

**Eat Well, Live Well.**



**AJINOMOTO®**

**ANNUAL REPORT**  
**2020**

**AJINOMOTO (MALAYSIA) BERHAD**  
Registration No: 196101000252 (4295-W)

# CONTENTS

<b>Corporate Information</b>	<b>2</b>
<b>Management Discussion and Analysis</b>	<b>3 - 8</b>
<b>Directors' Profile</b>	<b>9 - 14</b>
<b>Corporate Governance Statement</b>	<b>15 - 27</b>
<b>Additional Compliance Information</b>	<b>28</b>
<b>Statement of Directors' Responsibility in Relation to the Financial Statements</b>	<b>29</b>
<b>Statement on Risk Management and Internal Control</b>	<b>30 - 32</b>
<b>Audit Committee Report</b>	<b>33 - 36</b>
<b>Analysis of Shareholdings</b>	<b>37 - 38</b>
<b>Financial Highlights</b>	<b>39</b>
<b>Financial Statements</b>	<b>40 - 92</b>
<b>List of Properties</b>	<b>93</b>
<b>Notice of Annual General Meeting</b>	<b>94 - 100</b>
<b>Sustainability Statement</b>	<b>101 -128</b>
<b>Form of Proxy</b>	

# CORPORATE INFORMATION

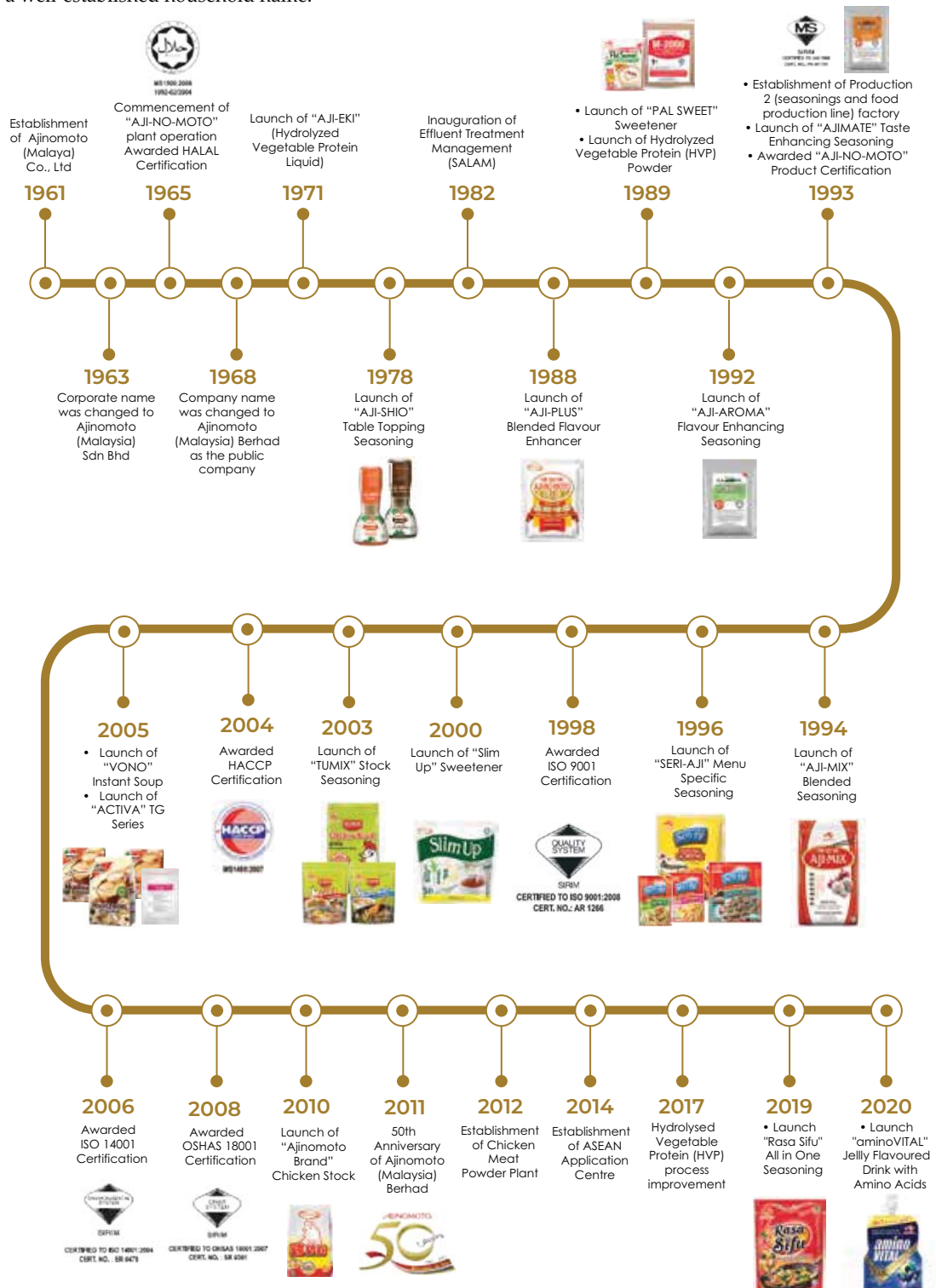
<b>DIRECTORS</b>	
<p>Tan Sri Dato' (Dr.) Teo Chiang Liang (Chairman)                  Koay Kah Ee                  Tomoharu Abe (Managing Director/ Chief Executive Officer)                  Shunsuke Sasaki (Chief Finance Officer)                  Dominic Aw Kian-Wee                  Dato' Setia Ramli bin Mahmud                  Kamarudin bin Rasid                  Hiroki Suzuki                  Miki Moriyama                  Azhan bin Mohamed                  Norani binti Sulaiman</p>	
<b>BANKERS</b>	<p>MUFG Bank (Malaysia) Berhad                  Citibank Berhad                  Malayan Banking Berhad                  Standard Chartered Bank Malaysia Berhad</p>
<b>AUDITORS</b>	Ernst & Young PLT
<b>SOLICITORS</b>	Lee, Ling & Partners
<b>SECRETARIES</b>	<p>Chua Siew Chuan                  (MAICSA 0777689)                  SSM PC No. 201908002648</p> <p>Yeow Sze Min                  (MAICSA 7065735)                  SSM PC No. 201908003120</p>
<b>REGISTERED OFFICE</b>	<p>Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur                  Tel : 603-7980 6958                  Fax: 603-7981 1731</p>
<b>SHARE REGISTRAR</b>	<p>Securities Services (Holdings) Sdn. Bhd.                  Level 7, Menara Milenium, Jalan Damanlela,                  Pusat Bandar Damansara,                  Damansara Heights,                  50490 Kuala Lumpur                  Tel : 603-2084 9000                  Fax: 603-2094 9940</p>
<b>STOCK EXCHANGE LISTING</b>	Main Market of the Bursa Malaysia Securities Berhad

# MANAGEMENT DISCUSSION & ANALYSIS

## Our Business

### History & Milestone

Ajinomoto (Malaysia) Berhad (“the Company”) was incorporated fifty-nine years ago in 1961 when it started as a distributor of monosodium glutamate (“MSG”) under the brand, AJI-NO-MOTO®, which was imported from its parent company in Japan. In 1965, the Company commenced its own production of MSG and subsequently other food seasoning products at its current factory. The Company is one of the early Japanese companies to be set up in Malaysia and has since established itself as a responsible and dynamic food manufacturer and distributor for a variety of trusted food seasoning products including AJI-NO-MOTO® Umami seasoning, a well-established household name.



# Management Discussion & Analysis (cont'd.)

## Our Policy

As an established and trusted food seasoning company in Malaysia, it is the Company's policy to consistently develop and distribute high quality and safe food products that meet customers' needs and satisfaction, and at the same time comply with international and local laws and regulations for food manufacturing. This is the Company's contribution to the joyful and healthy living of the community and society.

The Company is committed to being an exemplary corporate citizen. We remain steadfast in our effort to conserve the environment, an integral component of the business ecosystem. As a responsible employer, the Company is dedicated to providing a safe and healthy workplace for all its employees.



## Product Range

### Consumer Products

From distributing a single product, namely, AJI-NO-MOTO® Umami seasoning in 1961, the Company, today, manufactures and distributes a wide range of seasoning and food products. This includes chicken stock, all-in-one seasoning, menu seasoning for local dishes, and sweetener. The Company will continue to expand and improve its product range with innovative, high quality and convenient products to meet changing consumer behavior and needs. The Company has widened its product range by introducing a new product in July 2020, namely, aminoVITAL®, an apple flavoured drink in jelly format with amino acids, mainly in BCAA (Branched Chain Amino Acid) which supports the sport training of individual who performs exercise regularly such as running, cycling and any other sports.



### Industrial Products

The Company manufactures a wide range of taste and flavour enhancing products for the food industry, which it markets under the names TENCHO and ACTIVA® TG. These products are widely used by manufacturers of instant noodles, seasoning, snack foods, sauces, processed meat, dairy products and processed food.



## Management Discussion & Analysis (cont'd.)

### Sales Branches & Overseas Market

The Company has 10 branches in Malaysia and 1 sales office in Saudi Arabia.



The Company's products are well-received by customers in many countries.

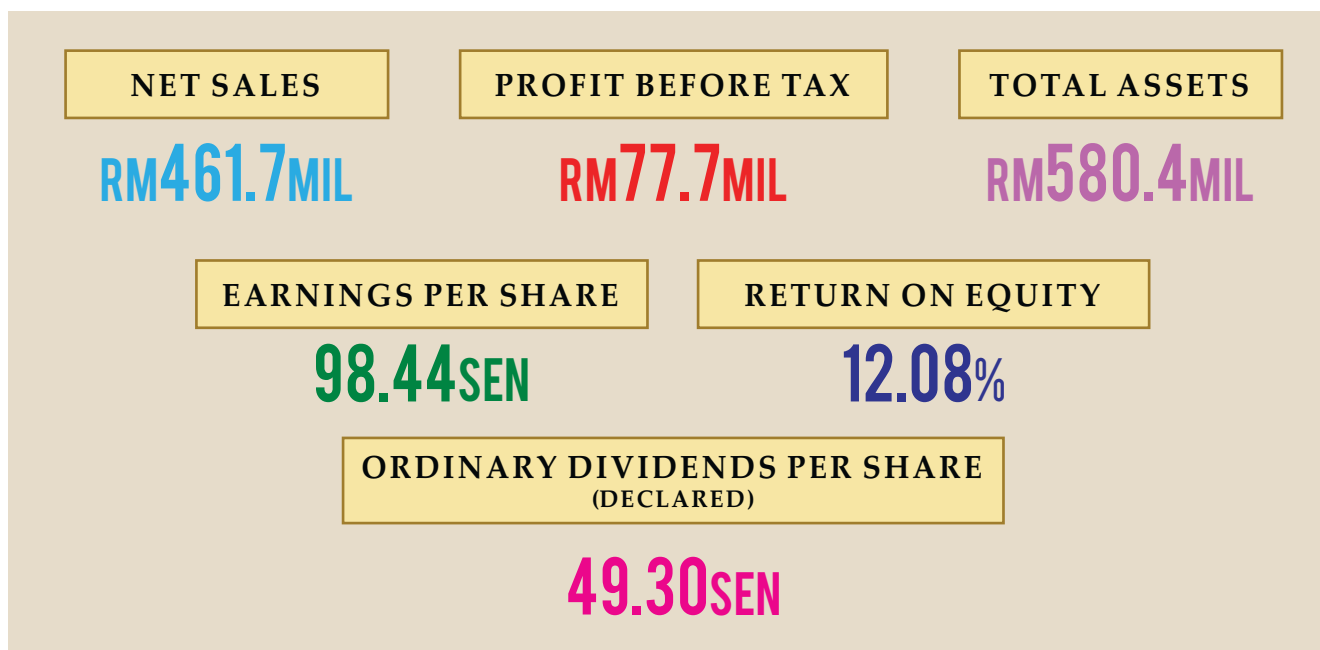


# Management Discussion & Analysis (cont'd.)

## Financial Results

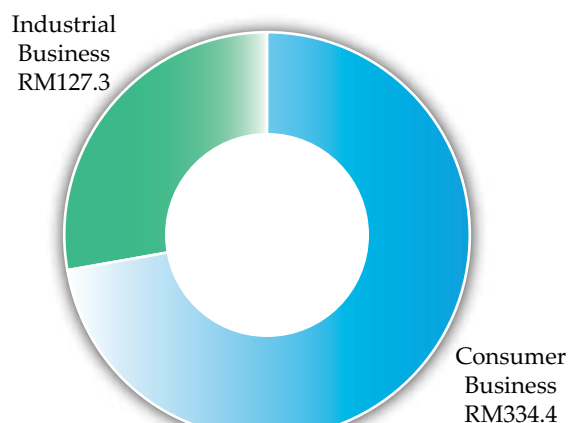
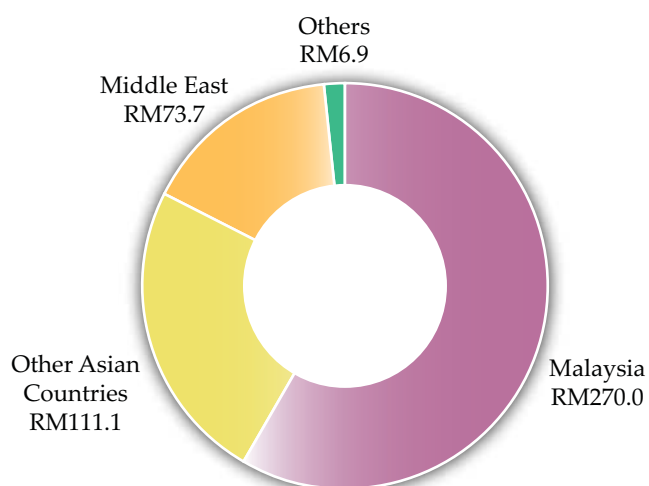
### Snapshot

Financial Year Ended 31 March 2020 Highlights



Net Sales By Geographical Area (RM Million)

Net Sales By Business (RM Million)



### Operating Environment

The global economy in 2019 had been challenging, having been impacted by market uncertainties and headwinds from trade tensions between certain countries and economic sanctions.

The Malaysian economy grew moderately in 2019 while consumer sentiment was soft as compared to the previous year.

# Management Discussion & Analysis (cont'd.)

## Financial Review

For the financial year ended 31 March 2020 (“**FYE 31.03.2020**”), the Company recorded revenue of RM461.7 million which was 3.1% higher than the preceding financial year’s revenue of RM447.7 million. The increase in the Company’s revenue was attributed to growth in sales volume and better selling price of AJI-NO-MOTO® and TENCHO products. Profit before tax for the FYE 31.3.2020 increased by 7.0% to RM77.7 million from RM72.7 million in the preceding financial year. The increase in profit before tax was mainly due to improved revenue and effective cost management.

In respect of the acquisition of the freehold land located in Techpark@ Enstek for the Company’s new factory and office, an announcement was made by the Company on 13 August 2019 stating that all the conditions precedent as set out in the Sales and Purchase Agreement (“**SPA**”) have been fulfilled and accordingly the SPA became unconditional as at the announcement date.

## **Segment Information**

### Consumer Business

In FYE 31.03.2020, revenue in the Consumer Business segment grew by 1.8% from RM328.5 million in the preceding financial year to RM334.4 million. This is attributed to improved sales in the domestic market and increase in AJI-NO-MOTO® exports to the Middle East and a strong US Dollar (“**USD**”). Profit increased from RM39.1 million in the preceding financial year to RM40.8 million despite higher selling expenses incurred. Increase in profit was attributable to lower production costs, which were mainly due to the reduction in the purchase price of a key raw material.

### Industrial Business

Revenue increased by 6.8% to RM127.3 million from RM119.2 million in the preceding financial year. This was mainly contributed by higher sales volume and the strong USD. Profit was recorded at RM28.2 million, a commendable increase of 23.6% as compared to RM22.8 million in the preceding financial year. The strong improvement in profit was due to higher revenue and lower production costs.

## **Financial Condition**

As at FYE 31.03.2020, Total Assets and Total Net Assets increased as compared to the preceding financial year.

Net cash from operating activities was RM67.7 million as compared to RM65.5 million in the preceding financial year. Net cash used for investing activities was RM32.1 million as compared to RM58.1 million in the preceding financial year, mainly due to progress payments for the new land and deposit payments for the new factory construction. Cash outflow for financing activities was RM29.6 million as compared to RM28.3 million in the preceding financial year which included the payment of lease liabilities subsequent to the adoption of Malaysian Financial Reporting Standards 16 *Leases* in FYE 31.03.2020.

## **Dividend**

The Board of Directors upholds the policy of stable and sustainable dividend payout to shareholders. The Directors, as announced by the Company on 17 August 2020, declared a first and final single-tier dividend of 49.30 sen per ordinary share in respect of FYE 31.03.2020 to be paid on 28 October 2020.



# Management Discussion & Analysis (cont'd.)

## Operational Risk

### (1) Operating Environment Risks

#### Exchange Rate Fluctuations

Fluctuations in the exchange rate between the Malaysian Ringgit and USD have significant impact on the Company's export sales and costs of imported raw materials which are priced in USD.

#### Unforeseen Adverse Economic or Political Factors

The Company conducts business locally and globally. It is therefore exposed to unforeseen economic, political and legal impediments that may impact its operations and performance.

#### Price Fluctuations for Raw Materials and Fuels

Prices of certain raw materials and energy resources used by the Company fluctuate according to market conditions. These will impact manufacturing costs as well as the Company's profitability.

### (2) Risks Related to Business Activities

#### Food Safety Matters

Food safety is a key foundation on which the Company's business is built. We accept that there may be unforeseen issues affecting food safety which are beyond the Company's control and may have an adverse impact on the Company.

#### Laws and Regulations, Litigation, etc.

The Company complies with the laws, rules and regulations of Malaysia and the countries in which the Company exports its products and purchases its raw materials. However, the Company recognises that new legal requirements may be introduced that cannot currently be foreseen and addressed immediately. The Company's operations and business results may therefore be impacted.

## Outlook

Malaysia's economic growth is expected to slow down in the coming year against a highly challenging local and global economic outlook mainly due to severe impact from the COVID-19 pandemic. Apart from this, the domestic economy will also be affected by the sharp decline and volatile changes in crude oil and commodity prices. The coming year will therefore be another challenging year. The Company will continue to improve operational efficiency to stay competitive and deliver products and services that fulfill the needs and expectations of customers and consumers.

For the Consumer Business segment, we will continue to strengthen the market leader position of AJI-NO-MOTO®. Awareness and marketing activities such as "Campur, Campur, Siap!" campaign on social media to promote vegetables intake by emphasising its core function and benefits will continue to be broadcasted. As a responsible corporate citizen, the Company will continue to engage with its social activities such as promoting salt reduction and nutrition balance that contribute to the communities' health and well-being. In addition, the Company will strive to expand the sales of other seasoning products such as TUMIX®, SERI-AJI®, AJI-SHIO®, RASA SIFU™ and aminoVITAL® by strengthening its distribution coverage, and promoting through social media and e-commerce.

For the Industrial Business segment, we will continue to leverage on the specialty technologies from our parent company to expand the sales of our TENCHO and ACTIVA® TG products to both food manufacturing and food service industry.

We will continue to champion the Ajinomoto Group Shared Value as our business growth driver. We will endeavor to contribute to society healthy living and environmental conservation as an integral aspect of our business profit sustainability.

## DIRECTOR'S PROFILE

### **Tan Sri Dato' (Dr.) Teo Chiang Liang**

*Chairman, Independent Non-Executive Director*

69 years of age – Malaysian

Male

Tan Sri Dato' (Dr.) Teo was appointed to the Board of Ajinomoto (Malaysia) Berhad on 28 June 2001 as Independent Non-Executive Director. On 4 June 2020, he was appointed as Chairman of Ajinomoto (Malaysia) Berhad. At the same time Tan Sri Teo was re-designated as a member of the Audit Committee from his previous position as the Chairman, and as the Chairman of the Remuneration Committee from his previous position as a committee member. He is also a member of the Nomination Committee. He attended all five (5) Board meetings held in the financial year.

Tan Sri Teo graduated with a Bachelor of Arts (Honours) degree in Business Studies and M.Sc in Management & Administration from the United Kingdom. He obtained his training from The Chartered Bank and Pillar Naco Ltd in UK. Since 1975, he joined and served as a Director of the See Hoy Chan Holdings Group, a well diversified group of companies with its core businesses in real estate investment and property development. In 1990, he was awarded the Certificate in General Insurance by The Malaysian Insurance Institute.

Tan Sri Teo was elected Secretary General of the Malaysian Association of Private Colleges & Universities from 1997 to 2003 and is currently its Vice-President. He was appointed as a member of the MSC Education Advisory Panel in 1998. He is also a Life Member of the Malaysian Red Crescent Society. In 1998, The Nottingham Trent University in UK appointed Tan Sri Teo as Professor of the University and awarded an honorary degree of Doctor of Business Administration to him in 2001. In 2006, he was elected as an Exco member of the Malaysian Crime Prevention Foundation.

Tan Sri Teo does not hold directorships in any other public company and listed issuer. He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.



## Director's Profile (cont'd.)



### **Koay Kah Ee**

*Independent Non-Executive Director*

61 years of age – Malaysian

Male

Mr. Koay was appointed to the Board of Ajinomoto (Malaysia) Berhad on 15 November 2007. He was re-designated as the Chairman of the Audit Committee from his previous position as a member of the Audit Committee on 4 June 2020. He was also re-designated as a member of the Nomination Committee from his previous position as the Chairman of the Nomination Committee on 4 June 2020. He was also appointed as a member of the Remuneration Committee on 4 June 2020. He is also the Senior Independent Director of the Company. He attended all five (5) Board meetings held in the financial year.

He holds a Master in Business Administration from University of Strathclyde, United Kingdom (UK). He is a fellow member of the Chartered Institute of Management Accountants (CIMA), UK, fellow member of the Australian Certified Practising Accountants (CPA Australia), Chartered Accountant (CA) of the Malaysian Institute of Accountants (MIA) and Chartered Global Management Accountant (CGMA), member of the SOCSO Appellate Board (JRKS) of Ministry of Human Resources Malaysia and a CIMA Global Membership Assessor.

He is currently the Group Finance Director of a public company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He also sits on the Board of JF Technology Berhad, a public company listed on the ACE Market of Bursa Securities, Tashin Holdings Berhad, a public company listed on the ACE Market of Bursa Securities and Eksons Corporation Berhad, a public company listed on the Main Market of Bursa Securities.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.



### **TOMOHARU ABE**

*Managing Director, Chief Executive Officer*

52 years of age – Japanese

Male

Mr. Abe was appointed as Managing Director/Chief Executive Officer of Ajinomoto (Malaysia) Berhad on 1 July 2020 and hence, he did not attend any of the Board meetings held in the financial year. He is not a member of any Board Committee.

Mr. Abe graduated from Tohoku University with a Bachelor Degree in Arts & Letters in March 1992.

He joined Ajinomoto Co., Inc. Japan in 1992 and began his career with the Tokyo Branch and has held various positions in Japan and overseas within the Ajinomoto Group of Companies.

He does not hold directorships in any other public company and listed issuer. He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.

## Director's Profile (cont'd.)

### Shunsuke Sasaki

*Executive Director, Chief Finance Officer*

42 years of age – Japanese

Male

Mr. Sasaki was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2019. He attended all three (3) Board meetings held since his appointment to the Board. He is not a member of any Board Committee.

Mr. Sasaki graduated with a Bachelor of Social Sciences Degree from the Faculty of Social Sciences, Hitotsubashi University, Japan in year 2000.

He joined Ajinomoto Co., Inc. Japan in 2000 and began his career with the Tokyo Branch and has held various positions in Japan within the Ajinomoto Group of Companies, with almost 15 years in the areas of finance, treasury, accounting and tax.

He does not hold directorships in any other public company and listed issuer. He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.



### Dominic Aw Kian-Wee

*Independent Non-Executive Director*

49 years of age – Malaysian

Male

Mr. Aw was appointed to the Board of Ajinomoto (Malaysia) Berhad on 10 August 2010. He was re-designated as the Chairman of the Nomination Committee from his previous position as a member of the Nomination Committee on 4 June 2020. He is also a member of the Audit Committee and Remuneration Committee. He attended all five (5) Board meetings held in the financial year.

Mr. Aw holds a Bachelor of Law (Hons) degree from the University of Hull, North Humberside, England and a Barrister-at-Law (Middle Temple) from the University of Westminster, London, England.

He was a partner of Mazlan & Associates from 2003 to 2015 and has over 19 years of working experience as an advocate and solicitor.

He also sits on the Board of Perusahaan Sadur Timah Malaysia (Perstima) Berhad.

He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.



## Director's Profile (cont'd.)



**Dato' Setia Ramli bin Mahmud**  
*Independent Non-Executive Director*  
66 years of age – Malaysian  
Male

Dato' Setia Ramli was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 April 2011. He was appointed as a member of the Remuneration Committee on 4 June 2020. He is also a member of the Audit Committee and Nomination Committee. He attended all five (5) Board meetings held in the financial year.

He graduated with a Bachelor of Arts (Honours) degree from University Malaya in 1978 and also holds a Diploma in Public Management from the National Institute of Public Administration, Certificate in Local Government Finance from University of Birmingham, UK., MBA from University of Stirling Scotland, UK. He had also undergone the Chevening Fellowship program in Public Sector Reform from University of Bradford, UK.

He had served the Malaysian Government for over thirty (30) years. He began his civil service career in the Ministry of Home Affairs and had held various positions in the Federal and Selangor State Governments. He also served as a Director of Malaysia External Trade Development (MATRADE) in Tokyo, District Officer of Gombak District, President of Majlis Perbandaran Ampang Jaya and Mayor of Shah Alam. He had also held the position of the Selangor State Secretary. He is currently the Chairman of Perbadanan Wakaf Selangor.

He does not hold directorships in any other public company and listed issuer. He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.



**Kamarudin bin Rasid**  
*Executive Director*  
59 years of age – Malaysian  
Male

En. Kamarudin was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 June 2012. He attended all five (5) Board meetings held in the financial year. He is not a member of any Board Committee.

En. Kamarudin graduated with a Degree in Food Science and Technology from University Putra of Malaysia in 1986.

He joined the Technical Department of Ajinomoto (Malaysia) Berhad in 1987. Over the years he moved up the corporate ladder and served under various capacities.

He does not hold directorships in any other public company and listed issuer. He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.

## Director's Profile (cont'd.)

### **Hiroki Suzuki**

*Executive Director*

43 years of age – Japanese

Male

Mr. Suzuki was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2017. He attended all five (5) Board meetings held in the financial year. He is not a member of any Board Committee.

He graduated from the School of Commerce, Waseda University, Japan in March 1999.

Mr. Suzuki joined Ajinomoto Co., Inc. Japan in 1999 and began his career with the Kyushu branch and has held various positions in Head Office.

He does not hold directorships in any other public company and listed issuer. He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.



### **Miki Moriyama**

*Executive Director*

51 years of age – Japanese

Male

Mr. Moriyama was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2018. He attended all five (5) Board Meetings held in the financial year. He is not a member of any Board Committee.

Mr. Moriyama graduated from the School of Industrial Administration (Master Course), Tokyo University of Science, Japan in year 1993.

He joined Ajinomoto Co., Inc. Japan in 1993 and began his career in Production Technology Lab IE Technology Section and has held various positions in Japan and overseas within the Ajinomoto Group of Companies.

He does not hold directorships in any other public company and listed issuer. He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.



## Director's Profile (cont'd.)



### **Azhan Bin Mohamed**

*Executive Director*

56 years of age – Malaysian  
Male

En. Azhan was appointed to the Board of Ajinomoto (Malaysia) Berhad on 15 September 2018. He attended five (5) Board meetings held in the financial year. He is not a member of any Board Committee.

He graduated from University Putra Malaysia with a Bachelor of Food Science and Technology in 1990.

He joined the Production Department of Ajinomoto (Malaysia) Berhad in February 1991 and over the years, he moved up the corporate ladder and served under various capacities.

He does not hold directorships in any other public company and listed issuer. He has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. He has also neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.



### **Norani Binti Sulaiman**

*Independent Non-Executive Director*

64 years of age – Malaysian  
Female

Puan Norani Sulaiman was appointed to the Board of Ajinomoto (Malaysia) Berhad on 1 July 2020 and hence, she did not attend any Board meeting held in the financial year. She was also appointed as a member of the Audit Committee and Nomination Committee.

Puan Norani holds a B.Sc. (Hons) Communications Engineering degree from the University of Kent, Canterbury, Kent, England. She started her career in Communications Engineering with Jabatan Telekom Malaysia in 1979. She then continued her career in 1984 with the Private sector and joined two Multinational companies established in Malaysia, serving each company for 10 years. She has also served as a Consultant/Mentor in the largest Aquaculture company in Saudi Arabia. She is now an Associate Consultant at Vigorous Vision (M) Sdn. Bhd. Her career in the Public and Private sector in Engineering & Sales/ Marketing gained her valuable experience.

She does not hold directorship in any other public company and listed issuer. She has no conflict of interest with the Company or any family relationship with any other Director or shareholder of the Company. She has also neither been convicted for any offences within the past five (5) years other than for traffic offences, if any, nor received any public sanction or penalty imposed by regulatory bodies during the financial year.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of the Company (“the Board”) recognises the importance of maintaining high standards of corporate governance within the Company as this would serve to protect shareholders’ value while at the same time preserving the interests of the Company’s other stakeholders. The Board understands that this is not just through achieving the desired financial performance but also through being ethical and sustainable.

The Board is committed to its policy of managing the affairs of the Company with transparency, accountability and integrity by ensuring that a sound framework of best corporate governance practices is in place and thus discharging its responsibility towards protecting and enhancing long-term shareholders’ value and investors’ interest.

In establishing the Company’s Corporate Governance framework, the Board takes cognizance of the Malaysian Code on Corporate Governance (“MCCG”) that was issued on 26 April 2017. An overview statement on the corporate governance practices of the Company for the financial year ended 31 March 2020 is appended below. The comprehensive Corporate Governance Report is published on the Company’s website at [www.ajinomoto.com.my](http://www.ajinomoto.com.my).

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### 1.0 Board’s Leadership on Objectives and Goals

1.1 The Board is responsible for the leadership and long-term success of the Company and the delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board is guided by the Board Charter, which outlines the duties and responsibilities of the Board, matters reserved for the Board as well as those which the Board may delegate to the Board Committees, Managing Director (“MD”)/Chief Executive Officer (“CEO”) and Management.

The Board has reserved a formal schedule of matters for its decision making to ensure that direction and control of the Company are firmly in its hands. It has set the strategic direction of the Company, exercised oversight on Management and set the appropriate tone at the top, while providing thought leadership and championing good governance and ethical practices throughout the Company.

All the Directors of the Company has objectively discharged their fiduciary duties and responsibilities at all times in the best interests of the Company to oversee the conduct, business activities and development of the Company. The Board evaluates and determines the training needs of its Directors annually and encourages the Directors to attend various professional training programmes necessary to keep abreast on issues and challenges arising from the changing business environment within which the Company operates.

