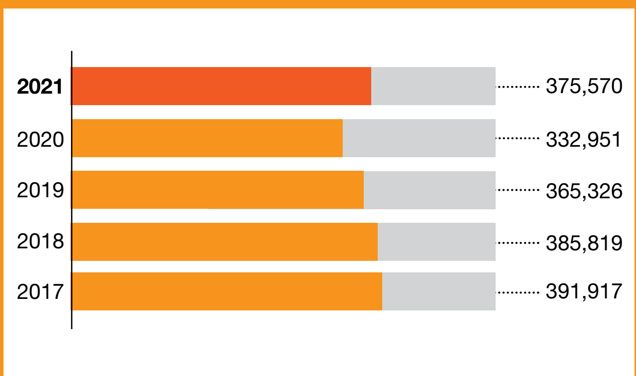

### PROFIT/(LOSS) AFTER TAX
(RM'000)



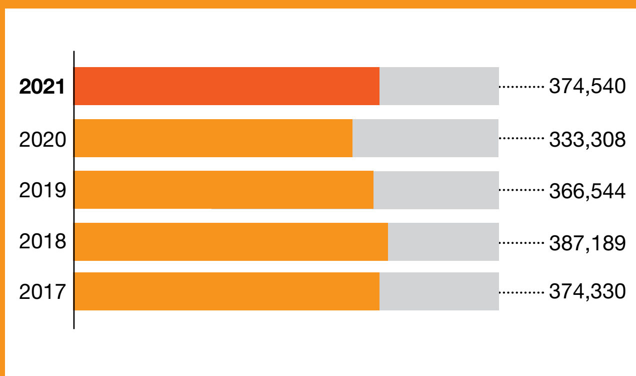

### TOTAL ASSETS
(RM'000)




### NET EQUITY FUNDS
(RM'000)




### TOTAL EQUITY
(RM'000)



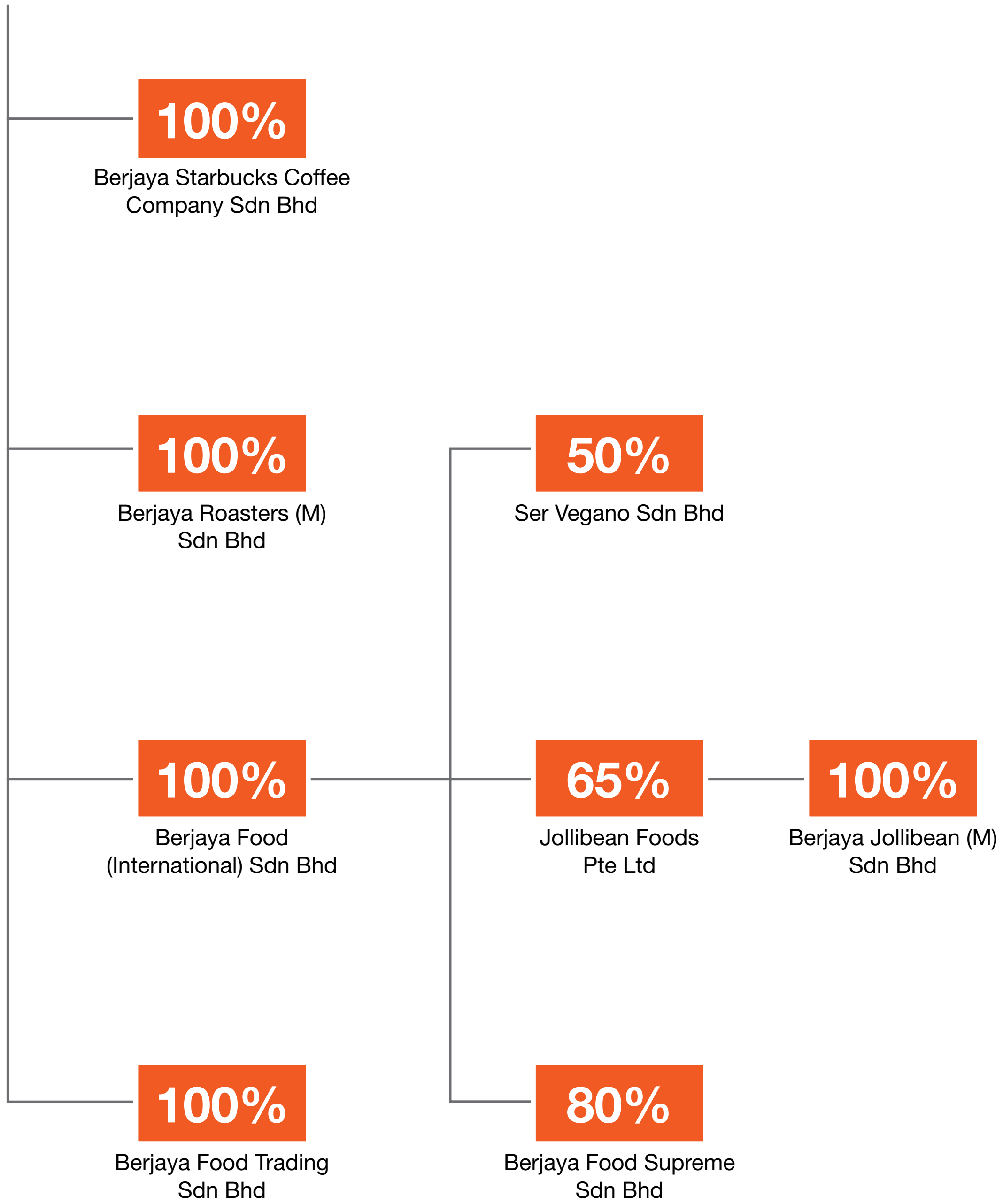
# CORPORATE STRUCTURE

OF OPERATING COMPANIES AS AT 1 OCTOBER 2021

BERJAYA

BERJAYA FOOD BERHAD

[Registration No. 200901032946 (876057-U)]



# SUSTAINABILITY STATEMENT

## 1. REPORTING PROFILE AND SCOPE

The Sustainability Statement for Berjaya Food Berhad ("BFood" or "the Company") is prepared in accordance with the Sustainability Reporting Guide from Bursa Malaysia Securities Berhad ("Bursa Malaysia") which highlights the Company's commitment to undertaking business responsibly and sustainably. The information in this section focuses on the operations and management of the economic, environment and social sustainability of BFood for the financial year ended 30 June 2021. The Sustainability Statement covers material issues arising from its principal business activities in Malaysia and Singapore operated by Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks"), Berjaya Roasters (M) Sdn Bhd ("BRoasters"), Berjaya Jollibean (M) Sdn Bhd ("BJollibean"), Berjaya Food Trading Sdn Bhd ("BFT") Jollibean Foods Pte Ltd ("Jollibean Foods") and Ser Vegano Sdn Bhd ("Ser Vegano").

It does not include the environmental and social responsibility aspects of the business operations in Brunei.

This Sustainability Statement is dominantly covered by BStarbucks as it has the largest business operations where its gross revenue and headcount represent about 80% of that of BFood Group.

BFood recognises the challenges of its operating environment, as well as the expectations of its various stakeholders and is committed to continuously evolving and developing a sustainable business that has positive impacts on the community, economy and environment. The structure and write-up of this statement are guided by Bursa Malaysia's Sustainability Reporting Guide and Toolkits.

## 2. APPROACH TO SUSTAINABILITY

The Company strives to support economic growth that benefits every level of society while minimising any adverse environmental and social impacts arising from its daily business operations guided by a long-term strategy comprising 3 main aspects:

### ECONOMIC SUSTAINABILITY

Creation of long-term value for shareholders and value add for all the Company's stakeholders.

### ENVIRONMENTAL SUSTAINABILITY

Striving towards reducing the Company's environmental footprint by improving the efficiency of resources, reducing the waste produced from business and supporting conservation efforts.

### SOCIAL SUSTAINABILITY

Dealing with customers and the public according to good market practices and regulatory requirements, conducive workplace practices and community engagement through a variety of initiatives.

With the emergence of the COVID-19 pandemic, sustainability issues have gained more importance in the decision-making of the various stakeholder groups.

The uncertainty caused by the pandemic brought about disruptive changes to the Group's business operations during the financial year under review, with significant impacts across the three main aspects of the Group's sustainability. While the respective brands under the Company were able to operate during the various lockdown periods imposed by the Government, albeit at a lower capacity, several key activities planned for the year were halted/disrupted during these periods. The Company had implemented stringent hygiene standards and operational procedures as mandated by the local government authorities to ensure business continuity in the new normal and to safeguard the well-being of its employees and the various stakeholder groups.

# SUSTAINABILITY STATEMENT

## 3. STAKEHOLDER ENGAGEMENT

Economic, Social and Governance (ESG) investing is a rising trend and is slowly becoming a key consideration for investors. The Company believes that the approach of stakeholder engagement is integral to the development of its sustainability strategy. The engagement activities with the different stakeholder groups are conducted on an ongoing basis. The Company's key stakeholders and engagement platforms are as listed below:-

| Stakeholder Groups | Engagement Platforms |
|---|---|
| **Government and Regulators** | On-going meetings and interactions with the regulators on policy matters, issues and concerns arising from the changing operating environment as well as matters concerning the customers and the general public. |
| **Customers** | Continuous efforts to serve customers better using various channels for feedback and through initiatives that reflect the Company's values. |
| **Employees** | • Internal engagement channels.<br>• Training and development programmes.<br>• Open communication through Town Hall sessions. |
| **Contractors/Consultants/ Suppliers** | • Tendering and procurement process.<br>• Regular meetings with suppliers to give and receive feedback on improving ways of working together. |
| **Media** | • Regular engagement and updates with the mainstream media.<br>• Media releases relating to key business development as well as corporate social responsibility ("CSR") activities. |
| **Communities, Non-Governmental Organizations ("NGOs"), peer companies, industry groups** | • Consultation with NGOs, peer companies, and industry groups for their experts' opinions on corporate responsibility areas relevant to the business.<br>• Volunteering opportunities and charitable events. |
| **Shareholders/Investors** | Communications via announcements to Bursa Securities, General Meetings, the Company's website as well as conducting briefings and updates for analysts, fund managers and potential investors as and when required. |

## 4. MATERIALITY ASSESSMENT

Determining materiality assists the Group to identify and prioritise the most relevant and important material issues across the business units and focus its efforts on charting the direction in improving the Group's sustainability endeavours. Material matters are defined as elements that are expected to have a significant impact on and are related to the Group's stakeholders.

This materiality assessment is essential in the Group's approach to sustainability as it serves as a guide in identifying the material issues that are of greatest concern to the Group and its stakeholders. The materiality assessment was conducted by engaging relevant stakeholders through various channels which resulted in the identification of 12 material issues which have significant impacts on the sustainability of the Group's businesses. The 12 material issues identified are mapped to the relevant sustainability pillars as illustrated on page 25.

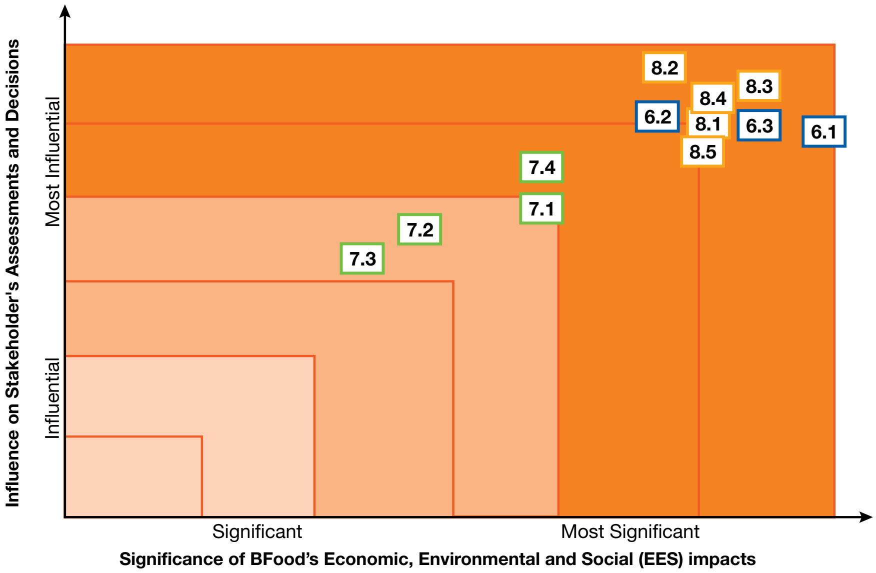
**3 Sustainability Pillars**

| | |
|---|---|
| ECONOMIC SUSTAINABILITY | 6.1 Financial Performance<br>6.2 Procurement Practices<br>6.3 Indirect Economic Impact |
| ENVIRONMENTAL SUSTAINABILITY | 7.1 Waste Management<br>7.2 Energy<br>7.3 Paper Usage<br>7.4 Water Conservation |
| SOCIAL SUSTAINABILITY | 8.1 Diversity & Inclusion and Talent Development<br>8.2 Occupational Safety and Health<br>8.3 Society<br>8.4 Product and Service Responsibility<br>8.5 Compliance (Social) |

# SUSTAINABILITY STATEMENT

### Materiality Matrix

The Materiality Matrix displays the position of the 12 material issues relative to the degree of importance to the Group's business operation and its stakeholders. The Group reviews the Materiality Matrix on an annual basis.




## 5. SUSTAINABILITY GOVERNANCE

The Sustainability Working Committee continued to oversee the overall planning and implementation of sustainability practices and policies continuously and systematically. The Board and management are committed to continually refining and improving these processes over time. The Company continues to strive to further improve its monitoring process on the implementation of its internal control measures and sustainability initiatives.

The financial figures in this Sustainability Statement have been externally verified. For more detailed information on the Company's Statement on Corporate Governance and Statement on Risk Management and Internal Control, please refer to pages 35 to 52 of the BFood Annual Report 2021.

**Sustainability Governance Structure**

| | |
|---|---|
| **Support & Approve** | Board of Directors<br>CEO |
| **Evaluate & Guide** | Sustainability Committee |
| **Harmonize & Standardize** | Head of SWG |
| **Manage & Control** | Material Entity Sustainability Officer ("MESO") |
| **Implement EES** | Operating Entities<br>(Operations & Marketing/ Human Resources/ Finance/ Information Technology/ Others) |

Note: EES denotes Economic, Environmental and Social

# SUSTAINABILITY STATEMENT

## 6. ECONOMIC SUSTAINABILITY

### 6.1 Financial Performance

**Revenue**

RM**717** million

FYE 2020 - RM633 million

**Profit / (Loss) Before Tax**

Profit Before Tax RM**74.7** million

FYE 2020 - Loss Before Tax RM8.5 million

**Return / (Loss) on Equity**

Return on Equity **12.5**%

FYE 2020 - Loss on Equity 5.9%

**Dividend Distribution**

RM**7.1** million

FYE 2020 - RM7.1 million

For more information about the Group's financial performance, please refer to the Group Financial Summary and Highlights on pages 20 and 21 of the BFood Annual Report 2021.

### 6.2 Procurement Practices

BFood strives to create a positive impact by supporting the procurement of products and services from locally established business entities to spur the country's economy. Procurement is conducted through the evaluation of tenders in terms of pricing, credibility and other related matters such as compliance to labour law, Good Manufacturing Practice ("GMP"), and Hazard Analysis and Critical Control Points ("HACCP") requirements. BFood ensures that its food products and services adhere to the "Halal" requirements from JAKIM. Suppliers are required to self-declare and provide updated certification. Compliance audits are conducted regularly to ensure suppliers comply with the local regulatory hygiene practices.

BFood practises tender transparency to encourage competition and deter anti-competitive conduct amongst suppliers which leads to lower prices, better offerings and more innovation by suppliers.

The Inventory Management System was further improved to increase the efficiency for Starbucks stores and warehouse in East Malaysia.

### 6.3 Indirect Economic Impact

The Silent Teddies Bakery is a social enterprise started by The Community Service Center for the Deaf ("CSCD"). This community business aims to provide members of CSCD with an opportunity to run their own enterprise and for the partaking members to be young self-reliant entrepreneurs.

Since 2018, BStarbucks has been supporting Silent Teddies Bakery through the purchase of Starbucks Jumbo Chocolate Chip Cookies and retailing them in all Starbucks stores across Malaysia. The Starbucks Jumbo Chocolate Chip Cookies are preservative-free and freshly made by the Silent Teddies Bakery. For every cookie purchased by Starbucks customers, RM1 will be donated to the Silent Teddies Bakery.

**FY 2021 : RM 31,943 • FY 2020 : RM 18,501**

BStarbucks has raised a total of RM73,260 for the Silent Teddies Bakery to support the Community Service Centre for the Deaf ("CSCD") programmes and its school for deaf children.

During the financial year under review, BStarbucks continued to partner with the Young Women's Christian Association ("YWCA"), Kuala Lumpur to close the loop on BStarbucks' business by upcycling used Starbucks Flavorlock Coffee Bags into pouches, which retailed at all Starbucks stores. The monthly volunteering programme conducted for Starbucks partners (employees) and customers to learn the process of preparing the pouches before sewing was temporarily halted due to the COVID-19 pandemic.


*The Starbucks card launched in conjunction with Deaf Awareness Month.*

# SUSTAINABILITY STATEMENT

For the upcycling campaign, customers were encouraged to drop off their used Flavorlock Coffee Bags at Starbucks stores. For every used Starbucks Flavorlock Coffee Bag donated, customers were entitled to a 10% discount when they purchased any Starbucks Whole Bean coffee.

The amount of Flavorlock bags collected from customers.

**FYE 2021 : 25,611** • FYE 2020 : 4,563


*Starbucks employees (partners) mask-up adhering to the SOP.*

Starbucks are committed to sourcing coffee responsibly, for the betterment of people and planet, so they can ensure a sustainable future of coffee. Starbucks operates nine Farmer Support Centers worldwide, where agronomists and quality experts work alongside coffee farmers to assist the coffee farmers in growing good quality coffee by sharing tools and information to help increase the productivity, quality and profitability of coffee on their farms and improve their livelihoods.

Due to COVID-19 restrictions, Starbucks has incorporated online training tools and resources to continue these efforts while supporting the health and safety of its employees (partners), suppliers, farmers and their communities.

## 7. ENVIRONMENTAL DIMENSION

BFood strives to be resource positive by striving to reduce its carbon emission, water usage, and waste sent to landfills by having a few areas of focus:

### 7.1 Waste management

BStarbucks nurtured personal relationships and built a global network of support to create a new way to produce coffee: one that is sustainable, transparent and good for people and the planet. As the threat of climate change has increased, BStarbucks has been working to help coffee farms adapt and find innovative solutions in building and operating its stores, while reducing and diverting wastes such as cups, straws, and lids from its business and minimising the environmental impact.

BStarbucks has a “Bring Your Own Tumbler” programme which rewards its customers with a RM2 discount when they bring their personal Starbucks tumbler to purchase handcrafted beverages of their choice at all Starbucks stores. During the financial year under review, 803,217 customers brought their own Starbucks tumblers when purchasing their beverages.

**FYE 2021 : 803,217** • FYE 2020 : 617,700

BStarbucks is committed to significantly reducing and diverting the waste generated by its stores in various ways, including recycling. The Grounds for Your Garden Programme provides complimentary 1kg bags of soil-enriching used coffee grounds for customers to take home for their gardens. The coffee grounds make an excellent garden fertiliser and provide much-needed nutrients to the soil. For the financial year ended 30 June 2021, 93% of Starbucks stores diverted 185,524kg of used coffee grounds from the landfill.

**FYE 2021 : 185,524** • FYE 2020 : 180,086

# SUSTAINABILITY STATEMENT

In an effort to reduce waste and single-use plastic from disposable packaging, BRoasters introduced the ***i.care Box*** and ***i.care Bag***. The reusable 'i.care' range is also designed to support healthy eating habits through portion control guidance. BRoasters also incentivises KRR customers who return using the i.Care Box with a special discount. During the financial year ended 30 June 2021, 3,340 customers brought their KRR i.care Box when purchasing their meals which is lower compared to FYE 2020 due to dine-in restrictions from the COVID-19 pandemic.

**FYE 2021 : 3,340** • FYE 2020 : 20,606

In conjunction with World Environment Day, BRoasters launched the Take Me Home Family Feast takeaway package packed in BRoasters i.care Bag which is a specially design laminated non-woven bag to reduce usage of plastic and encourage to re-use. A total of 394 packages were sold during the financial year under review.

BRoasters and Jollibean Foods have replaced the use of plastic bags with biodegradable bags for takeaway. Throughout the financial year, BStarbucks also introduced reusable and post-consumer recycled merchandise to reduce single-use plastic such as :-

- Reusable Hot and Cold Cups
- Reusable Bags
- Reusable Loop Straws
- Starbucks Paper Cards
- Replacing Cold Lids to Sippy Lids for all its Iced beverages (except for Starbucks Frappuccino)
- Replacing Hot Lids to Hot Lids with stopper
- Reusable Cup Carriers made from 100% Post-Consumer Recycled Polyester

For a better take-out experience, Ser Vegano used corn starch packaging for their takeaways which is biodegradable, does not contain harmful chemicals associated with conventional plastic, and involves low carbon production with much less greenhouse gas emissions than conventional plastic production.

Besides reducing the consumption of single-use plastics in its business operations, BFood is also in midst of exploring ways to manage its food waste.

BFood companies managed their office waste by setting up collection stations in their respective offices, and the collected items for recycling were dropped off at the designated collection area in Berjaya Times Square every 3rd Friday of the month.

*The KRR i.Care Box.*

During the financial year under review, BFood donated 100kg worth of recycled items consisting of old newspapers, cardboards, papers and clothes. All proceeds raised from the sale of recyclables went towards Tzu Chi Foundation Malaysia's "Kita1Keluarga" initiative to assist needy Malaysian families affected by the COVID-19 pandemic.

BFood also raised awareness among their employees (partners) in reducing their contribution to the landfill through a yearly garage sale where employees (partners) donated their personal belongings. In December 2020, BStarbucks Support Center (office) successfully raised funds from the sale of donated items from employees (partners). All unsold items were donated to Berjaya Cares Foundation and subsequently channelled to Tzu Chi Foundation and Jumble Station.

### 7.2 Energy

BFood strives towards a more efficient sustainable management strategy in the use of its resources, which includes energy, to reduce its carbon footprint.

During the financial year ended 30 June 2021:-

- 70% of Starbucks stores have switched to LED lightings.
- 20% of Starbucks stores have switched to inverter air-conditioners.

To raise awareness on reducing the consumption of electricity, Starbucks stores nationwide have been celebrating Earth Hour over the past 13 years and encouraging customers to switch off non-essential lights. BRoasters is in the process of switching to LED lights during the refurbishment process of all of its KRR restaurants. As at 30 June 2021, 12 KRR restaurants have upgraded its lights with LED lighting.

# SUSTAINABILITY STATEMENT

BStarbucks and BRoasters showed an average of 5% electricity savings and subsequently, a start to better environmental quality.

When it comes to climate change, the dairy industry is a major source of greenhouse gases ("GHG") emissions. Dairy production also drives deforestation, causes water pollution, and consumes huge amounts of land resources. Plant-based milk has a lighter impact than diary when it comes to GHG, as well as on the use of water and land.

BFood companies expanded their plant-based menu options with key initiatives below:-

- BStarbucks introduced more plant-based milk besides Soy such as Almond, Coconut and Oatmilk.
- Joybean uses Grade A, non-genetically modified organism ("non-GMO"), identity-preserved ("IP") Canadian soy beans to ensure the highest quality of its product each time in Joybean signature products.
- Ser Vegano created meals using only plant-based ingredients which means that they are lower in calories and cholesterol while being higher in clean protein.

### 7.3 Paper Usage

In the previous financial year, BStarbucks introduced a pilot project of 5 Drive-Thru stores using digitalized screens and menu boards to reduce the usage of printed marketing and promotion collaterals. This has been extended to 11 BStarbucks stores in the financial year under review.

BFood is also in midst of exploring ways to manage their paper usage.

### 7.4 Water Conservation

BFood raises awareness in all its store operations in conserving water and continues to look for innovative ways to minimize water usage in its stores.

BStarbucks reduced its water consumption by removing all "dipper wells" – the small bowls with continuous streams of water that cleans spoons used for pouring milk into espresso drinks – and replaced them with auto-close water faucets. Starbucks stores installed efficient water fixtures to clean instead of an open tap, which consumed 15% less water overall.

## 8. SOCIAL SUSTAINABILITY

BFood acknowledges the importance of social sustainability by putting in place various practices that encompass matters relating to service compliance, information security and privacy, responsible marketing and communication practices, public policy, social integration and community development, among others.

### 8.1 Diversity & Inclusion and Talent Development

BFood seeks to inspire and nurture the human spirit, understanding that each person brings distinct life experiences to the table. BFood employees are diverse not only in gender, race, ethnicity, disability, religion and age but also in cultural backgrounds, life experiences, thoughts and ideas.

BFood's HR function is further streamlined to Employee Engagement and Well-Being, Learning & Development, Talent Recruitment and Diversity & Inclusion.

#### *i. Employee Engagement and Well-being*

BFood attracts, develops and retains the best people in the Company, in line with its expectations of creating a high performance and motivated culture with Standard Operating Procedures ("SOP") in place. The Company's employee benefits and welfare are constantly enhanced through periodic surveys on best market practices. BStarbucks, BRoasters and BFT have implemented a HR Management System to speed up work processes and efficiency such as e-Claims. BStarbucks and BFT also introduced an Employee (Partner) Privilege Programme where they are able to enjoy benefits or discounts with partnering brands like dental and chiropractic clinics.


*Eye screening for employees.*

# SUSTAINABILITY STATEMENT

In the third quarter of the financial year under review, BStarbucks introduced the Employee (Partner) Care Programme which is an upskill Retail Management on handling employee's grievances. During the financial year under review, BStarbucks organised various employee engagements to keep employees active, increase health awareness and encourage better management of physical and mental health. The following activities have been conducted for BFood employees based at headquarters:

- Virtual talks to promote better living
- Subsidised gym rates at the Sports Toto Fitness Centre
- Employee Vaccination Programme
- Starbucks Townhall
- Quarterly internal newsletter – SCOOP
- Asia-Pacific and China Coffee Connection
- Employee engagement activities such as coffee knowledge and sustainability online quizzes, virtual coffee-tasting sessions and others
- CSR activities

***ii. Learning and Development***

BFood's employee development programmes provide learning opportunities that maximise the potential of its employees to meet its business needs and contribute to the success of the Company. During the financial year under review, BFood invested 43,211 hours in training and development (129,625 hours in the last financial year).

BStarbucks provides its employees (partners) with a learning and development platform, conducted by internal and external parties, to develop employees' (partners) capabilities and skills. To adapt to the new normal and comply with the physical distancing requirements, all training workshops are conducted online. BStarbucks introduced the Starbucks Global Academy ("SGA") to all its employees, so that they can have access to certified courses on their own time. Starbucks International launched the SGA in 2017, which is a globally accessible platform created in partnership with Arizona State University for Starbucks employees (partners), customers, community members, and learners around the world, that delivers world-class learning content and eliminates barriers to high-quality education. Using SGA, learners can advance their personal and professional goals by choosing from a library of over 80 curated courses including sustainability courses like the Greener Apron, Starbucks Coffee Academy, and To Be Welcoming.

*The KRR Wishing Tree event brought cheer to children during the Christmas season.*

The Coffee Master Programme is aimed at deepening an employee's (partner's) knowledge and elevating the coffee experience for Starbucks' customers. Coffee Masters inspire fellow team members to seek more knowledge, make perfect handcrafted beverages and help customers find the right coffee. There are currently 1,700 BStarbucks employees who have been successfully certified as Coffee Master. The Coffee team also hosts online coffee quizzes for Coffee Masters to stay updated and inspire partners who plan to take up the certification. The Starbucks Barista Championship is a yearly event that provides an exciting platform for Starbucks Coffee Masters from all over Malaysia to come together and showcase their coffee knowledge, skills and passion for coffee. During the financial year under review, 500 Coffee Masters participated in the event.

As part of its commitment to developing its employees' capabilities and skills, BRoasters leverages three aspects of the business, namely relating to the consistent delivery of products and services and the effectiveness of training. These initiatives are aimed at enhancing both technical and soft skills, increasing job competencies and creating sustainable transferability of skills and knowledge among KRR team members.

***iii. Talent Recruitment***

BFood aims to build a strong employer brand to attract potential talents and in this financial year, BStarbucks won 3 awards:-

- CXP Best Customer Experience Awards 2020
- Sustainable Brand Award 2020
- AMCHAM Cares Recognition Achievement Award (Excellence in Corporate Social Responsibility) 2020

# SUSTAINABILITY STATEMENT

### *iv. Diversity & Inclusion*

BFood offers career opportunities for students from different disciplines through its Internship Programme and non-retail internship placement within the Company. The Company also employs a total of 79 senior citizens and 19 persons who are deaf and autistic.

The Starbucks Signing Store provides a platform and the opportunity for deaf employees (partners) to have a meaningful career and attain self-sufficiency. Deaf employees (partners) provide customers with a uniquely uplifting Starbucks Experience. The Signing Store celebrates the contributions of deaf employees (partners) and raises awareness towards people with disabilities in the workplace. The year 2020 was yet another significant year for the deaf employees (partners) as they celebrated the 4th Anniversary of the Starbucks Signing Store in Malaysia. The first Starbucks Signing Store in Kuala Lumpur which opened in 2016 has become a model store that inspired the opening of 6 more stores globally, including in Washington D.C., China and Japan. Malaysia's second Signing Store was opened in Penang in 2019.

BStarbucks is committed to embracing diversity and inclusion by engaging and collaborating with:-

- Jeslinda Paul - Spinal cord injury survivor and an advocate for the disabled
- Lim Anuar and Ernest Ting, Malaysian Deaf Artists
- Luqman Hakim, Malaysian Autistic Artist

*Starbucks collaborated with autistic local artist, Luqman Hakim.*

## 8.2 Occupational Safety and Health ("OSHA")

BFood promotes a proactive occupational safety, health and environmental philosophy and adopts best practices in maintaining a healthy and safe working environment for its employees. BStarbucks had 20 reported cases of workplace injuries in this financial year.

BFood also undertook various COVID-19 preventive measures in accordance with the guidelines and Standard Operating Procedures which are mandated by the Kementerian Kesihatan Malaysia ("KKM") and Kementerian Perdagangan Antarabangsa dan Industri ("MITI").

The following initiatives were undertaken by BStarbucks during the financial year under review:-

- MyKKP company registration
- Registration of all partner injuries on JKKP website
- S&SS and Hostel department training with ADKK
- ADKK pamphlets and posters distribution in the office
- Installation of fire extinguisher location markers in the office
- Office Emergency Evacuation Training
- Introduction and exercise for new SSC fire marshalls
- Monthly e-Class "Your Role As A Shift Manager: Safety & Security Services Perspective"
- Placing of caution tape on uneven surfaces, steps, slopes and highway in stores
- Safety assessment in Starbucks stores
- Safety topics for employee (partner) awareness

## 8.3 Society

During the financial year under review, several community service programmes, including the annual Starbucks Global Month of Good programme, were replaced with contributions to COVID-19 initiatives.

# SUSTAINABILITY STATEMENT

## CONTRIBUTIONS TO COVID-19 FRONTLINERS

BFood recognises just as the community impacts the Company, the Company is also able to influence the economy and society where it operates which affects all BFood stakeholders as a whole.

BStarbucks contributed more than 1,000 cups of coffee to the COVID-19 frontline workers in hospitals, police stations, screening centres and NGOs, such as Semporna Heroes and Hospital Semporna in Sabah and donated 300 boxes of disposable masks from Starbucks' Klang Valley stores to HOPE Worldwide Malaysia for the B40 communities in Sentul.

