HEINEKEN

HEINEKEN MALAYSIA BERHAD
ANNUAL REPORT 2020

57th

VIRTUAL ANNUAL GENERAL MEETING

FRIDAY, 21 MAY 2021
9.30 A.M.

For more information, visit:
https://www.heinekenmalaysia.com/annual-general-meetings.html

In this year's report

Note:
This annual report focuses on our activities, performance and results for the financial year ended 31 December 2020. This report has been prepared in accordance with the GRI Standards: Core option.

Scan the QR code for the Annual Report 2020 microsite.

WE ARE HEINEKEN

We build true human connections and break down barriers, because we believe great moments of shared experiences are the best in life.

We are inspired by consumers to brew the best beers and extend that same passion to all of our brands, products and activities.

We are proud of our family history and Dutch heritage and derive from them our entrepreneurial spirit that takes us to every corner of the world.

We are brand builders. The Heineken® brand defines and unites us while our many local, regional and global brands make our portfolio diverse and unique.

People are at the heart of our company. We see our strength in trust, diversity and progress.

We stand by our values: passion for quality, enjoyment of life, respect for people and for the planet.

We always advocate for responsible consumption. We are committed to our communities and strive to consistently improve the impact we make on the planet.

We work with our customers and partners to grow together and seek to win with integrity and fairness.

And we are convinced that by staying true to these commitments, we create value for our shareholders.

WE ARE HEINEKEN.

About Us

Heineken Malaysia Berhad (HEINEKEN Malaysia) is the leading brewer in the country, with a portfolio of iconic international brands that includes:

- The World's No. 1 international premium beer – Heineken®
- The great taste of Heineken® with dealcoholised Heineken® 0.0
- The World-acclaimed iconic Asian beer – Tiger Beer
- The crystal-cold filtered beer – Tiger Crystal
- The World's No. 1 stout – Guinness
- The World's No. 1 cider – Strongbow Apple Ciders
- The New Zealand inspired cider – Apple Fox Cider
- The all-time local favourite – Anchor Smooth
- The premium Irish ale – Kilkenny
- The real shandy – Anglia

HEINEKEN Malaysia also produces the wholesome, premium quality non-alcoholic Malta. HEINEKEN Malaysia's brand portfolio also includes the No. 1 German wheat beer Paulaner and Japan's No. 1 100% malt beer Kirin Ichiban.

HEINEKEN Malaysia history in the country dates back to 1964, and the Company's shares have been listed on the Main Market of Bursa Malaysia since 1965.

HEINEKEN Malaysia is 51% owned by GAPL Pte Ltd (GAPL) and 49% by the public. The Company's name was changed to Heineken Malaysia Berhad on 21 April 2016 following Heineken NV's acquisition of Diageo Plc's stakes in GAPL in October 2015. GAPL is now a subsidiary 100% owned by Heineken NV, the world's most international brewer.

Our 23.72-acre Sungei Way Brewery is the first in Malaysia to receive the MS 1480: 2007 Hazard Analysis Critical Control Point (HACCP) Certification from the Ministry of Health in August 2002. The brewery also received the ISO 9002 Certification since 1995 and has upgraded to MS ISO 9001: 2008 in 2010 and, subsequently, to ISO 9001:2015 in 2018.

HEINEKEN Malaysia employs about 600 people at our headquarters and brewery in Petaling Jaya, Selangor, as well as our sales offices throughout Peninsular and East Malaysia.

Our people are the heart of the Company, driving us forward with their energy and dedication. Through their every action and day-to-day interactions, they reflect HEINEKEN's values of Passion for Quality, Enjoyment of Life, as well as Respect for People and for the Planet.

These values strengthen our stakeholder relationships From Barley to Bar, and underline our global sustainability strategy of Brewing a Better World. We believe it is critical to be responsible in order to be sustainable, and take our responsibility to our people, planet and performance seriously.

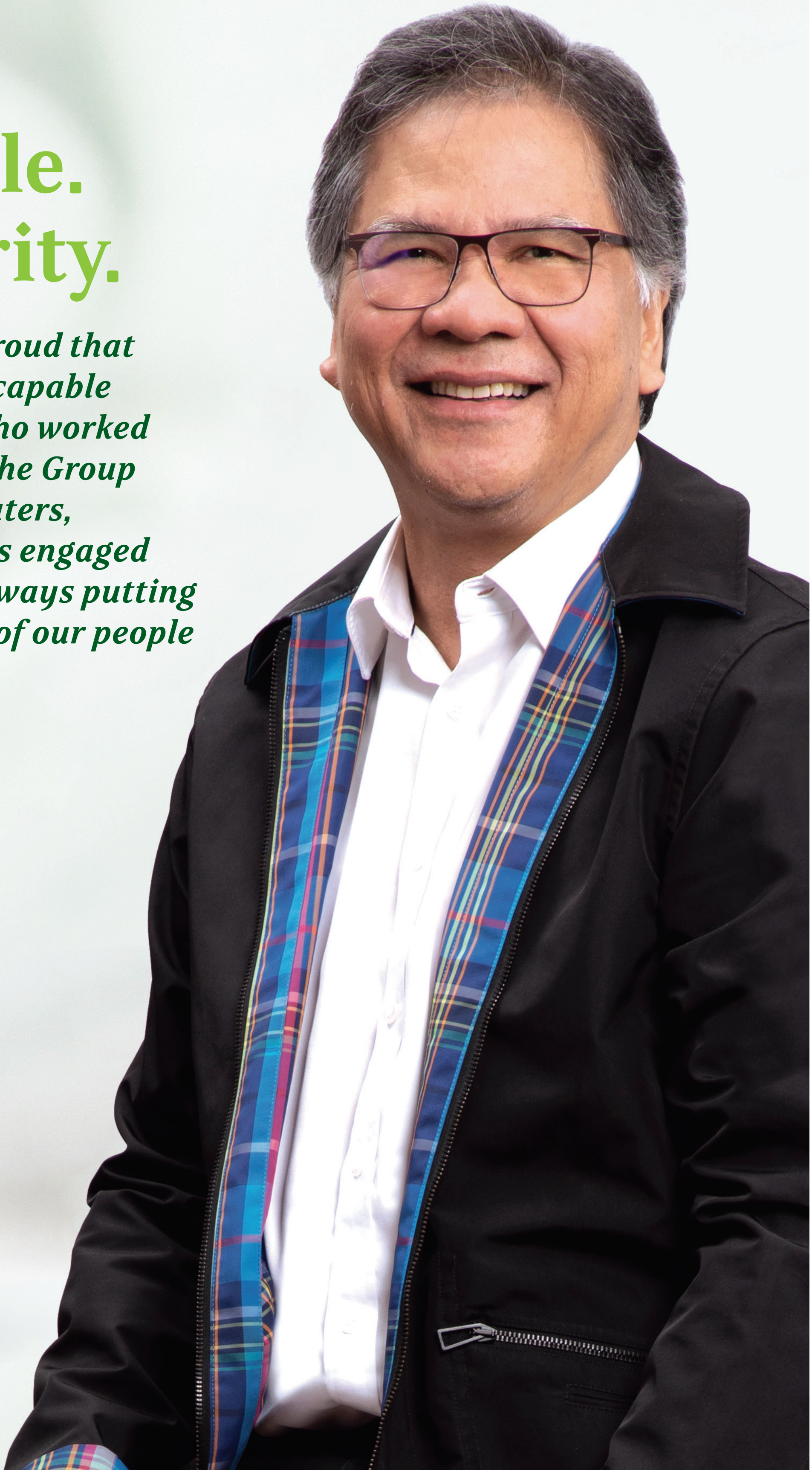
While promoting the enjoyment of our beers and ciders, we take the lead in advocating responsible consumption. Through HEINEKEN Malaysia's corporate social responsibility arm SPARK Foundation, we extend our commitment to grow with local communities in the areas of environmental conservation and education for a better tomorrow.

Our Chairman's Message

Our People. Our Priority.

"Looking back, I am proud that we have a strong and capable Management Team who worked tirelessly in steering the Group through uncharted waters, keeping our employees engaged and focused, whilst always putting the health and safety of our people as a key priority."

Dato' Sri Idris Jala
Chairman



Our Chairman's Message

Dear Shareholders,

2020 was a year filled with unprecedented challenges. Globally, humanity faced the threat of the Covid-19 pandemic, which debilitated healthcare systems in many countries, forcing governments to implement lockdowns in a bid to keep infection rates under control. As the health crisis swept across countries, a new normal began to emerge. Societies learned social distancing. Face masks and hand sanitisers became daily necessities. Travel plans were put on hold indefinitely. Workers transitioned to work from home. Students learned through virtual classrooms. 'Lockdown' and 'quarantine' were amongst the most overused words that we did not need to use in previous years. And the list goes on.

In Malaysia, the Government introduced a lockdown called the Movement Control Order (MCO) from 18 March 2020. The impact was immediately felt and the economy ground to a halt. Only industries recognised as essential were allowed to continue operating. To comply with the MCO, Heineken Malaysia Berhad (HEINEKEN Malaysia) had to suspend production at our Sungei Way Brewery and our business operations nationwide for a period of 46 days until 3 May 2020. Throughout this dark period, we kept our stakeholders informed proactively through stock exchange announcements as well as on our corporate website[1]. Looking back, I am proud that we have a strong and capable Management Team who worked tirelessly in steering the Group through uncharted waters, keeping our employees engaged and focused, whilst always putting the health and safety of our people as a key priority.

In responding to the crisis and to mitigate its impact to the business, the Group embarked on various initiatives to accelerate recovery whilst improving operational efficiency to protect profitability. These efforts include:

- **Aggressive cost saving measures which include revision of commercial and marketing spend.**
- **Optimising working capital management and utilising borrowing facilities to ensure the ongoing liquidity of the Group.**
- **Acceleration of e-commerce channel and digital campaigns.**
- **Continuing to support key stakeholders to restart their respective business.**
- **Actionable and pragmatic commercial initiatives to meet the new business conditions.**

Unfortunately, the mandatory closure of non-essential business activities and restrictions on social activities imposed by the Government, posed significant challenges to our business, particularly in the on-trade channel (restaurants, food courts, hotels, pubs, etc) which faced the most severe restrictions, including the suspension of dine-in, reduction in tourism, and the general shift towards consumption at home. The combined effect of the

> **"Tiger's 'Save Our Street Food' campaign channeled RM1.5 million to help restaurants, coffee shops and street food vendors."**

suspension of our business as well as the restrictions on the on-trade thus impacted our performance in a significant way, resulting in a pre-tax loss of RM24 million for the second quarter of the financial year ended 31 December 2020 (FY20).

Nevertheless, I do take pride in the efforts of the team at HEINEKEN Malaysia who demonstrated commendable passion and commitment to go above and beyond the expectations to deliver our commercial targets. We recognise that in a year filled with such challenges, our wider society is also impacted in many ways. The lockdowns have resulted in unavoidable damage to the economy, industries, businesses, communities and families. During the year, we rolled out comprehensive programmes to support our stakeholders across the value chain. From our employees to our distributors, and from our consumers to our surrounding communities, we reached out with a helping hand to lend support in times of need. In total, we invested more than RM3.5 million in such initiatives, including Tiger's 'Save Our Street Food' campaign which channeled RM1.5 million to help restaurants, coffee shops and street food vendors. We further launched the HEINEKEN Malaysia 'Raise Our Bars' campaign and donated RM1 million to support pubs and bars to reopen safely when they are allowed to. We did not forget the most vulnerable segments in society and reached out to provide more than 80,000 meals for families from B40 communities, and further supported more than 1,000 flood victims by providing food aid during one of the worst flood disasters in Sabah.

The lockdowns have remained a perpetual fixture since March 2020, although there were several months of respite in the third quarter as the rate of new Covid-19 cases reduced and the Government was able to adopt a more relaxed stance over the lockdowns, transitioning to a "recovery phase" where most businesses were allowed to resume operations.

[1] https://www.heinekenmalaysia.com/covid-19

Our Chairman's Message

However, as the infection rate picked up again towards the end of September 2020, Malaysia began witnessing a new wave of Covid-19 infections in the fourth quarter. The Government then reintroduced stronger restrictions, putting most states under a Conditional MCO. Although our business was gradually recovering in the second half of the year, the impact to our performance has been significant.

For the full year 2020, Group Revenue decreased by 24% whilst Profit Before Tax declined by 52%, mainly due to lower sales, heavily disrupted by the prolonged suspension of brewery operations during the first MCO in March 2020. The Board at HEINEKEN Malaysia has proposed a first and final single tier dividend of 51 sen per stock unit for the year ended 31 December 2020, subject to approval of shareholders at the forthcoming Annual General Meeting (AGM). The single tier dividend will be paid on 28 July 2021 to shareholders registered at the close of business of 30 June 2021.

Unfortunately, attempts at combating the new wave of Covid-19 infections since October 2020 has been less fruitful. Even as I write this note in 2021, we are yet in another lockdown. Indeed, the Government's Director-General of Health has said that the healthcare system is at breaking point. On 12 January 2021, His Majesty, the Yang di-Pertuan Agong proclaimed a state of emergency in Malaysia with the aim of enabling the Government to fight the Covid-19 crisis in a more effective manner. The emergency is expected to last until 1 August 2021 or an earlier date if Covid-19 cases are reduced or stabilised. HEINEKEN Malaysia will continue to operate responsibly and ensure we always put the safety and wellbeing of our people ahead of any commercial consideration.

I take this opportunity to thank the Government for not increasing excise duties on beer and stout during its Budget 2021 announcement. As it is, Malaysia's excise rate for beer and stout ranks second highest in the world behind Norway and alongside Singapore. We also commend the Government for committing to further clamp down on illicit trade. As part of the wider Industry, we remain committed in supporting the authorities on addressing the issue of contraband beers and illicit alcohol through the holistic efforts of the Government's Multi-Action Task Force. We greatly appreciate this approach by the Government and we believe that this will be a win-win solution for both Industry and Government.

We also take note of the Government's move to increase penalties for drink driving in 2020. As a responsible and progressive brewer, HEINEKEN Malaysia has consistently advocated for responsible consumption. Leveraging on the reach of the Heineken® brand as a global F1 partner, we continue to educate consumers by reinforcing the message "When You Drive, Never Drink" through our social media campaigns. I am proud to share that annually, we spend 10% of the Heineken® media budget on promoting the message of responsible consumption.

Sustainability remains at the core of our business, in 2020 we continued to strengthen our initiatives in line with HEINEKEN's global sustainability strategy – Brewing a A Better World. Since

CARBON EMISSIONS REDUCED BY CO_2 **15.2%**

WATER CONSUMPTION REDUCED BY **15.5%**

2014, we have reduced our carbon emissions by 15.2% and reduced our water consumption by 15.5%. Efficiency was undoubtedly affected by the suspension of operations at our Sungei Way Brewery in the second quarter of 2020, nevertheless we are making holistic progress towards our sustainability goals. We are proud that we have maintained our Zero Waste to Landfill practice since 2017 and we are proud to announce in this report that we have fully balanced the water used in brewing our beers and ciders in 2020.

Acknowledgements

On behalf of the Board, I would like to welcome Choo Tay Sian, Kenneth back to the Board. Kenneth is a widely experienced leader for HEINEKEN in the APAC region. He replaces Evers, Leonard Cornelis Jorden who resigned from the Board on 30 September 2020. I would also like to welcome Seng Yi-Ying who succeeds Lim Rern Ming, Geraldine following the latter's retirement from the Board on 14 August 2020. The other Board members and I look forward to serving together with Kenneth and Yi-Ying.

I would also like to announce the upcoming retirement of Martin Manen, Senior Independent Non-Executive Director, from the Board which will take effect after the conclusion the upcoming AGM. We would like to convey our heartfelt gratitude and appreciation to Mr Manen for his invaluable contributions as a long-serving member of the Board. The appointment of his successor will be announced by the Company in due course.

I would also like to thank our Management, led by Roland Bala, as well as all employees at HEINEKEN Malaysia for their passion, dedication, and relentless commitment towards our purpose, which is to Brew a Sustainable Future for our People, Business and Planet. Our appreciation extends to all our shareholders and business partners - including our suppliers, distributors and customers – for their continued partnership with HEINEKEN Malaysia.

2021 will no doubt be another challenging year. However, with the Government now rolling out the national Covid-19 immunisation programme, I am confident that we are on the path of recovery and we will soon emerge stronger together.

Thank you.

Dato' Sri Idris Jala
Chairman
15 March 2021

Directors' Profile

DATO' SRI IDRIS JALA
Chairman,
Independent Non-Executive Director

Malaysian	Male	62
Appointed on : 1 January 2017		

Qualifications

- Bachelor's Degree in Development Studies and Management (Universiti Sains Malaysia)
- Master's Degree in Industrial Relations (University of Warwick)

Board Committees Membership

- Nomination & Remuneration Committee – Chairman
- Audit & Risk Management Committee – Member

Working Experience

- Presently, President and Chairman of PEMANDU Associates.
- Former Managing Director of BFR Institute and CEO of PEMANDU, a unit in the Prime Minister's Department, Malaysia, the organisation tasked with spearheading Malaysia's transition towards high income status by 2020.
- Served as Minister in the Prime Minister's Department for 6 years, and later as the Advisor to the Prime Minister on the National Transformation Programme.
- A renowned transformation guru in turning around companies' performance through his big fast results methodology and transformational strategies that are innovative, rigorous and relevant to today's demands.
- Has continuously delivered sustainable social economic reforms which, in 2014, saw Bloomberg place him among the top 10 most influential policy makers in the world.
- Founder and Executive Chairman of the Global Transformation Forum (GTF), the world's singular platform for influential, global leaders to engage and share experiences and best practices on how to drive transformation.
- An Expert Resource Speaker at the Harvard Health Leaders' Ministerial Forum and a Visiting Fellow of Practice at the Oxford Blavatnik School of Government.
- Served on the Advisory panel for the World Economic Forum (WEF) on New Economic Growth and also on the Advisory Panel of World Bank.
- Former Managing Director / CEO at Malaysia Airlines (MAS) for 3 years. He was brought on board to turn around the airline which was in crisis brought about by a prolonged bout of losses from operational inefficiencies.
- Prior to MAS, he spent 23 years at Shell, rising up the ranks to hold senior positions including Vice President, Shell Retail International and Vice President Business Development Consultancy, based in UK. This included successful business turnarounds in Malaysia and Sri Lanka.

Directorship of Public Companies / Listed Companies

- Sunway Berhad
- Jeffrey Cheah Foundation

Directors' Profile

ROLAND BALA

Managing Director,
Non-Independent Executive Director

Malaysian	Male	55

Appointed on : 1 September 2018

Qualifications

- Bachelor's Degree in Business Administrations (UiTM Malaysia)

Board Committees Memberships:

Nil

Working Experience

Within HEINEKEN Group:

- From February 2012 to August 2018, Managing Director of Cambodia Brewery Ltd (CBL), HEINEKEN's operating company in Cambodia. In this role, he has led CBL to increase its market share by more than double, establishing CBL as the market leader in Cambodia.
- From March 2009 to February 2012, General Manager for Danang and Quang Nam Breweries in the central region of Vietnam.
- From February 2008 to February 2009, Special Assistant to the Regional Director of Asia Pacific Breweries.

Previous experience

- Started his career with British Petroleum (BP) where he spent 16 years working in sales, logistics, operations and planning roles in retail, gas and lubes businesses.
- He was then appointed as the General Manager for BP Vietnam from 2003 to 2005 and subsequently as the Sales Director for the lubes business for Malaysia and Singapore from 2005 to 2007.

Directorship of Public Companies / Listed Companies

- Confederation of Malaysian Brewers Berhad

MARTIN GILES MANEN

Senior Independent Non-Executive Director

Malaysian	Male	66

Appointed on : 29 August 2008

Qualifications

- Chartered Accountant
- Member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants

Board Committees Membership:

- Audit & Risk Management Committee – Chairman
- Nomination & Remuneration Committee – Member

Working Experience

- Served more than 21 years with Sime Darby Group, holding various senior positions including Group Tax Controller, Group Company Secretary, Group Finance Director and Divisional Director of the Allied Products & Services Division.
- After leaving the Sime Darby Group in 2007, he served as Chief Executive Officer of a public relations and communications consultancy until May 2009.
- Started his career at KPMG with whom he served 11 years in Malaysia and the United Kingdom, undertaking audit, tax and business advisory assignments.

Directorship of Public Companies / Listed Companies

- Hong Leong MSIG Takaful Berhad
- BOS Wealth Management Malaysia Berhad (formerly known as Pacific Mutual Fund Bhd)
- Bermaz Auto Berhad

Directors' Profile

DATIN NGIAM PICK NGOH, LINDA
Independent Non-Executive Director

Malaysian	Female	66

Appointed on : 3 December 2012

Qualifications
- Bachelor of Arts (Hons) in Social Sciences (University of Malaya)
- Diploma in Advertising and Marketing (Institute of Communications, Advertising and Marketing (CAM) of United Kingdom)

Board Committees Membership
- Audit & Risk Management Committee – Member
- Nomination & Remuneration Committee – Member

Working Experience
- Former Group Managing Director/Chief Executive Officer of Star Publications (M) Bhd (The Star) from 1 July 2008 to 30 June 2011. First employed in The Star as Advertising Sales Promotions Manager in 1985 before serving as General Manager, Advertising and Business Development in 1995. In 2004, she was appointed as Deputy Group General Manager and in 2007 she was promoted to Executive Director/Group Chief Operating Officer before assuming the office as Group Managing Director/ Chief Executive Officer of The Star in 2008, a position she held till her retirement in 2011.
- Former Board Member of the Audit Bureau of Circulations (ABC) Malaysia and Chairperson of the ABC Content & Communications Committee.
- Represented The Star on the Malaysian Newspapers Publishers Association (MNPA) as its Honorary Secretary.
- Former Board Member of the Advertising Standards Authority (ASA) Malaysia.

Directorship of Public Companies / Listed Companies / Others
- MUI Properties Berhad
- Hong Leong Assurance Berhad
- Yayasan Sin Chew
- Make A Wish Malaysia Welfare Association

YU YU-PING
Non-Independent Non-Executive Director

Taiwanese	Female	52

Appointed on : 10 December 2018

Qualifications
- Master in Business Administration (Babson College, Massachusetts)

Board Committees Membership
- Audit & Risk Management Committee – Member
- Nomination & Remuneration Committee – Member

Working Experience
- Presently the Senior Director, Human Resources (HR) of HEINEKEN APAC.
- Began her career with HEINEKEN in April 1996 as Singapore's Regional HR Manager Far East before moving to Heineken International Amsterdam in September 1998 as a Benchmarking Analyst with Corporate HR. She subsequently took on a different role as a Policy & OD Consultant before relocating back to Asia in 2005 as the Regional HR Manager, Asia Pacific.
- In October 2010, she assumed the role of Group HR Director with Asia Pacific Breweries Limited (APB). In that position, she played a key role in creating a shared HR Vision for a diverse HR team across Asia Pacific. With the successful integration of APB business into the HEINEKEN Group, she was then appointed as the Regional HR Director.
- Promoted to Senior Director, Human Resources on 1 July 2015.

Directorship of Public Companies / Listed Companies
Nil

Directors' Profile

SENG YI-YING

Non-Independent Non-Executive Director

Singaporean	Female	48

Appointed on : 1 September 2020

Qualifications:

- Bachelor of Law, 2nd Class Upper (Honours) (University of Nottingham, U.K.)
- Diploma in Singapore Law (National University of Singapore)

Board Committees Membership:

Nil

Working Experience

- Presently, Regional Legal Director of Heineken Asia Pacific Pte Ltd, responsible for the functional oversight of legal in Asia Pacific. She is also a member of the HEINEKEN APAC Management Team.
- Has more than 20 years of in-house legal experience, with close to 15 years in the alcohol and beverage industry.
- Joined the HEINEKEN Asia Pacific team as Senior Legal Manager in 2006.
- In 2015, she moved to Asia Pacific Breweries (Singapore) Pte Ltd (APB Singapore) as Legal Director and a member of the Management Team.
- In 2018, she undertook a short term assignment to HEINEKEN Cambodia for three months to establish a robust legal framework and processes.
- In 2019, she moved back to the APAC Legal Affairs team to take on the position as Legal Manager for APAC where she was responsible to oversee a broad range of legal issues for various Heineken operating companies across the region as well as manage a range of mergers and acquisitions and joint venture matters.
- Prior to joining HEINEKEN, she was the Legal Counsel for Sembcorp Utilities Pte Ltd for five years.

Directorship of Public Companies / Listed Companies

Nil

CHOO TAY SIAN, KENNETH

Non-Independent Non-Executive Director

Singaporean	Male	53

Appointed on : 26 October 2020

Qualifications

- Advanced Management Program (Harvard Business School, Cambridge, USA)
- Bachelor of Accountancy (Honours Degree) (Nanyang Technological University, Singapore)
- Chartered Accountant (Institute of Singapore Chartered Accountants)

Board Committees Membership

- Audit & Risk Management Committee – Member
- Nomination & Remuneration Committee – Member

Working Experience

- Currently serves as Managing Director of Heineken Asia Pacific Pte Ltd ("APAC") responsible for overseeing HEINEKEN operating companies in the Asia Pacific region (2014 – present).
- Since joining APAC in 2003, he has held a number of strategic positions including Chief Financial Officer of APAC.
- Before joining HEINEKEN, he was the Regional Business Development Director of Royal Ahold N.V., a global retailer.
- He was a Non-Independent Non-Executive Director of HEINEKEN Malaysia from 15 August 2013 until 30 September 2019 prior to his re-appointment on 26 October 2020.

Directorship of Public Companies / Listed Companies

Nil

Management Team's Profile

ROLAND BALA
Managing Director

Malaysian	Male	55

Appointed on : 1 September 2018

Qualifications

- Bachelor's Degree in Business Administrations (UiTM Malaysia)

Working Experience
Within HEINEKEN Group:

- From February 2012 to August 2018, Managing Director of Cambodia Brewery Ltd (CBL), HEINEKEN's operating company in Cambodia. In this role, he has led CBL to increase its market share by more than double, establishing CBL as the market leader in Cambodia.
- From March 2009 to February 2012, General Manager for Danang and Quang Nam Breweries in the central region of Vietnam.
- From February 2008 to February 2009, Special Assistant to the Regional Director of Asia Pacific Breweries.

Previous Experience:

- Started his career with British Petroleum (BP) where he spent 16 years working in sales, logistics, operations and planning roles in retail, gas and lubes businesses.
- He was then appointed as the General Manager for BP Vietnam from 2003 to 2005 and subsequently as the Sales Director for the lubes business for Malaysia and Singapore from 2005 to 2007.

SZILARD VOROS
Finance Director

Hungarian	Male	44

Appointed on : 1 November 2017

Qualifications

- Master of Science Degree in Corporate Finance and Accounting (University of Pecs, Hungary)
- Bachelor's Degree in Foreign Economics (College of Commerce and Economic, Hungary)

Working Experience
Within HEINEKEN Group:

- Joined HEINEKEN in July 2015 as Finance Director in HEINEKEN Hungary, where he led the Finance, Procurement and IT functions and co-pilot the business to drive HEINEKEN Hungary back on a growth path after years of decline.

Previous Experience:

- Over 15 years of experience working with the British American Tobacco (BAT) Group in various financial roles.
- Among some of the positions he held at BAT were Regional Marketing Investment Manager for BAT European Region, and Head of Finance Baltic Cluster.

VASILY BARANOV
Sales Director

Russian	Male	43

Appointed on : 4 February 2019

Qualifications

- Bachelor's Degree in Environmental Engineering & Ecology (Russian State Environmental University, St. Petersburg, Russia)

Working Experience
Within HEINEKEN Group:

- Head of Sales at HEINEKEN Hanoi from November 2015 to January 2019. In this tenure, he developed and implemented long-term company commercial strategy; as well as maximised company top line and profit growth; while he also strengthened and built the sales team with talent development and succession planning programs implementation.
- He was previously the Commercial Manager at Mongolian Beverages Company Pte Ltd, HEINEKEN's operating company in Mongolia, from 2012-2013; then as a Sales Development Manager at HEINEKEN APAC from 2013 to 2015. In total, he has 7 years of experience managing sales performance in the Asia Pacific region.
- First joined HEINEKEN in 2001 at its Russia operating company where he worked his way up from Area Sales Manager to Business Development Manager and finally Regional Sales Manager before pursuing a career outside of HEINEKEN in 2009.