During the financial year ended 31 March 2020, all Directors had attended the following training programmes in compliance with Paragraph 15.08 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Main LR”):-

Name of Director	Training/courses attended
General Tan Sri (Dr.) Dato’ Paduka Mohamed Hashim bin Mohd. Ali (Rtd) (retired w.e.f. 4 June 2020)	<ul style="list-style-type: none"> <li>Corporate Liability Provision – Malaysian Anti-Corruption Commission Amendment Act 2018</li> </ul>
Tan Sri Dato’ (Dr.) Teo Chiang Liang	<ul style="list-style-type: none"> <li>Securities Commission: Audit Oversight Board – Conversation with Audit Committee</li> </ul>
Naoko Yamamoto	<ul style="list-style-type: none"> <li>Halal Industry – The Fundamental (Awareness Program)</li> </ul>
Shunsuke Sasaki (appointed w.e.f. 1 July 2019)	<ul style="list-style-type: none"> <li>Mandatory Accreditation Programme</li> <li>Halal Industry – The Fundamental (Awareness Program)</li> </ul>
Koay Kah Ee	<ul style="list-style-type: none"> <li>Technical briefing: Recent Developments in Listing Requirements and Chapter 10 Case Studies</li> <li>Integrated Reporting: Communicating Value Creation</li> <li>2020 Budget Tax Seminar</li> <li>Corporate Liability Provision under the Malaysian Anti-Corruption Commission Act 2009</li> </ul>



# Corporate Governance Overview Statement (cont'd.)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

### 1.0 Board's Leadership on Objectives and Goals (cont'd.)

Name of Director	Training/courses attended
Dominic Aw Kian-Wee	<ul style="list-style-type: none"> <li>Reputation Management: More Than Just Crisis Control</li> </ul>
Dato' Setia Ramli bin Mahmud	<ul style="list-style-type: none"> <li>Safeguarding The Business: Section 17A</li> </ul>
Kamarudin bin Rasid	<ul style="list-style-type: none"> <li>Halal Industry – The Fundamental (Awareness Program)</li> </ul>
Hiroki Suzuki	<ul style="list-style-type: none"> <li>Halal Industry – The Fundamental (Awareness Program)</li> </ul>
Miki Moriyama	<ul style="list-style-type: none"> <li>Halal Industry – The Fundamental (Awareness Program)</li> </ul>
Azhan bin Mohamed	<ul style="list-style-type: none"> <li>Halal Industry – The Fundamental (Awareness Program)</li> </ul>

The Board with the assistance of NC, reviews the training programmes for the Board annually. The Board had approved that an in-house training programme entitled 'Lean Leadership' for the Board and Senior Management be conducted on 26 March 2020. However, due to the Covid-19 outbreak, the aforesaid training programme was cancelled. In any case, due to Movement Control Order that was imposed by the Government, the aforesaid training would not be able to be conducted anyhow.

The Board had five (5) Board Meetings during the financial year ended 31 March 2020.

To enable the Board to discharge its responsibilities in meeting the goals and objectives of the Company, the Board has, amongst others–

- promoted good corporate governance culture within the Company which reinforces ethical, prudent and professional conduct;
- reviewed, challenged and decided on Management's proposals for the Company, and monitor its implementation;
- ensured that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability;
- assessed Management performance;
- ensured there is a sound framework for internal controls and risk management;
- recognised the principal risks of the Company's business and that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the Board expects Management to operate and ensured that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- ensured that senior management has the necessary skills and experience, and measures are in place to provide for the orderly succession of Board and senior management;
- ensured that the Company has in place procedures to enable effective communication with shareholders and stakeholders; and
- ensured the integrity of the Company's financial and non-financial reporting.

### 1.2 The Chairman of the Board has –

- provided leadership for the Board so that the Board can discharge its duties and responsibilities effectively;
- through the Chief Financial Officer ("CFO") and Company Secretaries, set the Board agenda and ensured that Board members receive complete and accurate information in a timely manner;
- led Board meetings and discussions;
- encouraged active participation and allowed dissenting views to be freely expressed;
- managed the interface between Board and Management;
- ensured appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board; and
- led the Board in establishing and monitoring good corporate governance practices in the Company.

# Corporate Governance Overview Statement

(cont'd.)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

### 1.0 Board's Leadership on Objectives and Goals (cont'd.)

- 1.3 The positions of the Chairman and MD/CEO are held by two different individuals and each has a clear accepted division of responsibilities to ensure that there is a balance of power and authority to promote accountability. The Chairman is responsible for instilling good corporate governance practices and leadership, and for ensuring Board effectiveness. The Chairman leads the Board in its collective oversight of Management, while the MD/CEO has the overall responsibilities over the Company's operating units, organisational effectiveness and implementation of Board policies and decisions. The distinct and separate roles of the Chairman and MD/CEO are clearly defined in the Board Charter to ensure that no one individual has unfettered powers of decision-making.
- 1.4 The Company is supported by two (2) suitably qualified and competent Company Secretaries. Both Company Secretaries are qualified Chartered Secretaries under Section 235(2)(a) of the Companies Act 2016 registered with the Companies Commission of Malaysia and are Fellow members of the Malaysian Association of the Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretaries are external company secretaries from Securities Services (Holdings) Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a team of competent company secretarial personnel.

The Company Secretaries have –

- together with Management, managed all Board and Board Committee meeting logistics;
- attended and recorded minutes of all Board and Board Committee meetings and facilitated Board communications either in person or through its representative;
- advised the Board on its roles and responsibilities;
- facilitated Director training and development;
- advised the Board on corporate disclosures and compliance with Company and Securities Commission's regulations and Listing Requirements;
- managed processes pertaining to the Fifty-Eighth Annual General Meeting ("58th AGM"); and
- monitored corporate governance developments and advised the Board on governance practices.

The Company Secretaries have and will continue to constantly keep themselves abreast on matters concerning company law, the capital market, corporate governance, and other pertinent matters, and with changes in the regulatory environment, through continuous training and industry updates. They have also attended relevant continuous professional development programmes as required by MAICSA for practicing Chartered Secretaries.

The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of its function, duties and responsibilities.

- 1.5 Meeting materials are circulated to Directors at least five (5) business days in advance of Board/Board Committee meetings. The Minutes of Board/Board Committee meetings are circulated to the respective Chairman of the meetings in a timely manner for review before they are confirmed and adopted by members of the Board/Board Committee at their respective meetings.

### 2.0 Demarcation of Responsibilities

- 2.1 The Board has a Board Charter, which is published on the Company's website at [www.ajinomoto.com.my](http://www.ajinomoto.com.my), which was last updated by the Board on 24 May 2018. The Board Charter clearly sets out the Board's strategic intent and identifies the respective roles and responsibilities of the Board, Board Committees, individual Directors, Senior Independent Director and senior management, as well as issues and decisions reserved for the Board, the Board's governance structure and authority, and Terms of Reference of the Board, Board Committees and senior management. This is to ensure that all Directors and senior management acting on behalf of the Company are aware of their duties and responsibilities.

As part of its efforts to ensure the effective discharge of its duties, the Board has delegated certain functions and authorities to three (3) of its Board Committees, namely, Audit Committee ("AC"), Nomination Committee ("NC"), and Remuneration Committee ("RC"). These Committees are entrusted with specific responsibilities to assist the Board in overseeing the Company's affairs, in accordance with their limits of authority and respective Terms of Reference, which are published on the Company's website at [www.ajinomoto.com.my](http://www.ajinomoto.com.my) together with the Board Charter. These Terms of Reference are reviewed as and when the need arises, and were recently amended to reflect the latest compliance requirements as a result of changes in the regulatory framework. The Board keeps itself abreast of the responsibilities delegated to each Board Committee, and matters deliberated at each Board Committee meeting through the minutes of the Board Committee meetings and reports by the respective Board Committee Chairman, at Board meetings.

# Corporate Governance Overview Statement (cont'd.)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

### 2.0 Demarcation of Responsibilities (cont'd)

#### AC

Details on the AC are in the AC Report contained in this Annual Report.

#### RC

Details on the RC are contained in the Corporate Governance Report.

#### NC

The NC was established with clearly defined Terms of Reference, and comprises five (5) Non-Executive Directors, all of whom are independent pursuant to Paragraph 15.08A(1) of the Main LR of the Bursa Securities, during the financial year ended 31 March 2020 as follows:-

Name	Designation	Directorship
Koay Kah Ee <i>(re-designated as a member w.e.f. 4 June 2020)</i>	Chairman	Senior Independent Non-Executive Director
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) <i>(retired w.e.f. 4 June 2020)</i>	Member	Independent Non-Executive Director
Tan Sri Dato' (Dr.) Teo Chiang Liang	Member	Independent Non-Executive Director
Dominic Aw Kian-Wee <i>(re-designated as Chairman w.e.f. 4 June 2020)</i>	Member	Independent Non-Executive Director
Dato' Setia Ramli bin Mahmud	Member	Independent Non-Executive Director
Norani binti Sulaiman <i>(appointed w.e.f. 1 July 2020)</i>	Member	Independent Non-Executive Director

During the financial year ended 31 March 2020, the Chairman of the NC is Mr. Koay Kah Ee, who is also the Senior Independent Director identified by the Board to whom concerns may be conveyed by shareholders and the general public. The role of Mr. Koay Kah Ee as the Senior Independent Director are as follows:-

- acting as a sounding Board for the Chairman;
- an intermediary for other Directors when necessary; and
- the point of contact for shareholders and other stakeholders.

The NC is empowered by the Board to oversee the selection and assessment of Directors to be appointed to ensure that the Board's composition and skills meets the needs of the Company, and hence, is tasked with the following duties and responsibilities:-

- To assess and recommend to the Board, candidates for directorships;
- To recommend to the Board the nominees to fill the seats on Board Committees;
- To review Board and senior management succession plans;
- To review training programmes for the Board annually and facilitate board induction and training programmes for new members of the Board;
- To assess the effectiveness of the Board and the Committees of the Board as a whole, and each individual Director;
- To review the term of office and performance of the AC and each of its members annually to determine whether the AC and members have carried out their duties in accordance with their terms of reference;
- To act in line with the directions of the Board;
- To consider and examine such other matters as the NC considers appropriate; and
- To consider any other matters as defined by the Board.

# Corporate Governance Overview Statement (cont'd.)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

### 2.0 Demarcation of Responsibilities (cont'd)

#### Activities of the NC

During the financial year ended 31 March 2020, the NC held two (2) meetings to perform the following in the discharge of its duties and responsibilities: -

- Reviewed the profile and nomination of new Board member;
- Assessed the independence of Independent Directors;
- Reviewed the contribution and performance of each individual Director, the Board as a whole and Board Committees;
- Reviewed and recommended the re-election and re-appointment of Directors to the Board for recommendation to the shareholders for approval;
- Reviewed and recommended the retention of Independent Directors to the Board for recommendation to the shareholders for approval;
- Reviewed the training programmes for the Board; and
- Reviewed the term of office and performance of the AC and each of its members.

In reviewing the profile and nomination of new Board members, the NC takes into consideration the following criteria:-

- Professional expertise, level of experience, competency and background;
- Time commitment and potential to add value to the Board and the Company as a whole; and
- Promotion of diversity in views and opinions in the Board.

In assessing the performance of the Board, Board Committees and Directors of the Company, the NC takes into consideration the following:-

- Personal Commitment/Contribution to Interaction
- Understanding of the Company's Activities
- Compliance to the terms of reference, duties and responsibilities of a director, and of a chairman of the Company

The attendance of Directors who are members of Board committees during the financial year ended 31 March 2020 is set out below:-

Directors	NC	AC	RC
<b>Non-Executive Directors</b>			
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) (retired w.e.f. 4 June 2020)	2/2	5/5	2/2
Tan Sri Dato' (Dr.) Teo Chiang Liang	2/2	5/5	2/2
Koay Kah Ee	2/2	5/5	Not member
Dominic Aw Kian-Wee	2/2	5/5	2/2
Dato' Setia Ramli bin Mahmud	2/2	5/5	Not member
Norani binti Sulaiman (appointed w.e.f. 1 July 2020)	-	-	Not member

### 3.0 Good Business Conduct and Healthy Corporate Culture

- 3.1 The Board is committed in maintaining a corporate culture that engenders ethical conduct. The Board has formalised ethical standards by adopting a Code of Conduct, which summarises what the Company must endeavour to do proactively in order to increase corporate value, and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Company's Code of Conduct covers ethical behaviour in all aspects of the Company's business operations, which includes areas concerning provision of safe, high-quality products and services, social contribution activities, conservation of the environment, respect for human rights and ensuring of workplace safety, responsibilities to shareholders, fair and transparent transactions and protection and management of Company's assets and information.

The said Code of Conduct is published on the Company's website at [www.ajinomoto.com.my](http://www.ajinomoto.com.my).

Employees are made aware that relevant disciplinary actions will be taken for unethical behaviour and gross misconduct.

# Corporate Governance Overview Statement (cont'd.)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

### 3.0 Good Business Conduct and Healthy Corporate Culture (cont'd)

- 3.2 The Board has put in place a whistleblowing policy to encourage its employees to report genuine concerns in relation to breach of any legal obligation (including negligence, criminal activity, breach of contract and breach of the law), miscarriage of justice, danger to health and safety or to the environment and the cover-up of any of these in the workplace. The whistleblowing policy of the Company provides guidance on the appropriate communication and feedback channels to facilitate whistleblowing.

The said whistleblowing policy is published on the Company's website at [www.ajinomoto.com.my](http://www.ajinomoto.com.my).

### 4.0 Board's Objectivity

- 4.1 Throughout the financial year ended 31 March 2020, the Board comprised six (6) Executive Directors and five (5) Independent Non-Executive Directors. The composition of the Board complies with Paragraph 15.02 of the Main LR, which stipulates that the Company must ensure that at least two (2) Directors or 1/3 of the Board, whichever is the higher, are Independent Directors.

Although slightly less than half of the Board comprises Independent Directors, the Board is of the view that having five (5) Independent Non-Executive Directors on the Board provides adequate check and balance of power and authority and is able to support independent deliberation of the Board and sufficiently enable it to discharge its duties objectively. Further, as the Chairman of the Board is independent, the Chairman of the Board provides the strong leadership necessary to marshal the Board's priorities objectively.

- 4.2 During the financial year ended 31 March 2020, in line with the MCCG, the Board sought shareholders' approval for the retention of its Directors who have served more than a cumulative term of nine (9) years as Independent Directors in accordance with the recommendations of the MCCG. General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) and Tan Sri Dato' (Dr.) Teo Chiang Liang, the Independent Directors of the Company who had each served the Board for a cumulative term of more than twelve (12) years, were retained as Independent Directors through a two-tier voting process at the 58th AGM of the Company held on 26 August 2019. Mr. Koay Kah Ee, Mr. Dominic Aw Kian-Wee and Dato' Setia Ramli bin Mahmud, who each served or would serve the Board for a cumulative term of more than nine (9) years, were retained as Independent Directors through the usual one-tier voting process during the said Meeting.

The NC and the Board have assessed the independence of General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd), Tan Sri Dato' (Dr.) Teo Chiang Liang, Mr. Koay Kah Ee, Mr. Dominic Aw Kian-Wee and Dato' Setia Ramli bin Mahmud, and have recommended that they be retained as Independent Directors of the Company as they continue to bring independent and objective judgement to Board deliberations and continue to meet the following criteria for independence in discharging their roles and functions as Independent Directors of the Company:-

- fulfilled the criteria under the definition of Independent Director pursuant to the Paragraph 1.01 of the Main LR;
- not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company;
- no potential conflict of interest, whether business or non-business related with the Company;
- not established or maintained any significant personal or social relationship, whether direct or indirect, with the MD/CEO and Executive Directors, major shareholders or Management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an independent director; and
- not derived any remuneration and other benefits apart from Directors' fees and hospitalisation and surgical coverage that are approved by shareholders.

- 4.3 The Board has not adopted a policy which limits the tenure of its Independent Directors to nine (9) years.
- 4.4 The Board is supportive of the Board and senior management composition diversity recommendation promoted by the MCCG in order to offer greater depth and breadth to Board discussions and constructive debates at senior management level.

The Directors and senior management are recruited based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The Board appoints its members through a formal and transparent selection process. The new appointees will be considered and evaluated by the NC and the NC will then recommend the candidates to be approved and appointed by the Board. The Company Secretaries will ensure all appointments are properly documented. This process was applied for the appointment of Mr. Shunsuke Sasaki as a Director of the Company during the financial year ended 31 March 2020.

The Company is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, race and religion, throughout the organisation.

# Corporate Governance Overview Statement

## (cont'd.)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

#### 4.0 Board's Objectivity (cont'd)

- 4.5 The Board practises non-gender discrimination and endeavours to promote workplace diversity and supports the representation of women in the composition of Board and senior management positions of the Company. The gender diversity policy of the Board has been incorporated in the Company's Board Charter.

The Board, assisted by Management, is responsible for developing strategies to meet the objectives of gender diversity, and monitoring the progress of achieving the objectives through the monitoring, evaluation and reporting mechanisms. These gender diversity strategies include:-

- (a) recruiting from a diverse pool of candidates i.e., from Director's registry, open advertisement or by the use of independent search firms for all positions, including senior management;
- (b) reviewing succession plans to ensure an appropriate focus on gender diversity;
- (c) identifying specific factors to take into account the recruitment and selection processes to encourage gender diversity;
- (d) developing programs to develop a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development; and
- (e) any other strategies the Board develops from time to time.

Currently, there is only one (1) female Director on the Board namely, Puan Norani binti Sulaiman after the resignation of Ms. Naoko Yamamoto and Ms. Yukiko Nishioka as the Directors of the Company on 30 June 2020 and 30 June 2019 respectively.

- 4.6 Although the Board did not utilise independent sources to identify the new Board members appointed during the financial year ended 31 March 2020, namely, Mr. Shunsuke Sasaki, who was recommended by the major shareholder and the Management, Board decision was still made objectively in the best interests of the Company taking into account his potential to contribute to the Board.

The Board will consider utilising independent sources to identify suitably qualified candidates when the need arises in the future.

- 4.7 During the financial year ended 31 March 2020, the NC is chaired by Mr. Koay Kah Ee, the Senior Independent Director appointed by the Board. The NC Chairman has led the annual review of Board effectiveness, ensuring that the performance of each individual Director is independently assessed and will lead the succession planning and appointment of future Board members.

Presently, the NC is chaired by Mr. Dominic Aw Kian-Wee while Mr. Koay Kah Ee is re-designated as a member of the NC. These changes were made effective on 4 June 2020. Puan Norani binti Sulaiman was subsequently appointed as a member of the NC on 1 July 2020.

#### 5.0 Overall Effectiveness of the Board

- 5.1 The Board has, through the NC, conducted the following annual assessments in the financial year ended 31 March 2020:-

- (i) Directors' self-assessment;
- (ii) Evaluation on the effectiveness of the Board as a whole and Board Committees;
- (iii) Assessment of Independent Directors; and
- (iv) Review of the term of office and performance of AC and each of its members.

The annual assessment of individual Directors, Board as a whole and Board Committees are based on a comprehensive assessment system, which commences with the completion of a set of comprehensive Self-Assessment Form detailing all assessment criteria to be completed by all Directors for evaluation by the NC. Criteria for the self-assessment includes self-ratings on the Director's knowledge, support of the mission and goals of the Company, time commitment, and active participation on the Board.

#### 6.0 Level and Composition of Remuneration

- 6.1 In view that fair remuneration is crucial to attract, retain and motivate Directors and senior management, the Board has adopted Policies and Procedures to Determine the Remuneration of Directors and senior management which takes into account the demands, complexities and performance of the Company as well as skills and experience required to determine the remuneration of Directors and senior management. The said policies and procedures are available on the Company's website at [www.ajinomoto.com.my](http://www.ajinomoto.com.my).

# Corporate Governance Overview Statement (cont'd.)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

### 6.0 Level and Composition of Remuneration (cont'd)

6.2 The Board has a RC that assists the Board in implementing its policies and procedures on remuneration, which includes reviewing and recommending the proposed remuneration packages of the Directors of the Company. The RC also assists the Board to structure and link Directors' remuneration to the strategic objectives of the Company, which rewards contribution to the long-term success of the Company in promoting business stability and growth.

The Terms of Reference of the RC is published on the Company's website at [www.ajinomoto.com.my](http://www.ajinomoto.com.my).

For the financial year ended 31 March 2020, the RC was chaired by General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd), the Independent Chairman of the Board. Upon the retirement of General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) as a Director on 4 June 2020, Tan Sri Dato' (Dr.) Teo Chiang Liang was appointed as the Chairman of the RC. Mr. Koay Kah Ee and Dato' Setia Ramli bin Mahmud were also appointed as the members of RC on 4 June 2020.

The RC currently consists of all Independent Non-Executive Directors, which is in line with the MCCG.

### 7.0 Remuneration of Directors and Senior Management

7.1 Remuneration of Directors for the financial year ended 31 March 2020 is as follows:-

#### Executive Directors

Name of director	Salaries and other emoluments	Fees*	Bonus	Gratuity#	Defined contribution plan	Benefits in-kind
Company	RM	RM	RM	RM	RM	RM
Naoko Yamamoto (resigned w.e.f. 30 June 2020)	618,171	27,000	77,459	10,800	0	124,791
Shunsuke Sasaki (appointed w.e.f. 1 July 2019)	382,771	20,250	25,885	8,100	0	61,004
Kamarudin bin Rasid	279,814	27,000	127,665	10,800	80,956	6,407
Hiroki Suzuki	619,438	27,000	77,459	10,800	0	81,201
Miki Moriyama	693,396	27,000	77,459	10,800	0	67,475
Azhan bin Mohamed	194,130	27,000	68,400	10,800	87,133	7,515
Yukiko Nishioka (resigned w.e.f. 30 June 2019)	123,609	6,750	51,364	2,700	0	17,907

# Corporate Governance Overview Statement

(cont'd.)

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd.)

### 7.0 Remuneration of Directors and Senior Management (cont'd)

#### Non-Executive Directors

Name of director	Fees*	Gratuity#	Other emoluments^	Benefits in-kind
Company	RM	RM	RM	RM
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) (retired w.e.f. 4 June 2020)	90,000	36,000	31,800	80,893
Tan Sri Dato' (Dr.) Teo Chiang Liang	45,000	18,000	21,800	0
Koay Kah Ee	35,000	14,000	21,800	0
Dominic Aw Kian-Wee	35,000	14,000	21,800	0
Dato' Setia Ramli bin Mahmud	35,000	14,000	21,800	0

\* Subject to shareholders' approval at the 59th AGM of the Company.

# Based on the Company's current remuneration policy, all Directors are entitled to receive gratuity payment upon their resignation or retirement from office. The Company would make a provision for the gratuity amounts during the Directors' term of office, and hence, the above gratuity was provided for in the financial statements for the current financial year but it has not been paid yet.

^ Meeting, transport allowance and hospitalisation coverage approved by shareholders at the 58th AGM of the Company.

7.2 The top five (5) senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000/-, are as follows:-

Remuneration bands	Name of top five (5) senior management
RM450,001-RM500,000	Shunsuke Sasaki – Executive Director, Chief Finance Officer
RM500,001-RM550,000	Kamarudin bin Rasid – Executive Director, Chief Administration Officer
RM800,001-RM850,000	Hiroki Suzuki – Executive Director, Chief Sales and Marketing Officer
RM850,001-RM900,000	Naoko Yamamoto – Managing Director, Chief Executive Officer
RM850,001-RM900,000	Miki Moriyama – Executive Director, Chief Supply Chain Officer

7.3 Members of senior management of the Company are also Executive Directors of the Company and their detailed remuneration are disclosed as above.

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

### 8.0 Effective and Independent AC

8.1 For the financial year ended 31 March 2020, the Chairman of the AC is Tan Sri Dato' (Dr.) Teo Chiang Liang, an Independent Non-Executive Director, while the Chairman of the Board is General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd), also an Independent Non-Executive Director.



# Corporate Governance Overview Statement (cont'd.)

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

### 8.0 Effective and Independent AC (cont'd)

Presently, since 4 June 2020, the AC is chaired by Mr. Koay Kah Ee upon the appointment of Tan Sri Dato' (Dr.) Teo Chiang Liang as the Chairman of the Board in replacement of the retired Director, General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd). Puan Norani binti Sulaiman was subsequently appointed as a member of the AC on 1 July 2020. This ensured that the objectivity of the Board's review of the AC's findings and recommendations are not impaired. This separation is set out clearly in the Terms of Reference of the AC.

During the financial year under review, Tan Sri Dato' (Dr.) Teo Chiang Liang was responsible to ensure the overall effectiveness and independence of the AC. Together with other members of the AC, Tan Sri had ensured amongst others that -

- a. the AC is fully informed about significant matters related to the Company's audit and its financial statements and these matters are addressed;
  - b. the AC appropriately communicates its insights, views and concerns about relevant transactions and events to Internal and External Auditors;
  - c. the AC's concerns on matters that may have an effect on the financial or audit of the Company are communicated to the External Auditors; and
  - d. there is co-ordination between Internal and External Auditors.
- 8.2 Before appointing a former key audit partner of the Company's External Auditors as a member of the AC, the AC has adopted the Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors, that requires a cooling-off period of at least two (2) years to be observed by the former key audit partner of the Company's External Auditors before being appointed as a member of the AC. This is to safeguard the independence of the audit and preparation of the Company's financial statements.
- 8.3 In recommending the appointment or re-appointment of the External Auditors to the Board, the AC has established Policies and Procedures to Assess the Suitability, Objectivity and Independence of External Auditors that consider amongst others:-
- a. the competence, audit quality, experience and resource capacity of the external auditor and its staff assigned to the audit;
  - b. the audit firm's other audit engagements;
  - c. the adequacy of the scope of the audit plan;
  - d. the external auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
  - e. the nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
  - f. obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The assessment to consider the suitability, objectivity and independence of the audit firm is conducted annually. The AC is of the view that Messrs. Ernst & Young PLT ("EY"), the External Auditors have conducted itself objectively and independently in carrying out the audit of the Company, and is therefore suitable to be re-appointed for the ensuing year and has recommended the same to the Board based on the followings additional observations:-

- EY's active communication with the AC
- Presentation of a comprehensive audit plan and audit findings report
- EY has provided the necessary quality of services required
- EY has sufficient resources to carry out the audit

In EY's reports on its audit plan and audit findings, EY provided its written assurance to the AC that they are, and have been, independent through the conduct of the audit engagement in accordance with By-Laws of the Malaysian Institute of Accountants.

- 8.4 The AC comprises solely of Independent Directors in line with Practice 8.4 of the MCCG.

# Corporate Governance Overview Statement

(cont'd.)

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

### 8.0 Effective and Independent AC (cont'd)

- 8.5 All members of the AC are financially literate and are able to understand the Company's business and matters under the purview of the AC including the financial reporting process. They have continuously applied a critical and probing view on the Company's financial reporting process, transactions and other financial information, and effectively challenged Management's assertions on the Company's financials. Any inconsistencies or irregularities in the financial and operational reports would be questioned to ascertain that the Quarterly Report and the annual Audited Financial Statements taken as a whole provide a true and fair view of the Company's financial position and performance.

All members of the AC have also undertaken and will continue to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules as and when required.

### 9.0 Risk Management and Internal Control

- 9.1 The Board is supported by the Risk Management Committee which adopts the risk framework of Ajinomoto Co., Inc's Risk Management Guideline System. The risk management framework serves as a reference for the Risk Management Committee to identify, assess and monitor the key business risks of the Company in order to safeguard shareholders' investment and the Company's assets.

The Risk Management Committee is chaired by the MD/CEO and includes other key Management staff of the Company. Periodic Management meetings are conducted to deliberate the risk issues faced by the Company and the necessary actions to be taken. The MD/CEO presents the risk management report to the Board quarterly for the Board's attention.

- 9.2 The Board via the Risk Management Committee oversees the risk management of the Company. The Risk Management Committee, with the assistance of the senior management team, assesses the risk tolerance of the Company, identifies the risk issues faced by the Company and takes appropriate actions to manage the identified risks within defined parameters.

The Company also engages Internal Auditors to provide independent assessments on the adequacy, efficiency and effectiveness of the Company's internal control system. The Internal Auditors reports directly to the AC and internal audit plans are tabled to the AC for review and approval by the Board to ensure adequate coverage.

The risk management and internal control are ongoing processes, which are undertaken at each department. The Company will continuously enhance the existing system of risk management and internal control by taking into consideration the changing business environment.

The review and periodic testing of the Company's internal control and risk management framework are conducted as and when required.

Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework, are disclosed in the Statement on Risk Management and Internal Control in this Annual Report.

- 9.3 The Board did not establish a Risk Management Committee, which comprises a majority of independent directors as the current Risk Management Committee made up of the senior management team and chaired by the MD/CEO has managed the risks faced by the Company effectively and in a timely manner.

### 10.0 Effective Governance, Risk Management and Internal Control Framework

- 10.1 The internal audit function of the Company is carried out by an outsourced professional service firm that assists the AC and the Board in managing the risks and establishment of the internal control system and processes of the Company by providing an independent assessment on the adequacy, efficiency and effectiveness of the Company's risk management and internal control system and processes. The Internal Auditors reports directly to both the AC and the Board.

The Internal Auditors has and will continue to keep abreast with developments in the profession, relevant industry and regulations.

The internal audit function is independent of the operations of the Company and provides reasonable assurance that the Company's system of internal control is satisfactory and operating effectively.

Further details of the internal audit function are set out in the Statement on Risk Management and Internal Control and the AC Report of this Annual Report.

# Corporate Governance Overview Statement (cont'd.)

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

### 10.0 Effective Governance, Risk Management and Internal Control Framework (cont'd)

10.2 The internal audit function is outsourced to Tricor Axcelasia Sdn. Bhd. (formerly known as Axcelasia Columbus Sdn. Bhd.) and the internal audit staff on the engagement are free from any relationships or conflicts of interest, which could impair their objectivity and independence.

The staff involved in the internal audit reviews possess professional qualifications and/or a university degree. Certain staff are members of the Institute of Internal Auditors Malaysia. The Engagement Executive Director is Mr. Mah Siew Hoong who has diverse professional experience in internal audit, risk management and corporate governance advisory. He is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Mr. Mah is a Certified Internal Auditor (USA) and has a Certification in Risk Management Assurance (USA).

The internal audit reviews were conducted using a risk based approach and was guided by the International Professional Practice Framework (IPPF).

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

### 11.0 Continuous Communication between the Company and Stakeholders

11.1 The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value. The Board, in its best efforts, always keeps the shareholders and various stakeholders informed of the Company's business and corporate development and ensure that the Company's communication with them is transparent and timely. Announcements, news, promotions and all relevant updates are posted on the Company's website regularly. Shareholders may also communicate with the Company on investor relation matters by posting their enquiries to the Company through the Company's web enquiry form on its website. The Company will endeavour to reply to these enquiries in the shortest possible time.

11.2 The Company is not categorised as "Large companies" under the MCCG and hence, has not adopted integrated reporting based on a globally recognised framework.

### 12.0 Encourage Shareholders Participation at General Meetings

12.1 The Company had provided all shareholders at least twenty-eight (28) days' notice before the date of the 58th AGM last year and will give all shareholders at least twenty-eight (28) days' notice before the date of the 59th AGM this year.

The Notice of General Meeting provides detailed explanation for the resolutions proposed along with any background information and reports or recommendation that are relevant, where required and necessary, to enable shareholders to make informed decisions in exercising their voting rights.

12.2 All the Directors of the Company attended the 58th AGM of the Company held on 26 August 2019. During the 58th AGM, the MD/CEO presented the financial results and the Company's business strategy for the new financial year, after which the Chairman invited questions from the shareholders present. The Board responded to the questions raised during the 58th AGM.

All the Directors of the Company have and will always endeavour to attend all General Meetings and the Chairman of the AC, NC and RC will provide meaningful response to questions addressed to them.