As part of its ongoing efforts to support communities around the country amid the unprecedented impact of COVID-19, BFood launched the Starbucks' 'Goods for Good' campaign to thank, celebrate and reward the frontliners in Malaysia. With every purchase of its merchandise, BStarbucks donated RM2 to MERCY Malaysia. Throughout the 'Goods for Good' campaign, all Starbucks merchandise purchased by customers carried a 'Thank You' tag in appreciation of their support. The campaign raised approximately RM60,000. The donations collected will be used to fund consultation sessions for frontline health workers through MERCY Malaysia's Psychological First Aid hotline platform. In addition, BStarbucks is working alongside the Mental Health and Psychosocial Support Services team to create mental health awareness programmes to provide much-needed support especially during these uncertain times.

BStarbucks collaborated with Luqman Hakim, the autistic artist whose tweet became viral after he drew the Director General of Health's face on a Starbucks cup, to auction off a series of reusable cups that he had personally hand-drawn in an effort to raise money for the National Autism Society of Malaysia. The series consisted of 5 reusable cups, with each design paying tribute to those who had worked tirelessly in controlling the COVID-19 pandemic in Malaysia, including firefighters, health workers, the police force, the national armed forces and delivery drivers. Each design was hand-drawn by Luqman himself. BStarbucks matched the sales from the fund-raising and successfully raised RM3,500 from this initiative.

On March 2021, BStarbucks opened the largest Starbucks Reserve in Tropicana Gardens Mall in Kota Damansara, occupying 6,200 square feet of retail space. The 50-foot tall 'Wall of Gratitude' mural at Starbucks Reserve Tropicana Garden was created to pay tribute to the people who fought together against the pandemic, and also as a physical reminder of the events of the past year that have made Malaysians stronger and more resilient than ever.

BFood is committed to strengthening the communities in which it operates by organising multiple corporate social responsibility programmes during the financial year under review, and encouraged its employees to participate in activities that are relevant and impactful to their communities.

BFood collaborated with TEACH Academy of Culinary Art under its Sponsored Apprenticeship Programme ("SAP") by providing apprenticeship opportunities for students in Starbucks and Sala stores operated by Ser Vegano Sdn Bhd. As part of the programme, BStarbucks also conducted an educational session and sponsored Starbucks indoor tables and chairs to SMK Taman Desa, one of the schools in the SAP.


*BFood subsidiaries contributed food & drinks to frontliners at Hospital Serdang.*

# SUSTAINABILITY STATEMENT

In November 2020, BStarbucks continued to support the fight to end hunger and achieve food security for the people, as an employee engagement activity. BStarbucks partnered with The Lost Food Project in distributing groceries and household rations to 36 underprivileged families at PPR Pantai Dalam. Over the course of two weeks, BStarbucks joined forces in collecting and distributing essential food items including bags of rice, packets of noodles, biscuits, canned food, laundry detergent, toothpaste, face masks and much more.

In an effort to reignite the spirit of reading, 'The Book Effect' is a year-long project dedicated to collecting 40,000 books and building libraries for various orphanages and refugee schools across the Klang Valley. BStarbucks partnered with Friends To Mankind by having a book drive from August till December 2020 in 52 stores in the Klang Valley and during that period, BStarbucks successfully collected more than 7,000 books.

Under the KRR Community Chest Programme, BRoasters continues to contribute to the communities in which it operates through its annual campaigns such as the KRR Wishing Tree and festive visits to homes and shelters. In December 2020, BRoasters fulfilled the wishes of 545 underprivileged children from 15 NGOs through its 16th annual Wishing Tree programme.

### 8.4 Product and Service Responsibility

BFood subsidiaries put their customers' interest first in everything they do such as providing high quality food and beverages and delivering excellent customer service. There are several integrated functions embedded across their customer management value chain - inbound and outbound (enquiries, support and campaigns), digital channels (social media and website), quality control and customer operations (audit and monitoring) and Voice of Customer (VOC – Quantitative and qualitative customer insights) which are designed to drive positive customer experiences and brand loyalty.

*Group photo of BStarbucks employees (partners) who volunteered to pack essential items for 36 underprivileged families.*


*Distribution of t-shirts to Pertubuhan Kebajikan Kanak-Kanak Yatim dan Cacat Perlindungan Selangor by the KRR team.*

#### i. *Responsible Marketing and Communication Practices*

BFood implements various integrated marketing communications initiatives, namely, print advertisements and radio and social media platforms, to broadcast new campaign launches or food and beverage promotions from the respective brands, as well as to strengthen their brand names in the market. BFood subsidiaries communicate their promotional information through social media and in-store materials to create awareness and provide information on the latest offers. BStarbucks and BRoasters also reach out to their registered customers via Electronic Direct Mail ("EDM"). As at 30 June 2021, BStarbucks has reached out to 1.5 million registered customers. During the financial year under review, BStarbucks upgraded its loyalty programme to SR 2.0, a spend-based programme that will fast track customers to earn their rewards.

BFT collaborated with various e-commerce platforms, vendors, convenience stores and supermarket retailers to market its products and made it more accessible to more customers.

# SUSTAINABILITY STATEMENT

***ii. Customer Care and Experience***

BFood's Customer Service Commitment is to make each customer feel special by empowering the service staff to 'own' the customer's experience. To ensure the products and services offered by Starbucks, KRR, Jollibean and Sala meet consistent standards, random surveys are conducted with customers for their feedback on their experience in visiting the stores and their rating on the quality of food and beverages.

A special task force was set up to manage matters on the COVID-19 pandemic with internal and external parties. All BFood stores were required to adhere to the standard operating procedures set out by the National Security Council to prevent the spread of the COVID-19 virus. The stores also observed regular cleaning and sanitising of the premises.

BFood practises customer engagement mainly through social media platforms, encouraging customers to provide positive or constructive feedback through various channels such as the respective brands' Facebook pages, email or direct feedback to the restaurant staff, to assist with customer enquiries, and to provide assistance where required.

## 8.5 Compliance (Social)

BFood maintains its high standards in keeping up-to-date with the changes in local laws and requirements.

BFood is committed to embeding principles of effective compliance management and integrating sustainable best practices in daily operations that would drive responsibly informed decisions contributing to BFood's financial performance.

***i. Good Governance***

BFood publishes the policies and procedures listed below on its website.

The company continues to raise awareness to its employees and stakeholders on:-

- Adequate Procedures to Curb and Prevent Bribery and Corruption – T.R.U.S.T. Concept
- Employees' Code of Conduct and Ethics
- Whistleblowing Policy & Procedures

BFood subsidiaries endeavour to create a positive impact by supporting the procurement of products and services from locally established business entities to spur the country's economy. Procurement is conducted through the evaluation of tenders in terms of pricing, credibility and other related matters such as compliance to Labour Law, Good Manufacturing Practices ("GMP") and Hazard Analysis and Critical Control Points ("HACCP") requirements.

BFood subsidiaries only engage with vendors who comply with ethical sourcing requirements through its procurement and sourcing policy. BFood's products consistently adhere to the Halal requirements issued by JAKIM. Food suppliers are required to self-declare and provide updated certification yearly. Audits and compliance checks are conducted regularly at BFood subsidiaries' premises/outlets to ensure that local regulatory hygiene practices are complied with.

BFood ensures that its food and beverage offerings are safe for consumption and adhere to laws, regulations and best practices such as:-

- 'Halal' requirements by JAKIM (Jollibean & Sala are undergoing 'Halal' certification)
- Quality Assurance Standards Audit ("QASA")
- Good Catering Practice ("GCP") audits
- Supplier Audits are based on Global Food Safety Initiative ("GFSI") standards; and
- Supplier Base Management ("SBM") risk assessment based on the four risk categories: Product Risk, Supplier Risk, Business Risk and Brand Risk

To ensure all products are labelled with the correct expiry date, BFood practises sending its products for laboratory tests to determine shelf life, and all displayed products are labelled with the correct shelf-life dates to ensure customers' safety and well-being. To ensure its products do not contain any impurities, Jollibean Foods uses only Grade A, non-genetically modified organisms, single variety identity-preserved Canadian soy beans as these were made of all-natural soya bean crops with lower environmental and health impact, as compared to those of genetically modified soya beans.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Berjaya Food Berhad ("the Company") recognises the importance of corporate governance towards promoting business growth, increasing financial strength and well-being and corporate accountability to protect and enhance shareholders' value as well as the interest of the Company.

The Board is committed in ensuring that the Company and its subsidiaries (collectively "the Group") carries out its business operations within the required standards of corporate governance as set out in the Malaysian Code on Corporate Governance ("MCCG").

The Board is pleased to provide an overview of the corporate governance ("CG") practices, which made reference to the three (3) key CG principles as set out in the MCCG throughout the financial year ended 30 June 2021 ("FYE 2021"), which are as follows:-

(a) Principle A : Board Leadership and Effectiveness;

(b) Principle B : Effective Audit and Risk Management; and

(c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG Overview Statement, approved by the Board, shall be read together with the CG Report 2021 ("CG Report") of the Company which is available on website of Bursa Malaysia Securities Berhad ("Bursa Securities") at www.bursamalaysia.com.

The CG Report provides details on how the Company has applied each Practice as set out in the MCCG and any departures thereof during the FYE 2021. The Board is satisfied that the Company has substantially complied with the MCCG throughout the FYE 2021 save for the exceptions which are fully described in the CG Report.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

**Board Responsibilities**

The Board is responsible for the performance and affairs of the Group and to provide leadership and guidance for setting strategic direction for the Group. The roles and responsibilities of the Board in discharging its fiduciary and leadership function has been formalised in the Board Charter.

**Chairman and Chief Executive Officer ("CEO")**

The Board is led by the Chairman, Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin, an Independent Non-Executive Director of the Company. The Chairman is responsible for providing leadership as well as to ensure the smooth and effective functioning of the Board. The Chairman will preside at all Board Meetings and general meetings of the Company and always ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted.

The Board has delegated the day-to-day management of the Group's affairs and business to the CEO of the Company, Mr Sydney Lawrance Quays. The CEO holds the primary executive responsibility for the Group's business performance and to manage the Group in accordance with the strategies and policies approved by the Board. The CEO will focus on the business and leads the Senior Management of the Company in making and implementing the day-to-day decisions on the business operations, managing resources and associated risks involved while pursuing the corporate objectives of the Group. The CEO may delegate appropriate functions to any member of the Senior Management reporting to the CEO.

The CEO and Management meet regularly to review and monitor the performance of the Group's operating divisions. The CEO briefs the Board on the Group's business operations and Management's initiatives during the quarterly Board Meetings.

**Separation of Positions of the Chairman and CEO**

The Chairman and the CEO are held by two different individuals. The distinct and separate roles of the Chairman and CEO with clear division of responsibilities have ensured the balance of the power and authority and that no one has unfettered control of the Board. The roles and responsibilities of the Chairman and CEO have been formalised in the Board Charter of the Company.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Non-Executive Directors**

The Non-Executive Directors are not involved in the day-to-day management of the Group but contribute their own particular expertise and experience in the development of the business strategy of the Group and to make insightful contribution during the Board's deliberation. They also assist and ensure the Board adopts a good CG practice within the Group.

The presence of three (3) Independent Non-Executive Directors is sufficient to provide the required checks and balances on the decision making process of the Board. The Independent Non-Executive Directors are essential in providing unbiased and impartial opinion, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account. The significant contributions of the Independent Directors in the decision making process is evidenced in their participation as members of the various committees of the Board.

In addition, the two (2) Non-Independent Non-Executive Directors on the Board also help to provide views and contributions from a different perspective as they are not involved in the day to day operations of the Group.

**Board Committee**

The Board has established the following Board Committees which consist of a majority of Non-Executive Directors to support the Board in discharging its oversight function and to ensure that there are appropriate checks and balances in place:-

(i) Audit and Risk Management Committee;

(ii) Nomination Committee;

(iii) Remuneration Committee;

(iv) Employees' Share Scheme Committee; and

(v) Sustainability Committee.

Each of the Board Committee operates within its respective terms of reference ("TOR") that also clearly define its respective functions and authorities. The TOR of the respective Board Committees are periodically reviewed by the Board Committees and approved by the Board to ensure that the TOR remains relevant and adequate in governing the responsibilities of the Committees and to reflect the latest developments in the Main Market Listing Requirements of Bursa Securities and the MCCG. These Board Committees have the authority to report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters still lies with the Board.

**Company Secretaries**

The Board is supported by the Company Secretaries, who are members of the professional body namely, Malaysian Institute of Chartered Secretaries and Administrators and they are also qualified under the Companies Act 2016. The Company Secretaries play an important role in facilitating the overall compliance with the Companies Act 2016, the Main Market Listing Requirements of Bursa Securities and other relevant laws and regulations. The Company Secretaries also assist the Board and Board Committees to function effectively and in accordance with their respective TOR and best practices and ensuring adherence to the existing Board policies and procedures. The roles and responsibilities of the Company Secretaries have been formalised in the Board Charter which provides reference for Company Secretaries in the discharge of their duties.

The Company Secretaries have also been continuously attending the necessary training programmes, conferences, seminars, webinars and/ or forums so as to keep themselves abreast with the current regulatory changes in laws and regulatory requirements that are relevant to their profession and enabling them to provide the necessary advisory role to the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Board Meetings and Meeting Materials**

In order to discharge their responsibilities effectively, the Board meets regularly on a quarterly basis. Additional or special Board Meetings may be convened as and when necessary to consider and deliberate on any urgent proposals or matters under their purview and which requires the Board's expeditious review or consideration. Such meetings will enable the Board members to effectively assess the viability of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

Prior to the Board Meeting, the Directors will be provided with the relevant agenda and Board papers at least five (5) business days' notice or such shorter period as agreed by the Board to enable them to have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications, if any. The Board papers provide, among others, the minutes of preceding meetings of the Board and Committees, summary of dealings in shares by the directors or affected persons and directors' circular resolutions, reports on the Group's financial statements, operations, any relevant corporate developments and proposals.

In addition, there is also a schedule of matters reserved for Board's deliberations and decision, including among others, to review, evaluate, adopt and approve the policies and strategic plans for the Company and the Group. This is to ensure that the strategic plan of the Company and the Group supports long term value creation, including strategies on economic, environmental and social considerations underpinning sustainability, as well as to review, evaluate and approve any material acquisitions and disposals of undertakings and assets in the Group and any new major ventures.

**Access to information and advice**

The Directors shall have unrestricted access to the advice and services of the Company Secretaries and Senior Management staff in the Group to assist them in carrying out their duties. They may also obtain independent professional advice at the Company's expense in furtherance of their duties whenever the need arises.

**Board Charter, Ethical Standards through Code of Ethics, Code of Conduct, Whistleblowing Policy and Procedures and T.R.U.S.T Concept**

The Board has the following in place:-

**(a) Board Charter**

The Board has adopted a Board Charter to promote the standards of corporate governance and clarifies, among others, the roles and responsibilities of the Board, Board Committees and individual Director.

The Board Charter is subject to review by the Board periodically to ensure that it remains consistent with the Board's roles and responsibilities as well as the prevailing legislation and practices. The Board Charter was recently reviewed on 6 May 2021 and a copy is available on the Company's website at www.berjaya.com/berjaya-food/.

**(b) Code of Ethics for Directors**

The Board has also adopted a Code of Ethics for Directors ("Code") which is incorporated in the Board Charter. The Code was formulated to enhance the standard of corporate governance and to promote ethical conduct of the Directors.

**(c) Code of Conduct and Business Ethics**

The Group has established and adopted a Code of Conduct covering business ethics, workplace safety and employees' personal conduct for all employees of the Company and all of its subsidiaries and associates. This is to ensure that all employees and Directors maintain and enforce the highest standards of ethics and professional conduct in the performance of their duties and responsibilities throughout the organisation.

All employees and Directors of the Company are required to declare that they have received, read and understood the provisions of the Code of Conduct and agreed to comply with its terms throughout their employment or tenure with the Company.

The Board will periodically review the Code of Conduct. The Code of Conduct is available on the Company's website at www.berjaya.com/berjaya-food/.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**(d) Whistleblowing Policy and Procedures**

The Group acknowledges the importance of lawful and ethical behaviours in all its business activities and is committed to adhere to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs in its workplace.

The Group has in place a Whistleblowing Policy and Procedures which provides an avenue for employees, the Group's third party service providers, independent contractors, vendors and suppliers and members of the public to raise genuine concerns and to disclose alleged, suspected or actual wrongdoings or known improper conduct on a confidential basis, without fear of any form of victimisation, harassment, retribution or retaliation.

The Whistleblowing Policy and Procedures also serves as an avenue to safeguard against the acts of bribery and corruption pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The Whistleblowing Policy and Procedures, underlining its protection and reporting channels, can be accessed on the Company's website at www.berjaya.com/berjaya-food/.

**(e) Adequate Procedures to Curb and Prevent Bribery and Corruption - T.R.U.S.T Concept**

The Board has established and adopted a T.R.U.S.T Concept which form the ethos and philosophy of the top management in respect of the Group's fight against bribery and corruption in all its business dealings, transactions and such other related activities.

The T.R.U.S.T Concept was formulated to set out the guidelines on adequate procedures to curb and prevent bribery and corruption and the procedures are guided by the following five principles:-

Principle I : **T**op Level Commitment;

Principle II : **R**isk Management Assessment;

Principle III : **U**ndertake Control Measures;

Principle IV : **S**ystematic Review, Monitoring and Enforcement; and

Principle V : **T**raining and Communication.

(Collectively known as T.R.U.S.T Concept)

The establishment of this T.R.U.S.T Concept demonstrates the Group's zero-tolerance approach against all forms of bribery and corruption in its daily operations and the Group takes a strong stance against such acts. The Group will take all reasonable and appropriate measures to ensure that all its directors and employees are committed to act professionally and with integrity in all their business dealings and not participate in any corrupt activities for its advantage or benefit.

The T.R.U.S.T Concept can be accessed on the Company's website at www.berjaya.com/berjaya-food/.

**Sustainability Strategies**

The Board views the commitment to promote sustainability strategies in the environment, social and governance aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Group strives to achieve a long-term sustainability balance between meeting its business goals, preserving the environment to sustain the ecosystem and improving the welfare of its employees and the communities in which it operates. The Group's efforts to promote sustainability initiatives for the environment, the communities in which it operates and its employees have been set out in the Sustainability Statement in this Annual Report.

**Board Composition**

The Board currently has six (6) members comprising three (3) Independent Non-Executive Directors (including the Chairman), the CEO and two (2) Non-Independent Non-Executive Directors. The profiles of the Directors are set out in pages 5 to 7 of this Annual Report.

The present composition of the Board is in compliance with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Securities which requires at least one third (1/3) of its members to be Independent Directors. In addition, the Board composition is also in compliance with the requirement under Practice 4.1 of the MCCG which states that at least half of the Board members comprises Independent Directors.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board composition of the Company represents a mix of knowledge, skills, and expertise which assist the Board in effectively discharging its stewardship and responsibilities.

The Board is satisfied that the current size and composition of the Board is considered adequate to provide an optimum mix of skills and experience.

**Boardroom Diversity**

The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity.

The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.

The Board is of the view that whilst promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. The Board will continuously strive to meet the targets for gender diversity requirement and will actively take the necessary measures towards promoting a corporate culture that embraces gender diversity in the Boardroom.

The Company takes diversity not only in the Boardroom but also in the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company.

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion, age or family status. The same principle is applied to the selection of potential candidates for appointment to the Board.

Currently, the Board has two (2) female Directors namely, Datuk Zainun Aishah Binti Ahmad and Ms Chryseis Tan Sheik Ling and they represent about 33% of the full Board of six (6) members. They are part of the Board's gender diversity and have brought value to Board discussions from different perspectives and approaches.

The Board Diversity Policy of the Company is available on the Company's website at www.berjaya.com/berjaya-food/.

**Time Commitment**

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the FYE 2021, the Board met five (5) times and the attendances of the Directors at the Board Meetings were as follows:-

| Directors | Attendance |
|---|---|
| Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin # | 5/5 |
| Sydney Lawrance Quays | 5/5 |
| Tan Thiam Chai | 5/5 |
| Datuk Zainun Aishah Binti Ahmad # | 5/5 |
| Dato' Mustapha Bin Abd Hamid # | 5/5 |
| Chryseis Tan Sheik Ling | 5/5 |

*Note:*
*# Independent Non-Executive Director*

All the Directors of the Company have confirmed that they do not hold more than five (5) directorships in listed issuers pursuant to Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities. They are required to notify the Chairman of the Board before accepting any new directorships outside the Group and indicating the time that will be spent on the new directorship. Similarly, the Chairman of the Board shall also do likewise before taking up any additional appointment of directorships.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Directors' Training**

All the Directors have completed the Mandatory Accreditation Programme as required by Bursa Securities.

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively. As such, the Directors will continuously attend the necessary training programmes, seminars, conferences, forums and/ or webinars so as to keep abreast with the current developments in the various industries as well as the current changes in laws and regulatory requirements.

The Board is also updated by the Company Secretaries on the relevant training programmes relating to the regulatory, governance, industry related and current issue on an on-going basis.

During the FYE 30 June 2021, the training programmes, seminars, conferences and webinars attended by the Directors were as follows:-

| Directors | Training Programmes/ Seminars/ Conferences/ Forum/ Webinars |
|---|---|
| Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin | - Raising Defenses: Section 17A of the Malaysian Anti-Corruption Commission Act |
| Sydney Lawrance Quays | - The Sustainability Accelerator<br>- Fraud Risk Management Workshops |
| Tan Thiam Chai | - T.R.U.S.T Concept & Bribery Risk Assessment |
| Chryseis Tan Sheik Ling | - Asia Pacific Board Leadership Centre Webinar<br>  - Board and Audit Committee Priorities 2021 |
| Datuk Zainun Aishah Binti Ahmad | - Regulatory Affairs Workshop<br>- Environmental, Social and Governance Trends & Regulatory Developments |
| Dato' Mustapha Bin Abd Hamid | - Shariah Investing Dialogue with Public Listed Companies 2021.<br>  - "Opportunities for Public Listed Companies in Shariah Compliant Landscape" |

The Board will, on a continuous basis, evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors.

**Appointment to the Board**

The members of the Nomination Committee, which comprises exclusively Non-Executive Directors with a majority of them being Independent Directors are as follows:-

| | |
|---|---|
| Datuk Zainun Aishah Binti Ahmad | - Chairman/ Senior Independent Non-Executive Director |
| Dato' Mustapha Bin Abd Hamid | - Member/ Independent Non-Executive Director |
| Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin* | - Member/ Independent Non-Executive Director |
| Tan Thiam Chai | - Member/ Non-Independent Non-Executive Director |

Note:
* During the financial year ended 30 June 2021, Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin was appointed as a member of the Nomination Committee on 11 August 2020.

The Chairman of the Nomination Committee, Datuk Zainun Aishah Binti Ahmad is an Independent Director and has been appointed as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed.

The composition, authority as well as the duties and responsibilities of the Nomination Committee are set out in its TOR, which is available on the Company's website at www.berjaya.com/berjaya-food/.

The Board delegates to the Nomination Committee the responsibility of making recommendations on any potential candidate for the appointment as a new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made based on merits.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The process for the appointment of a new Director is summarised in the sequence as follows:-

1. The candidate identified upon the recommendation by the existing Directors, Senior Management, major shareholders and/ or other consultants;
2. In evaluating the suitability of a candidate to the Board, the Nomination Committee considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidate, and in the case of a candidate proposed for appointment as Independent Non-Executive Director, the candidate's independence;
3. Recommendation shall then be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and
4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board Committees.

Pursuant to the TOR of the Board Committees, a majority of the members present at Board Committees meeting must be Independent Directors.

Premised on the above, the Nomination Committee had assessed and recommended to the Board the appointment of Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin as the Committee member of Remuneration Committee, Nomination Committee and ARMC of the Company on 11 August 2020.

**Annual Assessment**

The Nomination Committee reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual Directors. The annual evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and areas where improvements could be considered. The criteria for the evaluation are guided by the Corporate Governance Guide issued by Bursa Securities. The evaluation process also involved a peer and self-review assessment, where each Director will assess their own performance and that of their fellow Directors. The outcome of the assessments and comments by all Directors were summarised and discussed at the Nomination Committee meeting and were then reported to the Board at the Board Meeting held thereafter. All assessments and evaluations carried out by the Nomination Committee in the discharge of its duties are properly documented.

During the FYE 2021, the Nomination Committee has carried out the following activities:-

(i) Recommended to the Board the appointment of Independent Director as a member of Board Committees;

(ii) Reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;

(iii) Reviewed and assessed the performance of each individual Director, independence of the Independent Directors, effectiveness of the Board and Board Committees;

(iv) Reviewed the performance of the Audit and Risk Management Committee and its members;

(v) Reviewed the financial literacy assessment for each of the Audit and Risk Management Committee members;

(vi) Recommended to the Board the re-election of Directors who are due for retirement by rotation for shareholders' approval at the forthcoming Annual General Meeting ("AGM"); and

(vii) Recommended to the Board the retention of Independent Directors for shareholders' approval at the forthcoming AGM.

**Re-election of Directors**

The Nomination Committee also conducted an assessment of the Directors who are subject to retirement at the forthcoming AGM in accordance with the provisions of the Constitution of the Company and the relevant provisions of the Companies Act 2016.

Clause 117 of the Company's Constitution provides that at least one-third (1/3) of the Directors shall retire by rotation and they are eligible to seek re-election at each AGM and that each Director shall submit himself/ herself for re-election once every three (3) years. Clause 107 of the Company's Constitution also provides that a Director who is appointed during the year is required to retire and to seek shareholders' approval for re-election at the following AGM immediately after his/ her appointment.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Nomination Committee is also responsible for recommending to the Board those Directors who are eligible to stand for re-election at the AGM.

At the forthcoming Twelfth AGM, the Directors who will retire by rotation and eligible for re-election pursuant to Clause 117 of the Company's Constitution are as follows:-

| Directors | Retiring pursuant to |
|---|---|
| (i) Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin | Clause 117 |
| (ii) Chryseis Tan Sheik Ling | Clause 117 |

**Tenure of Independent Directors**

The MCCG recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Directors' re-designation as a Non-Independent Director. The MCCG also sets out a recommendation that the Board must justify and seek shareholders' approval in the event it retains an Independent Director who has served in that capacity for more than nine (9) years.

The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his/ her responsibilities in the best interest of the Company should be the predominant factors to determine the ability of a Director to serve effectively as an Independent Director.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmations on their independence, will be able to determine if they can continue to bring independent and objective judgment during Board deliberations and decision making.

Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abd Hamid were appointed as the Independent Non-Executive Directors of the Company on 20 May 2010 and they have therefore served the Company as the Independent Directors for a cumulative term of more than nine (9) years, but less than twelve (12) years.

The Nomination Committee (save for Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abd Hamid who will abstain from discussion of their own retention) has assessed the independence of Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abd Hamid for the FYE 30 June 2021 based on criteria set out in the Listing Requirements. The Nomination Committee concluded that Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abd Hamid have satisfied the independence criteria and each of them is able to provide independent judgment and act in the best interest of the Company.

Following the assessment and recommendation by the Nomination Committee, the Board (save for Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abd Hamid who will abstain from discussion of their own retention) concluded that pursuant to Practice 4.2 of the MCCG, the Board will seek approval from shareholders of the Company at the forthcoming AGM to support the Board's decision to retain Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abd Hamid as Independent Non-Executive Directors of the Company based on the following justifications:-

(a) Datuk Zainun Aishah Binti Ahmad

(i) she has fulfilled the criteria under the definition of Independent Director as set out in the Main Market Listing Requirements of Bursa Securities, and being independent, she would be able to function as a check and balance and give an independent opinion to the Board;

(ii) she has been with the Company for more than eleven (11) years and was familiar with the food and beverage business and operations of the Company;

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

(iii) she remains objective and independent in expressing her views and participating in deliberations and decision making process of the Board and Board Committees. The length of her services on the Board does not in any way interfere with her exercise of independent judgment and ability to act in good faith and in the best interests of the Company and shareholders; and

(iv) she has brought gender diversity to the Board and has exercised due care during her tenure as an Independent Non-Executive Director as well as the Chairman of Audit and Risk Management Committee, Nomination Committee and Sustainability Committee and she has carried out her professional duties proficiently in the interests of the Company and the shareholders.

(b) Dato' Mustapha Bin Abd Hamid

(i) he has fulfilled the criteria under the definition of Independent Director as set out in the Main Market Listing Requirements of Bursa Securities, and being independent, he would be able to function as a check and balance and give an independent opinion to the Board;

(ii) he has been with the Company for more than eleven (11) years and was familiar with the food and beverage business and operations of the Company;

(iii) he remains objective and independent in expressing his views and participating in deliberations and decision making process of the Board and Board Committees. The length of his services on the Board does not in any way interfere with his exercise of independent judgment and ability to act in good faith and in the best interests of the Company and shareholders; and

(iv) he has exercised due care during his tenure as an Independent Non-Executive Director as well as the Chairman of Remuneration Committee and he has carried out his professional duties proficiently in the interests of the Company and the shareholders.

**Annual Assessment of Independence**

The Board recognises the importance of independence and objectivity in its decision making process. The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinion, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account.

The Board, through the Nomination Committee, has assessed the independence of its Independent Non-Executive Directors namely, Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin, Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abd Hamid based on criteria set out in the Main Market Listing Requirements of Bursa Securities.

The Independent Directors of the Company have fulfilled the criteria of "independence" as prescribed under Chapter 1 of the Main Market Listing Requirements of Bursa Securities.

**Remuneration Policies and Procedures**

The members of the Remuneration Committee, which comprises exclusively Non-Executive Directors with a majority of them being Independent Directors are as follows:-

| | |
|---|---|
| Dato' Mustapha Bin Abd Hamid | - Chairman/ Independent Non-Executive Director |
| Datuk Zainun Aishah Binti Ahmad | - Member/ Independent Non-Executive Director |
| Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin* | - Member/ Independent Non-Executive Director |
| Tan Thiam Chai | - Member/ Non-Independent Non-Executive Director |

Note:
* During the financial year ended 30 June 2021, Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin was appointed as a member of the Remuneration Committee on 11 August 2020.

The composition, authority as well as the duties and responsibilities of the Remuneration Committee are set out in its TOR which is available on the Company's website at www.berjaya.com/berjaya-food/.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has adopted a Remuneration Policy to support the Directors and Key Senior Management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, motivate, retain and reward Directors and Key Senior Management who will manage and drive the Company's success.

The Board has delegated to the Remuneration Committee to implement its Remuneration Policy. The primary function of the Remuneration Committee is to set up the policy framework and to recommend to the Board on remuneration packages and other terms of employment of the Executive Directors. The remuneration of Executive Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively.

The remuneration of Key Senior Management is determined at a level which enables the Company to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise and level of responsibilities.

Both the remuneration of Executive Directors and Key Senior Management are structured to link rewards to the achievement of individual and corporate performance.

The Remuneration Committee is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration with the Director concerned abstaining from deliberations and voting on decision in respect of his/ her individual remuneration package. The Board recommended that the level of remuneration should reflect the experience and the level of responsibilities undertaken by each Non-Executive Director. The Board will then recommend the payment of the Directors' fees and other benefits payable to Non-Executive Directors to the shareholders for approval at the AGM in accordance with Section 230(1) of the Companies Act 2016.

The Board will periodically review the Remuneration Policy and a copy is available on the Company's website at www.berjaya.com/berjaya-food/.