Previous Experience:

- He worked at Nike Russia from 2009 to 2012, where he held various roles such as Regional General Manager (St. Petersburg region), Field Sales Director, and Football & Team Sports Category Sales Manager.

Management Team's Profile

PABLO CHABOT
Marketing Director

Dutch	Male	38

Appointed on : 1 May 2019

Qualifications
- Master of Science in Marketing Management (Erasmus University, Rotterdam, Netherlands)

Working Experience
Within HEINEKEN Group:
- Joined HEINEKEN in 2008 as a Commercial Management Trainee and has held various roles in both Marketing and Trade Marketing across multiple HEINEKEN operating companies, including Netherlands, Nigeria, and Switzerland.
- In his most recent role, he was Heineken® Marketing Manager at HEINEKEN China from November 2017 to April 2019. In this role, he focused on building a winning team while championing a more digital and mobile first marketing approach. He also leveraged on partnership platform such as F1 and thematic campaigns to drive growth.
- He was with HEINEKEN China from April 2016, where he was first appointed as the Commercial Organisation & Capability Manager then subsequently the Head of Innovation.
- A strong track record of working across the Heineken® brand and other portfolio brands, driving both equity and commercial performance.

RENUKA INDRARAJAH
Corporate Affairs & Legal Director

Malaysian	Female	53

Appointed on : 1 February 2002

Qualifications
- Formerly an Advocate and Solicitor of the High Court of Malaya
- Solicitor of the High Court of Australia
- Solicitor of the Supreme Court of Queensland
- Post Graduate Diploma in Legal Practice (QUT)
- Bachelor of Laws (University of Queensland)

Working Experience
Within HEINEKEN Group:
- Close to 20 years of experience within the Group.
- Held various roles including Head of Legal Affairs before being promoted to Corporate Affairs & Legal Director.
- Trustee of SPARK Foundation since 2013.

Directorships:
- Since June 2007, serving as a Governing Council Member of the Confederation of Malaysian Brewers Berhad.
- General Committee Member of Malaysian International Chamber of Commerce & Industry (MICCI).

Previous Experience:
- Over 20 years of working experience in legal including 14 years of experience in corporate affairs.
- Advocate & Solicitor specialising in corporate law at Skrine.
- Regional Legal Counsel at Sema Group.
- Vice President of Legal at Schlumberger Sema.

SALIMA BEKOEVA
Supply Chain Director

Russian	Female	50

Appointed on : 1 April 2019

Qualifications
- Economist – Mathematician (Moscow Plekhanov University of Economics)
- Certified Professional Accountant and Auditor (Moscow Professional Educational Center, Russia)

Working Experience
Within HEINEKEN Group:
- Brewery Manager at Sampang Agung, Multi Bintang Indonesia (MBI), HEINEKEN's operating company in Indonesia, from October 2017 to March 2019. During her time with MBI, she enhanced its route to market efficiencies and cost management, as well as played a key role in the brewery's expansion.
- Previously the Branch Director at the Volga Brewery in Russia where she developed and implemented the vision and strategic direction of the brewery amongst others. Under her leadership, Volga Brewery was the first brewery to achieve TPM Bronze and was nominated as the best employer in Nizhegorodsky region in 2014. In 2017, the brewery achieved the highest productivity and lowest cost results, successfully passed ISO 14000 and OHSAS standards audits. Volga Brewery became a winner of Heineken AMEE region Supply Chain award on a basis of 2017 results.
- Joined the HEINEKEN Group in 2005 and has held multiple roles across the finance and supply chain divisions.

Previous Experience:
- More than 13 years of experience in audit and finance; 3 years in sales and distribution; and more than 8 years in supply chain.

Management Team's Profile

JANINA VRIESEKOOP
Digital & Technology Director

Dutch	Female	38

Appointed on : 15 January 2020

Qualifications

- Pre-master Culture, Organisation & Management (Vrije University Amsterdam)
- Bachelor of Communications (INHolland Rotterdam)

Working Experience

Within HEINEKEN Group:

- Started her career in HEINEKEN Netherlands in 2013 as a Digital Media Consultant and worked her way up to a Senior Digital Consultant and then to her current role as Innovation Digital Manager.
- Key milestones included kick starting iDDM (Individualised Data Driven Marketing), creating an Innovation mindset within her organisation and being the frontrunner in Agile by defining the organisation's ambition and programmes.

Previous Experience:

- Owner and founder of online publisher 'Ons Woord'.
- Account Manager & Project Manager in Internet agency, Virtual Affairs.
- Site Manager Internet & Intranet, AkzoNobel.

AILEEN AUMENTADO
Human Resources Director (Interim)

Filipino	Female	40

Appointed on : 21 December 2020

Qualifications

- Bachelor of Science in Commerce (De La Salle University, Manila)
- Bachelor of Arts in Psychology (De La Salle University, Manila)

Working Experience

Within HEINEKEN Group:

- Head of Human Resources for AB HEINEKEN PHILIPPINES from January 2019 to December 2020, co-leading the People Agenda with the Management Team.
- Delivered stellar results in Employee Engagement by strengthening leadership capabilities of all people managers and by building quality pipeline of talents for HEIENEKEN Asia Pacific.

Previous Experience:

- 14 years in Unilever Human Resources in Philippines & Singapore, handling various complex roles as HR Business Partner, Employer Brand Lead, Transformation leader and cluster HR role for Southeast Asia and Australasia (SEAA).

People ▪ Planet ▪ Performance

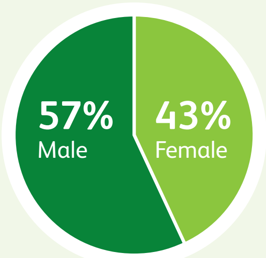
At HEINEKEN Malaysia, we believe in the long-term sustainability of our business and in creating value for our key stakeholders. We believe that business growth and sustainability go hand in hand with our focus on people, planet and performance.

People

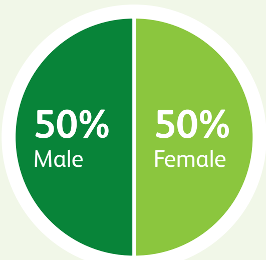
Total Employees

596

Board of Directors



Middle to Senior Management



Employee Engagement score

82%

(+1% vs 2019)

My Manager score

83%

(+7% vs 2019)

COVID-19 Response score

88%

Supporting Our Stakeholders Through Covid-19:

Tiger Save Our Street Food pledged

RM1.5 million

for restaurants, coffee shops and street food vendors

Raise Our Bars donated

RM1 million

to help bars and pubs during the pandemic

Sabah Flood Relief Effort brought

food aid

for 1,000 flood victims

80,000 meals

for 3,600 B40 families during the MCO

Planet

15.5% reduction in water consumption since 2014

Balanced more than **100%** of water used in our products

15.2% reduction in CO_2 emissions since 2014

92% increase in renewable bio gas usage since 2014

ZERO WASTE

Zero Waste to landfill

Performance

Contributed
RM1.05 billion
in taxes to the Government

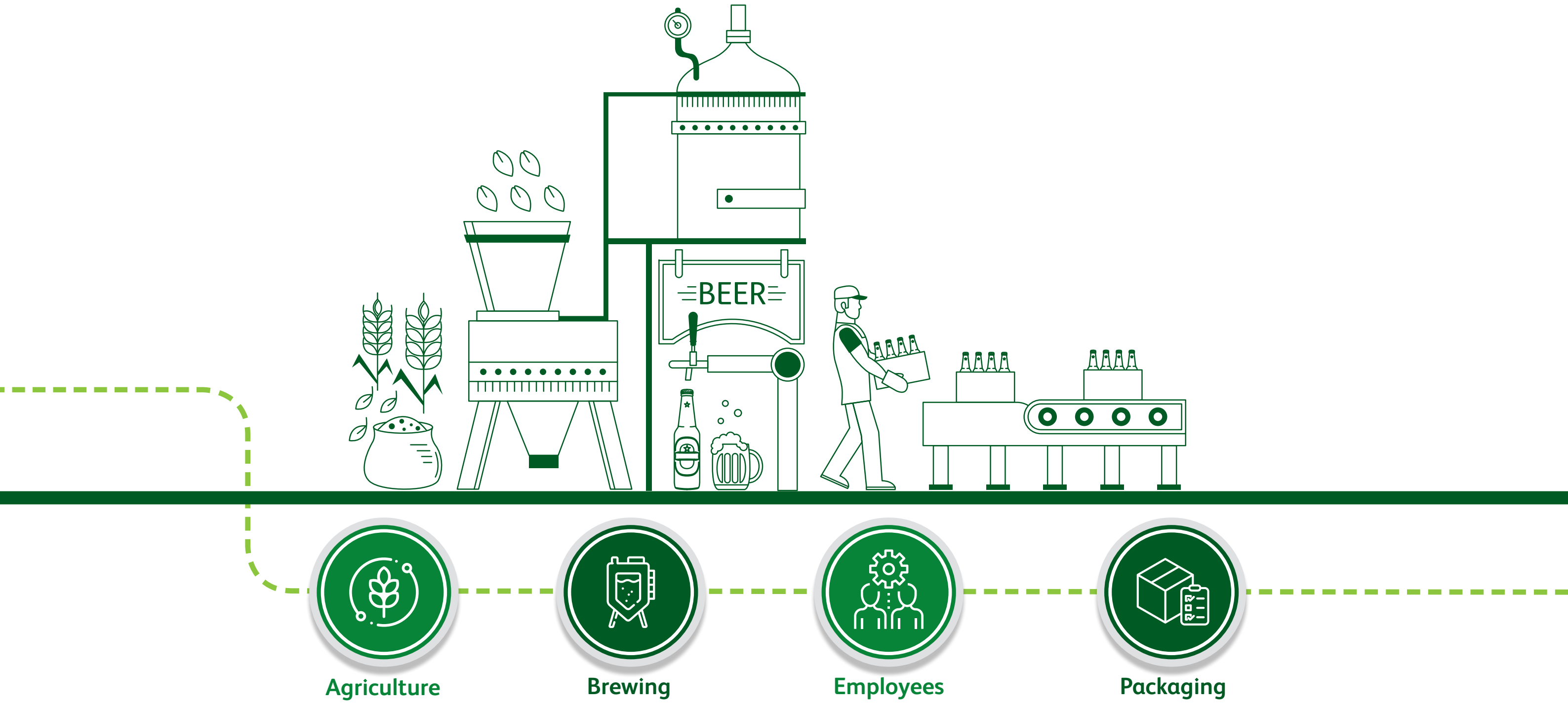
FY20 Dividend
51 sen
per stock unit

Revenue
-24%
vs 2019

Profit Before Tax
-52%
vs 2019

Our Business Model

We are committed to embedding sustainability at the core of our business. This means looking at Brewing a Better World in every one of our activities – from sourcing, producing, marketing and selling our products all the way to how they are consumed, and how we can reuse and recycle waste.



Agriculture

6 | 8 | 12 | 17

We brew beer and make cider from natural ingredients. We support the sustainable cultivation of agricultural raw materials to brew our drinks. Our suppliers comply with the HEINEKEN Supplier Code, which details our commitment and enforcement of ethical business conduct, human rights, and environment.

Brewing

6 | 7 | 12 | 13 | 15 | 17

At our Sungei Way Brewery in Petaling Jaya, Selangor, the highest quality and safety standards are adhered to in the brewing process. We are committed to improving energy and water efficiencies, including increasing our use of renewables.

Employees

5 | 8

We employ about 600 full-time employees and we are committed to developing our people. At HEINEKEN Malaysia, we always aim to dream big and uncage our courage to inspire with our world class brands, guided by a purpose to brew a sustainable future for our people, business and planet.

Packaging

12

Our beers and ciders are served in bottles, cans and kegs. We aim for our packaging design to stand out from the crowd while we also strive to reduce its environmental footprint by innovating the materials we use as well as improve recycling and reusing.

United Nations Sustainable Development Goals

OUR IMPACT FROM BARLEY TO BAR

Distribution

Customers

Consumers

Communities

Distribution

3 12

We work to optimise efficiencies throughout our distribution networks across Malaysia. Put Safety First is our number one behaviour and we continually engage our employees and distributors to stay safe on the road.

Customers

3 12 17

Thousands of businesses rely on selling our products for a source of revenue. We promote awareness of responsible serving with the aim of ensuring our products are enjoyed responsibly. Through our quality programmes, we also improve product knowledge and empower our customers to promote appreciation of brand heritage, product taste, and service etiquette.

Consumers

3 12 17

Millions of consumers enjoy the great tasting beers and ciders brewed by HEINEKEN Malaysia. We strictly market our products to those who are non-Muslims and aged 21 and above only. We are committed to advocate responsible consumption and dedicate 10% of the Heineken® brand's media spend annually to promote responsible consumption.

Communities

4 6 8 15 17

We believe in growing with our surrounding communities. Through our corporate social responsibility arm, SPARK Foundation, we reach out to communities with projects that focus on three key areas – Environment, Education and Partnerships.

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

17 PARTNERSHIPS FOR THE GOALS

SUSTAINABLE DEVELOPMENT GOALS

Brewing a Better World

Scope

This section covers our performance under the six focus areas outlined by the HEINEKEN Global sustainability strategy, Brewing a Better World (BaBW). We are pleased to share that we are making good progress towards fulfilling our BaBW commitments and targets set for 2020.

Through the Brewing a Better World sustainability strategy, we support the United Nations Sustainable Development Goals (SDGs) mainly Good Health & Well-being, Quality Education, Clean Water & Sanitation, Affordable & Clean Energy, Decent Work & Economic Growth, Responsible Consumption & Production, Climate Action, Life Below Water, Life on Land, Zero Hunger and Partnerships for the Goals.

Our focus areas are linked with specific SDGs and their targets, to make a meaningful and transparent contribution to protect the planet, ensure prosperity and end poverty.

Brewing a Better World

HEINEKEN Malaysia's Value Chain

Our sustainability strategy is aligned with HEINEKEN Global's approach. Our raw materials, mainly malted barley and hops, are imported from HEINEKEN pre-approved suppliers in Europe and our agricultural sourcing practices are aligned with the HEINEKEN Supplier Code. In Malaysia, our commitments and responsibilities begin from the brewing process and end with the consumer. We aim to report our sustainability performance annually to create transparency in our actions and to be accountable to our valued stakeholders.

FOCUS AREAS	Agriculture	Malting	Brewing	Packaging	Distribution	Customer	Consumer
PROTECTING WATER RESOURCES	●	●	●	●	●		
REDUCING CO_2 EMISSIONS	●	●	●	●	●	●	●
SOURCING SUSTAINABLY	●	●	●	●	●		
ADVOCATING RESPONSIBLE CONSUMPTION						●	●
PROMOTING HEALTH & SAFETY	●	●	●	●	●	●	●
GROWING WITH COMMUNITIES	●	●	●	●	●	●	●
VALUES AND BEHAVIOURS	●	●	●	●	●	●	●

Brewing a Better World

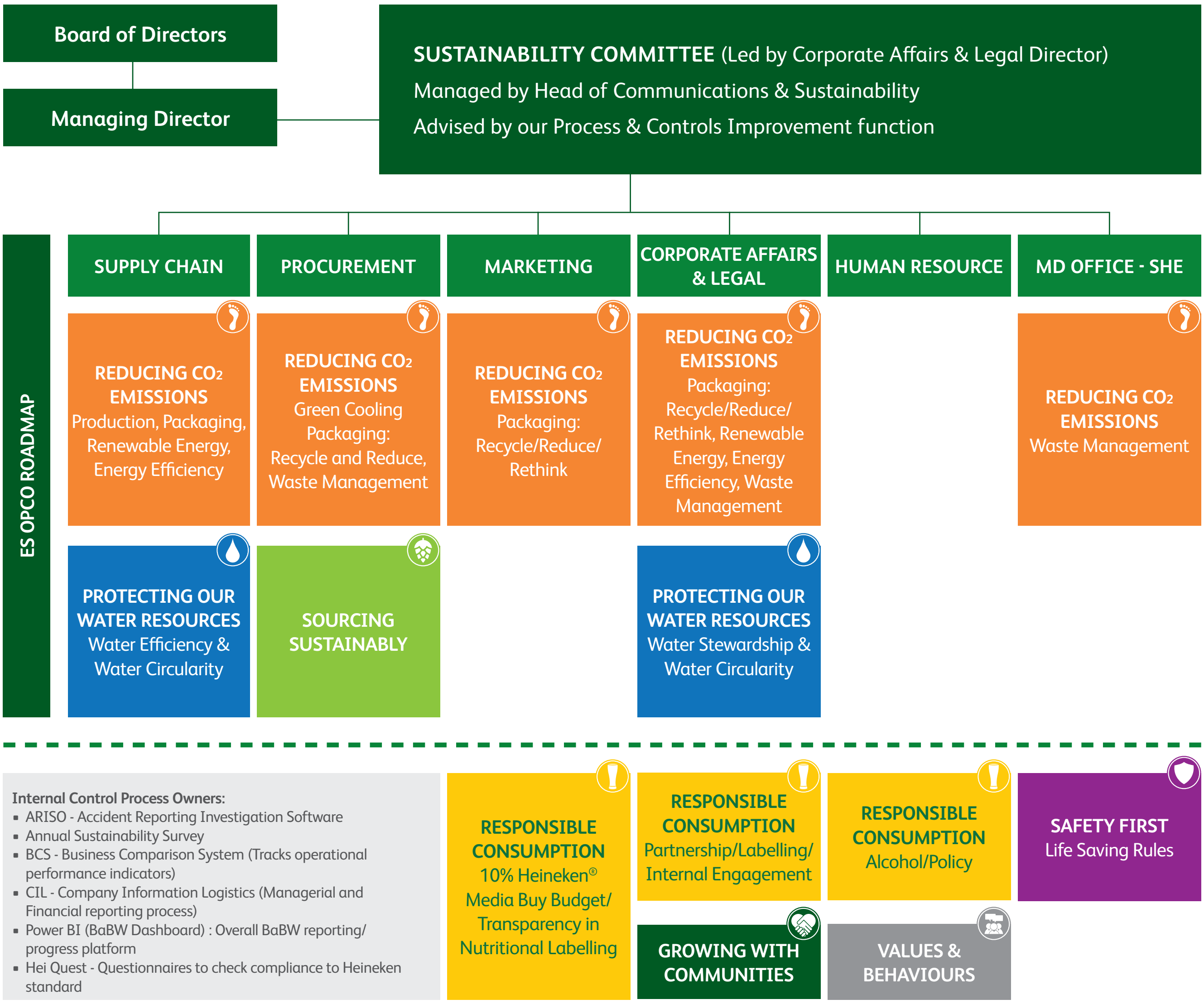
Sustainability Governance

HEINEKEN NV and HEINEKEN Malaysia

HEINEKEN NV	HEINEKEN Malaysia - Corporate Affairs	HEINEKEN Sustainability Governance	Business Units / Support Functions
Curates sustainability strategy, sets commitments, assesses our progress and discusses challenges and opportunities.	Receives advice, leads implementation of Brewing a Better World Sustainability Strategy in Malaysia and ensure compliance.	Ensures BaBW sustainability strategy is present across operations in Malaysia.	Implements BaBW initiatives in Malaysia.

HEINEKEN Malaysia

Our sustainability governance is led by the Sustainability Committee on a quarterly basis and reporting to the Board of Directors and Managing Director on a bi-annual basis, the structure comprises of key stakeholders across various functions with the objective to ensure that key sustainability targets are met. The governance structure includes a sustainability committee that is led by the Corporate Affairs & Legal Director, supported by the Head of Communications and Sustainability and advised by the Process & Controls Improvement function, who consults and reviews on the internal controls within the framework. In March 2021, the structure was further aligned, taking into consideration global goals and local deliverables.



Brewing a Better World

Reliability, Completeness and Methodology

We aim to improve our sustainability milestones by seeking feedback from our stakeholders, refining our internal controls and better extracting meaningful data from our data collection systems.

Our data are extracted from internal control system as below:

1. Accident Reporting & Investigation Software (ARISO) system, for safety reporting
2. Annual Sustainability Survey, for all other sustainability-related reporting
3. Business Comparison System (BCS) for environmental reporting
4. Company Information Logistic (CIL), for business control and taxation tracking
5. Power BI (BaBW Dashboard) : Overall BaBW reporting/progress platform
6. Hei Quest for the monitoring of the 12 HEINEKEN Life Saving Rules and questionnaires to check compliance to Heineken standards

What we said and what we have done

Focus Areas	2019 Achievement	2020 Achievement	Indicator	2020 Global Commitments	Materiality
Protecting Water Resources	**Water efficiency:** 3.67 hl/hl Reduced by 15% since 2014. **Water circularity:** All wastewater treated beyond the standards of the Department of Environment. **Water stewardship:** Year 2 implementation of strategy. A science based method to quantify water stewardship programme identified.	**Water efficiency:** 3.65hl/hl Reduced by 15.5% since 2014. **Water circularity:** All wastewater treated beyond the standards of the Department of Environment. **Water stewardship:** Year 3 implementation of high impact initiatives. Balanced more than 100% of water used in our products.	Partially achieved Ongoing initiatives to improve efficiency and circularity	Reduce specific water consumption to 3.5 hl/hl	Regulatory compliance Water management Community investment and development
Reducing CO_2 Emission	Carbon emissions of 11.42 kg CO_2eq/hl. Zero waste to landfill.	Carbon emissions of 11.87 kg CO_2eq/hl representing a reduction of 15.2% since 2014. Maintained zero waste to landfill.	Partially achieved Compared with 2019, the rate of CO_2 emissions in 2020 due to closure of brewery for 46 days impacting on efficiencies	Reduce CO_2 emissions by 40% in production compared to 2008	Regulatory compliance Waste management Energy and carbon management
	Purchased 284 fridges in compliance with HEINEKEN policy.	Zero fridges were purchased in year 2020.	Ongoing	All new fridges must be environmentally friendly as defined by Global standards	Energy and carbon management
Sourcing Sustainably	100% of suppliers compliant with HEINEKEN Supplier Code.	100% of suppliers compliant with HEINEKEN Supplier Code .	Achieved	100% compliance with HEINEKEN Supplier Code	Supply Chain management

Brewing a Better World

Focus Areas	2019 Achievement	2020 Achievement	Indicator	2020 Global Commitments	Materiality
Advocating Responsible Consumption	Partnered with GRAB Malaysia (ride hailing service) and with 2 influencers. 10% Heineken media budget committed to advocate responsible consumption. Ongoing education on responsible consumption to more than 18,000 consumers on Drink Sensibly Facebook page. 100% transparency on nutritional information for all brands available on brand and corporate websites.	More than 10% Heineken media budget committed to advocate responsible consumption. 100% transparency on nutritional information for all brands available on brand and corporate websites. Partnership on ride-hailing service was put on hold due to Covid-19 restrictions.	Achieved	Reports publicly on a measurable partnership aimed at addressing alcohol abuse	Responsible marketing and consumption Regulatory compliance
Promoting Health and Safety	Ongoing implementations of Life Saving Rules action plan.	Ongoing implementations off Life Saving Rules action plan. Covid-19 pre-cautionary measures are taken such as health screening, social distancing, increased sanitization measures at the workplace and working from home.	Achieved	Life Saving Rules action plans fully implemented	Product safety, quality and hygiene Occupational health and safety
Growing with Communities	Contributed RM1.26 billion through taxes to the Malaysian Government. Reached out to 46,000 Malaysians. Built 19 alternative water supply solutions in Selangor and Sabah since 2017. English Enrichment Programme: Reached out to 70 teachers from underprivileged schools across 7 states.	Contributed RM1.05 billion through taxes to Malaysia Government. Reached out to 54,000 Malaysians. Maintained 22 alternative water systems in Selangor and Sabah. Built a 305-meter clay dyke. Reforested 1 hectare of degraded peatland. Donated 80,000 meals over 30 days to 3,120 B40 families through **HEINEKEN Malaysia Food Aid programme**. **Save Our Street Food** Pledged RM1.5 million to support 1,200 street food vendors, coffee shops and food courts nationwide. **Raise Our Bars** Committed RM1 million in supporting bars and pubs through Covid-19.	Achieved	Global commitments to be decided in the coming years	Economic impact and tax Community investment and development

Brewing a Better World

Stakeholder Engagement

Our stakeholders are important to our sustainability journey. Through engagement and communication, we are able to work towards delivering our BaBW commitments through cross-functional collaboration and partnerships with external stakeholders.