12.3 Paragraph 8.29A of the Main LR requires that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, is voted by poll for all general meetings from 1 July 2016 onwards. The Company had conducted its voting on all resolutions at the 58th AGM held on 26 August 2019 by electronic polling to provide a more efficient and accurate outcome of the poll results. The Company had engaged Securities Services (Holdings) Sdn. Bhd. to act as the Poll Administrator to provide the electronic polling system, while Commercial Quest Sdn. Bhd. was the appointed scrutineer to verify the poll results.

# Corporate Governance Overview Statement (cont'd.)

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

### 12.0 Encourage Shareholders Participation at General Meetings (cont'd)

Prior to implementing the voting in absentia and remote shareholders' participation at general meetings as encouraged by the MCCG, the Board noted several factors and conditions that need to be fulfilled prior to making such considerations:-

- Availability of technology and infrastructure;
- Affordability of the technology and infrastructure;
- Sufficient number of shareholders residing or locating at particular remote locations; and
- Age profile of the shareholders.

In addition, the general meetings of the Company are always held in the Klang Valley in an accessible location. The Company has less than 4,000 shareholders, and hence, while all practical efforts are taken to ensure that shareholders are able to participate at general meetings, considering the costs involved and the current electronic voting technology available, the Board is of the view that it is not economically justifiable to enable voting in absentia or remote shareholders' participation at the forthcoming 59th AGM of the Company.

After having carefully consider all factors, the 59th AGM of the Company in 2020 will be conducted on a fully virtual basis to facilitate communication and engagements with shareholders while enabling remote shareholders' participation via live streaming and vote online remotely on the resolutions tabled at the AGM.

The Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board of Directors passed on 29 June 2020.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. Utilisation of Proceeds

Not Applicable.

## 2. Audit and Non-Audit Fees

During the financial year, the amount of audit fees and non-audit fees paid by the Company to the External Auditors amounted to RM148,000 and RM34,000 respectively.

## 3. Material Contracts

There are no material contracts entered into by the Company (not being contracts entered into in the ordinary course of business) involving Directors' and major shareholders' interests which were still subsisting, since the end of the previous financial year.

## 4. Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

The RRPT entered into by the Company during the financial year ended 31 March 2020 were as follows:-

- (a) Name of related party : Ajinomoto Group of Companies
- (b) Relationship : Ajinomoto Co., Inc. ("AjiCo.") is the holding company of the Company and has presence in over 35 countries and regions through its subsidiaries and affiliated companies wherein it owns direct and indirect shareholdings. This group of companies is referred to as Ajinomoto Group of Companies.

Naoko Yamamoto (*resigned w.e.f. 30 June 2020*), Shunsuke Sasaki, Hiroki Suzuki and Miki Moriyama who are Executive Directors of the Company, being persons nominated and appointed by AjiCo., are deemed interested in the Proposed Renewal of RRPT Mandate.

- (c) Nature of transaction and transacted value:-

Nature of Transaction	1 April 2019 to 31 March 2020 RM'000
Commission income	20
Royalties payable	(9,834)
Sales	104,339
Purchases	(169,391)
Purchases of assets	(716)
Other expenses	(890)
Shared information technology services	(2,792)

# STATEMENT OF DIRECTORS' RESPONSIBILITY

## In Relation To The Financial Statements

This statement is prepared as required by the Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required to prepare financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its result and cash flow for the year then ended.

The Directors consider that in preparing the financial statements,

- the Company has used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates have been made; and
- all applicable approved accounting standards in Malaysia have been followed.

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

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## For The Financial Year Ended 31 March 2020

### INTRODUCTION

The Board of Directors (“**the Board**”) of Ajinomoto (Malaysia) Berhad is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 March 2020, which has been prepared pursuant to paragraph 15.26(b) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements (“**Main LR**”) and in accordance with the principles and recommendations relating to risk management and internal controls provided in the Malaysian Code on Corporate Governance and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. The statement below outlines the nature and scope of risk management and internal control of the Company during the financial year under review.

### BOARD RESPONSIBILITY

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound system of internal control to safeguard shareholders’ investments and the Company’s assets as well as reviewing the adequacy and integrity of the system of internal control. The responsibility of reviewing the adequacy and integrity of the Company’s system of internal control is delegated to the Audit Committee, which is empowered by its terms of reference to seek assurance on the adequacy and integrity of the internal control system through independent reviews carried out by the internal audit function.

However, as there are inherent limitations in any system of internal control, such system put into effect by Management can only reduce but cannot eliminate all risks that may impede the achievement of the Company’s business objectives. Therefore, the internal control system can only provide reasonable and not absolute assurance against material misstatement or loss.

### KEY FEATURES OF THE COMPANY’S INTERNAL CONTROL SYSTEM

#### 1. CONTROL ENVIRONMENT

- **Organisation Structure and Authorisation Procedures**

The Company maintains a formal organisation structure with well-defined delegation of responsibilities and accountability within the Company’s Senior Management. It sets out the roles and responsibilities, appropriate authority limits, review and approval procedures in order to enhance the internal control system of the Company’s various operations.

- **Periodic and Annual Budget**

The Company has a comprehensive budgeting and forecasting system. The annual business plan and budget are approved by the Board and the holding Company. Budgetary control is in place for every operation of the Company, where actual performance is closely monitored against budgets to identify and to address significant variances.

- **Company Policies and Procedures**

The Company has documented policies and procedures that are regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Company’s business activities at all times as the Company continues to grow.

- **Human Resource Policy**

Comprehensive and rigorous guidelines on employment, performance appraisal, training and retention of employees are in place to ensure that employees of the Company are well trained and equipped with all the necessary knowledge, skills and abilities to carry out their responsibility effectively.

- **Quality of Product**

Quality of product is of prime importance to the Board. Compliance to procedures outlined in ISO9001:2015 and “Hazard Analysis and Critical Control Point” (HACCP) accreditation to underpin quality assurance and control are strictly adhered to via regular internal and external quality audits.

- **Regular Operational and Management Meetings**

Monthly operational meetings are conducted among Senior Management to discuss and review the business plans, budgets, financial and operational performances of the Company. Weekly meetings of Heads of Department are also held to monitor performances. The quarterly financial statements containing key financial results and comparisons are tabled to the Board for their review.

# Statement On Risk Management And Internal Control (cont'd.) For The Financial Year Ended 31 March 2020

## 2. RISK MANAGEMENT FRAMEWORK

The Board acknowledges that the Company's business activities involve some degree of risks and key management staff and Heads of Department are responsible for managing identified risks within defined parameters and standards.

The Risk Management Committee which adopts the risk framework from the parent company's Risk Management Guideline System is chaired by the Managing Director/Chief Executive Officer and includes other key management staff of the Company. Identifying, evaluating and managing the significant risks faced by the Company is an ongoing process which is undertaken at each department. During the year under review, this process was carried out through periodic management meetings held to communicate and deliberate key issues and risks amongst Management team members and where appropriate, controls are devised and implemented.

The abovementioned practices/initiatives by the Management serves as the ongoing process used to identify, assess and manage key business, operation and financial risks faced by the Company.

Significant risks identified are escalated to the Board for their attention by the Managing Director/Chief Executive Officer of the Company. The Board views the key risks which will have significant impact on the Company's results are price increase of key raw materials, fluctuation in foreign currency exchange rates, food safety and regulatory change. Some of the other significant risks that were brought to the attention of the Board during the financial year were compliance with Occupational Safety & Health requirements, unstable supply of packaging materials, short supply of manpower, spread of negative and incorrect information on the Company and its products in mass media, product quality issue, unstable supply of raw materials, legal and regulation compliance environmental related issue and interruption of business operations due to IT malfunctions and natural disaster. All of the risks stated above have been mitigated/solved and are closely monitored.

In line with the Bursa Securities' amendments to the Main LR in relation to anti-corruption measures that has taken effect on 1 June 2020, the Management has taken proactive initiatives not only to ensure compliance but to also inhibit corrupt practices or actions stemming from within the Company. Control measures that were taken are such as systematic reviewing and enforcement of Company's policies, communication of policies through town hall briefings and the provision of training and workshops to the Company's staffs.

## 3. INTERNAL AUDIT FUNCTION

The Company's internal audit function, which is outsourced to a professional service firm, assists the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control system. The Internal Auditor reports directly to the Audit Committee and internal audit plans are tabled to the Audit Committee for review and approval to ensure adequate coverage.

On a quarterly basis, the results of the internal audit reviews and the recommendations for improvement are presented to the Audit Committee. In addition, the status of the implementation of corrective actions to address control weaknesses is also followed up by the internal auditors to ensure that these actions have been satisfactorily implemented. Senior Management will continue to ensure that appropriate actions are taken to enhance and strengthen the internal control environment.

Based on the internal audit reviews carried out, none of the weaknesses noted have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

The costs incurred in maintaining the outsourced internal audit function for the financial year ended 31 March 2020 amounted to RM80,346 (financial year ended 31 March 2019: RM79,124).

## 4. REVIEW BY THE BOARD

The Board's review of risk management and internal control effectiveness is based on information from:-

- Senior Management within the organisation responsible for the development and maintenance of the risk management and internal control system.
- The work by the internal audit function which submits reports to the Audit Committee together with the assessment of the internal controls systems relating to key risks and recommendations for improvement.

The Board considered the system of internal controls described in this statement to be satisfactory and the risks to be at an acceptable level within the context of the Company's business environment.



# Statement On Risk Management And Internal Control (cont'd.) For The Financial Year Ended 31 March 2020

## 5. INFORMATION AND COMMUNICATION

Information critical to the achievement of the Company's business objectives are communicated through established reporting lines across the Company. This is to ensure that matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

## 6. REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the Main LR, the External Auditors have reviewed this Statement for inclusion in the 2020 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

## 7. CONCLUSION

The Board has received assurance from the Managing Director/Chief Executive Officer and Chief Finance Officer that the Company's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Company. There was no material control failure that would have any material adverse effect on the financial results of the Company for the year under review and up to the date of issuance of the financial statements.

Moving forward, the Company will continue to enhance the existing systems of risk management and internal controls, taking into consideration the changing business environment.

The Board is of the view that the Company's system of internal control is adequate to safeguard shareholders' investments and the Company's assets and has not resulted in any material loss, contingency or uncertainty. The Board has not identified any circumstances which suggest any fundamental deficiencies in the Company's system of internal control. However, the Board is also cognisant of the fact that the Company's system of internal control and risk management practices must continuously evolve to meet the changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to further enhance the system of internal control.

This statement was approved by the Board of Directors on 29 June 2020.

# AUDIT COMMITTEE REPORT

## INTRODUCTION

The Board of Directors (“**the Board**”) of the Company is pleased to present the report of the Audit Committee for the financial year ended 31 March 2020.

## PURPOSE

The Audit Committee assists the Board in carrying out its responsibilities and meeting the corporate governance requirements. It reviews the quarterly financial information before recommending to the Board for adoption and release to Bursa Malaysia Securities Berhad (“**Bursa Securities**”). In addition to this, the Audit Committee reviews the systems of internal controls which Management and the Board have established, and makes recommendations to Management on actions to be taken, if any, based on the reports of the independent Internal and External Auditors.

## AUTHORITY, DUTIES AND RESPONSIBILITIES

The Audit Committee is governed by its Terms of Reference, which is available at the Company’s website at [www.ajinomoto.com.my](http://www.ajinomoto.com.my).

## COMPOSITION OF THE AUDIT COMMITTEE AND ATTENDANCE OF MEMBERS AT MEETINGS

The composition of the Audit Committee and the attendance of the respective members at each Audit Committee Meeting during the financial year ended 31 March 2020 are as follows:-

Names	Designation	Directorship	Attendance*
Tan Sri Dato’ (Dr.) Teo Chiang Liang <i>(re-designated as a member w.e.f. 4 June 2020)</i>	Chairman	Independent Non-Executive Director	5/5
General Tan Sri (Dr.) Dato’ Paduka Mohamed Hashim bin Mohd. Ali (Rtd) <i>(retired w.e.f. 4 June 2020)</i>	Member	Independent Non-Executive Director	5/5
Koay Kah Ee <i>(re-designated as Chairman w.e.f. 4 June 2020)</i>	Member	Senior Independent Non-Executive Director	5/5
Dominic Aw Kian-Wee	Member	Independent Non-Executive Director	5/5
Dato’ Setia Ramli bin Mahmud	Member	Independent Non-Executive Director	5/5
Norani binti Sulaiman <i>(appointed w.e.f. 1 July 2020)</i>	Member	Independent Non-Executive Director	-

\* There were five (5) Audit Committee Meetings held during the financial year ended 31 March 2020. The meetings were held on 23 May 2019, 27 June 2019, 22 August 2019, 27 November 2019 and 26 February 2020.

Presently, the Audit Committee is chaired by Mr. Koay Kah Ee while Tan Sri Dato’ (Dr.) Teo Chiang Liang is re-designated as a member of the Audit Committee. This took effect upon the appointment of Tan Sri Dato’ (Dr.) Teo Chiang Liang as the Chairman of the Board in replacement of the retired Chairman of the Board, General Tan Sri (Dr.) Dato’ Paduka Mohamed Hashim bin Mohd. Ali (Rtd) on 4 June 2020. Puan Norani binti Sulaiman was subsequently appointed as a member of the Audit Committee on 1 July 2020.

# Audit Committee Report (cont'd.)

## Summary of work and discharge of responsibilities of the Audit Committee

During the financial year ended 31 March 2020, the Audit Committee had discharged its functions and carried out its duties as set out in the Terms of Reference.

The Audit Committee has also met up with the External Auditors without the presence of all the Executive Board members three (3) times during the financial year, which is beyond the requirement of two (2) times as stipulated in the Audit Committee's Terms of Reference, to encourage a greater exchange of free and honest views between both parties.

A summary of the work of the Audit Committee in the discharge of its functions and duties for the financial year and how it has met its responsibilities during the financial year are as follows:-

### 1. Financial Results

- a) Reviewed the quarterly financial results of the Company focusing particularly on changes in or implementation of major accounting policy changes, significant and unusual events and compliance with accounting standards and other legal requirements before recommending them for approval by the Board of Directors for announcement to Bursa Securities;
- b) Reviewed the reports and the audited financial statements of the Company together with the External Auditors prior to tabling to the Board for approval.

In the review of the annual audited financial statements, the Audit Committee had discussed with Management and the External Auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements as well as issues and reservations arising from the statutory audit.

The Audit Committee had met on the following dates during the financial year to deliberate on the financial reporting matters:-

Date of Meeting	Financial Reporting Statement Reviewed
23 May 2019	<ul style="list-style-type: none"> <li>• Fourth quarter results for the financial year ended 31 March 2019</li> </ul>
27 June 2019	<ul style="list-style-type: none"> <li>• Audited Financial Statements for the financial year ended 31 March 2019</li> </ul>
22 August 2019	<ul style="list-style-type: none"> <li>• First quarter results for the financial year ended 31 March 2020</li> </ul>
27 November 2019	<ul style="list-style-type: none"> <li>• Second quarter results for the financial year ended 31 March 2020</li> </ul>
26 February 2020	<ul style="list-style-type: none"> <li>• Third quarter results for the financial year ended 31 March 2020</li> </ul>

### 2. External Audit

- a) Reviewed and approved the External Auditors' scope of work, fees, and audit plan for the financial year and made recommendation to the Board for approval on their remuneration;
- b) Reviewed and discussed the External Auditors' audit report, covering the key audit matters ("KAM") raised and areas for concern highlighted in the Management letter, including Management's response to the concerns raised by the External Auditors, and evaluation of the system of internal controls;
- c) Discussed significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements i.e., reported on the Malaysian Financial Reporting Standards ("MFRS") 9: *financial instruments*, MFRS 15: *revenue from contracts with customers* and MFRS 16: *Leases* implementation assessment;
- d) Inquired into the assistance given by the Management to the External Auditors; and
- e) Assessed the suitability, objectivity, independence and performance of the External Auditors and made recommendation to the Board on their re-appointment.

## Audit Committee Report (cont'd.)

During the financial year, the Audit Committee had three (3) private meetings with the External Auditors on 23 May 2019, 27 June 2019 and 26 February 2020 without the presence of the Executive Directors and Management of the Company to discuss any issues that may have arose from the external audit.

During the audit process in the financial year ended 31 March 2020, the issue related to the revenue recognition was raised by the Company's External Auditors as KAM. The audit responses to address the abovesaid issue by the Company's External Auditors was set out in the Independent Auditors' Report ("IAR"). For detailed information on KAM, please refer to the IAR in this Annual Report.

The Company had at its Fifty-Eighth Annual General Meeting held on 26 August 2019 appointed Messrs. Ernst & Young as the External Auditors of the Company in place of the retiring Auditors, Messrs. Hanafiah Raslan & Mohamad.

### 3. Internal Audit

- a) Reviewed and approved the internal audit plan for the financial year and the internal audit fees;
- b) Reviewed the internal audit issues, recommendations and the Management responses to rectify and improve the system of internal control;
- c) Monitored the implementation of programmes recommended by Internal Auditors arising from its audits in order to obtain assurance that all key risks and controls have been fully dealt with; and
- d) Reviewed the performance of the Internal Auditors pursuant to Paragraph 15.12(1)(e) of the Bursa Securities' Main Market Listing Requirements ("Main LR") and the Terms of Reference of the Audit Committee. The areas being assessed were:-
  - Level of understanding of the Company's business and the industry in which the Company operates
  - Frequency of review to test the effectiveness of the financial, operational, compliance controls and processes of the Company
  - Adequacy of manpower, budget and competency
  - Recommendation of action plans to monitor risks and internal controls

### 4. Related Party Transactions ("RPT")

- a) Reviewed the Recurrent RPT of the Company on a quarterly basis.
- b) Reviewed the Circular to Shareholders in relation to the Renewal of Existing Shareholder Mandate for Recurrent RPT.

### 5. Other matter

- a) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control for disclosure in the 2020 Annual Report.

# Audit Committee Report (cont'd.)

## Summary of work of the internal audit function

The Company's internal audit function, which is outsourced to a professional service firm, assists the Board and the Audit Committee in providing independent assessment of the adequacy, efficiency and effectiveness of the Company's internal control system.

A summary of work of the internal audit function for the financial year ended 31 March 2020 is as follows:-

- (a) Formulated the internal audit plan and presented the plan for the Audit Committee's review and approval;
- (b) Executed the internal audit reviews covering the following business processes or areas in accordance with the approved audit plan:-
  - Procurement of materials and services
    - Pre-qualifications and selection of vendors
    - Vendor performance evaluation
    - Procurement planning
    - Sourcing of alternative suppliers
  - Inventory Management
    - Receipts and inspection
    - Issuance and distribution
    - Storage and security
    - Goods-in-transit
  - Branch operations in Ipoh and Penang on November 2019 covering the following areas:-
    - Inventory management
    - Sales proceeds - records maintenance and deposit
    - Fixed assets verifications
  - Human resource management
    - Recruitment of employees
    - Employee retention programme
    - Training and development
    - Succession planning
    - Foreign worker management
- (c) Based on the audit reviews carried out, reported the results of the audit reviews to the Audit Committee every quarter. The reports highlighted internal control weaknesses identified and corresponding recommendations for improvements; and
- (d) Followed up on the status of implementation of Management action plans carried out and reported the same to the Audit Committee.

The internal audit reviews carried out during the financial year ended 31 March 2020 did not reveal weaknesses that have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

# ANALYSIS OF SHAREHOLDINGS

## AS AT 30 JULY 2020

Issued Share Capital : RM60,798,534.00  
Class of Shares : Ordinary Shares  
Voting Rights : One vote per ordinary share

### ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1 – 99	366	8.08	5,126	0.01
100 – 1,000	2,407	53.12	1,296,258	2.13
1,001 – 10,000	1,482	32.71	5,058,688	8.32
10,001 – 100,000	233	5.14	6,010,019	9.89
100,001 – 3,039,925 (*)	42	0.93	17,800,598	29.28
3,039,926 and above (**)	1	0.02	30,627,845	50.38
<b>TOTAL</b>	<b>4,531</b>	<b>100.00</b>	<b>60,798,534</b>	<b>100.00</b>

Remarks: \* Less than 5% of Issued Shares  
\*\* 5% and above of Issued Shares

### SUBSTANTIAL SHAREHOLDER

The substantial shareholder of Ajinomoto (Malaysia) Berhad and its respective shareholdings based on the Register of Substantial Shareholders of the Company as at 30 July 2020 is as follows:-

	Direct		No. of Shares	
	No. of Shares Held	%	Direct	Indirect
Ajinomoto Co., Inc.	30,627,845	50.38	-	-

### DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company as at 30 July 2020 are as follows:-

Directors	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
Tan Sri Dato' (Dr.) Teo Chiang Liang	-	-	150,000 <sup>(1)</sup>	0.25
Koay Kah Ee	-	-	-	-
Tomoharu Abe	-	-	-	-
Shunsuke Sasaki	-	-	-	-
Dominic Aw Kian-Wee	-	-	-	-
Dato' Setia Ramli bin Mahmud	-	-	-	-
Kamarudin bin Rasid	-	-	-	-
Hiroki Suzuki	-	-	-	-
Miki Moriyama	-	-	-	-
Azhan bin Mohamed	-	-	-	-
Norani binti Sulaiman	-	-	-	-

<sup>(1)</sup> Deemed interested by virtue of his and/or persons associated with him who has/have more than 20% equity interest in Teo Soo Cheng Sdn. Bhd. and See Hoy Chan Holdings Sendirian Berhad respectively.

## Analysis of Shareholdings (cont'd.) As At 30 July 2020

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

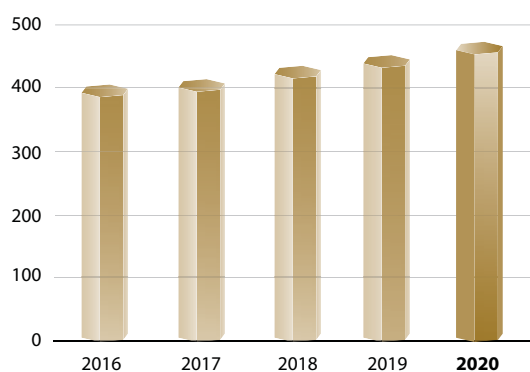
No.	Shareholders	No. of Shares	%
1.	Ajinomoto Co., Inc.	30,627,845	50.38
2.	Cartaban Nominees (Asing) Sdn. Bhd. <i>BBH and Co. Boston for Fidelity Puritan Trust: Fidelity Series Intrinsic Opportunities Fund</i>	1,650,000	2.71
3.	Kumpulan Wang Persaraan (Diperbadankan)	1,277,900	2.10
4.	Cartaban Nominees (Asing) Sdn. Bhd. <i>SSBT Fund F9EX for Fidelity Northstar Fund</i>	1,250,000	2.06
5.	Chinchoo Investment Sdn. Berhad	1,210,800	1.99
6.	Maybank Nominees (Asing) Sdn. Bhd. <i>Bank of East Asia (Nominees) Pte Ltd for The Bank of East Asia Ltd Singapore (A/C 2-970510)</i>	1,131,030	1.86
7.	Berjaya Sompo Insurance Berhad	1,125,054	1.85
8.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>National Trust Fund (IFM Maybank)</i>	1,072,200	1.76
9.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt AN for Credit Suisse (SG BR-TST-ASING)</i>	700,000	1.15
10.	Amanahraya Trustees Berhad <i>Public Strategic Smallcap Fund</i>	585,200	0.96
11.	Tee Teh Sdn. Berhad	564,508	0.93
12.	Amanahraya Trustees Berhad <i>PB Islamic Smallcap Fund</i>	473,700	0.78
13.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Urusharta Jamaah Sdn. Bhd.</i>	453,900	0.75
14.	Seah Mok Khoon	450,000	0.74
15.	Yong Siew Lee	423,000	0.70
16.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (Aberislamic)</i>	383,300	0.63
17.	Amanahraya Trustees Berhad <i>Public Smallcap Fund</i>	381,200	0.63
18.	Amanahraya Trustees Berhad <i>PB Smallcap Growth Fund</i>	342,300	0.56
19.	Amanahraya Trustees Berhad <i>Public Islamic Emerging Opportunities Fund</i>	338,800	0.56
20.	See Hoy Chan Agencies Sendirian Berhad	338,100	0.56
21.	Wong Lok Jee @ Ong Lok Jee	250,000	0.41
22.	Yee Fook Leong	234,000	0.38
23.	Maybank Securities Nominees (Asing) Sdn. Bhd. <i>Maybank Kim Eng Securities Pte Ltd for Tan Pheok Gee</i>	208,138	0.34
24.	Oh Siew Heong	201,300	0.33
25.	Key Development Sdn. Berhad	200,000	0.33
26.	Seah Heng Lye	200,000	0.33
27.	Maybank Nominees (Tempatan) Sdn. Bhd. <i>Exempt AN for Maybank Islamic Asset Management Sdn. Bhd. (Resident)</i>	191,500	0.31
28.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>SSBT Fund SBG6 For Swedbank Robur Small Cap Emerging Markets</i>	180,000	0.30
29.	Amanahraya Trustees Berhad <i>Public Select Treasures Equity Fund</i>	175,400	0.29
30.	HSBC Nominees (Tempatan) Sdn. Bhd. <i>Exempt AN for Credit Suisse (SG BR-TST-TEMP)</i>	161,800	0.27
	<b>TOTAL</b>	<b>46,780,975</b>	<b>76.94</b>

# FINANCIAL HIGHLIGHTS

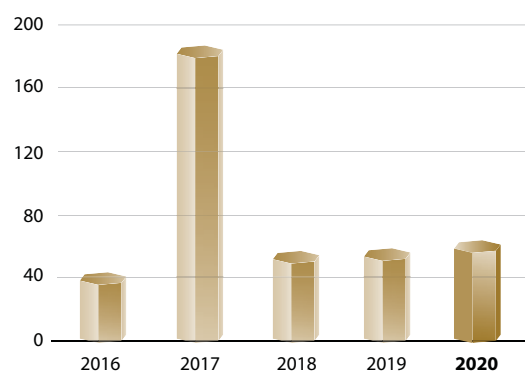
## For the financial year ended 31 March

	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
REVENUE	400,201	419,917	436,286	447,731	461,689
PROFIT BEFORE TAXATION	53,941	211,469	67,068	72,659	77,747
NET PROFIT	40,787	187,462	56,262	56,581	59,854
SHAREHOLDERS FUNDS	307,813	474,638	437,129	465,335	495,678
PER SHARE					
o GROSS EARNINGS (Sen)	88.7	347.8	110.3	119.5	127.9
o NET EARNINGS (Sen)	67.1	308.3	92.5	93.1	98.4
o NET ASSET (RM)	5.1	7.8	7.2	7.7	8.2
FINANCIAL RATIOS					
Return on Asset (%)	11.11%	35.21%	11.56%	10.61%	10.31%
Return on Equity (%)	13.25%	39.50%	12.87%	12.16%	12.08%
Dividend Payout Ratio (%)	50.31%	50.27%	50.25%	50.50%	50.08%
Net Dividend per share (sen)	33.75	42.00	46.50	47.00	49.30
Special Dividend per share (sen)	-	113.00	-	-	-

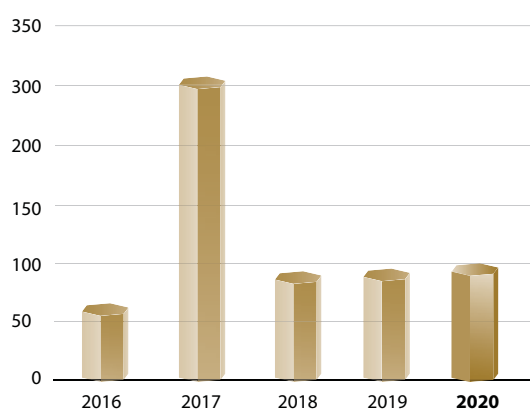
**REVENUE**  
(RM Millions)



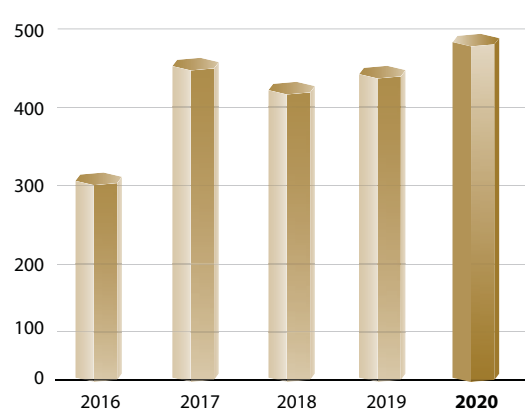
**NET PROFIT**  
(RM Millions)



**NET EARNINGS PER SHARE**  
(Sen)



**SHAREHOLDERS FUNDS**  
(RM Millions)





# DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Company for the financial year ended 31 March 2020.

## Principal activities

The principal activities of the Company are manufacturing and selling AJI-NO-MOTO® products, and other seasoning and food items. There have been no significant changes in the nature of the principal activities during the year.

The holding company is Ajinomoto Co., Inc., a corporation incorporated in Japan.

## Results

	RM
Profit net of tax	59,853,667

There have been 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 Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

## Dividend

The amount of dividends paid by the Company since 31 March 2019 were as follows:

	RM
In respect of the financial year ended 31 March 2019 as reported in the directors' report of that year	
First and final single-tier dividend of 47.00 sen per ordinary share declared on 26 August 2019 and paid on 23 September 2019	28,575,311

## Directors

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

Tan Sri Dato' (Dr.) Teo Chiang Liang  
Koay Kah Ee  
Tomoharu Abe (appointed on 1 July 2020)  
Shunsuke Sasaki (appointed on 1 July 2019)  
Dominic Aw Kian-Wee  
Dato' Setia Ramli bin Mahmud  
Kamarudin bin Rasid  
Hiroki Suzuki  
Miki Moriyama  
Azhan bin Mohamed  
Norani binti Sulaiman (appointed on 1 July 2020)  
General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) (retired on 4 June 2020)  
Naoko Yamamoto (resigned on 30 June 2020)  
Yukiko Nishioka (resigned on 30 June 2019)

## Directors' Report (cont'd.)

### 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.

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 7 of the financial statements or the fixed salary of a full time employee) 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.

### Indemnity and insurance costs

During the financial year, the Company maintained a Directors' and Officers' Liability Insurance for the purpose of Section 289 of the Companies Act 2016. The total insured limit for the Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Company was RM15 million per occurrence and in the aggregate. The insurance premium for the Company is RM14,450.

### Directors' interests

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

	Number of ordinary shares			
	At 1.4.2019	Acquired	Sold	At 31.3.2020

#### The Company

##### Direct interest:

General Tan Sri (Dr.) Dato' Paduka				
Mohamed Hashim bin Mohd. Ali (Rtd) (retired on 4 June 2020)	10,000	-	-	10,000

##### Indirect interest:

General Tan Sri (Dr.) Dato' Paduka				
Mohamed Hashim bin Mohd. Ali (Rtd) (retired on 4 June 2020)	10,000	-	-	10,000
Tan Sri Dato' (Dr.) Teo Chiang Liang	150,000	-	-	150,000

	Number of shares			
	At 1.4.2019	Acquired	Sold	At 31.3.2020

#### Holding company

- Ajinomoto Co. Inc.

##### Direct interest:

Hiroki Suzuki	6,011	394	-	6,405
---------------	-------	-----	---	-------

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## Directors' Report (cont'd.)