Details of the Directors' remuneration paid or payable to all Directors of the Company (both the Company and the Group) and categorised into appropriate components for the FYE 2021 are as follows:-

**(a) Individual Directors on a named basis**

**Company**

| | RM | | | | | |
|---|---|---|---|---|---|---|
| | Fees | Salaries | Bonus | Benefits in-kind | Other Emoluments | Total |
| **Executive Director** | | | | | | |
| Sydney Lawrance Quays | - | 141,000 | 24,000 | - | 20,723 | 185,723 |
| **Non-Executive Directors** | | | | | | |
| Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin | 60,000 | - | 25,000 | - | 350,923 | 435,923 |
| Datuk Zainun Aishah Binti Ahmad | 60,000 | - | - | - | 13,700 | 73,700 |
| Dato' Mustapha Bin Abd Hamid | 60,000 | - | - | - | 10,700 | 70,700 |
| Tan Thiam Chai | - | - | - | - | - | - |
| Chryseis Tan Sheik Ling | - | - | - | - | - | - |
| | **180,000** | **141,000** | **49,000** | **-** | **396,046** | **766,046** |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Group**

| | RM | | | | | |
|---|---|---|---|---|---|---|
| | **Fees** | **Salaries** | **Bonus** | **Benefits in-kind** | **Other Emoluments** | **Total** |
| **Executive Director** | | | | | | |
| Sydney Lawrance Quays | 18,564 | 1,351,250 | 210,000 | 25,718 | 190,120 | 1,795,652 |
| **Non-Executive Directors** | | | | | | |
| Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin | 60,000 | - | 25,000 | - | 350,923 | 435,923 |
| Datuk Zainun Aishah Binti Ahmad | 60,000 | - | - | - | 13,700 | 73,700 |
| Dato' Mustapha Bin Abd Hamid | 60,000 | - | - | - | 10,700 | 70,700 |
| Tan Thiam Chai | - | - | - | - | - | - |
| Chryseis Tan Sheik Ling | - | - | - | - | - | - |
| | **198,564** | **1,351,250** | **235,000** | **25,718** | **565,443** | **2,375,975** |

**(b) The Remuneration of top five (5) Key Senior Management in bands of RM50,000 on an aggregate basis**

The number of top five (5) Key Senior Management and their total remuneration from the Group categorised into the various bands are as follows:-

| | Number of Key Senior Management |
|---|---|
| RM250,001 - RM300,000 | 2 |
| RM300,001 - RM350,000 | 1 |
| RM350,001 - RM400,000 | 1 |
| RM450,001 - RM500,000 | 1 |
| | 5 |

Although the MCCG has stipulated that the Company should disclose the detailed remuneration of the top five (5) Key Senior Management on a named basis, the Board has opined that it is not in the best interest of the Company to make such disclosures on the remuneration of the Key Senior Management due to the sensitivity of their remuneration package, privacy and issue of staff poaching.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

**Audit and Risk Management Committee**

The Audit Committee was renamed as the Audit and Risk Management Committee ("ARMC") with effect from 3 March 2011. The ARMC of the Company comprises four (4) members, all of whom are Non-Executive Directors with a majority of them being Independent Directors. The members are as follows:-

| | |
|---|---|
| Datuk Zainun Aishah Binti Ahmad | - Chairman/ Independent Non-Executive Director |
| Dato' Mustapha Bin Abd Hamid | - Member/ Independent Non-Executive Director |
| Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin* | - Member/ Independent Non-Executive Director |
| Tan Thiam Chai | - Member/ Non-Independent Non-Executive Director |

Note:
* During the financial year ended 30 June 2021, Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin was appointed as a member of the ARMC on 11 August 2020.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Chairman of the ARMC is appointed by the Board and is not the Chairman of the Board. The composition, authority as well as the duties and responsibilities of the ARMC are set out in its TOR and a copy is available on the Company's website at www.berjaya.com/berjaya-food/.

The members of the ARMC possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the TOR of the ARMC. In addition, the ARMC members are financially literate and are able to understand, analyse and challenge matters under purview of the ARMC including the financial reporting process.

The Board is responsible to ensure the annual financial statements are prepared in accordance with the provisions of the Companies Act 2016 and the applicable financial reporting standards in Malaysia. In presenting the annual financial statements and quarterly announcement of results, the Board seeks to provide shareholders with a clear, balanced and understandable assessment of the Group's financial position and prospects. The ARMC assists the Board to discharge its duties in financial reporting by ensuring the reliability and integrity of the Group's accounting and financial reporting process and to ensure the financial statements give a true and fair view in accordance with the provisions of the Companies Act 2016 and the applicable financial reporting standards in Malaysia. In addition, the ARMC reviews the annual financial statements and quarterly financial results before they are recommended to the Board for approval.

Besides overseeing the Group's accounting and financial reporting process, ARMC is also responsible to assist the Board to review the nature, scope and results of the external audit, its cost effectiveness and the independence and objectivity of the External Auditors, to oversee and monitor the Group internal audit functions, oversees recurrent related party transactions, risk management activities and other activities such as governance matters. The details on the activities of the ARMC are set out in the ARMC Report on pages 53 to 57 of this Annual Report.

The performance of the ARMC is reviewed annually by the Nomination Committee. Based on the evaluation, the Nomination Committee concluded that the ARMC has been effective in its performance and has carried out its duties in accordance with its TOR during the FYE 2021.

**Assessment of External Auditors**

The Board maintains a transparent and professional relationship with the External Auditors through the ARMC. Under the existing practice, the ARMC invites External Auditors to attend its meetings at least twice a year to discuss their audit plan and their audit findings on the Company's annual financial statements. In addition, the ARMC will also have private meetings with the External Auditors without the presence of the Chief Executive Officer and Senior Management to enable exchange of views on issues requiring attention.

The Board has delegated to the ARMC to perform an annual assessment on the quality of the audit which encompassed the performance and calibre of the External Auditors and their independence, objectivity and professionalism. The assessment process involves identifying the areas of assessment, setting the minimum standards and devising tools to obtain the relevant data. The areas of assessment include among others, the calibre of the audit firm, quality processes/ performance, audit team, independence and objectivity, audit scope and planning, audit communications and audit fees of the External Auditors. Assessment questionnaires were used as a tool to obtain input from the Company's personnel who had constant contact with the external audit team throughout the year.

The ARMC has put in place an External Auditors Policy ("EA Policy") which outlines the policies and procedures for the ARMC to govern the assessment and to monitor the External Auditors. The EA Policy covers, among others, the appointment of External Auditors, assessment of External Auditors, independence of External Auditors, non-audit services including the need to obtain approvals from the Chief Financial Officer (if any)/ Executive Director/ Head of Group Accounts or the ARMC for non-audit work up to a certain threshold and the annual reporting and rotation of the External Audit Engagement Partner. In addition, the EA policy also included a requirement for a former audit partner to observe a cooling-off period of at least two (2) years before they can be considered for appointment as a member of the ARMC and/ or the Board.

To support the ARMC's assessment of their independence, the External Auditors will provide the ARMC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors are required to declare their independence annually to the ARMC as specified in the By-Laws issued by the Malaysian Institute of Accountants and the International Code of Ethics for Professional Accountants. The External Auditors have included such declaration in their presentation of the annual audit plan to the ARMC of the Company.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The ARMC also ensures that the External Auditors are independent of the activities they audit and will review the contracts for provision of non-audit services by the External Auditors. The recurring non-audit services were in respect of tax compliance and the annual review of the Statement on Risk Management and Internal Control.

During the FYE 30 June 2021, the amount of non-audit fees paid/ payable to the External Auditors and its affiliates by the Company and the Group respectively for the FYE 2021 were as follows:-

| | Company | | Group | |
|---|---|---|---|---|
| | FYE2021 | FYE2020 | FYE2021 | FYE2020 |
| | RM | RM | RM | RM |
| Statutory audit fees paid/ payable to:- | | | | |
| - Ernst & Young PLT ("EY") Malaysia | 125,296 | 126,070 | 303,884 | 279,288 |
| - Affiliates of EY Malaysia | - | - | 20,598 | 17,853 |
| Total (a) | 125,296 | 126,070 | 324,482 | 297,141 |
| Non-audit fees paid/ payable to:- | | | | |
| - EY Malaysia | 17,413 | 12,560 | 50,101 | 42,528 |
| - Affiliates of EY Malaysia | - | - | 12,319 | 9,018 |
| Total (b) | 17,413 | 12,560 | 62,420 | 51,546 |
| % of non-audit fees (b/a) | 14% | 10% | 19% | 17% |

In considering the nature and scope of non-audit fees, the ARMC was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

Upon completion of the assessment, the ARMC will make recommendation for re-appointment of the External Auditors to the Board. The proposed appointment will be subject to shareholders' approval at the AGM.

**Risk Management and Internal Control**

The Board has delegated and entrusted the ARMC which comprises a majority of Independent Directors, with the overall responsibility to regularly review and monitor risk management activities of the Group and all internal controls and to approve appropriate risk management procedures and measurement methodologies.

The key aspects of the Risk Management process are as follows:-

(i) The business units are required to identify the risks relevant to their business.

(ii) The risks are then assessed based on the probability of their occurrence and are evaluated as low, medium or high. The level of residual risk is determined after evaluating the effectiveness of controls and mitigating measures.

(iii) The business units develop control procedures or actions plans to either prevent the occurrence or reduce the impact upon its occurrence.

(iv) The business units are required to update their risk profiles and review their processes in monitoring the risks periodically.

(v) On a quarterly basis, the business units are required to prepare a report summarising the significant risks and status of action plan. Selected reports will be submitted to the ARMC for review and deliberation.

The Company continues to maintain and review its risk management and internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Internal Audit Function**

The Board acknowledges its overall responsibility for the Group's system of internal control and its effectiveness as well as reviewing its adequacy and integrity to safeguard the Group's assets and the shareholders' investments.

The internal audit function of the Company is outsourced to the Group Internal Audit Division of the ultimate holding company, Berjaya Corporation Berhad and they are free from any relationships or conflict of interest that could impair their objectivity and independence. The Internal Auditors reports directly to the ARMC and carries out their internal audit based on the audit plans approved by the ARMC. The Internal Auditors assist the Board in providing independent assessment on the adequacy and effectiveness of the governance, risk management and internal control processes for the purposes of safeguarding the Group's assets and the shareholders' investments.

The Internal Auditors are responsible for preparing and tabling the Internal Audit Reports on a quarterly basis to the ARMC and to highlight areas for improvement for each of the operating units within the Group. The Internal Auditors will follow up closely on the areas highlighted to determine the extent of the implementation of their recommendation and to ensure that they are satisfactorily resolved by the Management.

The summary of the activities undertaken by the Internal Auditors during the FYE 2021 is set out in the ARMC Report.

The details of the risk management and system of internal control of the Company are set out in the Statement on Risk Management and Internal Control of this Annual Report.

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

**Communication with Stakeholders**

The Company recognises the importance of being transparent and accountable to its shareholders and has used various channels of communications to enable the Board and Management to continuously communicate, disclose and disseminate comprehensive and timely information to investors, shareholders, financial community and the public generally. However, whilst the Company endeavours to provide as much information as possible to its shareholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The various channels of communications with stakeholders are through the following: -

(i) the quarterly announcements on financial results and other periodical or relevant announcement to Bursa Securities;

(ii) circulars and annual reports;

(iii) general meetings of shareholders;

(iv) meetings with investors, analysts and fund managers and briefings where appropriate; and

(v) the Company's website at www.berjaya.com/berjaya-food/ where shareholders can have easy access to the Company's corporate information such as the Board Charter, TOR of the Board Committees, Company Policies, press releases, financial information, Company announcements and others.

The above channels of communication will help to enhance stakeholders' understanding of the business and operations of the Group and to make informed investment decisions.

**Conduct of General Meetings**

The Company fully recognises the rights of the shareholders and importance of shareholders' participation at the Company's general meetings and encourages them to exercise their rights at such meetings. The AGM of the Company remains the principal forum for dialogue with shareholders where they may seek clarifications on issues pertaining to the Annual Report, Audited Financial Statements and businesses of the Group. The External Auditors were also present to provide professional and independent clarification on issues and concerns raised by the shareholders in connection with the Audited Financial Statements.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company despatches its notice of meeting at least twenty-eight (28) days before the AGM together with a copy of the Administrative Guide to the shareholders of the Company. The Company's Annual Report and Circular/ Statement to Shareholders can be viewed and downloaded from the website of the Company and Bursa Securities at www.berjaya.com/berjaya-food/ and www.bursamalaysia.com respectively.

The additional time given to shareholders allows them to have sufficient time to consider the resolutions that will be discussed at the AGM as well as to make the necessary arrangement to attend and participate personally at the AGM or through proxy or corporate representative. Each item of special business included in the Notice of AGM is accompanied by a brief explanatory statement on the proposed resolution to facilitate a better understanding and evaluation of issues involved.

The shareholders who registered for remote participation via Securities Services e-Portal and joined the live streaming of the proceedings of the AGM were allowed to submit the question prior to the AGM via email or through the real time submission of typed texts through a text box within the online meeting platform pertaining to the proposed resolutions and/ or business activities of the Group during the AGM.

At the Eleventh AGM of the Company held on 9 December 2020, all the Directors, Board Committees, Chief Financial Officer, Company Secretaries, Senior Management team of the Group and the External Auditors were in attendance at the AGM and provided meaningful response to shareholders' queries during the meeting.

**Poll Voting**

All the resolutions passed by the shareholders at the previous AGM held on 9 December 2020 were voted by way of a poll in accordance with the Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Securities.

In view of the COVID-19 pandemic, the Company had leveraged on technology by conducting the Company's Eleventh AGM on a fully virtual basis through live streaming from the broadcast venue and online remote voting using the Remote Participation and Voting facilities ("RPV Facilities") provided by the Poll Administrator of the Company, SS E Solutions Sdn Bhd via Securities Services e-Portal's platform at https://sshsb.net.my/.

The shareholders who registered for remote participation via Securities Services e-Portal and joined the live streaming of the proceedings of the AGM casted their votes remotely at the AGM of the Company via RPV Facilities.

The Administrative Guide for the AGM with detailed registration and voting procedures were distributed to the shareholders.

SS E Solutions Sdn Bhd was appointed as the Poll Administrators of the Company to conduct the polling process on all resolutions tabled at AGM and Commercial Quest Sdn Bhd as the Independent Scrutineer to observe the polling procedures and validate the votes cast at AGM. The Independent Scrutineers announced the poll results, which includes number of votes cast for and against for each resolution together with the respective percentages and the Chairman declared whether the resolutions were carried. The poll results were also announced to Bursa Securities on the same day by the Company. The minutes of the AGM are also available on the Company's website after it has been confirmed and signed by the Chairman of the AGM.

This CG Overview Statement was approved by the Board of the Company on 14 October 2021.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors ("the Board") of Berjaya Food Berhad ('BFood' or 'the Group') is committed to maintaining a sound system of risk management and internal controls to provide for a platform for Group's business objectives to be achieved. The Board sets out below the nature and scope of the risk management and internal controls of the Group.

## RESPONSIBILITY

The Board of BFood recognises that the Board is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The Board's responsibility in relation to the system of internal control extends to all subsidiaries of the Group.

The Group's system of internal control is designed to manage the principal business risks that may impede the Group from achieving its business objectives. Due to the limitations that are inherent in any system of internal control, the Group's internal control system cannot completely eliminate the risk of failure to achieve its business objectives. The system can only provide reasonable assurance against material misstatement or loss.

The Board has undertaken a review of the adequacy and effectiveness of the risk management and internal control system and concluded that the risk management and internal control system is adequate and effective. Further, the Board has obtained assurance from the Chief Executive Officer ("CEO") that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

## MANAGEMENT STYLE AND CONTROL CONSCIOUSNESS

The Group is involved in various food related businesses. These business interests are operated by the subsidiaries of the Group. Management of the day-to-day affairs of the Group's various subsidiaries are assigned to local management who are accountable for the conduct and performance of their subsidiaries within agreed business strategies. The CEO attends various scheduled management meetings as well as conducting regular reviews of financial and operational reports. These provide the platform for timely identification of the Group's risks and development of systems to manage those risks. The CEO regularly updates the Boards on any significant matters.

## INTERNAL CONTROL PROCESSES

The key aspects of the internal control process are as follows:

- The business units identify the areas of control relevant to their business, design the internal control procedures and document the procedures in manuals.
- The internal auditors of the Group establish the annual audit plan and table the plan to the Audit and Risk Management Committee ("ARMC") for approval.
- The internal auditors perform the audit and present their audit reports to the ARMC, highlighting any shortcomings by the business units in implementing the controls and the remedial procedures implemented by the business units.

## ASSURANCE MECHANISM

The Board has assigned the ARMC with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control. The internal auditors furnish the ARMC with reports from visits conducted at various subsidiaries, as well as from the external auditors on areas for improvement identified during the course of their statutory audit.

The Board also reviews the minutes of the meetings of the ARMC. The Report of the ARMC is set out on pages 53 to 57 of the Annual Report.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## KEY FEATURES OF THE INTERNAL CONTROL SYSTEM

The Group has an extensive system of internal control that enables the management to ensure that established policies, guidelines and procedures are followed and complied with. Some key features of BFood's system of internal control, include:

1. Clear organisation structure with delineated reporting lines
2. Defined levels of authority
3. Capable workforce with ongoing training efforts
4. Centralised human resource function which outlines procedures for recruitment, training, appraisal and the reward system
5. Timely financial and operations reports
6. Scheduled operations and management meetings
7. Centralised procurement function that ensures approval procedures are adhered to, as well as to leverage on the Group's purchasing power
8. Payment functions controlled at Head office
9. Regular visits to the operating units of the Group's businesses by the CEO and senior management personnel
10. Independent assurance on the system of internal control from regular internal audit visits

## INTERNAL CONTROL FUNCTION

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the ARMC carries out an internal audit function to monitor and assess the effectiveness of the internal control system. Observations from internal audits were presented to the ARMC together with management's response and proposed action plans for its review. The action plans were then followed up during subsequent internal audits with implementation status reported to the ARMC.

The internal audit function is outsourced to the Group Internal Audit Division of Berjaya Corporation Berhad, which reports directly to the ARMC. The scope of work covered by the internal audit function is determined by the ARMC after careful consideration and discussion of the audit plan with the Board.

## WHISTLEBLOWING POLICY

The Group has a whistleblowing policy, which provides an avenue for employees, third party service providers, independent contractors, vendors and suppliers and members of the public to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct on a confidential basis without fear of any form of victimization, harassment, retribution or retaliation. The whistleblowing policy is published on the Company's website.

## ANTI-BRIBERY AND CORRUPTION POLICY

In response to Section 17A of the Malaysian Anti-Corruption Commission Act 2009, the Group has established its Anti-Bribery and Corruption Policy, titled Adequate Procedures To Curb and Prevent Bribery and Corruption - T.R.U.S.T. Concept. The Group and affiliated companies strictly adopt a zero-tolerance policy approach against all forms of bribery and corruption in its daily operations, and take all reasonable and appropriate measures to ensure that all its directors and employees are committed to act professionally and with integrity in all their business dealings and not participate in any corrupt activities for its advantage or benefit.

The Adequate Procedures To Curb and Prevent Bribery and Corruption - T.R.U.S.T. Concept is published on the Company's website.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## RISK MANAGEMENT

In line with the Malaysian Code of Corporate Governance, and as part of the Company's plans to further enhance the Group's system of internal control, it has established a risk management system. The Board entrusts the ARMC with the overall responsibility to regularly review and monitor the risk management activities of the Group, in accordance with the Internal Control Guidance, and to approve appropriate risk management procedures and measurement methodologies.

## RISK MANAGEMENT PROCESS

The key aspects of the risk management process are as follows:

- The business units are required to identify the risks relevant to their businesses.
- The risks are then assessed based on the probability of their occurrence and are evaluated as Low, Medium or High. The level of residual risk is determined after evaluating the effectiveness of controls and mitigating measures.
- The business units develop control procedures or action plans to either prevent the occurrence or reduce the impact upon its occurrence.
- The business units are required to update their risk profiles and review their processes in monitoring the risks periodically.
- On a quarterly basis, the business units are required to prepare a report summarising the significant risks and status of action plan. Selected reports will be submitted to the ARMC for review and deliberation.

For the financial year ended 30 June 2021, the ARMC held (4) meetings where it reviewed and evaluated the adequacy of risk management activities of various unlisted operating subsidiary companies (i.e. Berjaya Jollibean (M) Sdn Bhd, Berjaya Roasters (M) Sdn Bhd, Berjaya Starbucks Coffee Company Sdn Bhd and Ser Vegano Sdn Bhd) and recommended certain measures to be adopted to mitigate their business risk exposures.

## REVIEW BY EXTERNAL AUDITORS

The external auditors have performed limited assurance procedures on the Statement on Risk Management and Internal Control ("SRMIC") pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3 (previously the Recommended Practice Guide 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the SRMIC included in the Annual Report issued by the Malaysian Institute of Accountants), for the year ended 30 June 2021, and reported to the Board that nothing has come to their attention that causes them to believe the SRMIC intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the SRMIC: Guidelines for Directors of Listed Issuers, nor is the SRMIC factually inaccurate. AAPG 3 does not require the auditors to consider whether the Directors' SRMIC 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 Directors and management thereon. The report from the external auditors was made solely to the Board in connection with their compliance with the Listing Requirements of Bursa Malaysia and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

## CONCLUSION

The Board remains committed towards operating a sound system of internal control and recognises the need for the system to continuously evolve to support the types of businesses and size of operations of the Group. The Board, in striving for continuous improvement will put in place appropriate action plans, when necessary, to further enhance the Group's system of internal control.

The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors of Berjaya Food Berhad ("BFood") is pleased to present the report of the Audit and Risk Management Committee ("the ARMC") for the financial year ended 30 June 2021.

## MEMBERS AND MEETING ATTENDANCE

The members of the ARMC are as follows:-

Datuk Zainun Aishah Binti Ahmad
- *Chairman/ Independent Non-Executive Director*

Dato' Mustapha Bin Abd Hamid
- *Independent Non-Executive Director*

Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin
- *Independent Non-Executive Director*

Tan Thiam Chai
- *Non-Independent Non-Executive Director*

The ARMC held five (5) meetings during the financial year ended 30 June 2021. The details of attendance of the ARMC members are as follows:-

| Directors | Attendance |
|---|---|
| Datuk Zainun Aishah Binti Ahmad | 5/5 |
| Dato' Mustapha Bin Abd Hamid | 5/5 |
| Tan Thiam Chai | 5/5 |
| Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin | 4/4* |

** Denotes reflects the attendance and the number of meetings held during the financial year since the Director held office.*

The ARMC meetings were convened with proper notices and agenda and these were distributed to all members of the ARMC with sufficient notification. The minutes of each of the ARMC meetings were recorded and tabled for confirmation at the next ARMC meeting and thereafter tabled at the Board Meeting for the Directors' review and notation.

The Chief Executive Officer was invited to attend all the ARMC meetings to report on the overall operations of the Company and its subsidiaries ("the Group") while the senior management of the relevant operations was invited to provide clarification on the audit and risk related issues of their respective operations. The Chief Financial Officer of the Company, the General Manager of Group Internal Audit as well as the Chief Financial Officer and the General Manager of Group Accounts and Budgets of Berjaya Corporation Berhad were also invited to attend the ARMC meetings. The External Auditors were invited to attend three (3) of these meetings.

## SUMMARY OF ACTIVITIES AND WORK OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The duties and responsibilities of the ARMC are set out in its terms of reference, a copy of which is available at the Company's website at www.berjaya.com/berjaya-food/.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

In discharging its duties and responsibilities, the ARMC had undertaken the following activities and work during the financial year ended 30 June 2021:-

**Financial Reporting**

(a) Reviewed the quarterly financial statements including the draft announcements pertaining thereto and made recommendations to the Board for approval of the same as follows:-

| Date of Meetings | Review of Quarterly Financial Statements |
|---|---|
| 11 August 2020 and 21 August 2020 | Fourth quarter results as well as the unaudited results of the Group for the financial year ended 30 June 2020 |
| 12 November 2020 | First quarter results for financial year ended 30 June 2021 |
| 9 February 2021 | Second quarter results for financial year ended 30 June 2021 |
| 6 May 2021 | Third quarter results for financial year ended 30 June 2021 |

The above review is to ensure that the Company's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Malaysian Financial Reporting Standard ("MFRS") 134- Interim Financial Reporting Standards in Malaysia and International Accounting Standard 34- Interim Financial Reporting as well as the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

(b) Reviewed and made recommendations to the Board in respect of the audited financial statements of the Company and the Group for the financial year ended 30 June 2020 at its meeting held on 7 October 2020 and to ensure that it presented a true and fair view of the Company's financial position and performance for the year and it is in compliance with regulatory requirements. Prior to that, the ARMC had reviewed the status report on the Audit Plan for financial year ended 30 June 2020 prepared by the External Auditors at the meeting held on 11 August 2020.

**External Audit**

(a) Evaluated the performance of the External Auditors for the financial year ended 30 June 2020 covering areas such as calibre of the audit firm, quality processes/ performance, audit team, independence and objectivity, audit scope and planning, audit communications and audit fees of the External Auditors. The ARMC, having been satisfied with the independence, suitability and performance of Messrs Ernst & Young PLT ("EY"), had recommended to the Board the re-appointment of EY as External Auditors for the ensuing financial year end of 30 June 2021 at its meeting held on 7 October 2020 for approval.

(b) Discussed and considered the significant accounting adjustments and auditing issues arising from the interim audit as well as the final audit with the External Auditors including the key audit matters which were raised in the external auditors' report for the financial year ended 30 June 2020.

The ARMC also had private discussions with the External Auditors twice annually on 11 August 2020 and 7 October 2020, without the presence of Management during the review of the audited financial statements for the year ended 30 June 2020 to discuss any problems/ issues arising from the final audit, Cybersecurity, COVID-19 preventive measures undertaken such as adoption of Business Plan and Contingency Plan during COVID-19 pandemic, Monitoring Cash Flow Position, Going Concern and the Financing Structure of the group of companies as well as the assistance given by the employees during the course of audit by External Auditors. However, there was no major issue raised during the private session.

(c) Reviewed with the External Auditors at the meeting held on 6 May 2021, their audit plan for the financial year end of 30 June 2021, outlining the EY client service team, audit timeline, scope of audit, audit emphasis, fraud considerations and the risk of management override, internal control considerations, digital audit, important updates on transfer pricing and tax related updates, auditors' independence, engagement letters for the 2021 statutory audit and for the review of directors' statement on risk management and internal control as well as financial reporting developments updates.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

**Internal Audit**

(a) Reviewed the Internal Audit Reports on the Company's subsidiaries namely, Berjaya Food Supreme Sdn Bhd ("BFood Supreme"), Berjaya Food Trading Sdn Bhd ("BFood Trading"), Berjaya Jollibean (M) Sdn Bhd ("BJollibean"), Berjaya Roasters (M) Sdn Bhd ("BRoasters") and Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") during the financial year under review. The ARMC also reviewed the audit findings, Internal Auditors' recommendations to improve any weaknesses or non-compliance together with the Management's responses from the respective business units and the timeline taken by Management to ensure the deficiencies are addressed promptly. The Internal Auditors monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

(b) Reviewed and approved the Internal Audit Plan for the financial year ending 30 June 2022 to ensure that the scope and coverage of the internal audit on the operations of the BFood Group is adequate and comprehensive and that all the risk areas are audited annually.

**Recurrent Related Party Transactions**

(a) Reviewed the 2020 Circular to Shareholders in connection with the Recurrent Related Party Transactions ("RRPT") that arose within the Group to ensure that the transactions are fair and reasonable to, and are not to the detriment of, the minority shareholders.

The framework set up for identifying and monitoring the RRPT includes inter-alia, the following:-

(i) The transaction prices are based on prevailing market rates/ prices that are agreed upon under similar commercial terms for transactions with third parties, business practices and policies and on terms which are generally in line with industry norms;

(ii) The related parties and interested Directors will be notified of the method and/ or procedures of the RRPT for the BFood Group;

(iii) Records of RRPT will be retained and compiled by the Group accountant for submission to the ARMC for review;

(iv) The ARMC is to provide a statement that it has reviewed the terms of the RRPT to ensure that such transactions are undertaken based on terms not more favourable to the related parties than those generally available to the public, are not detrimental to the minority shareholders and are in the best interest of the BFood Group;

(v) The ARMC also reviewed the procedures and processes with regards to the RRPT on a half yearly basis to ensure that the transactions are within the approved mandate;

(vi) Directors who have any interest in any RRPT shall abstain from Board deliberations and voting and will ensure that they and any person connected with them will also abstain from voting on the resolution(s) at the Extraordinary General Meeting or Annual General Meeting to be convened for the purpose; and

(vii) Disclosures will be made in the annual report on the breakdown of the aggregate value of the RRPT during the financial year, among others, based on the following information:-

(a) the type of the RRPT made; and

(b) the names of the related parties involved in each type of the RRPT made and their relationships with the BFood Group.

**Risk Management Activities**

(a) Reviewed the risk management activities on the Company's subsidiaries namely, BFood Supreme, BFood Trading, BJollibean, BRoasters and BStarbucks including the risk descriptions, risk mitigation strategies and controls and its existing controls to ensure the business activities and risk areas are re-aligned and enhanced on an on-going basis.

(b) Reviewed the summary of the risk register covering areas such as the likelihood of occurrence, the impact of the risks, risk score, risk treatment, risk owner and control effectiveness to ensure that the management of the relevant risks is appropriately placed within the Group.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

**Other Activities**

(a) Reviewed and recommended to the Board for approval, the ARMC Report, Corporate Governance Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control for inclusion in the 2020 Annual Report.

(b) Reviewed and verified the allocation and movement of the Employees' Share Scheme ("ESS") for the financial year ended 30 June 2020 to ensure that it had been carried out according to the criteria and matrix stipulated in the ESS's By-Laws.

(c) Assessed the adequacy of the scope, competency and performance of the internal audit function and its effectiveness of the audit processes for the financial year ended 30 June 2020.

(d) Reviewed the financial literacy of ARMC members for the financial year ended 30 June 2020.

(e) Reviewed and recommended to the Board the distribution of interim dividend for the financial year ended 30 June 2021 based on the solvency test conducted, that the distribution of dividend was in accordance with the provision made under the Companies Act 2016.

(f) Reviewed and recommended to the Board for approval, the policies and procedures to prevent bribery and corruption pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

(g) Reviewed and recommended to the Board for approval, the revised Whistleblowing Policies and Procedures.

(h) Reviewed and assessed the key observation on the overall effectiveness of Internal Audit ("IA") Function of the Company covering the following seven (7) criteria:-

   (i) Adopting of a recognised IA framework;

   (ii) Independence and objectivity;

   (iii) Planning the audit;

   (iv) Effectiveness of IA Function;

   (v) Resource Management;

   (vi) Communicating audit results; and

   (vii) Monitoring progress.

In order to discharge the above duties and responsibilities of ARMC effectively, the ARMC members had undertaken continuous professional development and attended various seminars, training programmes and conferences during the financial year. They were also briefed by the External Auditors of the latest accounting and auditing standards applicable to the Group. The list of training attended is disclosed in the Corporate Governance Overview Statement as set out in this Annual Report.

## SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Internal Audit Division of Berjaya Corporation Berhad was engaged to undertake the internal audit function that would enable the Audit and Risk Management Committee ("ARMC") to discharge its duties and responsibilities. Their role is to provide the ARMC with independent and objective reports on the state of the governance, risk management, and internal controls of the operating units within the Group and the extent of compliance with the Group's established policies, procedures and statutory requirements.

The activities of Internal Audit are guided by Internal Audit Charter and the Internal Audit Division adopts a risk-based approach focusing on high risk areas. All high risk activities in each auditable area are audited annually.

For the financial year under review, the Internal Audit Division conducted audit assignments on the operating units of the Group involved in the development and operation of the "Starbucks Coffee" stores in Malaysia & Brunei, "Kenny Rogers Roasters" chain of restaurants in Malaysia, "Joybean" stores in Klang Valley and sales & distribution of premium "Consumer Packaged Goods".

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The activities undertaken by the Internal Audit Division during the financial year ended 30 June 2021 included the following:

1. Tabled Internal Audit Plan for the ARMC's review and endorsement.
2. Reviewed the existing systems, controls and governance processes of the operating unit within the Group.
3. Conducted audit reviews and evaluated risk exposures relating to the Group's governance process and system of internal controls on reliability and integrity of financial and operational information, safeguarding of assets, efficiency of operations, compliance with established policies and procedures and statutory requirements.
4. Provided recommendations to assist the operating unit and the Group in accomplishing its internal control requirements by suggesting improvements to the control processes.
5. Issued internal audit reports with opinion on the adequacy and operation effectiveness of the operating unit's governance, risk management and internal control processes, incorporating audit recommendations and Management's responses in relation to audit findings on weaknesses in the systems and controls to the ARMC and the management of the respective operations.
6. Presented internal audit reports to the ARMC for review.
7. Followed up review to ensure that the agreed internal audit recommendations are effectively implemented.