Brewing a Better World

Our engagement with key stakeholders and communication strategies to address our materiality are as below:

Who We Engage	How We Engage	Our Focus	Materiality
Regulators and Public Authorities	▪ Courtesy visits ▪ Dialogue sessions ▪ Workshops and training ▪ Regular scheduled meetings ▪ Round-table discussions ▪ Industry and F&B sector engagement	▪ Industry issues ▪ Excise duty ▪ Licensing and regulatory matters ▪ Anti-contraband initiatives ▪ Support for business operations	Regulatory compliance Economic impact and tax
Employees	▪ Online communication platform – Workplace by Facebook ▪ Employee Climate Survey ▪ Quarterly Town halls ▪ Department Away Day/Teambuilding ▪ Quarterly meet & lunch with Union employees ▪ Inclusive, supportive & open work environment ▪ Quarterly LT meetings ▪ Union Work-Site Committee engagements ▪ Department meetings ▪ On-boarding program for new employees ▪ Employer value proposition agenda ▪ Festive get together ▪ Monthly MT meetings ▪ Periodic visits from regional offices ▪ Opportunities for career growth through assignments ▪ SpeakUp	▪ Insight gathering for better work environment ▪ Industrial relationship management ▪ Strategic direction and cross-function collaboration ▪ Developing Talent ▪ Fostering industrial harmony and positive employee relations ▪ Employee welfare ▪ Employer value proposition ▪ Asia Pacific Graduate Programme ▪ Short term assignment ▪ Addressing employee grievance	Responsible marketing and consumption. Human capital development Employees' labour relation Human rights
Suppliers	▪ Engagement and education programme on new requirements ▪ Familiarisation of the HEINEKEN 4-Step Supplier Code	▪ All suppliers to comply to HEINEKEN Supplier Code and HEINEKEN Malaysia Supplementary code ▪ Win-win situation ▪ Long-term partnership ▪ Communication on changes i.e. payment terms	Product Safety, Quality, Hygiene Regulatory compliance Water management Supply chain management
Customer/ Trade Partners	▪ Trade partner engagements ▪ Distributor engagement sessions ▪ One-on-one engagements ▪ Joint business planning	▪ Business strategy and targets ▪ Identification of areas for improvement	Responsible marketing and consumption Regulatory compliance

Who We Engage	How We Engage	Our Focus	Materiality
Media/Analysts	▪ Media and analyst briefings ▪ One-on-one interviews	▪ Strategic direction and business performance	Regulatory compliance Economic impact and tax Community investment and development
Shareholders and Potential Investors	▪ Q&A session at Annual General Meeting ▪ Write-in to Company Secretary and investor relations ▪ Enquiry via telecommunications ▪ Analysts and media briefings ▪ One-on-one meetings with investors ▪ Timely announcement to Bursa Securities and press releases ▪ Annual Report and quarterly financial results report ▪ Investor Relations platform in Company website	▪ Strategic direction and business performance ▪ Shareholders' returns ▪ Sustainability agenda	Responsible marketing and consumption Regulatory compliance
Industry Association	▪ Engagement session ▪ Dialogue sessions ▪ Regular scheduled meetings	▪ Industry issues	Regulatory compliance Economic impact and tax
Consumers	▪ Brand events ▪ Social media contest ▪ Third party one-on-one interviews/ online interview ▪ Focus groups	▪ Brand campaigns and engagement activities ▪ Drink Sensibly ▪ Product quality and freshness ▪ Consumer attitude and behaviour	Responsible marketing and consumption Product safety, quality and hygiene
Communities	▪ Direct engagement through SPARK Foundation ▪ Facilitated engagement through local non-governmental organisation ▪ Engagement with local communities through one-on-one meeting ▪ Positive social impact programmes ▪ Collaboration with likeminded partners	▪ W.A.T.E.R Project in collaboration with the Global Environment Centre ▪ English Enrichment Training Programme ▪ Tiger Sin Chew Chinese Education Charity Concert (CECC) ▪ East Malaysia alternative potable water solution project	Community investment and development

Five-Year Financial Indicators

Financial year/period ended 31 December	2016*	2017	2018	2019	2020
KEY OPERATING RESULTS (RM'000)					
Revenue	2,810,308	1,874,322#	2,029,672	2,320,249	**1,762,396**
PBIT	551,051	366,403	383,134	414,399	**203,652**
Tax Expense	(121,963)	(93,116)	(98,244)	(99,159)	**(44,519)**
Profit After Tax	427,260	270,058	282,520	312,968	**154,197**
Net Cash from Operating Activities	445,543	357,856	348,437	411,333	**226,300**
OTHER KEY DATA (RM'000)					
Total Assets	841,654	867,780	940,323	1,099,993	**1,046,708**
Total Liabilities	(449,099)	(507,265)	(569,176)	(705,892)	**(697,325)**
Reserves	241,506	209,466	220,098	243,052	**198,334**
Total Equity	392,555	360,515	371,147	394,101	**349,383**
Capital Expenditures	87,195	77,235	99,522	117,112	**63,422**
FINANCIAL RATIOS (%)					
Operating Working Capital % of Revenue	7.7	10.3#	8.3	6.1	**7.3**
EBITDA Margin	22.1	22.3#	21.1	20.3	**15.5**
Return on Equity	140.4	101.6	103.2	105.2	**58.3**
SHARE INFORMATION					
Earnings per stock unit (sen)	141.4	89.4	93.5	103.6	**51.0**
Net Dividend per stock unit (sen)	145.0^	90.0	94.0	108.0	**51.0**
Dividend Yield (%)	8.9^	4.8	4.6	4.0	**2.2**
Net Assets per stock unit (sen)	130.0	119.0	123.0	130.0	**116.0**
Market Capitalisation (RM'billion)	4.9	5.7	6.2	8.2	**7.0**

EBITDA : Earnings before interest, tax, depreciation and amortisation
PBIT : Profit before interest and tax

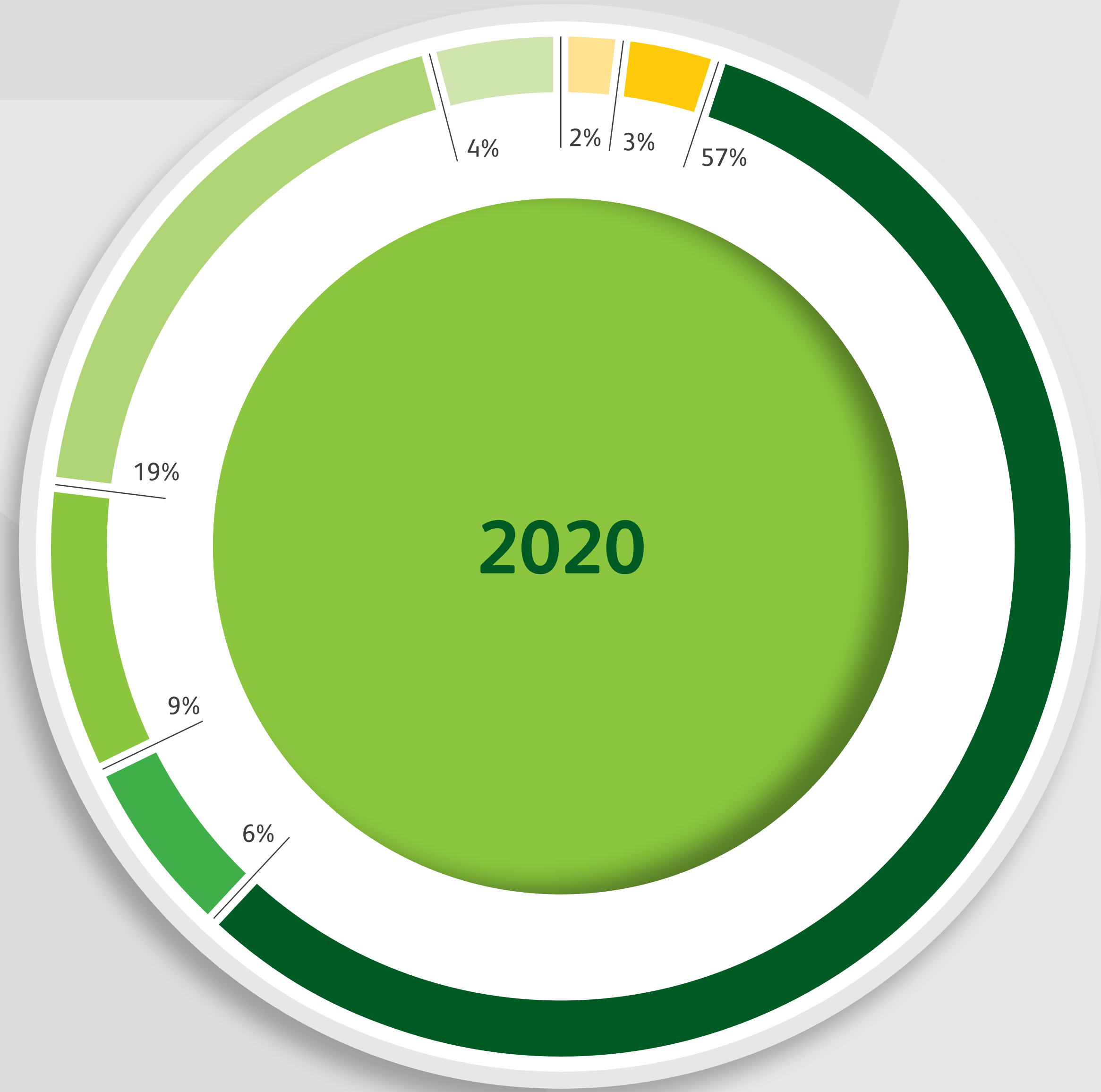
* The financial reporting period in 2016 is for an 18-month period from 1 July 2015 to 31 December 2016 as a result of the change of financial year end from 30 June to 31 December in November 2015.

^ Includes special dividend.

Revenue was restated to conform to Malaysian Financial Reporting Standard 15 : Revenue from Contracts with Customers.

Analysis of Group Revenue

For The Financial Year Ended 31 December 2020



Excise, Custom Duties & Sales Tax **57%**	Depreciation & Amortisation **4%**
Personnel Expenses **6%**	Corporate Tax **2%**
Profit After Taxation **9%**	Raw Materials & Packaging Costs **3%**
Distribution, Sales & Administrative Expenses **19%**	

Management Discussion & Analysis

One Strong Winning Team

"The cover of our Annual Report 2020 is symbolic of our organisation's collective sentiment during the difficult time, it represents our team spirit to keep the lights shining in the darkness, and it reflects our commitment as One Strong Winning Team to stay true to our purpose: Brewing a Sustainable Future for Our People, Business and Planet."

Roland Bala
Managing Director

2020 was a difficult year. The Covid-19 global pandemic brought the economy to a standstill. Faced with the immediate need to bring the contagion under control, the Malaysian Government introduced the Movement Control Order (MCO) in March 2020, allowing only essential sectors of the economy to continue operating, whilst putting strict restrictions on all other activities, including social activities.

Looking back at the 46 consecutive days from 18 March to 3 May 2020, it can be said that those were the darkest days of our Company's history in Malaysia as we had to suspend operations at our Sungei Way Brewery during this period to comply with the MCO. The cover of our Annual Report 2020 is symbolic of our organisation's collective sentiment during the difficult time, it represents our team spirit to keep the lights shining in the darkness, and it reflects our commitment as One Strong Winning Team to stay true to our purpose: Brewing a Sustainable Future for our People, Business and Planet.

We are the leading brewer in the country, with a portfolio of iconic international and local brands that are supported by consumers who share the same Passion for Quality that is a key HEINEKEN value. In 2020, we had to respond to the drastic changes in the external environment caused by the global pandemic and nationwide lockdown, which had a significant impact on our industry and business. In navigating the crisis, our key priorities were (1) safeguarding the health and safety of our people, (2) adapting the business to the new landscape, and (3) prudent cost control to preserve cash.

Our Key Priorities

1	2	3
safeguarding the health and safety of our people	adapting the business to the new landscape	prudent cost control to preserve cash

PROTECTING THE HEALTH & SAFETY OF OUR PEOPLE

To ensure the health and safety of our employees, we instructed all staff to work from home immediately upon the commencement of the MCO. When we were allowed to resume operations on 3 May 2020, only essential employees were asked to return to our brewery whilst non-essential staff continued working from home. From July to October 2020, during the Recovery MCO phase, we transitioned all employees to return to the office on a split team arrangement.

However, when the rate of new infections increased again in September 2020, the Government then re-introduced stricter Standard Operating Procedures (SOPs) and brought back restrictions on various social activities to stem the new wave of infections. The Government also introduced a 30% limit on office workers whilst allowing most sectors of the economy to continue operating. In the interest of minimising risks on our people's health, we made the decision to allow all non-essential office based employees to work from home fully and this practice continued for the rest of 2020.

At the work place, we introduced new rules and practices with an aim to prevent infection. For example, we have put in place guidelines on social distancing, strict segregation of staff between production and non-production workers, wearing of face masks, as well as setting up hand sanitisation stations to encourage all employees to clean their hands regularly. We also tightened entry requirements to our brewery, with all employees and visitors being required to check in daily via MySejahtera (the Government's Covid-19 mobile application that aids with contact tracing), have their body temperature taken, and submit a health declaration.

As a further proactive step, we have also introduced the Covid-19 screening requirement for all production workers, contractors and vendors who need to enter the Sungei Way Brewery. We are pleased that so far, no workplace cluster has been detected in our organisation. This clearly demonstrates the effectiveness

Management Discussion & Analysis

of the proactive interventions that we have undertaken. As such, we aim to continue maintaining a high level of discipline in enforcing the health-related SOPs and continually remind employees about the necessary health and safety precautions.

STAYING CONNECTED WITH CUSTOMERS & CONSUMERS

We started 2020 with the Chinese New Year festive campaign led by Tiger Beer, Malaysia's No. 1 Beer. The year of the rat coincided with Tiger's 88th anniversary and we went all out to give consumers an exciting festive season. Aptly named 'Double The Huat' in honour of the double celebration, we ran a successful series of promotions, contests and activations on a grander scale than ever before across all channels, including restaurants, coffee shops, supermarkets, convenience stores and e-Commerce.

However, due to the pandemic and nationwide lockdown, most of the commercial plans for the rest of the year were affected. For example, the annual Guinness St. Patrick's celebration in March had to be canceled. Meanwhile, we had to adapt to the new realities that Covid-19 had forced upon society. Consumption drivers such as dining out and having social gatherings at restaurants, pubs and bars were curtailed significantly by various restrictions. Indeed, certain outlets with liquor licenses such as pubs and entertainment outlets were prohibited from operating. Unfortunately, the perpetual restrictions have significantly impacted the economy and consumer sentiment. Local businesses who depend on beer as a source of revenue have struggled to survive. The Confederation of Malaysian Brewers Berhad estimates that around 3,800 of these outlets have remain closed during the year with some 38,000 jobs at risk.

During this challenging year, it was important to remain connected with our customers and consumers. We leveraged the power of our brands to help re-connect consumers to businesses. Through our Tiger Save Our Street Food campaign, we channeled RM1.5 million to help restaurants, food courts and street food vendors who were affected directly by the lockdown. During the campaign, supporters could purchase a voucher for a big bottle of Tiger or Tiger Crystal. Proceeds from the sale of the vouchers

were then fully donated to participating outlets, on top of the retail price of the beer that the outlets also receive. We are proud that this campaign brought consumers together to support their favourite restaurants and coffee shops, whilst demonstrating HEINEKEN Malaysia's commitment to navigate the storm together with our business partners.

As mentioned earlier, most pubs and entertainment outlets were not allowed to operate. In view of this, we launched the Raise Our Bars initiative, with a commitment of RM1 million to help affected pubs and bars during the crisis. The Heineken® brand also launched its Socialise Responsibly campaign, giving a fresh perspective to social distancing in bars, educating consumers that although new bar experiences can be awkward, it is important to respect the rules of social distancing.

In a year when staying at home became the norm, we further engaged consumers with exciting campaigns that cut through the monotony due to the lack of social interactions. When Tiger was not able to host the large-scale street food festivals it is famous for, the brand took the street food festival experience to the next level: from the streets, and onto consumers' screens. The World's No. 1 Stout, Guinness created a home edition for its Flavour by Fire campaign by engaging celebrity chefs to create new recipes using leftover ingredients suggested by consumers. Heineken® brought an electrifying countdown party experience to all living rooms, helping to usher in the New Year and connecting more than 200,000 Malaysians virtually to end the year on a memorable note, while enjoying social experiences responsibly.

I am pleased to report that HEINEKEN Malaysia's world-class brands continued to be recognised by Malaysian consumers at the Putra Brand Awards 2020. Tiger Beer clinched the most prestigious Platinum Award, while Heineken® achieved Gold, and Guinness won Silver. The latest wins bring HEINEKEN Malaysia's total awards tally at Putra Brand Awards to 33 since 2010.

Management Discussion & Analysis

Revenue	Profit Before Tax
-24% vs 2019	**-52%** vs 2019

OUR PERFORMANCE

Group revenue for the 12 months ended 31 December 2020 declined by 24%, impacted by the implementation of the first MCO during which the brewery suspended its operations. Despite the gradual recovery of economic activities after the second quarter, the Group's business performance particularly in the on-trade channel continued to be affected.

With the slowdown in the on-trade channel, we refocused our efforts to win in the off-trade channels including supermarkets and convenience stores, which were allowed to continue operating throughout the lockdowns. The rapid adoption of e-commerce in Malaysia was further accelerated by the pandemic, with many consumers switching from visiting physical stores to doing their shopping online. HEINEKEN Malaysia's official e-commerce platform, Drinkies.my, grew its total number of orders by 93% vs 2019. The on-demand delivery service is currently available in major cities of Peninsular Malaysia.

Group profit before tax dropped 52%, principally due to the same reasons mentioned above and the one-off settlement of the Customs' Bills of Demand amounting to RM7.2 million in June 2020 as well as and a one-off provision of RM14 million in December 2020 for costs associated with the organisational restructuring exercise being implemented in 2021. Nevertheless, this was partially mitigated by the cost savings measures.

Net cash from operating activities for FY2020 decreased by 45% to RM226 million, in tandem with the decline in Group revenue and operating profit and also due to the reduction in business activities in line with the cost saving initiatives undertaken by the Group during the year.

Net assets for FY2020 was recorded at RM349 million, 11% lower versus FY2019 mainly due to the decline in Group business performance and the reduction in capital expenditure in line with the cost saving measures.

The Group paid a total of RM1.05 billion in excise, custom duties, and sales tax for the year. The Group incurred a total of RM44 million in income tax, translated into an effective tax rate of 24%.

Based on our FY2020 results, the Board has proposed a first and final single tier dividend of 51 sen per stock unit. Subject to approval of the shareholders at the forthcoming Annual General Meeting, the single tier dividend will be paid on 28 July 2021 to shareholders registered at the closing of business on 30 June 2021. The dividend payout ratio for the year is approximately 100% of the Group's profit after tax.

PEOPLE & PLANET

Despite the challenges, the results of our performance was attributed to the hard work and commitment of our employees. During the year, we kept people connected through regular internal communications including Town Halls and Virtual Drinks. Employee engagement initiatives were supported with the use of digital platforms such as Workplace and Microsoft Teams, enabling productivity whilst ensuring our people stayed connected while being apart. Our response to the Covid-19 crisis and actions taken to safeguard the health of our people was positively received. 88% of employees surveyed rated these initiatives favourably. In 2020, HEINEKEN Malaysia's employee engagement score improved to 82% whilst performance enablement improved to 78%.

We recognise that diversity and inclusion as important drivers of performance. Women's representation on the Board has exceeded the Malaysian Government's target of 30% for public listed companies, with a 57:43 male to female ratio. Amongst our employees, we have a 50:50 male to female ratio in middle to senior management positions. We continue to tap on the rich diversity and experience of HEINEKEN's global community as we work towards creating a more inclusive workplace for all. Overall, our employee engagement initiatives were recognised by HR Asia who named HEINEKEN Malaysia amongst the Best Companies to Work For in Asia 2020.

Sustainability remains the the core of our business. We are guided by our global sustainability strategy, Brewing a Better World. Our key focus is in three areas, namely protecting water resources, advocating responsible consumption, and growing with communities. Our sustainability efforts continued to be recognised externally as HEINEKEN Malaysia was named Company of the Year (Manufacturing – Beverage) at the Sustainability & Corporate Social Responsibility Malaysia Awards 2020.

Compared to 2014, we have reduced our water consumption for production by 15.5%, cut CO_2 emissions by 15.2%, and continued to increase use of renewable sources of energy such as bio gas, practice sustainable sourcing as well as zero waste to landfill. We also go beyond our immediate operations and collaborate with NGOs and communities in high impact water stewardship initiatives, focusing our efforts on protecting the Sungai Selangor and Sungai Penchala river basins. Through the work we have done through SPARK Foundation's W.A.T.E.R Project initiatives, we are proud to report that HEINEKEN Malaysia has balanced more than 100% of the water used in our products.

We take pride in the work that has been done to protect water resources, cut emissions, recycle waste, and source sustainably.

Management Discussion & Analysis

As a progressive brewer, we are taking the necessary steps to ensure we continue operating in a responsible way.

In 2020, the Government introduced stiffer penalties to combat drink driving. HEINEKEN Malaysia reaffirmed our commitment towards advocating responsible consumption. With a history dating back to 1964 in the country, HEINEKEN Malaysia has always been leading the effort in engaging and educating its customers and consumers on enjoying beers and ciders responsibly. Locally, HEINEKEN Malaysia has invested RM7.3 million since 2010 on various initiatives to create awareness amongst consumers. Through its 'Drink Sensibly' and 'Enjoy Responsibly' platforms, over RM5.3 million have been invested into outreach and education campaigns through brand and corporate communications, on-ground events, as well as digital campaigns including the annual year-end festive period awareness drive. As part of these programmes, consumers are educated on the importance of moderation and are encouraged to use alternative modes of transportation including e-hailing to go home safely.

The Heineken® brand has also activated the "When You Drive, Never Drink" platform in Malaysia, investing more than RM2 million since it was launched in 2016. Leveraging on the global partnership with F1®, Heineken® has been amplifying the simple but clear message urging consumers not to drive when they have consumed any amount of alcohol. Heineken® has communicated the message through various brand communications and campaigns, making extensive use of traditional and social media and influencers to reach out to more than 15 million people.

During the year, the pandemic and nationwide lockdowns brought significant impact to communities who endured the effects of loss of income due to the economic slowdown. HEINEKEN Malaysia reached out with a helping hand, providing more than 80,000 meals to 3,120 B40 families at the height of the crisis. We further reached out to support communities in the East Malaysia state of Sabah during a major flood disaster in June 2020, collaborating with local radio station Kupikupi FM to deliver basic food aid to more than 1,000 flood victims.

Since 1994, the Tiger Chinese Education Charity Concert (CECC) has raised more than RM355 million for schools across Malaysia. However, holding such fundraising concerts in 2020 was not possible due to the various restrictions on social gatherings. Instead, Tiger collaborated with Sin Chew Daily to donate 30,000 pieces of face masks to schools in Peninsular Malaysia as part of the 'Wear Mask, Love Yourself' campaign.

MANAGING OUR RISKS

Our approach to risk management is detailed in our Statement on Risk Management and Internal Control on page 71 to 77. The following table contains a general description of different areas of risks and actions undertaken by Management:

Type of Risk	Actions to Mitigate Risk
Regulatory & Tax	We continue to engage the Government on key issues affecting the industry, in support of the country's growth ambition as well as recovery from the significant economic impact attributed to the ongoing global pandemic.
Illicit Alcohol	We fully support the Government's efforts in eradicating illicit alcohol, which represents a loss of revenue to both Government and Industry. We continue to work proactively to raise awareness about the dangers of illicit alcohol through engagements with relevant enforcement authorities, our trade partners and consumers.
Growing Sensitivities	We advocate responsible consumption. The Heineken® brand spends 10% of its media budget annually on promoting moderation and responsible consumption. Through our global partnership with F1, we reinforce a bold message – When You Drive, Never Drink. We also adhere strictly to the HEINEKEN Responsible Marketing Code to ensure that all promotional activities are in line with cultural sensitivities in Malaysia.
Safety & Security	We continue to increase awareness and practice of the HEINEKEN Life Saving Rules amongst our people. With regards to the ongoing Covid-19 pandemic, we have put in place strict guidelines and practices which are in line with the Government's Standard Operating Procedures, with daily monitoring and reporting that ensure compliance.

Our 2021 Focus

Cost & Value
- Right size our cost base
- Right size our organisation

Growth
- Focus on innovations & growing segments

Digital
- Accelerate B2B & B2C

Sustainability & Responsibility
- Protect Water Resources
- Advocate Responsible Consumption
- Empower Communities

People & Culture
- Build Talent Pipeline
- Invest in Future Leaders

OUR OUTLOOK

On outlook, the Covid-19 pandemic and perpetual lockdowns with restrictions on social activities are expected to continue impacting the business. We expect that continued uncertainties due to the Covid-19 pandemic which will impact the speed of our business recovery. On 16 February 2021, the Government launched its National Covid-19 Immunisation Programme which is aimed to help the population achieve herd immunity by 2022. We are in support of this initiative and have encouraged our employees to register for the programme.

We will navigate the crisis while building for our future, with a strategy aimed at delivering superior growth in a fast-changing world, placing consumers and customers at the core, accelerating our digital route to consumer, as well as raising the bar on our sustainability and people agenda. We will also front load our agenda to implement continuous productivity improvements to drive efficiency in 2021. At the same time, we will continue to prioritise the health and wellbeing of our employees, trade partners, and consumers.

The overall business environment is expected to remain challenging. Contraband beer remains a key Industry issue that needs to be addressed. I take this opportunity to thank the Government for not increasing excise duties on beer, especially as Malaysia already ranks second highest in the world behind Norway and alongside Singapore. We also commend the Government for its commitment to address contraband through the setting up of the Multi Action Task Force, which is expected to strengthen enforcement initiatives against illicit trade. We are committed to continue to engaging the Government on Industry issues and play our role as a progressive partner in the economy.

ACKNOWLEDGEMENTS

In December 2020, our Human Resources Director, Kukarajan (Kuhan) Kanagarajan left the Group to pursue external opportunities. I would like to thank Kuhan for his contributions and wish him the best in his future endeavours. In the interim, Aileen Aumentado who is presently Head of Human Resources for HEINEKEN's business in the Philippines will oversee the HR function at HEINEKEN Malaysia until a successor is identified. On 1 June 2020, our Asia Pacific President Dolf van den Brink succeeded Jean-François van Boxmeer as Chairman of the Executive Board and Chief Executive Officer (CEO) Heineken N.V. Our sincere appreciation to Jean-François for his outstanding leadership and invaluable contributions throughout his 15-year leadership that helped transform HEINEKEN into a truly global company. We look forward with excitement to a new era with Dolf at the helm of HEINEKEN globally.

2020 was indeed a very challenging year. The pandemic has disrupted businesses and affected people's lives, requiring us to adapt to the new market realities. I take this opportunity to thank our loyal consumers, customers and trade partners for their incredible support and resilience as we together face this unprecedented challenge. On behalf of the Board, I would also like to thank all our employees for their commitment and resilience in navigating through this storm together.

Thank you.

Roland Bala
Managing Director
15 March 2021

Heineken Malaysia Berhad

Heineken®
The World's No. 1 international premium beer

Heineken® 0.0
Dealcoholised Beer, same great taste as Heineken®

Tiger Beer
World-acclaimed iconic Asian beer

Tiger Crystal
Made crystal-cold for ultimate refreshment

Strongbow Apple Ciders
The World's No. 1 cider

Kilkenny
The premium Irish ale

Guinness
The World's No. 1 stout

Anchor Smooth
A Malaysian favourite since 1933

Apple Fox Cider
The New Zealand inspired cider

Paulaner
No. 1 German wheat beer

Kirin Ichiban
Japan's No. 1 100% malt beer

Anglia
The real shandy

Malta
Premium quality non-alcoholic malt beverage

Brand Management

HEINEKEN Malaysia celebrated yet another year of success led by an iconic portfolio of international and local brands. We continued to connect and engage with consumers, growing our premium portfolio with a focus on delivering world-class experiences to our consumers.

Putra Brand Awards 2020

HEINEKEN Malaysia recorded another outstanding achievement at the Putra Brand Awards by bringing home three more accolades in 2020. Tiger Beer clinched the most prestigious Platinum Award, while Heineken® achieved Gold, and Guinness won Silver. The latest wins bring HEINEKEN Malaysia's total awards tally at Putra Brand Awards to 33 since 2010. This prestigious award recognises brand-building excellence across various platforms, measured by consumer preference.

Tiger Beer won its first Platinum Award in recognition of the brand's impressive efforts in connecting with consumers during a challenging year. It is also an honour for Tiger Beer to be the second beer brand to achieve Platinum status after Heineken® won it in 2019. Tiger Beer rallied consumers to support Malaysian street food by donating RM 1.5 million to street food vendors, coffee shops and food courts during Movement Control Order (MCO) through its Save Our Street Food campaign; before launching the Tiger Street Food Virtual Festival – the world's first fully-immersive, 3D, online street food festival experience. The brand delivered street food experience onto screens to ensure that consumers could enjoy delicious street food and ice-cold beers in the safety and comfort of their own homes.

Beyond engaging consumers during these difficult times, HEINEKEN Malaysia's flagship brands – Heineken®, Tiger Beer, Guinness, and Apple Fox Cider – committed RM1 million and launched the 'Raise Our Bars' platform to support bars and pubs too. This initiative enabled consumers to purchase vouchers for beer, stout or cider from their favourite bars, and receive a second, free of charge, from HEINEKEN Malaysia in return for their support. The campaign helped bars and pubs to recover from financial difficulties once MCO was lifted.

33 PUTRA BRAND AWARDS
Putra Brand Awards
since 2010

Heineken®

World's No.1 International Premium Beer Brand

Heineken® Socialise Responsibly

Heineken launched the "Back To The Bars" campaign when the MCO was lifted to celebrate the reopening of bars whilst reminding consumers to #SocialiseResponsibly. The campaign gave a fresh perspective to social distancing in bars, and that although new bar experiences can be awkward, it is important for consumers to respect the rules of social distancing because "there's one thing better than the first night out, another night out." On top of that, Heineken® also gave away 20,000 free pints to consumers to celebrate the reopening of bars.

"there's one thing better than the first night out, another night out."

#SocialiseResponsibly

Heineken® 0.0 Launched in New Cans

Heineken® 0.0 launched a new can packaging for consumers to enjoy, anytime, anywhere! Boasting a slimmer, more stylish and premium look, Heineken® 0.0 was launched following the rise in in-home consumption occasions amidst the new normal. The pandemic forced a shift in the workforce as more businesses are adopting the work from home approach. However, it's rather easy for the 9-5 grind to become dull and repetitive, ultimately resulting in a rather mundane work from home experience, but with Heineken® 0.0, work hours are now happy hours! From 23-31 December 2020, consumers who invited Heineken® 0.0 to their virtual meetings received 4 cans of Heineken® 0.0 delivered right to their doorstep.

Heineken® Epic Virtual New Year's Eve Countdown

Heineken® encouraged Malaysians to usher in the New Year in the comfort and safety of their homes, by bringing an electrifying countdown party experience to all living rooms. After a year filled with unexpected circumstances, Heineken® connected more than 200,000 Malaysians to end the year on a memorable note, while enjoying social experiences responsibly. This culminated in the epic Heineken® Starclub NYE Live countdown, headlined by W&W, the Dutch DJ duo are known for their commercial, big-room house and trance beats.

Tiger Beer

World-acclaimed iconic Asian beer

Tiger Beer 2020 Chinese New Year – Double The Huat!

For Tiger Beer, the Year of the Rat – 2020 coincided with the iconic brand's auspicious 88th anniversary. In honour of this double celebration, Tiger Beer shared the prosperity with consumers with its campaign 'Double the Huat'. Tiger Beer collaborated with Namewee, to create a brand-new music video just in time for the festivities. The campaign kicked off with a grand launch event held at Pavilion Kuala Lumpur, where the legendary Malaysian singer-songwriter, Namewee, took to stage as part of the big reveal, performing a selection of his popular songs – including his new Chinese New Year track, "Year of Rat" – created in collaboration with Tiger Beer. The 'Double The Huat' campaign went all out to give consumers an exiciting festive season, with a series of promotions, contests and activations on a grander scale than ever before across all channels, including restaurants, coffee shops, supermarkets, convenience stores and e-Commerce.