### Directors' remuneration

The details of directors' remuneration are as follows:

	RM
Executive:	
Salaries and other emoluments	2,911,329
Fees	162,000
Bonus	505,691
Gratuity	64,800
Defined contribution plan	168,089
Total executive directors' remuneration (excluding benefits-in-kind) (Note 6)	3,811,909
Estimated money value of benefit-in-kind	366,300
Total executive directors' remuneration (including benefits-in-kind)	4,178,209
Non-executive:	
Fees	240,000
Gratuity	96,000
Other emoluments	119,000
Total non-executive directors' remuneration (excluding benefits-in-kind) (Note 8)	455,000
Estimated money value of benefit-in-kind	80,893
Total non-executive directors' remuneration (including benefits-in-kind)	535,893
Total directors' remuneration	4,714,102

### Other statutory information

- (a) Before the statement of comprehensive income and statement of financial position 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 allowance for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they 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) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements 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 methods of valuation of assets or liabilities 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 the financial statements of the Company which would render any amount stated in the financial statements misleading.

# Directors' Report (cont'd.)

## Other statutory information (cont'd)

- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets 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 Company which has arisen since the end of the financial year.
- (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 Company to meet its 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 Company for the financial year in which this report is made.

## Indemnification of auditors

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 or since the financial year.

## Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office. The auditors' remuneration for current financial year is RM182,000.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 July 2020.

**Tan Sri Dato' (Dr.) Teo Chiang Liang**

**Tomoharu Abe**

## STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Dato' (Dr.) Teo Chiang Liang and Tomoharu Abe, being two of the directors of Ajinomoto (Malaysia) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 48 to 92 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 Company as at 31 March 2020 and of the results and the cash flows of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 July 2020.

Tan Sri Dato' (Dr.) Teo Chiang Liang

Tomoharu Abe

## STATUTORY DECLARATION PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Heng Wai Shen, being the officer primarily responsible for the financial management of Ajinomoto (Malaysia) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 48 to 92 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 Heng Wai Shen at  
Kuala Lumpur in the Federal  
Territory on 30 July 2020

Heng Wai Shen  
MIA: CA 9667

Before me,

Tan Seok Kett  
(W530)  
Commissioner for Oaths  
Kuala Lumpur

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AJINOMOTO (MALAYSIA) BERHAD (INCORPORATED IN MALAYSIA)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Ajinomoto (Malaysia) Berhad, which comprise the statement of financial position as at 31 March 2020, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 92.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2020, and of its financial performance and 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 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 matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the Company for the current year. The matter was addressed in the context of our audit of the financial statements of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter. For matter below, our description of how our audit addressed the matter is provided in that context.

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 the 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.

### Revenue recognition

The note relating to revenue is disclosed in Note 2.3(n) and Note 4 to the financial statements.

During the financial year, the Company recognised revenue from sale of goods amounting to approximately RM461.7 million. We identified revenue recognition to be an area of audit focus as we consider the high volume of transactions to be a possible cause of a higher risk of material misstatements in respect of the timing and amount of revenue recognised. We focused our audit efforts to determine the possibility of overstatement of revenue.

Our audit procedures for revenue recognition included amongst others:

- (a) We obtained an understanding of the Company's relevant internal controls and tested the controls over the timing and amount of revenue recognised;
- (b) We evaluated the appropriateness of the timing of revenue recognition by inspecting the terms stated in the sales arrangement;
- (c) We performed a three-way correlation test between revenue, trade receivables and cash and bank balances accounts; and
- (d) We also focused on testing the recording of sales transaction close to year end, including credit notes issued after year end, to establish whether the transactions were recorded in the correct accounting period.

# Independent Auditors' Report

## to the members of Ajinomoto (Malaysia) Berhad

### (Incorporated in Malaysia) (cont'd.)

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

##### Information other than the financial statements and auditor's report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2020 Annual Report, but does not include the financial statements of the Company and our auditors' report thereon.

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

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

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

##### Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

##### Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# Independent Auditors' Report

## to the members of Ajinomoto (Malaysia) Berhad (Incorporated in Malaysia) (cont'd.)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### Auditor's responsibilities for the audit of the financial statements (cont'd.)

- 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matter communicated with the directors, we determine the matter that was of most significance in the audit of the financial statements of the Company for the current year and is therefore the key audit matter. We describe the matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### 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.

The financial statements of Ajinomoto (Malaysia) Berhad for the year ended 31 March 2020, were audited by another auditor which is also a member of the global network of Ernst & Young firms.

**Ernst & Young PLT**  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

**Liew Foo Shen**  
No. 03349/01/2022 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
30 July 2020



# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	2020 RM	2019 RM
<b>Revenue</b>	4	461,689,082	447,730,739
<b>Other items of income</b>	5	9,919,758	11,861,763
<b>Items of expenses</b>			
Changes in inventories of finished goods and work in progress		6,239,755	2,003
Raw materials and packaging materials consumed		(202,793,283)	(210,027,041)
Finished goods purchased		(45,288,839)	(40,673,321)
Employee benefits expense	6	(60,129,824)	(53,325,247)
Depreciation of property, plant and equipment	12	(16,787,566)	(16,114,700)
Amortisation of intangible assets	13	(485,727)	-
Depreciation of right-of-use assets	14	(1,151,705)	-
Other operating expenses		(73,464,599)	(66,795,085)
Profit before tax	8	77,747,052	72,659,111
Income tax expense	9	(17,893,385)	(16,078,508)
<b>Profit net of tax</b>		59,853,667	56,580,603
<b>Other comprehensive income</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial loss on defined benefit plans		(1,230,328)	(136,307)
Tax impact relating to actuarial loss on defined benefit plans		295,279	32,714
<b>Other comprehensive loss for the year, net of tax</b>		(935,049)	(103,593)
<b>Total comprehensive income for the year</b>		58,918,618	56,477,010
<b>Earnings per share attributable to equity holders of the Company (sen)</b>			
- Basic	10	98.44	93.06
<b>Net dividend per share (sen)</b>	11	47.00	46.50

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

# STATEMENT OF FINANCIAL POSITION

## AS AT 31 MARCH 2020

	Note	2020 RM	2019 RM
<b>Non-current assets</b>			
Property, plant and equipment	12	161,732,067	75,629,330
Intangible assets	13	4,082,103	-
Right-of-use assets	14	18,909,076	-
Other receivables	15	1,518,104	1,384,116
Other investments	16	226,000	226,000
Deferred tax assets	23	2,589,413	299,126
		<u>189,056,763</u>	<u>77,538,572</u>
<b>Current assets</b>			
Inventories	17	53,729,281	44,632,081
Trade and other receivables	15	102,705,699	105,911,499
Investment securities	19	122,049,249	198,780,122
Cash and cash equivalents	20	112,909,000	106,398,988
		<u>391,393,229</u>	<u>455,722,690</u>
<b>Total assets</b>		<u>580,449,992</u>	<u>533,261,262</u>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Retirement benefit obligations	21	1,214,351	548,874
Trade and other payables	22	63,926,831	52,788,321
Derivatives liabilities	18	442,432	67,300
Lease liabilities	14	716,926	-
Tax payable		4,953,549	2,712,381
		<u>71,254,089</u>	<u>56,116,876</u>
<b>Non-current liabilities</b>			
Retirement benefit obligations	21	13,089,377	11,809,589
Lease liabilities	14	428,422	-
		<u>13,517,799</u>	<u>11,809,589</u>
<b>Total liabilities</b>		<u>84,771,888</u>	<u>67,926,465</u>
<b>Net assets</b>		<u>495,678,104</u>	<u>465,334,797</u>
<b>Equity attributable to equity holders of the Company</b>			
Share capital	24	65,102,234	65,102,234
Retained earnings	25	432,336,646	401,058,290
Other reserves	26	(1,760,776)	(825,727)
<b>Total equity</b>		<u>495,678,104</u>	<u>465,334,797</u>
<b>Total equity and liabilities</b>		<u>580,449,992</u>	<u>533,261,262</u>

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

## STATEMENT OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

		← Non-distributable →	Distributable	
	Note	Share capital RM (Note 24)	Other reserves RM (Note 26)	Retained earnings RM (Note 25)
				Total equity RM
<b>At 1 April 2018</b>		65,102,234	(722,134)	372,749,005
Total comprehensive income		-	(103,593)	56,580,603
<u>Transaction with owners</u>				
Dividends	11	-	-	(28,271,318)
<b>At 31 March 2019</b>		65,102,234	(825,727)	401,058,290
<b>At 1 April 2019</b>		65,102,234	(825,727)	401,058,290
Total comprehensive income		-	(935,049)	59,853,667
<u>Transaction with owners</u>				
Dividends	11	-	-	(28,575,311)
<b>At 31 March 2020</b>		65,102,234	(1,760,776)	432,336,646

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

# STATEMENT OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	2020 RM	2019 RM
<b>Cash flows from operating activities</b>		
Profit before tax	77,747,052	72,659,111
Adjustments for:		
Provision for short-term accumulating compensated absences	125,147	26,111
Interest income	(2,894,308)	(3,354,770)
Distribution from investment securities	(5,583,566)	(7,033,391)
Depreciation of property, plant and equipment	16,787,566	16,114,700
Amortisation of intangible assets	485,727	-
Depreciation of right-of-use assets	1,151,705	-
Provision of expected credit loss on trade receivables, net	6,991	13,045
Bad debts written off	15,190	11,342
Inventories written off	213,061	982,935
Property, plant and equipment written off	115,447	97,839
Gain on disposal of property, plant and equipment	(224,951)	(356,869)
Provision for defined benefit plans	1,845,464	1,784,207
Unrealised foreign exchange gain	(914,943)	(648,167)
Net fair value loss on derivatives	375,132	161,051
Operating profit before working capital changes	89,250,714	80,457,144
(Increase)/decrease in inventories	(9,310,261)	128,235
Increase in trade and other receivables	(4,528,813)	(15,177,206)
Increase in trade and other payables	11,053,038	16,288,746
Cash generated from operations	86,464,678	81,696,919
Net taxes paid	(17,647,225)	(15,079,583)
Net payments made to retirement benefit obligations	(1,130,527)	(1,148,676)
Net cash generated from operating activities	67,686,926	65,468,660
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(79,470,259)	(7,663,921)
Purchase of intangible assets	(3,080,178)	-
Proceeds from disposal of property, plant and equipment	678,276	553,972
Deposits paid for acquisition of plant and equipment	(35,522,756)	-
Deposits paid for land acquisition	-	(32,481,865)
Interest received	2,930,722	3,307,299
Distribution from investment securities	6,030,808	4,727,664
Withdrawal/(placement) with licensed financial institutions	76,283,631	(26,513,683)
Net cash used in investing activities	(32,149,756)	(58,070,534)
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(1,011,140)	-
Dividends paid	(28,575,311)	(28,271,318)
Net cash used in financing activities	(29,586,451)	(28,271,318)
<b>Net increase/(decrease) in cash and cash equivalents</b>	5,950,719	(20,873,192)
Effect of exchange rate changes on cash and cash equivalents	559,293	524,793
<b>Cash and cash equivalents at beginning of the financial year</b>	106,398,988	126,747,387
<b>Cash and cash equivalents at end of the financial year (Note 20)</b>	112,909,000	106,398,988

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

### 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities. The registered office of the Company is located at Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur.

The holding company is Ajinomoto Co., Inc., a corporation incorporated in Japan.

The principal activities of the Company are manufacturing and selling AJI-NO-MOTO® products, and other seasoning and food items. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 July 2020.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements of the Company comply with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Company have been prepared on a historical cost basis unless otherwise indicated in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency.

#### 2.2 Changes in accounting policies and effects from the adoption of new and revised MFRSs

As of 1 April 2019, the Company adopted the following new and amended MFRSs and IC Interpretations (collectively referred to as "pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB"):

##### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 April 2019**

- MFRS 16: Leases
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 9: Prepayment Features with Negative Compensation
- Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
- Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
- Annual Improvements to MFRS Standards 2015-2017 Cycle

The application of these amendments has no material impact on the financial results and disclosures in the Company's financial statements except for those discussed below:

##### **(a) MFRS 16 Leases**

MFRS 16 supersedes MFRS 117 Leases, IC Interpretation ("IC") 4 Determining whether an Arrangement contains a Lease, IC 115 Operating Leases-Incentives and IC 127 Evaluating the Substance of Transactions Involving the legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Company is the lessor.

The Company adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, MFRS 16 is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying MFRS 117 Leases and IC interpretation 4 Determining whether an Arrangement contains a Lease at the date of initial application.

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.2 Changes in accounting policies and effects from the adoption of new and revised MFRSs (cont'd.)

##### (a) MFRS 16 Leases (cont'd.)

The effect of adoption MFRS 16 as at 1 April 2019 (increase/(decrease)) is, as follows:

	RM
<b>Assets</b>	
Right-of-use assets	18,970,653
Property, plant and equipment	(18,159,803)
<b>Total Assets</b>	<u>810,850</u>
<b>Liabilities</b>	
Lease liabilities	<u>810,850</u>

The Company has lease contracts for leasehold land and buildings. Before the adoption of MFRS 16, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of MFRS 16, the Company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets.

##### *Leases previously classified as finance leases*

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under MFRS 117). The requirements of MFRS 16 were applied to these leases from 1 April 2019.

##### *Leases previously accounted for as operating leases*

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at 1 April 2019:

- Right-of-use assets of RM18,970,653 were recognised and presented separately in the statement of financial position. This includes the leasehold land recognised previously of RM18,159,803 that were reclassified from property, plant and equipment.
- Additional lease liabilities of RM810,850 were recognised.

# Notes to the Financial Statements

For the financial year ended 31 March 2020 (cont'd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.2 Changes in accounting policies and effects from the adoption of new and revised MFRSs (cont'd.)

#### (a) MFRS 16 Leases (cont'd.)

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

	RM
Operating lease commitments as at 31 March 2019	995,100
Commitments relating to short-term leases	(179,250)
Commitments relating to leases of low-value assets	(5,000)
	<hr/>
Lease liabilities as at 1 April 2019	810,850

### 2.3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements, unless otherwise stated.

#### (a) Foreign currency

##### (i) Functional and presentation currency

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

##### (ii) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

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

#### (b) Property, plant and equipment

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

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (b) Property, plant and equipment (cont'd.)

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

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold lands are depreciated over the period of their respective lease term. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	4 to 15 years
Motor vehicles	6 years
Plant, machinery and equipment	4 to 15 years
Furniture, fixtures and fittings	10 years

Capital work in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

##### (c) Intangible assets

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

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

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

Amortisation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computer software	5 years
-------------------	---------



# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (d) Impairment of non-financial assets

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

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

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

Impairment losses are recognised in profit or loss.

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

##### (e) Financial assets

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

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

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

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

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

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (e) Financial assets (cont'd.)

###### Subsequent measurement

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

- (a) Financial assets at amortised cost (debt instruments)
- (b) Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- (c) Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- (d) Financial assets at FVTPL

###### **Financial assets at amortised cost (debt instruments)**

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

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

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

The Company's financial assets at amortised cost includes trade and other receivables (excluding prepayments and GST refund) and cash and cash equivalents.

###### **Financial assets at FVOCI (debt instruments) and financial assets at FVOCI (equity instruments)**

The Company's did not have or designate any financial assets at FVOCI (debt instruments) and FVOCI (equity instruments) during the year ended 31 March 2020.

###### **Financial assets at FVTPL**

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

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

This category includes derivative instruments and investment securities.

# Notes to the Financial Statements

For the financial year ended 31 March 2020 (cont'd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (e) Financial assets (cont'd.)

##### Derecognition

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

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

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

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

#### (f) Impairment of financial assets

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

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

#### (g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

#### (h) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average method.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average method.

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

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (i) Provisions

Provisions are recognised when the Company 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

##### (j) Financial liabilities

###### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, financial liabilities at amortised costs or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, derivative liabilities and lease liabilities.

###### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

###### Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

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

###### Financial liabilities at amortised costs

After initial recognition, trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

###### Derecognition

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

##### (k) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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, to realise the assets and settle the liabilities simultaneously.

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (l) Employee benefits

###### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. 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.

###### (ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays 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. As required by law, the Company makes contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

###### (iii) Defined benefit plans

The Company has a partly funded defined benefit plan for employees and executives who have served the required number of years of service. Contributions are made to approved benefit schemes operated by independent trustees in accordance with a trust deed.

The defined benefit costs and the present value of defined benefit obligations are calculated at the reporting date by the qualified actuaries using the projected unit credit method.

Re-measurements, comprising of actuarial gains and losses are recognised immediately in the statement of financial position with corresponding debit or credit to other comprehensive income in the period they occur. Remeasurements are not classified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Company recognised restructuring related cost.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset and is recognised in profit or loss. The Company recognises the following changes in the net defined benefit obligations in profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

##### (m) Leases

###### Policy effective from 1 April 2019 (MFRS 16)

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (m) Leases (cont'd.)

###### As lessee

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

##### (i) Right-of-use assets

The Company 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, 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, as follows:

Leasehold land	43 to 54 years
Building	2 to 3 years

The right-of-use assets are also subject to impairment as disclosed in Note 2.3(d).

##### (ii) Lease liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

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.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because 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 the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### (iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (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.

# Notes to the Financial Statements

For the financial year ended 31 March 2020 (cont'd.)

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 Summary of significant accounting policies (cont'd.)

#### (m) Leases (cont'd.)

##### Policy effective before 1 April 2019 (MFRS 117)

##### As lessee

Finance leases, which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

#### (n) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements (unless otherwise stated below) because it typically controls the goods or services before transferring them to the customer.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, non-cash consideration and consideration payable to the customer, if any). Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at the point in time or over time.

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Generally, the Company receives short-term advances from its customers. Using the practical expedient in MFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

##### Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The sale of goods is either on cash terms or on credit terms of up to 90 days

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (o) Other Items of Income

###### (i) Interest income and distribution from investment securities

Interest income and distribution from investment securities are recognised on an accrual basis using the EIR method.

###### (ii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessee are recognised as a reduction of rental income over the lease term on a straight-line basis.

###### (iii) Other income

Other than those mentioned above, all other income are recognised on accrual basis unless collectability is in doubt.

##### (p) Taxes

###### (i) Current income 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.

###### (ii) 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 values for financial reporting purposes.

Deferred tax liabilities are recognised for all 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 taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, 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.



# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (p) Taxes (cont'd.)

###### (ii) Deferred tax (cont'd.)

The carrying value 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 at 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.

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.

###### (iii) Sales and services tax ("SST") and Goods and services tax ("GST")

Revenues are recognised net of SST charged to the customers. SST incurred in purchase of assets or services is not recoverable from the taxation authority, hence SST is recognised as part of the cost of acquisition of the asset or part of the expense item as applicable.

The amount payable to the taxation authority is included as payables in the statements of financial position.

The effective date for SST in Malaysia is 1 September 2018. Prior to this date, Malaysia was under the GST regime.

##### (q) Share capital

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

##### (r) 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 Company.

Contingent liabilities and assets are not recognised in the statement of financial position of the Company.

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.3 Summary of significant accounting policies (cont'd.)

##### (s) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

##### (i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include:

- using recent arm's length market transactions;
- reference to the current fair value of another instrument that is substantially the same; and
- discounted cash flow analysis or other valuation models.

Where fair value cannot be reliably estimated, assets are carried at cost less impairment losses, if any.

##### (ii) Non-financial assets

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

#### 2.4 New and revised pronouncements not yet in effect

The standards and interpretations that are issued but not yet effective are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### 2.4 New and revised pronouncements not yet in effect (cont'd.)

Description	Effective for annual periods beginning on or after
Amendment to MFRS 16 Leases: Covid-19-Relate Rent Concessions	1 June 2020
MFRS 17 Insurance Contracts	1 January 2021
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3 Business Combinations: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101: Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the standards and IC interpretations above will have no material impact on the financial statements in the period of initial application.

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation 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.

#### 3.1 Judgement made in applying accounting policies

No major judgements have been made by management in applying the Company's accounting policies.

#### 3.2 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.

##### (a) Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management reviews the useful lives of these assets at least at each financial year-end. Management considers the expected usage of the assets, expected physical wear and tear, technical or commercial obsolesces and any legal or similar limits on the use of the assets. These considerations could impact the economical useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### (b) Retirement benefit obligations

The cost of the defined benefit plan and the present value of the retirement obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in future. These includes discount rates, future salary increases, mortality rates and future retirement increases. Due to the complexity of the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period date. Further details are disclosed in Note 21.

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 4. REVENUE

	2020 RM	2019 RM
Sale of goods	461,689,082	447,730,739
<b>Geographical markets</b>		
Malaysia	269,989,911	275,446,334
Middle East	73,743,324	61,461,284
Other Asian countries	111,046,724	105,196,695
Others	6,909,123	5,626,426
<b>Total revenue from contracts with customers</b>	<b>461,689,082</b>	<b>447,730,739</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	461,689,082	447,730,739

#### Performance obligation

The Company is in the business of selling AJI-NO-MOTO® products, and other seasoning and food items.

The performance obligation is satisfied upon shipment of the goods and payment is generally due within 14 to 90 (2019: 14 to 90) days.

### 5. OTHER ITEMS OF INCOME

	2020 RM	2019 RM
Gain on disposal of property, plant and equipment	224,951	356,869
Interest income	2,894,308	3,354,770
Distribution from investment securities	5,583,566	7,033,391
Miscellaneous income	301,990	468,566
Unrealised foreign exchange gain	914,943	648,167
	<b>9,919,758</b>	<b>11,861,763</b>

### 6. EMPLOYEE BENEFITS EXPENSE

	2020 RM	2019 RM
Wages and salaries	47,919,063	42,452,084
Gratuity	64,800	64,800
Defined contribution plans	5,461,448	4,429,440
Provision for defined benefit plans (Note 21)	1,845,464	1,784,207
Social security costs	472,448	432,888
Provision for short-term accumulating compensated absences	125,147	26,111
Other staff related expenses	4,241,454	4,135,717
<b>Total employee benefit expenses (Note 8)</b>	<b>60,129,824</b>	<b>53,325,247</b>

Included in employee benefits expense of the Company are executive directors' remuneration amounting to RM3,811,909 (2019: RM3,873,583) as further disclosed in Note 7.

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 7. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Company during the year are as follows:

	2020 RM	2019 RM
Executive:		
Salaries and other emoluments	2,911,329	2,836,064
Fees	162,000	162,000
Bonus	505,691	584,714
Gratuity	64,800	64,800
Defined contribution plan	168,089	226,005
Total executive directors' remuneration (excluding benefits-in-kind) (Note 6)	3,811,909	3,873,583
Estimated money value of benefit-in-kind	366,300	382,254
Total executive directors' remuneration (including benefits-in-kind)	4,178,209	4,255,837
Non-executive:		
Fees	240,000	240,000
Gratuity	96,000	96,000
Other emoluments	119,000	119,000
Total non-executive directors' remuneration (excluding benefits-in-kind) (Note 8)	455,000	455,000
Estimated money value of benefit-in-kind	80,893	81,832
Total non-executive directors' remuneration (including benefits-in-kind)	535,893	536,832
Total directors' remuneration	4,714,102	4,792,669

The number of directors of the Company, which included the directors who had resigned during the year whose total remuneration during the year fell within the following bands, is analysed below:

	Number of directors	
	2020	2019
Executive directors:		
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	1	1
RM350,001 - RM400,000	1	1
RM450,001 - RM500,000	1	1
RM500,001 - RM550,000	1	-
RM600,001 - RM650,000	-	1
RM650,001 - RM700,000	-	1
RM800,001 - RM850,000	1	1
RM850,001 - RM900,000	2	1
Non-executive directors:		
RM50,001 - RM100,000	4	4
RM200,001 - RM250,000	1	1

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 8. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	2020 RM	2019 RM
Employee benefits expenses (Note 6)	60,129,824	53,325,247
Non-executive directors' remuneration excluding benefits-in-kind (Note 7)	455,000	455,000
Auditors' remuneration:		
- Statutory	148,000	128,000
- Other services	34,000	90,650
Depreciation of property, plant and equipment (Note 12)	16,787,566	16,114,700
Amortisation of intangible assets (Note 13)	485,727	-
Depreciation of right-of-use assets (Note 14)	1,151,705	-
Inventories written off	213,061	982,935
Provision of expected credit loss on trade receivables, net (Note 15)	6,991	13,045
Bad debt written off	15,190	11,342
Foreign exchange loss/(gain) :		
- Realised	1,003,706	459,441
- Unrealised	(914,943)	(648,167)
Net fair value loss on derivatives	375,132	161,051
Gain on disposal of property, plant and equipment	(224,951)	(356,869)
Property, plant and equipment written off	115,447	97,839

### 9. INCOME TAX EXPENSE

#### Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2020 and 2019 are:

	2020 RM	2019 RM
Current income tax	19,745,234	17,755,789
Under/(over) provision in prior years	143,159	(433,617)
	19,888,393	17,322,172
Deferred tax (Note 23):		
Relating to origination and reversal to temporary differences	(1,980,824)	(1,503,082)
(Over)/under provision in prior years	(14,184)	259,418
	(1,995,008)	(1,243,664)
Total income tax expense	17,893,385	16,078,508

Domestic current income tax is calculated at the statutory tax rate of 24% of the estimated taxable profit for the year.

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 9. INCOME TAX EXPENSE (CONT'D.)

#### Reconciliation between tax expense and accounting profit

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

	2020 RM	2019 RM
Profit before tax	77,747,052	72,659,111
Taxation at Malaysian statutory tax rate of 24%	18,659,293	17,438,187
Income not subject to tax	(1,340,056)	(1,722,859)
Expenses not deductible for tax purposes	445,173	537,379
(Over)/under provision of deferred tax in prior years	(14,184)	259,418
Under/(over) provision of income tax expense in prior years	143,159	(433,617)
Income tax expense	17,893,385	16,078,508

### 10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year held by the Company.

	2020 sen	2019 sen
Basic earnings per share	98.44	93.06

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

There are no instruments in issuance which have a dilutive effect to the earnings per share of the Company. Therefore, diluted earnings per share is not disclosed.

# Notes to the Financial Statements

For the financial year ended 31 March 2020 (cont'd.)

## 11. DIVIDENDS

	Amount		Net dividend per share	
	2020 RM	2019 RM	2020 Sen	2019 Sen
<b>Recognised during the year:</b>				
<b>Dividend in respect of financial year ended 31 March 2019</b>				
First and final single-tier dividend of 47.00 sen per ordinary share	28,575,311	-	47.00	-
<b>Dividend in respect of financial year ended 31 March 2018</b>				
First and final single-tier dividend of 46.50 sen per ordinary share	-	28,271,318	-	46.50

## 12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Long term leasehold land RM	Buildings RM	Motor vehicles RM	Plant, machinery and equipment RM	Furniture, fixtures and fittings RM	Capital work in progress RM	Total RM
<b>At 31 March 2020</b>								
<b>Cost</b>								
At 1 April 2019	71,525	22,331,093	61,637,653	9,796,508	161,362,238	8,140,423	1,003,064	264,342,504
Effect of adoption of MFRS 16	-	(21,765,803)	-	-	-	-	-	(21,765,803)
	71,525	565,290	61,637,653	9,796,508	161,362,238	8,140,423	1,003,064	242,576,701
Reclassification to intangible assets	-	-	-	-	(5,257,483)	-	(652,471)	(5,909,954)
Additions	85,678,685	-	189,809	1,834,602	3,351,976	53,311	31,998,147	123,106,530
Transfers	-	(565,290)	565,290	300,489	50,104	-	(350,593)	-
Disposals	-	-	-	(1,928,894)	-	-	-	(1,928,894)
Written off	-	-	(10,234,377)	-	(1,113,734)	(131,409)	-	(11,479,520)
At 31 March 2020	85,750,210	-	52,158,375	10,002,705	158,393,101	8,062,325	31,998,147	346,364,863
<b>Accumulated depreciation</b>								
At 1 April 2019	-	3,606,000	53,223,625	4,503,754	121,518,624	5,861,171	-	188,713,174
Effect of adoption of MFRS 16	-	(3,606,000)	-	-	-	-	-	(3,606,000)
	-	-	53,223,625	4,503,754	121,518,624	5,861,171	-	185,107,174
Reclassification to intangible assets	-	-	-	-	(4,422,302)	-	-	(4,422,302)
Depreciation charge for the year (Note 8)	-	-	3,557,396	1,114,595	11,240,453	875,122	-	16,787,566
Disposals	-	-	-	(1,475,569)	-	-	-	(1,475,569)
Written off	-	-	(10,224,265)	-	(1,008,475)	(131,333)	-	(11,364,073)
At 31 March 2020	-	-	46,556,756	4,142,780	127,328,300	6,604,960	-	184,632,796
<b>Net carrying amount</b>	85,750,210	-	5,601,619	5,859,925	31,064,801	1,457,365	31,998,147	161,732,067



# Notes to the Financial Statements

For the financial year ended 31 March 2020 (cont'd.)

## 12. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Freehold land RM	Long term leasehold land RM	Buildings RM	Motor vehicles RM	Plant, machinery and equipment RM	Furniture, fixtures and fittings RM	Capital work in progress RM	Total RM
<b>At 31 March 2019</b>								
<b>Cost</b>								
At 1 April 2018	71,525	22,367,397	61,242,469	9,453,878	156,477,410	8,117,789	334,017	258,064,485
Additions	-	-	506,984	1,064,795	5,071,037	129,641	891,464	7,663,921
Transfers	-	-	-	-	222,417	-	(222,417)	-
Disposals	-	(36,304)	-	(722,165)	-	-	-	(758,469)
Written off	-	-	(111,800)	-	(408,626)	(107,007)	-	(627,433)
At 31 March 2019	71,525	22,331,093	61,637,653	9,796,508	161,362,238	8,140,423	1,003,064	264,342,504
<b>Accumulated depreciation</b>								
At 1 April 2018	-	3,222,135	49,612,089	3,942,742	111,787,744	5,124,724	-	173,689,434
Depreciation charge for the year (Note 8)	-	396,294	3,670,176	1,109,949	10,098,815	839,466	-	16,114,700
Disposals	-	(12,429)	-	(548,937)	-	-	-	(561,366)
Written off	-	-	(58,640)	-	(367,935)	(103,019)	-	(529,594)
At 31 March 2019	-	3,606,000	53,223,625	4,503,754	121,518,624	5,861,171	-	188,713,174
<b>Net carrying amount</b>	<b>71,525</b>	<b>18,725,093</b>	<b>8,414,028</b>	<b>5,292,754</b>	<b>39,843,614</b>	<b>2,279,252</b>	<b>1,003,064</b>	<b>75,629,330</b>

The Company acquired property, plant and equipment by the following means:

	2020 RM	2019 RM
Cash	79,470,259	7,663,921
Reclassification from other receivables	43,636,271	-
	<u>123,106,530</u>	<u>7,663,921</u>

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 13. INTANGIBLE ASSETS

	Computer software RM	Capital work in progress RM	Total RM
<b>Cost</b>			
At 1 April 2019	-	-	-
Additions	952,636	2,127,542	3,080,178
Write off	(87,280)	-	(87,280)
Transfer	652,471	(652,471)	-
Reclassification from property, plant and equipment (Note 12)	5,257,483	652,471	5,909,954
At 31 March 2020	6,775,310	2,127,542	8,902,852
<b>Accumulated amortisation</b>			
At 1 April 2019	-	-	-
Charge for the financial year	485,727	-	485,727
Write off	(87,280)	-	(87,280)
Reclassification from property, plant and equipment (Note 12)	4,422,302	-	4,422,302
At 31 March 2020	4,820,749	-	4,820,749
<b>Net carrying amount</b>			
At 31 March 2020	1,954,561	2,127,542	4,082,103

### 14. LEASES

	Leasehold land RM	Buildings RM	Total RM
<b>Right-of-use assets</b>			
At 1 April 2019	-	-	-
Effect of adoption of MFRS 16	21,765,803	810,850	22,576,653
	21,765,803	810,850	22,576,653
Additions	-	1,090,128	1,090,128
At 31 March 2020	21,765,803	1,900,978	23,666,781
<b>Accumulated depreciation</b>			
At 1 April 2019	-	-	-
Effect of adoption of MFRS 16	3,606,000	-	3,606,000
	3,606,000	-	3,606,000
Charge for the year	396,075	755,630	1,151,705
At 31 March 2020	4,002,075	755,630	4,757,705
<b>Net carrying amount</b>			
At 31 March 2020	17,763,728	1,145,348	18,909,076

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 14. LEASES (CONT'D.)