The cost incurred for the Internal Audit function in respect of the financial year ended 30 June 2021 was approximately RM248,564.

## TERMS OF REFERENCE OF THE ARMC

The terms of reference of the ARMC can be viewed on the Company's website at www.berjaya.com/berjaya-food/.

# STATEMENT OF DIRECTORS' RESPONSIBILITY

## IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

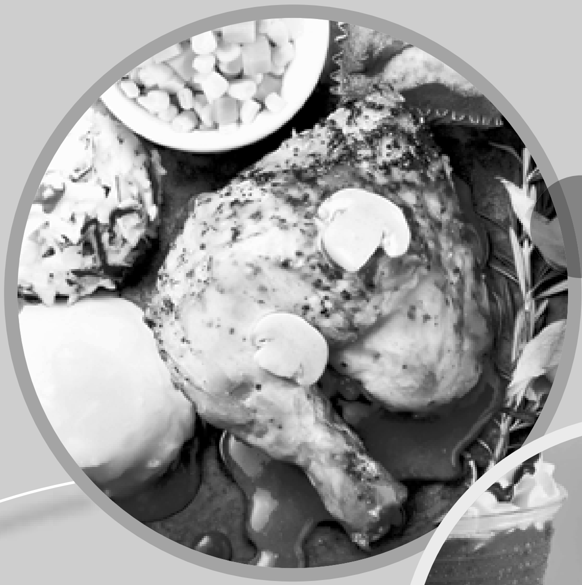
The directors are required by the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company at the end of each financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable;
- ensured that applicable accounting standards have been complied with; and
- applied the going concern basis.

The directors are responsible for ensuring that the Group and the Company keep proper accounting records, which disclose with reasonable accuracy on the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

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



# FINANCIAL STATEMENTS

# DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2021.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are the development and operation of restaurant and café chains and retail outlets in Malaysia and other South-East Asian countries and investment holding.

## RESULTS

| | Group RM'000 | Company RM'000 |
|---|---|---|
| Profit for the year | 45,726 | 44,095 |
| Attributable to: | | |
| - Owners of the parent | 47,112 | 44,095 |
| - Non-controlling interests | (1,386) | - |
| | 45,726 | 44,095 |

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 35 to the financial statements.

# DIRECTORS' REPORT

## DIVIDENDS

The dividends paid by the Company since 30 June 2020 were as follows:

| | RM'000 |
|---|---|
| In respect of the financial year ended 30 June 2021 | |
| First interim dividend of 0.50 sen per share single-tier dividend, paid on 29 December 2020 | 1,772 |
| Second interim dividend of 0.50 sen per share single-tier dividend, paid on 26 March 2021 | 1,773 |
| Third interim dividend of 1.00 sen per share single-tier dividend, paid on 11 June 2021 | 3,557 |
| Total dividend paid during the financial year ended 30 June 2021 | 7,102 |
| The directors declared and approved on 18 August 2021: In respect of the financial year ended 30 June 2021 Fourth interim dividend of 1.00 sen per share single-tier dividend, paid on 23 September 2021 | 3,578* |

* The financial statements for the current financial year do not reflect this dividend. This dividend will be accounted for in the equity attributable to equity holders of the Company as an appropriation of retained earnings in the financial year ending 30 June 2022.

The directors do not recommend the payment of final dividend in respect of the current financial year.

## DIRECTORS

The names of the directors of the Company in office during the year and from the end of the financial year to the date of this report are:

Datuk Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin
Sydney Lawrance Quays
Datuk Zainun Aishah Binti Ahmad
Dato' Mustapha Bin Abd Hamid
Tan Thiam Chai
Chryseis Tan Sheik Ling

The names of directors of the Company's subsidiaries in office during the year and from the end of the financial year to the date of this report excluding those who are already the directors of the Company are:

Chew Chong Eu *
Chin Wan Ching
Dato' Lee Kok Chuan
Dato' Sri Robin Tan Yeong Ching
Djeng Shih Kien
Lee Siew Weng *
Lim Sing Pheng
Luis A/L Daniel
Lung Hian Kiat
Mohammed Fauzi Bin Hussein Nazri #
Mark John Graham (Appointed 7 September 2020)
Tan Yew Chuan
Teow Gek Keo
YAM Pengiran Muda Abdul Qawi

# DIRECTORS' REPORT

**DIRECTORS (CONTINUED)**

Noor Neelofa Binti Mohd Noor (Resigned on 1 December 2020)

* Director of Berjaya Roasters (Cambodia) Ltd, which was struck off from the register by the Registrar of Companies, Phnom Penh, Cambodia and dissolved on 21 September 2020.

# Ser Vegano Sdn Bhd became a 50% owned subsidiary company of Berjaya Food International Sdn Bhd, which in turn a wholly owned subsidiary of the Company on 19 August 2020.

**DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employees' Share Scheme ("ESS").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 22 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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.

The Company maintained a Directors' and Officers' Liability Insurance in respect of any legal action taken against the directors and officers in the discharge of their duties while holding office for the Company and the Group. The total amount of insurance premium as at the financial year end effected for any director and officer of the Company was RM34,248. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

**DIRECTORS' INTERESTS**

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares, options and debentures of the Company and its related corporations during the financial year were as follows:

| | | Number of ordinary shares | | | | |
|---|---|---|---|---|---|---|
| | | At 1.7.2020 | Acquired | | Disposed | At 30.6.2021 |
| **The Company** | | | | | | |
| Datuk Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin | | - | 16,000 | * | - | 16,000 |
| Sydney Lawrance Quays | | 536,000 | 56,000 | * | (60,600) | 531,400 |
| | (a) | 19,000 | - | | (9,000) | 10,000 |
| Datuk Zainun Aishah binti Ahmad | | 213,800 | 16,000 | * | - | 229,800 |
| Dato' Mustapha bin Abd Hamid | | 135,000 | 56,000 | ^ | (30,000) | 161,000 |
| Tan Thiam Chai | | 489,800 | 16,000 | * | - | 505,800 |

# DIRECTORS' REPORT

| | | Number of ordinary shares under ESS | | | |
|---|---|---|---|---|---|
| | | At 1.7.2020 | Granted | Exercised/ vested | At 30.6.2021 |
| **ESS Options** | | | | | |
| Datuk Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin | | 80,000 | - | - | 80,000 |
| Sydney Lawrance Quays | | 988,000 | - | - | 988,000 |
| Datuk Zainun Aishah binti Ahmad | | 320,000 | - | - | 320,000 |
| Dato' Mustapha bin Abd Hamid | | 200,000 | - | (40,000) | 160,000 |
| Tan Thiam Chai | | 320,000 | - | - | 320,000 |
| **ESS Shares** | | | | | |
| Datuk Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin | | 36,000 | - | (16,000) | 20,000 |
| Sydney Lawrance Quays | | 126,000 | - | (56,000) | 70,000 |
| Datuk Zainun Aishah binti Ahmad | | 36,000 | - | (16,000) | 20,000 |
| Dato' Mustapha bin Abd Hamid | | 36,000 | - | (16,000) | 20,000 |
| Tan Thiam Chai | | 36,000 | - | (16,000) | 20,000 |

**Subsidiary company:**

| | | Number of ordinary shares | | | |
|---|---|---|---|---|---|
| | | At 1.7.2020 | Acquired | Disposed | At 30.6.2021 |
| **Jollibean Foods Pte Ltd** | | | | | |
| Sydney Lawrance Quays | | 50,000 | - | - | 50,000 |

**Ultimate holding company:**

| | | Number of ordinary shares | | | |
|---|---|---|---|---|---|
| | | At 1.7.2020 | Acquired | Disposed | At 30.6.2021 |
| **Berjaya Corporation Berhad ("BCorp")** | | | | | |
| Sydney Lawrance Quays | | 25 | 1 # | - | 26 |
| Tan Thiam Chai | | 126,992 | 5,079 # | - | 132,071 |
| | (a) | 107,288 | 4,291 # | - | 111,579 |
| Chryseis Tan Sheik Ling | | 202,910 | 8,116 # | - | 211,026 |

| | | Number of 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 of RM1.00 nominal value each | | | |
|---|---|---|---|---|---|
| | | At 1.7.2020 | Acquired | Disposed | At 30.6.2021 |
| Tan Thiam Chai | | 20,600 | - | - | 20,600 |
| | (a) | 17,400 | - | - | 17,400 |
| Chryseis Tan Sheik Ling | | 275,000 | - | - | 275,000 |

| | | Number of 2% Irredeemable Convertible Unsecured Loan Stocks 2016/2026 of RM1.00 nominal value each | | | |
|---|---|---|---|---|---|
| | | At 1.7.2020 | Acquired | Disposed | At 30.6.2021 |
| Tan Thiam Chai | | 1,000 | - | - | 1,000 |

| | | Number of warrants 2012/2022 | | | |
|---|---|---|---|---|---|
| | | At 1.7.2020 | Acquired | Disposed | At 30.6.2021 |
| Tan Thiam Chai | | 20,600 | - | - | 20,600 |
| | (a) | 17,400 | - | - | 17,400 |

# DIRECTORS' REPORT

| | Number of warrants 2016/2026 | | | |
|---|---|---|---|---|
| | At 1.7.2020 | Acquired | Disposed | At 30.6.2021 |
| Tan Thiam Chai | 1,000 | - | - | 1,000 |

**Related companies:**

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | At 1.7.2020 | Acquired | Disposed | At 30.6.2021 |
| **Berjaya Land Berhad** | | | | |
| Tan Thiam Chai | 40,000 | - | - | 40,000 |
| Chryseis Tan Sheik Ling | 5,000,000 | - | - | 5,000,000 |

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | At 1.7.2020 | Acquired | Disposed | At 30.6.2021 |
| **Berjaya Sports Toto Berhad ("BToto")** | | | | |
| Tan Thiam Chai | 172,284 | 1,722 ** | - | 174,006 |
| (a) | 133,165 | 1,331 ** | - | 134,496 |

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | At 1.7.2020 | Acquired | Disposed | At 30.6.2021 |
| **Berjaya Burger Sdn Bhd** | | | | |
| Sydney Lawrance Quays | 780,000 | - | - | 780,000 |

Notes:
(a) Indirect interests pursuant to Section 59(11)(c) of the Companies Act 2016.
* Shares arising from the vesting of ESS shares.
# Share dividend distribution by BCorp on the basis of four (4) BCorp treasury shares for every one hundred (100) existing BCorp ordinary shares held on 15 October 2020.
** Share dividend distribution by BToto on the basis of one (1) BToto treasury share for every one hundred (100) existing BToto ordinary shares held on 8 October 2020.
^ Shares arising from the vesting of ESS shares and exercise of ESS options.

**EMPLOYEES' SHARE SCHEME**

On 18 November 2016, the ESS was implemented after the Company obtained all the required approvals and complied with the requirements pertaining to the ESS. The ESS is approved for granting to the eligible employees of the Group, including directors of the Company, of the following:

i) the right to receive new and/or existing ordinary shares of the Company ("ESS Shares"); and/or

ii) option to exercise and receive ordinary shares of the Company ("ESS Options").

The committee administering the ESS comprises Datuk Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin, Sydney Lawrance Quays and Datuk Zainun Aishah binti Ahmad.

The maximum number of ESS Shares (including shares in respect of ESS Options granted which have yet to be exercised) which may be made available under the ESS shall not exceed in aggregate five percent (5%) of the total issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point in time throughout the duration of the ESS.

The salient features and terms of the ESS, details of ESS movements during the financial year are disclosed in Note 27 to the financial statements.

# DIRECTORS' REPORT

## ISSUE OF SHARES

During the financial year, the Company increased its share capital from RM243,938,208 to RM246,774,008 by way of:

(i) the issuance of 1,243,950 new ordinary shares at an issue price of RM1.44 per share pursuant to the exercise of the ESS Options that was granted under the ESS;

(ii) the issuance of 300,600 new ordinary shares at an issue price of RM1.27 per share pursuant to the exercise of the ESS Options that was granted under the ESS; and

(iii) the inclusion of RM662,750 from employees' share plan reserves as part of the paid up share capital upon the forfeiture of the ESS Options of RM55,637 and upon the exercise of ESS Options of RM607,113.

## TREASURY SHARES

During the financial year, 511,880 (2020: 476,520) units of the ordinary shares of the Company were reissued for the vesting of ESS Shares. The number of treasury shares held in hand as at 30 June 2021 was 27,910,800 (2020: 28,422,680) units.

As at 30 June 2021, the issued ordinary share capital of the Company with voting rights was 355,776,107 (2020: 353,719,677) ordinary shares.

## OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:

 (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

 (ii) to ensure that any current asset which was unlikely to realise its value as shown in the accounting records in the ordinary course of business had been written down to an amount which it might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

 (i) it necessary to write off any bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

 (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

 (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

 (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

# DIRECTORS' REPORT

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Significant events during the financial year are disclosed in Note 35 to the financial statements.

## AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The remuneration of the auditors of the Group is disclosed in Note 21 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during the financial year and since the end of the financial year.

Signed on behalf of the Board in accordance with a
resolution of the directors dated 14 October 2021

Sydney Lawrance Quays

Tan Thiam Chai

# STATEMENT BY DIRECTORS

(PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016)

We, Sydney Lawrance Quays and Tan Thiam Chai, being two of the directors of BERJAYA FOOD BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 68 to 142 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 14 October 2021

Sydney Lawrance Quays

Tan Thiam Chai

# STATUTORY DECLARATION

(PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016)

I, Chin Wan Ching, the officer primarily responsible for the financial management of BERJAYA FOOD BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 68 to 142 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Chin Wan Ching at Kuala Lumpur in the Federal Territory on 14 October 2021 )
)
) Chin Wan Ching
MIA No: 16228

Before me:

Y.M TENGKU FARIDDUDIN BIN TENGKU SULAIMAN (W533)
Commissioner for Oaths

Kuala Lumpur

# STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2021

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 3 | 269,017 | 286,046 | 3 | - |
| Right-of-use assets | 4 | 325,717 | 351,615 | - | - |
| Subsidiary companies | 5 | - | - | 419,484 | 411,574 |
| Intangible assets | 6 | 458,149 | 458,257 | - | - |
| Deposits | 8 | 22,445 | 24,038 | - | - |
| Deferred tax assets | 14 | 3,182 | 5,992 | - | - |
| | | 1,078,510 | 1,125,948 | 419,487 | 411,574 |
| **Current assets** | | | | | |
| Inventories | 7 | 45,985 | 42,500 | - | - |
| Trade and other receivables | 8 | 22,650 | 22,552 | 25,287 | 13,291 |
| Tax recoverable | | 2,760 | 10,900 | 20 | 10 |
| Deposits with financial institutions | 9 | 9,063 | 8,348 | 8,809 | 7,476 |
| Cash and bank balances | | 18,684 | 18,864 | 845 | 86 |
| | | 99,142 | 103,164 | 34,961 | 20,863 |
| **TOTAL ASSETS** | | 1,177,652 | 1,229,112 | 454,448 | 432,437 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to equity holders of the Company** | | | | | |
| Share capital | 10 | 246,774 | 243,938 | 246,774 | 243,938 |
| Reserves | 11 | 170,184 | 131,158 | 97,553 | 61,563 |
| | | 416,958 | 375,096 | 344,327 | 305,501 |
| Treasury shares | 12 | (41,388) | (42,145) | (41,388) | (42,145) |
| | | 375,570 | 332,951 | 302,939 | 263,356 |
| Non-controlling interests | | (1,030) | 357 | - | - |
| **Total equity** | | 374,540 | 333,308 | 302,939 | 263,356 |
| Share application money | | 184 | - | 184 | - |
| | | 374,724 | 333,308 | 303,123 | 263,356 |
| **Non-current liabilities** | | | | | |
| Long term borrowings | 13 | 116,312 | 121,047 | 111,541 | 118,997 |
| Lease liabilities | 4 | 278,266 | 296,858 | - | - |
| Deferred tax liabilities | 14 | - | - | - | - |
| Provisions | 15 | 12,687 | 12,619 | - | - |
| | | 407,265 | 430,524 | 111,541 | 118,997 |
| **Current liabilities** | | | | | |
| Trade and other payables | 16 | 97,109 | 128,394 | 24,828 | 37,824 |
| Provisions | 15 | 4,324 | 3,648 | - | - |
| Short term borrowings | 17 | 169,911 | 190,088 | 14,956 | 12,260 |
| Lease liabilities | 4 | 64,737 | 64,275 | - | - |
| Taxation | | 287 | 115 | - | - |
| Contract liabilities | 18 | 59,295 | 78,760 | - | - |
| | | 395,663 | 465,280 | 39,784 | 50,084 |
| **Total liabilities** | | 802,928 | 895,804 | 151,325 | 169,081 |
| **TOTAL EQUITY AND LIABILITIES** | | 1,177,652 | 1,229,112 | 454,448 | 432,437 |

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

| | | Group | | Company | |
|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 19 | 717,337 | 632,939 | 54,740 | 25,990 |
| Cost of sales | | (350,990) | (368,129) | - | - |
| **Gross profit** | | 366,347 | 264,810 | 54,740 | 25,990 |
| Other income | | 14,186 | 12,036 | 471 | 659 |
| Administrative expenses | | (248,695) | (223,731) | (2,038) | (2,167) |
| Selling and distribution expenses | | (19,020) | (17,105) | - | - |
| Other expenses | | (8,173) | (10,055) | (2,326) | (31,666) |
| | | 104,645 | 25,955 | 50,847 | (7,184) |
| Finance costs | 20 | (29,919) | (34,434) | (6,674) | (8,761) |
| **Profit/(Loss) before tax** | 21 | 74,726 | (8,479) | 44,173 | (15,945) |
| Income tax expense | 23 | (29,000) | (11,607) | (78) | (118) |
| **Profit/(Loss) for the year** | | 45,726 | (20,086) | 44,095 | (16,063) |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | | | | |
| - Foreign currency translation | | 16 | 22 | - | - |
| - Foreign currency reserve transferred to profit or loss due to deemed disposal of a subsidiary company | | (63) | - | - | - |
| **Total comprehensive income for the year** | | 45,679 | (20,064) | 44,095 | (16,063) |
| **Profit/(Loss) attributable to:** | | | | | |
| - Owners of the parent | | 47,112 | (19,582) | 44,095 | (16,063) |
| - Non-controlling interests | | (1,386) | (504) | - | - |
| | | 45,726 | (20,086) | 44,095 | (16,063) |
| **Total comprehensive income attributable to:** | | | | | |
| - Owners of the parent | | 47,131 | (19,561) | 44,095 | (16,063) |
| - Non-controlling interests | | (1,452) | (503) | - | - |
| | | 45,679 | (20,064) | 44,095 | (16,063) |
| Earnings/(Loss) per share (sen) | 24 | | | | |
| - Basic | | 13.29 | (5.50) | | |
| - Diluted | | 13.21 | + | | |

Note:

\+ Not disclosed as the computation of diluted loss per share results in an anti-dilutive effect.

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

| | Attributable to the equity holders of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Non-distributable | | | | Distributable | | | | |
| | Share capital | Employees' share plan reserve | Consolidation reserve | Exchange reserve | Merger deficit | Retained earnings | Treasury shares | Total | Non-controlling interests | Total equity |
| **GROUP** | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July 2019 | 243,742 | 4,586 | 322 | 1,850 | (55,087) | 205,643 | (35,730) | 365,326 | 1,218 | 366,544 |
| Loss for the year | - | - | - | - | - | (19,582) | - | (19,582) | (504) | (20,086) |
| Other comprehensive income | - | - | - | 21 | - | - | - | 21 | 1 | 22 |
| Total comprehensive income for the year | - | - | - | 21 | - | (19,582) | - | (19,561) | (503) | (20,064) |
| **Transactions with owners** | | | | | | | | | | |
| Share-based payment under ESS | - | 925 | - | - | - | - | - | 925 | - | 925 |
| Reissued for ESS shares vested | - | (739) | - | - | - | 19 | 720 | - | - | - |
| Adjustment in relation to dilution of equity interest in subsidiary company | - | - | 407 | - | - | - | - | 407 | (358) | 49 |
| Transfer between reserves | - | - | - | (992) | - | 992 | - | - | - | - |
| Treasury shares acquired | - | - | - | - | - | - | (7,135) | (7,135) | - | (7,135) |
| ESS options exercised | 109 | (24) | - | - | - | - | - | 85 | - | 85 |
| ESS options forfeited | 87 | (87) | - | - | - | - | - | - | - | - |
| Dividends (Note 25) | - | - | - | - | - | (7,096) | - | (7,096) | - | (7,096) |
| | 196 | 75 | 407 | (992) | - | (6,085) | (6,415) | (12,814) | (358) | (13,172) |
| At 30 June 2020/1 July 2020 | 243,938 | 4,661 | 729 | 879 | (55,087) | 179,976 | (42,145) | 332,951 | 357 | 333,308 |
| Profit for the year | - | - | - | - | - | 47,112 | - | 47,112 | (1,386) | 45,726 |
| Other comprehensive income | - | - | - | 19 | - | - | - | 19 | (66) | (47) |
| Total comprehensive income for the year | - | - | - | 19 | - | 47,112 | - | 47,131 | (1,452) | 45,679 |
| **Transactions with owners** | | | | | | | | | | |
| Share-based payment under ESS | - | 417 | - | - | - | - | - | 417 | - | 417 |
| Reissued for ESS shares vested | - | (786) | - | - | - | 29 | 757 | - | - | - |
| Adjustment in relation to deemed disposal equity interest in subsidiary company | - | - | - | - | - | - | - | - | (53) | (53) |
| Arising from acquisition of a subsidiary company | - | - | - | - | - | - | - | - | 118 | 118 |
| ESS options exercised | 2,780 | (607) | - | - | - | - | - | 2,173 | - | 2,173 |
| ESS options forfeited | 56 | (56) | - | - | - | - | - | - | - | - |
| Dividends (Note 25) | - | - | - | - | - | (7,102) | - | (7,102) | - | (7,102) |
| | 2,836 | (1,032) | - | - | - | (7,073) | 757 | (4,512) | 65 | (4,447) |
| At 30 June 2021 | 246,774 | 3,629 | 729 | 898 | (55,087) | 220,015 | (41,388) | 375,570 | (1,030) | 374,540 |

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

| | | Non-distributable | Distributable | | |
|---|---|---|---|---|---|
| | Share capital | Employees' share plan reserve | Retained earnings | Treasury shares | Total equity |
| **COMPANY** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| At 1 July 2019 | 243,742 | 4,586 | 80,042 | (35,730) | 292,640 |
| Total comprehensive income for the year | - | - | (16,063) | - | (16,063) |
| **Transactions with owners** | | | | | |
| Share-based payment under ESS | - | 925 | - | - | 925 |
| Reissued for ESS shares vested | - | (739) | 19 | 720 | - |
| Treasury shares acquired | - | - | - | (7,135) | (7,135) |
| ESS options exercised | 109 | (24) | - | - | 85 |
| ESS options forfeited | 87 | (87) | - | - | - |
| Dividends (Note 25) | - | - | (7,096) | - | (7,096) |
| | 196 | 75 | (7,077) | (6,415) | (13,221) |
| At 30 June 2020/1 July 2020 | 243,938 | 4,661 | 56,902 | (42,145) | 263,356 |
| Total comprehensive income for the year | - | - | 44,095 | - | 44,095 |
| **Transactions with owners** | | | | | |
| Share-based payment under ESS | - | 417 | - | - | 417 |
| Reissued for ESS shares vested | - | (786) | 29 | 757 | - |
| Treasury shares acquired | - | - | - | - | - |
| ESS options exercised | 2,780 | (607) | - | - | 2,173 |
| ESS options forfeited | 56 | (56) | - | - | - |
| Dividends (Note 25) | - | - | (7,102) | - | (7,102) |
| | 2,836 | (1,032) | (7,073) | 757 | (4,512) |
| At 30 June 2021 | 246,774 | 3,629 | 93,924 | (41,388) | 302,939 |

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

# STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Receipts from customers | 702,613 | 654,455 | - | - |
| Payment to suppliers and operating expenses | (502,045) | (481,146) | (1,872) | (1,624) |
| Payment of tax | (17,872) | (20,293) | (88) | (113) |
| Other receipts | 4,313 | 1,889 | - | - |
| Net cash flow generated from/(used in) operating activities | 187,009 | 154,905 | (1,960) | (1,737) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Sales of property, plant and equipment | 285 | 79 | - | - |
| Acquisition of property, plant and equipment (Note a) | (45,770) | (52,017) | (5) | - |
| Acquisition of intangible assets | (2,878) | (4,040) | - | - |
| Acquisition of investment in subsidiary company (Note b) | (170) | - | - | - |
| Interest received | 222 | 317 | 121 | 193 |
| Dividend received | - | - | 36,340 | 25,990 |
| Loan to related companies | - | - | (3,322) | (3,260) |
| Repayment from related companies | - | - | 76 | 2,858 |
| Net cash flow (used in)/generated from investing activities | (48,311) | (55,661) | 33,210 | 25,781 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | |
| Issuance of share capital | 2,173 | 85 | 2,173 | 85 |
| Issuance of share capital to non-controlling interest of a subsidiary company | - | 49 | - | - |
| Share application money received | 184 | - | 184 | - |
| Treasury shares acquired | - | (7,135) | - | (7,135) |
| Drawdown of bank borrowings | 90,329 | 135,475 | - | - |
| Repayment of bank borrowings | (118,378) | (114,266) | (5,000) | (5,000) |
| Payment of hire purchase | (841) | (365) | - | - |
| Payment of principal portion of lease liabilities | (69,453) | (63,145) | - | - |
| Interest paid | (34,374) | (34,473) | (5,335) | (7,192) |
| Dividends paid | (7,102) | (10,682) | (7,102) | (10,682) |
| Net placement with bank as security pledged for borrowings | (1,337) | (238) | (1,333) | (202) |
| Advance from related companies | 456 | 120 | 362 | 10,492 |
| Repayment to related companies | (357) | (54) | (14,440) | (4,546) |
| Net cash flow used in financing activities | (138,700) | (94,629) | (30,491) | (24,180) |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | (2) | 4,615 | 759 | (136) |
| **EFFECT OF EXCHANGE RATE CHANGES** | 28 | 20 | - | - |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR** | 18,658 | 14,023 | 86 | 222 |
| **CASH AND CASH EQUIVALENTS AT END OF THE YEAR** | 18,684 | 18,658 | 845 | 86 |

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **CASH AND CASH EQUIVALENTS** | RM'000 | RM'000 | RM'000 | RM'000 |
| The closing cash and cash equivalents comprise of the following: | | | | |
| Cash and bank balances | 18,684 | 18,864 | 845 | 86 |
| Deposits with financial institutions | 9,063 | 8,348 | 8,809 | 7,476 |
| Bank overdraft (Note 17) | - | (828) | - | - |
| | 27,747 | 26,384 | 9,654 | 7,562 |
| Less: Deposits pledged with bank - restricted (Note 9) | (9,063) | (7,726) | (8,809) | (7,476) |
| | 18,684 | 18,658 | 845 | 86 |

Notes:

a) Analysis of the payment for acquisition of property, plant and equipment:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Payment for current year acquisition (Note 3) | 28,652 | 40,744 | 5 | - |
| Payment for previous year acquisition | 17,118 | 11,273 | - | - |
| | 45,770 | 52,017 | 5 | - |

b) Analysis of the effects of the acquisition of subsidiary company on cash flows is as follows:

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RM'000 | RM'000 |
| Property, plant and equipment (Note 3) | 301 | - |
| Right-of-use assets (Note 4) | 41 | - |
| Net other liabilities acquired | (106) | - |
| Non-controlling interests | (118) | - |
| Goodwill arising on consolidation (Note 6) | 132 | - |
| Cost of acquisition | 250 | - |
| Excluding: Cash and cash equivalents of subsidiary company acquired | (80) | - |
| Cash flow on acquisition (net of cash in subsidiary company acquired) | 170 | - |

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

c) Changes in liabilities arising from financing activities:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Total borrowings (excludes bank overdraft) | | | | |
| At beginning of the year | 310,307 | 287,573 | 131,257 | 136,024 |
| Drawdown of bank borrowings | 90,329 | 135,475 | - | - |
| Additional hire purchase | 4,496 | 1,657 | - | - |
| Repayment of bank borrowings and hire purchase | (119,219) | (114,631) | (5,000) | (5,000) |
| Charge out of deferred transaction costs (Note 20) | 240 | 233 | 240 | 233 |
| Acquisition of subsidiary | 70 | - | - | - |
| At end of the year | 286,223 | 310,307 | 126,497 | 131,257 |

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Due to related companies | | | | |
| At beginning of the year | 146 | 80 | 36,246 | 28,691 |
| Advance from related companies | 456 | 120 | 362 | 10,492 |
| Repayment to related companies | (357) | (54) | (14,440) | (4,546) |
| Interest charged by subsidiary company | - | - | 1,452 | 1,609 |
| At end of the year | 245 | 146 | 23,620 | 36,246 |

d) The total cash outflows for leases were as follows:

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Total cash outflow for leases: | | |
| - payment for principal portion of lease liabilities | 69,453 | 63,145 |
| - interest paid on lease liabilities | 17,147 | 18,000 |
| - payment of expenses relating to short term leases | 6,882 | 11,501 |
| - payment of expenses relating to leases of low-value assets | 62 | 529 |
| - variable payments for leases | 2,970 | 9,069 |
| | 96,514 | 102,244 |

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 1. ABBREVIATION AND CORPORATE INFORMATION

### 1.1 Abbreviation

The following abbreviations are applied throughout the financial statements:-

The Group – Berjaya Food Berhad and its subsidiary companies
BCorp – Berjaya Corporation Berhad
BFI – Berjaya Food (International) Sdn Bhd
BFSSB – Berjaya Food Supreme Sdn Bhd
BFT – Berjaya Food Trading Sdn Bhd
BGroup – Berjaya Group Berhad
BJM – Berjaya Jollibean (M) Sdn Bhd
BRC – Berjaya Roasters (Cambodia) Ltd
BRoasters – Berjaya Roasters (M) Sdn Bhd
BStarbucks – Berjaya Starbucks Coffee Company Sdn Bhd
JLPL – Jollibean Foods Pte Ltd
SER – Ser Vegano Sdn Bhd
MFRSs – Malaysian Financial Reporting Standards

### 1.2 Corporate information

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies consist of the development and operation of restaurant and café chains and retail outlets in Malaysia and other South-East Asian countries and investment holding.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The registered office of the Company is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur.

The immediate holding company is BGroup and the ultimate holding company is BCorp, both of which are incorporated in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 14 October 2021.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and in accordance with MFRSs, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values/units are rounded to the nearest thousand (“RM’000”)/(‘000) except when otherwise indicated.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies

2.2.1 Subsidiaries and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary companies, which are prepared up to the end of the same financial year/period.

Subsidiary companies are those investees controlled by the Group. The Group controls an investee if and only if the Group has all the following:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) exposure, or rights, to variable returns from its investment with the investee; and
(iii) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

(i) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) potential voting rights held by the Group, other vote holders or other parties;
(iii) the contractual right arrangement with the other vote holders of the investee;
(iv) rights arising from other contractual arrangements; and
(v) any additional facts and circumstances that indicates that the Group has, or does not have, the current ability to direct the relevant activities at the time that decision need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are consolidated using the acquisition method of accounting except for the business combination with BRoasters, which was accounted for under the pooling of interests method as the business combination of this subsidiary company involved an entity under common control.

Under the pooling of interests method of accounting, the results of the entities under common control are presented as if the entities had been combined throughout the current and previous financial years. The difference between the cost of acquisition and the nominal value of the share capital acquired are reflected within equity as merger reserve or merger deficit in the case of debit differences.

Under the acquisition method of accounting, subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until that date such control ceases.

The cost of acquisition of a subsidiary company depends on whether it is a business combination, in accordance to the specifications in MFRS 3, or not. If it is not a business combination, the cost of acquisition consists of the consideration transferred ("CT"). The CT is the sum of fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree on the date of acquisition and any contingent consideration. For an acquisition that is not a business combination, the acquisition-related costs can be capitalised as part of the cost of acquisition. If it is a business combination, the cost of acquisition (or specifically, the cost of business combination) consists of CT, the amount of any non-controlling interests in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree. For an acquisition that is a business combination, the acquisition-related costs are recognised in profit or loss as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.1 Subsidiaries and basis of consolidation (continued)

If the business combination is achieved in stages, any previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss.