Tiger Save Our Street Food

Tiger Beer donated RM1.5 million to support Malaysian street food during the Movement Control Order (MCO). The funding helped to cover rent for street food vendors, coffee shops and food courts across the country as they face reduced income due to the various restrictions. During the campaign, supporters could purchase a voucher for a big bottle of Tiger or Tiger Crystal (RSP RM17) at only RM10. The outlet then receives the initial RM10 voucher price, plus the full RM17 RSP value from Tiger Beer for each voucher redeemed. Tiger Save Our Street Food is part of a wider regional initiative from Tiger Beer, #SupportOurStreets. In addition to supporting street food vendors across Asia, #SupportOurStreets encouraged consumers to stay off the streets as part of continued safe distancing measures across the region.

Tiger Virtual Street Food Festival

Tiger is famous for regularly hosting large-scale street food festivals, with a great selection of street food to savour alongside ice-cold Tiger Beer. In 2020, holding an event like this was not possible. Instead, Tiger took the street food festival experience to the next level: from the streets, and onto consumers' screens. The Tiger Street Food Virtual Festival is much more than simply a home delivery service – it recreated the full experience of a food festival in a completely digital world and the first of its kind anywhere in the world. Visitors walked the 3D streets as their own customized avatar, interacting with others, playing games and visiting vendors, before ordering street food directly to their door. Visitors also played games to win rewards and enjoyed exclusive Happy Hour promotions from Drinkies, HEINEKEN Malaysia's at-home beer delivery service.

Guinness
No.1 Stout in Malaysia and the world over

Guinness Flavour by Fire Home Edition

As Malaysia's favourite and the World's No. 1 Stout, Guinness stayed true to its consumer-inspired approach in its activities last year. The brand created a home edition for its Flavour by Fire campaign by engaging celebrity chefs Sherson Liam, Johnny Fua and Sapna Anand to create new recipes using leftover ingredients suggested by consumers. This inspired consumers to get creative with existing ingredients from their kitchen and to create memorable cooking experiences with their loved ones during those lockdown moments when they stayed at home.

Guinness Exclusive Christmas Gift Sets

In conjunction with the year-end festive season, Guinness launched three exclusive limited edition Christmas gift sets. Available via Drinkies, The three sets - The Christmas Spirit (DIY Guinness cocktail kit), A Sweet Christmas (Guinness Christmas cupcake mix), and Spice & Nice (Guinness-infused sauces) - each came packed with Guinness Foreign Extra Stout, along with a selection of items to help bring a touch of Guinness magic to anyone's festive celebrations.

Apple Fox
the New Zealand inspired cider

'Fox It!' to Quench your Curiosity with Apple Fox Cider

In a strange year defined by cancelled plans, postponed holidays, video calls instead of hanging out with friends, Apple Fox, the cider made with wayyy more apples, encouraged consumers to say "Fox It!" and celebrate the annual apple harvest season, with special promotions, activities and contests for cider lovers nationwide. Apple Fox launched a platform where fans can use their phones scan the fox to reveal a full-fledged cider factory, complete with a number of cheeky foxes running the show. In addition to learning about how cider is made, exclusive prizes were up for grabs. From the month of September, consumers could purchase a limited edition 4-bottle pack of Apple Fox Cider that comes with an exclusive Apple Fox aluminium mug at participating hypermarkets and supermarkets, as well as on Drinkies.my. The celebration peaked during the Apple Day Weekend from 23rd to 25th October, where consumers got to enjoy a free Apple Fox Cider throughout the weekend at selected outlets nationwide.

Growing Our People

Creating Value for People

HEINEKEN Malaysia's results are powered by the passion of our One Strong Winning Team. Together, we are guided by our purpose, Brewing a Sustainable Future for our People, Business and Planet. During a year defined by the Covid-19 pandemic, safeguarding the health, safety and wellbeing of our people became the key priority of the Company.

EMPLOYEE ENGAGEMENT

Our people are our most valuable asset. Despite the challenges of Covid-19 restrictions, we kept our One Strong Winning Team engaged throughout the year through virtual Town Halls and regular communications across the organisation, leveraging the use of digital platforms such as Workplace and Microsoft Teams to pivot to the new ways of working. As a result of the various efforts, we recorded an improvement in our annual Climate Survey. In 2020, our Employee Engagement improved to 82% whilst Performance Enablement improved to 83%. As part of the survey, we also asked employees for feedback on the Company's Covid-19 response and the various initiatives introduced to safeguard the health and wellbeing of our people. We are proud to report that in this area we scored a commendable 88% favourable score.

Climate Survey Scores 2020

RESPONSE RATE IMPROVED TO
99%
(+3% VS 2019)

EMPLOYEE ENGAGEMENT IMPROVED TO
82%
(+1% VS 2019)

PERFORMANCE ENABLEMENT IMPROVED TO
78%
(+1% VS 2019)

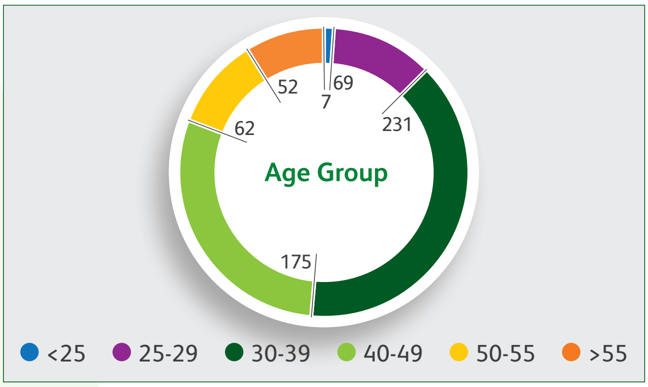
MY MANAGER IMPROVED TO
83%
(+7% VS 2019)

COVID-19 RESPONSE
88%
FAVOURABLE

INCLUSION & DIVERSITY

As part of the HEINEKEN global group of companies with operations in over 70 markets, we are essentially multi-cultural. We use the power of our diversity to create an inclusive environment where everyone matters and where we all have equal opportunity to contribute to our business success.

In terms of gender balance, HEINEKEN Malaysia has a 57:43 male to female ratio at the Board of Directors level, exceeding the 30% minimum target set by the Government. At middle to senior management positions, we continue to maintain a 50:50 balance. We also have a good balance of people across different age groups and are proud of many loyal and long serving employees who continue to contribute to HEINEKEN Malaysia's success.



Growing Our People

TALENT DEVELOPMENT

Asia Pacific Graduate Programme
Since 2016, we have sought to attract the best talent through the Asia Pacific Graduate Programme (APGP). Fresh graduates hired at the end of a comprehensive selection process undergo a two-year cross-functional training programme that involves four six-month rotations, two of which take place in other HEINEKEN operating companies in the Asia Pacific (APAC) region outside of Malaysia. Throughout the programme the participants are mentored by senior leaders across the business.

In 2020, we received 1,008 applicants for the APGP compared to 850 the year before. After a competitive and stringent assessment process, we hired one new recruit in 2020 compared to three in 2019.

1,008 APGP APPLICANTS IN 2020	1 RECRUIT HIRED IN 2020

ETHICS & INTEGRITY

We are built on a strong foundation of ethics. By applying those same ideals to every element of our business, HEINEKEN has crafted a unique success story that spans more than 150 years globally. The same values that guided the Company through its initial years continue to be shared with our employees and partners. Our manifesto, We Are HEINEKEN, explains the ideas that form our identity both collectively as a team and individually for our employees. It is with these beliefs that we strive to move forward to create sustainable value for all of our stakeholders.

HEINEKEN Code of Business Conduct & HEINEKEN Rules (HeiRules)
Our commitment to conduct business with integrity, fairness and respect for the law and values is demonstrated through this code as it sets clear expectations for our people when taking action on behalf of the Company.

HeiRules is a set of rules that define how we work and conduct our day-to-day business. Each HeiRule has reference to relevant HEINEKEN standards and procedures which help us achieve our business objectives, minimise financial and reputational risk and protect the health and safety of our people.

The HEINEKEN Code of Business Conduct can be read at **https://www.heinekenmalaysia.com/corporate-governance/**

Speak Up
Speak Up is a HEINEKEN Global process that allows our stakeholders to raise concerns about suspected misconduct in a confidential manner. Employees can also file reports directly via the Speak Up service that is reviewed at the corporate level to ensure they are dealt with appropriately and confidentially.

Greenprint to Win Behaviours
This represents a set of behaviours we expect all our employees to exhibit to drive our core values and entrench our culture of safety, learning and zero accidents. The behaviours are used in the annual appraisals of all employees.

HEINEKEN Supplier Code
We seek to ensure that ethics and integrity are upheld not only by those employed by HEINEKEN Malaysia, but also by those involved at all stages across the value chain, including our suppliers. Much of our impact lies indirectly with our suppliers, so we work with them to embed the right practices throughout our upstream value chain. Every supplier is asked to abide by the HEINEKEN Supplier Code, which cover prevention of child labour, anti-bribery and conflicts of interest.

The HEINEKEN Supplier Code can be read at **https://www.heinekenmalaysia.com/corporate-governance/**

Growing Our People

Safety & Health

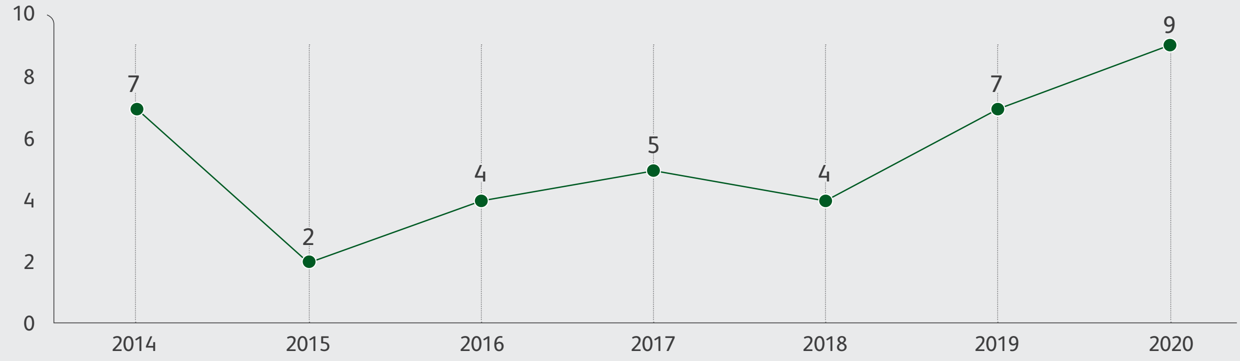
Safety continues to be given top priority at HEINEKEN Malaysia. To attain this goal, we keep reinforcing a safety mindset among our people and those with whom we work closely.

100% of our employees are educated on the HEINEKEN Life Saving Rules, which set out clear and simple 'do's and 'don'ts' for our highest risk activities. These must be followed by employees across all our operations and we further reach out to educate our contractors, distributors and trade partners on the importance of adhering to these rules.

In 2020, although we had no fatalities, we reported nine accidents ranging from minor to serious accidents to our employees and contractors. We recognise that there is more work to be done to prevent accidents from happening and that each person has a responsibility to care for his or her own safety as well as the wellbeing of others who are around us.

Growing Our People

Number of Accidents (Employees and Contractors) from 2014 to 2020



Put Safety First!

COMMON CAUSES
- Mindset
- Leadership
- Unsafe Conditions

SAFETY PRINCIPLES
- Safety is everyone's responsibility
- If it is not safe, don't do it
- If there is a rule, don't test it

OUR FOCUS AREA
- Promote Strong Safety Culture
- Road Safety-Telematics & Coaching
- Process Safety-CO_2, Ammonia and Boiler Safety
- Behavioral Based Safety
- Life Saving Rules-Simply a way of Life
- Safety Guidelines for Contractors & Suppliers

Recognition

In 2020, we were proudly recognised amongst HR Asia's Best Companies to Work for in Asia. This achievement is a commendable result that reflects HEINEKEN Malaysia's commitment towards Growing Our People and our One Strong Winning Team spirit.

One Strong Winning Team spirit

Growing Our People

ADVOCATING RESPONSIBLE CONSUMPTION

We are committed in building a responsible consumption culture. As a brewer, we believe that our products should be enjoyed sensibly and in moderation. HEINEKEN N.V. was one of the signatories of the Beer, Wine and Spirits Producers' Commitments to Reduce Harmful Drinking since 2012. The Commitments embody five ambitious commitments to build a responsible drinking culture for our internal and external stakeholders. Our progress at the local level is in line with the commitments and aligned with the UN SDG 12.

HEINEKEN Malaysia has always been leading the effort in engaging and educating its customers and consumers on enjoying beers and ciders responsibly. Millions of people across the world have been reached in the mission to combat harmful drinking. The Heineken® brand dedicates 10% of media spend across all operating companies that sell Heineken® to responsible drinking campaigns, including Malaysia. This investment includes the 'When You Drive, Never Drink' programme that provides an unprecedented opportunity to help change attitudes and behaviours and reduce drink driving around the world.

During the Covid-19 pandemic, we continued using the power of our brands to remind consumers to socialize responsible to keep people safe while supporting livelihoods in the On-Trade. In anticipation of restaurants and bars reopening after post-lockdown, we proactively educated consumers on new habits for the new normal. To engage consumers, we created and disseminated an infographic that promoted the 6Cs – (1) Check Your Distance, (2) Clean Your Hands, (3) Cash Free Payment, (4) Contact Tracing, (5) Come Back Later, and (6) Catch a Cab (do not drink and drive).

HEINEKEN Malaysia has invested RM7.3 million since 2010 on various initiatives to create awareness amongst consumers. Through its 'Drink Sensibly' and 'Enjoy Responsibly' platforms, over RM5.3 million have been invested into outreach and education campaigns through brand and corporate communications, on-ground events, as well as digital campaigns including the annual year-end festive period awareness drive. As part of these programmes, consumers are educated on the importance of moderation and are encouraged to use alternative modes of transportation including e-hailing to go home safely.

The Heineken® brand has also activated the "When You Drive, Never Drink" platform in Malaysia, investing more than RM2 million since it was launched in 2016. Leveraging on the global partnership with F1®, Heineken® has been amplifying the simple but clear message urging consumers not to drive when they have consumed any amount of alcohol. Heineken® has communicated the message through various brand communications and campaigns, making extensive use of traditional and social media and influencers to reach out to more than 15 million people.

Growing Our People

Responsible Marketing Code

At the heart of HEINEKEN Malaysia's commitment to responsible consumption lies our Responsible Marketing Code (RMC), which serves to ensure our brands are enjoyed in the way that we intend. To ensure compliance with the RMC, we have a process in place where marketing materials including point of sales materials are reviewed according to eight principles below:

1. We do not primarily appeal to minors
2. We actively restrict exposure of our branding to minors
3. We are always legal, ethical and truthful
4. We advocate drinking responsibly, driving responsibly and general safety
5. We do not associate our brands with anti-social behaviour or over-consumption
6. We never claim that consuming our brands leads to social or sexual success or enhanced performance
7. We are committed to our brands being part of a healthy lifestyle
8. We are progressive about cultural context and its evolution

Responsible Marketing Code Approval Process Flow

1. External agency **develops marketing material**
2. Reviewed by **Brand Team**
3. Verified by **Marketing Manager**
4. Signed Off by **Head of Communications & Sustainability**
5. Signed Off by **Senior Legal Manager**
6. Signed Off by **Marketing Director**

Growing with Our Communities

SUPPORTING OUR STAKEHOLDERS DURING COVID-19

During a challenging year, most of our on-trade partners (restaurants, bars, pubs, etc) were heavily impacted with restrictions on social activities, including operating hours, dining-in as well as certain outlets with liquor licenses such as pubs, bars and entertainment outlets that were not allowed to operate.

Despite this crisis, we embodied the "We Are HEINEKEN" spirit by weathering the storm together, working to ensure the well-being of our colleagues, customers, and society. HEINEKEN Malaysia launched several initiatives to help our stakeholders including the communities around our brewery whose livelihood was affected by the lockdown.

Immediately upon the onset of the lockdown, HEINEKEN Malaysia set up a cross-functional team with the aim of engaging all relevant stakeholders. We attempted to leave no one behind. This is what we have done for the various stakeholder groups.

Protecting Our Employees

The Safety, Health & Wellbeing of our People are our number one priority. The crisis team led by our Management Team proactively updated the organisation on developments and put in place guidelines and practices that helped to safeguard people's health and safety. We instructed only essential employees to return to work at the Sungei Way Brewery whilst all other employees not involved in the most critical production and business operations processes were required to work from home. For those returning to work at the brewery, strict compliance with SOPs was executed, this included daily MySejahtera check-ins, health declaration, wearing of face masks, regular hand washing, scheduled workplace sanitisation, and establishing contact tracing procedures. In 2021, to further support the Government's efforts at avoiding the formation of new workplace clusters, we introduced mandatory Covid-19 screening (RTK-Ag) for all essential production workers, contractors and vendors who are required to work on site at the brewery.

Growing Our People

Supporting Our Business Partners

Initiatives were focused on supporting outlet owners and other business partners were launched during the challenging time:

- **Tiger Save Our Street Food**
  Tiger Beer pledged RM1.5 million to support Malaysian street food during the challenging Covid-19 situation. The funding will be used to help cover rent for street food vendors, coffee shops, and food courts across the country as they face reduced income due to ongoing restrictions. The campaign also gave consumers the opportunity to come on board to show their support by purchasing beer vouchers that can be redeemed at participating outlets when the lockdown is eventually lifted.

- **Raise Our Bars**
  HEINEKEN Malaysia committed RM1 million to 'Raise Our Bars', an initiative aimed at bringing life back to Malaysia's bars and pubs. The platform, allows Malaysian consumers to buy a voucher for a beer, stout or cider from their favorite bar, and receive an additional one free of charge when they redeem it - 100% of the proceeds will go directly to the bar that the consumer selected, directly giving away to consumers to help keep their local bar or restaurant afloat during this difficult time.

- **Enabling trade partners to sell draught beer by delivery or takeaway**
  We supported our partner outlets by providing them with recyclable bottles and cups to allow them to continue serving draught beer during this time when customers are unable to go out. These recyclable bottles and cups enable our outlets to bring delicious and fresh draught beer to our customers through delivery and takeaways. We promoted the availability of this service through our website as well as social media channels, receiving favourable responses from both our customers and consumers.

- **Distributor financing support**
  HEINEKEN Malaysia's route to market involves a nationwide network of distributors. During the lockdown, cash flow was the main concern of all businesses. Our Finance and Distributor Development teams worked closely with financial institutions to provide distributors with adequate financing support to ease cash flow pressures and to ensure business continuity.

Growing Our People

Helping Our Community

Supported
3,120
families;
80,000
meals

- **Community Food Aid 2020**
  To navigate the challenges of the Covid-19 pandemic, we leveraged our existing network of partnerships with local communities and NGOs to provide the necessary support to vulnerable families faced with the loss of income during the lockdown. Many of these families in the B40 (bottom 40% of income group) communities relied on jobs that paid daily wages and could not perform their jobs nor have alternative sources of income during the crisis. HEINEKEN Malaysia partnered with an NGO – MyKasih Foundation to identify those most in need and channeled funds directly into the National Identity Cards of each beneficiary to enable them to purchase basic food items during the lockdown. In total, our efforts enabled 3,120 families to prepare 80,000 meals. Many of the recipients who live in neighboring communities to our brewery were extremely grateful for the fast and effective way help was channeled to them.

MyKasih™

- **Tiger Sin Chew Chinese Education Charity Concert**
  In view with the Malaysian Government's announcement of the Movement Control Order (MCO) due to Covid-19, and cancellation of large gathering by the authorities, the Tiger Sin Chew Chinese Education Charity Concert was cancelled for year 2020. However to show our commitment in giving back to the community in which it operate, Tiger Beer and Sin Chew Daily donated a total of 25 units of disinfectant sprayer and disinfectants to 8 schools in order to prepare the schools to be ready for classes.

  Apart from that, Tiger Beer and Sin Chew also launched an Awareness Campaign "Wear Mask, Love Yourself" campaign, to create awareness on the prevention measures of Covid-19 infection. In total, Tiger Sin Chew Chinese Education Charity Concert donated 30,000 pieces of facemasks to be distributed to schools within Peninsula Malaysia.

- **Sabah Flood Relief Effort**
  When a severe flood disaster hit the East Malaysia state of Sabah in late June 2020, HEINEKEN Malaysia worked with local radio station Kupikupi FM to help provide urgent aid to 1,000 flood victims. To support the flood relief efforts, we donated basic food items such as bottled water, rice, canned food, instant noodles, and non-alcoholic malt beverage Malta to the affected communities in Kota Belud, Penampang, and Papar.

96.3 KUPIKUPI FM
Kita-kita juga bah!

Keeping Our Investors Informed

As a public company listed on the Main Market of Bursa Malaysia, HEINEKEN Malaysia endeavored to keep shareholders informed of material developments during the lockdown. Updates on the status of our brewery's operations, restrictions imposed by the Government, impact, and outlook for the business, as well as mitigation actions were communicated in a transparent and proactive manner to our shareholders. We created a new section in our corporate website, providing timely updates to keep our investors informed of key develpments related to the pandemic.

To find out more, please visit: **https://www.heinekenmalaysia.com/covid-19/**

Protecting Our Planet

We believe in the long-term sustainability of our business. As a responsible and progressive organisation, we are committed to do the right things in protecting the environment that we operate in.

In 2020, despite the challenging environment, we continued our efforts in protecting water resources, cutting carbon emissions and reducing waste.

Protecting Our Planet

Protecting Water Resources

In 2019, HEINEKEN Global launched the 2030 water strategy, Every Drop, to address water vulnerabilities especially in water-stressed areas for the benefit of the surroundings communities. The Every Drop 2030 strategy aims to make a positive contribution to secure the health of local watersheds. We believe our biggest long-term impact will be created by adopting three key principles of our water triangle: **Water Stewardship**, **Water Circularity** and **Water Efficiency**.

The Every Drop triangular approach is in line with the UN SDG Goal 6: Clean Water and Sanitation and to be achieved by 2030.

Water Stewardship

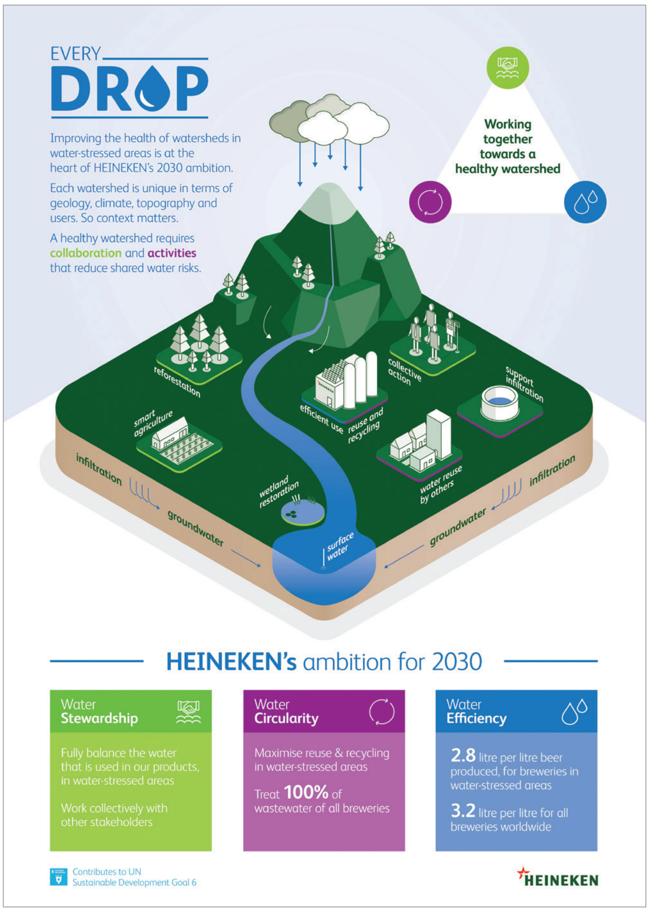
Our goal is to balance the equivalent amount of water used in production back to the nature and we are happy to report that we have achieved our goal of balancing 100% of the water used in our products in 2020. The results of our initiatives are further described in the section on W.A.T.E.R Project.

Water Circularity

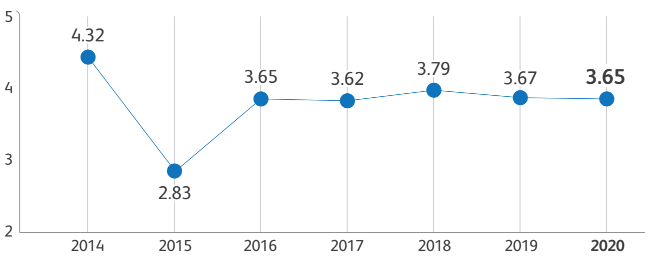
On water circularity, we continued to treat our waste water above the standards set by the Department of Environment. Moving forward, we will further explore reclamation of treated waste water for non-potable use and we are confident this will further also help us become more efficient in reducing the amount of raw potable water used in production.

Water Efficiency

In 2020, for every 1 litre of beer we brewed, we used 3.65 litres of water in production. The positive improvements in water efficiency and circularity is attributed to the upgrading efforts that took place to optimise our brewery efficiencies, and greater focus on practices such as leak detection and review of existing processes that are water intensive. Overall, we recorded reduction of 15.5% for water usage when compared to 2014. However, we are marginally above our 2020 target of reaching 3.5hl/hl, and this is attributed to the 46-day stop in production operations due to the Government's MCO, which impacted efficiency of water consumption in a significant way.



Water Consumption (hl/hl)



Protecting Our Planet

SPARK FOUNDATION | W.A.T.E.R PROJECT

HEINEKEN Malaysia's efforts to protect the planet extends beyond its immediate operations. SPARK Foundation, the corporate social responsibility arm of HEINEKEN Malaysia, carries out our community programmes. SPARK Foundation was established in 2007 to support initiatives in the areas of environmental protection and educational enrichment.

SPARK Foundation Milestones

RM 20.1 million invested in river rehabilitation, watershed health protection initiatives, education and partnership programmes

Engaged **54,000** Malaysians and **180** local communities

Rehabilitated **5 rivers** in Selangor and Perak, improved and maintained Sungai Way river water quality to Class III

Built a **305-metre** clay dyke at Raja Musa Forest Reserve which contributes to long-term water resources and supply to Sungai Selangor

Reforested **1 Hectare** of degraded peatland at Raja Musa Forest Reserve, which offsets 2,000 tonnes of soil carbon equivalent to annual emissions from 1,400 cars

Maintained **22 rainwater harvesting systems** to support **11** community farming projects in Selangor and Sabah

Working Actively Through Education and Rehabilitation (W.A.T.E.R Project)
W.A.T.E.R Project is the flagship initiative of HEINEKEN Malaysia's CSR arm SPARK Foundation, in collaboration with the Global Environment Centre, Government agencies and local communities. Through W.A.T.E.R Project, HEINEKEN Malaysia delivers on its long-term commitment to protecting the water resources. Our aim is to fully balance the water used in the production of our beers and ciders, and we are proud to report that we have achieved this goal in 2020.

In line with the HEINEKEN Global's Every Drop strategy, we shifted our focus from river rehabilitation to watershed health protection in 2018. This is to safeguard the sustainability of our water source and to manage the impact where our treated wastewater is channeled. The work that we do in relation to water stewardship directly supports UN SDG 6 Clean Water and Sanitation.

Independently verified by Limnotech a leading water sciences and environmental engineering consulting firm based in United States, HEINEKEN Malaysia's water balancing achievements are described.

Sungai Way rehabilitation
The Sungai Way river rehabilitation efforts primary objectives are to improve water quality and enhance the aesthetic value of the Sungai Way channel, increase awareness and develop a community participation model. In 2007, the surface water quality of Sungai Way had been classified as between Class V – IV (Class V indicates the worst water quality). W.A.T.E.R Project initiatives in rehabilitating the river over the years has transformed Sungai Way to Class III water quality making it habitable for aquatic life. In 2020, we continued our efforts through the maintenance of constructed wetland cells, regular biodiversity and water quality monitoring, as well as engaging neighbouring communities in Desa Mentari to join in river protection activities. As a result of the Sungai Way rehabilitation initiatives, HEINEKEN Malaysia is able to balance a total of 389,000 m^3 of water.