Set out below are the carrying amounts of lease liabilities and the movements during the year.

	2020 RM
As at 1 April	-
Effect of adoption of MFRS 16	810,850
	<hr/>
	810,850
Additions	1,090,128
Payments	(755,630)
	<hr/>
As at 31 March	1,145,348
	<hr/>
Current	716,926
Non-current	428,422
	<hr/>
	1,145,348

The following are the amounts recognised in profit and loss:

	2020 RM
Depreciation expenses of right-of-use assets	1,151,705
Expense relating to short-term leases	195,600
Expense relating to leases of low-value assets	59,910
	<hr/>
Total amount recognised in profit and loss	1,407,215

The Company has total cash outflow for leases of RM1,011,140 in the current financial year.

### 15. TRADE AND OTHER RECEIVABLES

	2020 RM	2019 RM
<b>Current</b>		
<b>Trade receivables</b>		
Third parties	32,817,212	31,486,220
Amount due from holding company	391,696	113,569
Amount due from other related companies	18,072,864	17,422,916
	<hr/>	<hr/>
	51,281,772	49,022,705
Less: Allowance for expected credit loss	(21,805)	(40,829)
	<hr/>	<hr/>
Trade receivables, net	51,259,967	48,981,876
	<hr/>	<hr/>
<b>Other receivables</b>		
Deposits	483,542	49,189,889
Prepayments	49,070,483	6,137,333
Staff loans	693,207	721,286
GST refundable, net	458,043	499,902
Sundry receivables	740,457	381,213
	<hr/>	<hr/>
	51,445,732	56,929,623
	<hr/>	<hr/>
	102,705,699	105,911,499
	<hr/>	<hr/>
<b>Non-current</b>		
<b>Other receivables</b>		
Staff loans	1,518,104	1,384,116
	<hr/>	<hr/>

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 15. TRADE AND OTHER RECEIVABLES (CONT'D.)

The following table analyses the financial assets classified as financial assets at amortised cost of the Company in the statement of financial position:

	2020 RM	2019 RM
Total trade and other receivables (current and non-current)	104,223,803	107,295,615
Add: Investment securities (Note 19)	122,049,249	198,780,122
Cash and cash equivalents (Note 20)	112,909,000	106,398,988
Less: Prepayments	(49,070,483)	(6,137,333)
GST refundable, net	(458,043)	(499,902)
Total financial assets	<u>289,653,526</u>	<u>405,837,490</u>

#### (a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2019: 14 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

##### Ageing analysis of trade receivables

The ageing analysis of the Company's trade receivables is as follows:

	2020 RM	2019 RM
Neither past due nor impaired	34,924,642	36,690,222
1 to 30 days past due not impaired	14,166,696	10,596,203
31 to 60 days past due not impaired	1,618,598	1,363,212
61 to 90 days past due not impaired	522,200	102,673
91 to 120 days past due not impaired	25,539	102,805
More than 120 days past due not impaired	2,292	126,761
	16,335,325	12,291,654
Impaired	21,805	40,829
	<u>51,281,772</u>	<u>49,022,705</u>

##### Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Company.

##### Receivables that are past due but not impaired

The Company has trade receivables amounting to RM16,335,325 (2019: RM12,291,654) that are past due at the reporting date but not impaired.

At the reporting date, trade receivables arising from export sales amounting to RM145,999 (2019: RM155,395) have been arranged to be settled via letters of credit issued by reputable banks in countries where the customers are based. Trade receivables that are secured by bank guarantee amounted to RM533,188 (2019: RM407,723) at the reporting date. The remaining balance of receivables are unsecured in nature and relates to customers who have never defaulted on payments but are slow paymaster and hence, are periodically monitored.

# Notes to the Financial Statements

For the financial year ended 31 March 2020 (cont'd.)

## 15. TRADE AND OTHER RECEIVABLES (CONT'D.)

### (a) Trade receivables (cont'd.)

#### Impaired

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., geographical region, and product type, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the Company's historical observed default rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Movement in allowance accounts:

	2020 RM	2019 RM
At 1 April 2019/2018	40,829	27,784
Movement during the year:		
Provision of expected credit loss	19,807	34,324
Reversal of provision of expected credit loss	(12,816)	(21,279)
Provision of expected credit loss, net (Note 8)	6,991	13,045
Written off during the year	(26,015)	-
At 31 March	21,805	40,829

### (b) Staff loans

Staff loans are unsecured, bears interest at 0% to 2.5% (2019: 0% to 2.5%) per annum. Non-current amounts have an average maturity of 2.35 years (2019: 2.44 years). The loans are recognised initially at fair value. The difference between the fair value and the nominal loan amount represents payment for services to be rendered during the period of the loan and is recorded as part of operating expenses.

### (c) Deposits

Included in the prior financial year deposits relates to milestone payment made for land purchased of RM40,602,332. In the current financial year, the deposit for land purchase has been capitalised as property, plant and equipment upon the transfer of ownership.

### (d) Prepayments

Included in the current financial year prepayment of RM48,155,643 relates to milestone payment for the construction of new factory.

## 16. OTHER INVESTMENTS

	2020 RM	2019 RM
Transferable club memberships	236,000	236,000
Less: Accumulated impairment loss	(10,000)	(10,000)
	226,000	226,000

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 17. INVENTORIES

	2020 RM	2019 RM
<b>At cost:</b>		
Raw materials	22,704,423	19,694,283
Consumables	1,847,324	2,000,019
Work-in-progress	513,535	378,212
Finished goods	28,663,999	22,559,567
	<u>53,729,281</u>	<u>44,632,081</u>

The cost of inventories recognised as an expense during the financial year amounted to RM291,177,098 (2019: RM295,087,615).

### 18. DERIVATIVES

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts. The notional amount, recorded at gross, is the amounts of a derivative's underlying assets, reference rate or index and is the basis upon which changes in the values of derivatives are measured. The notional amounts indicated the volume of transactions outstanding at the reporting date and are indicative of neither the market risk nor the credit risk.

	Forward foreign exchange contracts RM	Notional Amount RM
<b>As at 31 March 2020:</b>		
Derivative liabilities	<u>(442,432)</u>	<u>125,510,605</u>
<b>As at 31 March 2019:</b>		
Derivative liabilities	<u>(67,300)</u>	<u>34,681,051</u>

The Company uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure.

During the financial year, the Company recognised a loss of RM375,132 (2019: RM161,051) arising from fair value changes of these derivatives. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

### 19. INVESTMENT SECURITIES

	2020 RM	2019 RM
Funds placed with licensed financial institutions	<u>122,049,249</u>	<u>198,780,122</u>

Funds placed with licensed financial institutions represent investment in highly liquid money market instrument, and the average distribution rate is at 3.45% to 3.48% (2019: 3.62% to 3.73%).

# Notes to the Financial Statements

For the financial year ended 31 March 2020 (cont'd.)

## 20. CASH AND CASH EQUIVALENTS

	2020 RM	2019 RM
Cash at banks and on hand	56,303,634	23,219,580
Deposits with licensed banks	56,605,366	83,179,408
<b>Total cash and cash equivalents</b>	<b>112,909,000</b>	<b>106,398,988</b>

The interest rates relating to deposits with licensed banks at the reporting date vary from 2.65% to 3.35% (2019: 2.9% to 3.79%) per annum.

The maturities of the deposits with licensed banks as at the reporting date vary from 1 month to 3 months (2019: 3 days to 90 days).

## 21. EMPLOYEE BENEFITS

### Retirement benefit obligations

The Company operates a partly funded, post-employment benefit scheme ("the Scheme") for its eligible employees. Under the Scheme, eligible employees are entitled to post-employment benefits varying at 6% and 10% (2019: 6% and 10%) on aggregate basic salaries of eligible staff and the number of completed years of service.

The amounts recognised in the statement of financial position are determined as follows:

	2020 RM	2019 RM
Present value of defined benefit obligations, representing net liability	14,303,728	12,358,463
Analysed as:		
Within the next 12 months	1,214,351	548,874
Beyond 1 year	13,089,377	11,809,589
	<b>14,303,728</b>	<b>12,358,463</b>

2020 changes in the defined obligation and fair value of plan assets are as follows:

	Defined benefit obligation RM	Fair value of plan asset RM	Total RM
<b>Balance as at 1 April 2019</b>	17,011,128	(4,652,665)	12,358,463
Movement during the financial year:			
Service cost	1,245,623	-	1,245,623
Net interest	830,610	(230,769)	599,841
Retirement benefit cost charged to profit or loss (Note 6)	2,076,233	(230,769)	1,845,464
Net benefits (paid)/received	(1,195,417)	653,007	(542,410)
Actuarial loss/(gain) recognised in other comprehensive income	1,361,645	(131,317)	1,230,328
Contributions by the Company	-	(588,117)	(588,117)
	<b>166,228</b>	<b>(66,427)</b>	<b>99,801</b>
<b>Balance as at 31 March 2020</b>	<b>19,253,589</b>	<b>(4,949,861)</b>	<b>14,303,728</b>

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 21. EMPLOYEE BENEFITS (CONT'D.)

#### Retirement benefit obligations (cont'd.)

2019 changes in the defined obligation and fair value of plan assets are as follows:

	Defined benefit obligation RM	Fair value of plan asset RM	Total RM
<b>Balance as at 1 April 2018</b>	15,755,251	(4,168,626)	11,586,625
Movement during the financial year:			
Service cost	1,209,100	-	1,209,100
Net interest	799,916	(224,809)	575,107
Retirement benefit cost charged to profit or loss (Note 6)	2,009,016	(224,809)	1,784,207
Net benefits (paid)/received	(1,015,491)	464,455	(551,036)
Actuarial loss/(gain) recognised in other comprehensive income	262,352	(126,045)	136,307
Contributions by the Company	-	(597,640)	(597,640)
	(753,139)	(259,230)	(1,012,369)
<b>Balance as at 31 March 2019</b>	17,011,128	(4,652,665)	12,358,463

The principal assumptions used in determining defined benefit plan obligations of the Company are shown below:

	2020 %	2019 %
Discount rate	4.40	5.10
Salary increment rate	6.00	6.00

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant.

	Increase/ (decrease)	2020 RM	Increase/ (decrease)	2019 RM
Discount rate	+1%	(1,542,142)	+1%	(1,317,233)
	-1%	1,760,751	-1%	1,502,499
Salary increment rate	+1%	503,611	+1%	431,020
	-1%	(462,205)	-1%	(395,524)



# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 22. TRADE AND OTHER PAYABLES

	2020 RM	2019 RM
<b>Trade payables</b>		
Third parties	7,194,723	9,941,396
Amount due to holding company	5,703	92,958
Amount due to other related companies	17,618,834	11,024,620
	<u>24,819,260</u>	<u>21,058,974</u>
<b>Other payables</b>		
Accruals	3,948,815	3,558,431
Provisions	7,045,997	5,029,645
Sundry payables	24,146,112	20,103,243
Refund liabilities	867,118	-
Amount due to holding company	2,887,081	2,847,933
Amount due to other related companies	212,448	190,095
	<u>39,107,571</u>	<u>31,729,347</u>
Total trade and other payables	63,926,831	52,788,321
Less : Provisions	(7,045,997)	(5,029,645)
Total financial liabilities at amortised cost	<u><u>56,880,834</u></u>	<u><u>47,758,676</u></u>

#### (a) Trade payables

These amounts are non-interest bearing. The normal trade credit terms granted to the Company ranges from 30 to 60 days (2019: 30 to 60 days).

#### (b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 3 months (2019: average term of 3 months).

#### (c) Refund liabilities

Refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer.

#### (d) Amounts due to holding company and other related companies

These amounts are unsecured, non-interest bearing and have credit terms of 30 to 60 days (2019: 30 to 60 days).

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 22. TRADE AND OTHER PAYABLES (CONT'D.)

#### (e) Provisions

2020 changes in provisions are as follows:

	Provision for employee benefits expense RM	Provision for other operating expense RM	Total RM
<b>Balance as at 1 April 2019</b>	3,272,655	1,756,990	5,029,645
Movement during the financial year:			
Current year provision	11,134,908	7,884,834	19,019,742
Utilisation	(10,887,653)	(6,194,056)	(17,081,709)
Under provision in prior year	78,319	-	78,319
<b>Balance as at 31 March 2020</b>	<b>3,598,229</b>	<b>3,447,768</b>	<b>7,045,997</b>

2019 changes in provisions are as follows:

	Provision for employee benefits expense RM	Provision for other operating expense RM	Total RM
<b>Balance as at 1 April 2018</b>	3,466,161	1,543,350	5,009,511
Movement during the financial year:			
Current year provision	8,116,511	6,227,557	14,344,068
Utilisation	(8,069,771)	(6,013,917)	(14,083,688)
Over provision in prior year	(240,246)	-	(240,246)
<b>Balance as at 31 March 2019</b>	<b>3,272,655</b>	<b>1,756,990</b>	<b>5,029,645</b>

### 23. DEFERRED TAXATION

	2020 RM	2019 RM
At 1 April 2019/2018	(299,126)	977,252
Recognised in statement of comprehensive income (Note 9)	(1,995,008)	(1,243,664)
Recognised in other comprehensive income	(295,279)	(32,714)
<b>At 31 March</b>	<b>(2,589,413)</b>	<b>(299,126)</b>
Presented after appropriate offsetting as follows:		
Deferred tax assets	(5,133,022)	(4,522,672)
Deferred tax liabilities	2,543,609	4,223,546
	<b>(2,589,413)</b>	<b>(299,126)</b>

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 23. DEFERRED TAXATION (CONT'D.)

#### Deferred tax assets:

	Retirement benefit obligations RM	Provisions RM	Total RM
At 1 April 2019	2,966,031	1,556,641	4,522,672
Recognised in the statement of comprehensive income	171,585	143,486	315,071
Recognised in other comprehensive income	295,279	-	295,279
At 31 March 2020	3,432,895	1,700,127	5,133,022
At 1 April 2018	2,780,790	1,754,939	4,535,729
Recognised in the statement of comprehensive income	152,527	(198,298)	(45,771)
Recognised in other comprehensive income	32,714	-	32,714
At 31 March 2019	2,966,031	1,556,641	4,522,672

#### Deferred tax liabilities:

	Property, plant and equipment RM
At 1 April 2019	4,223,546
Recognised in the statement of comprehensive income	(1,679,937)
At 31 March 2020	2,543,609
At 1 April 2018	5,512,981
Recognised in the statement of comprehensive income	(1,289,435)
At 31 March 2019	4,223,546

### 24. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2020	2019	2020 RM	2019 RM
<b>Issued and fully paid:</b>				
At 1 April 2019/2018/31 March	60,798,534	60,798,534	65,102,234	65,102,234

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 ordinary shares ranked equally with regard to the Company's residual assets.

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 25. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings under the single tier system.

### 26. OTHER RESERVES

	Defined benefit reserves RM
At 1 April 2019	(825,727)
<b>Other comprehensive income:</b>	
Defined benefit plan actuarial loss (Note 21)	(1,230,328)
Income tax effect	295,279
At 31 March 2020	<u>(1,760,776)</u>
At 1 April 2018	(722,134)
<b>Other comprehensive income:</b>	
Defined benefit plan actuarial loss (Note 21)	(136,307)
Income tax effect	32,714
At 31 March 2019	<u>(825,727)</u>

The defined benefit reserve represent the re-measurement of actuarial gains or losses of the defined benefit liability or asset.

### 27. CAPITAL COMMITMENT

	2020 RM	2019 RM
Approved but not provided for: Property, plant and equipment	<u>158,558,413</u>	<u>35,608,044</u>

### 28. CONTINGENT LIABILITIES

	2020 RM	2019 RM
Unsecured bank guarantees extended to third parties	<u>1,443,500</u>	<u>1,336,500</u>

For the current financial year, the Company has assessed the financial guarantee contracts and determined that the guarantees are not likely to be called upon by the bank.

# Notes to the Financial Statements

For the financial year ended 31 March 2020 (cont'd.)

## 29. RELATED PARTY DISCLOSURES

- (a) In addition to the transactions detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	2020 RM	2019 RM
Transactions with related companies:		
Commission income	19,934	23,728
Royalties payable	(9,833,904)	(9,721,732)
Sales	104,338,756	99,547,825
Purchases	(169,390,912)	(165,899,530)
Purchase of assets	(715,594)	(442,116)
Other expenses	(890,423)	(676,189)
Shared information technology services	(2,791,162)	(2,377,935)

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on negotiated terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

- (b) Compensation of key management personnel

The executive directors of the Company are the key management personnel. The compensation of key management personnel during the year is disclosed in Note 7.

## 30. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of current financial assets and liabilities reasonably approximate their fair values due to their relatively short term in nature.

### Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation 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 value:

	<u>Note</u>
Trade and other receivables (excluding prepayments and GST refundable, net) (current)	15
Trade and other payables (excluding provisions) (current)	22
Lease liabilities	14

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature except as follows:

### Staff loans

The fair values of staff loans are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending and borrowing at the reporting date.

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 30. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D.)

#### Determination of fair value (cont'd.)

##### Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates.

The Company uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 - Quoted prices in active markets for identical financial instruments.

Level 2 - Inputs other than quoted prices that are included in Level 1 that are observable for the asset either directly or indirectly.

Level 3 - Inputs that are not based on observable market data.

As at the reporting date, the Company held the following financial asset and liability that are measured at fair value:

	Level 2 RM
<b>As at 31 March 2020:</b>	
<i>Financial asset</i>	
Investment securities	122,049,249
<i>Financial liability</i>	
Derivatives	442,432
<b>As at 31 March 2019:</b>	
<i>Financial asset</i>	
Investment securities	198,780,122
<i>Financial liability</i>	
Derivatives	67,300

There were no material transfer between Level 1, Level 2 and Level 3 during the financial year.

# Notes to the Financial Statements

For the financial year ended 31 March 2020 (cont'd.)

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the director in charge of finance, finance manager and the finance department. The management committee provides an oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Company's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Company does not apply hedge accounting.

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

### (a) Credit risk

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

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Company does not offer credit terms without appropriate approval.

#### Exposure to credit risk

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position, including derivatives with positive fair values.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 15.

#### Credit risk concentration profile

The Company determines concentrations of credit risk by monitoring the country profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Company's trade receivables at the reporting date are as follows:

	2020		2019	
	RM'000	% of total	RM'000	% of total
<b>By country:</b>				
Malaysia	24,212	47%	20,996	43%
Indonesia	5,445	11%	6,590	14%
Middle East	6,020	12%	8,915	18%
Singapore	1,043	2%	1,892	4%
Thailand	4,101	8%	3,439	7%
Brunei	183	0%	4	0%
Japan	1,505	3%	546	1%
Other countries	8,750	17%	6,600	13%
	<u>51,259</u>	<u>100%</u>	<u>48,982</u>	<u>100%</u>

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (a) Credit risk (cont'd.)

At the reporting date, approximately:

- 38% (2019: 48%) of the Company's trade receivables were due from 5 major customers.
- 18% (2019: 16%) of the Company's trade and other receivables were due from holding company and related companies.

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 15. Cash and cash equivalents, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 15.

#### (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The table below summarises the maturity profile of the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

2020	On demand or within one year RM	One to five years RM	Total RM
<b>Financial liabilities:</b>			
Trade and other payables	56,880,834	-	56,880,834
Derivatives liabilities	442,432	-	442,432
Lease liabilities	716,926	428,422	1,145,348
	58,040,192	428,422	58,468,614
<b>2019</b>			
<b>Financial liabilities:</b>			
Trade and other payables	47,758,676	-	47,758,676
Derivatives liabilities	67,300	-	67,300
	47,825,976	-	47,825,976



# Notes to the Financial Statements

For the financial year ended 31 March 2020 (cont'd.)

## 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk arises primarily from the deposits placed with licensed financial institutions. All of the Company's financial assets are contractually re-priced at intervals of less than 3 months (2019: less than 3 months) from the reporting date.

#### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Company's profit before tax would have been RM56,605 (2019: RM83,179) lower/higher, arising mainly as a result of lower/higher interest income from deposits with licensed financial institutions. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

### (d) 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 Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company, RM. The foreign currencies in which these transactions are denominated are mainly USD and SGD.

Approximately 41% (2019: 38%) of the Company's sales are denominated in foreign currencies whilst almost 29% (2019: 30%) of costs are denominated in foreign currencies. The Company's trade receivables and trade payables balances at the reporting date have similar exposures.

The Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances in USD and SGD amounted to RM11,792,999 (2019: RM10,412,983).

The Company use forward currency contracts to eliminate the currency exposures for which settlement is anticipated more than one month after the Company has entered into a firm commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item. It is the Company's policy not to enter into forward contracts until a firm commitment is in place.

At the reporting date, the Company hedged 94% (2019: 96%) and 88% (2019: 78%) of its foreign currency denominated sales and purchases of raw materials respectively for which firm commitments existed at the reporting date, extending to July 2020.

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit net of tax to a reasonably possible change in the USD, JPY, EUR and SGD exchange rates against the respective foreign currencies, with all other variables held constant.

	2020 RM'000 Profit before tax	2019 RM'000 Profit before tax
USD/RM - strengthened 4% (2019: 4%)	337	608
- weakened 4% (2019: 4%)	(337)	(608)
JPY/RM - strengthened 4% (2019: 4%)	(30)	(34)
- weakened 4% (2019: 4%)	30	34
SGD/RM - strengthened 4% (2019: 4%)	50	74
- weakened 4% (2019: 4%)	(50)	(74)
EUR/RM - strengthened 4% (2019: 4%)	(3)	(9)
- weakened 4% (2019: 4%)	3	9

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D.)

#### (e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Company is exposed to market price risk arising from its investments in quoted equity instruments and funds placed with licensed financial institutions which are classified as available-for-sale financial assets and fair value through profit and loss respectively.

At the reporting date, if the market price of the funds placed with licensed financial institutions had been 1% higher/lower, with all other variables held constant, the Company's profit for the year would have been RM1,220,493 higher/lower.

### 32. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a sustainable capital position in order to support its business and operations.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2020 and 31 March 2019.

### 33. SEGMENTAL INFORMATION

#### (a) Business segment

Consumer business segment consists of manufacture and distribution of consumer products including "Aji-no-moto", flavour seasoning "Tumix", menu seasoning "Seri Aji" and other seasonings. Industrial business segment consists of manufacture and distribution of monosodium glutamate for industry-use, industrial seasonings and related products.

	Consumer business segment RM	Industrial business segment RM	Total RM
<b>At 31 March 2020</b>			
Revenue	334,417,699	127,271,383	461,689,082
<b>Results</b>			
Segment profit	40,837,713	28,206,514	69,044,227
Interest income			2,894,308
Distribution from investment securities			5,583,566
Gain on disposal of property, plant and equipment			224,951
Profit before tax			77,747,052
Income tax expense			(17,893,385)
Profit, net of tax			59,853,667

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 33. SEGMENTAL INFORMATION (CONT'D.)

#### (a) Business segment (cont'd.)

	Consumer business segment RM	Industrial business segment RM	Total RM
<b>At 31 March 2019</b>			
<b>Revenue</b>	328,512,818	119,217,921	447,730,739
<b>Results</b>			
Segment profit	39,097,472	22,816,609	61,914,081
Interest income			3,354,770
Distribution from investment securities			7,033,391
Gain on disposal of property, plant and equipment			356,869
Profit before tax			72,659,111
Income tax expense			(16,078,508)
Profit, net of tax			56,580,603
<b>At 31 March 2020</b>			
<b>Assets</b>			
Segment assets	384,883,888	192,976,691	577,860,579
Deferred tax assets			2,589,413
Total assets			580,449,992
<b>Liabilities</b>			
Segment liabilities	58,105,629	21,712,710	79,818,339
Current tax payable			4,953,549
Total liabilities			84,771,888
<b>Other segment information</b>			
Capital expenditure	61,007,999	65,178,709	126,186,708
Depreciation of property, plant and equipment	8,116,350	8,671,216	16,787,566
Amortisation of intangible assets	234,836	250,891	485,727
Depreciation of right-of-use assets	556,820	594,885	1,151,705

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 33. SEGMENTAL INFORMATION (CONT'D.)

#### (a) Business segment (cont'd.)

	Consumer business segment RM	Industrial business segment RM	Total RM
<b>At 31 March 2019</b>			
<b>Assets</b>			
Segment assets	391,162,190	141,799,946	532,962,136
Deferred tax assets			299,126
Total assets			533,261,262
<b>Liabilities</b>			
Segment liabilities	40,956,921	24,257,163	65,214,084
Current tax payable			2,712,381
Total liabilities			67,926,465
<b>Other segment information</b>			
Capital expenditure	3,708,058	3,955,863	7,663,921
Depreciation of property, plant and equipment	7,796,823	8,317,877	16,114,700

#### (b) Geographical segment:

Segmental reporting by geographical regions has only been prepared for revenue as the Company's assets are located in Malaysia. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

	Malaysia RM	Middle East RM	Other Asian countries RM	Others RM	Total RM
<b>Revenue</b>					
2020	269,989,911	73,743,324	111,046,724	6,909,123	461,689,082
2019	275,446,334	61,461,284	105,196,695	5,626,426	447,730,739

# Notes to the Financial Statements

## For the financial year ended 31 March 2020 (cont'd.)

### 34. SIGNIFICANT EVENT

The COVID-19 pandemic has significantly disrupted many business operations around the world. For the Company, the impact on business operations has not been a direct consequence of the COVID-19 pandemic but a result of the measures taken by the Government of Malaysia to contain it.

Up to the date of these financial statements, there is no significant impact of the movement control measures and disruptions in supply chain arising from the COVID-19 pandemic on the Company's revenue, profitability and cash flow.

The scale and duration of the economic uncertainty and its related impact on the outlook and prospects of the Company could not be reasonably estimated at this juncture. The Company is closely monitoring the evolving situation of the COVID-19 pandemic and the effects, if any will be reflected in the 2021's annual financial statements.

# LIST OF PROPERTIES

## AS AT 31 MARCH 2020

Properties	Existing Use/ Description of Building/Land	Land Area	Tenure	Date of Acquisition/ Revaluation	Age of Building	Net Book Value RM
Land and building 8 & 8A, Lorong 1, Jalan Shahbandar, Bandar Penggaram, Batu Pahat	1 unit double storey shophouse	1,680sq. ft.	Freehold	1984 (Revaluation)	44 years	71,525
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	536,376 sq. ft.	Leasehold expiring on 2.4.2062	1984 (Revaluation)	55 years	12,032,409
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	172,640 sq. ft.	Leasehold expiring on 5.7.2067	1984 (Revaluation)	50 years	5,223,000
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Mining pool	304,920 sq. ft.	Leasehold expiring on 31.12.2062	1984 (Revaluation)	55 years	1,699,911
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Factory complex	84,380 sq. ft.	Leasehold expiring on 15.3.2073	1992	28 years	1,813,277
Land and buildings Lot 5710, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Office, warehouse and factory complex	36,329 sq. ft.	Leasehold expiring on 6.3.2064	1992	28 years	156,146
Land and buildings Lot 47088, Jalan Kuchai Lama, Petaling, Kuala Lumpur	Industrial land and store	60,848 sq. ft.	Leasehold expiring on 20.1.2074	2003	15 years	2,379,410
Land and buildings Lot No. 1402, Bandar Baru Enstek, Daerah Seremban, Negeri Sembilan	Office, warehouse and factory complex	2,030,730 sq. ft.	Freehold	2019	1 year	116,452,866

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fifty-Ninth (“59<sup>th</sup>”) Annual General Meeting (“AGM”) of the Company will be held on a fully virtual basis at the broadcast venue at Ajinomoto (Malaysia) Berhad, Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur on Monday, 28 September 2020 at 10:00 a.m. for the following purposes:-

## AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and the Auditors thereon. (Please refer to the Notes to the Notice of 59<sup>th</sup> AGM No. 8) (Resolution 1)
2. To approve the payment of Directors’ fees for the financial year ended 31 March 2020. (Resolution 2)
3. To approve the payment of Directors’ benefits up to an amount of RM650,000 from 29 September 2020 until the date of the next Annual General Meeting of the Company. (Resolution 3)
4. To approve the gratuity payment to General Tan Sri (Dr.) Dato’ Paduka Mohamed Hashim bin Mohd. Ali (Rtd), the former Chairman of the Board and Remuneration Committee of the Company, respectively, and member of the Audit Committee and Nomination Committee of the Company respectively, in recognition and appreciation of his past service and contribution to the Company. (Resolution 4)
5. To approve the gratuity payment to Ms. Naoko Yamamoto, the former Managing Director/Chief Executive Officer of the Company, in recognition and appreciation of her past service and contribution to the Company. (Resolution 5)
6. To re-elect the following Directors who are retiring in accordance with Clause 119 of the Company’s Constitution and being eligible, have offered themselves for re-election:-
  - (a) Mr. Tomoharu Abe; and (Resolution 5)
  - (b) Puan Norani binti Sulaiman. (Resolution 6)
7. To re-elect the following Directors who are retiring in accordance with Clause 120 of the Company’s Constitution and being eligible, have offered themselves for re-election:-
  - (a) Mr. Dominic Aw Kian-Wee; (Resolution 7)
  - (b) Mr. Hiroki Suzuki; and (Resolution 8)
  - (c) Mr. Miki Moriyama. (Resolution 9)
8. To re-appoint Messrs. Ernst & Young PLT as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration. (Resolution 10)

## As Special Business

To consider and if thought fit, with or without any modification, to pass the following Ordinary Resolutions:-

9. **ORDINARY RESOLUTION NO. 1:** (Resolution 11)  
- **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016**

“**THAT** subject always to the Companies Act 2016 (“**the Act**”), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (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 for the listing of and quotation for the additional shares so issued on Bursa Securities; **AND FURTHER THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

## Notice of Annual General Meeting (cont'd.)

10. **ORDINARY RESOLUTION NO. 2:** (Resolution 12)  
- **PROPOSED RENEWAL OF EXISTING SHAREHOLDER MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"**THAT** subject to Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given for the Proposed Renewal of Existing Shareholder Mandate for the Company to enter into and to give effect to the category of the recurrent transactions of a revenue or trading nature from time to time with the Related Party as specified in Section 2.3 of the Circular to Shareholders dated 28 August 2020, provided that such transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the Company's day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) not to the detriment of minority shareholders,

(the "**Mandate**");

**AND THAT** such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such mandate was passed, at which time it will lapse, unless by a resolution passed at the next Annual General Meeting, the authority is renewed;
- (ii) the expiration of the period within which the next Annual General Meeting after that 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
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting; whichever is the earlier;

**AND FURTHER THAT** the Directors be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Mandate."

11. **ORDINARY RESOLUTION NO. 3** (Resolution 13)  
- **RETENTION OF TAN SRI DATO' (DR.) TEO CHIANG LIANG AS AN INDEPENDENT DIRECTOR**

"**THAT** Tan Sri Dato' (Dr.) Teo Chiang Liang who has served the Board as an Independent Director of the Company for a cumulative term of more than twelve (12) years since 28 June 2001 be and is hereby retained as an Independent Director of the Company."