Any excess of the cost of business combination, as the case may be, over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. For business combinations, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

Any excess in the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed over the cost of business combination is recognised immediately in profit or loss.

The contingent consideration to be transferred by the acquirer will be recognised at fair value at the date of acquisition. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the date of acquisition) about the facts and circumstances that existed at the date of acquisition. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with MFRS 9: Financial Instruments or MFRS 137: Provisions, Contingent Liabilities and Contingent Assets, as appropriate with the corresponding gain or loss being recognised in profit or loss.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiary companies are adjusted for the material effects of dissimilar accounting policies. Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation except for unrealised losses, which are not eliminated when there are indications of impairment.

Profit or loss and each component of other comprehensive income are attributed to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Non-controlling interests represent the equity in subsidiary companies not attributable, direct or indirectly, to the Group which consist of the amount of those non-controlling interests at the date of original combination, and the non-controlling interests' share of changes in the equity since the date of the combination.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.1 Subsidiaries and basis of consolidation (continued)

Equity instruments and equity components of hybrid financial instruments issued by subsidiary companies but held by the Group will be eliminated on consolidation. Any difference between the cost of investment and the value of the equity instruments or the equity components of hybrid financial instruments will be recognised immediately in equity upon elimination.

When there is share buyback by a subsidiary company, the accretion of the Group's interest is recognised as a deemed acquisition of additional equity interest in the subsidiary company. Any differences between the consideration of the share buyback over the Group's revised interest in the net fair value of the identifiable assets acquired and liabilities assumed is recognised directly in equity attributable to owners of the parent.

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

When the Group loses control of a subsidiary company, a gain or loss calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
(ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interest at the date when control is lost;

is recognised in profit or loss. The subsidiary company's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. Any investment retained is recognised at fair value.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.2 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Subsequent to recognition, when property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

| | |
|---|---|
| Buildings | 2% |
| Office equipment, smallwares and motor vehicles | 20% - 33% |
| Computers | 20% - 40% |
| Plant, machinery, kitchen equipment, furniture and fittings | 10% - 33% |
| Renovation and restoration | Based on lease term |

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and year of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.3 Intangible assets

(i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(ii) Trademarks

The cost of trademarks acquired represents its fair value as at the date of acquisition. Following initial recognition, trademarks are carried at cost less any accumulated impairment losses. Trademarks, which are considered to have indefinite useful lives, are not amortised but tested for impairment, annually or more frequently when indicators of impairment are identified. The useful lives of trademarks are reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

(iii) Development right fees and licence fees

Development right fees are required to be paid for the rights to develop the franchise business in the respective countries. The development right fees are capitalised and amortised over the year of the development agreement from the date the operation commences.

Licences fees are required to be paid in respect of the opening of new outlets in the respective countries. The licence fees paid are capitalised and amortised over the remaining year of the development agreement. The licence fees are amortised from the date when the respective outlet commences operations.

(iv) Computer software

Computer software acquired separately are measured on initial recognition at cost.

Following initial recognition, computer software are carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software are amortised on a straight-line basis over its estimated economic useful lives of 4 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for a computer software are reviewed at each reporting date.

2.2.4 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Cost represents cost of food, beverages and materials purchased plus incidental expenses. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.5 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have indefinite useful lives and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when there is any indication of impairment.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use ("VIU"). In assessing VIU, 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the fair value reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.6 Fair value measurement

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

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

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

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

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

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

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

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

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.2 Summary of significant accounting policies (continued)**

2.2.7 Financial instruments

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

(1) Financial assets

**Initial recognition and measurement**

Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

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

The classification of financial assets at initial recognition depends on:

(a) the financial asset's contractual cash flow characteristics; and
(b) the Group's business model for managing them.

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

Classification of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group 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. Such changes are expected to be very infrequent.

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.7 Financial instruments (continued)

(1) Financial assets (continued)

**Subsequent measurement**

Subsequent measurement of financial assets depends on its classification. The classification that is applicable to the Group is as follows:

(i) Amortised cost

This 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 to cash flows on specified dates that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Subsequent to initial recognition, the amortised cost of a financial asset is the amount at initial recognition minus principal repayments plus cumulative amortisation using the effective interest method and reduced by any impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

**Derecognition**

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

(i) The contractual rights to receive cash flows from the asset have expired; or
(ii) The Group has transferred its rights to receive the cash flows from the assets and has transferred substantially all risks and rewards related to the asset; or
(iii) The Group has transferred its rights to receive the cash flows from the assets and has not retained control of the assets; or
(iv) The Group has assumed an obligation to pay the cash flows from the asset in full without material delay to a third party under a 'pass-through' arrangement.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, but is not able to derecognise the asset, then the Group has to continue recognising the transferred asset to the extent of its continuing involvement and to recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.7 Financial instruments (continued)

(2) Financial liabilities

**Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

Financial liabilities are classified, at initial recognition, as financial liabilities at amortised cost or financial liabilities at fair value through profit or loss.

The Group initially measures a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

**Subsequent measurement**

The Group measures the financial liabilities depending on their classification. The classification that is applicable to the Group is as follows:

(i) Amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, which allocates interest expenses at a constant rate over the term of the financial liabilities. The effective interest rate is calculated at initial recognition and is the rate that exactly discounts the estimated future cash flows (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the amortised cost of a financial liability.

Subsequent to initial recognition, the amortised cost of a financial liability is the amount at initial recognition minus repayments, plus the cumulative amortisation using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

**Derecognition**

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

(3) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.8 Impairment of financial assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables.

ECLs are the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are part of the contractual terms.

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

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

The Group recognises impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in profit or loss and accumulated in the fair value reserve.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.2.9 Financial guarantee contract

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 guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value. The fair value of a financial guarantee contract is the present value of the difference between the net contractual cash flows required under a debt instrument, and the net contractual cash flows that would have been required without the guarantee. The present value is calculated using a risk free rate of interest.

At the end of each subsequent reporting period, financial guarantees are measured at the higher of:
- the amount of the loss allowance determined in accordance with ECL; and
- the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15, where appropriate.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.10 Contract assets and contract liabilities

A contract asset is the right of the Group to consideration in exchange for goods or services that it has transferred to the customer when that right is conditional upon future performance but not through the passage of time. If the Group has performed its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised and presented net of any amounts that has been recognised as receivables. Contract asset is the excess of cumulative revenue earned or recognised in profit or loss over the billings to date to the customer. Contract assets are subject to impairment assessment in accordance of MFRS 9 Financial Instruments.

A contract liability is the obligation of the Group to transfer goods and services to a customer for which it has received consideration or an amount of consideration is due from the customer. If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional before it transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs its obligation under the contract. Contract liability is the excess of the billings to date to the customer over the cumulative revenue earned or recognised in profit or loss. Contract liabilities include advance payment and down payments received from customers and other amounts where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

2.2.11 Cash and cash equivalents

Cash comprises cash in hand, at bank and short term deposits with a maturity of three months or less. Cash equivalents, which are short term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, against which the bank overdrafts, if any, are deducted.

2.2.12 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Government grants related to assets, shall be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset. Grants that compensate the Group for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.

2.2.13 Borrowing costs

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

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

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.14 Leases

A lease, as defined in MFRS 16, is a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Group assesses at inception of a contract whether a contract is, or contains a lease in accordance to MFRS 16.

(1) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease i.e. the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, estimated cost to dismantle/restore the underlying asset, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. In the case where the lease transfers the ownership of the underlying asset to the Group at the end of the lease term or the cost of the right-of-use asset implies that the Group will exercise a purchase option, depreciation is calculated using the estimated useful life of the underlying asset. The depreciation period are as follows:

| | |
|---|---|
| Property | 2 to 21 years |

'Lease term' refers to the non-cancellable period of a lease plus: (i) the period covered by an option to extend the lease if the Group is reasonably certain to exercise; and (ii) the period covered by an option to terminate if the Group is reasonably certain not to exercise.

The right-of-use assets are also subject to impairment as detailed in Note 2.2.5 to the financial statements.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group, and payments of penalties for termination (if the lease term reflects the Group exercising the option to terminate the lease).

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.14 Leases (continued)

(1) Group as a lessee (continued)

Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses the incremental borrowing rate ("IBR") (of the lessee) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a reassessment (e.g. change in the lease term) or lease modification (e.g. change in scope of lease).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of asset (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(2) Group as a lessor

Operating lease

Leases in which the Group retains substantially all the risks and rewards incidental to ownership of the underlying asset are classified as operating leases. Lease income from operating lease is accounted for on a straight-line basis or another systematic basis if the other systematic basis is more representative of the pattern of benefit received. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as lease income. The underlying asset of an operating lease is included in the statements of financial position based on the nature of the asset.

Contingent rents are recognised as revenue in the period in which they are earned.

Finance lease

A finance lease is a lease contract which transfers (to the lessee) substantially all the risks and rewards incidental to ownership of an asset. At commencement of the contract, the Group (as lessor) recognises the finance lease as a receivable at an amount equal to the net investment in the lease. The net investment of a lease is the present value of the gross investments which includes fixed payments (including in-substance fixed payments) less any lease incentives payable, variable lease payments that depend on an index or a rate, residual value guarantees, exercise price of a purchase option and penalties for termination which are reasonably certain to be received.

Subsequent to the commencement date, finance income is recognised over the lease term on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease.

Contingent rents from finance lease are recognised as revenue in the period in which they are earned.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

2.2.16 Equity instruments

Ordinary shares are classified as equity instruments. Dividends on ordinary shares are recognised in equity in the year in which they are approved for payment.

The transaction costs of an equity transaction are accounted for as a deduction from equity. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. Treasury shares may be acquired and held by the Company. Consideration paid or received is recognised directly in equity.

2.2.17 Current and non-current classification

The Group presents assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within 12 months after the reporting period; or
(iv) cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within 12 months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.18 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group except for contingent liabilities assumed in a business combination of which the fair value can be reliably measured.

2.2.19 Revenue recognition

MFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group recognises revenue from contracts with customers based on the five-step model as set out below:

(i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations. A contract falls within the scope of MFRS 15 if it meets all the criteria sets out in this standard.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer goods or services to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group expect(s) to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group needs to allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

(v) Recognise revenue when the Group satisfied a performance obligation or as the Group is satisfying a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

Revenue is recognised at the point in time at which the performance obligation is satisfied. However, where the performance obligation is satisified over time, the Group shall recognise revenue over time if the Group's or the Company's performance:

(a) Provides benefits that the customer simultaneously receives and consumes as the Group performs; or

(b) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) Does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to-date.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.19 Revenue recognition (continued)

The recognition of the specific revenue are set out below:

(i) Sales of products and provision of services

Revenue is recognised at a point in time upon delivery of products or performance of services, and customer acceptance, if any.

The revenue is net of discount and/or any portion that are allocated to the free food, beverage or merchandise to be rewarded under the customer loyalty programmes.

(ii) Customer loyalty programme

Certain subsidiary companies of the Group operate customer loyalty programmes which allow customers to redeem free food, beverage or merchandise after a specific number of purchases using the stored value cards. This gives rise to a separate performance obligation as it provides a right of redemption to the customer.

A portion of the transaction price is allocated to the purchases by customers based on relative stand-alone selling price of the free food, beverage or merchandise to be rewarded, and recognised as a contract liability. Revenue is recognised upon redemption by customers.

The recognition of other classes of revenue that are not within the scope of MFRS 15 are set out below:

(i) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment is established.

(ii) Interest income

Interest income is recognised on an accrual basis unless recoverability is in doubt.

(iii) Other income

Other than above, all other income are recognised on accrual basis.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.20 Foreign currencies

(1) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated and separate financial statements are presented in RM, which is also the Company's functional currency.

(2) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the year except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

(3) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each profit or loss and other comprehensive income are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity under the header of exchange reserve.

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

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.21 Employee benefits

(1) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(2) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). The foreign subsidiary companies of the Group also make contributions to their countries' statutory pension schemes.

(3) Employees' share scheme

Employees of the Group received remuneration in the form of share options or share awards as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the share options and share awards on the date of grant. This cost is recognised in profit or loss, with a corresponding increase in the employees' share plan reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of share options and share awards that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the year.

No expense is recognised for share options or share awards that do not ultimately vest, except for share options or share awards where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. When the share options are exercised or share awards are vested, the employees' share plan reserve relating to the exercised options or vested shares is transferred to share capital. When the share options or share awards are forfeited, the employees' share plan reserve relating to the forfeited share options or share awards is transferred to share capital.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.22 Tax

(1) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

(2) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- in respect of taxable temporary differences associated with investments in subsidiary companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary companies, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

2.2.22 Tax (continued)

(2) Deferred tax (continued)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(3) Indirect taxes

Indirect taxes include Sales Tax, Service Tax, and Goods and Services Tax (also known as Value Added Tax).

The amount of indirect taxes payable to taxation authority is included as part of payables in the statements of financial position.

Indirect taxes incurred on the purchase of assets or services which cannot be recovered from the respective tax authorities are recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The difference between output and input Goods and Services tax, being the amount payable to or receivable from the respective taxation authorities at the reporting date, is included in other payables or other receivables respectively in the statements of financial position.

2.2.23 Segmental information

For management purposes, the Group is organised into operating segments based on the geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Revenue and expenses do not include items arising on investing or financing activities. Revenue is attributed to geographical segments based on location where the sales are transacted. Segment assets include all operating assets used by a segment and do not include items arising on investing or financing activities. Assets are allocated to a geographical segment based on location of assets. Segment liabilities comprise operating liabilities and do not include liabilities arising on investing or financing activities such as bank borrowings.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Changes in accounting policies

On 1 July 2020, the Group adopted the following new MFRSs, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretations:

**Effective for financial years beginning on or after 1 January 2020:**

- Amendments to MFRS 3: Business Combinations – Definition of a Business
- Amendments to MFRS 4: Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9
- Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
- Amendments to MFRS 101: Presentation of Financial Statements – Definition of Material
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
- Revised Conceptual Framework for Financial Reporting

The Group has early adopted the Amendments to MFRS 16: COVID-19 – Related Rent Concessions beyond 30 June 2021, which is effective for financial years beginning on or after 1 April 2021.

The adoption of the above Amendments to MFRSs did not have any significant effect on the financial performance or position of the Group and of the Company, except as stated below:

**Amendments to MFRS 16: COVID-19 – Related Rent Concessions beyond 30 June 2021**

On the adoption of the Amendments to MFRS 16, the Group applies the practical expedients not to assess whether a COVID-19 related rent concession from a lessor to all rent concessions that meets all of the following conditions is a lease modification:

1. The change in lease payments results in revised consideration for the lease that is substantially the same as or less than the consideration for the lease immediately preceding the change;
2. Any reduction in lease payments affect only payments due on or before 30 June 2022; and
3. There is no substantive change to other terms and conditions of the lease.

The Group has adopted the Amendments to MFRS 16 with election to apply the practical expedient as mentioned above consistently to eligible contracts with similar characteristics and in similar circumstances that meet the conditions as stated above. The Group recognised rental concession received in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new MFRSs, Amendments to MFRSs, Annual Improvements to MFRSs and IC Interpretations were issued but not yet effective and have not been applied by the Group:

**Effective for financial periods beginning on or after 1 January 2021:**

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

**Effective for financial periods beginning on or after 1 January 2022:**

- Amendments to MFRS 3: Business Combinations – Reference to Conceptual Framework
- Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract
- Amendments to MFRS 1, MFRS 9, MFRS 141 – Annual Improvements to MFRS Standards 2018 - 2020

**Effective for financial periods beginning on or after 1 January 2023:**

- MFRS 17: Insurance Contracts
- Amendments to MFRS 17: Insurance Contracts
- Amendments to MFRS 101: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

**Effective date yet to be determined:**

- Amendments to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Deferred)

The new MFRSs, Amendments to MFRSs and Annual Improvements to MFRSs above are expected to have no significant impact on the financial statements of the Group and of the Company upon their initial application except for the changes in presentation and disclosures of financial information arising from the adoption of the above new MFRS and Amendments to MFRSs.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Significant accounting estimates and judgements

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

(a) Critical judgement made in applying accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amount recognised in the financial statements:

(i) Determining the lease term of contracts with renewal and termination options as lessee.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably not to be exercised.

The Group assesses, by applying significant judgement at lease commencement date, 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. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate it (e.g., construction of significant leasehold improvements).

(b) Key sources of estimation uncertainty

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

(i) Impairment assessment of goodwill and trademark

The Group performs an impairment test on its goodwill and trademark at least annually or when there is indication of impairment. This requires an estimation of the VIU of the CGU to which goodwill is allocated and the VIU of the trademark. Estimating a VIU amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of assumptions used for VIU computation are disclosed in Note 6.1 and Note 6.2.

(ii) Contract liability

Contract liability represents a part of the sale proceeds received from customers which relates to free food and beverage to be rewarded to the customer loyalty programme members. The amount of sale proceeds apportioned to deferred income is measured at the fair value of food and beverage to be rewarded, which is estimated based on the historical redemption pattern. Details of contract liability/deferred income are disclosed in Note 18.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Significant accounting estimates and judgements

(b) Key sources of estimation uncertainty (continued)

(iii) Impairment of investment in subsidiaries

During the current financial year, the Company recognised impairment losses in respect of its investment in certain subsidiaries. The Company carried out the impairment test based on estimation of the VIU of the CGU of the respective subsidiaries. Estimating the VIU requires the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Details of assumptions used for VIU computation are disclosed in Note 5.

(iv) Impairment of non-financial assets

During the current financial year, the Group recognised impairment losses in respect of certain property, plant and equipment and right-of-use assets. The Group carried out the impairment test based on the variety of estimation including the VIU of the CGU to which the property, plant and equipment and right-of-use assets are allocated. Estimating the VIU requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the impairment losses recognised are disclosed in Note 3 and Note 4(a).

(v) Provision for restoration costs

The Group leases stores under operating leases. The Group provides for an estimate of restoration costs expense at the lease inception date for operating leases with requirements to remove leasehold improvements at the end of the lease term. Estimating restoration costs involves subjective assumptions regarding both the amount and timing of actual future restoration costs. Future actual costs could differ significantly from amounts initially estimated. As at 30 June 2021, the Group's provision for restoration costs amounted to RM16,342,000 (2020: RM16,267,000) respectively, as disclosed in Note 15.

(vi) Useful lives of property, plant and equipment

The Group and the Company estimate the useful lives of property, plant and equipment based on the period which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are viewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment are based on the managements' evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the buildings, plant and equipment would increase the depreciation expenses and decrease the carrying amount on property, plant and equipment.

The carrying amount of the Group and the Company's property, plant and equipment at the reporting date is disclosed in Note 3.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 3. PROPERTY, PLANT AND EQUIPMENT

**GROUP**

| | Buildings | Office equipment, furniture and fittings and motor vehicles | Computer | Plant, machinery, kitchen equipment and smallwares | Renovations and restoration | Capital work-in-progress | Total |
|---|---|---|---|---|---|---|---|
| **2021** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| Net carrying amount | | | | | | | |
| At beginning of year | 29,373 | 30,321 | 4,493 | 57,827 | 157,292 | 6,740 | 286,046 |
| Additions | - | 2,567 | 1,657 | 6,884 | 17,679 | 5,958 | 34,745 |
| Disposals | - | (168) | (15) | (35) | (59) | - | (277) |
| Depreciation charge | (622) | (6,321) | (1,580) | (8,971) | (27,275) | - | (44,769) |
| Write off | - | (39) | (4) | (188) | (2,708) | - | (2,939) |
| Impairment | - | (239) | (5) | (509) | (3,361) | - | (4,114) |
| Exchange differences | - | - | - | 4 | 20 | - | 24 |
| Acquisition of subsidiary | - | 89 | 1 | 111 | 100 | - | 301 |
| Reclassification | - | 324 | 774 | 141 | 5,519 | (6,758) | - |
| At end of year | 28,751 | 26,534 | 5,321 | 55,264 | 147,207 | 5,940 | 269,017 |
| **As at 30 June 2021** | | | | | | | |
| Cost | 31,113 | 73,559 | 17,719 | 124,811 | 300,056 | 5,940 | 553,198 |
| Accumulated depreciation | (2,362) | (46,786) | (12,393) | (68,996) | (149,097) | - | (279,634) |
| Accumulated impairment | - | (239) | (5) | (551) | (3,752) | - | (4,547) |
| Net carrying amount | 28,751 | 26,534 | 5,321 | 55,264 | 147,207 | 5,940 | 269,017 |
| **2020** | | | | | | | |
| Net carrying amount | | | | | | | |
| At beginning of year | 29,995 | 32,276 | 4,536 | 55,138 | 148,306 | 5,205 | 275,456 |
| Additions | - | 3,148 | 1,214 | 13,718 | 29,997 | 12,606 | 60,683 |
| Disposals | - | (37) | - | - | - | - | (37) |
| Depreciation charge | (622) | (6,336) | (1,358) | (8,475) | (25,730) | - | (42,521) |
| Write off | - | (492) | (8) | (972) | (4,488) | (418) | (6,378) |
| Impairment | - | (114) | (2) | (279) | (782) | - | (1,177) |
| Exchange differences | - | 2 | (1) | - | 19 | - | 20 |
| Reclassification | - | 1,874 | 112 | (1,303) | 9,970 | (10,653) | - |
| At end of year | 29,373 | 30,321 | 4,493 | 57,827 | 157,292 | 6,740 | 286,046 |
| **As at 30 June 2020** | | | | | | | |
| Cost | 31,113 | 72,781 | 15,207 | 117,419 | 286,359 | 6,740 | 529,619 |
| Accumulated depreciation | (1,740) | (42,346) | (10,712) | (59,313) | (128,285) | - | (242,396) |
| Accumulated impairment | - | (114) | (2) | (279) | (782) | - | (1,177) |
| Net carrying amount | 29,373 | 30,321 | 4,493 | 57,827 | 157,292 | 6,740 | 286,046 |

Included in property, plant and equipment of the Group are fully depreciated assets which are still in use costing about RM83,168,000 (2020: RM90,299,000).

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| COMPANY | Furniture and fittings | Computer | Total |
|---|---|---|---|
| **2021** | **RM'000** | **RM'000** | **RM'000** |
| Net carrying amount | | | |
| At beginning of year | - | - | - |
| Additions | - | 5 | 5 |
| Depreciation charge | - | (2) | (2) |
| At end of year | - | 3 | 3 |
| **As at 30 June 2021** | | | |
| Cost | 1 | 21 | 22 |
| Accumulated depreciation | (1) | (18) | (19) |
| Net carrying amount | - | 3 | 3 |
| **2020** | | | |
| Net carrying amount | | | |
| At beginning of year | - | 2 | 2 |
| Depreciation charge | - | (2) | (2) |
| At end of year | - | - | - |
| **As at 30 June 2020** | | | |
| Cost | 1 | 16 | 17 |
| Accumulated depreciation | (1) | (16) | (17) |
| Net carrying amount | - | - | - |

The additions in property, plant and equipment were acquired by way of:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021 RM'000** | **2020 RM'000** | **2021 RM'000** | **2020 RM'000** |
| Hire purchase | 888 | 458 | - | - |
| Cash | 28,652 | 40,744 | 5 | - |
| Amounts due to suppliers | 3,504 | 17,118 | - | - |
| Provision for restoration cost | 1,701 | 2,363 | - | - |
| | 34,745 | 60,683 | 5 | - |

Certain furniture and fittings and office equipment with carrying amounts of RM5,755,000 (2020: RM2,379,000) are under hire purchase arrangements.

During the financial year, the Group conducted a review of the recoverable amount of certain property, plant and equipment and recognised an impairment loss of RM4,114,000 (2020: RM1,177,000) as the recoverable amount was lower than the carrying amount. The recoverable amount was determined based on projected cash flows that are discounted using rates ranging from 10.50% to 11.50% (2020: 10.50% to 11.50%).

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year.

| GROUP | PROPERTY 2021 RM'000 | PROPERTY 2020 RM'000 |
|---|---|---|
| Net carrying amount | | |
| At beginning of year | 351,615 | 380,360 |
| Additions | 52,131 | 43,792 |
| Depreciation charge | (78,052) | (72,504) |
| Lease reassessments | 406 | - |
| Lease modification | 99 | - |
| Acquisition of subsidiary | 41 | - |
| Impairment | (604) | (154) |
| Exchange differences | 81 | 121 |
| At end of year | 325,717 | 351,615 |
| | | |
| Cost | 477,047 | 424,289 |
| Accumulated depreciation | (150,572) | (72,520) |
| Accumulated impairment | (758) | (154) |
| Net carrying amount | 325,717 | 351,615 |

The right-of-use assets are in respect of lease contracts for the cafes, restaurants, warehouse and offices.

During the financial year, the Group conducted a review of the recoverable amount of certain property and recognised an impairment loss of RM604,000 (2020: RM154,000) as the recoverable amount was lower than the carrying amount. The recoverable amount was determined based on projected cash flows that are discounted at a rate of 10.50% to 11.50% (2020: 10.50% to 11.50%).

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 4. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities recognised and the movements during the financial year:

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| At beginning of year | 361,133 | 380,360 |
| Additions | 52,131 | 43,792 |
| Accretion of interest (Note 20) | 17,147 | 18,000 |
| Lease payments | (86,600) | (81,145) |
| Reassessment | 406 | - |
| Modification | (1,312) | - |
| Acquisition of subsidiary | 40 | - |
| Exchange difference | 58 | 126 |
| As at 30 June 2021 | 343,003 | 361,133 |
| Disclosed as: | | |
| - Current | 64,737 | 64,275 |
| - Non-current | 278,266 | 296,858 |
| As at 30 June 2021 | 343,003 | 361,133 |

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 5. SUBSIDIARY COMPANIES

| | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|
| Unquoted shares in Malaysia, at cost | 450,927 | 440,927 |
| ESS granted to employees of subsidiary companies | 7,579 | 7,343 |
| | 458,506 | 448,270 |
| Less: Accumulated impairment | (39,022) | (36,696) |
| | 419,484 | 411,574 |

During the current financial year, the Company conducted a review of recoverable amounts of investment in subsidiary companies and the review has led to the recognition of impairment loss amounting to RM2,326,000 (2020: RM31,666,000). The recoverable amounts are determined based on VIU calculation. The discount rate used in the VIU calculation is 11.50% (2020: 11.50%).

During the current financial year, the Company increased its capital contribution in a subsidiary company by RM10,000,000 via capitalisation of its amount owing by the subsidiary company.

Unquoted shares costing RM359,577,000 (2020: RM359,417,000) have been pledged to a financial institution for credit facility granted to the Company.

The Group's effective equity interest in the subsidiary companies, their respective activities and countries of incorporation are shown below:

| Name | Country of incorporation | Principal activities | % of ownership interest held by the Group^ 2021 | % of ownership interest held by the Group^ 2020 | % of ownership interest held by non-controlling interests^ 2021 | % of ownership interest held by non-controlling interests^ 2020 |
|---|---|---|---|---|---|---|
| **Held by the Company:** | | | | | | |
| BStarbucks | Malaysia | Development and operation of the "Starbucks Coffee" chain of cafes and retail outlets in Malaysia. | 100 | 100 | - | - |
| BRoasters | Malaysia | Development and operation of the "Kenny Rogers Roasters" chain of restaurants in Malaysia. | 100 | 100 | - | - |
| BFI | Malaysia | Investment holding. | 100 | 100 | - | - |
| BFT | Malaysia | Sale and distribution of food and beverage in Malaysia. | 100 | 100 | - | - |

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 5. SUBSIDIARY COMPANIES (CONTINUED)

| Name | Country of incorporation | Principal activities | % of ownership interest held by the Group^ | | % of ownership interest held by non-controlling interests^ | |
|---|---|---|---|---|---|---|
| | | | 2021 | 2020 | 2021 | 2020 |
| **Subsidiaries of BFI** | | | | | | |
| JLPL* | Singapore | Operation of retail outlets and food caterer in Singapore as well as to grant franchise to operate outlets both locally and internationally. | 65 | 65 | 35 | 35 |
| BFSSB# | Brunei | Development and operation of the "Starbucks Coffee" chain of cafes and retail stores in Brunei. | 80 | 80 | 20 | 20 |
| BRC * | Cambodia | Dissolved | - | 70 | - | 30 |
| SER *@ | Malaysia | Operates Latin-inspired, Tex-Mex, plant-based vegan restaurants under the name “Sala”. | 50 | - | 50 | - |
| **Subsidiary of JFPL:** | | | | | | |
| BJM | Malaysia | Operation of food and beverage retail outlets in Malaysia. | 100 | 100 | - | - |

^ equals to the proportion of voting rights held.
# audited by other member firm of Ernst & Young Global.
* audited by other firms of chartered accountants.
@ Accounted for as a subsidiary company as the Group has control in accordance with the requirements of MFRS 10 despite the Group’s 50% shareholding.

### 5.1(a) Acquisition of subsidiary company

On 19 August 2020, BFI, a wholly owned subsidiary company of the Company, completed the acquisition of 50% equity interests in SER, of which the acquisition qualified as a business combination, for a total cash consideration of RM250,000.