305-metre clay dyke to increase water storage capacity
In 2019, we worked with our partner, Global Environment Centre to build a 305-metre clay dyke at the Raja Musa Forest Reserve. A clay dyke is a vertical wall of clay, around 4 to 5 meters in height, and constructed mainly below the peat swamp surface, effectively raising the water table. The clay dyke helps store

Protecting Our Planet

136,000 m³ of water annually, contributing to the long term sustainability of water supply to Sungai Selangor, which is the main source of raw water to the Klang Valley.

Distribution of water thimbles to communities

The water thimble is an effective and innovative method to reduce water consumption. Water thimbles are low cost water-saving devices. These small, silicon discs are installed into faucets and shower heads to decrease flow and reduce water use. By distributing water thimbles to over 1,000 households in the Sungai Selangor and Sungai Penchala basins, we have demonstrated that this helps reduce water consumption by an average of 18 litres per day per person. 2020 was the first full calendar after the thimbles were installed and the volumetric water benefit for water thimble savings is estimated at 11,500 m³ per year.

Rainwater harvesting systems

To mitigate the impact of water disruptions, HEINEKEN Malaysia has implemented rainwater harvesting projects to help communities to reduce dependence on treated water for non-potable use. In total, W.A.T.E.R Project has installed 22 rainwater harvesting systems in the states of Selangor and Sabah. The rainwater harvesting systems consist of an interconnected rooftop area that serves as a catchment for the rainwater and storage tanks to collect and store the rainwater. The rainwater collected serves as non-potable water supply including cleaning, landscaping and irrigation. These systems also support 11 community farming projects, which give needy families a sustainable source of food. The annual volume of rainwater captured and provided for productive use is estimated at 4,554 m³ per year.

Reforestation of degraded peatland

The protection and rehabilitation of peatland will help sustain water supply in the long run, besides functioning as an efficient carbon storage to regulate earth temperature. Peatland areas are ecologically and hydrological sensitive disturbances. Small changes in the hydrology can alter the fate of the entire ecosystem and cause frequent peat fires. If both hydrological and biological rehabilitation measures are not put in place, the peatland can burn, releasing large amounts of CO_2 to the atmosphere. HEINEKEN Malaysia's W.A.T.E.R Project reforested 1 hectare of degraded peatland in Raja Musa Forest Reserve with 600 trees, helping to retain soil moisture and raise the humidity of the air above the soil surface and prevent further peat fires as well as facilitate recovery of the peatland forest and reactivate carbon sequestration. Based on calculations, the long-term volumetric water benefit is estimated as 4,250 m³ per year. Responsible water use today and tomorrow remains a key focus for HEINEKEN Malaysia. We will continue and maintain the water balancing achievement in a long run by initiating higher impact initiatives through SPARK Foundation and W.A.T.E.R Project.

TOTAL WATER BALANCED

545,570 m³

MORE THAN 100%

OF WATER USED IN OUR PRODUCTS

Reducing CO_2 Emissions

In line with our commitment to Drop the C, we undertook several measures and invested in innovations to manage our energy consumption, including thermal insulations, boiler pressure reduction in addition to cooling plant assessment and steam trap audits.

These initiatives led to reduction in total energy consumption, electricity, thermal and CO_2 emissions. We continue to reduce CO_2 emissions through the use of renewable energy through optimization of biogas recovery. Nevertheless, in terms of energy consumption per hectoliter of beer we produced, this was a slight increase compared with 2019 the attributed to the 46-day stop in production operations due to the Government's MCO, which impacted the efficiency of energy consumption as production volumes were impacted.

Zero Waste to Landfill

Since 2017, we have achieved zero production waste to landfill. In 2020, we continued to recycle and upcycle our by-product and production materials and ensured that our waste is managed responsibly by licensed waste management vendors. In 2020, we generated total of 23,776 tonnes of waste, of which 100% was recycled. The streams of waste generated RM 1.32 million in revenue by ensuring all our waste are recycled. This has enabled us to borne the cost of managing our waste materials, whilst allowing us to channel the revenue into other environment improvement projects at our brewery.

Environmentally Friendly Refrigerators

To date we have purchased, 993 environmental friendly fridges since 2016. Due to the Covid-19 crisis, no new fridges were purchased in year 2020. We will continue to ensure that 100% of our fridges purchased are in this category. Our fridges use eco-friendly hydrocarbon natural refrigerant and cyclopentane insulation for minimal environmental impact and enhanced effectiveness. In addition, the fridges uses bright LED lights, which are low in energy consumption. Our refrigerators are ISO 90012015 and ISO14001 certified – respectively for quality management system and environmental management system.

Total Energy Consumption (MJ/hl)

2020	**110.49**
2019	107.63
2018	115.71
2017	110.65
2016	113.28
2015	120.03
2014	134.63

Electricity Consumption (kWh/hl)

2020	**10.33**
2019	9.81
2018	9.91
2017	9.86
2016	10.12
2015	10.53
2014	11.52

Thermal Energy (MJ/hl)

2020	**73.30**
2019	72.31
2018	80.04
2017	75.15
2016	76.86
2015	82.13
2014	92.82

CO_2 Emissions (kg CO_2eq/hl)

2020	**11.87**
2019	11.42
2018	11.84
2017	11.98
2016	12.44
2015	13.14
2014	14.00

Bio Gas (m^3)

2020	**173,629**
2019	250,848
2018	190,417
2017	172,075
2016	184,480
2015	198,537
2014	90,466

Protecting Our Planet

Packaging Waste

Our packaging material represents the largest components of our global footprint. In Malaysia, we apply the reduce, reuse and recycle method in managing our bottles, kegs and crates waste. We work with our trade partners through a deposit system and ensure and reusable kegs, bottles and crates are returned to the brewery. Over the years, we have worked to improve our packaging materials to be thinner, lighter yet durable so less resource are used. In 2020, our 12-month moving average on the return rates are as follows:

KEGS (%)	BOTTLES (%)	PLASTIC CRATES (%)
2019 - 101.3	2019 - 90.2	2019 - 99.5
2020	2020	2020
115.3	**101.2**	**116.5**

Sourcing Sustainably

We are committed to conduct business with integrity and fairness, with the respect for people, planet and performance. We expect our suppliers to embrace our values and commitments to responsible business conduct. In partnership with our suppliers, we maximize our positive impact and grow together in a responsible way. We also encourage our suppliers to report any violations of HEINEKEN Malaysia policies through the independent reporting platform Speak Up. We are pleased to report that 100% of our suppliers are compliant to the HEINEKEN Supplier Code. More information on the relevant policies can be read on HEINEKEN Malaysia website.

- Conducting Business with Integrity and Fairness
- Respecting the Dignity and Human Rights of All People
- Putting Health and Safety First
- Reducing the Impact on the Planet

RECOGNITION

CSR Malaysia Award 2020

For the third consecutive year, HEINEKEN Malaysia was recognised as Corporate Social Responsibility (CSR) Company of The Year in the Manufacturing - Beverage category at the CSR Malaysia Awards 2020. The company was awarded for its role as a change agent in the environment and education sectors in Malaysia.

Organised by CSR Malaysia publication and Corporate Sustainability and Responsibility Malaysia Welfare Society, winners were selected based on the clear purpose and goals of the corporate responsibility initiatives, effectiveness, impact as well as the frequency of the projects.

HEINEKEN Malaysia was recognised for its initiatives in the environment particularly in protecting water resources through its W.A.T.E.R Project and also the Company's initiatives in supporting education particularly through the Tiger Sin Chew Chinese Education Charity Concert and English Enrichment Training Programme.

Corporate Governance Overview Statement

The Board of Directors (the Board) of Heineken Malaysia Berhad (HEINEKEN Malaysia or the Company) firmly believes that commitment to good business ethics and corporate governance is essential to the long term sustainability of the business and performance of the Company and its subsidiaries (the Group). The Company supports the principles of good governance and the recommended practices provided in the Malaysian Code on Corporate Governance (MCCG).

The Board is pleased to present this statement to provide shareholders and investors with an overview of the corporate governance (CG) practices adopted by the Company over the financial year ended 31 December 2020 (FY2020), guided by the key principles and recommended practices as set out in the MCCG. This statement is to be read together with the CG Report 2020 of the Company which describes how the Company has applied the CG practices vis-à-vis the MCCG during FY2020.

As of the date of this statement, the Company has adopted and applied all recommended practices in the MCCG with the exception of the step up practices and the following practices:

Recommended CG Practices in MCCG	
Practice 4.1	For Large Companies, the Board comprises a majority independent directors.
Practice 7.2	Disclosure on a name basis the top five (5) senior management's remuneration in bands of RM50,000.

Explanation on the departure from the said practices are provided in the CG Report 2020 which is available on the Company's website at https://www.heinekenmalaysia.com/corporate-governance/

PRINCIPLE A
BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

The Board is collectively responsible for leading and determining the strategic direction and overseeing the conduct of the Group's businesses and the management effectiveness. The Board takes into consideration the interests of all stakeholders in its decision-making to ensure the Group's objectives of creating long-term sustainable value for the benefit of our stakeholders are met.

The Board is guided by its Charter which sets out the purpose, composition, key roles and principal responsibilities as well as the internal procedural matters for the Board. The principal responsibilities of the Board are in line with that provided in the MCCG. The Board Charter serves as a source of reference for Board members to assist them in discharging their fiduciary duties as Directors. It is available on the Company's website at https://www.heinekenmalaysia.com/corporate-governance/

The Board is assisted by the following Board Committees, which are entrusted with specific responsibilities, in the discharge of its oversight function:

- Audit & Risk Management Committee (ARMC)
- Nomination & Remuneration Committee (NRC)

The Board Committees are granted the authorities to function in accordance with their respective terms of reference approved by the Board. The Chairman of the respective Board Committees reports on matters deliberated and recommendations made by the Board Committees.

The Board delegates, with appropriate oversight, to the Management Team for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on Company's business in the ordinary course, managing Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The responsibilities and authorities of the Management Team are defined in the Statement of Authority approved by the Board.

There is a schedule of key matters reserved specifically for the Board deliberation and decision to ensure the direction and control of the Group are in its hands. The list of matters are provided in the Board Charter approved by the Board.

Separation of functions between the Chairman and the Managing Director

The roles of the Chairman and the Managing Director are distinct and separate with a clear division of responsibilities to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The Chairman of the Company is an Independent Non-Executive Director. He is responsible for leading the Board in its collective oversight of Management and ensure it functions effectively.

The Managing Director is appointed by the Board to implement the policies and strategies approved by the Board for the purposes of running the business and the day-to-day management of the Group. The Managing Director is supported by a Management Team who is assisted by several functional committees that are tasked to oversee key operating areas.

Corporate Governance Overview Statement

Senior Independent Non-Executive Director

Mr Martin Giles Manen, the ARMC Chairman, is designated as the Senior Independent Non-Executive Director of the Company. His roles, as defined in the Board Charter, are as follows:

- To act as a sounding board for the Chairman;
- To serve as a designated contact for direct communication with shareholders and other stakeholders on concerns that cannot be resolved through normal channels of contact with the Chairman or the Managing Director; and
- To act as a point of contact between the Independent Directors and Chairman on sensitive issues.

Board Meetings

In order to facilitate Directors to plan ahead, meetings of the Board and the Board Committees are scheduled in advance before the commencement of each new financial year. The Board meets on a quarterly basis to review the business and financial performance of the Group and discuss operational and industry issues and challenges impacting the Group. Additional meetings are convened as and when necessary, to deliberate urgent and important matters. Directors may participate at a Board / Board Committee Meeting via telephone or video conferencing.

During FY2020, the Board had six (6) meetings. Two (2) of the meetings were convened on an ad-hoc basis to discuss critical issues impacting the Group business and operations as a result of the Movement Control Order and the related restrictions imposed by the Government to contain the Covid-19 infection. The attendance of each Director at the meetings, was as follows:

Name	Attendance
Dato' Sri Idris Jala Chairman, Independent Non-Executive Director	5/6 *
Martin Giles Manen Senior Independent Non-Executive Director	6/6
Datin Ngiam Pick Ngoh, Linda Independent Non-Executive Director	6/6
Roland Bala Managing Director Non-Independent Executive Director	6/6
Yu Yu-Ping Non-Independent Non-Executive Director	6/6
Seng Yi-Ying Non-Independent Non-Executive Director *Appointed on 1 September 2020*	1/1
Choo Tay Sian, Kenneth Non-Independent Non-Executive Director *Appointed on 26 October 2020*	1/1
Lim Rern Ming, Geraldine Non-Independent Non-Executive Director *Retired on 14 August 2020*	5/5
Evers, Leonard Cornelis Jorden Non-Independent Non-Executive Director *Resigned on 30 September 2020*	5/5

** Absent from one Board Meeting due to other commitment.*

At Board Meetings, Directors are encouraged to participate in the meeting and share their views and insight in the course of deliberation. They are also encouraged to pose queries (if any) to Management prior to each Board Meeting to enable them to better prepare for the meeting. Any Director who has a direct or deemed interest in the subject matter shall abstain from deliberation and voting on the respective resolution. Decisions of the Board are made by consensus.

Members of the Management Team are also invited to attend Board Meetings to report and update on areas within their responsibility to provide Board members insights into the business and operations, and clarify any issues raised by the Directors.

The proceedings of all meetings, including issues discussed, decisions and conclusions including dissenting views made and whether any Director abstained from voting or deliberating on a particular matter at the Board/Board Committee Meeting with required actions to be taken by responsible parties raised are documented in the minutes of meetings by the Company Secretary. Where appropriate, decisions may be taken by way of circular resolutions for matters which are administrative in nature.

Access to Information

The Board emphasizes on provision of timely and quality information by Management to facilitate effective deliberation and decision-making process. Prior to each meeting, a structured agenda together with management reports and proposals will be furnished to the Directors at least five (5) days (or in any event not less than three (3) days) before the meeting. In order for meetings to be more effective, the meeting agenda is organised according to the priority of the matters / proposals to be deliberated with an indication to guide the Directors as to whether the matters are for approval, discussion or for notation purpose and time allocated for each agenda item in order for the meetings to be conducted efficiently.

All Directors have unrestricted access to the Management Team in that they may have informal meetings with the Management Team members to brief them on matters or major developments concerning the Group operations. The Board also has access to information and the advice and services of the Company Secretary who is a Chartered Secretary and is qualified under the Companies Act 2016.

Subject to the approval of the Board, the Directors, either as a group or individually may seek and obtain independent professional advice at the Company's expense on specific issues to assist them in discharging their duties effectively.

Training and Professional Development of Directors

From time to time, the Directors attend training to keep abreast with current developments in the market place and changes to the statutory and regulatory requirements to enhance their ability in discharging their duties and responsibilities more effectively. During FY2020, the Directors have attended various development and learning programmes which are listed in Appendix 1 of this statement.

Under the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities), newly appointed Directors (if appointed for the first time in a listed issuer) are required to complete the Mandatory Accreditation Programme (MAP) within four (4) months from the date of appointment. As of the date of this statement, all newly appointed Directors have completed the MAP.

Induction programme is arranged for the newly appointed Director to enable him to have a full understanding of the nature of business, business strategies, corporate structure and management functions as well as issues and challenges facing the Group and the industry. The Management Team members will present their respective area of responsibility with an overview of the key strategies and issues of their function. As part of the induction programme, a brewery tour will also be arranged to provide greater understanding about the production processes.

Code of Business Conduct and Ethics

Directors, officers, employees and business associates of the Group are required to observe and maintain high standards of integrity in carrying out their roles and responsibilities / conducting business and to comply with relevant regulatory requirements and policies adopted by the Group, including those relating to anti-bribery and anti-corruption.

The Group has in place the following codes which outline its commitment to conducting business with integrity, fairness, respect for the laws and the values and principles for ethical and business conduct expected from relevant stakeholders in their business conduct and dealing with the Group.

HEINEKEN Code of Business Conduct (HeiCode)

The HeiCode has embedded 19 policies that covers all aspects of the Group's business operations, categorised under four (4) key commitments namely:

- We advocate for responsible consumption
- We respect people and the planet
- We conduct business with integrity and fairness
- We safeguard our Company's assets

The HeiCode and the underlying policies are reviewed and updated periodically to reflect the changing business environment. On an annual basis, all employees are required to attend an awareness session and complete an e-learning programme to assess their understanding of the HeiCode. The HeiCode and the underlying policies, communication and training materials are documented and available in a Business Conduct Portal for employee access.

HEINEKEN Responsible Marketing Code

The Group strictly adheres to legal and regulatory guidelines and has a stringent Responsible Marketing Code that governs how we do business. The Code also covers low and no-alcohol business as well as our digital media and self-regulation initiatives. Our licence to operate depends on our efforts in marketing our brands responsibly and in driving sensible consumption. All marketing materials undergo a diligent check against our Responsible Marketing Code before they are published.

HEINEKEN Supplier Code and Distributor Code of Conduct

The HEINEKEN Supplier Code and the Distributor Code of Conduct outlines the standard for ethical and business conduct expected from distributors and suppliers in their business dealings with the Group. During FY2020, an e-learning programme was developed and rolled out to all distributors and suppliers to drive awareness and assess their understanding of the codes and the underlying principles related to, among others, anti-bribery, fraud and offering and acceptance of gifts and entertainment.

HEINEKEN Speak Up Policy

The HEINEKEN Speak Up Policy provides employees with a standard process to report concerns about suspected misconduct within the Group in confidence and without fear of retaliation. The policy was communicated to the employees and the business partners of the Group to create awareness of the Speak Up platform for them to raise concerns about suspected misconduct within the organisation.

The Speak Up Service is managed by an independent third party and is available 24/7, 365 days a year. Report can be submitted through the Speak Up Service via online or phone call. All Speak Up reports are handled by a Case Manager who works under the

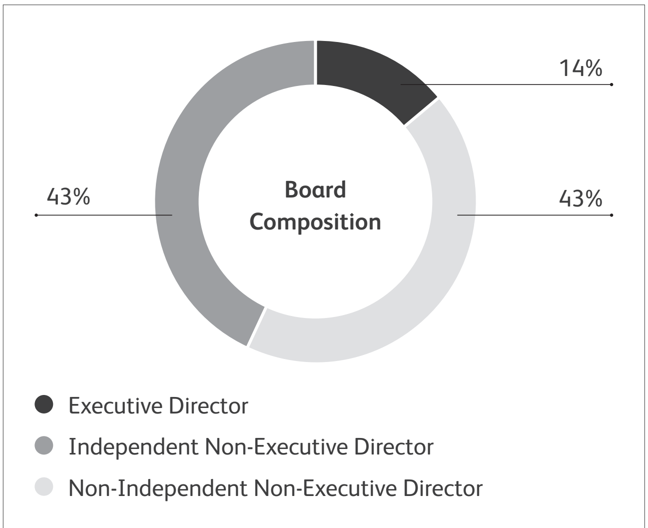
Corporate Governance Overview Statement

supervision and instruction of the HEINEKEN Global Integrity Committee which comprises representatives from the HEINEKEN Business Conduct Office, Global Audit, Global Human Resources and Global Legal Affairs.

In 2020, six (6) reports were received via the HEINEKEN Speak Up channel and investigated by the Internal Audit Department. The nature of these Speak Up reports were centered around allegations of fraudulent claims, conflict of interest and non-compliances with the Group's policies and procedures. Corrective and preventive actions including disciplinary measures as well as process and control improvements were taken by the Company subsequent to the investigations. None of the Speak Up cases has caused any material financial impact to the Group. The Group will continue to educate and encourage its employees and business partners to Speak Up given that this is an effective mechanism to protect the Group against fraud and non-compliance with rules and policies.

The HeiCode and the HEINEKEN Speak Up Policy are available on the Company's website at https://www.heinekenmalaysia.com/corporate-governance/

Board Composition



As of the date of this statement, the Board has seven (7) Directors, led by a Non-Executive Independent Chairman, and supported by a Managing Director as well as five (5) Non-Executive Directors. Three (3) of the Non-Executive Directors (including the Chairman) are Independent Directors, representing 43% of the Board whilst the remaining three (3) Non-Executive Directors are Non-Independent Directors.

The primary responsibility of Independent Directors is to protect the interests of minority shareholders and other stakeholders. They play a key role in providing independent views and advice and their effective participation serves to promote greater accountability and balance in the Board's decision-making process.

The Board acknowledged the practice recommended under the MCCG for large companies to have a majority Independent Non-Executive Directors in the Board. Based on the current shareholding structure of the Company in which 51% of its equity interest are held indirectly by Heineken N.V. via its wholly-owned subsidiary, GAPL Pte Ltd, the Board was of the view that to fully leverage on the experience of the HEINEKEN Group and to ensure focus on long-term value creation, it is in its best interest and that of its stakeholders that the Board includes a fair and adequate representation of the major shareholders.

Board Effectiveness Evaluation

The Board, through its NRC, evaluates the Board's collective performance by examining the effectiveness of the structure and activities of the Board and Board Committees as well as the contribution of Board members on an annual basis. The evaluation revolves around the following aspects:

How the Board leads
Examine the current composition and activities of the Board and Board Committees and their commitment in discharging their functions.

How the Board manages
Evaluate the rigour of deliberation, information flow and Board administration.

How the Board contributes
Review the manner in which Board members interact and participate and their working relationship with Management.

For FY2020, the NRC conducted the evaluation internally with the support of the Company Secretary. Based on the evaluation, it was concluded that the Board as a whole and the Board Committees have been effective in their discharge of functions and duties in that:

- the current size and composition of the Board is optimum and well balanced with diversity of competencies, capabilities, business experience and knowledge required, taking into considerations the nature of business, scope of the operations and the business requirements of the Group;
- Board members have good understanding and knowledge of the external trends, industry issues as well as the risks and opportunities critical to the Group's future performance. They provide valuable input and devote enough time in deliberating the business strategy, financial performance and the annual business plan and in addressing critical issues from the business and risk management perspectives. They also exercise professional independence during deliberations of matters at meetings; and
- the working relationship between the Board members has been good with open and constructive conversations when discussing issues, driven by the strong leadership

demonstrated by the Chairman. In addition, Management has been providing strong support which enable the Board to effectively discharge its function and duties.

Tenure of Independent Non-Executive Directors

The Board is guided by the recommended approach under the MCCG for retention of Independent Directors beyond the cumulative term limit of nine (9) years and twelve (12) years. Independent Directors who exceed the cumulative term limit shall be re-designated as Non-Independent Director, unless shareholder approval is sought for him/her to remain as Independent Director providing justification. Notwithstanding this, the Board will continue to evaluate and assess this approach and take appropriate steps to adopt the recommended practice, taking into consideration the best interest of the Company.

Mr Martin Giles Manen has served as an Independent Non-Executive Director of the Company for twelve (12) years as of 28 August 2020. Shareholders' approval was obtained via a two-tier voting process at the 56th AGM held on 14 August 2020, to allow Mr Martin Giles Manen to continue as an Independent Non-Executive Director of the Company until the conclusion of the next AGM. Mr Martin Giles Manen has conveyed his decision to vacate his office as Independent Director of the Company after the conclusion at the next AGM.

The tenure of Datin Ngiam Pick Ngoh, Linda as Independent Non-Executive Director of the Company is expected to reach the nine-year mark on 3 December 2021. The Board had, via the NRC, conducted an evaluation on the contribution of Datin Ngiam Pick Ngoh, Linda and recommended her to continue as Independent Non-Executive Director of the Company on the basis that she possesses the following attributes necessary in discharging her duties and responsibilities as an Independent Non-Executive Director:

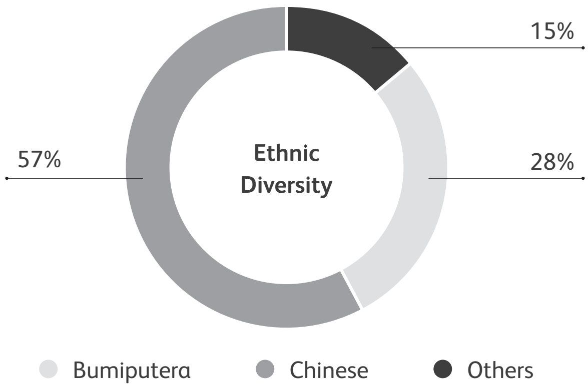
(a) She has fulfilled the criteria of an Independent Director as prescribed under the MMLR;
(b) She has been with the Company for long and therefore understands the Group's business and operations well:
(c) She participates actively and provides objective judgement and input to the Board and the Board Committees for informed and balanced decision-making; and
(d) She has exercised due care in carrying out her professional duties as an Independent Non-Executive Director of the Company in the interest of the Company and shareholders.

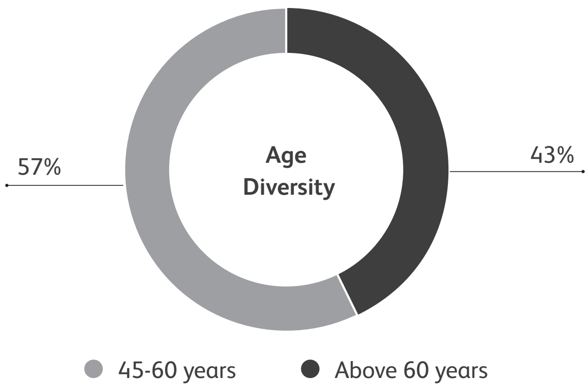
Based on the above recommendation, shareholders' approval will be sought at the forthcoming AGM of the Company to allow Datin Ngiam Pick Ngoh, Linda to continue as Independent Non-Executive Director of the Company.

Board Diversity

The Board recognises the importance of diversity in its membership, including gender, ethnicity and age, and strives to maintain the right balance for effective functioning of the Board. The Board Diversity of HEINEKEN Malaysia as of the date of this statement is depicted as follows:

The female representation on the Board has exceeded the Malaysian Government's target of 30% for public listed companies.





The Board will continue its commitment to drive a corporate culture that embraces all aspects of diversity and inclusion practices in the Group.

Corporate Governance Overview Statement

Appointments to the Board

There is a process for selection, nomination and appointment of suitable candidates to the Board of the Company. Potential candidates will be identified through internal or external sources via recruitment agencies.

The NRC reviews the suitability of candidate identified and recommends appointments to the Board and Board Committees based on merit. There are specific criteria for assessing candidature for directorship. The suitability of a candidate is assessed taking into consideration the following aspects:

- Core competencies that meet the needs of the Company
- Personal qualities in terms of leadership skills, ability to provide strategic insight and direction, work ethics and professionalism
- Industry knowledge, business judgement, expertise and special skills
- Understanding of local economic and operating environment
- Ability to commit time and effort to carry out duties and responsibilities effectively
- Ability to represent the Company at any occasion that involves the Company
- Educational qualification
- Factors that promote boardroom diversity

For appointment of Independent Directors, considerations will be given on whether the candidate meets the independence criteria and requirements as defined in the MMLR.

Nomination & Remuneration Committee

As of the date of this statement, the NRC comprises the following five (5) Non-Executive Directors of the Company with a majority being Independent Director:

Dato' Sri Idris Jala Chairman Independent Non-Executive Director	
Datin Ngiam Pick Ngoh, Linda Member Independent Non-Executive Director	**Choo Tay Sian, Kenneth** Member Non-Independent Non-Executive Director *Appointed on 26 November 2020*
Martin Giles Manen Member Senior Independent Non-Executive Director	**Yu Yu-Ping** Member Non-Independent Non-Executive Director

The roles and responsibilities of the NRC are defined in the NRC's Terms of Reference which is available on the Company's website at https://www.heinekenmalaysia.com/corporategovernance/.

The NCR met once during FY2020 and the attendance of each member at the meeting was as follows:

Name	Attendance
Dato' Sri Idris Jala Chairman, Independent Non-Executive Director	1 / 1
Martin Giles Manen Member, Independent Non-Executive Director	1 / 1
Datin Ngiam Pick Ngoh, Linda Member, Independent Non-Executive Director	1 / 1
Yu Yu-Ping Member, Non-Independent Non-Executive Director	1 / 1
Choo Tay Sian, Kenneth Member, Non-Independent Non-Executive Director *Appointed as a member on 26 October 2020*	**
Evers, Leonard Cornelis Jorden Member, Non-Independent Non-Executive Director *Ceased to be a member on 30 September 2020*	1 / 1

** *No meeting was held during the period from 26 October 2020 to 31 December 2020.*

The NRC Meeting is normally held before or in conjunction with the Board Meeting. When necessary, decisions can also be made via circular resolutions. At Board Meeting, the Chairman of the NRC reports to the Board on matters deliberated at the NRC Meeting. During FY2020, the NRC performed the following activities:

- Evaluated the effectiveness of the Board and the Board Committees and the contribution of individual Directors in relation to the effective decision-making of the Board and the independence of Independent Directors.
- Reviewed the re-nomination of Directors who were due for retirement at the Company's AGMs.
- Reviewed the re-appointment of Independent Non-Executive Director who had served on the Board beyond twelve (12) years.
- Reviewed Management's proposals on performance bonus payout and salary increment for the Group employees.