12. **ORDINARY RESOLUTION NO. 4** (Resolution 14)  
- **RETENTION OF MR. KOAY KAH EE AS AN INDEPENDENT DIRECTOR**

"**THAT** Mr. Koay Kah Ee who has served the Board as an Independent Director of the Company for a cumulative term of more than twelve (12) years since 15 November 2007 be and is hereby retained as an Independent Director of the Company."

13. **ORDINARY RESOLUTION NO. 5** (Resolution 15)  
- **RETENTION OF MR. DOMINIC AW KIAN-WEE AS AN INDEPENDENT DIRECTOR**

"**THAT** subject to the passing of Ordinary Resolution 7, Mr. Dominic Aw Kian-Wee who has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years since 10 August 2010 be and is hereby retained as an Independent Director of the Company."



## Notice of Annual General Meeting (cont'd.)

14. **ORDINARY RESOLUTION NO. 6** (Resolution 16)  
- **RETENTION OF DATO' SETIA RAMLI BIN MAHMUD AS AN INDEPENDENT DIRECTOR**

"THAT Dato' Setia Ramli bin Mahmud who has served the Board as an Independent Director of the Company for a cumulative term of more than nine (9) years since 1 April 2011 be and is hereby retained as an Independent Director of the Company."

15. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

**CHUA SIEW CHUAN (MAICSA 0777689) (SSM PC NO. 201908002648)**  
**YEOW SZE MIN (MAICSA 7065735) (SSM PC NO. 201908003120)**  
Company Secretaries

Kuala Lumpur  
Dated : 28 August 2020

### Explanatory Notes: -

1. **Approval for Gratuity Payment to General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd)**

The proposed gratuity payment is a token of appreciation to General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd) for his past service, dedication and contribution to the Company during his tenure in office as the Chairman of the Board and Remuneration Committee of the Company respectively, and member of the Audit Committee and Nomination Committee of the Company respectively, in line with the Company's remuneration policy where Directors are entitled to receive a gratuity payment upon their resignation or retirement from office.

The proposed gratuity payment is tabled for the approval of the shareholders in compliance with Section 230(1) of the Companies Act 2016 and Paragraph 7.24 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which require that benefits payable to the directors of a listed company be approved at a general meeting.

2. **Approval for Gratuity Payment to Ms. Naoko Yamamoto**

The proposed gratuity payment is a token of appreciation to Ms. Naoko Yamamoto for her past service, dedication and contribution to the Company during her tenure in office as the Managing Director / Chief Executive Officer of the Company in line with the Company's remuneration policy where Directors are entitled to receive a gratuity payment upon their resignation or retirement from office.

The proposed gratuity payment is tabled for the approval of the shareholders in compliance with Section 230(1) of the Companies Act 2016 and Paragraph 7.24 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which require that benefits payable to the directors of a listed company be approved at a general meeting.

3. **Authority to Issue Shares pursuant to the Companies Act 2016**

The Company had been granted a general mandate on the authority to issue shares pursuant to the Companies Act 2016 by its shareholders at the Fifty-Eighth Annual General Meeting of the Company held on 26 August 2019 (hereinafter referred to as the "Previous Mandate"). The Company wishes to renew the said mandate at the Fifty-Ninth Annual General Meeting of the Company (hereinafter referred to as the "New Mandate").

The Previous Mandate granted by the shareholders had not been utilised and hence no proceed was raised therefrom.

The purpose to seek the New Mandate is to provide flexibility to the Company for allotment of shares for any possible fund raising activities for the purpose of funding working capital without convening a general meeting as it would be both time and cost-consuming to organise a general meeting.

## Notice of Annual General Meeting (cont'd.)

#### 4. Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (hereinafter referred to as “the Proposal”)

The Proposal will enable the Company and its affiliated companies to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for the Company’s day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 28 August 2020 for more information.

#### 5. Retention of Tan Sri Dato’ (Dr.) Teo Chiang Liang as an Independent Director

Tan Sri Dato’ (Dr.) Teo Chiang Liang (“**Tan Sri Teo**”) was appointed as an Independent Director of the Company on 28 June 2001 and has served the Board for a cumulative term of more than twelve (12) years in this capacity. The Board of Directors of the Company through the Nomination Committee, after having assessed the independence of Tan Sri Teo, regards him to be independent based amongst others, the following justifications, and recommends that Tan Sri Teo be retained as an Independent Director of the Company subject to the approval from the shareholders of the Company through a two-tier voting process as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance:-

- (a) Tan Sri Teo has fulfilled the definition of an independent director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements
  - is not an executive director of the Company or any related corporation of the Company (each corporation is referred to as “**said Corporation**”);
  - has not been within the last 2 years and is not an officer (except as a non-executive director) of the said Corporation [“**officer**” includes a director, secretary, employee, receiver who is also a manager not appointed by the Court, and liquidator not appointed by the Court or creditors];
  - is not a major shareholder of the said Corporation;
  - is not a family member of any executive director, officer or major shareholder of the said Corporation;
  - is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
  - has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; or
  - has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange;
- (b) Tan Sri Teo has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company;
- (c) Tan Sri Teo has no potential conflict of interest, whether business or non-business related with the Company;
- (d) Tan Sri Teo has not established or maintained any significant personal or social relationship, whether direct or indirect, with the Managing Director/Chief Executive Officer and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an independent director; and
- (e) Tan Sri Teo does not derive any remuneration and other benefits apart from Directors’ fees that are approved by shareholders.

## Notice of Annual General Meeting (cont'd.)

### 6. Retention of Mr. Koay Kah Ee as an Independent Director

Mr. Koay Kah Ee (“**Mr. Koay**”) was appointed as an Independent Director of the Company on 15 November 2007 and has served the Board for a cumulative term of more than twelve (12) years in this capacity. The Board of Directors of the Company through the Nomination Committee, after having assessed the independence of Mr. Koay, regards him to be independent based amongst others, the following justifications, and recommends that Mr. Koay be retained as an Independent Director of the Company subject to the approval from the shareholders of the Company through a two-tier voting process as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance:-

- (a) Mr. Koay has fulfilled the definition of an independent director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements
  - is not an executive director of the Company or any related corporation of the Company (each corporation is referred to as “**said Corporation**”);
  - has not been within the last 2 years and is not an officer (except as a non-executive director) of the said Corporation [“**officer**” includes a director, secretary, employee, receiver who is also a manager not appointed by the Court, and liquidator not appointed by the Court or creditors];
  - is not a major shareholder of the said Corporation;
  - is not a family member of any executive director, officer or major shareholder of the said Corporation;
  - is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
  - has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; or
  - has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange;
- (b) Mr. Koay has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company;
- (c) Mr. Koay has no potential conflict of interest, whether business or non-business related with the Company;
- (d) Mr. Koay has not established or maintained any significant personal or social relationship, whether direct or indirect, with the Managing Director/Chief Executive Officer and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an independent director; and
- (e) Mr. Koay does not derive any remuneration and other benefits apart from Directors’ fees that are approved by shareholders.

### 7. Retention of Mr. Dominic Aw Kian-Wee as an Independent Director

Mr. Dominic Aw Kian-Wee (“**Mr. Aw**”) was appointed as an Independent Director of the Company on 10 August 2010 and has served the Board for a cumulative term of more than nine (9) years in this capacity. The Board of Directors of the Company through the Nomination Committee, after having assessed the independence of Mr. Aw, regards him to be independent based amongst others, the following justifications, and recommends that Mr. Aw be retained as an Independent Director of the Company subject to the approval from the shareholders of the Company as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance:-

- (a) Mr. Aw has fulfilled the definition of an independent director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements
  - is not an executive director of the Company or any related corporation of the Company (each corporation is referred to as “**said Corporation**”);
  - has not been within the last 2 years and is not an officer (except as a non-executive director) of the said Corporation [“**officer**” includes a director, secretary, employee, receiver who is also a manager not appointed by the Court, and liquidator not appointed by the Court or creditors];
  - is not a major shareholder of the said Corporation;
  - is not a family member of any executive director, officer or major shareholder of the said Corporation;
  - is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;

## Notice of Annual General Meeting (cont'd.)

- has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; or
  - has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange;
- (b) Mr. Aw has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company;
- (c) Mr. Aw has no potential conflict of interest, whether business or non-business related with the Company;
- (d) Mr. Aw has not established or maintained any significant personal or social relationship, whether direct or indirect, with the Managing Director/Chief Executive Officer and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an independent director; and
- (e) Mr. Aw does not derive any remuneration and other benefits apart from Directors' fees that are approved by shareholders.

### 8. Retention of Dato' Setia Ramli bin Mahmud as an Independent Director

Dato' Setia Ramli bin Mahmud ("**Dato' Setia Ramli**") was appointed as an Independent Director of the Company on 1 April 2011 and has served the Board for a cumulative term of more than nine (9) years in this capacity. The Board of Directors of the Company through the Nomination Committee, after having assessed the independence of Dato' Setia Ramli, regards him to be independent based amongst others, the following justifications, and recommends that Dato' Setia Ramli be retained as an Independent Director of the Company subject to the approval from the shareholders of the Company as described in the Guidance to Practice 4.2 of the Malaysian Code on Corporate Governance:-

- (a) Dato' Setia Ramli has fulfilled the definition of an independent director as set out under Paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements
- is not an executive director of the Company or any related corporation of the Company (each corporation is referred to as "**said Corporation**");
  - has not been within the last 2 years and is not an officer (except as a non-executive director) of the said Corporation ["**officer**" includes a director, secretary, employee, receiver who is also a manager not appointed by the Court, and liquidator not appointed by the Court or creditors];
  - is not a major shareholder of the said Corporation;
  - is not a family member of any executive director, officer or major shareholder of the said Corporation;
  - is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;
  - has not been engaged as an adviser by the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director (except as an independent director) or major shareholder, as the case may be, of a firm or corporation which provides professional advisory services to the said Corporation under such circumstances as prescribed by the Exchange; or
  - has not engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange or is not presently a partner, director or major shareholder, as the case may be, of a firm or corporation (other than subsidiaries of the Company) which has engaged in any transaction with the said Corporation under such circumstances as prescribed by the Exchange;
- (b) Dato' Setia Ramli has not been involved in any business or other relationship which could hinder the exercise of independent judgement, objectivity or his ability to act in the best interests of the Company;
- (c) Dato' Setia Ramli has no potential conflict of interest, whether business or non-business related with the Company;
- (d) Dato' Setia Ramli has not established or maintained any significant personal or social relationship, whether direct or indirect, with the Managing Director/Chief Executive Officer and Executive Directors, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an independent director; and
- (e) Dato' Setia Ramli does not derive any remuneration and other benefits apart from Directors' fees that are approved by shareholders.

## Notice of Annual General Meeting (cont'd.)

### Notes to the Notice of the 59<sup>th</sup> AGM:-

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 September 2020 (*General Meeting Record of Depositors*) shall be eligible to attend, speak and vote at this Meeting.
2. A member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead. A member may appoint more than one (1) proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
3. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy.

As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers as at 15 July 2020, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders and proxies shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders and proxies may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the Meeting. The questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman/Board/relevant advisers during the Meeting.

4. The instrument appointing a proxy shall be in writing under the hand of the shareholder/appointer or of his attorney duly authorised in writing or, if the shareholder/appointer is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
5. Where a shareholder of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Appointment of proxy and registration for remote participation and voting

The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjournment thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://www.sshsb.net.my/>. All resolutions set out in the Notice of the Meeting are to be voted by poll.

Should you wish to personally participate at the Meeting remotely, please register electronically via Securities Services e-Portal at <https://www.sshsb.net.my/> by the registration cut-off date and time. Please refer to the Administrative Guide on the Conduct of a Fully Virtual General Meeting for further details.

7. The Administrative Guide on the Conduct of a Fully Virtual General Meeting is available for download at <https://www.ajinomoto.com.my>
8. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

# ABOUT OUR SUSTAINABILITY STATEMENT 2020



## Scope of Reporting (102-1, 102-50, 102-52)

In this Statement, Ajinomoto (Malaysia) Berhad (“AMB” or “the **Company**”) describes how material sustainability matters (“**material matters**”) that are pertinent to the Company and its stakeholders are addressed together with disclosing the progress on our Economic, Environmental, and Social (EES) performance. Information in this statement reflects AMB’s sustainability progress from 1 April 2019 to 31 March 2020 (FYE 31 March 2020).

## Reporting Framework

This Statement has been prepared in accordance with the requirements of Bursa Malaysia’s Sustainability Reporting Guide (2nd Edition, 2018). To ensure transparency and comparability, we have also aligned this statement to the requirements of the Global Reporting Initiative (“GRI”) Standards.

## Feedback (102-53)

Our Sustainability Statement is available in PDF format and can be downloaded from our website at <https://www.ajinomoto.com.my>. We value stakeholder feedback and encourage opinions and concerns so that we may further improve our disclosure and performance in the future. We can be contacted at <https://www.ajinomoto.com.my/contact-us>.

---

102-1 : Name of the organisation  
102-50 : Reporting period  
102-52 : Reporting cycle  
102-53 : Contact point for questions regarding the report

## CHAIRMAN'S STATEMENT



### Dear Stakeholders,

I am pleased to present to you Ajinomoto (Malaysia) Berhad's ("AMB" or "the Company") Sustainability Statement for the financial year ended ("FYE") 31 March 2020. It encapsulates the Company's overarching strategy on sustainability, clarifies to stakeholders its management of the economic, environmental and social risks and opportunities, and describes our contribution to the United Nation's Sustainable Development Goals.

This year, global economies have been impacted by the COVID-19 pandemic, which has forced businesses to operate under extraordinary conditions. Governments have restricted economic activities to navigate through the crisis resulting in businesses having to adapt in different ways, and where necessary, adopt novel approaches. For AMB, these challenges have reinforced our resolve to maintain our position as a leading food and seasoning manufacturer, being fully cognisant of our commitment and responsibility to our shareholders and stakeholders. We have strived to be resilient by effectively managing and optimising our value chain, in the context of the Malaysian Government's economic recovery packages and programmes.

AMB, being a food manufacturing company, is classified as an essential service. Reflecting our critical role, we have developed and activated our **Enterprise Continuity Plan** ("ECP") to ensure availability of resources for uninterrupted operations, whilst complying with the relevant laws, regulations and guidelines of the Local and Federal Governments. AMB's ECP is underpinned by our stringent Standard Operating Procedures (SOPs) designed to address potential risks and to protect the safety and welfare of our employees, with the ultimate objective to ensure a continuous supply of safe food products for the Company's customers and the general market.

The highlights of AMB's successful sustainability performance during FYE 31 March 2020 include the following:

- Provision of conducive workplace for our employees, which prioritises health and safety.
- Implementation of tailored programmes targeting capacity building to raise productivity. The effectiveness and success of these programmes are captured in the results of the Employee Engagement Survey. During the year, both the response rate and sustainable engagement score have surpassed those of previous years.
- Consistent with rising global awareness on climate change and environmental protection, we have remained committed to further reducing our carbon footprint by efficiently managing our inputs and outputs. Accordingly, we have established committees and put in place work procedures that have yielded commendable savings in overall resource utilisation. Thus, each tonne of product manufactured has consumed less electricity, fuel and water. At the same time, we have lowered greenhouse gas emissions as well as the volume of treated effluent discharged into the environment. Through our waste management strategies, we have raised the waste recycling rate, resulting in less waste residue for disposal at landfills.

As a company committed to the health and well-being of the society, we are continuously mindful to address issues, and when necessary including those beyond our operating boundary. This commitment is formally emphasized and driven by the **Ajinomoto Group Creating Shared Values** ("ASV"). During the year, we participated in a series of social programmes, including the Sports Nutrition Awareness Project and the Nutrition Month Malaysia 2019 organised in collaboration with government bodies, academia and professional bodies. The Company has launched and promoted programmes on low salt/sodium balanced dietary intake with a special emphasis on the nutritional benefits of vegetables.

Our sustainability achievements could not have been accomplished without the collaboration and cooperation among the Management and Staff of AMB. Moreover, the achievements were attained amidst the challenges arising from the COVID-19 pandemic. The Board of Directors, Top Management and I are grateful for their relentless pursuit of the vision and mission of the Company to realise our aspiration to become a world leader in the food and seasoning industry/business. Consistent with the Company slogan of "1 Team, 1 Goal", it is our pledge to continue to work together with our Management and Staff to forge a sustainable future in the years to come.

Thank you.

A handwritten signature in black ink, appearing to read "Teo Chiang Liang". The signature is fluid and cursive, written over a horizontal line.

Tan Sri Dato' (Dr.) Teo Chiang Liang  
Chairman, Independent Non-Executive Director

# APPROACH TO SUSTAINABILITY

## The Ajinomoto Group's Promise and Philosophy

The Ajinomoto Group ("the Group") is committed to realising greater wellness for people around the world through amino science.

Since its founding, the Group has consistently been engaging in initiatives to address social issues. The Group's initiatives to improve economic value through the creation of shared value with society and local communities have contributed to its growth globally. These initiatives have been identified as the ASV. The Group has positioned ASV at the core of its corporate philosophy ("Philosophy") as it continuously strives to realise the Group's mission and vision adopted under this Philosophy.

The Group's Philosophy has been further enhanced in 2020 so that contributions and solutions to the Group's corporate message "Eat Well, Live Well." for all can be met.

### Corporate Message

**Eat Well, Live Well.**

#### MISSION

Our mission is to contribute to the world's food and wellness, and to better lives for the future.

#### VISION

Co-create greater wellness for people globally using the power of amino acids to address food and health issues in relation to dietary habits and aging populations.

By 2030: Extend the healthy life expectancy of 1 billion people. Lower our environmental impact by 50%, while maintaining the growth of our businesses.

#### THE AJINOMOTO GROUP CREATING SHARED VALUES (ASV)

Our unchanging commitment: With our stakeholders and businesses, we help address society's issues, leading to the creation of economic value.

#### AJINOMOTO GROUP WAY

Shared values among employees in pursuing our mission and vision; basic approach and stance in taking on our work: Create New Value, Pioneer Spirit, Social Contribution and Value People.

#### AJINOMOTO GROUP POLICIES (AGP)

Our fundamental and globally shared views as well as the code of conduct that governs the Group's business activities as they relate to compliance in each country and region in which we operate, international rules concerning "21st-century issues of human society," and the pursuit of ASV.



# APPROACH TO SUSTAINABILITY (cont'd.)

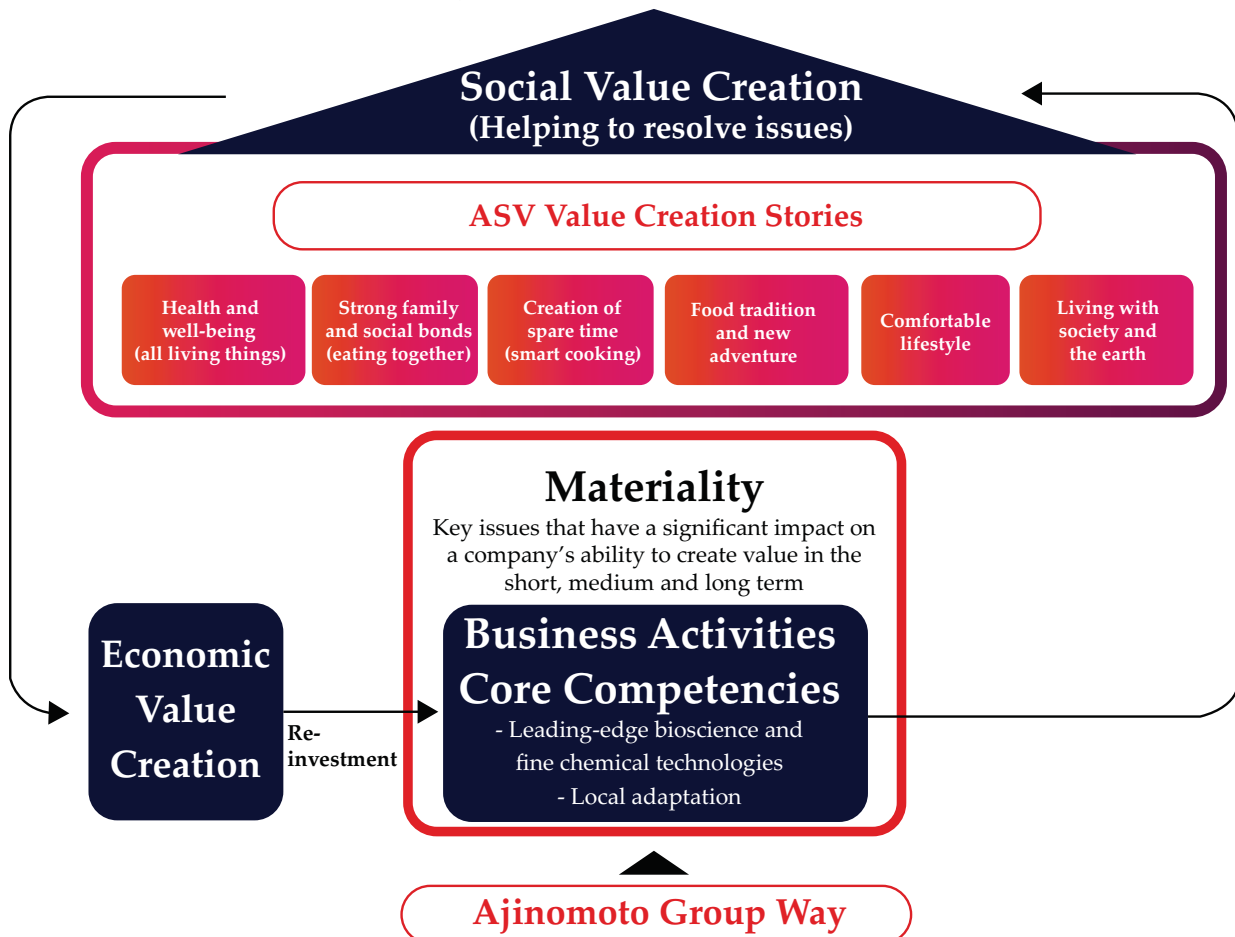
## ASV Value Creation Model

# Eat Well, Live Well.

Realize Greater Wellness for People All around the World









21st-Century Issues of Human Society to be Addressed through the Ajinomoto Group's Business



# APPROACH TO SUSTAINABILITY (cont'd.)

## Commitment to Global Sustainable Development

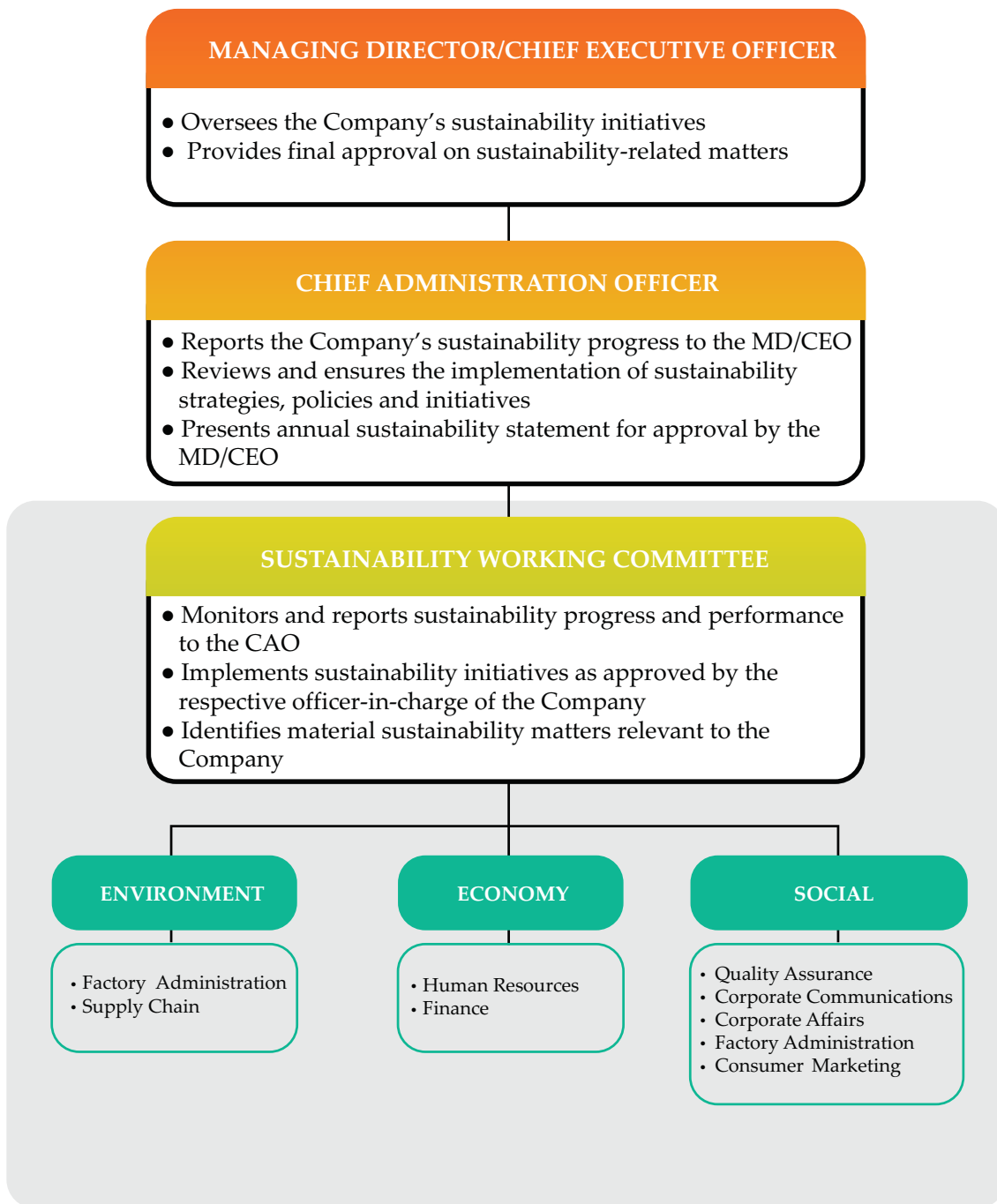
The Government of Malaysia has adopted and aligned its national development policies with the 17 United Nations Sustainable Development Goals (“UN SDGs”). AMB has strived to contribute to the national targets in achieving these goals. The table below describes how AMB has contributed to the six (6) UN SDGs we have adopted.

SDG	Our Key Contributions
<p><b>Goal 3: Good Health and Well-Being</b></p>  <p>Ensuring healthy living and promoting well-being</p>	<ul style="list-style-type: none"> <li>Adherence to Hazard Analysis and Critical Control Point (“HACCP”)</li> <li>Implementation of Food Defence Programme</li> <li>Organise events specifically <b>to promote healthy living through balanced diets</b> such as: “Campur, Campur, Siap!” campaign, Nutrition Month Malaysia 2019, Sports Nutrition Awareness Project and Sahur campaign</li> <li>Ensure the safety and well-being of all employees through <b>introduction of flexible working hours, occupational safety measures and healthy living programs</b></li> </ul>
<p><b>Goal 6: Clean Water and Sanitation</b></p>  <p>Ensuring sustainable water management with reduced water consumption and enhanced effluent quality</p>	<ul style="list-style-type: none"> <li><b>Reduced water consumption per tonne of product by 14%</b> from last reporting period</li> <li>Effluent treated in the Effluent Treatment Plant prior to discharge</li> <li><b>Reduced volume of effluent discharge per tonne of product by 10%</b> from last reporting period</li> </ul>
<p><b>Goal 8: Decent Work and Economic Growth</b></p>  <p>Ensuring a safe working environment, productive employment and boosting economic growth</p>	<ul style="list-style-type: none"> <li><b>Increased 74% of average training hours/employee</b></li> <li>Employed the Kiken Yochi Training method to identify OSH hazards and risks</li> <li><b>Upgraded</b> Occupational Health &amp; Safety system to ISO 45001:2018</li> <li>Implementation of Ajinomoto Group Policies (“AGP”) on Human Rights</li> <li><b>Increased female management staff by 10%</b></li> <li><b>Settlement of Collective Agreement</b> to maintain industrial harmony</li> <li>Obtain and understand employee insight through <b>Employee Engagement Survey</b>.</li> </ul>
<p><b>Goal 12: Responsible Consumption and Production</b></p>  <p>Ensuring sustainable consumption and production by monitoring and reducing our waste.</p>	<ul style="list-style-type: none"> <li>Reduced electricity consumption for every tonne of product produced by 1% from last reporting period</li> <li><b>Reduced fuel oil consumption for every tonne of product produced by 7%</b> from last reporting period</li> <li>Implementation of the 4R (Reduce, Reuse, Recycle and Recover) approach to reduce waste sent to landfill</li> <li><b>Achieved 87% of waste recovery rate</b></li> </ul>
<p><b>Goal 13: Climate Action</b></p>  <p>Minimising activities which contribute to climate change</p>	<ul style="list-style-type: none"> <li>Prohibit the use of Ozone Depleting Substances</li> <li><b>Reduction of 7% in Greenhouse Gas (“GHG”) emission for every tonne of product</b> compared to previous year</li> <li>Replaced R-11 and R-12 refrigerants with R-134A refrigerant which has lower emission impact</li> </ul>
<p><b>Goal 16: Peace, Justice and Strong Institutions</b></p>  <p>Promoting peaceful and inclusive societies by adhering to laws and regulations and implementing sound policies</p>	<ul style="list-style-type: none"> <li>Established AGP that describe the principles and dictate the code of conduct that governs the Company</li> <li>Conducted annual risk assessment for all departments to identify those at high risk for corruption</li> <li>A total of two (2) hours of training on anti-corruption provided to 34 Board members and Senior Managers this year</li> <li>Recorded <b>Zero incidents of corruption</b> this year</li> </ul>

# APPROACH TO SUSTAINABILITY (cont'd.)

## Sustainability Governance (102-18, 102-32)

We believe that the foundation to operationalising our sustainability strategy across our business operations requires a robust governance structure. By ensuring various levels of accountability, we are able to inculcate a culture of sustainability throughout the Company. Our Managing Director (“MD”)/Chief Executive Officer (“CEO”) provides the strategic direction for the Company, supported by our Chief Administration Officer (“CAO”) and Sustainability Working Committee comprising key personnel and heads of department. Their roles and responsibilities are explained below.






# STAKEHOLDER ENGAGEMENT

(102-13, 102-40, 102-43, 102-44)




Our approach to sustainability is anchored by our ability to establish meaningful relationships with our stakeholders whose perspectives are important to us; hence regular engagement is necessary to understand the issues that matter to them. Engagement with our stakeholders not only provides us with insight, but enables us to build stronger relationships through meaningful dialogue where concerns are addressed accordingly. This helps us to improve and adapt our strategies to meet our stakeholders' needs and expectations.

AMB actively participates in community activities and collaborates with professional bodies and industry peers such as the Federation of Malaysian Manufacturers (FMM), the Nutrition Society of Malaysia, Malaysian Dieticians' Association, and others.