The cost of acquisition comprised the following:

| **2021**<br>**Group** | **RM'000** |
|---|---|
| Purchase consideration satisfied by cash | 250 |

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 5. SUBSIDIARY COMPANIES (CONTINUED)

### 5.1(a) Acquisition of subsidiary companies (continued)

The acquired subsidiary company, which qualified as a business combination, contributed the following results from its date of acquisition to the Group:

| 2021 | RM'000 |
|---|---|
| Revenue | 198 |
| Loss for the year | (88) |

The fair values of the identifiable assets and liabilities of SER as at the date of acquisition were as follows:

| | Fair value RM'000 |
|---|---|
| Property, plant and equipment | 301 |
| Right-of-use assets | 41 |
| Other assets acquired | 310 |
| Cash and cash equivalents acquired | 80 |
| Lease liabilities | (40) |
| Hire purchase payable | (70) |
| Other liabilities | (386) |
| Non-controlling interests | (118) |
| Total net assets acquired | 118 |
| Goodwill arising on acquisition (Note 6) | 132 |
| Total cost of acquisition | 250 |

The net cash flows on acquisition were as follows:

| | RM'000 |
|---|---|
| Purchase consideration satisfied by cash | (250) |
| Cash and cash equivalents of subsidiary company acquired | 80 |
| Net cash outflow on acquisition of a subsidiary company | (170) |

Acquisition of subsidiary company subsequent to financial year end

There is no acquisition of subsidiary company subsequent to the financial year end.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 5. SUBSIDIARY COMPANIES (CONTINUED)

### 5.1(b) Subsidiary companies with material non-controlling interests

Summarised financial information of the subsidiary companies which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is that of the amounts before inter-company elimination.

| | JLPL | | BFSSB | | Total | |
|---|---|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Non-current assets | 13,897 | 15,713 | 13,278 | 14,445 | 27,175 | 30,158 |
| Current assets | 4,557 | 5,428 | 5,109 | 3,686 | 9,666 | 9,114 |
| Non-current liabilities | (11,475) | (9,170) | (10,229) | (11,078) | (21,704) | (20,248) |
| Current liabilities | (13,469) | (14,321) | (1,164) | (1,417) | (14,633) | (15,738) |
| Net (liabilities)/assets | (6,490) | (2,350) | 6,994 | 5,636 | 504 | 3,286 |
| Equity attributable to the owners of the parent | (4,218) | (1,528) | 5,595 | 4,509 | 1,377 | 2,981 |
| Non-controlling interests | (2,272) | (822) | 1,399 | 1,127 | (873) | 305 |
| | (6,490) | (2,350) | 6,994 | 5,636 | 504 | 3,286 |
| Revenue | 20,444 | 21,936 | 6,985 | 6,003 | 27,429 | 27,939 |
| (Loss)/profit for the year | (3,671) | (2,496) | 1,336 | (187) | (2,335) | (2,683) |
| Other comprehensive income | (6) | (9) | 22 | 26 | 16 | 17 |
| Total comprehensive income for the year | (3,677) | (2,505) | 1,358 | (161) | (2,319) | (2,666) |
| (Loss)/profit attributable to the: | | | | | | |
| - Owners of the parent | (2,386) | (2,033) | 1,069 | (150) | (1,317) | (2,183) |
| - Non-controlling interests | (1,285) | (463) | 267 | (37) | (1,018) | (500) |
| (Loss)/profit for the year | (3,671) | (2,496) | 1,336 | (187) | (2,335) | (2,683) |
| Total comprehensive income attributable to: | | | | | | |
| - Owners of the parent | (2,390) | (2,036) | 1,086 | (129) | (1,304) | (2,165) |
| - Non-controlling interests | (1,287) | (469) | 272 | (32) | (1,015) | (501) |
| Total comprehensive income for the year | (3,677) | (2,505) | 1,358 | (161) | (2,319) | (2,666) |
| Net cash generated from/(used in) | | | | | | |
| - Operating activities | 6,892 | 6,092 | 2,629 | 2,227 | 9,521 | 8,319 |
| - Investing activities | (1,660) | (2,884) | (736) | (28) | (2,396) | (2,912) |
| Net change in cash and cash equivalents | 5,232 | 3,208 | 1,893 | 2,199 | 7,125 | 5,407 |

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 6. INTANGIBLE ASSETS

**GROUP**

| | Goodwill | Trademark | Licence fees | Development right fees | Computer software | Total |
|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **2021** | | | | | | |
| Net carrying amount | | | | | | |
| At beginning of year | 427,482 | 7,646 | 19,670 | 38 | 3,421 | 458,257 |
| Additions | - | - | 1,575 | - | 1,303 | 2,878 |
| Amortisation | - | - | (1,020) | (9) | (1,737) | (2,766) |
| Acquisition of subsidiary | 132 | - | - | - | - | 132 |
| Write off | - | - | (352) | - | - | (352) |
| At end of year | 427,614 | 7,646 | 19,873 | 29 | 2,987 | 458,149 |
| **As at 30 June 2021** | | | | | | |
| Cost | 430,499 | 7,646 | 28,159 | 114 | 12,148 | 478,566 |
| Accumulated amortisation | - | - | (8,286) | (85) | (9,161) | (17,532) |
| Accumulated impairment | (2,885) | - | - | - | - | (2,885) |
| Net carrying amount | 427,614 | 7,646 | 19,873 | 29 | 2,987 | 458,149 |
| **2020** | | | | | | |
| Net carrying amount | | | | | | |
| At beginning of year | 429,828 | 7,646 | 17,668 | 47 | 4,442 | 459,631 |
| Additions | - | - | 2,925 | - | 1,115 | 4,040 |
| Amortisation | - | - | (924) | (9) | (2,136) | (3,069) |
| Impairment | (2,346) | - | - | - | - | (2,346) |
| Exchange differences | - | - | 1 | - | - | 1 |
| At end of year | 427,482 | 7,646 | 19,670 | 38 | 3,421 | 458,257 |
| **As at 30 June 2020** | | | | | | |
| Cost | 430,367 | 7,646 | 27,003 | 114 | 10,844 | 475,974 |
| Accumulated amortisation | - | - | (7,333) | (76) | (7,423) | (14,832) |
| Accumulated impairment | (2,885) | - | - | - | - | (2,885) |
| Net carrying amount | 427,482 | 7,646 | 19,670 | 38 | 3,421 | 458,257 |

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 6. INTANGIBLE ASSETS (CONTINUED)

### 6.1 Impairment testing on goodwill

(1) Allocation of goodwill

Goodwill has been allocated to the Group's CGUs identified within the geographical segments as follows:

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM'000** | **RM'000** |
| Malaysia | 422,855 | 422,723 |
| Singapore | 4,759 | 4,759 |
| | 427,614 | 427,482 |

(2) Key assumptions used in VIU calculations

The recoverable amount of a CGU is determined based on VIU calculation using cash flow projections based on financial budgets covering a period ranging from three to five years. The key assumptions used for VIU calculations are:

(a) Budgeted gross margin and growth rate

The basis used to determine the value assigned to the budgeted gross margins and growth rate is the average gross margin and average growth rate achieved in the years before the budgeted year and adjusted for expected efficiency improvements and market outlook.

(b) Discount rate

The discount rates used reflects specific risks relating to the CGU. The post-tax discount rates, applied to cash flows, used for identified CGUs within the Malaysia segment and Singapore segment are in the range of 10.50% - 11.50% within the (2020: 10.50% -11.50%) and 11.50% (2020: 11.50%) respectively.

(3) Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions (apart from discount rate) would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

(4) Impairment

In the previous financial year, the Group has recognised impairment of RM2,346,000 in respect of goodwill allocated to the CGU within the Singapore segment. Goodwill arising from this CGU was impaired as the recoverable amount of the CGU, which was determined based on discounted projected cash flows, was lower than its carrying amount.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 6. INTANGIBLE ASSETS (CONTINUED)

### 6.2 Impairment testing on trademark

(1) Key assumptions used in VIU calculation

The recoverable amount of a CGU is determined based on the VIU calculation using cash flow projection for the estimated savings on royalties based on financial budgets covering a five-year period. The key assumptions used for VIU calculations are:

(a) Estimated royalty rate

The estimated royalty rate is determined by referring to actual royalty rate charged to the franchisee.

(b) Discount rate

The discount rate used reflects specific risks relating to the CGU. The post-tax discount rate, applied to cash flows, used for the identified CGU is 11.50% (2020: 11.50%).

(2) Sensitivity to changes in assumptions

Should the royalty rate decreased 1.00% with all other variables eld constant, the carrying amount of the trademark is expected to be impaired by RM1,074,000.

## 7. INVENTORIES

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM'000** | **RM'000** |
| **At cost** | | |
| Food and beverages | 26,429 | 20,424 |
| Inventories for resale | 9,347 | 12,401 |
| Spares and other supplies | 10,209 | 9,675 |
| | 45,985 | 42,500 |

The cost of inventories recognised as an expense during the financial year of the Group amounted to RM196,745,000 (2020: RM176,848,000).

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 8. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 | 2021<br>RM'000 | 2020<br>RM'000 |
| **Current** | | | | |
| **Trade receivables** | | | | |
| - external parties | 7,638 | 5,729 | - | - |
| - related companies | 467 | 575 | - | - |
| | 8,105 | 6,304 | - | - |
| **Other receivables** | | | | |
| Sundry receivables | 3,223 | 3,572 | 47 | 47 |
| Less: Allowance for impairment | (2,253) | (2,253) | - | - |
| | 970 | 1,319 | 47 | 47 |
| Deposits | 10,509 | 11,380 | - | - |
| Amount owing by subsidiary companies | - | - | 6,840 | 13,244 |
| | 11,479 | 12,699 | 6,887 | 13,291 |
| **Other current assets** | | | | |
| Prepayments | 3,066 | 3,549 | - | - |
| Dividend receivable | - | - | 18,400 | - |
| | 3,066 | 3,549 | 18,400 | - |
| Total current receivables | 22,650 | 22,552 | 25,287 | 13,291 |
| **Non-current** | | | | |
| Deposits | 22,445 | 24,038 | - | - |
| Total trade and other receivables | 45,095 | 46,590 | 25,287 | 13,291 |

### 8.1 Trade receivables

The trade receivables are corporate customers and credit card companies which are generally on 6 - 90 (2020: 6 - 90) days term.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 8. TRADE AND OTHER RECEIVABLES (CONTINUED)

8.2 Other receivables

(a) Sundry receivables

Sundry receivables are non-interest bearing and generally on 30 to 90 (2020: 30 to 90) days term.

The reconciliation of movements in allowance accounts for sundry receivables is as follows:

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| At beginning/end of year | 2,253 | 2,253 |

(b) Amounts owing by subsidiary companies

The amounts owing by subsidiary companies are unsecured and repayable on demand. The amount totalling RM6,662,000 (2020: RM13,244,000) is interest bearing.

## 9. DEPOSITS WITH FINANCIAL INSTITUTIONS

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Deposits with: | | | | |
| Licensed banks | 8,809 | 8,098 | 8,809 | 7,476 |
| Other financial institutions | 254 | 250 | - | - |
| | 9,063 | 8,348 | 8,809 | 7,476 |

The interest rates per annum and maturities of deposits as at reporting date were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| Interest rates per annum (%) | | | | |
| - Licensed banks | 1.50 | 1.80 | 1.50 | 1.80 |
| - Other financial institutions | 1.55 | 1.90 | - | - |
| Maturities (days) | | | | |
| - Licensed banks | 19 - 23 | 13 | 19 - 23 | 13 |
| - Other financial institutions | 9 - 17 | 9 - 17 | - | - |

Included in deposits of the Group and of the Company are monies held in debt service reserve accounts amounting to RM9,063,000 (2020: RM7,726,000) and RM8,809,000 (2020: RM7,476,000) respectively.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 10. SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | Number of shares | | Share capital | |
| | 2021 '000 | 2020 '000 | 2021 RM'000 | 2020 RM'000 |
| **Issued and fully paid** | | | | |
| At beginning of year | 382,142 | 382,083 | 243,938 | 243,742 |
| Employees' share options exercised | 1,544 | 59 | 2,780 | 109 |
| Employees' share options forfeited | - | - | 56 | 87 |
| At end of year | 383,686 | 382,142 | 246,774 | 243,938 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All the ordinary shares rank equally with regard to the Company's residual assets.

## 11. RESERVES

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Merger deficit (Note a) | (55,087) | (55,087) | - | - |
| Employees' share plan reserve (Note b) | 3,629 | 4,661 | 3,629 | 4,661 |
| Consolidation reserve (Note c) | 729 | 729 | - | - |
| Exchange reserves | 898 | 879 | - | - |
| | (49,831) | (48,818) | 3,629 | 4,661 |
| Retained earnings (Note d) | 220,015 | 179,976 | 93,924 | 56,902 |
| | 170,184 | 131,158 | 97,553 | 61,563 |

Notes:

(a) Merger deficit

Merger deficit represents the difference between the Company's cost of investment in a subsidiary company and the nominal value of share capital of the subsidiary company acquired in prior years.

(b) Employees' share plan ("ESP") reserve

The ESP reserve represents the equity-settled share options/grants to directors and certain employees of the Group. The ESP reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of the share options/grants and is reduced by the expiry or exercise of the share options, or forfeiture of the share options/grants.

(c) Consolidation reserve

The consolidation reserve comprises the consolidation effects of change in the Group's equity interest in a subsidiary company which does not result in loss of control.

(d) Retained earnings

The entire retained earnings of the Company, subject to Section 131 of the Companies Act 2016, is available for distribution as single tier dividends.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 12. TREASURY SHARES

| | Group and Company Ordinary shares | | | |
|---|---|---|---|---|
| | 2021 No. of shares '000 | 2020 No. of shares '000 | 2021 RM'000 | 2020 RM'000 |
| At beginning of year | 28,423 | 23,500 | 42,145 | 35,730 |
| Shares bought back during the year | - | 5,399 | - | 7,135 |
| Reissued for ESS shares vested | (512) | (476) | (757) | (720) |
| At end of year | 27,911 | 28,423 | 41,388 | 42,145 |

Pursuant to an Annual General Meeting held on 10 October 2013, the Company obtained a shareholders' mandate to undertake the purchase of up to 10% of the issued and paid-up share capital of the Company at the time of purchase.

The renewal of the Company's mandate relating to the share buyback of up to 10% of the existing total paid-up share capital, inclusive of all treasury shares that have been bought back, was approved by the shareholders of the Company at the Annual General Meeting held on 9 December 2020.

During the financial year, 512,000 (rounded to nearest thousand) shares were reissued for the vesting of ESS shares, and the Company did not buy back any of its shares from the open market.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 13. LONG TERM BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Secured** | | | | |
| Term loan (Note a) | 126,497 | 131,257 | 126,497 | 131,257 |
| Portion repayable within 12 months included under short term borrowings (Note 17) | (14,956) | (12,260) | (14,956) | (12,260) |
| | 111,541 | 118,997 | 111,541 | 118,997 |
| Hire purchase payable (Note b) | 6,566 | 2,841 | - | - |
| Portion repayable within 12 months included under short term borrowings (Note 17) | (1,795) | (791) | - | - |
| | 4,771 | 2,050 | - | - |
| | 116,312 | 121,047 | 111,541 | 118,997 |

Details of the long term borrowings outstanding are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Amounts repayable: | | | | |
| More than one year but not later than two years | 21,407 | 18,067 | 19,888 | 17,349 |
| More than two years but not later than five years | 94,905 | 102,980 | 91,653 | 101,648 |
| | 116,312 | 121,047 | 111,541 | 118,997 |

Notes:

(a) The secured term loan is secured by way of a fixed charge on the shares of a subsidiary company as disclosed in Note 5 and further secured by monies held by debt service reserve accounts as disclosed in Note 9.

The interest rate per annum at the reporting date for the term loan was 3.80% (2020: 4.67%).

(b) The Group's hire purchase payable bore effective interest rate of 2.99% to 5.35% (2020: 5.35%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 14. DEFERRED TAX

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| At beginning of the year | (5,992) | (5,641) |
| Recognised in profit or loss | 2,810 | (351) |
| At end of the year | (3,182) | (5,992) |

Presented after appropriate offsetting as follows:

| | Group 2021 RM'000 | Group 2020 RM'000 |
|---|---|---|
| Deferred tax assets | (3,182) | (5,992) |
| Deferred tax liabilities | - | - |
| | (3,182) | (5,992) |

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

| GROUP | Contract liabilities | Unabsorbed capital allowances | Others | Total |
|---|---|---|---|---|
| **Deferred Tax Assets** | **RM'000** | **RM'000** | **RM'000** | **RM'000** |
| **2021** | | | | |
| At beginning of the year | (18,938) | (1,363) | (2,128) | (22,429) |
| Recognised in profit or loss | 4,827 | 24 | (3,906) | 945 |
| At end of the year | (14,111) | (1,339) | (6,034) | (21,484) |
| Set-off against deferred tax liabilities | | | | 18,302 |
| | | | | (3,182) |
| **2020** | | | | |
| At beginning of the period | (16,708) | (1,041) | (2,971) | (20,720) |
| Recognised in profit or loss | (2,230) | (322) | 843 | (1,709) |
| At end of the year | (18,938) | (1,363) | (2,128) | (22,429) |
| Set-off against deferred tax liabilities | | | | 16,437 |
| | | | | (5,992) |

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 14. DEFERRED TAX (CONTINUED)

| GROUP | Property, plant and equipment | Total |
|---|---|---|
| **Deferred Tax Liabilities** | **RM'000** | **RM'000** |
| **2021** | | |
| At beginning of the year | 16,437 | 16,437 |
| Recognised in profit or loss | 1,865 | 1,865 |
| At end of the year | 18,302 | 18,302 |
| Set-off against deferred tax assets | | (18,302) |
| | | - |
| **2020** | | |
| At beginning of the year | 15,079 | 15,079 |
| Recognised in profit or loss | 1,358 | 1,358 |
| At end of the year | 16,437 | 16,437 |
| Set-off against deferred tax assets | | (16,437) |
| | | - |

Deferred tax assets have not been recognised in respect of the following items:

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM'000** | **RM'000** |
| Unutilised tax losses | 13,259 | 10,842 |
| Unabsorbed capital allowances | 4,963 | 3,930 |

The availability of the unutilised tax losses and unabsorbed capital allowances are subject to the tax legislation of the respective countries.

Deferred tax asset has not been recognised in respect of unutilised tax losses and the unabsorbed capital allowance as it is not probable that future taxable profits from a business source as defined by the Malaysian tax legislation will be available against which the unutilised tax losses and unabsorbed capital allowances can be utilised.

The Malaysia Finance Act 2018 gazetted on 27 December 2018 has imposed a time limitation to restrict the carry forward of the unutilised tax losses. The unutilised tax losses accumulated up to the year of assessment 2018 are allowed to be carried forward for 7 consecutive years of assessment (i.e. from years of assessment 2019 to 2025) and any balance of the unutilised losses thereafter shall be disregarded.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 14. DEFERRED TAX (CONTINUED)

However, for any unutilised tax losses that originated from the year of assessment 2019 onwards, these are allowed to be carried forward for a maximum period of 7 consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilised tax losses thereafter shall be disregarded. Pursuant to the relevant tax regulations, the unrecognised tax credits at the end of the reporting period will expire as follows:

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| With no expiry | 4,963 | 3,930 |
| More than 12 months | 13,259 | 10,842 |

## 15. PROVISIONS

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| At beginning of year | 16,267 | 14,439 |
| Provision for the year | 1,701 | 2,363 |
| Utilisation of provision | (960) | (540) |
| Exchange differences | 3 | 5 |
| At end of year | 17,011 | 16,267 |
| **At 30 June** | | |
| Current | 4,324 | 3,648 |
| Non-current | 12,687 | 12,619 |
| | 17,011 | 16,267 |

Provision for restoration costs is made based on the estimated cost of restoring the rented premises, arising from the use of such premises and in accordance to the stipulations in the tenancy agreements. The estimated costs of such restoration are included in the cost of property, plant and equipment.

The estimated restoration costs are reviewed and updated annually based on the latest cost of restoring a premise.

Provision for restoration costs is classified as non-current liabilities unless the tenancy agreement, for which the restoration is required, expires within 12 months after the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 16. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Trade payables** | 36,829 | 45,106 | - | - |
| **Other payables** | | | | |
| Sundry payables | 13,809 | 43,509 | - | - |
| Accruals | 39,237 | 32,654 | 1,208 | 1,578 |
| Refundable deposit | 1,568 | 1,332 | - | - |
| Amount owing to | | | | |
| - related companies | 245 | 146 | 8 | 3 |
| - subsidiary company | - | - | 23,612 | 36,243 |
| | 54,859 | 77,641 | 24,828 | 37,824 |
| **Other current liability** | | | | |
| Indirect tax payable | 5,421 | 5,647 | - | - |
| | 97,109 | 128,394 | 24,828 | 37,824 |

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 - 120 days (2020: 30 - 120 days) term.

(b) Sundry payables

These amounts are non-interest bearing. Sundry payables are normally settled on 30 - 180 days (2020: 30 - 180 days) term.

(c) Accruals

Included in accruals of the Group are accrued royalty expenses, accrual for utilities and retention sums in relation to renovation works for outlets and restaurants.

(d) The amounts owing to related companies are unsecured, non-interest bearing and repayable on demand.

The amounts owing to subsidiary companies are unsecured and repayable on demand, except for an amount of RM23,612,000 (2020: RM25,830,000) which is interest bearing at 6%.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 17. SHORT TERM BORROWINGS

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Secured** | | | | |
| Long term loan - portion repayable within 12 months (Note 13) | 14,956 | 12,260 | 14,956 | 12,260 |
| Short term loan | 15,000 | 15,000 | - | - |
| Bank overdrafts | - | 828 | - | - |
| Revolving credits | 135,000 | 160,000 | - | - |
| Bankers acceptance | 3,160 | 1,209 | - | - |
| Hire purchase payable - portion repayable within 12 months (Note 13) | 1,795 | 791 | - | - |
| | 169,911 | 190,088 | 14,956 | 12,260 |

The short term loan, revolving credits, bank overdraft and bankers acceptance of the Group are secured by corporate guarantees provided by the Company. A short term loan is further secured by monies held by debt service reserve accounts as disclosed in Note 9.

The range of interest rates per annum at the reporting date for borrowings was as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 % | 2020 % | 2021 % | 2020 % |
| **Secured** | | | | |
| Short term loan | 5.75 - 6.30 | 6.30 | - | - |
| Bank overdrafts | - | 7.63 | - | - |
| Revolving credits | 3.40 - 3.98 | 3.74 - 4.92 | - | - |
| Bankers acceptance | 1.00 - 3.90 | 1.00 - 4.38 | - | - |

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 18. CONTRACT LIABILITIES

Contract liabilities represents the cash balances in the stored value cards and the deferral in the recognition of revenue relating to the customer loyalty programmes based on the estimated fair value of the free food, beverage or merchandise that is expected to be redeemed. It also represents the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period. The contract liabilities/deferred income will only be recognised when the cash balances are used for purchases or when redemption occurs or upon expiry of the redemption period, and hence the Group applies the practical expedient not to disclose the information pertaining to the timing of revenue recognition from the remaining performance obligations.

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | RM'000 | RM'000 |
| At beginning of year | 78,760 | 69,382 |
| Deferred during the year | 330,896 | 318,809 |
| Recognised during the year | (350,361) | (309,431) |
| At end of year | 59,295 | 78,760 |

## 19. REVENUE

Revenue consists of the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue from contract with customers: | | | | |
| Sale of food, beverages and merchandises | 717,337 | 632,919 | - | - |
| Design fees | - | 20 | - | - |
| Other revenue: | | | | |
| Dividend income from subsidiary company | - | - | 54,740 | 25,990 |
| | 717,337 | 632,939 | 54,740 | 25,990 |
| Timing of revenue recognition | | | | |
| - at a point in time | 717,337 | 632,939 | | |

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 20. FINANCE COST

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Interest expenses on | | | | |
| - Bank borrowings | 11,511 | 15,607 | 4,982 | 6,919 |
| - Charge out of deferred transaction costs | 240 | 233 | 240 | 233 |
| - Amounts due to subsidiary company | - | - | 1,452 | 1,609 |
| - Hire purchase | 456 | 199 | - | - |
| - Lease liabilities (Note 4(b)) | 17,147 | 18,000 | - | - |
| - Loan related expenses | 565 | 395 | - | - |
| | 29,919 | 34,434 | 6,674 | 8,761 |

## 21. PROFIT/(LOSS) BEFORE TAX

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Profit/(Loss) before tax is arrived at after charging:** | | | | |
| Auditors' remuneration | | | | |
| - statutory audit fee | | | | |
| - Ernst & Young PLT | 334 | 282 | 125 | 110 |
| - Others | 45 | 43 | - | - |
| - underprovision in prior years | 53 | 15 | - | 16 |
| - fees for non-audit services | 76 | 64 | 17 | 13 |
| Depreciation of: | | | | |
| - property, plant and equipment | 44,769 | 42,521 | 2 | 2 |
| - right-of-use assets | 78,052 | 72,504 | - | - |
| Amortisation of intangible assets | 2,766 | 3,069 | - | - |
| Royalty expense payable to | | | | |
| - related company | 165 | 205 | - | - |
| - third party | 38,762 | 26,426 | - | - |
| Staff costs (Note a) | 146,261 | 149,789 | 294 | 215 |
| Expenses relating to leases: | | | | |
| - short-term leases | 6,882 | 11,501 | - | - |
| - leases of low-value assets | 62 | 529 | - | - |
| - relating to variable leases payments not included in the measurement of lease liabilities | 2,970 | 9,069 | - | - |
| Loss on foreign exchange | 257 | 326 | - | - |
| Other expenses (Note c) | 8,173 | 10,055 | 2,326 | 31,666 |

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 21. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **and crediting:** | | | | |
| Gain on foreign exchange | 537 | 1,155 | - | - |
| Other income (Note d) | 14,186 | 12,036 | 471 | 659 |

(a) Staff costs consist of the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Wages, salaries and allowances | 106,246 | 109,519 | 257 | 160 |
| Social security costs and employees insurance | 1,817 | 1,995 | 3 | 2 |
| Bonuses | 6,112 | 3,511 | - | 27 |
| Pension costs | | | | |
| - defined contribution plans | 13,603 | 14,340 | 32 | 23 |
| Share-based payments (Note b) | 236 | 552 | - | - |
| Other staff related expenses | 18,247 | 19,872 | 2 | 3 |
| | 146,261 | 149,789 | 294 | 215 |

Staff costs exclude remuneration of executive directors.

(b) Share-based payments under ESS consist of the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Share-based payments for: | | | | |
| - employees of the Group | 236 | 552 | - | - |
| - directors of the Company | 181 | 373 | 181 | 373 |
| | 417 | 925 | 181 | 373 |

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 21. PROFIT/(LOSS) BEFORE TAX (CONTINUED)

(c) Other expenses

Included in other expenses are the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Impairment in value of: | | | | |
| - investment in subsidiaries | - | - | 2,326 | 31,666 |
| - goodwill | - | 2,346 | - | - |
| - property, plant and equipment | 4,114 | 1,177 | - | - |
| - right-of-use-assets | 604 | 154 | - | - |
| Loss on deemed disposal of a subsidiary company | 100 | - | - | - |
| Foreign currency reserve transferred to profit or loss due to disposal of a subsidiary company | 63 | - | - | - |
| Intangible assets written off | 352 | - | - | - |
| Property, plant and equipment written off | 2,939 | 6,378 | - | - |

(d) Other income

Included in other income are the following:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Interest income | | | | |
| - subsidiary company | - | - | 350 | 466 |
| - financial institutions | 222 | 317 | 121 | 193 |
| Royalty fee income from a related company | 57 | 73 | - | - |
| Gain on sale of property, plant and equipment | 8 | 42 | - | - |
| Government grant subsidy | 4,251 | 2,145 | - | - |
| Gain on lease modification | 1,411 | - | - | - |
| Service charge income | 3,062 | 4,251 | - | - |

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 22. DIRECTORS' REMUNERATION

The aggregate remuneration paid and payable by the Group and by the Company to the directors of the Company are as follows:

| | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|
| **Directors of the Company** | | | | |
| Executive | | | | |
| - Salaries and other emoluments | 1,541 | 1,438 | 162 | 148 |
| - Bonus | 210 | 300 | 24 | 33 |
| - Benefit-in-kind | 26 | 11 | - | - |
| | 1,777 | 1,749 | 186 | 181 |
| Non-executive | | | | |
| - Fees | 199 | 180 | 180 | 180 |
| - Bonus | 25 | - | 25 | - |
| - Other emoluments | 375 | 373 | 375 | 373 |
| | 599 | 553 | 580 | 553 |
| Total directors' remuneration | 2,376 | 2,302 | 766 | 734 |

## 23. INCOME TAX EXPENSE

| | Group 2021 RM'000 | Group 2020 RM'000 | Company 2021 RM'000 | Company 2020 RM'000 |
|---|---|---|---|---|
| Current income tax | | | | |
| - Malaysian tax | 26,517 | 11,356 | 78 | 118 |
| - Foreign tax | 299 | 125 | - | - |
| | 26,816 | 11,481 | 78 | 118 |
| (Over)/under provision in prior year | | | | |
| - Malaysian tax | (626) | 492 | - | - |
| - Foreign tax | - | (15) | - | - |
| | (626) | 477 | - | - |
| | 26,190 | 11,958 | 78 | 118 |
| Deferred tax | | | | |
| - Relating to origination and reversal of temporary differences | 2,002 | (140) | - | - |
| - Under/(over) provision in prior year | 808 | (211) | - | - |
| | 2,810 | (351) | - | - |
| Income tax expense | 29,000 | 11,607 | 78 | 118 |

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 23. INCOME TAX EXPENSE (CONTINUED)

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective tax rate of the Group and of the Company are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Profit/(Loss) before tax | 74,726 | (8,479) | 44,173 | (15,945) |
| Applicable tax rate (%) | 24 | 24 | 24 | 24 |
| Taxation at applicable tax rate | 17,934 | (2,035) | 10,602 | (3,827) |
| Income not subject to tax | (430) | (232) | (13,138) | (6,238) |
| Expenses not deductible under tax legislation | 10,563 | 10,927 | 2,614 | 10,183 |
| Effect of different tax rate in other countries | (84) | 198 | - | - |
| Effect of withholding tax | 7 | 21 | - | - |
| Deferred tax assets not recognised during the financial year | 828 | 2,462 | - | - |
| (Over)/under provision of income tax in prior years | (626) | 477 | - | - |
| Under/(over) provision of deferred tax in prior years | 808 | (211) | - | - |
| Income tax expense | 29,000 | 11,607 | 78 | 118 |

## 24. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing profit/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares with voting rights in issue during the financial year.

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Profit/(Loss) attributable to equity holders | 47,112 | (19,582) |
| Weighted average number of ordinary shares with voting rights in issue ('000) | 354,393 | 356,125 |
| Basic earnings/(loss) per share (sen) | 13.29 | (5.50) |

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 24. EARNINGS/(LOSS) PER SHARE (CONTINUED)

(b) Diluted

For the purpose of calculating diluted earnings/(loss) per share, the profit/(loss) for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares with voting rights in issue during the financial year, have been adjusted for the dilutive effects of the dilutive instruments of the Group.

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Profit/(Loss) attributable to equity holders | 47,112 | (19,582) |
| Weighted average number of ordinary shares with voting rights in issue ('000) | 354,393 | 356,125 |
| Assumed shares issued from the | | |
| - exercise of ESS options - 1st offer ('000) | 1,633 | - |
| - exercise of ESS options - 2nd offer ('000) | 11 | - |
| - exercise of ESS options - 3rd offer ('000) | 28 | - |
| - vesting of ESS share - 1st offer ('000) | 559 | 1,044 |
| - vesting of ESS share - 2nd offer ('000) | 46 | 83 |
| - vesting of ESS share - 3rd offer ('000) | 20 | 36 |
| Adjusted weighted average number of ordinary shares with voting rights in issue ('000) | 356,690 | 357,288 |
| Diluted earnings/(loss) per share (sen) | 13.21 | + |

Note:

\+ Not disclosed as the computation of diluted loss per share results in an anti-dilutive effect.

## 25. DIVIDENDS

| | Company | | | |
|---|---|---|---|---|
| | 2021 Dividend per share Sen | 2021 Dividend RM'000 | 2020 Dividend per share Sen | 2020 Dividend RM'000 |
| **Recognised during the year:** | | | | |
| in respect of current financial year | | | | |
| - 1st interim dividend of 0.50 sen single-tier dividend (30.6.2020: 1st interim dividend of 1.0 sen single-tier dividend) | 0.50 | 1,772 | 1.00 | 3,559 |
| - 2nd interim dividend of 0.50 sen single-tier dividend (30.6.2020: 2nd interim dividend of 1.0 sen single-tier dividend) | 0.50 | 1,773 | 1.00 | 3,537 |
| - 3rd interim dividend of 1.0 sen single-tier dividend (30.6.2020: Nil) | 1.00 | 3,557 | - | - |
| | 2.00 | 7,102 | 2.00 | 7,096 |

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 26. SEGMENTAL INFORMATION

The Group operates predominantly in one business segment in Malaysia and outside Malaysia. The primary format, geographical segments, is based on the Group's management and internal reporting structure.

Unallocated assets include items relating to investing and financing activities and items that cannot be reasonably allocated to individual segments.

| Results | 2021 RM'000 | 2020 RM'000 |
|---|---|---|
| Malaysia | 105,228 | 31,431 |
| Other South-East Asian countries | 1,049 | (1,280) |
| | 106,277 | 30,151 |
| Unallocated corporate expenses | (2,017) | (2,167) |
| | 104,260 | 27,984 |
| Investment related income | | |
| - interest income | 222 | 317 |
| | 104,482 | 28,301 |
| Investment related expenses | | |
| - Impairment loss on goodwill | - | (2,346) |
| - Foreign currency reserve transferred to profit or loss due to disposal of a subsidiary company | 63 | - |
| - Loss on disposal of subsidiary company | 100 | - |
| | 104,645 | 25,955 |
| Finance costs | (29,919) | (34,434) |
| Profit/(Loss) before tax | 74,726 | (8,479) |
| Income tax expenses | (29,000) | (11,607) |
| Profit/(Loss) for the year | 45,726 | (20,086) |

| | Revenue RM'000 | Capital expenditure RM'000 | Assets RM'000 | Liabilities RM'000 |
|---|---|---|---|---|
| **2021** | | | | |
| Malaysia | 690,296 | 85,395 | 678,650 | 481,526 |
| Other South-East Asian countries | 27,041 | 4,359 | 37,671 | 35,179 |
| | 717,337 | 89,754 | 716,321 | 516,705 |
| Unallocated items | - | - | 461,331 | 286,223 |
| **Total** | 717,337 | 89,754 | 1,177,652 | 802,928 |
| **2020** | | | | |
| Malaysia | 605,000 | 107,624 | 725,591 | 548,683 |
| Other South-East Asian countries | 27,939 | 891 | 39,272 | 35,986 |
| | 632,939 | 108,515 | 764,863 | 584,669 |
| Unallocated items | - | - | 464,249 | 311,135 |
| **Total** | 632,939 | 108,515 | 1,229,112 | 895,804 |

# NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2021

## 27. EMPLOYEES' SHARE SCHEME

The Company implemented an ESS which came into effect on 18 November 2016 for a period of 5 years to 17 November 2021. The ESS is governed by the By-Laws which were approved by the shareholders on 5 October 2016.