Remuneration

The remuneration matters of the Group fall under the purview of the NRC. The NRC is guided by the following principles:

- Remuneration should reflect performance, complexity and responsibility with a view to attracting, motivating and retaining high performance individuals and promoting the enhancement of the value of the Company to its shareholders.
- Remuneration practices are benchmarked against external market data through the use of remuneration surveys to ensure staff are fairly remunerated.
- The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.

The remuneration of the Managing Director and other members of the Management Team is guided by the HEINEKEN Global Senior Management Reward Policy. Their remuneration package consists of both fixed and performance-linked elements. Salaries payable to the Managing Director shall not include a commission on or percentage of the Group turnover. The performance of the Managing Director is reviewed annually taking into consideration the corporate and individual performance. The Managing Director is not entitled to annual fee nor any meeting allowances for the Board and Board Committees Meetings he attended.

The remuneration for the Non-Executive Directors is based on a standard fixed fee with the Chairman of the Board and the Board Committees receiving additional allowance for additional responsibilities and commitment required. An additional fee is also paid to Non-Executive Directors sitting on Board Committees. A meeting allowance is paid for attendance at meetings of the Board and Board Committees. Below is an overview of the remuneration package for the Non-Executive Directors approved by the shareholders on 25 November 2015:

Remuneration Package for Non-Executive Directors		RM
Annual fee	Non-Executive Director	75,000
	ARMC member	5,000
	NRC member	4,000
Annual allowance	Board Chairman	100,000
	ARMC Chairman	8,000
	NRC Chairman	6,000
Meeting attendance allowance *(per meeting attended)*	All Non-Executive Directors	1,200

The above remuneration structure was determined based on a benchmarking exercise conducted by the Company with advice from an external consultant. The benchmarking exercise was done based on information and survey data on the remuneration practices of comparable companies obtained from independent sources. Any changes to the remuneration package will be presented to the Board for approval. The Board, collectively, determines the remuneration of the Non-Executive Directors based on the recommendation of the NRC. Each of the Non-Executive Directors shall abstain from deliberating and voting on their own remuneration. Fees of Directors, and any benefits payable to Non-Executive Directors shall be subject to shareholders' approval at AGM.

At the 56th AGM held on 14 August 2020, the shareholders of the Company approved the payment of Directors' fees and benefits up to RM700,000 to the Non-Executive Directors for FY2020. Total remuneration paid to the Non-Executive Directors of the Company for FY2020 was RM690,708. The breakdown of the remuneration of all the Directors (including the Managing Director) of the Company who served during FY2020 is as follows:

Corporate Governance Overview Statement

			RM		
Directors of the Company	**Fees & Chairman Allowance**	**Meeting Allowance**	**Salary & Other Emoluments**	**Benefits -in-kind**	**Total**
Non-Executive Directors					
Dato' Sri Idris Jala	186,000	12,000	-	23,950	221,950
Martin Giles Manen	87,000	13,200	-	-	100,200
Datin Ngiam Pick Ngoh, Linda	84,000	13,200	-	-	97,200
Yu Yu-Ping	84,000	13,200	-	-	97,200#
Seng Yi-Ying *Appointed on 1 September 2020*	25,000	1,200			26,200#
Choo Tay Sian, Kenneth *Appointed on 26 October 2020*	15,758	2,400	-	-	18,158#
Evers, Leonard Cornelis Jorden *Resigned on 30 September 2020*	63,000	10,800	-	-	73,800#
Lim Rern Ming, Geraldine *Retired on 14 August 2020*	50,000	6,000	-	-	56,000#
Total	**594,758**	**72,000**	**-**	**23,950**	**690,708**
Managing Director					
Roland Bala	-	-	3,169,069	725,214	3,894,283

Benefits-in-kind include rental, motor vehicle, fuel consumption, club membership and leave passage.
Other emoluments include children's education allowance, entertainment allowance, healthcare insurance and house maintenance expenses.
 # Paid directly to Heineken Asia Pacific Pte Ltd for Directors who represent the major shareholder.

For FY2020, the Chairman of the Board namely Dato' Sri Idris Jala was also paid an annual consultancy services fee of RM142,000 for assisting the Company in managing its industry issues and providing consultancy support to Management and employees of the Group for business improvement. Pursuant to Section 232 of the Companies Act 2016, a copy of the consultancy services agreement is kept at the registered office of the Company and is available for shareholders' inspection.

Dato' Dominic Joseph Puthucheary, a Director of Heineken Marketing Malaysia Sdn Bhd (HMMSB), was paid an annual fee of RM6,000 for serving as a Director of HMMSB for FY2020.

PRINCIPLE B
EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit & Risk Management Committee (ARMC)

As of the date of this statement, the ARMC comprises five (5) members, all of whom are Non-Executive Directors; three (3) including the Chairman, are Independent Non-Executive Directors. The Chairman of the ARMC is not the Chairman of the Board. The members of the ARMC are financially literate and have sufficient understanding of the Group's business. Details of the composition and responsibilities of the ARMC are set out in the Audit & Risk Management Committee Report in this Annual Report.

Annually, the Board, via the NRC evaluates the composition, performance and effectiveness of the ARMC. The Board is satisfied that the ARMC and its members discharged their functions, duties and responsibilities in accordance with the ARMC's Terms of Reference.

Corporate Governance Overview Statement

Financial Reporting

The Board is responsible for ensuring that financial statements are prepared in accordance with the Companies Act 2016 and applicable approved accounting standards so as to give a true and fair view of the state of affairs and the financial position of the Company and the Group. To assist the Board in this matter, the ARMC is entrusted with the responsibility to review the quarterly financial reports and annual financial statements focusing particularly on compliance with applicable financial reporting standards and other regulatory requirements, changes in accounting policies and practices, implementation of new accounting policies and practices, significant matters highlighted including financial reporting issues, significant adjustments made by Management, significant and unusual events or transactions, and how these matters are addressed.

The Board is satisfied that in preparing the financial statements for FY2020, the Group has adopted and applied consistently appropriate accounting policies, supported by reasonable and prudent judgements and estimates; and implemented relevant internal controls to ensure the financial statements are free from material misstatement. The Board also considers that all applicable approved accounting standards in Malaysia have been adopted and the financial statements have been prepared on a going concern basis.

The Chairman's Statement and the Management Discussion and Analysis in this Annual Report provide additional analysis and insights on the state of the Group's business. The Statement by Directors pursuant to the Companies Act, 2016 is set out in the Financial Statements section of this Annual Report.

Suitability and Independence of External Auditors

The Board, through the ARMC, maintains a professional relationship with the external auditors. The ARMC has explicit authority to communicate directly with external auditors.

The ARMC meets the external auditors at least twice a year to discuss their audit plan, audit findings and their reviews of the Group's financial statements with the presence of the Managing Director and the Management staff. The ARMC also have private meetings with the external auditors twice annually without the presence of the Managing Director and the Management staff to discuss the audit findings and any other observations they may have during the audit process.

The ARMC assesses the independence and objectivity of the external auditors in carrying out statutory audit for the Group and prior to the engagement of non-audit services of the external auditors. The ARMC also reviews the nature of the non-audit services and the related fee levels individually and in aggregate relative to the audit fee to ensure they do not compromise their independence and objectivity.

The external auditors are engaged mainly to perform statutory audit on the Group's financial statements. For FY2020, the external auditors also undertook the following non-audit related reviews:

- Review of reporting deliverables to Deloitte Netherlands
- Review of the Statement on Risk Management and Internal Control

The amount of fees paid for the above services were reported in the Audit & Risk Management Committee Report in this Annual Report.

The ARMC also considers the re-appointment, remuneration and terms of engagement of the external auditors, guided by the following criteria:

- Technical competencies of the audit team
- Audit scope and planning
- Adequacy of resources and relevant specialists/experts employed to conduct the audit
- Independence and objectivity
- Audit communications to the ARMC
- Audit and non-audit fees

The external auditors, Messrs Deloitte PLT, have confirmed that they have complied with the independence requirements set out in the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and that they have fulfilled their ethical responsibilities in accordance with the said By-Laws and Code.

Risk Management and Internal Control

The Board is also responsible for ensuring the Group has in place an effective risk management and internal control system to manage and mitigate significant risks across the Group and to safeguard stakeholders' interests and the Group's assets.

The Group adopted the HEINEKEN Risk Management and Internal Control Systems which enable Management to identify, assess, prioritise and manage risks on a continuous and systematic basis. The Board, through the ARMC continually reviews the adequacy, integrity and effectiveness of the risk management and internal control systems to ensure that the same are soundly conceived, in place, effectively administered and regularly monitored.

Corporate Governance Overview Statement

As an integral part of the risk management and internal control systems, an assessment is also performed on key controls surrounding the Group financial reporting process on an annual basis, focusing on transparency, accountability and safeguarding of the Group's assets. Outcome of the assessment is reported to the ARMC during their quarterly meetings.

The Internal Audit function, which is performed in-house, assists the ARMC and the Management in the effective discharge of their responsibilities in respect of risk management, internal control and governance. It is guided by its Charter and its principal responsibility is to provide independent and objective reviews on the Group's internal control system so as to ensure that controls which are instituted are appropriate and can effectively address acceptable risk exposures. The Internal Audit function also ensures that recommendations to improve controls are followed through by Management.

The Internal Audit function, which is led by the Head of Internal Audit, has a clear line of reporting to the ARMC and its performance is reviewed by the ARMC on an annual basis. The ARMC also reviews the internal audit plan including the adequacy of the audit scope, approach, methodology, resources and authority of the Internal Audit function in carrying out its audit activities. It is independent of the operational and management activities they audit.

Based on the evaluation carried out by the ARMC on the performance of the Internal Audit function for FY2020, the Internal Audit function was found to be effective and able to function independently in discharging its responsibilities in that it provided value added recommendations that helped strengthen the internal controls within the Group.

On 1 January 2021, the Internal Audit function was renamed as Corporate Assurance Department (CAD) following its merger with the Process & Control Improvement (P&CI) function. The CAD is led by the Head of Internal Audit who is supported by a P&CI Manager, an Internal Audit Manager and a Senior Internal Audit Executive.

The Board is of the view that the overall risk management and internal control systems in place for FY2020 are operating adequately and effectively for the purpose of safeguarding the Group's assets, as well as shareholders' investments and the interests of customers, employees and other stakeholders. The key features of the risk management and internal control systems are set out in the Statement on Risk Management and Internal Control in this Annual Report.

PRINCIPLE C
INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The Company acknowledges the importance of timely and equal dissemination of material information to shareholders, investors and public at large. It continued to maintain an active and proactive communication approach with its shareholders and other stakeholders to facilitate mutual understanding of each other's objectives and expectations.

The Company is guided by the disclosure requirements of the MMLR and the following policies and guidelines:

(i) HEINEKEN Media Policy and HEINEKEN Financial Disclosure Guidelines which stipulate the authorised spokepersons through which/whom certain information shall be disclosed to internal and external stakeholders and specific guidance on the disclosure of material information, maintenance of confidentiality of information and dissemination of information.

The Company's authorised spokespersons are the Chairman and the Managing Director of the Company. In appropriate circumstances, the Managing Director may from time to time authorise other spokespersons on particular issues and those within their area of expertise.

(ii) Corporate Disclosure Guide issued by Bursa Malaysia which provides guidance on:

- how to assess whether a particular information is material and warrants an immediate announcement;
- when to make the announcement including when to withhold making the announcement;
- minimum contents to be included in the announcements; and
- how to comply in substance rather than in form when making disclosures pertaining to transactions.

Communication with Stakeholders

The Company leverages on various communication platforms to reach out to shareholders and stakeholders. These include among others:

- Company's website and social media maintained by the Company.
- Bursa LINK maintained by Bursa Securities.
- Investors and media briefings organised by the Investor Relations Team and the Corporate Communications Team.
- Direct engagement via physical or virtual meetings and conference calls with investors outside the silent or closed periods.

Corporate Governance Overview Statement

- Corporate events and community outreach programmes.
- AGM.
- Enquiries / feedback via email and calls, the contact details are available on the Company's website.

In 2020, numerous engagement activities were carried out by the Company to engage its stakeholders. Details of the engagement activities are reported in the Stakeholder Engagement section in this Annual Report.

Investors Relations (IR)

The IR function of the Company is led by the Head of Accounting, Tax & IR who reports directly to the Finance Director. It organises briefing and discussion sessions with investment analysts, fund managers, institutional investors and media in conjunction with the Group financial results announcements.

Briefings are conducted by the Managing Director and the Finance Director to disseminate the financial results of the Group, provide comprehensive insights and address concerns raised about the Group's business strategies, market prospects, major development of the Group's business initiatives and matters affecting the Group and the industry. Presentation materials used in the briefing sessions are uploaded to the Company's website as soon as practicable after the briefing.

The Company considers that one-on-one discussions and meetings with investors and stockbroking analysts are an important part of proactive IR management. The Head of Accounting, Tax and IR together with the Finance Director have one-on-one discussions with equity research analysts, fund managers, institutional shareholders and investors outside the Company's silent / closed periods.

During FY2020, the Company held 18 discussion sessions with institutional investors and two (2) briefing sessions for investors and media. Throughout the year, the Company received relatively extensive coverage from large equity research analysts.

Integrated Reporting

Driven by a commitment to transparency, the Company has since 2016 adopted the International Integrated Reporting Framework (IIRF) in its annual report with the objective of demonstrating how the Company's strategy, actions, performance, governance and prospects lead to stakeholder value creation. For 2020, the Company continued to adopt the same reporting approach based on IIRF in this Annual Report.

Conduct of General Meetings

AGM is a principal platform for Directors and Senior Management to engage shareholders to provide them a greater understanding of the Group's business, governance and performance. Prior to the AGM, shareholders were notified on the meeting and the relevant reports were published via the Company's and Bursa Malaysia's website at least 28 clear days ahead of the meeting to provide shareholders adequate time to prepare and make necessary arrangements for attendance and voting at the AGM.

In 2020, the Company's AGM was conducted entirely on a virtual basis using the remote participation and voting facilities. At the AGM, a comprehensive review of the progress and performance of the Group's business together with an overview of the Group's activities, key challenges and market outlook was presented by the Managing Director.

Shareholders were given the opportunity and time to raise questions, seek clarification on the Group performance and share views and suggestions for improvement as well as to cast their votes via the remote participation and voting facilities. The Chairman, on behalf of the Board, and the Managing Director addressed questions submitted in advance by the shareholders as well as the Minority Shareholder Watch Group for the meeting. The ARMC Chairman and all other Board members, the Finance Director and the external auditor were also present at the AGM. A scrutineer was appointed to validate the votes cast at the AGM.

Poll results were announced at the end of the meeting and published on the Company's website and via Bursa Securities on the same day after the meeting. Minutes of AGM and written response to relevant questions raised were also published on the Company's website as soon as practicable following the meeting.

The Company will continue to leverage on technology to enhance the quality of engagement and to ease shareholders participation at AGM.

This CG Overview Statement together with the CG Report were approved by the Board on 15 March 2021.

Appendix 1 - Directors' Training List

Directors	Training attended during the financial year ended 31 December 2020
Dato' Sri Idris Jala	➤ Roundtable Commentary on Budget Impact to small and medium-sized enterprises – Moving into 2021 with Budget 2021 ➤ Malaysian Dutch Business Council webinar on Managing Business in Crisis ➤ The Curve to Flatten talk series on Managing Business in Extreme Crisis by PIKOM, the National Tech Association of Malaysia ➤ Family Business Network Asia – Managing Business in Crisis ➤ Vistage Malaysia webinar – Managing Business in Crisis ➤ Workplace at the River SIBKL – Transformational Leadership in a Crisis : A different perspective ➤ A webinar series on National Transformation and Public Sector Delivery
Roland Bala	➤ HEINEKEN Boost Forum 2020 ➤ HEINEKEN Asia Pacific (APAC) GMs Conference 2020 ➤ HEINEKEN APAC GMs Gathering 2020 ➤ HEINEKEN APAC GMs Forum 2020 ➤ HEINEKEN Malaysia E2E workshop ➤ HEINEKEN Commerce Week 2020 ➤ HEINEKEN Code of Business Conduct 2020 ➤ Preventing Bribery Courses: Interacting with third parties and dealing with complex situation ➤ Fraud Awareness ➤ Fraud Risk Management Workshop ➤ Information Security Awareness Training 2020 ➤ Transformation Leadership ➤ CEO Action Network Forum and working groups meetings ➤ Competition law refresher briefing
Martin Giles Manen	➤ Capital Markets Director Programme Module 2B Business Challenges and Regulatory Expectations – What Directors need to know ➤ Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLATFPUAA 2001): Risks, Challenges, Governance and Transparency in Managing Business and Compliance ➤ Fraud Risk Management Workshop
Datin Ngiam Pick Ngoh, Linda	➤ T.R.U.S.T, the Five Guiding Principles for "Adequate Procedures" ➤ 2020 National Housing & Property Summit ➤ AMLATFPUAA 2001: Risks, Challenges, Governance and Transparency in Managing Business and Compliance
Choo Tay Sian, Kenneth	➤ APAC Digital IT Leadership Conference – Digital & Technology at Heineken Globally ➤ Leadership Coaching ➤ Embedding Resilience Webinar 6 – Predictions Post Covid-19: The New Reality ➤ APAC Commerce Week – Building our Future: Consumers & Customers First ➤ McKinsey SHIFT – Reimaging the next normal for Asia & the World Webinar
Yu Yu-Ping	➤ Women's Leadership Program, Yale School of Management ➤ Digital Awareness – Agile
Seng Yi-Ying	➤ Mandatory Accreditation Programme for Directors of public listed companies in Malaysia

Audit & Risk Management Committee Report

COMPOSITION

Martin Giles Manen (Chairman) Senior Independent Non-Executive Director (A Chartered Accountant and a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants)
Dato' Sri Idris Jala Independent Non-Executive Director
Datin Ngiam Pick Ngoh, Linda Independent Non-Executive Director
Yu Yu-Ping Non-Independent Non-Executive Director
Choo Tay Sian, Kenneth Non-Independent Non-Executive Director *Appointed on 26 October 2020*

The Audit & Risk Management Committee (ARMC) comprises five (5) members, all of whom are Non-Executive Directors; three (3) including the Chairman, are Independent Non-Executive Directors. The ARMC Chairman, Mr Martin Giles Manen is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. Accordingly, the Company complies with paragraph 15.09 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities).

During the financial year ended 31 December 2020 (FY2020), Mr Choo Tay Sian, Kenneth was re-appointed as a Director and a member of the ARMC on 26 October 2020, replacing Mr Evers, Leonard Cornelis Jorden who resigned from the Board on 30 September 2020.

The Board of Directors (the Board), via the Nomination & Remuneration Committee, reviews the composition and performance of the ARMC through an annual Board Committee effectiveness evaluation. Based on the evaluation conducted for FY2020, the Board was of the view that the present composition in the ARMC was appropriate. The representation of the major shareholder in the ARMC was essential in that it provides an avenue for the major shareholder's representatives to share insights on HEINEKEN Global best practices and learning with the Company. The Board was also satisfied that the ARMC and its members have effectively discharged their functions, duties and responsibilities in accordance with the ARMC's Terms of Reference in that the ARMC has provided useful recommendations in assisting the Board in making informed decisions and enabling effective functioning of the Board.

The ARMC is guided by its Terms of Reference which, inter alia, sets out the purpose, composition, roles and responsibilities, authority as well as the internal procedural matters for the ARMC.

The ARMC assists the Board in fulfilling its statutory duties and responsibilities by ensuring:

- accurate and timely financial reporting and compliance with applicable financial reporting standards;
- adequate internal control in the systems and processes which enable the Group to operate effectively and efficiently;
- that an effective risk management framework is in place to manage risks impacting the Group;
- that Internal Audit functions effectively and audits are performed by external auditors objectively and independently; and
- the Group complies with applicable laws, rules and regulations and has in place an appropriate code of business conduct.

The Terms of Reference of the ARMC is available on the Company's website at https://www.heinekenmalaysia.com/corporate-governance/

MEETINGS

During FY2020, the ARMC had four (4) meetings and the attendance of each member at the meetings was as follows:

Name	Attendance
Martin Giles Manen Chairman, Senior Independent Non-Executive Director	4 / 4
Dato' Sri Idris Jala Member, Independent Non-Executive Director	4 / 4
Datin Ngiam Pick Ngoh, Linda Member, Independent Non-Executive Director	4 / 4
Yu Yu-Ping Member, Non-Independent Non-Executive Director	4 / 4
Choo Tay Sian, Kenneth Member, Non-Independent Non-Executive Director *Appointed as a member on 26 October 2020*	1 / 1
Evers, Leonard Cornelis Jorden Member, Non-Independent Non-Executive Director *Ceased to be a member on 30 September 2020*	3 / 3

The Managing Director, the Finance Director and the Head of Internal Audit of the Company normally attend the meetings. Certain members of the Management Team were also invited to attend these meetings to assist in clarifying matters raised at the meeting.

Audit & Risk Management Committee Report

The ARMC met with the Group's external auditors to discuss the external audit plan prior to the commencement of the audit; and audit findings and any other observations they may have during the audit process. The ARMC also met the external auditors without the presence of the Managing Director and Management staff twice during the year under review. The ARMC enquired about Management's co-operation with the external auditors, their sharing of information, proficiency and adequacy of resources in financial reporting functions and key areas of concern or issues encountered by the external auditors during their audit.

Separately, the ARMC Chairman had two meetings with the external auditors without the Management's presence. The ARMC Chairman also held separate meetings with the Managing Director, Finance Director and the Head of Internal Audit prior to every scheduled ARMC Meeting.

The ARMC Chairman reports to the Board on matters deliberated and recommendations made by the ARMC for the Board's consideration and decision.

ACTIVITIES OF THE ARMC

The ARMC carried out its duties in accordance to its Terms of Reference. The main activities carried out by the ARMC during FY2020 were as follows:

Financial Reporting

- Reviewed the Group's unaudited quarterly financial results and the annual audited financial statements, and the relevant announcements to Bursa Securities before recommending them for the Board's approval. In deliberating the financial results and statements, the ARMC focused particularly on the following areas to ensure that the financial reporting and disclosures are in compliance with the MMLR, the Companies Act, 2016, applicable International Financial Reporting Standards, approved accounting standards issued by the Malaysian Accounting Standards Board and any other relevant legal and regulatory requirements:
  - changes in or implementation of major accounting policy or accounting standards;
  - significant matters and unusual events or exceptional transactions highlighted including the adequacy of disclosures in the financial reports and statements;
  - Management's judgements, estimates or assessments made on the recognition, measurement and presentation of the financial results and statements.

Risk Management and Internal Control

- Reviewed the quarterly top strategic risks and emerging risks including fraud and bribery risks, changes to the risk profiles of the Group and the mitigation strategies and measures put in place to manage risks.
- Reviewed the adequacy and effectiveness of the Group's risk management and internal control systems based on the following assessments performed by Management:
  - Control Self-Assessment which assesses the implementation and execution of the mandatory standards and procedures required under the HEINEKEN Rules.
  - Assessment under the HEINEKEN Risk and Control Matrix compliance programme which assesses the key controls surrounding the Group financial reporting processes.
- Reviewed Management's initiatives among others, the continuous process improvement projects and the communication programme to drive employee awareness on the HEINEKEN Code of Business Conduct and its underlying policies including the anti-bribery and corruption policies.

Related Party Transactions

- Reviewed the quarterly related party transactions as disclosed in the quarterly financial report to ensure that transactions with related parties were carried out within the mandate approved by shareholders.
- Reviewed the proposed shareholders' mandate for recurrent related party transactions (RRPT) to be entered into by the Group for the ensuing year.
- Reviewed the processes that the Company has in place for identifying, evaluating, approving, reporting and monitoring of RRPT. The ARMC was satisfied that the processes are adequate to ensure that transactions will be made at arm's length basis and not prejudicial to the interest of the Group or its minority shareholders and will be tracked and reported in a timely manner.

External Audit

- Reviewed the audit plan of the external auditors which outlined the materiality, audit scope, audit methodology, audit focus areas, timing of audit, involvement of component auditors and the impact of the Covid-19 pandemic as well as the audit fees prior to the commencement of the annual statutory audit.
- Reviewed the external audit finding report and the accompanying management reports and management responses, focusing particularly on key audit matters and key accounting and audit adjustments.
- Discussed with the external auditors the significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements applicable to the Group, and the plans, processes and controls in place to ensure effective and efficient financial reporting and disclosures under the financial reporting standards.
- Had two private sessions with the external auditors without the presence of the Management in conjunction with the ARMC meetings held on 21 February 2020 and 26 November 2020 to discuss area of concern or additional matters which may be of a confidential nature.

- Assessed the independence and objectivity of the external auditors in performing statutory audit and prior to the engagement of the external auditors for non-audit services. The external auditors, Messrs Deloitte PLT, have confirmed that they have complied with the independence requirements set out in the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and that they have fulfilled their ethical responsibilities in accordance with the said By-Laws and Code. Based on this, the ARMC was satisfied that they were not likely to create any conflict of interest nor impair the independence and objectivity of the external auditors.
- Evaluated the performance of the external auditors and made recommendation to the Board on their re-appointment and remuneration for FY2020. The re-appointment of external auditors is subject to shareholders' approval being sought at the upcoming Annual General Meeting.

For FY2020, the fees paid / payable to the external auditors, Messrs Deloitte PLT in relation to the audit and non-audit services rendered to Heineken Malaysia Berhad and its subsidiaries are as follows:

	Company RM'000	Group RM'000
Statutory audit services	123	198
Non-audit services		
(i) Review of reporting deliverables to Deloitte Netherlands	30	30
(ii) Review of the Statement on Risk Management and Internal Control	10	10
	163	238

The ARMC believes that the provision of these services by the external auditors to the Group was fair and reasonable given the scope of the audit and the size of the Group business as well as their knowledge and understanding of the Group operations, and they did not compromise their independence and objectivity.

<u>Internal Audit</u>

- Reviewed the annual internal audit plan including the adequacy of the audit scope, approach, methodology, resources and authority of the Internal Audit function in carrying out its audit activities and provided input on key areas to be included in the plan.
- Reviewed the quarterly internal audit reports which encompassed the audit issues, audit opinion or conclusion, audit recommendations, Management's responses to these recommendations and improvement actions in the area of internal controls, systems and process effectiveness enhancements; and suggested additional improvement opportunities in the said areas.
- Reviewed findings from audits performed by the HEINEKEN Global Audit Team on selected operating processes in the Group.
- Reviewed the progress of the implementation of audit recommendations on a quarterly basis to ensure all key risks and control issues were addressed.
- Reviewed outcome of ad-hoc investigations / special reviews conducted by the Internal Audit function on matters reported via the Speak Up channel concerning misconduct and suspicion of fraud or operational failures within the Group.
- Reviewed the effectiveness of the audit process, resource requirements for the year and assessed the performance and contributions of the Internal Audit function as well as the competency and performance of the Head of Internal Audit.

<u>Other Activities</u>

- Reviewed the final dividend payment for FY2019 and the Company's approach on dividend distribution for FY2020 taking into consideration the Group's earnings and its cash flow requirements and solvency position.
- Reviewed the key observations from the assessment conducted by Bursa Malaysia and the Institute of Internal Auditors Malaysia on the effectiveness of Internal Audit function of listed issuers versus the on-going governance and practices within the Internal Audit function of the Company.

INTERNAL AUDIT FUNCTION

The ARMC is supported by the Internal Audit function in discharging its duties and responsibilities. The Internal Audit function is an integral part of the assurance framework and its principal role is to undertake independent and systematic reviews of the Group's internal control system so as to provide objective assurance on the adequacy, integrity and effectiveness of the Group's overall governance, risk management and internal control processes.

The Internal Audit function is performed in-house which has since been renamed as Corporate Assurance Department (CAD) following its merger with the Process & Control Improvement (P&CI) function on 1 January 2021. The CAD is led by the Head of Internal Audit who reports functionally to the ARMC and administratively to the Managing Director and the Finance Director for P&CI related matters. The Internal Audit function does not have any direct operational responsibility or authority over any of the activities it audits or has engaged in any activity that might impair the internal auditor's judgement. All the internal audit staff had confirmed via an annual declaration

Audit & Risk Management Committee Report

that they were free from any relationships or conflict of interests which could impair their objectivity and independence.