Stakeholders	Areas of Interest	Our Response	Forms of Engagement	Frequency of Engagement
 <p>Customers/Consumers</p>	Support services, inventory supply commitment, commodity pricing and product quality	<ul style="list-style-type: none"> <li>Quality assurance evaluation</li> <li>Customer satisfaction evaluation</li> </ul>	Customer call centre	Daily
			Website/Social media	Daily
			Plant tour	Daily by appointment
			Consumer survey	Yearly
			Sales/Technical visit	Daily
			Consumer promotion	Daily
 <p>Shareholders/ Investors</p>	Group financial performance, business strategy and governance	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Comprehensive corporate governance approach</li> <li>Zero incidents of corruption</li> </ul>	General meeting of shareholders	Yearly
			Analysts' meetings on financial results	When necessary
 <p>Suppliers</p>	Service delivery, project scope, payment schedule, pricing of services and service/product quality	<ul style="list-style-type: none"> <li>Engaged with 86% local suppliers</li> <li>Conducted supplier evaluations</li> <li>Fair and transparent transactions</li> <li>Ajinomoto Group Shared Policy for Suppliers</li> </ul>	Business communication on day-to-day basis	Daily
			Purchasing Policy and Guidelines briefing	When necessary
			Supplier evaluation/audit	Yearly
			Purchasing contract	Periodically

102-13 : Membership of associations  
 102-40 : List of stakeholder group  
 102-43 : Approach to stakeholder engagement  
 102-44 : Key topics and concern raised

## STAKEHOLDER ENGAGEMENT (cont'd.)

Stakeholders	Areas of Interest	Our Response	Forms of Engagement	Frequency of Engagement
<p>Employees</p> 	<p>Compensation benchmark, career development, retirement planning, streamlining governance, policy systems, employee welfare, and health and safety</p>	<ul style="list-style-type: none"> <li>• Ajinomoto Group Shared Policy on Whistle-blowing</li> <li>• Ajinomoto Group Shared Policy on Human Rights</li> <li>• Conducted Employee Engagement surveys and received a response rate of 92% with sustainable engagement at 83%</li> <li>• Provide comprehensive benefits to employees</li> <li>• Salary benchmarking and review of wages every three years</li> <li>• Extensive safety and health training including Kiken Yochi training</li> <li>• Total of 17,330 training hours – 33 training hours per employee</li> <li>• Implementation of ISO 45001:2018 for Occupational Health and Safety management</li> <li>• Settlement of the Collective Agreement to maintain industrial harmony</li> </ul>	<ul style="list-style-type: none"> <li>• Employee survey</li> <li>• Meeting/discussion</li> <li>• Intranet portal</li> <li>• Whistle-blower programme</li> <li>• Training</li> <li>• Food Industry Employee Union (“FIEU”) meeting/discussion</li> </ul>	<p>Yearly</p> <p>Periodically</p> <p>Daily</p> <p>When necessary</p> <p>Throughout the year</p> <p>Periodically</p>
<p>Regulatory Agencies and Statutory Bodies</p> 	<p>Compliance, environmental emissions and discharges, security issues, labour practices and health issues</p>	<ul style="list-style-type: none"> <li>• Ajinomoto Group Policy on Human Rights</li> <li>• Compliance to the following key laws: <ul style="list-style-type: none"> <li>» Environmental Quality Act, 1974</li> <li>» Employment Act, 1955</li> <li>» Minimum Wages Act, 2018</li> <li>» Malaysian Anti-Corruption Commission Act, 2009</li> <li>» Prevention and Control of Infectious Diseases (Measures within the Infected Local Areas) Regulations, 2020</li> </ul> </li> <li>• Compliance to guidelines set out by Ministry of International Trade and Industry, and Ministry of Health to operate during Movement Control Order and Conditional Movement Control Order periods</li> </ul>	<ul style="list-style-type: none"> <li>• Inspections by regulatory agencies Department of Environment (“DOE”), Department of Occupational Safety and Health (“DOSH”), Ministry of Health (“MOH”), Department of Islamic Development Malaysia (“JAKIM”)</li> <li>• Active engagement with agencies/associations</li> </ul>	<p>Periodically</p> <p>Throughout the year</p>
<p>Local Communities/ Non-Profit Organisations (“NPO”)/ Academic Institutions</p> 	<p>Community living, food and nutrition issues</p>	<ul style="list-style-type: none"> <li>• Campaigns to educate communities about nutrition and healthy eating through advances in amino acids technologies</li> <li>• Provided post-graduate scholarships</li> </ul>	<ul style="list-style-type: none"> <li>• Dialogue with neighbourhood residents</li> <li>• Social contribution and community service programmes</li> </ul>	<p>When necessary</p> <p>Throughout the year</p>

# MATERIAL SUSTAINABILITY MATTERS

## Materiality Assessment Methodology

Materiality is the key principle that determines which issues are sufficiently important to be addressed and reported on. Therefore, the materiality assessment is needed to help develop our sustainability strategy and identify opportunities and risks.

We conducted our materiality assessment in FYE 31 March 2020 based on a weighted ranking method which entailed the three (3) key steps illustrated below.

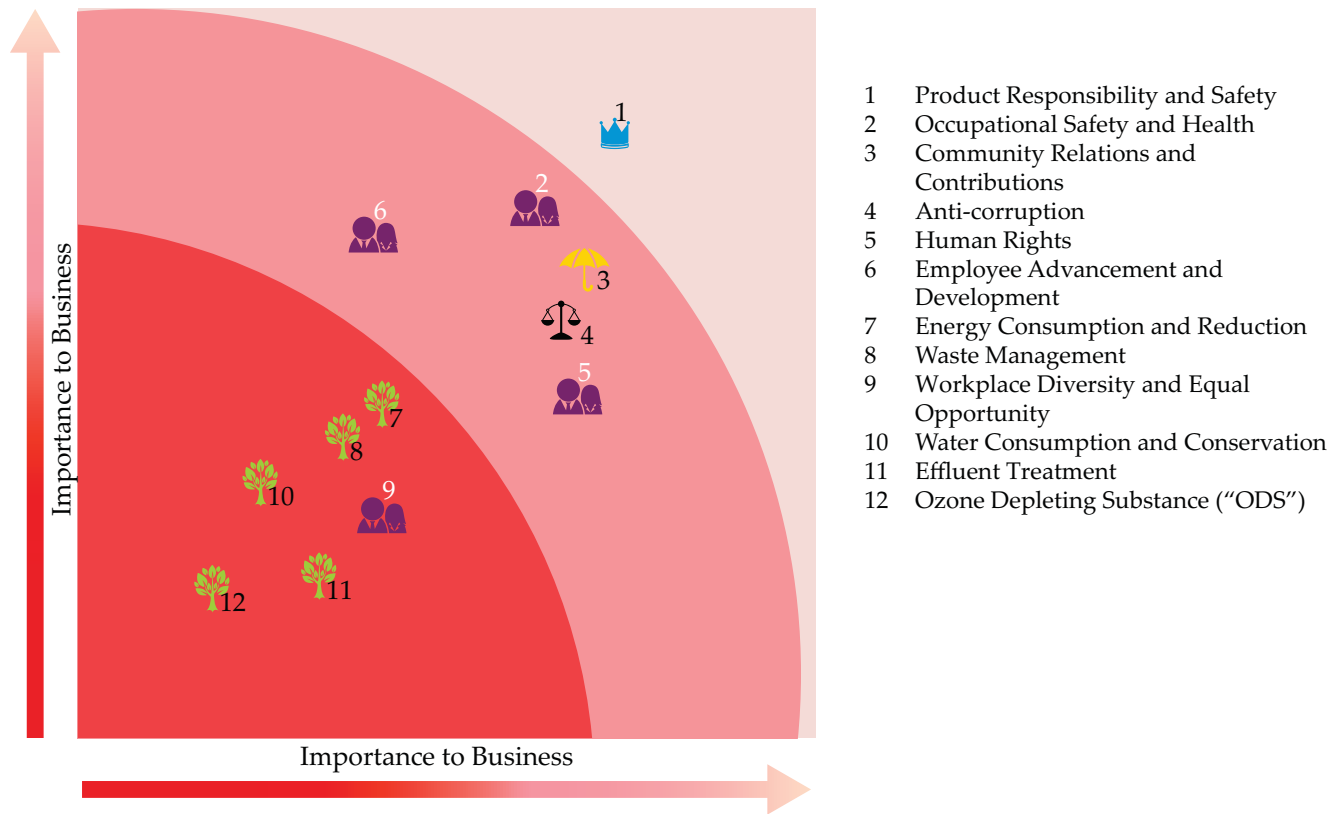


A total of twelve (12) material sustainability matters were identified and ranked to generate a materiality matrix. The matrix maps out the relative importance of the twelve material topics according to AMB's business priorities and expectations of our stakeholders. By analysing the interests of our stakeholders and our operations, the materiality process aims to facilitate the development of AMB's strategy for long-term value creation.

# MATERIAL SUSTAINABILITY MATTERS (cont'd.)

## Materiality Matrix (102-47)

Our top six (6) material matters are Product Responsibility and Safety, Occupational Safety and Health, Community Relations and Contributions, Anti-Corruption, Human Rights and Employee Advancement and Development. For this reporting year, the Company has decided to retain the 12 material matters as well as the matrix as both remain valid for the current operations. It is imperative for the Company to focus our attention on the matters that are of high priority to ensure we respond to the risks and opportunities presented.



Upholding Fair Business Practices



Responsibility to Our Consumers



Managing Environmental Impacts



Caring for Our People





Creating Value for Local Communities

# MATERIAL SUSTAINABILITY MATTERS (cont'd.)












## Mapping Our Material Sustainability Matters (102-47)

To further demonstrate the embodiment of sustainability throughout our value chain, we have mapped out the linkages of our material matters with the relevant GRI indicators, stakeholder groups and the UN SDGs.

Material Matter	GRI Indicators	Stakeholder Groups	UN SDGs
<p><b>Product Responsibility and Safety</b></p> <p>Ensuring that all our products meet the necessary requirements and are safe for our customers.</p>	<p><b>416:</b> Customer Health and Safety <b>417:</b> Marketing and Labelling</p>	<ul style="list-style-type: none"> <li>Customers/Consumers</li> <li>Suppliers</li> <li>Regulatory Agencies and Statutory Bodies</li> </ul>	
<p><b>Occupational Safety and Health</b></p> <p>Ensuring a safe and conducive working environment by operating our business according to occupational safety and health regulations.</p>	<p><b>403:</b> Occupational Health and Safety</p>	<ul style="list-style-type: none"> <li>Employees</li> <li>Regulatory Agencies and Statutory Bodies</li> </ul>	 
<p><b>Community Relations and Contributions</b></p> <p>As part of our corporate responsibility, AMB is committed to supporting and contributing to communities' health and well-being while maximising the creation of our shared value in our businesses.</p>	<p><b>413:</b> Local Communities</p>	<ul style="list-style-type: none"> <li>Local Communities/NPO/Academic Institutions</li> <li>Customers/Consumers</li> </ul>	 
<p><b>Anti-Corruption</b></p> <p>AMB prohibits any forms of corruption in our operation that could negatively impact our company's performances and reputation.</p>	<p><b>205:</b> Anti-Corruption</p>	<ul style="list-style-type: none"> <li>Shareholders/Investors</li> <li>Employees</li> <li>Suppliers</li> <li>Regulatory Agencies and Statutory Bodies</li> </ul>	 
<p><b>Human Rights</b></p> <p>Human rights are part of our commitment in AGP and this ensures our compliance to international human rights laws and regulations</p>	<p><b>412:</b> Human Rights Assessments</p>	<ul style="list-style-type: none"> <li>Employees</li> <li>Regulatory Agencies and Statutory Bodies</li> </ul>	 



# MATERIAL SUSTAINABILITY MATTERS (cont'd.)

Material Matter	GRI Indicators	Stakeholder Groups	UN SDGs
<b>Employee Advancement and Development</b>			
We continuously invest in our employees' development to equip them with the right knowledge and competency.	404: Training and Education	<ul style="list-style-type: none"> <li>Employees</li> </ul>	
<b>Energy Consumption and Reduction</b>			
We are committed to utilising our resources efficiently and sustainably to minimise environmental impact.	302: Energy 305: Emissions	<ul style="list-style-type: none"> <li>Regulatory Agencies and Statutory Bodies</li> </ul>	 
<b>Waste Management</b>			
We strive to continuously reduce our waste generation to minimise environmental impact.	306: Waste	<ul style="list-style-type: none"> <li>Regulatory Agencies and Statutory Bodies</li> <li>Local Communities/NPO/Academic Institutions</li> </ul>	 
<b>Workplace Diversity and Equal Opportunity</b>			
Promoting equal opportunity and diversity in the workplace. We practice fair treatment across gender, ethnicity and religion.	401: Employment 405: Diversity and Equal Opportunity	<ul style="list-style-type: none"> <li>Employees</li> </ul>	
<b>Water Consumption and Conservation</b>			
Initiatives implemented in reducing our water consumption.	303: Water and Effluents	<ul style="list-style-type: none"> <li>Regulatory Agencies and Statutory Bodies</li> <li>Local Communities</li> </ul>	 
<b>Effluent Treatment</b>			
We are committed to ensuring our effluent discharge adheres to the Environmental Quality (Industrial Effluent) Regulations, 2009, by operating an advanced effluent treatment system	303: Water and Effluents	<ul style="list-style-type: none"> <li>Regulatory Agencies and Statutory Bodies</li> </ul>	 
<b>Ozone Depleting Substances ("ODS")</b>			
We are committed to minimising our impact on climate change by prohibiting the use of any ODS at our operations	305: Emissions	<ul style="list-style-type: none"> <li>Regulatory Agencies and Statutory Bodies</li> </ul>	

# UPHOLDING FAIR BUSINESS PRACTICES

## FYE 31 March 2020 Highlights



### Ethics & Integrity (102-16, 102-17, 205-1, 205-2, 205-3)

As a responsible corporate citizen and steward of investors' capital, we uphold the principles of corporate governance by ensuring our ethical behaviour, accountability, transparency and sustainability comply with the best practices as recommended by the Malaysian Code on Corporate Governance. To this end, AMB has established a number of policies including a Code of Conduct, Whistle-blowing Policy and Gift Policy that guide employees and minimise the incidences of misconduct.

#### Code of Conduct

AMB's Code of Conduct outlines the expected standard of professional behaviour to be demonstrated by our employees. The contents of our Code of Conduct include information on fair and transparent transactions, human rights, data privacy, and others.

#### Gift Policy

Our Gift Policy promotes ethical work and business relationships, and avoidance of perceived or actual conflicts of interest. It iterates the procedures employees are required to adhere to in the event they are offered a gift(s) to facilitate their dealings with third parties.

#### Group Shared Policy on Whistle-blowing

Our Whistle-blowing Policy provides our employees and stakeholders a channel to report any incidents of malpractice, corruption and illegal or inappropriate behaviour. We are committed to protecting the personal information and privacy of the reporting person and his/her fear of reprisal. Policies and procedures are communicated to employees during onboarding sessions when they commence their work at the Company. Further communication of our standards and codes are conducted through various workshops and shared intranet platforms.

#### Anti-Corruption

To ensure that instances of corruption are reduced, AMB conducts yearly risk assessments to identify risk relating to corruption faced by departments. Furthermore, in line with the Provision on Section 17A of the Malaysia Anti-Corruption Commission (MACC) Act 2009 and its latest amendment (2018), we have conducted training sessions to understand the elements of corporate liability which was attended by 15 Director/Officers and 19 Senior Managers.

We are pleased to disclose that for the reporting year no reported incidents of corruption was received.

## UPHOLDING FAIR BUSINESS PRACTICES (cont'd.)

### Responsible Supply Chain Management (204-1)

Suppliers play an integral part in delivering materials and service including raw materials, packaging, contract manufacturing as well as transportation to sustain our manufacturing operations. Some of these suppliers are small and medium enterprises. For the reporting year, 40% of AMB's procurement budget was spent on local companies that made up 86% of the total number of suppliers.

Providing quality products to our customers is of top priority and therefore we take stringent measures to ensure that the suppliers we engage meet AMB's standards. Our procurement policies are designed to create value through efficiency, transparency and consistency. Suppliers are selected based on a robust process that employs the use of a set of pre-determined criteria. The criteria include the supplier's facility capability, quality, price, delivery lead time and services, and financial stability. In addition to this, the suppliers are required to comply with Ajinomoto's Group Shared Policy for Suppliers that outlines seven (7) key items:

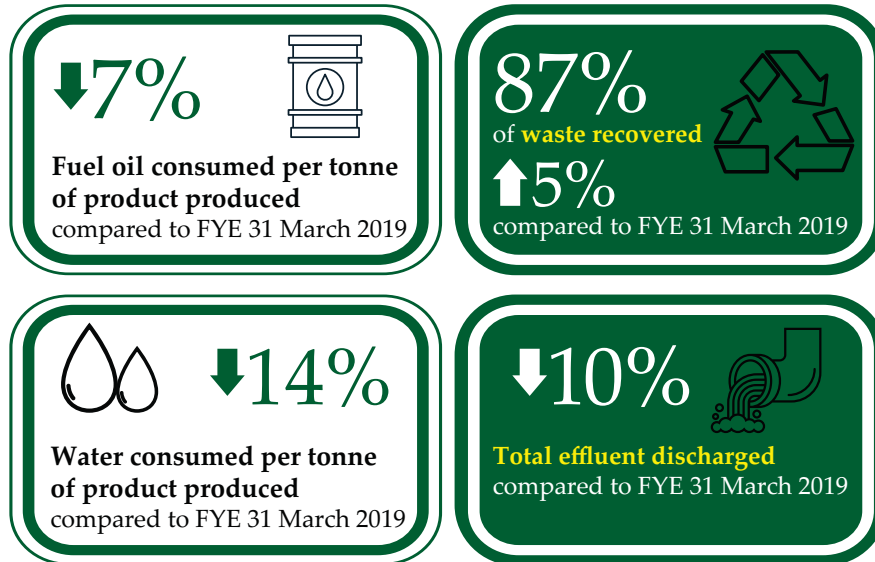
1. Compliance with Statutory and Regulatory Requirements, as well as Accepted Social Norms for the Establishment of Appropriate Structures and Systems
2. Respect for Human Rights
3. Occupational Health and Safety with Respect to Labour
4. Ensuring Product and Service Quality and Safety
5. Consideration for the Global Environment
6. Information Security
7. Contribution to Society and Coexistence with the Local Community

Our suppliers' performance is carefully monitored, with regular supplier audits and annual supplier evaluations that record their quality of goods and services provided. Suppliers who fail to comply with the requirements and meet the Company's standards are subject to further actions which may include termination.



# MANAGING ENVIRONMENTAL IMPACTS

## FYE 31 March 2020 Highlights



At AMB, environmental stewardship is at the heart of our operations as it is one of the pillars of our ASV. Therefore, we have undertaken various initiatives and established internal targets to ensure that our carbon footprint is minimised and comply with regulatory requirements. These initiatives and targets addressed the Company's energy and water consumption and emissions, effluent treatment, as well as waste management over the reporting period.

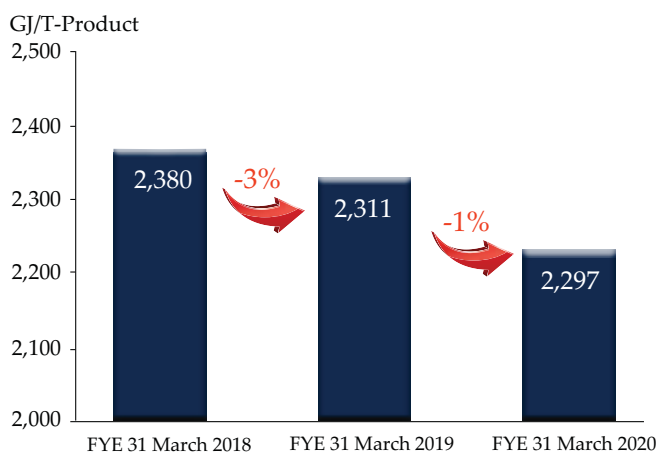
## Energy Consumption and Emissions (302-3, 302-4, 305-4, 305-5)

Climate change is arguably one of the most pressing issues of the 21st century and AMB is committed to contribute towards the seeking of solutions. Responsible monitoring of energy consumption and implementation of energy-saving initiatives at our manufacturing facility allow for reduced utility costs, but more importantly, allow us to minimise the Company's carbon footprint.

### Energy Consumption

At our manufacturing facility, the two (2) principal energy sources consumed are electricity and fuel, and it is crucial that we continue to utilise these non-renewable resources prudently and efficiently. To ensure that we are constantly reducing our energy consumption, several initiatives have been put in place. These include the creation of annual targets based on our progress from previous years, as well as the establishment of the Energy Saving Committee that is responsible for planning and monitoring the Company's progress in achieving the set targets. The Committee reports its findings and progress to the Cost and Capacity Improvement Team on a monthly basis. Using this information, the team is able to strategise and decide upon the Company's subsequent steps to further reduce energy consumption.

### Electricity Consumption Intensity

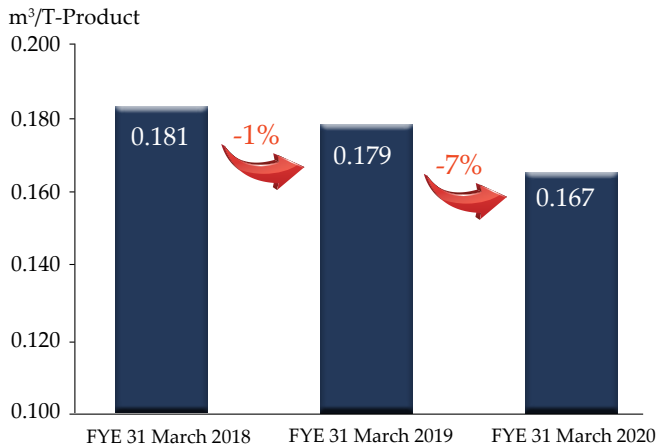


During the reporting period, the Company successfully reduced consumption of energy resources. Electricity consumption for every tonne produced reduced by 1% when compared to the previous year. This is attributed to electricity saving initiatives carried out on the food and seasoning production line where the operational efficiency of both the dehumidifying and air-conditioner units were improved.

302-3 : Energy intensity  
302-4 : Reduction of energy consumption  
305-4 : GHG emissions intensity  
305-5 : Reduction of GHG emissions

# MANAGING ENVIRONMENTAL IMPACTS (cont'd.)

## Fuel Oil Consumption



AMB has also successfully reduced our fuel oil consumption. This year, an average of 0.167 m<sup>3</sup> of fuel oil was utilised to produce a tonne of product, resulting in a 7% decrease compared to the previous year. This was achieved through strengthening preventive maintenance to ensure the highest efficiency of machinery operations.

Moving forward, we aim to continuously reduce our energy consumption and continue to consume energy efficiently.

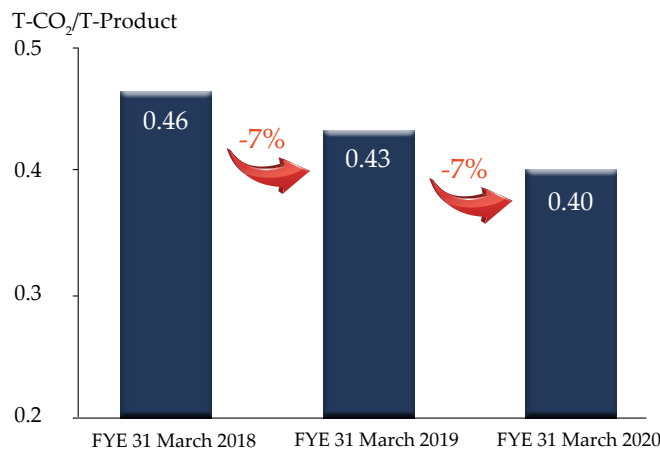
## Emissions

Greenhouse Gas (“GHG”) emissions, as a result of anthropogenic activities, are responsible for trapping heat within the Earth’s atmosphere, thus intensifying global warming as confirmed by the United Nations Framework Convention on Climate Change (UNFCCC). Under the Paris Agreement, Malaysia has committed to reducing its GHG emissions intensity of Gross Domestic Product (“GDP”) by 45% by 2030 relative to the emissions intensity of GDP in 2005.

Therefore, we are committed to better measuring and monitoring our emissions, with the ultimate objective of reducing our emissions intensity. This is aligned with the demand of our stakeholders for greater transparency on our GHG emissions performance as well as growing expectations to limit our emissions.

The following chart demonstrates AMB’s GHG emission intensity in terms of tonnes of Carbon Dioxide (“CO<sub>2</sub>”) emitted per tonne of products manufactured. We are proud to report that we have achieved a reduction rate of 7% for FYE 31 March 2020. This was achieved by substituting medium fuel oils with light fuel oils in our manufacturing line. The latter produces less emissions upon combustion. Furthermore, boilers are monitored quarterly to ensure that emissions are below the limit permitted by the Environmental Quality (Clean Air) Regulations 2014 set by the Department of Environment (“DOE”).

## GHG Emission Intensity



Ozone Depleting Substances (“ODS”) are responsible for the degradation of the protective ozone layer in the atmosphere. These substances include chlorofluorocarbons, halons, and hydrochlorofluorocarbons, among others. They allow for harmful ultraviolet radiation to travel into the atmosphere, giving rise to the potential to degrade marine environments as well as induce skin cancer.

As a responsible corporate citizen, we have continuously strived to minimise the emission of ODS produced from our manufacturing activities. Initiatives that have been taken include the replacement of R-11 and R-12 refrigerants with a more environmentally friendly option, viz R-134A refrigerant which is known to have a lower effect on global warming.

## MANAGING ENVIRONMENTAL IMPACTS (cont'd.)

### Waste Management (306-3, 306-4, 306-5)

The manufacturing process generates solid waste that has the potential to negatively impact the environment if not handled appropriately. Indiscriminate and illegal dumping of waste will result in the pollution of soil and groundwater as well as surface water systems.

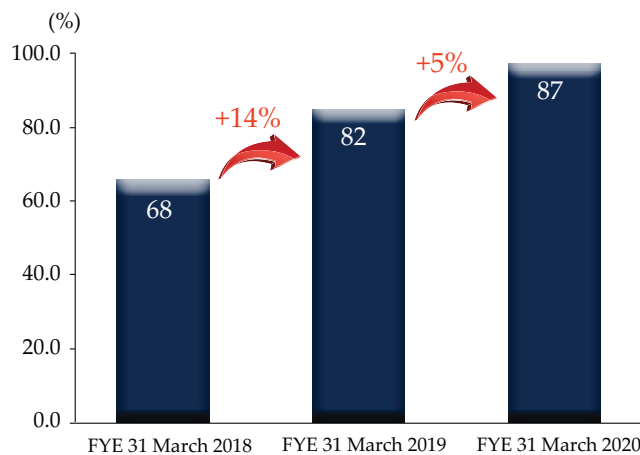
At AMB, we manage our generated waste responsibly and reduce our waste output in line with our commitment to environmental stewardship.

Waste reduction activities are continuously carried out within the Company as part of our contribution to a circular economy. These activities include waste segregation as well as promotion of the 4R (Reduce, Reuse, Recycle and Recover) approach within the organisation to minimise landfill input. Wastes that can be recovered are sent to a licensed recycler or treatment centre for further processing. Alternatively, wastes that are deemed unsuitable for recovery will be collected and disposed of by a licensed contractor according to legal requirements.

Scheduled wastes are hazardous and have the potential to adversely affect the environment and public health. At AMB, we adopt the best practice by disposing scheduled wastes in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005 stipulated by the DOE. During the reporting period, a total of 0.32 tonnes of scheduled wastes, in the forms of used acids, alkalis, oils and lubricants, were collected and treated by a licensed contractor.

Despite the increase in production during the reporting period, AMB generated a total of 1,670 tonnes of waste, a 4% decrease compared to the previous year. Out of the 1,670 tonnes, 86.8% of waste was recycled; this is a 5% increase and is attributed to the increasing awareness of 4R practices within the Company.

#### Waste Recovery Rate



Furthermore, with increasing global awareness on the importance of environmentally friendly packaging, AMB has embarked on feasibility studies on alternative packaging materials in order to phase out less eco-friendly materials such as plastics. Looking ahead, we aim to continue reducing our waste output as well as utilise more eco-friendly packaging materials for our products.

### Water Consumption and Conservation (303-2, 303-4, 303-5)

Water scarcity is an increasingly common issue at local and global levels. Therefore, it is vital that we continue to utilise this resource sustainably to safeguard future availability. AMB continues to ensure that water is consumed rationally during the manufacturing process.

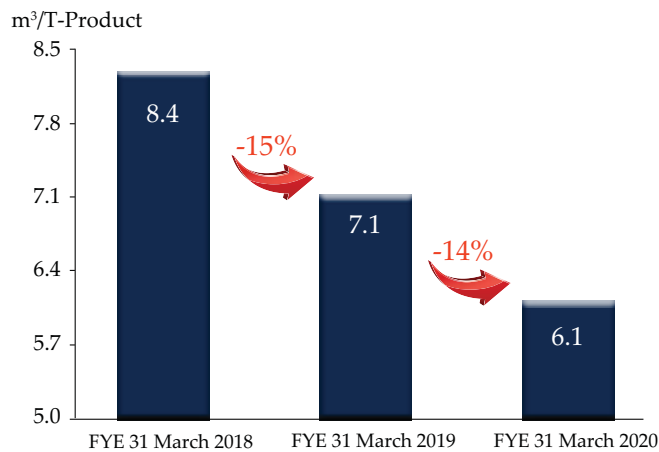
# MANAGING ENVIRONMENTAL IMPACTS (cont'd.)

## Water Consumption

AMB has continued to take measures since 2017 to maintain sustainable water consumption. This includes routine inspections by representatives of the Factory Administration Management to ensure that there are no water leakages. Action is promptly taken to resolve any leaks detected. Due to improvements introduced in the manufacturing process, less water is consumed in the Monosodium Glutamate (MSG) production line to dissolve glutamic acid. Furthermore, AMB continues to reuse seal water and optimise floor washing and cleaning activities to reduce water consumption and wastage.

These methods have continuously proven to be successful in reducing our water consumption. We are pleased to report that we achieved a 13% decrease in total water consumption from 225,957 m<sup>3</sup> in FYE 31 March 2019 to 196,640 m<sup>3</sup> in FYE 31 March 2020. Additionally, we have achieved a reduction rate of 14% in water consumption per tonne of product produced as illustrated in the bar chart.

### Water Consumption

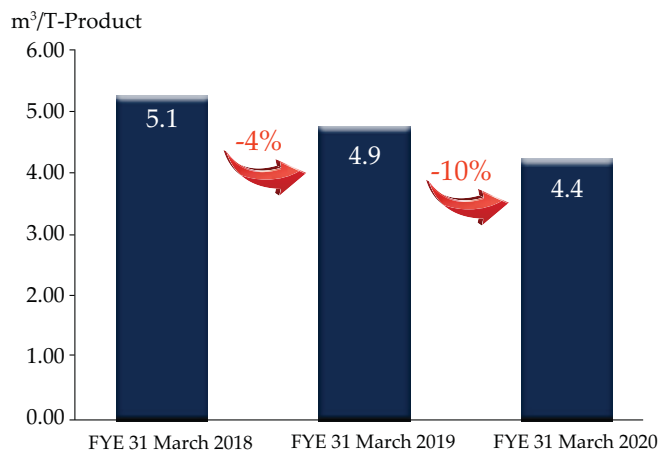


## Effluent Treatment

At AMB, we ensure that effluent is treated and discharged as stipulated by the limits prescribed in the Environmental Quality (Industrial Effluent) Regulations 2009 set by the DOE.

The effluent treatment in the Effluent Treatment Plant (“ETP”) consists of primary, secondary, and tertiary treatment stages. The ETP allows us to ensure that effluent meets key quality requirements, such as Biological Oxygen Demand (“BOD”) and Total Nitrogen (“TN”), prior to being discharged. This year, we have successfully met our internal targets of maintaining BOD and TN concentrations

### Treated Effluent Discharge



of effluents below 10 mg/l and 5 mg/l respectively.