The main features of the Scheme for ESS are as follows:

(a) The aggregate maximum number of ESS Shares and ESS Options that may be granted to any eligible director or employee of the Group shall be determined by the ESS Committee provided that:

(i) the directors (including non-executive directors) and eligible employees do not participate in the deliberation and discussion of their own allocation and the allocation to any person connected with them;

(ii) no allocation of more than seventy percent (70%) of the total of ESS Shares and ESS Options shall be made in aggregate to the directors and/or senior management of the Group; and

(iii) no allocation of more than ten percent (10%) of the ESS Shares and ESS Options shall be made to any eligible directors or employee of the Group who, either singly or collectively through persons connected with them, hold more than twenty percent (20%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any).

(b) An eligible employee shall pay a sum of RM1.00 as consideration for acceptance of that offer. The ESS options shall be exercisable at a price which is the five-day weighted average market price of the shares in the Company on the date of offer, with a discount not exceeding ten per cent.

(c) The ESS Committee may in its absolute discretion and subject to compliance with the provisions of the Act and the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, decide that the ESS Shares to be satisfied by issuance of new ordinary shares of the Company, acquisition of existing issued ordinary shares of the Company from the market, payment of cash or a combination of the above.

(d) The Company establish a Trust to be administered by a trustee consisting of such trustee appointed by the Company ("Trustee") from time to time for the purposes of subscribing for new ordinary shares of the Company and/or acquiring existing issued ordinary shares of the Company and transferring to the participants at such time as the ESS Committee shall direct.

(e) The new ordinary shares issued upon the ESS will be subject to all the provisions of the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and shall rank pari passu in all respects with the existing issued ordinary shares of the Company, save and except that the new shares shall not be entitled for any dividends, rights, allotments and/or other distribution in respect of which the entitlement date is prior to the allotment of the new shares to the Trustee.

(f) The existing issued ordinary shares procured pursuant to the ESS shall rank pari passu in all respect with the existing issued ordinary shares of the Company, save and except that the Trustee shall not be entitled for any dividends, rights, allotments and/or other distribution in respect of which the entitlement date is prior to the date on which the existing issued ordinary shares of the Company are credited into the CDS Account of the Trustee.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 27. EMPLOYEES' SHARE SCHEME (CONTINUED)

(i) ESS Options

The grant date and exercise price of the ESS Options are as follows:

| | Grant date | Exercise price |
|---|---|---|
| First offer | 6.2.2017 | RM1.44 |
| Second offer | 14.10.2019 | RM1.27 |
| Third offer | 3.1.2020 | RM1.25 |

The following table illustrates the number ("units") and weighted average exercise price ("WAEP") of, and movements in, ESS Options during the financial year:

| | Company | | | | |
|---|---|---|---|---|---|
| | 1st Offer Units '000 | 2nd Offer Units '000 | 3rd Offer Units '000 | Total Units '000 | WAEP (RM) |
| Outstanding at beginning of year | 8,037 | 333 | 80 | 8,450 | 1.43 |
| - Forfeited | (156) | - | - | (156) | 1.44 |
| - Exercised | (1,243) | (301) | - | (1,544) | 1.41 |
| Outstanding at end of year | 6,638 | 32 | 80 | 6,750 | 1.44 |
| Exercisable at end of year | 6,638 | 32 | 80 | 6,750 | |

- The weighted average share price at the date of exercise of the ESS Options exercised during the financial year was RM1.92 per share.
- The remaining contractual life for the ESS Options is 0.38 year.

The fair value of the ESS Options granted is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing model and the respective fair value:

| | 1st Offer | 2nd Offer | 3rd Offer |
|---|---|---|---|
| Dividend yield (%) | 4.03 | 2.78 | 3.01 |
| Expected volatility (%) | 32.53 | 31.33 | 31.33 |
| Risk-free interest rate (% p.a) | 3.70 | 2.96 | 2.96 |
| Expected life of options (Years) | 4.85 | 2.05 | 1.92 |
| Underlying share price (RM) | 1.55 | 1.44 | 1.33 |
| Fair value | 0.41 | 0.32 | 0.25 |

The expected life of the options is based on the contractual life of the options. The expected volatility reflects the assumption that the historical volatility, over a period similar to the life of the options, is indicative of future trends, which may not necessarily be the actual outcome.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 27. EMPLOYEES' SHARE SCHEME (CONTINUED)

(ii) ESS Shares

The following table illustrates the number and movements in ESS Shares during the financial year:

| | Company | | | |
|---|---|---|---|---|
| | 1st Offer Units '000 | 2nd Offer Units '000 | 3rd Offer Units '000 | Total Units '000 |
| Balance at beginning of year | 1,044 | 83 | 36 | 1,163 |
| - Vested | (459) | (37) | (16) | (512) |
| - Forfeited | (26) | - | - | (26) |
| Balance at end of year | 559 | 46 | 20 | 625 |

The fair value of ESS Shares is determined using binominal model option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing model and the respective fair value:

| | 1st Offer | 2nd Offer | 3rd Offer |
|---|---|---|---|
| Grant date | 6.2.2017 | 14.10.2019 | 3.1.2020 |
| Dividend yield (%) | 4.03 | 2.78 | 3.01 |
| Expected volatility (%) | 32.53 | 31.33 | 31.33 |
| Risk-free interest rate (% p.a) | 3.70 | 2.96 | 2.96 |
| Expected life of options (Years) | 4.85 | 2.05 | 1.92 |
| Underlying share price (RM) | 1.55 | 1.44 | 1.33 |
| Fair value | 1.55 | 1.44 | 1.33 |

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 28. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions detailed in Note 21, the Group and the Company had the following transactions with related parties during the financial year:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Management fees payable to BCorp | | 300 | 300 | 300 | 300 |
| Purchase of cleaning material from Kimia Suchi Marketing Sdn Bhd | a | 154 | 123 | - | - |
| Promotion and advertising expenses charged by Sun Media Corporation Sdn Bhd | b | 161 | 166 | 68 | 34 |
| Loyalty reward charges and reload card payable to BLoyalty Sdn Bhd | a | 130 | 319 | - | - |
| Rental of premises payable to Berjaya Times Square Sdn Bhd* | b | 1,385 | 1,485 | - | - |
| Security guard services payable to Berjaya Guard Services Sdn Bhd | a | 421 | 458 | - | - |
| Sales of products to 7- Eleven Malaysia Sdn Bhd | c | 4,172 | 3,330 | - | - |
| Procurement of advertising services charged by 7- Eleven Malaysia Sdn Bhd | c | 781 | 1,098 | - | - |
| Provision of leasing and hire purchase facilities by Prime Credit Leasing Berhad | a | 4,123 | - | - | - |

Notes:
(a) Subsidiary company of BCorp group.
(b) Associate company of BCorp group.
(c) 7-Eleven Malaysia Sdn Bhd is a wholly-owned subsidiary of 7-Eleven Malaysia Holdings Berhad. Tan Sri Dato' Seri Vincent Tan Chee Yioun, a major shareholder of BCorp, is a deemed major shareholder of 7-Eleven Malaysia Sdn Bhd by virtue of his direct and indirect interests in 7-Eleven Malaysia Holdings Berhad.

* The expense relating to this lease that is recognised in the current year's profit or loss is different from the rental payable as this lease is accounted for under MFRS 16.

The purchase of products such as cleaning material and rendering of services by related companies to the Group and the Company and other related parties are entered into based on mutually agreed terms between the related parties.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 29. KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of the key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group and the Company directly or indirectly is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Short-term benefits | 2,026 | 2,041 | 706 | 674 |
| Post-employment benefits | 350 | 261 | 60 | 60 |
| Share-based payments | 180 | 373 | 181 | 373 |
| | 2,556 | 2,675 | 947 | 1,107 |

## 30. COMMITMENTS

| | Group | |
|---|---|---|
| | 2021 RM'000 | 2020 RM'000 |
| Capital expenditure | | |
| Property, plant and equipment | | |
| - approved and contracted for | 12,824 | 9,583 |
| - approved but not contracted for | 75,624 | 31,794 |
| | 88,448 | 41,377 |
| Licence fees | 4,151 | 1,499 |
| | 92,599 | 42,876 |

## 31. FINANCIAL GUARANTEES

The Company provided corporate guarantees to certain financial institutions for credit facilities granted to its subsidiary companies. The Company has assessed and regarded that the credit enhancements provided by these guarantees are minimal. As such, the Company did not ascribe any values to these corporate guarantees.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 32. FINANCIAL INSTRUMENTS

32.1 Classification of financial instruments

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| **Financial assets** | | | | |
| Amortised costs | | | | |
| Trade and other receivables | 42,029 | 43,041 | 6,887 | 13,291 |
| Deposits with financial institutions | 9,063 | 8,348 | 8,809 | 7,476 |
| Cash and bank balances | 18,684 | 18,864 | 845 | 86 |
| Total financial assets | 69,776 | 70,253 | 16,541 | 20,853 |
| **Financial liabilities** | | | | |
| Amortised costs | | | | |
| Trade and other payables | 91,688 | 122,747 | 24,828 | 37,824 |
| Lease liabilities | 343,003 | 361,133 | - | - |
| Long term borrowings | 116,312 | 121,047 | 111,541 | 118,997 |
| Short term borrowings | 169,911 | 190,088 | 14,956 | 12,260 |
| Total financial liabilities | 720,914 | 795,015 | 151,325 | 169,081 |

32.2 Determination of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

| Current | Note |
|---|---|
| Trade and other receivables | 8 |
| Long term borrowings | 13 |
| Trade and other payables | 16 |
| Short term borrowings | 17 |

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair value of the lease liability is estimated by discounting expected future cash flows at IBR for similar type of leasing arrangement at reporting date.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its market risk (including interest rate risk and foreign exchange risk), liquidity risk and credit risk. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

33.1 Market risk

(1) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group manages the interest rate risks of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank. The Group also ensures that the rates contracted for its interest bearing receivables are reflective of the prevailing market rates.

The Group manages its interest rate risk exposure by actively reviewing its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes. The Group does not utilise interest swap contracts or other derivatives instruments for trading or speculation purposes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

At the reporting date, the interest rate profile of the interest-bearing financial instruments were:

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 RM'000 | 2020 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Fixed rate instruments | | | | |
| Financial assets | 9,063 | 8,348 | 15,471 | 20,720 |
| Financial liabilities | 6,566 | 2,841 | 23,612 | 25,830 |
| Floating rate instruments | | | | |
| Financial liabilities | 279,657 | 308,294 | 126,497 | 131,257 |

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not measure any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect the statement of profit or loss and other comprehensive income.

Sensitivity analysis for interest rate risk

A change of 25 basis points in interest rates at the reporting date would result in change in profit or loss before tax of the Group and of the Company to be higher/lower by RM699,000 (2020: RM717,000) and by RM316,000 (2020: RM328,000), respectively. This analysis assumes that all the other variables remain constant.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

33.1 Market risk (continued)

(2) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is mainly exposed to United States Dollar ("USD"). The net significant unhedged financial liabilities of the Group that are not denominated in their functional currencies are as follows:

| **Functional Currency of the Group companies** | **USD** |
|---|---|
| | **RM'000** |
| **As at 30 June 2021** | |
| Trade and other payables | |
| RM | 12,604 |
| **As at 30 June 2020** | |
| Trade and other payables | |
| RM | 21,995 |

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) net of tax to a reasonably possible change in those foreign currencies and RM exchange rates, against the respective functional currencies of the Group entities, with all other variables remain constant:

| | | **2021** | **2020** |
|---|---|---|---|
| | | **RM'000** | **RM'000** |
| | | Profit for the year | Loss for the year |
| (Decrease)/increase | | | |
| USD/RM | - strengthened 10% | (958) | 1,672 |
| | - weakened 10% | 958 | (1,672) |

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 33.2 Credit risk

The Group's credit risk is primarily attributable to credit card sales. The Group trades only with recognised and creditworthy card centres.

The Group does not have any significant exposure to any individual customer or counter party nor does it have any major concentration of credit risk related to any financial instrument.

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

**Trade receivables**

The Group's sales are mainly on cash basis, as such, it is not exposed to significant credit risks in relation to its sales. Credit risks, or the risk of counterparties defaulting are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness.

The ageing analysis of the trade receivables using simplified approach is as follows:

| | Group | |
|---|---|---|
| | **2021 RM'000** | **2020 RM'000** |
| Current | 5,877 | 4,544 |
| 1 to 30 days | 466 | 172 |
| 31 to 60 days | 879 | 288 |
| 61 to 90 days | 26 | 919 |
| More than 90 days | 857 | 381 |
| | 2,228 | 1,760 |
| | 8,105 | 6,304 |

Impairment for trade receivables are recognised based on the simplified approach. Impairment is recognised against trade receivables over their credit period based on estimated amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. The Group's trade receivables are credit card companies and corporate customers. The Group considers the credit card companies have low credit risk, and there was no default payment record for the corporate customers, hence no impairment was provided on the trade receivables.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 33.2 Credit risk (continued)

**Other receivables**

Other receivables are also subject to the impairment requirement of MFRS. The identified impairment loss was immaterial and hence, it is not provided for in the current financial year. There was an impairment loss provided on the sundry receivables in the previous year end as disclosed in Note 8 as there was default of payments.

**Amount owing by subsidiary companies**

The Company applied the 3-stage general approach to measuring expected credit losses for amount owing by subsidiary companies. Generally, the Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when the subsidiary is having a deficit in its total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

### 33.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funds so as to ensure that all refinancing, repayment and funding needs are met. As part of the Group's liquidity management, it maintains sufficient levels of cash and seeks co-operation and support from its suppliers and vendors to meet its working capital requirements.

As at 30 June 2021, the net current liabilities of the Group and of the Company were RM296,521,000 (2020: RM362,116,000) and RM4,823,000 (2020: RM29,221,000) respectively. Despite the net current liabilities position of the Group and the Company, the directors believe the Group and the Company are able to generate sufficient cash flows from operations as well as to refinance its short term borrowings to meet their obligations in the next 12 months. On this basis, the directors have prepared the financial statements of the Group and the Company on a going concern basis.

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### 33.3 Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

| Group | On demand or within one year RM'000 | One to five years RM'000 | More than five years RM'000 | Total RM'000 |
|---|---|---|---|---|
| **2021** | | | | |
| **Financial liabilities** | | | | |
| Trade and other payables | 91,688 | - | - | 91,688 |
| Lease liabilities | 79,216 | 198,078 | 134,217 | 411,511 |
| Borrowings | 183,726 | 129,208 | - | 312,934 |
| | 354,630 | 327,286 | 134,217 | 816,133 |
| **2020** | | | | |
| **Financial liabilities** | | | | |
| Trade and other payables | 122,747 | - | - | 122,747 |
| Lease liabilities | 79,200 | 215,222 | 143,409 | 437,831 |
| Borrowings | 195,679 | 136,295 | - | 331,974 |
| | 397,626 | 351,517 | 143,409 | 892,552 |

| Company | On demand or within one year RM'000 | One to five years RM'000 | Total RM'000 |
|---|---|---|---|
| **2021** | | | |
| **Financial liabilities** | | | |
| Trade and other payables | 24,828 | - | 24,828 |
| Borrowings | 21,733 | 123,769 | 145,502 |
| | 46,561 | 123,769 | 170,330 |
| **2020** | | | |
| **Financial liabilities** | | | |
| Trade and other payables | 37,824 | - | 37,824 |
| Borrowings | 18,445 | 133,949 | 152,394 |
| | 56,269 | 133,949 | 190,218 |

# NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2021

## 34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain an optimal capital structure in order to support its business and maximise shareholder's value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. Total equity represents net equity attributable to the owners of the parent plus non-controlling interests.

| | Group | |
|---|---|---|
| | 2021<br>RM'000 | 2020<br>RM'000 |
| Long term borrowings | 116,312 | 121,047 |
| Short term borrowings | 169,911 | 190,088 |
| Total debt | 286,223 | 311,135 |
| Total equity | 374,540 | 333,308 |
| Gearing ratio | 76.42% | 93.35% |

The gearing ratio is not governed by MFRS and its definition and calculation may vary from one Group/Company to another.

## 35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

1) On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

   The Group's principal activities involve the operation of restaurant and café chains which are amongst the listed essential services allowed to operate during the various phases of MCO. The Group managed to record higher sales and a pre-tax profit in the current financial year, notwithstanding certain preventive measures imposed by the various phases of MCO restricted the Group from operating at its full capacity, such as reduced seating arrangement due to social distancing measures and dine-in was not allowed during certain phases of the MCO.

   During the COVID-19 pandemic, the Group has a series of preventive measures in place to ensure the safety of employees and customers, and also implemented cost control measures to lower the operating costs. The Group is actively monitoring and managing its funds and operations to minimise the impact arising from the COVID-19 pandemic.

## 35. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

2) On 19 August 2020, BFI, a wholly owned subsidiary company of the Company completed the subscription for 50,100 new ordinary shares representing 50% of the enlarged issued share capital of SER for a total cash subscription price of RM250,000 or approximately RM4.99 per SER share. Consequently, SER became a 50%-owned subsidiary company of BFI. SER operates Latin-inspired, Tex-Mex, plant-based vegan restaurants under the name “Sala”.

3) On 21 September 2020, BRC, 70% owned subsidiary of the Group, was struck off from the register by the Registrar of Companies, Phnom Penh, Cambodia and dissolved accordingly and resulting in a loss on deemed disposal of RM100,000.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA FOOD BERHAD
(INCORPORATED IN MALAYSIA)

## Report on the audit of financial statements

*Opinion*

We have audited the financial statements of Berjaya Food Berhad, which the comprise the statements of financial position as at 30 June 2021 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 68 to 142.

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

*Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. The key audit matters for the audit of the financial statements of the Group and of the Company are described below. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For each matter below, our description of how our audit addressed the matter is provided in that content.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA FOOD BERHAD
(INCORPORATED IN MALAYSIA)

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis of our audit opinion on the accompanying financial statements.

**Key audit matters in respect of audit of the financial statements of the Group**

1. **Impairment of Goodwill relating to the Malaysia segment**
   (refer to Note 2.2.5 and Note 6 to the financial statements)

   Goodwill relating to the Malaysia segment amounting to RM422,855,000 formed 39% and 36% of non-current assets and total assets of the Group as at 30 June 2021, respectively.

   Goodwill is subject to an annual impairment test. The Group estimates the recoverable amount of the cash generating unit ("CGU") based on value-in-use ("VIU"). Estimating the VIU of the CGU involves assumptions made by the management relating to the future cash inflows and outflows that will be derived from the CGU, and discounting them at an appropriate rate. The cash flow forecasts, which have been approved by the Board of Directors, contain a number of significant judgements and estimates including estimates on revenue growth rate, discount rate and terminal growth rate.

   We consider this to be an area of focus for our audit as the amount involved is significant and the impairment assessment is complex and involves significant judgements about future market and economic conditions.

   Our procedures to address this area of focus include, amongst others, the following:

   - Obtaining an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGU;
   - Evaluating the appropriateness of the methodology and approach applied, and considered whether it is commonly used in the industry;
   - Evaluating the basis of preparing the cash flow forecasts by taking into consideration the assessment of management's historical budgeting accuracy;
   - Challenging whether key assumptions relating to revenue growth rate and terminal growth rate are reasonable by making comparisons to historical trends, taking into consideration the current and expected outlook of economic growth in Malaysia;
   - Involving our internal valuation specialists to evaluate whether the rate used in discounting the future cash flows to its present value was appropriate; and
   - Analysing the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions to the recoverable amount.

   We have also evaluated the adequacy of the disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The disclosures on key assumptions and sensitivities are included in Note 6 to the financial statements.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA FOOD BERHAD
(INCORPORATED IN MALAYSIA)

**Key audit matters in respect of audit of the financial statements of the Group (cont'd.)**

**2. Revenue from contracts with customers relating to the Malaysia segment**
(refer to Note 2.2.19 and Note 26 to the financial statements)

Revenue from contracts with customers relating to the Malaysia segment amounting to RM690,296,000 formed 96% of revenue of the Group for the financial year ended 30 June 2021.

The processing and recording of revenue from sale of food and beverages, merchandise goods, including revenue recognised through the redemption of customer loyalty programme relies heavily on information technology systems. The information technology systems process large volumes of data which consists of individually low value transactions.

We consider this to be an area of focus for our audit as the magnitude and the high volume of transactions may give rise to a higher risk of material misstatement relating to timing and the amount of revenue recognised.

Our procedures to address this area of focus include, amongst others, the following:

- Obtaining an understanding of the relevant internal controls over the revenue recognition process;
- Involving our information technology specialists to test the operating effectiveness of the automated controls of Point of Sales system;
- Testing the data interface between the Point of Sales system and the general ledger, including the updating of approved product price changes in the system;
- Testing the relevant information technology-dependent manual controls in place to ensure the completeness and accuracy of revenue recognised;
- Obtaining reports on the service organisation's controls performed in accordance with International Standard on Assurance Engagements ('ISAE') 3402 'Assurance Reports on Controls at a Service Organisation' to understand the controls that have been designed and implemented by the service organisation.
- Performing a three-way correlation between receivables, revenue and cash and bank balances using data analytics; and
- Performing cut-off procedures to determine if revenue is recorded in the correct accounting period.

We have also evaluated the adequacy of the disclosures in relation to revenue recognised which are included in Note 19 to the financial statements.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA FOOD BERHAD
(INCORPORATED IN MALAYSIA)

**Key audit matters in respect of audit of the financial statements of the Company**

**Impairment of investment in subsidiary companies**
(refer to Note 2.2.5 and Note 5 to the financial statements)

As at 30 June 2021, the carrying amount of the investment in subsidiary companies amounted to RM419,484,000, representing 100% and 92% of the Company's total non-current assets and total assets respectively.

At the reporting date, the Company reviews its investments in subsidiary companies for indications of impairment and where such indications exist, the Company performs an impairment assessment to determine the recoverable amounts of such investments. The Company estimates the recoverable amount of the respective CGUs based on the higher of their fair values less cost to sell and their respective VIU. Estimating the VIU of the CGUs involved estimates made by management relating to the future cash inflows and outflows that will be derived from the CGUs, and discounting them at an appropriate rate. The cash flow forecasts, which have been approved by the Board of Directors, contain a number of significant judgements and estimates such as the revenue growth rate, discount rate and terminal growth rate.

We consider this to be an area of focus for our audit as the amounts involved are significant and the impairment assessment is complex and involves significant judgements about future market and economic conditions.

Our procedures to address this area of focus included, amongst others, the following:

- Obtaining an understanding of the relevant internal controls over the process of estimating the recoverable amounts of the CGUs;
- Evaluating the appropriateness of the methodology and approach applied, and considered whether it is commonly used in the industry;
- Evaluating the basis of preparing the cash flow forecasts by taking into consideration the assessment of management's historical budgeting accuracy;
- Challenging whether key assumptions relating to revenue growth rate and terminal growth rate were reasonable by making comparisons to historical trends, taking into consideration the current and expected outlook of the economic growth;
- Involving our internal valuation specialists to evaluate whether the rate used in discounting the future cash flows to its present value was appropriate; and
- Analysing the sensitivity of the key assumptions by assessing the impact of changes to the key assumptions to the recoverable amount.

We have also evaluated the adequacy of the disclosures concerning the impairment assessment which are included in Note 5 of the financial statements.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA FOOD BERHAD
(INCORPORATED IN MALAYSIA)

*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 Group's 2021 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon. The Group's 2021 Annual Report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above when it becomes available 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.

When we read the other information, 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 action.

*Responsibilities of the directors for the financial statements*

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

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

*Auditors' responsibilities for the audit of the financial statements*

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

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA FOOD BERHAD
(INCORPORATED IN MALAYSIA)

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

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

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

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERJAYA FOOD BERHAD
(INCORPORATED IN MALAYSIA)

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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

**Other matters**

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

ERNST & YOUNG PLT
202106000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

CHONG TSE HENG
No. 03179/05/2023 J
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 14 October 2021

# RECURRENT RELATED PARTY TRANSACTIONS

OF A REVENUE OR TRADING NATURE FOR THE YEAR ENDED 30 JUNE 2021

| Berjaya Food Berhad ("BFood") Group with the following Related Parties | Nature of transactions undertaken by BFood and/or its unlisted subsidiaries | Amount transacted from 1.7.2020-30.6.2021 (RM'000) |
|---|---|---|
| **Berjaya Corporation Berhad ("BCorp") and its unlisted subsidiaries:-** | | |
| BCorp | Management fees payable by BFood for services rendered that include, inter-alia, the provision of finance, secretarial, internal audit and general administrative services. | 300 |
| BCorp and its subsidiaries | Income receivable by Berjaya Food Trading Sdn Bhd ("BFT") from sale of bottled beverages and Joybean beverages. | 3 |
| BLoyalty Sdn Bhd | Procurement of reload card and other related services by Berjaya Roasters (M) Sdn Bhd ("BRoasters"). | 30 |
| | Loyalty reward charges payable by BFood Group. | 102 |
| Berjaya Registration Services Sdn Bhd | Receipt of share registration services and other related services by BFood. | 44 |
| Kimia Suchi Marketing Sdn Bhd | Purchase of cleaning chemical products by BRoasters. | 154 |
| Prime Credit Leasing Berhad | Receipt of leasing and hire purchase facilities by BRoasters. | 4,123 |
| Roasters Asia Pacific (M) Sdn Bhd | Royalty fee payable by BRoasters. | 168 |
| | Income receivable by BRoasters pursuant to the rights awarded for granting of franchises to the Independent Franchisees. | 31 |
| Securexpress Services Sdn Bhd | Provision of transportation services to BFood Group. | 31 |
| E.V.A. Management Sdn Bhd | Receipt of human resource management services by BFood Group. | 150 |
| Wangsa Tegap Sdn Bhd | Rental payable by Berjaya Starbucks Coffee Company Sdn Bhd ("BStarbucks") at RM31,830 per month or 15% of monthly net sales generated, whichever is higher, for renting of shoplot at Lot 1-1-1A, Menara Bangkok Bank, Laman Sentral Berjaya, No.1, Jalan Ampang, 50450 Kuala Lumpur. | 382 |
| **Total** | | **5,518** |
| **Berjaya Land Berhad ("BLand") and its unlisted subsidiaries:-** | | |
| Kota Raya Development Sdn Bhd | Rental payable by BStarbucks at RM12,000 per month for renting of kiosk at Kiosk G1 Sidewalk Café Kota Raya Complex, Jalan Tun Tan Cheng Lock, 50450 Kuala Lumpur. Tenure of rental is for a period of one year. | 131 |
| Berjaya Guard Services Sdn Bhd | Receipt of security guard services by BStarbucks. | 421 |

# RECURRENT RELATED PARTY TRANSACTIONS
OF A REVENUE OR TRADING NATURE FOR THE YEAR ENDED 30 JUNE 2021

| Berjaya Food Berhad ("BFood") Group with the following Related Parties | Nature of transactions undertaken by BFood and/or its unlisted subsidiaries | Amount transacted from 1.7.2020-30.6.2021 (RM'000) |
|---|---|---|
| **Berjaya Land Berhad ("BLand") and its unlisted subsidiaries:- (continued)** | | |
| ANSA Hotel KL Sdn Bhd | Rental payable by BStarbucks at RM90.572 per month for renting of shoplot at Lot 03, Ground Floor, ANSA Hotel KL, Bukit Bintang, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter. | 947 |
| Cempaka Properties Sdn Bhd | Rental payable at RM8,050 per month for renting of shoplot by BRoasters at Lot G-83 (Ground Floor) and concourse area at Lot CCS-B-Bay 5A, Berjaya Megamall, Kuantan. Tenure of the rental agreement is for a period of 3 years. | 97 |
| | Rental payable by BStarbucks at RM12,397 per month or based on 10% of monthly gross sales generated, whichever is higher, for renting of shoplot and outdoor seating at Lot G-15, Ground Floor, Berjaya Megamall, Jalan Tun Ismail, Kuantan. Tenure of the rental agreement is for a period of 3 years and renewable thereafter. | 245 |
| | Rental payable by BStarbucks at RM283 per month for renting of storage space at Lot S2.B, 2nd Floor, Berjaya Megamall, Jalan Tun Ismail, Kuantan. Tenure of the rental agreement is for a period of 3 years and renewable thereafter. | 3 |
| Nural Enterprise Sdn Bhd | Rental payable by BStarbucks at RM3,500 per month for renting of kiosk at Kiosk 1, Ground Floor, Plaza Berjaya, No.12, Jalan Imbi, 55100 Kuala Lumpur. Tenure of rental is for a period of two years and renewable thereafter. | 42 |
| | Rental payable by BStarbucks at RM6,200 per month for renting of office at Lot 1.07-1.08, Podium Block, Plaza Berjaya, No.12, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of three years and renewable thereafter. | 74 |
| | Rental payable by BStarbucks at RM2,800 per month for renting of store at Lot 3.01 & 3.04, Podium Block, Plaza Berjaya, No.12, Jalan Imbi, 55100 Kuala Lumpur. Tenure of rental is for a period of two years and renewable thereafter. | 34 |
| Berjaya Hartanah Berhad (formerly known as Berjaya Golf Resort Berhad) | Rental payable by BStarbucks at RM1,116 per month for renting of shoplot at Lot 42, Upper Ground Floor, Jalil Link 2, No.5, Jalan Jalil Perkasa 1, Bukit Jalil, 57000 Kuala Lumpur. Tenure of rental is for a period of 2 years and renewable thereafter. | 9 |
| **Total** | | **2,003** |

# RECURRENT RELATED PARTY TRANSACTIONS

OF A REVENUE OR TRADING NATURE FOR THE YEAR ENDED 30 JUNE 2021

| Berjaya Food Berhad ("BFood") Group with the following Related Parties | Nature of transactions undertaken by BFood and/or its unlisted subsidiaries | Amount transacted from 1.7.2020-30.6.2021 (RM'000) |
|---|---|---|
| **Berjaya Assets Berhad ("BAssets") and its unlisted subsidiaries:-** | | |
| BTS Car Park Sdn Bhd | Parking charges payable by BFood Group. | 103 |
| Berjaya Times Square Sdn Bhd | Rental payable at RM31,705 per month for renting of shoplot by BRoasters at Lot 03-85, 3rd Floor, Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter. | 380 |
| | Rental payable at RM1,134 per month for renting of walkway area by BRoasters adjacent to Lot 03-85A, 3rd Floor, Berjaya Times Square, No. 1 Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter. | 14 |
| | Rental payable at RM21,248 per month for renting of office by BRoasters at Lots 09-06 to 09-13, 9th Floor, Berjaya Times Square, No.1, Jalan Imbi, Kuala Lumpur.Tenure of the rental agreement is for a period of 3 years and renewable thereafter. | 239 |
| | Rental payable at RM23,400 per month for renting of office by BStarbucks at Lot 10-02, Level 10, West Wing, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter. | 281 |
| | Rental payable at RM619 per month for renting of store room by BStarbucks at Lot 10-02c, Level 10, West Wing, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter. | 7 |
| | Rental payable at RM1,240 per month for renting of store room by BStarbucks at Lot 10-10E, Level 10, West Wing, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter. | 15 |
| | Rental payable at RM12,908 per month for renting of walkway areas by BStarbucks at Lot No. G-09C and G-09D, G-09E and G-09G Ground Floor, Berjaya Times Square, No.1, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter. | 155 |

# RECURRENT RELATED PARTY TRANSACTIONS
OF A REVENUE OR TRADING NATURE FOR THE YEAR ENDED 30 JUNE 2021

| Berjaya Food Berhad ("BFood") Group with the following Related Parties | Nature of transactions undertaken by BFood and/or its unlisted subsidiaries | Amount transacted from 1.7.2020-30.6.2021 (RM'000) |
|---|---|---|
| **Berjaya Assets Berhad ("BAssets") and its unlisted subsidiaries:- (continued)** | | |
| Berjaya Times Square Sdn Bhd | Rental payable at RM16,121 per month or based on 15% of monthly gross sales generated, whichever is higher, for renting of shoplot by BStarbucks at Lot No. 01-01-28, 1st Avenue, 1st Floor, Berjaya Times Square, No.1, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter. | 57 |
| | Rental payable at RM15,008 per month for renting of office by BStarbucks at Lot 10-01E Level 10, West Wing, Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 3 years and renewable thereafter. | 180 |
| | Rental payable by BStarbucks at RM4,716 per month for renting of office at Lot 10-01E (expansion area), Level 10, West Wing, Berjaya Times Square, No.1, Jalan Imbi, 55100 Kuala Lumpur. Tenure of the rental agreement is for a period of 13 months. | 57 |
| Berjaya Waterfront Sdn Bhd | Rental payable at RM8,316 per month or based on 12% of monthly gross sales generated, whichever is higher, for renting of shoplot by BStarbucks at Lot 1.31 to 1.33, Level 1, Berjaya Waterfront Complex, No.88, Jal;an Ibrahim Sultan Stulang Laut, 80300 Johor Bahru. Tenure of the rental agreement is for a period of 3 years and renewable thereafter. | 100 |
| | Rental payable at RM1,461 per month or based on 5% of monthly gross sales generated, whichever is higher, for renting of shoplot by BRoasters at Lots 1.29 & 1.30, Level 1, Berjaya Waterfront Complex, No.88, Jal;an Ibrahim Sultan Stulang Laut, 80300 Johor Bahru. Tenure of the rental agreement is for a period of 3 years and renewable thereafter. | 18 |
| **Total** | | **1,606** |

# RECURRENT RELATED PARTY TRANSACTIONS

OF A REVENUE OR TRADING NATURE FOR THE YEAR ENDED 30 JUNE 2021

| Berjaya Food Berhad ("BFood") Group with the following Related Parties | Nature of transactions undertaken by BFood and/or its unlisted subsidiaries | Amount transacted from 1.7.2020-30.6.2021 (RM'000) |
|---|---|---|
| **Berjaya Media Berhad ("BMedia") and its unlisted subsidiaries:-** | | |
| Sun Media Corporation Sdn Bhd | Procurement of advertising and publishing services by BFood Group. | 161 |
| Qinetics Services Sdn Bhd (a) | Purchase of hardware, software and network equipment, maintenance and management services by BFood Group. | 41 |
| 7-Eleven Malaysia Sdn Bhd (7-Eleven) (b) | Income receivable by BFT for sale of bottled beverage and consumable products. | 4,172 |
| | Procurement of advertising services by BFT. | 781 |
| **Total** | | **5,155** |
| **Grand total** | | **14,282** |

Notes:

a. Qinetics Services Sdn Bhd is a wholly-owned subsidiary of Qinetics Solutions Sdn Bhd which in turn is an 83.97% -owned subsidiary of MOL.com Sdn Bhd. Tan Sri Dato' Seri Vincent Tan Chee Yioun ("TSVT") is a deemed Major Shareholder of Qinetics Services Sdn Bhd by virtue of his 81.17% direct interest in MOL.com Sdn Bhd.

b. 7-Eleven is a wholly-owned subsidiary of 7-Eleven Malaysia Holdings Berhad. TSVT is a deemed Major Shareholder of 7-Eleven by virtue of his direct and indirect interests in 7-Eleven Malaysia Holdings Berhad.