The Head of Internal Audit, Mr Eugene Ding Diew Ping, is a holder of a Bachelor's Degree of Business (Accounting) from the University of Technology Sydney, Australia. He is a Chartered Accountant of the Malaysian Institute of Accountants. He is also a Chartered Member of the Institute of Internal Auditors Malaysia (IIA). The Head of Internal Audit has 20 years of internal audit experience. He is currently supported by a P&CI Manager, an Internal Audit Manager and a Senior Internal Audit Executive who are also members of the IIA.

The Internal Audit function is guided by an Internal Audit Charter approved by the ARMC. The charter sets out the purpose, scope, responsibility and authority of the function.

The Internal Audit function carried out its activities based on the Internal Audit Plan approved by the ARMC. The ARMC reviews the extent of the audit scope and coverage of the Group's activities; and the adequacy and competency and the internal audit resources to support the completion of the plan. At the quarterly ARMC meetings, the Head of Internal Audit reports to the ARMC on the progress of Internal Audit activities and the resource requirements, including interim changes and the impact of resource limitations. The report to the ARMC also covers significant risk and control issues, including fraud risks, governance issues and other matters that require the ARMC's attention.

In carrying the audit activities, the Internal Audit function has adopted and is committed to the application of the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the International Internal Audit Standards Board. The internal audit staff adhere to the Code of Ethics adopted by the IIA which sets out, among others, the principles relevant to the profession and practice of internal auditing and the rules of conduct expected of internal auditors.

The Internal Audit function maintains a Quality Assurance and Improvement Programme (QAIP) to evaluate the internal audit activity's conformance with the IIA Standards and the Code of Ethics. The QAIP includes periodic internal self-assessment and external assessment to be conducted at least once every five (5) years by a qualified independent assessor or assessment team from outside the organisation. In early 2020, the Internal Audit function conducted an internal assessment via the QAIP. Following the assessment, the Internal Audit function has documented an Internal Audit Manual outlining the internal audit standards and policies which are consistent with the International Professional Practices Framework of the Institute of Internal Auditors.

During FY2020, the Internal Audit function completed 19 audit assignments which included the investigative audits on matters reported via the Speak Up channel and the support rendered to the HEINEKEN Global Audit Team on their audits on selected operating processes in the Group. The audits were performed using a risk-based approach followed by root-cause analysis and were consistent with the Group's established framework in designing, implementing and monitoring of its control systems. The audit covered various operational areas within the Group, which included:

(a) Sales operations and distributor management
(b) Contract management processes
(c) E-commerce and trade marketing operations
(d) Management of equipment loaned to outlets, premiums, amenities and point of sales materials
(e) Cost and overtime management in Supply Chain function
(f) Procurement processes and sourcing practices
(g) Corporate governance
(h) Related party transactions

Findings from the audits were highlighted to Management who is responsible for ensuring that the agreed action plans to address the reported weaknesses are implemented within the required timeframe. On a regular basis, the Internal Audit function reviewed the status of implementation of the recommended actions and preventive measures. The audit findings, audit opinion or conclusion and the status of implementation of the action plan were reported to the Risk and Control Workgroup and presented to the ARMC for review at their respective quarterly meetings.

The Internal Audit function also works collaboratively with the P&CI Manager to review the risk management processes of the Group as a whole. During the financial year under review, the Internal Audit function also supported the P&CI Manager on the implementation of several process improvement and cost reduction initiatives.

The total expenses incurred by Internal Audit function in discharging its functions and responsibilities for FY2020 amounted to about RM883,000 (FY2019 : RM997,000). The expenses incurred comprised mainly salaries and departmental overheads.

The ARMC had evaluated the performance of the Internal Audit function for FY2020 and was satisfied with the overall performance of the function in that it had been effective in performing its duties despite the challenges posed by the Covid-19 pandemic, it provided value added recommendations to the organisation and was able to function independently.

This report was approved by the Board on 15 March 2021.

Statement on Risk Management and Internal Control

The Board of Directors (the Board) is pleased to present this Statement on Risk Management and Internal Control, which outlines the nature and key elements of the risk management and internal control systems of Heineken Malaysia Berhad (HEINEKEN Malaysia) and its subsidiaries (the Group) for the financial year ended 31 December 2020 (FY2020). This statement is prepared in accordance with the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers which is in line with Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements (MMLR) and Principle B of the Malaysian Code on Corporate Governance (MCCG).

BOARD'S RESPONSIBILITY

The Board is responsible and accountable for the Group's system of risk management and internal control and for reviewing the effectiveness, adequacy and integrity of the system. In this regard, the Board is assisted by the Audit & Risk Management Committee (ARMC) who is responsible to ensure that appropriate methods and procedures are adopted in the risk management and internal control activities and to obtain the level of assurance required by the Board.

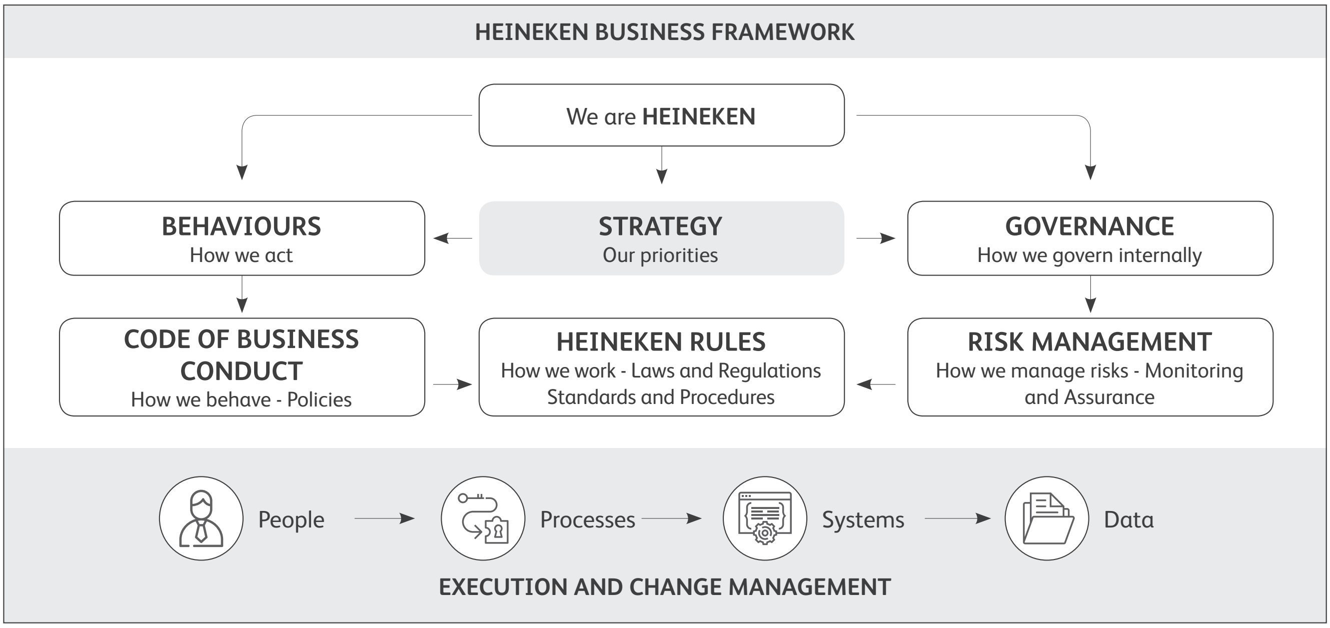
BUSINESS FRAMEWORK

As part of the HEINEKEN Group, the Group has adopted the HEINEKEN Business Framework (the Framework) established by HEINEKEN NV. The Framework articulates the key elements that the Company relies on to operate effectively and deliver long-term value creation whilst protecting the Company's people, assets and reputation.

HEINEKEN's Vision, Purpose and Values "We are HEINEKEN" underpin the Company's strategic objectives, enabled by our organisational structure and Governance. The behaviours provide clear guidance to all employees on how to act and foster a culture of achievement, collaboration and growth, underpinned by a Behaviours framework that reflects the expected attitude in decision-making, including risk taking.

Continuous Risk Management supports the achievement of our business objectives based on our Risk Assessment Cycle, the HEINEKEN Code of Business Conduct (HeiCode) and the HEINEKEN Rules (HeiRules). As part of the Risk Assessment Cycle, the Management Team reviews and update the risks faced by the Group on a continuous basis throughout the year. The HeiCode and its underlying policies set out the Group's commitment to conduct business with integrity and fairness, and respect for the law and our values. The HeiRules articulate how we work and the standards to which we commit. They are a key element for managing the risks faced by our Company and translate our objectives into clear instructions on how to conduct our daily business.

The Group's systems of risk management and internal control, which are based on the Committee on Sponsoring Organisations (COSO) Enterprise Risk Management and Internal Control Reference model, form a fundamental part of the HEINEKEN's Business Framework.



Statement on Risk Management and Internal Control

RISK MANAGEMENT

The Covid-19 outbreak and consequent measures imposed by the Government to contain the spread of the virus have negatively impacted our business in 2020. The extent of the pandemic remains uncertain and it is expected to further affect our way of doing business. To deal with this and other uncertainties, the Group has applied an integrated approach to managing risks arising from its strategy and daily operations.

At HEINEKEN Malaysia, risk management is an integral part of doing business and is supported by good governance. The Group has adopted the HEINEKEN Risk Management Framework which is embedded within the HEINEKEN Business Framework.

How we do business
Risk management is an integral part of how we do business, and is at the core of HEINEKEN Business Framework

How it is structured
To manage risks, we are structured around the HEINEKEN 3 Lines of Defence model

How it is embedded
Risk management is embedded in operations at all levels of the organisation

The Risk Management Framework comprises of a four-step processes and it is supported by six (6) key pillars:

Objective
Strategic and business objective is aligned to the Group strategy

↓

Risks
Risk assessment is performed on identified risk based on impact and likelihood of occurrence

↓

Actions & Controls
Management actions to mitigate the identified risk are periodically monitored

↓

Evaluation
Performance of management action plan is reviewed as part of business performance review and risk assessment cycle

KEY PILLARS

Risk Management supports the achievement of our objectives, through more effective decision making

1. **Structure**
Risk Management is an integral part of how we do business and is embedded in operations at all levels of organisation.

2. **Governance & Performance**
The risk management governance aligns with the organisational governance, with strong tone at the top and functional integration.

3. **Process & Tasks**
Processes are key for effective risk management, this is done via a continuous four-step processes, embedded in our daily activities.

4. **People & Competencies**
Having people with the right mindset and behaviour, equipped to address opportunities, risks and required activities.

5. **Reward & Recognition**
Employees are recognised for their contribution to risk management.

6. **Information & Systems**
Utilising risk management information system that contains a comprehensive database of key risks faced by the Group.

Statement on Risk Management and Internal Control

The risk profile of the Group is established during risk assessment sessions with the Management Team. This exercise is facilitated by the Process & Control Improvement (P&CI) Team and is fully embedded as a key activity of the Risk and Control Workgroup (RCW). At each assessment session, members of the Management Team are engaged to identify and update the existing risk profiles of their specific areas. The risks identified as well as mitigating action plans are assessed and categorised based on the level of impact and likelihood as set out in the following Risk Management Matrix adopted by the Group:

IMPACT	RISK MANAGEMENT MATRIX				
Major	Medium	Medium	High	High	Major
Significant	Medium	Medium	Medium	High	High
Moderate	Low	Medium	Medium	Medium	High
Minor	Low	Low	Medium	Medium	Medium
Insignificant	Low	Low	Low	Low	Medium
	Nearly Impossible	**Unlikely**	**Possible**	**Likely**	**Almost Certain**
	LIKELIHOOD				

The identified risks are then deliberated by the Management Team members collectively during the quarterly RCW meeting. In determining the most appropriate risk response actions to be taken to address the risk, the following risk mitigation strategy will be considered and action plans will be drawn up once the appropriate response action is determined:

RISK RESPONSE ACTIONS

TAKE
Accept the risk, the probability and possible impact on the business are accepted

TREAT
Take action to reduce the risk by lessening the impact. This can involve improved procedures and internal controls

TRANSFER
Decide to pass the risk or costs of the impact outside the organisation, through third party contracts or take out insurance to cover the costs of the impact

TERMINATE
Decide to eliminate the risk by terminating the activity or the pursuance of the objective that causes the risk

Statement on Risk Management and Internal Control

For the managing of risk management activities, the Group applies the HEINEKEN's "Three-lines of Defence" model as follows:

Board and ARMC

1st Line – Management Ownership and Responsibility	**2nd Line – P&CI** Improve, Monitor, Design & Implement	**3rd Line – Internal Audit** Independent, Objective Assurance
Management is ultimately responsible for identifying, assessing and mitigating risks.	Management is supported by the P&CI Team that oversees compliance with the Group policies, processes and controls, facilitate the implementation of effective risk management practices and drive continuous improvements of internal controls.	Internal Audit function is tasked to review key processes, projects and systems based on the Group's strategic priorities and most significant risk areas and provide independent and objective assurance on the effectiveness of governance, risk management and internal control processes.

The above is supported by an assurance activity carried out by the external auditors whose responsibility is to evaluate and provide independent and objective assurance on the organisation's governance and risk management processes including reliability of information, compliance with regulations and procedures; and efficient and effective use of resources.

The RCW, which is made up of members of the Management Team and is chaired by the Managing Director, oversees the areas of risk management and internal control of the Group. It meets on a quarterly basis to review the risk management activities and internal control issues raised. Matters deliberated in the RCW meetings are reported to the ARMC. The RCW is supported by the P&CI Team who is tasked to oversee compliance with the Group's Risk Management and Internal Control Systems and drive continuous process improvement.

The P&CI Team was administered as a function within the Finance Department. Effective 1 January 2021, as a means to drive functional efficiency and synergies, the P&CI function and the Internal Audit function have been merged and renamed as Corporate Assurance Department. The newly formed department is led by the Head of Internal Audit who is supported by a P&CI Manager, an Internal Audit Manager and a Senior Internal Audit Executive. The Head of Internal Audit reports functionally to the ARMC and administratively to the Managing Director and the Finance Director for P&CI related matters.

INTERNAL CONTROL

As an integral part of the Framework, internal control activities are carried out with the aim of providing reasonable assurance as to the accuracy of financial information, non-financial disclosures, the Company's compliance with applicable laws and internal policies, and the effectiveness of internal processes. The internal control standard within the Group is evaluated via the Control Self-Assessment (CSA) performed by each function to assess the implementation and execution of the mandatory standards and procedures required under the HeiRules. The Group has also adopted HEINEKEN's Risk and Controls Matrix (RACM) compliance programme that emphasises on internal controls over financial reporting where assessment is performed on key controls surrounding the Group financial reporting process based on materiality level; and it focuses on transparency, accountability and safeguarding of assets in its reviews.

The P&CI Team coordinates both CSA and RACM assessment on an annual basis. The assessments are performed by competent assessors and the outcome of the assessments are tested by qualified testing reviewers. The P&CI Team discusses non-compliance areas, if any, and control deficiencies with relevant process owners to ensure a remediation action plan is undertaken. Completed actions are then retested to ensure adequate remediation. Unremediated deficiencies, if any, will be assessed and reported to the RCW and the ARMC during their quarterly meetings.

INTERNAL AUDIT

The Internal Audit function is performed in-house and it has since been renamed as Corporate Assurance Department (CAD) following its merger with the P&CI function on 1 January 2021. Its primary role is to provide independent and objective assessment on the adequacy and effectiveness of the governance, risk management and internal control processes established by Management and the Board within the Group.

Statement on Risk Management and Internal Control

The Internal Audit function has a clear reporting line to the ARMC and its performance is reviewed by the ARMC annually. It is independent of the operational and management activities they audit and has unrestricted access to information, records, physical properties, and personnel, in order for it to complete the audit assignments.

Audits are carried out based on the audit plan approved by the ARMC. The audit plan is developed based on the risk profiles identified in accordance with the Group's Risk Management Framework in consultation with the Management Team. The audit reports which highlight significant findings, audit opinion or conclusion and audit recommendations in respect of effectiveness of governance, risk management and internal control processes are presented to the RCW and the ARMC at their quarterly meetings.

Details of activities carried out by the Internal Audit function during FY2020 are further disclosed in the Audit & Risk Management Committee Report.

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The key elements of the Group's risk management and internal controls system are described below:

Authority and Responsibility

- As part of the Risk Management Framework, and in line with the MCCG, the Board has an organisational structure with clearly defined lines of accountability and responsibilities and delegated authority to the Board Committees and the Management to ensure they discharge their duties. Matters concerning risk management and internal controls are under the purview of the ARMC that is chaired by the Senior Independent Director.

- There is a schedule of key matters reserved specifically for Board deliberation and decision. The Group is practicing segregation of duties to ensure that specific tasks or duties within related business processes or associated with the systems supporting business processes are allocated to different employees, to prevent unintentional or fraudulent transactions.

- Internal policies and procedures of core business processes with limits of authority delegated to appropriate levels of employees are documented and stored in a document repository portal. These documents are subject to review and improvements to reflect changing risks or resolve operational deficiencies.

Monitoring, Reporting and Performance Measurement

- The Management Team meets on a monthly basis to review business performance, identify, discuss and resolve operational, financial and key management issues. On a quarterly basis, the Managing Director reports to the Board on key business and operational issues covering, but not limited to strategy, performance, resources and regulatory compliance. During FY2020, ad-hoc meetings were held on a daily or weekly basis during which the Management Team discussed the critical issues impacting the Group business and operations as a result of the Movement Control Order and related restrictions imposed by the Government to contain the Covid-19 infection and the measures undertaken by Management to mitigate the impact.

- The RCW meets on a quarterly basis to review risk management and internal control activities and discuss risk mitigation strategies and follow-up on action plans implemented in response to matters raised as a result of reviews, assessments and tests performed by the P&CI Team and the internal and external auditors.

- Compliance audit in line with the ISO 9001:2015 Quality Management System and the Hazard Analysis Critical Control Point (HACCP) requirements are conducted based on the frequency determined by the Ministry of Health to monitor compliance with product safety requirements. During FY2020, a compliance audit was conducted by SIRIM in September 2020 in line with the ISO 9001:2015 requirements.

- Annual planning process where respective functions prepare and review their strategies and activity plans including budgets before a new financial year commences. The annual plan which embeds the budget is reviewed by the Management Team and approved by the Board. Monthly review of performance and expenditure versus the plan is carried out by the Management Team to ensure effectiveness of execution and spends are managed in line with the strategic and financial objectives of the organisation and performance gaps or key variances, if any, are followed up and addressed by respective functions.

- Visits are made to regional offices to conduct regional reviews by the Management Team. For FY2020, no physical visit was made to regional sales offices due to the movement restrictions imposed by the Government to contain the Covid-19 infection. Nevertheless, the regional reviews for FY2020 were conducted virtually by the Sales Director who reports to the Management Team on a regular basis.

Statement on Risk Management and Internal Control

- Regular stakeholder engagement with employees, investors, analysts, media, trade partners and relevant authorities are held to better gauge the needs of the stakeholders and gather feedback for continuous improvements.

- On behalf of the Management Team, the Managing Director and the Finance Director sign-off on a bi-annual Letter of Representation (LOR) to the Chief Financial Officer of Heineken NV, demonstrating management's accountability over financial and non-financial reporting disclosures, financial reporting controls, compliance with the HeiCode and HeiRules and reporting of fraud and irregularities.

Integrity and Ethical Values

- The Group has adopted the HeiCode which governs the standards of ethics and responsible business conduct expected from employees at all levels. The HeiCode has embedded 19 policies which covers all aspects of the Group's business operations, categorised under four (4) broad areas namely, Responsible Consumption, Respect People and the Planet, Conducting Business with Integrity and Fairness and Safeguarding Company's Assets. The areas covered are responsible alcohol consumption; commitment to health and safety, human rights and sustainable initiatives, avoidance and disclosure of conflicts of interest, management of intellectual property and confidential information, data protection; fair competition practices, responsible communication, fraud, bribery, offering and acceptance of gifts, entertainment, hospitality and donations; and money laundering.

- The Group has taken proactive actions to strengthen its internal processes and practices to ensure that it has adequate procedures in place to prevent persons associated with the Group from undertaking corrupt conduct. Among others, the Group conducted an assessment and gap analysis on the Anti-Bribery and Anti-Corruption policy and procedures versus the Guidelines on Adequate Procedures issued pursuant to Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009. The Group will conduct periodic review to ensure the effectiveness of the Anti-Bribery and Anti-Corruption policy and procedures.

- The Group also adopted the HEINEKEN Speak Up Policy, which provides employees with a standard process to raise concerns about suspected misconducts within the Group in confidence and without fear of retaliation. Speak Up allows and encourages employees to report suspected misconducts through their line managers/Human Resources representatives/P&CI/legal function/trusted representatives appointed by the Company. The Speak Up Service is managed by an independent third party and is available 24/7, 365 days a year. Report can be submitted through the Speak Up Service via online or phone call. All Speak Up reports are handled by a Case Manager who works under the supervision and instruction of the HEINEKEN Global Integrity Committee which comprise representatives from the HEINEKEN Business Conduct Office, Global Audit, Global Human Resources and Global Legal Affairs. The Speak Up Policy was communicated to all employees to create awareness that there is an established channel for them to raise concerns about suspected misconduct within the organisation. The Speak Up policy was also communicated to distributors and suppliers via an e-learning programme focusing on the Distributor Code of Conduct and Supplier Code of Conduct to encourage business partners to raise their concerns about suspected misconducts within the Group. The Speak Up policy is available for reference at the Company's website at https://www.heinekenmalaysia.com/corporate-governance/

- Employees are guided by HEINEKEN's Vision, Purpose and Values which are embedded within the Group's policies and procedures and work culture.

Employees Competency and Awareness

- E-Learning programmes are assigned to all employees to drive awareness and assess employees' understanding of the HeiCode. It is compulsory for all employees to complete the e-Learning programmes. The results from the e-Learning assessment are closely monitored by the HR Team who will report the results to the RCW.

- Training and development programmes such as knowledge, health and safety, technical training and leadership are organised for employees to ensure that they are equipped with necessary knowledge and skills and kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives. During the year, the Group has rolled out an enhanced integrated learning platform for all employees to access to a vast selection of courses ranging from cross functional business skills and digital trends to self-development.

- Briefings are conducted to keep employees informed of changes to legislation that are expected to affect the Group's operations or the way the Group conducts its business.

- Induction programmes for new joiners are organised with the aim of raising their awareness and educating them on the Group's approach to risk management and internal control. Such sessions also provide a forum to enhance the participants' understanding on the Group's risk management and control procedures as well as their roles in managing risks.

Statement on Risk Management and Internal Control

Other Policies

- The Distributor Code of Conduct and the HEINEKEN Supplier Code which outline the standard for ethical and business conduct expected from distributors and suppliers in their business dealings with the Group. During FY2020, an e-learning programme on the said Distributor Code of Conduct and the Supplier Code was developed and rolled out to all distributors and suppliers to drive awareness and assess their understanding of the codes and the underlying principles related to, among others, bribery, fraud and offering and acceptance of gifts and entertainment.

- The Group's assets are insured against any mishap that will result in material losses. Measures are also put in place to ensure major assets within the Group are physically safeguarded.

- The Group has adopted the HEINEKEN's Crisis Manual and has in place a Contingency Plan and an Emergency Preparedness & Response Plan which lays out contingency plans and procedures to follow in the event of a crisis. The Group has a Crisis Management Team which comprises members of the Management Team, to provide leadership and timely decision making to ensure continuity of business operations in the event of a significant disruption or disaster. Among the crisis scenarios covered under the plan are fire / explosion, product contamination and IT disaster. During FY2020, the Group activated the Contingency Plan when the brewery suspended its operations during the nationwide lockdown under the Movement Control Order (MCO) imposed by the Government to contain the Covid-19 infection. The Crisis Management Team has been proactively managing the impact of the MCO and the consequent containment measures on the Group business and operations by ensuring strict compliance with the required standard operating procedures and has since put in place various measures to ensure the health and well-being of our people and our business continuity.

Board Assessment

The Board is of the view that, the overall risk management and internal control systems in place for FY2020, and up to the date of approval of this statement are operating adequately and effectively. This covers all material aspects, based on, the same assurance provided by the Managing Director and the Finance Director who represent the Management Team of the Company via the LOR submitted to Heineken N.V. During the financial year under review, there were no material financial and non-financial losses reported as a result of weaknesses or inadequacies in internal control. The Board will continue to review the systems and ensure that measures will be taken to strengthen the risk management and internal control environment within the Group.

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report 2020. Their limited assurance review was performed in accordance with the Audit and Assurance Practice Guide 3 (AAPG3) issued by the Malaysian Institute of Accountants. AAPG3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control systems.

Based on the review, the external auditors have reported that nothing has come to their attention that had caused them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the Statement factually inaccurate.

This statement was approved by the Board on 15 March 2021.

Our Numbers And Others

Directors' Report

The directors of **HEINEKEN MALAYSIA BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the production, packaging, marketing and distribution of beverages, primarily alcoholic, whilst the principal activities of the subsidiaries are as stated in Note 13 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	154,197	99,626

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than the significant event as disclosed in Note 29(i) to the financial statements.

DIVIDENDS

Since the end of the previous financial year, the amount of dividend paid or proposed by the Company is a final ordinary dividend of 66 sen per stock unit under the single tier tax system totalling RM199,384,680 in respect of the financial year ended 31 December 2019 on 12 November 2020.

The directors now recommend the declaration of a first and final ordinary dividend of 51 sen per stock unit under the single tier system totalling RM154,069,980 in respect of the financial year ended 31 December 2020 which if approved by the owners of the Company will be payable on 28 July 2021.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

Directors' Report

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) 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 had satisfied themselves that no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

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

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

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

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; and

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

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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, 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 operations of the Group and of the Company for the succeeding financial year other than the significant event as disclosed in Note 29(i) to the financial statements.

DIRECTORS

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

Dato' Sri Idris Jala
Martin Giles Manen
Datin Ngiam Pick Ngoh, Linda
Roland Bala
Yu Yu-Ping
Seng Yi-Ying (Appointed on 1 September 2020)
Choo Tay Sian, Kenneth (Appointed on 26 October 2020)
Evers, Leonard Cornelis Jorden (Resigned on 30 September 2020)
Lim Rern Ming, Geraldine (Retired on 14 August 2020)

Directors' Report

DIRECTORS (CONTINUED)

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

Dato' Dominic Joseph Puthucheary
Szilard Voros
Roland Bala
Renuka a/p V. Indrarajah

DIRECTORS' INTERESTS

The interest in the stock units of the Company of a director at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016, are as follows:

	Number of ordinary stock units			
	Balance as at 1.1.2020	**Bought**	**Sold**	**Balance as at 31.12.2020**
Datin Ngiam Pick Ngoh, Linda	6,700	-	-	6,700

By virtue of the director's interest in the stock units of the Company, she is also deemed to have interest in stock units/shares of the subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year held shares or had beneficial interest in the stock units/shares of the Company or its related corporation during or at the beginning and end of the year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, save for the consultancy services fee payable to a director of the Company during the financial year 2020, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the Note 23 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY OF INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a directors and officers liability insurance for the purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and officers of the Group. The amount of insurance premium paid during the financial year amounted to RM25,088.

No indemnity was given to or insurance effected for auditors of the Company and the Group during the financial year.

Directors' Report

HOLDING CORPORATIONS

The directors regard GAPL Pte. Ltd. ("GAPL") and Heineken Asia Pacific Pte. Ltd. ("HAPPL"), both corporations incorporated in the Republic of Singapore, as the immediate and intermediate holding corporations.

HAPPL is owned by Heineken N.V., a corporation incorporated in the Netherlands, which in turn is the ultimate holding corporation of the Company.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 31 December 2020 is as disclosed in Note 7 to the financial statements.

AUDITORS

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

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

DATO' SRI IDRIS JALA

ROLAND BALA

Petaling Jaya,
18 February 2021

Independent Auditors' Report

To The Members of Heineken Malaysia Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of **HEINEKEN MALAYSIA BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December 2020, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 87 to 140.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

BASIS FOR OPINION

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

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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

KEY AUDIT MATTERS

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

Revenue recognition - Accruals for promotional allowances and volume rebates

Accounting for promotional allowances and volume rebates impacts the amounts of revenue recognised during the year. The revenue accounting policies are disclosed in Note 3 to the financial statements. Management judgement is required to estimate the value of promotional allowances and volume rebates. This estimate is considered to be a key audit matter relevant to our audit of the financial statements.