During the reporting period, we recorded a decrease in total effluent discharge from 166,378 m<sup>3</sup> to 143,589 m<sup>3</sup> in FYE 31 March 2020 – a 14% reduction. Furthermore, there was a 10% reduction of effluent discharge per tonne of product manufactured. These reductions are attributed to the initiatives in respect of the maintenance of sustainable water consumption within the Company.

# RESPONSIBILITY TO OUR CONSUMERS

## FYE 31 March 2020 Highlights



### Product Responsibility and Safety (416-1, 416-2, 417-1, 417-2, 417-3)

As one of the leading food seasoning manufacturers, AMB is responsible for assuring that our products are of high quality and safe for consumption. We have established various initiatives to ensure these.

#### Quality Assurance

The Food Defence Programme is an initiative carried out to safeguard the production of safe and high-quality goods. The programme, established as part of the Hazard Analysis and Critical Control Points (“HACCP”) System, prevent contamination of products across our value chain. In addition to monitoring, the programme also incorporates yearly activities such as awareness training, workshops on improving monitoring and mock drills to evaluate awareness and preparedness of employees.

Mandatory inspections are also carried out on every batch of raw materials received and every production batch prior to market release. Specifications are required to be met for the materials and products before they progress to the next stage.

AMB is internally and externally audited annually to ensure compliance with relevant certification bodies. Below is a list of certifications that the Company have received and strictly adheres to:

Certification	Certification Body
HALAL Certificate	Department of Islamic Development Malaysia (JAKIM)
ISO 9001:2015 Quality Management Systems	SIRIM QAS International Sdn Bhd
MS1480:2007 HACCP	Ministry of Health
Skim Pensijilan “Makanan Selamat Tanggungjawab Industri (MeSTI)	Ministry of Health
Good Manufacturing Practice (GMP)	Ministry of Health
Veterinary Inspected for Wholesomeness	Department of Veterinary Services Malaysia

We are pleased to report that there were ZERO incidents of non-compliance pertaining to product quality and safety during the reporting period.

#### Product Labelling

Product labels assist consumers in making decisions based on their preferences and product suitability. Therefore, it is an extremely important component of our products.

At AMB, we ensure that our product labels provide essential information that will aid our consumers to make healthier and better decisions based on their dietary requirements. All our product labels contain key information in adherence to country requirements and regulations.

416-1 : Assessment of the health and safety impacts of product and service categories  
 416-2 : Incidents of non-compliance concerning the health and safety impacts of products and services  
 417-1 : Requirements for product and service information and labelling  
 417-2 : Incidents of non-compliance concerning product and service information and labelling  
 417-3 : Incidents of non-compliance concerning marketing communications



## RESPONSIBILITY TO OUR CONSUMERS (cont'd.)

### Product Innovation

As a leading and responsible food seasoning manufacturer, we continuously strive to provide consumers with quality product choices. In FYE 31 March 2020, we launched a new product: Rasa Sifu™ All-In-One Seasoning to meet the needs of young households who wish to prepare delicious meals in a simple way. Our Rasa Sifu™ All-In-One Seasoning product transforms stir-fry dishes with a delicious new taste profile by incorporating aromatic “wok” and oyster flavours.



### Customer Satisfaction

#### Embracing Customer Relationship and Satisfaction

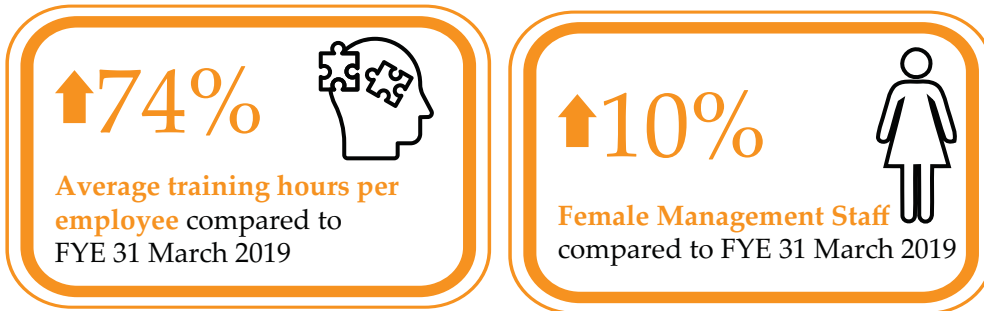
AMB recognises the importance of building strong relationships with our customers. We believe that highly engaged customers lead to increased levels of brand loyalty. In addition, we consider our customers at all stages of our business strategy to ensure greater customer satisfaction and to achieve our long-term goal as a beloved food company in Malaysia. Customer satisfaction serves as a guide to identify key issues and allows us to formulate plans for future improvement, and a sustainable future.

In this reporting period, we continue to obtain consumer insight by conducting our annual consumer survey and gauge customer feedback from the participants of our activities. In addition, AMB will continuously conduct exciting activities and programmes to engage with customers in order to expand our product offerings and create brand awareness to drive future growth.



# CARING OF OUR PEOPLE

## FYE 31 March 2020 Highlights



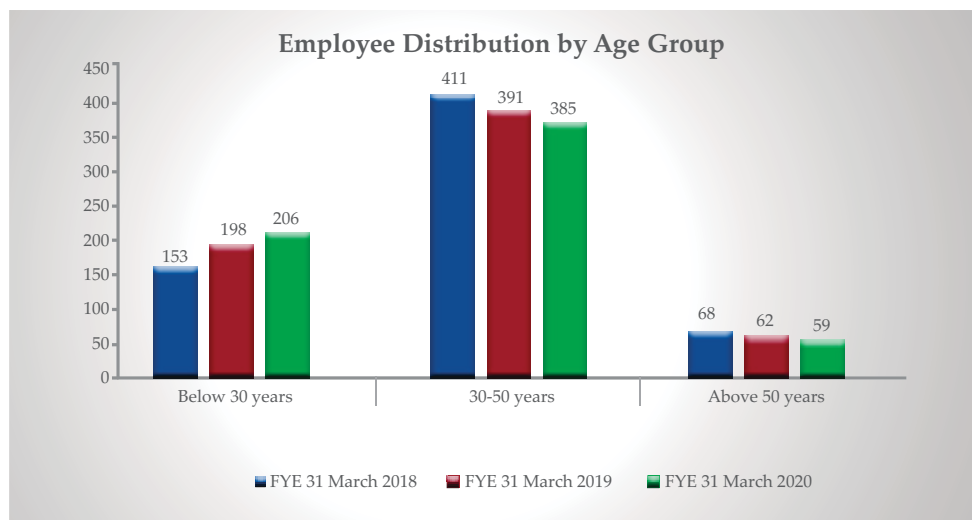
## Workplace Diversity and Equal Opportunity (401-1, 401-2, 401-3, 405-1, 412-2)

We believe that a diverse workforce is important to promote efficiency and innovation in achieving company targets and goals. We aim to continuously foster a culture of inclusivity at our workplace as it is essential to the growth and evolution of AMB.

For the reporting year, the Company has a total of 650 employees with 437 being male (67%) and 213 being female (33%). This is similar to the distribution of previous years in FYE 31 March 2019 and FYE 31 March 2018.

70% of the employees belong to the non-executive working group with 314 being male and 138 being female, while 19% belong to the executive working group with 74 male and 52 female employees. This year, 23 female employees are in management positions compared to 21 in the previous reporting year which represents a 10% increase.

In terms of age distribution, 252 male and 133 female employees are within the 30 to 50-year age bracket, forming 59% of the workforce. This age group is an asset to AMB as they have a strong track record of industry expertise and decision-making skills. The group aged 30 years and below consists of 206 employees which represents 32% of our total workforce. AMB consistently provides the younger generation with opportunities to grow and develop their knowledge in the food industry, which helps promote innovation and productivity within the Company for sustainable business growth.



401-1 : New employee hires and employee turnover  
 401-2 : Benefits provided to fulltime employees that are not provided to temporary or part-time employees  
 401-3 : Parental leave  
 405-1 : Diversity of governance bodies and employees  
 412-2 : Employee training on human rights policies and procedures

## CARING OF OUR PEOPLE (cont'd.)

### *Talent Management*

In FYE 31 March 2020, AMB recorded a new hire rate of 7.8% and a turnover rate of 6.2% for our permanent staff. We are pleased to report that the turnover rate has steadily reduced over since the past two years.

### *Employee Welfare and Benefits*

AMB is committed to taking care of our employees' welfare and well-being. In addition to our basic employment benefits, we have introduced flexible working hours this year to promote healthy work-life balance. In terms of professional growth and career development, our employees are given fair and unbiased performance appraisals with equal opportunities for training and development programmes. For our employees who have served the Company for more than 7 years, we show our appreciation by rewarding them with the Long Service Award as recognition for their effort and loyalty to the Company.

In June 2019, AMB achieved smooth settlement of the Collective Agreement (CA) with the Food Industry Employee Union (FIEU) for the period of 2019-2022. The Company continues to communicate and work closely with the FIEU for mutual benefit.



### *Employee Engagement*

AMB conducts a biennial Employee Engagement Survey to obtain insight on employees' engagement and commitment towards the Company. Tracking employee engagement is important in determining employee satisfaction, retention rate, productivity and profitability for the Company.

The Employee Engagement Survey was conducted in September 2019 and starting 2020, the survey will be conducted annually to better gauge employee expectations and satisfaction.

In FYE 31 March 2020, we obtained a response rate of 92% and sustainable engagement of 83% for survey conducted online, surpassing the results of FYE 31 March 2018 and the benchmark of local companies. The results from the survey were analysed and key topics were identified. This allowed the management to formulate relevant action plans that will be used to develop medium-term plan for FYE 31 March 2021 to FYE 31 March 2023.

For FYE 31 March 2020, the achievement in the category of 'Health and Well-being' showed a significant improvement due to the initiatives taken by the Management which included the establishment of Healthy Living Committee to promote healthy dietary intake among AMB staff and the implementation of flexible working hours which affects work-life balance.

Next year, in line with the Company's environmental protection initiatives, we will fully conduct the survey online to promote paperless operation (In FYE 31 March 2020, 88% of the survey was conducted online and 12% through paper). We aim to engage more of our workforce and achieve a response rate of more than 95% and sustainable engagement of more than 85%.

## CARING OF OUR PEOPLE (cont'd.)

### Healthy Living Project

We continue to uphold ASV initiatives to create value for our employees by organising engagement activities that promote healthy diet and lifestyle. In FYE 31 March 2020, we improved the quality of our cafeteria facilities and the menu with the objective of encouraging staff to enjoy healthy meals at the Company's cafeteria. As a result of these improvements, we recorded an increase in visits to the cafeteria with a large proportion of the staff consuming more fruits and vegetables.

To promote a healthy lifestyle among AMB employees, AMB Sport Recreation Club (ATLAS) conducted sports activities for our employees. Activities such as "Zumba Dance" classes, volleyball, badminton, bowling etc. were arranged throughout the year to promote healthy living among the staff.



### Human Rights

In accordance with the 5th element of AGP on Human Rights, AMB is committed to the protection of human rights. Recognising this, the Company and its employees must uphold and adhere to human rights obligations. We support international standards for human rights which include:

- Universal Declaration of Human Rights
- International Labour Organisation Declaration on Fundamental Principles and Rights at Work and its Follow-Up
- United Nations Global Impact

We also comply with State and Federal child labour laws through our hiring policies and human resource practices, and prohibit the use of any forced labour. Our standard entry-level wage is equal to, and often exceeds the local minimum wage in Malaysia.

### Capacity Building (404-1, 404-2)

AMB is equally committed to retaining talented employees and providing career development opportunities to motivate employees in realising their growth potential within the Company. We develop our employees through comprehensive onboarding, talent management process, mentoring programmes, and formal learning.

We emphasise continuous knowledge and skill development, and provide a platform for our employees to enrol in both internal and external training programmes according to their job scope and requirements. The key training programmes conducted in FYE 31 March 2020 covered topics on compliance, competency development, leadership (critical thinking for management), and team building.

In this reporting year, we invested 17,380 training hours for our employees. The average training hours for each employee was 33 hours.

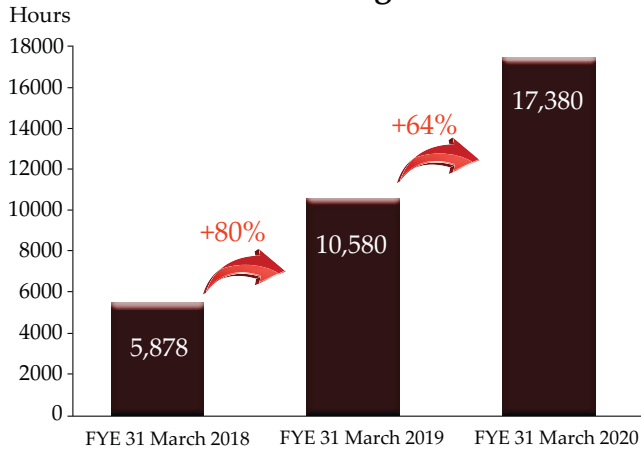
We have seen an increase of 64% in total training hours compared to last reporting period and an increase in average training hours per employee by 74%.

404-1 : Average hours of training per year per employee

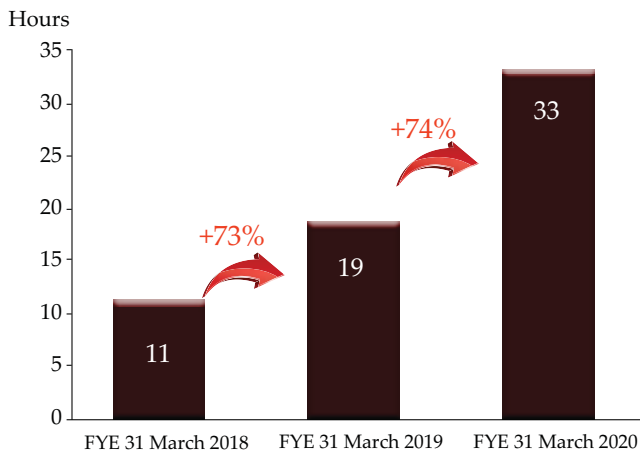
404-2 : Programs for upgrading employee skills and transition assistance programs

## CARING OF OUR PEOPLE (cont'd.)

### Total Training Hours



### Average Training Hours/Employee



## CARING OF OUR PEOPLE (cont'd.)

### Occupational Safety and Health (403-1, 403-2, 403-4, 403-5, 403-9)

Providing a safe work environment for our employees is a top priority for AMB as we recognise our employees are our greatest assets. The commitment that AMB has to employee health and safety is unequivocal. In addressing the COVID-19 pandemic and to ensure the health & safety of our employees and their families, we have put in place SOPs that include mandatory daily temperature screening of all employees, social distancing in the workplace, requirement to frequently wash hands and use hand sanitizers, wearing of face masks and gloves, travel restrictions and flexibility to work from home.

We established a Safety & Health Committee with equal representation from both employer and employees, to ensure that our Occupational Health & Safety Management System (OHSMS) is implemented and maintained effectively. In FYE 31 March 2020, we have upgraded our certification system from OHSAS 18001:2007 to ISO 45001:2018 which enables us to manage occupational health and safety risks more effectually.

Several initiatives were introduced to provide our employees with the opportunity to actively participate in implementing safety processes. These include inspection and behavioural observations through our Behaviour Based Safety Programme. The programme aims to establish methods of positive reinforcement to change unsafe individual behaviours and to reinforce safe behaviours. In addition, we implemented the self-managed Heads of Department Patrol to strengthen our safety measures.

Aside from that, we encourage employees to organise group activities to brainstorm on improvement initiatives. We also promote idea sharing on safety and health initiatives that can strengthen our measures via the Safety Improvement Idea Suggestion Scheme and we reward our employees for their ideas.

#### KIKEN YOCHI TRAINING ("KYT")

At AMB, we promote KYT to minimise hazards and accidents at our workplace. A training involving small group discussions on workplace hazards, KYT helps to identify the types of accidents that may arise from such hazards and to determine the danger points and action plans. KYT has resulted in employees' increased attentiveness towards dangers, and motivated them to train in teams, share hazard information and improve problem-solving capabilities.

As guided by the Safety, Health, and Environment Manual and General Safety Procedure, we monitor and report our safety and health performance. In FYE 31 March 2020, we recorded a total of 1,404,272 hours worked. This is an improvement from previous reporting years where three (3) minor injuries were reported in FYE 31 March 2019 and four (4) cases reported in FYE 31 March 2018.

Based on the findings the two (2) minor injuries reported occurred due to improper handling of tools in the operational area. To prevent the recurrence of similar incidents in the future, we immediately carried out corrective actions.

As we strive to achieve an injury-free workplace, AMB is committed to equipping our employees with competency-based and awareness training.

#### Safety and Health Training Record FYE 2020

Emergency Evacuation Post Mortem
Emergency Response Team (ERT) Mock Drill Training
Forklift Competency Practical Test for Logistics Members
Chemical Handling Training
Noise Awareness Training for Related Section (Noisy Area)
Reach Truck Theory Training
Road Safety Training for Sales Branch Head
Fire Extinguisher Training
Safety briefing for Intern & New Contract Workers
Sharing on Coronavirus Information



403-1 : Occupational health and safety management system  
403-2 : Hazard identifications, risk assessment and incident investigation  
403-4 : Worker participation, consultation, and communication on occupational health and safety  
403-5 : Worker training on occupational health and safety  
403-9 : Work-related injuries

# CREATING VALUE FOR LOCAL COMMUNITIES

## Community Enrichment (413-1)

The ASV represents the Ajinomoto Group’s commitment to create both economic and social values from our operations. At AMB, we uphold this commitment and constantly ensure that our operations not only result in positive financial impact, but also provides social value to our communities.

As a key food manufacturer in the region, we have a responsibility to promote healthy living through balanced diet. Throughout the reporting period, we have organised a variety of campaigns and events to assist us in promoting healthy living.

### AJINO-MOTO “Campur, Campur, Siap!” Campaign

The “Campur, Campur, Siap!” campaign is an ongoing campaign organised by AMB to cultivate healthy eating habits and promote vegetable intake. The campaign was launched in two (2) phases: the first was carried out from October to December 2019; and the second from February to March 2020. This year, AMB released a new communication video under the “Campur, Campur, Siap!” campaign which features a new animated character known as “Pak AJI”, who was introduced to inspire homemakers to prepare nutritious and simple vegetable dishes. Another key engagement method to promote the “Campur, Campur, Siap!” campaign was through mobile roadshows. Activities carried out during these roadshows include cooking demonstrations, games, leaflet distribution and sale of our products.



AMB continued the promotion of this campaign in conjunction with Nutrition Month Malaysia 2019 (“NMM”) where the Company was the main sponsor for NMM’s Food Fit Fun Fair held from the 17th to 21st of April 2019, and organised related activities to engage the community including parent-child cooking activities, umami information sharing sessions and cooking demonstrations. Another achievement was the publication of an informative children’s booklet entitled “Saya Suka Sayur-Sayuran” by AMB and the NMM committee to educate children on the importance of eating vegetables through a variety of interesting stories.

In conjunction with NMM, roadshows were also held in schools where over 16,000 school students from the Klang Valley, Melaka and Negeri Sembilan were encouraged to cultivate healthy eating habits and increase vegetable intake. Students were entertained with a variety of activities, including a “Campur, Campur, Siap!” dance, information sessions and quizzes. These activities were further elevated through the incorporation and distribution of the Ministry of Health’s “Suku-Suku Separuh” Health Plate to practice healthy eating habits at home.

In addition, advertisements on a variety of platforms were used to engage communities, along with Key Opinion Leader (“KOL”) engagement sessions. During the reporting period, a total of nine (9) KOL engagement sessions were organised.



## CREATING VALUE FOR LOCAL COMMUNITIES (cont'd.)

### *Sports Nutrition Awareness Project*

The Ajinomoto Group continues to contribute to the development of sports nutrition in Japan since 2003 through Victory Project®. Victory Project® supports activities by providing guidance on sport nutrition and amino acid conditioning for top athletes at international tournaments. The Ajinomoto Group expanded this initiative to other ASEAN countries through the ASEAN Victory Project®, which involves AMB.



In Malaysia, “Sports Nutrition Awareness Project” was introduced in collaboration with the Ministry of Education (“MOE”), Bukit Jalil Sports School (“BJSS”). The project was launched on 23rd October 2019 at BJSS, witnessed by the Deputy Director of Sports, Co-curricular and Arts Division of MOE, Mr. Suhaimi Sun Abdullah, the Principal of BJSS, Mr. Ithin Mahadi, and MD/CEO of AMB, Ms. Naoko Yamamoto.

The project was launched on 23rd October 2019 at BJSS, witnessed by the Deputy Director of Sports, Co-curricular and Arts Division of MOE, Mr. Suhaimi Sun Abdullah, the Principal of BJSS, Mr. Ithin Mahadi, and MD/CEO of AMB, Ms. Naoko Yamamoto.

The Project aimed to educate and increase awareness among student athletes on the importance of nutrition through sports nutrition education talks, balanced set lunch servings, and information sharing through posters and a digital portal. One of the key messages of this project is to educate student athletes on the importance of healthy eating and to instil balanced dietary habits among them.

In line with Victory Project®, the ultimate goal of “Sports Nutrition Awareness Project” is to contribute to the well-being of student athletes, as well as all Malaysians through the Ajinomoto Group’s specialties in Aminoscience.





# CREATING VALUE FOR LOCAL COMMUNITIES (cont'd.)

## Seri-Aji® Sahur Campaign

The Seri-Aji® Sahur Campaign is another ongoing campaign under AMB. Its main objective is to promote the preparation of convenient and balanced meals for Sahur. The campaign was organised in conjunction with the month of Ramadan from March to June 2019. A variety of activities were carried out during the campaign including social media promotions, in-store advertisements and cooking demonstrations, consumer contests, distribution campaigns and traditional trade roadshows.

**Bersahur bersama SERI-AJI**  
**BELI & MENANG**  
NILAI HADIAH MELEBIHI **RM10,000**  
UNTUK DIMENANGI  
25 MAC - 5 JUN 2019

**Baucar Emas** HADIAH UTAMA x1  
Bernilai **RM2000**

**Cara Menyertai:**  
1. Beli mana-mana SERI-AJI® Persewaan Nasi during period RM3 ke atas di dalam masa tempoh dalam tempoh promosi.  
2. Ambil gambar bukti pembelian SERI-AJI® Persewaan Nasi (dalam bentuk bukti pembelian sistem selenggara gambar).  
3. Layari <http://www.ajinomoto.com.my/sahurcontest>, klik dan loading data untuk dapatkan gambar tersebut.  
\*Tidak boleh menerima lebih dari satu gambar.  
\*Promosi berakhir pada 5 Jun 2019 dan permohonan akan diterima berdasarkan tarikh.

**HADIAH BULANAN**  
Peruk Nasi Elektrik Serbaguna Tefal Bernilai **RM500 x4**  
Kad Hadiah Petronas Bernilai **RM500 x4**  
HADIAH SAGUHATI  
Thermos 480ml Bernilai **RM120 x50**

Link QR untuk keterangan lanjut.

## Ajinomoto Postgraduate Scholarship

AMB strongly believes that education is the foundation for success. We provide postgraduate scholarships to individuals with excellent academic performance who wish to further their studies in the field of science at selected universities in Japan.

**Ajinomoto**  
**ASEAN+ONE International Students Scholarship Program 2021**  
Ajinomoto Scholarship Foundation  
Realise Your Dream...  
Take That Leap, Make Your Mark

**FULL SCHOLARSHIP GRANT**  
UP TO RM10,000 IN VALUE  
2021

Enjoy a postgraduate grant to some of the top Universities in Japan!

**# you...**

- Are highly interested to pursue an overseas master degree in one of the science courses at University of Tokyo, Kyoto University, Nagoya University, Ochanomizu University, Waseda University, Kagawa Nutrition University or Tokyo Institute of Technology.
- Graduated or be expected to graduate from College/University with excellent academic performance.
- Are Malaysian who will not be more than 35 years old by 01 April 2021 and will not be receiving other scholarship.
- Applicants must acquire adequate Japanese language proficiency.
- (Only applicable to those enrolling as a master's course student program – Two-years program).
- In good physical and mental health and have a strong motivation for learning.

**And you passed the...**

- Screening and selection process by the Ajinomoto Group.

**Then you could be the recipient of...**

- ¥150,000 allowance per month (deducted to research student at graduate school with maximum 1 year)
- ¥180,000 allowance per month (deducted to Master's course student at graduate school with maximum 2 years)
- Full examination, admission and tuition fees coverage
- One way air ticket to Japan

**Types of Ajinomoto Scholarship**

1. Research Student Program + Master's Course Student Program (Three-years program) and applicable for research program
2. Master's Course Student Program (Two-years program)

**APPLICATION DEADLINE**  
5 MARCH 2021

**How To Apply**

1. Download and complete the application form, field of study & study program form.
2. Place your completed application form, together with the following documents in an envelope.
  - Original transcript of academic record issued by the university or graduate school attended (in Japanese. Must be written in Japanese in English).
  - Accomplished Recommendation Form (after the interview process) (in Japanese and English)
  - Other documents that are required to support your application.
 (\*The documents submitted that not be returned under any circumstances.)  
 (\*\*The returned documents may accompany to course. Please refer to "Appendix 2" for details.)
3. Send all the documents through courier to:
 

**AJINOMOTO (MALAYSIA) BERHAD**  
LOI 5710, Jalan Kuala Lumpur, Petaling Jaya 46000 Kuala Lumpur, Malaysia  
Attn : Ms Ann Foo

Successful candidates for interview will be informed through email.

For further enquiries and details, please  
 Email to: [ajino\\_scholarship@ajino.com.my](mailto:ajino_scholarship@ajino.com.my)  
 Or Call to: 603-7951-9255 (Ext.230) - Ms Ann Foo

## MOVING FORWARD

This year we are delighted with the progress made in our sustainability performance. Across the three pillars: economic, environment, and social, we have achieved steady improvement throughout the years. We have also increased our sustainability disclosures with the objective of being more transparent with our stakeholders.

Moving forward, we will continue to ensure we meet our sustainability targets and identify new sustainability initiatives to achieve our long-term goals.

## Form Of Proxy

CDS Account No.

Number of  
ordinary shares held

\*I/We (full name), \_\_\_\_\_

bearing \*NRIC No./Passport No./Company No. \_\_\_\_\_

of (full address) \_\_\_\_\_

being a \*shareholder/shareholders of Ajinomoto (Malaysia) Berhad ("the Company") hereby appoint :-

First Proxy "A"

Full Name	NRIC/ Passport No	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

\*and

Second Proxy "B"

Full Name	NRIC/ Passport No	Proportion of Shareholdings Represented	
		No. of Shares	%
Full Address			

100%

\*or failing him/her, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Fifty-Ninth Annual General Meeting of the Company to be held on a fully virtual basis at the broadcast venue at Ajinomoto (Malaysia) Berhad, Lot 5710, Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur on Monday, 28 September 2020 at 10:00 a.m. and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be casted. If no specific direction as to voting is given, the proxy will vote or abstain from voting at \*his/her discretion.

No.	Agenda	Resolution	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 March 2020 together with the Reports of the Directors and the Auditors thereon.			
2.	To approve the payment of Directors' fees for the financial year ended 31 March 2020.	1		
3.	To approve the payment of Directors' benefits up to an amount of RM650,000 from 29 September 2020 until the date of the next Annual General Meeting of the Company.	2		
4.	To approve the gratuity payment to General Tan Sri (Dr.) Dato' Paduka Mohamed Hashim bin Mohd. Ali (Rtd).	3		
5.	To approve the gratuity payment to Ms. Naoko Yamamoto.	4		
6.	To re-elect Mr. Tomoharu Abe who is retiring in accordance with Clause 119 of the Company's Constitution and being eligible, has offered himself for re-election.	5		
7.	To re-elect Puan Norani binti Sulaiman who is retiring in accordance with Clause 119 of the Company's Constitution and being eligible, has offered herself for re-election.	6		
8.	To re-elect Mr. Dominic Aw Kian-Wee who is retiring in accordance with Clause 120 of the Company's Constitution and being eligible, has offered himself for re-election.	7		
9.	To re-elect Mr. Hiroki Suzuki who is retiring in accordance with Clause 120 of the Company's Constitution and being eligible, has offered himself for re-election.	8		
10.	To re-elect Mr. Miki Moriyama who is retiring in accordance with Clause 120 of the Company's Constitution and being eligible, has offered himself for re-election.	9		
11.	To re-appoint Messrs. Ernst & Young as Auditors of the Company until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix their remuneration.	10		

**Special Business**

12.	<b>Ordinary Resolution No. 1:</b> Authority to Issue Shares pursuant to the Companies Act 2016	11		
13.	<b>Ordinary Resolution No. 2:</b> Proposed Renewal of Existing Shareholder Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	12		
14.	<b>Ordinary Resolution No. 3:</b> Retention of Tan Sri Dato' (Dr.) Teo Chiang Liang as an Independent Director	13		
15.	<b>Ordinary Resolution No. 4:</b> Retention of Mr. Koay Kah Ee as an Independent Director	14		
16.	<b>Ordinary Resolution No. 5:</b> Retention of Mr. Dominic Aw Kian-Wee as an Independent Director	15		
17.	<b>Ordinary Resolution No. 6:</b> Retention of Dato' Setia Ramli bin Mahmud as an Independent Director	16		

As witness my/our hand(s) this day \_\_\_\_\_ of \_\_\_\_\_ 2020.

**Notes :-**

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 21 September 2020 (*General Meeting Record of Depositors*) shall be eligible to attend, speak and vote at the Meeting.
2. A member of the Company entitled to attend and vote at the Meeting shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead. A member may appoint more than one (1) proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy, failing which the appointment shall be invalid.
3. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy.  
As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers as at 15 July 2020, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all shareholders and proxies shall communicate with the main venue of the Meeting via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Meeting as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, shareholders and proxies may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the Meeting. The questions and/or remarks submitted by the shareholders and/or proxies will be broadcasted and responded by the Chairman/Board/relevant advisers during the Meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the shareholder/appointer or of his attorney duly authorised in writing or, if the shareholder/appointer is a corporation, shall either be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
5. Where a shareholder of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. **Appointment of proxy and registration for remote participation and voting**  
The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at Securities Services (Holdings) Sdn. Bhd. of Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time appointed for holding the Meeting or adjournment thereof. The proxy appointment may also be lodged electronically via Securities Services e-Portal at <https://www.sshsb.net.my/>. All resolutions set out in the Notice of the Meeting are to be voted by poll.
7. The Administrative Guide on the Conduct of a Fully Virtual General Meeting is available for download at <https://www.ajinomoto.com.my>

Fold Here

Eat Well, Live Well.



## Form Of Proxy

Stamp

The Company Secretaries

**AJINOMOTO (MALAYSIA) BERHAD 196101000252 (4295-W)**

c/o Securities Services (Holdings) Sdn. Bhd.  
Level 7, Menara Milenium, Jalan Damanlela,  
Pusat Bandar Damansara, Damansara Heights,  
50490, Kuala Lumpur, Wilayah Persekutuan

Fold Here

Eat Well, Live Well.



# EAT Well, LIVE Well.



Pak AJI™



[www.ajinomoto.com.my](http://www.ajinomoto.com.my)



Sedapedia



My AJINOMOTO



MS 1000-2009  
1002-02/004

**AJINOMOTO (MALAYSIA) BERHAD**

Registration No: 196101000252 (4295-W)

Lot 5710 Jalan Kuchai Lama, Petaling, 58200 Kuala Lumpur.

Tel : 603 7980 6958 Fax : 603 7981 1731

Website : [www.ajinomoto.com.my](http://www.ajinomoto.com.my)