# OTHER INFORMATION

**Material Contracts**

Other than as disclosed in Notes 8, 16, 19, 21, 28 and 30 to the financial statements for the financial year ended 30 June 2021, there were no other material contracts entered into by Berjaya Food Berhad and its subsidiary companies involving Directors and major shareholders.

**Additional Information**

The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 30 June 2021 amounted to RM76,000.

**Additional Disclosures**

The Company had granted Employees' Share Scheme ("ESS") which comprises ESS Options and ESS Shares governed by the By-Laws that was approved by the Company's shareholders at the Extraordinary General Meeting held on 5 October 2016. The ESS is to be in force for a period of five (5) years from 18 November 2016. There is one (1) ESS in existence during the financial year ("FYE") ended 30 June 2021 with information as follows:-

| | Total ESS Options | | Total ESS Shares | | Grand Total | |
|---|---|---|---|---|---|---|
| | During FYE 30-Jun 2021 | Since Commencement on 18 November 2016 | During FYE 30-Jun 2021 | Since Commencement on 18 November 2016 | During FYE 30-Jun 2021 | Since Commencement on 18 November 2016 |
| Total number of options and shares granted | - | 12,557,800 | - | 3,155,450 | - | 15,713,250 |
| Total number of options and shares vested | 2,566,600 | 11,302,080 | 511,880 | 1,929,760 | 3,078,480 | 13,231,840 |
| Total number of options and shares exercised | 1,672,550 | 3,424,310 | - | - | 1,672,550 | 3,424,310 |
| Total options and shares outstanding | 6,622,790 | 6,622,790 | 625,650 | 625,650 | 7,248,440 | 7,248,440 |

| | Total ESS Options | | Total ESS Shares | | Grand Total | |
|---|---|---|---|---|---|---|
| **Granted to Directors** | During FYE 30-Jun 2021 | Since Commencement on 18 November 2016 | During FYE 30-Jun 2021 | Since Commencement on 18 November 2016 | During FYE 30-Jun 2021 | Since Commencement on 18 November 2016 |
| Total number of options and shares granted | - | 2,160,000 | - | 556,000 | - | 2,716,000 |
| Total number of options and shares vested | 420,000 | 2,788,000 | 120,000 | 406,000 | 540,000 | 3,194,000 |
| Total number of options and shares exercised | 40,000 | 292,000 | - | - | 40,000 | 292,000 |
| Total options and shares outstanding | 1,868,000 | 1,868,000 | 150,000 | 150,000 | 2,018,000 | 2,018,000 |

| | Total ESS Options | | Total ESS Shares | | Grand Total | |
|---|---|---|---|---|---|---|
| **Granted to Directors & Senior Management** | During FYE 30-Jun 2021 | Since Commencement on 18 November 2016 | During FYE 30-Jun 2021 | Since Commencement on 18 November 2016 | During FYE 30-Jun 2021 | Since Commencement on 18 November 2016 |
| Aggregate maximum allocation in percentage | - | 48.55 | - | 48.81 | - | 48.60 |
| Actual percentage granted | - | 47.33 | - | 47.59 | - | 47.38 |

# MATERIAL PROPERTIES OF THE GROUP

AS AT 30 JUNE 2021

| Location | Tenure | Size | Estimated age of building | Date of acquisition | Net book value (RM'000) |
|---|---|---|---|---|---|
| No. G-09A, Ground Floor<br>Berjaya Times Square<br>No.1, Jalan Imbi<br>55100 Kuala Lumpur | Freehold | 161 sq m | 18 years | 02/09/2016 | 16,542 |
| No. G-09B, Ground Floor<br>Berjaya Times Square<br>No.1, Jalan Imbi<br>55100 Kuala Lumpur | Freehold | 77 sq m | 18 years | 11/10/2018 | 12,209 |

# STATEMENT OF DIRECTORS' SHAREHOLDINGS

AS AT 1 OCTOBER 2021

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| **The Company** | **Direct Interest** | **%** | **Deemed Interest** | **%** |
| Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin | 16,000 | 0.00 | - | - |
| Sydney Lawrance Quays | 902,700 | 0.25 | 10,000# | 0.00 |
| Tan Thiam Chai | 505,800 | 0.14 | - | - |
| Datuk Zainun Aishah Binti Ahmad | 229,800 | 0.06 | - | - |
| Dato' Mustapha Bin Abd Hamid | 41,000 | 0.01 | - | - |

| | Number of ordinary shares under Employees' Share Scheme ("ESS") | | | |
|---|---|---|---|---|
| | **Direct Interest** | **%** | **Deemed Interest** | **%** |
| **ESS Options** | | | | |
| Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin | 80,000 | 0.02 | - | - |
| Tan Thiam Chai | 320,000 | 0.09 | - | - |
| Datuk Zainun Aishah Binti Ahmad | 320,000 | 0.09 | - | - |
| Dato' Mustapha Bin Abd Hamid | 160,000 | 0.04 | - | - |
| **ESS Shares** | | | | |
| Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin | 20,000 | 0.01 | - | - |
| Sydney Lawrance Quays | 70,000 | 0.02 | - | - |
| Tan Thiam Chai | 20,000 | 0.01 | - | - |
| Datuk Zainun Aishah Binti Ahmad | 20,000 | 0.01 | - | - |
| Dato' Mustapha Bin Abd Hamid | 20,000 | 0.01 | - | - |

| **Subsidiary company:** | Number of ordinary shares | | | |
|---|---|---|---|---|
| **Jollibean Foods Pte Ltd** | **Direct Interest** | **%** | **Deemed Interest** | **%** |
| Sydney Lawrance Quays | 50,000 | 3.42 | - | - |

| **Ultimate holding company:** | Number of ordinary shares | | | |
|---|---|---|---|---|
| **Berjaya Corporation Berhad** | **Direct Interest** | **%** | **Deemed Interest** | **%** |
| Sydney Lawrance Quays | 26 | 0.00 | - | - |
| Tan Thiam Chai | 132,071 | 0.00 | 111,579# | 0.00 |
| Chryseis Tan Sheik Ling | 211,026 | 0.00 | - | - |

# STATEMENT OF DIRECTORS' SHAREHOLDINGS
AS AT 1 OCTOBER 2021

| | Number of 5% Irredeemable Convertible Unsecured Loan Stocks 2012/2022 of RM1.00 nominal value each | | | |
|---|---|---|---|---|
| | **Direct Interest** | **%** | **Deemed Interest** | **%** |
| Tan Thiam Chai | 20,600 | 0.00 | 17,400# | 0.00 |
| Chryseis Tan Sheik Ling | 275,000 | 0.06 | - | - |

| | Number of 2% Irredeemable Convertible Unsecured Loan Stocks 2016/2026 of RM1.00 nominal value each | | | |
|---|---|---|---|---|
| | **Direct Interest** | **%** | **Deemed Interest** | **%** |
| Tan Thiam Chai | 1,000 | 0.00 | - | - |

| | Number of Warrants 2012/2022 | | | |
|---|---|---|---|---|
| | **Direct Interest** | **%** | **Deemed Interest** | **%** |
| Tan Thiam Chai | 20,600 | 0.00 | 17,400# | 0.00 |

| | Number of Warrants 2016/2026 | | | |
|---|---|---|---|---|
| | **Direct Interest** | **%** | **Deemed Interest** | **%** |
| Tan Thiam Chai | 1,000 | 0.00 | - | - |

| Related companies: | Number of ordinary shares | | | |
|---|---|---|---|---|
| **Berjaya Land Berhad** | **Direct Interest** | **%** | **Deemed Interest** | **%** |
| Tan Thiam Chai | 40,000 | 0.00 | - | - |
| Chryseis Tan Sheik Ling | 5,000,000 | 0.10 | - | - |

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| **Berjaya Sports Toto Berhad** | **Direct Interest** | **%** | **Deemed Interest** | **%** |
| Tan Thiam Chai | 174,006 | 0.01 | 134,496# | 0.01 |

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| **Berjaya Burger Sdn Bhd** | **Direct Interest** | **%** | **Deemed Interest** | **%** |
| Sydney Lawrance Quays | 780,000 | 6.00 | - | - |

# Denotes indirect interest pursuant to Section 59 (11) (c) of the Companies Act 2016.

Save as disclosed, none of the other Directors of the Company had any interest in the shares, warrants and debentures of the Company or its related corporations as at 1 October 2021.

# SUBSTANTIAL SHAREHOLDERS
AS AT 1 OCTOBER 2021

| Name | Number of ordinary shares | | | |
|---|---|---|---|---|
| | Direct Interest | % | Deemed Interest | % |
| Tan Sri Dato' Seri Vincent Tan Chee Yioun | 7,437,900 | 2.08 | 216,665,420[(a)] | 60.54 |
| Berjaya Corporation Berhad | - | - | 189,880,020[(b)] | 53.05 |
| Berjaya Group Berhad | 144,170,020 | 40.28 | 45,710,000[(c)] | 12.77 |
| Juara Sejati Sdn Bhd | 27,880,000 | 7.79 | 14,750,000[(d)] | 4.12 |

(a) Deemed interested by virtue of his interests in Berjaya Corporation Berhad, Berjaya Assets Berhad (the holding company of Berjaya Bright Sdn Bhd), MOL.com Sdn Bhd (the ultimate holding company of Lim Kim Hai Sales & Services Sdn Bhd), B & B Enterprise Sdn Bhd, U Telemedia Sdn Bhd, 7-Eleven Malaysia Holdings Berhad (the holding company of Convenience Shopping (Sabah) Sdn Bhd), Prime Realty Holdings Sdn Bhd and Hotel Resort Enterprise Sdn Bhd and his deemed interests in Berjaya Retail Sdn Bhd, Berjaya Credit Sdn Bhd and Berjaya Infrastructure Sdn Bhd.

(b) Deemed interested by virtue of its 100% interest in Berjaya Group Berhad.

(c) Deemed interested by virtue of its 100% interest in Country Farms Sdn Bhd, Berjaya EnviroParks Sdn Bhd and Juara Sejati Sdn Bhd.

(d) Deemed interested by virtue of its interests in Berjaya Sports Toto Berhad (the holding company of Berjaya Philippines Inc), Berjaya Land Berhad, REDtone Digital Berhad (Formerly known as REDtone International Berhad) and Inter-Pacific Capital Sdn Bhd .

# STATISTICS ON SHARES

AS AT 1 OCTOBER 2021

### ANALYSIS OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Ordinary Shares | % |
|---|---|---|---|---|
| less than 100 | 271 | 11.79 | 3,703 | 0.00 |
| 100 - 1,000 | 992 | 43.15 | 460,624 | 0.13 |
| 1,001 - 10,000 | 751 | 32.66 | 2,845,745 | 0.79 |
| 10,001 - 100,000 | 165 | 7.18 | 4,983,605 | 1.39 |
| 100,001 - 17,894,969 | 118 | 5.13 | 296,545,730 | 82.86 |
| 17,894,970* and above | 2 | 0.09 | 53,060,000 | 14.83 |
| **Total** | **2,299** | **100.00** | **357,899,407** | **100.00** |

Note: Each share entitles the holder to one vote
* Denotes 5% of the total number of issued shares with voting rights.

### THIRTY (30) LARGEST SHAREHOLDERS

| | Name of Shareholders | No. of Ordinary Shares Held | % |
|---|---|---|---|
| 1 | **SJ Sec Nominees (Tempatan) Sdn Bhd**<br>Pledged Securities Account - Al Rajhi Bank For Berjaya Group Berhad | 32,000,000 | 8.94 |
| 2 | **RHB Nominees (Tempatan) Sdn Bhd**<br>Pledged Securities Account For Juara Sejati Sdn Bhd | 21,060,000 | 5.88 |
| 3 | **Affin Hwang Nominees (Tempatan) Sdn Bhd**<br>Pledged Securities Account For Berjaya Group Berhad | 16,250,000 | 4.54 |
| 4 | **Pertubuhan Keselamatan Sosial** | 16,000,000 | 4.47 |
| 5 | **Maybank Nominees (Tempatan) Sdn Bhd**<br>Pledged Securities Account For Berjaya Group Berhad | 15,480,000 | 4.33 |
| 6 | **HLIB Nominees (Tempatan) Sdn Bhd**<br>Pledged Securities Account For Berjaya Group Berhad | 15,100,000 | 4.22 |
| 7 | **CIMB Group Nominees (Tempatan) Sdn Bhd**<br>Pembangunan Sumber Manusia Berhad | 15,000,000 | 4.19 |
| 8 | **Kumpulan Wang Persaraan (Diperbadankan)** | 12,633,000 | 3.53 |
| 9 | **RHB Nominees (Tempatan) Sdn Bhd**<br>Pledged Securities Account For Berjaya Group Berhad | 12,000,000 | 3.35 |
| 10 | **CIMB Group Nominees (Tempatan) Sdn Bhd**<br>Pledged Securities Account For Berjaya Group Berhad (BCB CBM-C2-SBLC) | 11,465,000 | 3.20 |

# STATISTICS ON SHARES
AS AT 1 OCTOBER 2021

### THIRTY (30) LARGEST SHAREHOLDERS

| | Name of Shareholders | No. of Ordinary Shares Held | % |
|---|---|---|---|
| 11 | **RHB Nominees (Tempatan) Sdn Bhd**<br>Bank Of China (Malaysia) Berhad Pledged Securities Account For Berjaya Group Berhad | 9,000,000 | 2.52 |
| 12 | **Motivasi Optima Sdn Bhd** | 8,490,000 | 2.37 |
| 13 | **MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd**<br>Pledged Securities Account For Berjaya Group Berhad (MGN-BCB0001M) | 7,000,000 | 1.96 |
| 14 | **Redtone Digital Berhad** | 6,900,000 | 1.93 |
| 15 | **ABB Nominee (Tempatan) Sdn Bhd**<br>Pledged Securities Account For Berjaya Group Berhad (RC8 Facility) | 6,900,000 | 1.93 |
| 16 | **Amanahraya Trustees Berhad**<br>Public Smallcap Fund | 5,884,360 | 1.64 |
| 17 | **MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd**<br>Pledged Securities Account For Prime Realty Holdings Sdn Bhd (MGN-AJA0001M) | 5,500,000 | 1.54 |
| 18 | **Maybank Nominees (Tempatan) Sdn Bhd**<br>Pledged Securities Account For Berjaya Group Berhad | 5,250,000 | 1.47 |
| 19 | **CGS-CIMB Nominees (Tempatan) Sdn Bhd**<br>Pledged Securities Account For Juara Sejati Sdn Bhd (MY4143) | 4,930,000 | 1.38 |
| 20 | **Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd**<br>Pledged Securities Account For Pantai Cemerlang Sdn Bhd | 4,838,000 | 1.35 |
| 21 | **CGS-CIMB Nominees (Tempatan) Sdn Bhd**<br>Pledged Securities Account For Berjaya Retail Sdn Bhd (M3764B) | 4,813,200 | 1.35 |
| 22 | **DYMM Sultan Ibrahim Johor** | 4,500,000 | 1.26 |
| 23 | **Amsec Nominees (Tempatan) Sdn Bhd**<br>Pledged Securities Account - Ambank (M) Berhad For Berjaya Group Berhad | 4,375,000 | 1.22 |
| 24 | **Lim Boon Liat** | 4,200,000 | 1.17 |
| 25 | **Amanahraya Trustees Berhad**<br>Public Strategic Smallcap Fund | 3,979,000 | 1.11 |
| 26 | **HSBC Nominees (Tempatan) Sdn Bhd**<br>HSBC (M) Trustee Bhd For Allianz Life Insurance Malaysia Berhad (P) | 3,789,900 | 1.06 |
| 27 | **Affin Hwang Nominees (Tempatan) Sdn Bhd**<br>Pledged Securities Account For Berjaya Group Berhad | 3,650,000 | 1.02 |
| 28 | **Inter-Pacific Equity Nominees (Asing) Sdn Bhd**<br>Berjaya Philippines Inc | 3,200,000 | 0.89 |
| 29 | **CIMB Group Nominees (Tempatan) Sdn Bhd**<br>Pledged Securities Account For Berjaya Retail Sdn Bhd (TSVT-RC CBM) | 3,191,800 | 0.89 |
| 30 | **Berjaya Group Berhad** | 3,000,020 | 0.84 |
| | | **270,379,280** | **75.55** |

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twelfth Annual General Meeting of Berjaya Food Berhad will be conducted on a fully virtual basis through live streaming from the broadcast venue at Manhattan V, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1, Jalan Imbi, 55100 Kuala Lumpur ("Broadcast Venue") on Thursday, 9 December 2021 at 10.00 a.m. for the following purposes:-

**AGENDA**

As Ordinary Business

1. To receive the audited financial statements of the Company for the financial year ended 30 June 2021 and the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' fees amounting to RM180,000.00 to the Non-Executive Directors of the Company for the financial year ended 30 June 2021. **Resolution 1**
3. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company up to an amount of RM575,100.00 for the period from 10 December 2021 until the next Annual General Meeting of the Company to be held in 2022. **Resolution 2**
4. To re-elect the following Directors who retire pursuant to Clause 117 of the Company's Constitution:-
   (a) Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin **Resolution 3**
   (b) Chryseis Tan Sheik Ling **Resolution 4**
5. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

As Special Business

6. To consider and, if thought fit, pass the following Ordinary Resolutions:-

   **(i) Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016**

   "THAT subject always to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 6**

   **(ii) Proposed Renewal of and new Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   "THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and its subsidiary companies, to enter into recurrent related party transactions of a revenue or trading nature with the related parties as specified in Section 2.3 of Part A of the Circular to Shareholders dated 26 October 2021 ("Proposed Mandate") which are necessary for the day-to-day operations and/ or in the ordinary course of business of the Company and its subsidiary companies on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company and that such approval shall continue to be in force until:-

# NOTICE OF ANNUAL GENERAL MEETING

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such ordinary resolution for the Proposed Mandate was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND FURTHER THAT authority be and is hereby given to the Directors of the Company and its subsidiary companies to complete and do all such acts and things (including executing such documents as may be required) to give effect to such transactions as authorised by this Ordinary Resolution." **Resolution 7**

**(iii) Proposed Renewal of Authority for the Company to Purchase its Own Shares**

"THAT subject always to the Companies Act 2016 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Exchange") and the requirements of any other relevant authority, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares in the Company ("BFood Shares") through the Exchange and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/ or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the total number of issued shares of the Company;
2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;
3. the authority shall commence immediately upon passing of this ordinary resolution until:-

   (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such ordinary resolution was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions; or

   (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or

   (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

   whichever occurs first;

# NOTICE OF ANNUAL GENERAL MEETING

AND THAT upon completion of the purchase(s) of the BFood Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any BFood Shares so purchased by the Company in the following manner:-

(a) cancel all the BFood Shares so purchased; or

(b) retain all the BFood Shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or

(c) retain part thereof as treasury shares and subsequently cancelling the balance; or

(d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force." **Resolution 8**

**(iv) Proposed Retention of Independent Non-Executive Directors**

(a) "THAT Datuk Zainun Aishah Binti Ahmad be and is hereby retained as an Independent Non-Executive Director of the Company and she shall continue to act as an Independent Non-Executive Director of the Company notwithstanding that she has been an Independent Director on the Board of the Company for a cumulative term of more than eleven (11) years." **Resolution 9**

(b) "THAT Dato' Mustapha Bin Abd Hamid be and is hereby retained as an Independent Non-Executive Director of the Company and he shall continue to act as an Independent Non-Executive Director of the Company notwithstanding that he has been an Independent Director on the Board of the Company for a cumulative term of more than eleven (11) years." **Resolution 10**

By Order of the Board

**THAM LAI HENG MICHELLE**
(MAICSA 7013702)
(SSM Practising Certificate No. 202008001622)
Secretary

Kuala Lumpur
26 October 2021

**NOTES:**

1. **Audited Financial Statements**

   The Audited Financial Statements are meant for discussion only as it does not require shareholders' approval pursuant to the provisions of Section 340(1)(a) of the Companies Act 2016. Hence, this item on the Agenda is not put forward for voting.

2. **Directors' Fees**

   The quantum of the Directors' fees for each of the Independent Non-Executive Director is the same as the previous financial year ended 30 June 2020.

3. **Directors' Remuneration (excluding Directors' Fees)**

   Section 230(1) of the Companies Act 2016 provides that the "fees" of the Directors and "any benefits" payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval shall be sought at this Annual General Meeting ("AGM") for the payment of Directors' remuneration (excluding Directors' fees) payable to the Non-Executive Directors of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

Resolution 2 is to seek shareholders' approval at this AGM for the payment of Directors' remuneration (excluding Directors' fees) payable to the Non-Executive Directors of the Company for the period from 10 December 2021 until the next AGM of the Company to be held in 2022.

The current Directors' Remuneration (excluding Directors' fees) payable to the Non-Executive Directors of the Company comprises of chairman allowances, other emoluments and meeting allowances.

In determining the estimated amount of remuneration payable to the Non-Executive Directors, the Board considered various factors including the number of scheduled meetings for the Board of Directors ("Board"), Board Committees and general meetings of the Company as well as the number of Non-Executive Directors involved in these meetings.

In the event where the payment of Directors' remuneration (excluding Directors' fees) payable during the above period exceeded the estimated amount sought at this AGM, a shareholders' approval will be sought at the next AGM.

4. **Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016**

Resolution 6 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company from time to time at such price provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Eleventh Annual General Meeting held on 9 December 2020 and which will lapse at the conclusion of the Twelfth Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and/ or future investment project(s), working capital and/ or acquisitions or issuance of shares for such other application(s) as the Directors may deem fit and in the best interest of the Company.

5. **Proposed Renewal of and new Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

Resolution 7, if passed, will allow the Company and its subsidiaries to enter into Recurrent Related Party Transactions in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Proposed Shareholders' Mandate"). Detailed information on the Proposed Shareholders' Mandate is set out under Part A of the Circular to Shareholders dated 26 October 2021 which can be viewed and downloaded from the website of the Company at www.berjaya.com/berjaya-food/ and/ or Bursa Malaysia Securities Berhad at www.bursamalaysia.com.

6. **Proposed Renewal of Authority for the Company to Purchase its Own Shares**

Resolution 8, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the total number of issued shares of the Company ("Proposed Share Buy-Back Renewal"). Detailed information on the Proposed Share Buy-Back Renewal is set out under Part B of the Circular/ Statement to Shareholders dated 26 October 2021 which can be viewed and downloaded from the website of the Company at www.berjaya.com/berjaya-food/ and/ or Bursa Malaysia Securities Berhad at www.bursamalaysia.com.

7. **Proposed Retention of Independent Non-Executive Directors**

Resolution 9 and Resolution 10 are proposed pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance and if passed, will allow Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abd Hamid to be retained and to continue to act as Independent Non-Executive Directors of the Company.

The full details of the Board's justifications for the retention of Datuk Zainun Aishah Binti Ahmad and Dato' Mustapha Bin Abd Hamid are set out in the Corporate Governance Overview Statement in the Company's 2021 Annual Report.

# NOTICE OF ANNUAL GENERAL MEETING

**8. Proxy and Entitlement of Attendance**

(i) As a precautionary measure amid COVID-19 pandemic, the Annual General Meeting ("AGM") of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities provided by SS E Solutions Sdn Bhd which are available on Securities Services e-Portal at https://sshsb.net.my/. **Please follow the procedures provided in the Administrative Guide for the AGM of the Company in order to register, participate and vote remotely via RPV facilities.**

(ii) The main and only venue of the AGM is the Broadcast Venue which is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the AGM of the Company to be present at the main venue of the AGM of the Company in Malaysia.

(iii) Shareholders/ proxies/ corporate representatives from the public **WILL NOT BE ALLOWED TO BE PHYSICALLY PRESENT** at the Broadcast Venue on the day of the AGM of the Company.

(iv) A member of the Company who is entitled to attend, participate, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely at the AGM of the Company via RPV facilities is entitled to appoint a proxy to exercise all or any of his/ her rights to attend, participate, speak and vote in his/ her stead. A proxy may but need not be a member of the Company.

(v) A member, other than an authorised nominee or an exempt authorised nominee, may appoint only one (1) proxy.

(vi) An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint one (1) proxy in respect of each securities account.

(vii) An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.

(viii) An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.

(ix) The duly executed Form of Proxy must be deposited at the Company's Registered Office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting, **i.e. latest by Tuesday, 7 December 2021 at 10.00 a.m.**

(x) Only members whose names appear in the Record of Depositors as at 2 December 2021 shall be entitled to participate and/ or vote at the AGM or appoint a proxy to participate and/ or vote in his/ her stead via RPV facilities.

**9. Poll Voting**

Pursuant to Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by way of poll.

# FORM OF PROXY

BERJAYA

**BERJAYA FOOD BERHAD**

[Registration No. 200901032946 (876057-U)]
(Incorporated in Malaysia)

I/We ______________________________________________________________
*(Name in full)*

I.C. or Company No. ________________________ CDS Account No. ________________________
*(New and Old I.C. Nos.)*

of______________________________________________________________
*(Address)*

being a member/members of BERJAYA FOOD BERHAD

hereby appoint ________________________ I.C No. ________________________ of
*(Name in full)* *(New and Old I.C. Nos.)*

______________________________________________________________
*(Address)*

or failing him/ her, the CHAIRMAN OF THE MEETING as my/ our proxy to vote for me/ us on my/ our behalf, at the Twelfth Annual General Meeting of the Company to be conducted on a fully virtual basis through live streaming from the broadcast venue held at Manhattan V, Level 14, Berjaya Times Square Hotel Kuala Lumpur, No. 1, Jalan Imbi, 55100 Kuala Lumpur ("Broadcast Venue") on Thursday, 9 December 2021 at 10.00 a.m. and at any adjournment thereof.

This proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/ her discretion.

| | | FOR | AGAINST |
|---|---|---|---|
| RESOLUTION 1 | To approve payment of Directors' fees. | | |
| RESOLUTION 2 | To approve payment of Directors' remuneration (excluding Directors' fees) for the period from 10 December 2021 until the next Annual General Meeting of the Company in 2022. | | |
| RESOLUTION 3 | To re-elect Dato' Seri Diraja Tunku Shazuddin Ariff Ibni Sultan Sallehuddin as Director. | | |
| RESOLUTION 4 | To re-elect Chryseis Tan Sheik Ling as Director. | | |
| RESOLUTION 5 | To re-appoint Auditors. | | |
| RESOLUTION 6 | To approve authority to issue and allot shares. | | |
| RESOLUTION 7 | To renew shareholders' mandate for Recurrent Related Party Transactions. | | |
| RESOLUTION 8 | To renew authority for the Company to purchase its own shares. | | |
| RESOLUTION 9 | To approve the proposed retention of Datuk Zainun Aishah Binti Ahmad as an Independent Non-Executive Director. | | |
| RESOLUTION 10 | To approve the proposed retention of Dato' Mustapha Bin Abd Hamid as an Independent Non-Executive Director. | | |

| NO. OF SHARES HELD |
|---|
| |

..................................................................
Signature(s) / Common Seal of Member(s)

Dated this .............................. day of .............................., 2021.

**Notes:**

1. As a precautionary measure amid COVID-19 pandemic, the Annual General Meeting ("AGM") of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities provided by SS E Solutions Sdn Bhd which are available on Securities Services e-Portal at https://sshsb.net.my/. Please follow the procedures provided in the Administrative Guide for the AGM of the Company in order to register, participate and vote remotely via RPV facilities.
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7. An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.
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9. The duly executed Form of Proxy must be deposited at the Company's Registered Office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the meeting, i.e. latest by Tuesday, 7 December 2021 at 10.00 a.m.
10. Only members whose names appear in the Record of Depositors as at 2 December 2021 shall be entitled to participate and/ or vote at the AGM or appoint a proxy to participate and/ or vote in his/ her stead via RPV facilities.
11. Pursuant to Paragraph 8.29A (1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by way of poll.

*Fold this flap for sealing*

*Affix Stamp*

THE COMPANY SECRETARY
**BERJAYA FOOD BERHAD**
LOT 13-01A, LEVEL 13 (EAST WING)
BERJAYA TIMES SQUARE
NO. 1, JALAN IMBI
55100 KUALA LUMPUR

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# GROUP ADDRESSES

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www.berjaya.com

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### BERJAYA STARBUCKS COFFEE COMPANY SDN BHD

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### BERJAYA FOOD SUPREME SDN BHD

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### SER VEGANO SDN BHD

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011-1150 3606

**BERJAYA FOOD BERHAD**
[Registration No. 200901032946 (876057-U)]

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