Our audit response

Our audit procedures included, amongst others, evaluating controls relating to management's process for determining the value of promotional allowances and volume rebates. In addition, we performed substantive testing and analytical procedures to test the accuracy and completeness of the underlying calculation of the accruals. These procedures included challenging the appropriateness of management's assumptions and estimates, and agreeing input data, including pricing and allowance data to the underlying agreements entered into with customers. We also compared the actual promotional discounts and rebates incurred against the accrual made in the prior year.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Independent Auditors' Report

To The Members of Heineken Malaysia Berhad (Incorporated in Malaysia)

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises Chairman's Statement, Five-Year Financial Indicators, Analysis of Group Revenue, Management Discussion and Analysis, Properties owned by the Group and Directors' Report (but does not include the financial statements of the Group and of the Company and our auditors' report thereon) which we obtained prior to the date of this auditors' report and the Analysis of Stockholdings, Corporate Governance Overview Statement, Audit and Risk Management Committee Report, Statement on Risk Management and Internal Control which are expected to be made available to us after that date.

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

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

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

When we read the other information that are expected to be made available to us after the date of this auditors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are as disclosed in Note 13 to the financial statements.

Independent Auditors' Report

To The Members of Heineken Malaysia Berhad (Incorporated in Malaysia)

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.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF0080)

LAI CAN YIEW
Partner - 02179/11/2022 J
Chartered Accountant

Kuala Lumpur
18 February 2021

Statements of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue		1,762,396	2,320,249	1,253,124	1,425,875
Cost of sales		(1,283,544)	(1,611,324)	(1,206,086)	(1,365,619)
Gross profit		478,852	708,925	47,038	60,256
Other operating income		3,970	10,842	2,843	3,957
Distribution, marketing and selling expenses		(165,920)	(213,312)	(963)	(2,751)
Administrative expenses		(91,965)	(87,296)	(28,130)	(28,242)
Other operating expenses		(6,904)	(4,760)	(2,126)	(4,735)
Restructuring costs	21	(14,381)	-	(3,308)	-
Dividend income		-	-	89,737	413,076
Results from operating activities		203,652	414,399	105,091	441,561
Finance income	5	4,186	1,372	4,146	1,308
Finance costs	6	(9,122)	(3,644)	(8,761)	(3,310)
Net finance costs		(4,936)	(2,272)	(4,615)	(2,002)
Profit before tax	7	198,716	412,127	100,476	439,559
Income tax expense	8	(44,519)	(99,159)	(850)	(4,350)
Profit/Total comprehensive income for the year attributable to:					
Owners of the Company		154,197	312,968	99,626	435,209
Basic/Diluted earnings per ordinary stock unit (sen)	9	51.0	103.6		

The accompanying Notes form an integral part of the Financial Statements.

Statements of Financial Position

As At 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current Assets					
Property, plant and equipment	10	341,916	341,302	309,627	309,657
Intangible assets	11	16,526	20,593	16,349	20,593
Right-of-use assets	12	21,897	18,499	15,604	13,872
Investment in subsidiaries	13	-	-	14,344	14,344
Deferred tax assets	14	4,956	-	-	-
Other receivables and prepaid expenses	15	3,878	16,136	144	263
Total Non-current Assets		389,173	396,530	356,068	358,729
Current Assets					
Inventories	16	188,262	73,845	52,946	40,709
Current tax assets		10,722	14,704	10,722	14,704
Receivables, deposits and prepaid expenses	15	326,649	599,846	62,948	162,391
Cash and bank balances		131,902	15,068	129,567	13,668
Total Current Assets		657,535	703,463	256,183	231,472
Total Assets		1,046,708	1,099,993	612,251	590,201
Equity					
Share capital	17	151,049	151,049	151,049	151,049
Reserves		198,334	243,052	54,611	153,900
Total Equity Attributable To Owners of The Company		349,383	394,101	205,660	304,949
Non-current Liabilities					
Lease liabilities	19	6,723	3,201	2,977	1,095
Deferred tax liabilities	14	31,774	38,321	33,128	37,372
Total Non-current Liabilities		38,497	41,522	36,105	38,467
Current Liabilities					
Borrowings	18	249,208	98,000	249,208	98,000
Trade and other payables	20	386,390	531,370	116,184	147,108
Provision for restructuring	21	13,590	-	3,308	-
Lease liabilities	19	4,485	4,303	1,786	1,677
Current tax liabilities		5,155	30,697	-	-
Total Current Liabilities		658,828	664,370	370,486	246,785
Total Liabilities		697,325	705,892	406,591	285,252
Total Equity and Liabilities		1,046,708	1,099,993	612,251	590,201

The accompanying Notes form an integral part of the Financial Statements.

Statements of Changes In Equity

For The Year Ended 31 December 2020

Group	Note	Share capital RM'000	Capital reserve RM'000	Distributable- Retained earnings RM'000	Total RM'000
As at 1 January 2019		151,049	-	220,098	371,147
Total comprehensive income for the year		-	-	312,968	312,968
Dividends	22	-	-	(290,014)	(290,014)
As at 31 December 2019/1 January 2020		151,049	-	243,052	394,101
Total comprehensive income for the year		-	-	154,197	154,197
Credit to equity for equity-settled share-based payments		-	470	-	470
Dividends	22	-	-	(199,385)	(199,385)
As at 31 December 2020		151,049	470	197,864	349,383
Company					
As at 1 January 2019		151,049	-	8,705	159,754
Total comprehensive income for the year		-	-	435,209	435,209
Dividends	22	-	-	(290,014)	(290,014)
As at 31 December 2019/1 January 2020		151,049	-	153,900	304,949
Total comprehensive income for the year		-	-	99,626	99,626
Credit to equity for equity-settled share-based payments		-	470	-	470
Dividends	22	-	-	(199,385)	(199,385)
As at 31 December 2020		151,049	470	54,141	205,660

The accompanying Notes form an integral part of the Financial Statements.

Statements of Cash Flows

For The Year Ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Profit before tax		198,716	412,127	100,476	439,559
Adjustments for:					
Depreciation of property, plant and equipment	10	55,426	43,709	44,318	36,543
Amortisation of prepaid contractual promotion expenses		38,807	46,442	-	-
Provision for restructuring	21	14,381	-	3,308	-
Finance costs	6	9,122	3,644	8,761	3,310
Amortisation of intangible assets	11	8,002	7,436	7,970	7,436
Inventories written down		7,265	2,696	2,391	480
Depreciation of right-of-use assets	12	5,419	5,539	2,125	2,391
Property, plant and equipment written off	10	3,446	6,873	3,446	6,873
Impairment loss on trade receivables		1,285	-	-	-
Gain on disposal of right-of-use assets		(45)	-	(19)	-
Gain on disposal of property, plant and equipment		(210)	(476)	(5)	(4)
Net unrealised gain on foreign exchange		(604)	(110)	(627)	(128)
Finance income	5	(4,186)	(1,372)	(4,146)	(1,308)
Dividend income from a subsidiary		-	-	(89,737)	(413,076)
Operating Profit Before Working Capital Changes		336,824	526,508	78,261	82,076
Movement in working capital:					
Decrease/(Increase) in:					
Receivables, deposits and prepaid expenses		245,363	(149,814)	99,562	(75,866)
Inventories		(121,682)	13,496	(14,628)	(10,107)
(Decrease)/Increase in:					
Trade and other payables		(147,501)	108,731	(32,632)	(7,515)
Cash Generated From/(Used In) Operations		313,004	498,921	130,563	(11,412)
Income tax paid		(83,205)	(89,895)	(6,735)	(11,644)
Income tax refunded		5,623	5,951	5,623	5,951
Interest paid		(9,122)	(3,644)	(8,761)	(3,310)
Net Cash From/(Used In) Operating Activities		226,300	411,333	120,690	(20,415)

Statements of Cash Flows

For The Year Ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	10	(57,475)	(101,846)	(45,722)	(85,965)
Acquisition of intangible assets	11	(3,935)	(6,735)	(3,726)	(6,736)
Interest received		4,186	1,372	4,146	1,308
Proceeds from disposal of property, plant and equipment		211	483	5	4
Dividend received		-	-	89,737	413,076
Net Cash (Used In)/From Investing Activities		(57,013)	(106,726)	44,440	321,687
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Dividends paid	22	(199,385)	(290,014)	(199,385)	(290,014)
Drawdown/(Repayment) of revolving credit and trade financing - net		152,000	(7,000)	152,000	(7,000)
Repayment of lease liabilities		(5,068)	(5,108)	(1,846)	(2,065)
Net Cash Used In Financing Activities		(52,453)	(302,122)	(49,231)	(299,079)
NET INCREASE IN CASH AND BANK BALANCES		116,834	2,485	115,899	2,193
CASH AND BANK BALANCES AT BEGINNING OF YEAR		15,068	12,583	13,668	11,475
CASH AND BANK BALANCES AT END OF YEAR		131,902	15,068	129,567	13,668

The accompanying Notes form an integral part of the Financial Statements.

Notes To The Financial Statements

1. GENERAL INFORMATION

Heineken Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally engaged in the production, packaging, marketing and distribution of beverages, primarily alcoholic, whilst the principal activities of the subsidiaries are as stated in Note 13.

The registered office and principal place of business of the Company is located at Sungei Way Brewery, Lot 1135, Batu 9, Jalan Klang Lama, 46000 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 18 February 2021.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 2016 in Malaysia.

Application of New and Revised Malaysian Financial Reporting Standards and Amendments to MFRS

In the current financial year, the Group and the Company adopted all the new and revised MFRSs and Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") and effective for an annual financial period beginning on or after 1 January 2020:

MFRSs	Amendments to References to the Conceptual Framework in MFRS Standards
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 16	COVID-19 - Related Rent Concessions

The adoption of these new and revised MFRSs and Amendments to MFRS did not result in significant changes in the accounting policies of the Group and of the Company and had no significant effect on the financial performance or position of the Group and of the Company except for the adoption of Amendments to MFRS 16 as discussed below:

Impact of the initial application of Covid-19 - Related Rent Concessions Amendment to MFRS 16

In June 2020, the MASB issued Covid-19-Related Rent Concessions (Amendment to MFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to MFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying MFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Impact of the initial application of Covid-19 - Related Rent Concessions Amendment to MFRS 16 (continued)

b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

c) There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group and the Company have applied the amendment to MFRS 16 (as issued by the MASB in June 2020) in advance of its effective date.

Impact on accounting for changes in lease payments applying the exemption

The Group and the Company have applied the practical expedient retrospectively to all rent concessions that meet the conditions in MFRS 16:46B, and have not restated prior period figures.

The Group and the Company have benefited from 3 to 5 months waiver of lease payments on buildings. The waiver of lease payments of RM20,025 and RM9,000 of the Group and the Company respectively have been accounted for as a negative variable lease payment in profit or loss. The Group and the Company have derecognised the part of the lease liability that has been extinguished by the forgiveness of lease payments, consistent with the requirements of MFRS 9:3.3.1.

Standards and Amendments in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and revised Standards and Amendments which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2

Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRSs	Annual Improvements to MFRS Standards 2018-2020
Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Effective for annual periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current

Effective date deferred to a date to be announced by MASB

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Standards and Amendments in issue but not yet effective (continued)

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below:

Basis of Consolidation and Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation and Subsidiaries (continued)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

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

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

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

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

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

Notes To The Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation and Subsidiaries (continued)

Business combinations (continued)

Non-controlling interests in subsidiary are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in Group's ownership interest in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Subsidiaries

Investment in subsidiaries, which are eliminated on consolidation, are stated at cost less any accumulated impairment losses, if any, in the Company's financial statements.

Translation of Foreign Currency Transactions

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the period (i.e. the closing rates). Non-monetary items carried at fair values that are denominated in foreign currencies are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items that are measured at their historical cost amounts continue to be translated at their respective historical rates and are not retranslated.

All exchange differences arising on settled transactions and on unsettled monetary items are recognised in profit or loss in the period in which they arise.

Functional and Presentation Currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to nearest thousand, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or services (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

(i) **Sales of Goods**

Revenue is generated by the sale and delivery of products to customers. Revenue is measured based on the consideration specified in a contract with a customer. The products are mostly own-produced finished goods from the Group's brewing activities, but also contain purchased goods from related companies for resale to customers. The Group and the Company recognise revenue at a point in time when they transfer control over a product or service to a customer and satisfy their performance obligation to a customer. Where applicable, rebates and discounts to customers are accounted as net of revenue according to contract. The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(ii) **Dividend Income**

Dividend income is recognised in profit or loss on the date that the Group's or the Company's rights to receive payment is established.

(iii) **Interest Income**

Interest income is recognised as it accrues using the effective interest method in profit or loss.

Notes To The Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee Benefits

(i) **Short-Term Benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which employees of the Group and of the Company render the associated services. 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, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plan

The Group and the Company and their eligible employees are required by law to make monthly contributions to Employees Provident Fund (“EPF”), a statutory defined contribution plan, at certain prescribed rates based on the employees’ salaries. The Group’s and the Company’s contributions to EPF are disclosed separately while the employees’ contributions to EPF are included in staff costs. Once these contributions have been paid, the Group and the Company have no further payment obligations.

(iii) **Share-based payment transactions**

Certain employees of the Group and the Company are entitled to a long term incentive plan established by Heineken N.V., ultimate holding corporation, that gives the right to Heineken N.V. shares. The grant date fair value is calculated by deducting expected foregone dividends from the grant date during the performance period share price. The costs of the share plans are adjusted for expected performance and forfeiture and spread evenly over the service period. The grant date fair value of the plan granted to these employees is recognised as an employee expense in profit or loss and a corresponding increase in amount due to related parties.

Any excess or shortfall in relation to the incentive plan provision is treated as a capital contribution or distribution respectively and would be recorded directly in equity.

(iv) **Termination Benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised in the cost of those assets until the assets are substantially ready for their intended use or sale. Borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax (continued)

Deferred tax is provided for, using the "liability" method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit.

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting date. Deferred tax is recognised in profit or loss except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

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

Leases

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The lease term is determined as the non-cancellable period of a lease, together with both:

(a) periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and
(b) periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The Group and the Company apply MFRS 136 to determine whether a right-of-use asset is impaired and account for any identified impairment loss as described in "Impairment of Non-Financial Assets" policy.

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the Group's and the Company's incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less. Low value assets are those assets valued at less than RM25,000 each when purchased new.

Impairment of Non-Financial Assets

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in profit or loss.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Property, Plant and Equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the Company and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss in the year in which they are incurred.

Returnable bottles and kegs in circulation are recorded within property, plant and equipment and a corresponding liability is recorded in respect of the obligation to repay the customers' deposits. Deposits paid by customers for returnable items are reflected in the consolidated statement of financial position within current liabilities.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use.

The following annual rates based on the estimated useful lives of the various assets:

Long term leasehold land	61 - 95 years
Buildings	50 years
Plant and machinery	13 - 20 years
Movable plant	2 - 10 years

Where significant parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment (continued)

At each reporting date, the residual values, useful lives and depreciation method of property, plant and equipment are reviewed, and the effects of any change in estimates are recognised prospectively.

Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Computer software that are acquired by the Group and the Company, which have finite useful lives, are stated at cost less accumulated amortisation and any accumulated impairment losses. Capital work-in-progress is measured at cost and is not amortised until the assets are ready for their intended use.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Computer software are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of 5 years. Amortisation methods, useful life and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

Inventories

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

The cost of inventories is calculated using weighted average method, and includes cost of raw materials, duties where applicable, and other expenses incurred in acquiring inventories and bringing them to their existing location and condition. For finished goods and work-in-progress, cost also includes direct labour and an appropriate proportion of production overheads based on normal operating capacity.

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

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Notes To The Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortisation cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

Amortisation cost and effective interest method (continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on investments in debt instruments that are measured at amortised cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Notes To The Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

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

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

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

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Notes To The Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of expected credit losses (continued)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with MFRS 16 *Leases*.

If the Group measures the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Liabilities and Equity Instruments (continued)

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Derivatives Instruments

The Group enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Notes To The Financial Statements

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Liabilities and Equity Instruments (continued)

Derivatives Instruments (continued)

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a noncurrent liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Provisions

Provisions are made when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

At each reporting date, the provisions are reviewed by the directors and adjusted to reflect the current best estimate. The provisions are reversed if it is no longer probable that the Group and the Company will be required to settle the obligation.

Restructuring

A restructuring provision is recognised when the Group and the Company have developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Operating segments

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

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

Earnings per ordinary stock unit

The Group presents basic earnings per stock unit data for its ordinary shares. Basic earnings per stock unit is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

4. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities of the Group and the Company within the next financial year except as discussed below.

Accruals for promotional discounts and volume rebates

Significant management judgment is required relative to the consideration of the Group's ability to estimate the promotional allowance and volume rebates, which impact revenue recognition. In making the estimates, the Group refers to the terms agreed with the customers and relies on the historical and current sales information to determine the accruals for promotional discounts and rebates as at the end of the reporting period.

Depreciation of property, plant and equipment and right-of-use assets

The Group and the Company estimate the useful lives of property, plant and equipment and right-of-use assets based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimate due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

Recognition of deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax loses and unused tax credits can be utilised. This involves judgement regarding the future financial performance of the Group in which the deferred tax assets have been recognised.

Impairment losses of trade receivables

The Group recognises impairment loss for financial assets based on assumption about risk of default and expected credit loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying value of the receivables and impairment loss in the period in which such estimate has been changed.

Allowance for obsolete and slow moving inventories

The Group and the Company review the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow moving items. In addition, the Group and the Company conduct physical counts on inventories on a periodic basis in order to determine whether an allowance is required to be made.

Returnable packaging deposits

The Group collects deposits from customers on returnable packaging materials such as bottles, kegs, crates and cylinders. Management estimates the returnable packaging materials being circulated in the market and the expected return from customers. The estimate is based on circulation time and losses of returnable packaging materials in the market.

Notes To The Financial Statements

4. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

(ii) Key sources of estimation uncertainty (continued)

Right-of-use assets and lease liabilities

Significant management judgement is required to determine the lease term and the incremental borrowing rate. Management assesses whether the Group and the Company are reasonably certain to exercise such options impacts the lease term, which as a result could affect the amount of lease liabilities recognised. The assumptions used in the determination of the incremental borrowing rate could impact the rate used in discounting future payments, which as a result could have an impact on the amount of lease liabilities recognised.

5. FINANCE INCOME

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income received from deposits placed with licensed banks	4,185	1,369	4,145	1,305
Interest income received from staff loans	1	3	1	3
Recognised in profit or loss	4,186	1,372	4,146	1,308

6. FINANCE COSTS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense of financial liabilities that are not at fair value through profit or loss:				
Revolving credit and trade financing	8,592	3,101	8,592	3,101
Lease liabilities	530	543	169	209
Recognised in profit or loss	9,122	3,644	8,761	3,310

7. PROFIT BEFORE TAX

Profit before tax is arrived at after the following:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
After charging:				
Personnel expenses (including key management personnel):				
Wages, salaries and others	89,390	95,248	26,552	32,806
Contributions to state plans	12,353	14,159	3,688	4,378
Depreciation of property, plant and equipment (Note 10)	55,426	43,709	44,318	36,543
Amortisation of prepaid contractual promotion expenses	38,807	46,442	-	-
Amortisation of intangible assets (Note 11)	8,002	7,436	7,970	7,436
Inventories written down	7,265	2,696	2,391	480
Depreciation of right-of-use assets (Note 12)	5,419	5,539	2,125	2,391
Rental expense on buildings	4,470	1,859	184	381
Property, plant and equipment written off	3,446	6,873	3,446	6,873
Impairment loss on trade receivable [Note 27.4 (a)]	1,285	-	-	-
Hire of equipment	1,165	599	511	279
Auditors' remuneration:				
Statutory audit	198	198	123	120
Other services	40	40	40	40
And after crediting:				
Dividend income from unquoted subsidiary	-	-	89,737	413,076
Gain on disposal of property, plant and equipment	210	476	5	4
Net realised gain on foreign exchange	959	2,316	800	2,066
Net unrealised gain on foreign exchange	604	110	627	128
Gain on disposal of right-of-use assets	45	-	19	-

Notes To The Financial Statements

8. INCOME TAX EXPENSE

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Estimated tax payable:				
Current year	56,197	94,363	5,443	2,564
Overprovision in prior years	(175)	(1,187)	(349)	(1,982)
	56,022	93,176	5,094	582
Deferred tax (Note 14):				
Current year	(6,809)	7,567	(1,415)	6,117
Overprovision in prior years	(4,694)	(1,584)	(2,829)	(2,349)
	(11,503)	5,983	(4,244)	3,768
	44,519	99,159	850	4,350

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

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax	198,716	412,127	100,476	439,559
Tax at statutory tax rate of 24% (2019: 24%)	47,692	98,910	24,114	105,494
Tax effect of:				
Expenses not deductible for tax purposes	1,696	3,020	1,451	2,325
Overprovision in prior years:				
Current tax	(175)	(1,187)	(349)	(1,982)
Deferred tax	(4,694)	(1,584)	(2,829)	(2,349)
Tax exempt dividend	-	-	(21,537)	(99,138)
	44,519	99,159	850	4,350

9. EARNINGS PER ORDINARY STOCK UNIT

Basic earnings per ordinary stock unit

The calculation of basic earnings per ordinary stock unit at 31 December 2020 was based on the profit attributable to the holders of ordinary stock units of RM154,197,000 (2019: RM312,968,000) and the number of ordinary stock units outstanding of 302,098,000 (2019: 302,098,000).

	Group	
	2020	**2019**
Issued ordinary stock unit ('000)	302,098	302,098
Basic earnings per ordinary stock unit (sen)	51.0	103.6

There were no diluted earnings per ordinary stock unit for the Group as at 31 December 2020.

10. PROPERTY, PLANT AND EQUIPMENT

Group	**Freehold land RM'000**	**Long term leasehold land RM'000**	**Buildings RM'000**	**Plant and machinery RM'000**	**Movable plant RM'000**	**Capital work-in-progress RM'000**	**Total RM'000**
Cost							
At 1 January 2019	4,037	20,191	86,401	372,879	224,235	58,816	766,559
Additions	-	-	56	3,956	29,678	76,687	110,377
Write offs	-	-	-	(1,097)	(13,189)	-	(14,286)
Disposals	-	-	-	(225)	(1,524)	-	(1,749)
Reclassifications	-	-	12,976	56,006	48,891	(117,873)	-
Effect of adoption of MFRS 16	-	(20,191)	-	-	-	-	(20,191)
At 31 December 2019/ 1 January 2020	4,037	-	99,433	431,519	288,091	17,630	840,710
Additions	-	-	699	503	26,362	31,923	59,487
Write offs	-	-	(14)	-	(11,539)	-	(11,553)
Disposals	-	-	-	-	(1,532)	-	(1,532)
Reclassifications	-	-	3,928	6,978	8,176	(19,082)	-
At 31 December 2020	4,037	-	104,046	439,000	309,558	30,471	887,112

Notes To The Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in progress RM'000	Total RM'000
Accumulated Depreciation							
At 1 January 2019	-	8,765	50,029	273,854	140,971	-	473,619
Charge for the year	-	-	4,451	12,649	26,609	-	43,709
Write offs	-	-	-	(1,080)	(6,333)	-	(7,413)
Disposals	-	-	-	(225)	(1,517)	-	(1,742)
Effect of adoption of MFRS 16	-	(8,765)	-	-	-	-	(8,765)
At 31 December 2019/ 1 January 2020	-	-	54,480	285,198	159,730	-	499,408
Charge for the year	-	-	4,866	15,121	35,439	-	55,426
Write offs	-	-	(13)	-	(8,094)	-	(8,107)
Disposals	-	-	-	-	(1,531)	-	(1,531)
At 31 December 2020	-	-	59,333	300,319	185,544	-	545,196
Carrying amounts							
At 31 December 2020	4,037	-	44,713	138,681	124,014	30,471	341,916
At 31 December 2019	4,037	-	44,953	146,321	128,361	17,630	341,302

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Long term leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Cost						
At 1 January 2019	20,191	80,354	372,879	175,931	56,567	705,922
Additions	-	56	3,956	29,616	60,868	94,496
Write offs	-	-	(1,097)	(13,188)	-	(14,285)
Disposals	-	-	(225)	-	-	(225)
Reclassifications	-	12,976	56,006	31,411	(100,393)	-
Effect of adoption of MFRS 16	(20,191)	-	-	-	-	(20,191)
At 31 December 2019/ 1 January 2020	-	93,386	431,519	223,770	17,042	765,717
Additions	-	699	503	23,564	22,968	47,734
Write offs	-	-	-	(11,479)	-	(11,479)
Disposals	-	-	-	(244)	-	(244)
Reclassifications	-	3,569	6,978	2,027	(12,574)	-
At 31 December 2020	-	97,654	439,000	237,638	27,436	801,728
Accumulated Depreciation						
At 1 January 2019	8,765	44,929	273,854	108,371	-	435,919
Charge for the year	-	3,983	12,649	19,911	-	36,543
Write offs	-	-	(1,080)	(6,332)	-	(7,412)
Disposals	-	-	(225)	-	-	(225)
Effect of adoption of MFRS 16	(8,765)	-	-	-	-	(8,765)
At 31 December 2019/ 1 January 2020	-	48,912	285,198	121,950	-	456,060
Charge for the year	-	4,421	15,121	24,776	-	44,318
Write offs	-	-	-	(8,033)	-	(8,033)
Disposals	-	-	-	(244)	-	(244)
At 31 December 2020	-	53,333	300,319	138,449	-	492,101
Carrying amounts						
At 31 December 2020	-	44,321	138,681	99,189	27,436	309,627
At 31 December 2019	-	44,474	146,321	101,820	17,042	309,657

Notes To The Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the financial year, the Group and the Company acquired property, plant and equipment as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash payments	57,475	101,846	45,722	85,965
Other payables	2,012	8,531	2,012	8,531
Total additions	59,487	110,377	47,734	94,496

11. INTANGIBLE ASSETS

Group	Computer software RM'000	Capital work-in-progress RM'000	Total RM'000
Cost			
At 1 January 2019	81,162	3,042	84,204
Additions	53	6,682	6,735
Reclassifications	5,657	(5,657)	-
At 31 December 2019/1 January 2020	86,872	4,067	90,939
Additions	230	3,705	3,935
Write off	(760)	-	(760)
Disposals	(2,356)	-	(2,356)
Reclassifications	3,517	(3,517)	-
At 31 December 2020	87,503	4,255	91,758
Amortisation			
At 1 January 2019	62,910	-	62,910
Amortisation for the year	7,436	-	7,436
At 31 December 2019/1 January 2020	70,346	-	70,346
Amortisation for the year	8,002	-	8,002
Write off	(760)	-	(760)
Disposals	(2,356)	-	(2,356)
At 31 December 2020	75,232	-	75,232
Carrying Amounts			
At 31 December 2020	12,271	4,255	16,526
At 31 December 2019	16,526	4,067	20,593

11. INTANGIBLE ASSETS (CONTINUED)

Company	Computer software RM'000	Capital work-in-progress RM'000	Total RM'000
Cost			
At 1 January 2019	81,145	3,042	84,187
Additions	53	6,683	6,736
Reclassifications	5,657	(5,657)	-
At 31 December 2019/1 January 2020	86,855	4,068	90,923
Additions	21	3,705	3,726
Write off	(760)	-	(760)
Disposals	(2,356)	-	(2,356)
Reclassifications	3,517	(3,517)	-
At 31 December 2020	87,277	4,256	91,533
Amortisation			
At 1 January 2019	62,894	-	62,894
Amortisation for the year	7,436	-	7,436
At 31 December 2019/1 January 2020	70,330	-	70,330
Amortisation for the year	7,970	-	7,970
Write off	(760)	-	(760)
Disposals	(2,356)	-	(2,356)
At 31 December 2020	75,184	-	75,184
Carrying amounts			
At 31 December 2020	12,093	4,256	16,349
At 31 December 2019	16,525	4,068	20,593

Notes To The Financial Statements

12. RIGHT-OF-USE ASSETS

Group	Long term leasehold land RM'000	Building RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2019	-	-	-	-
Effect of adoption of MFRS 16	11,426	3,059	7,576	22,061
Additions	-	1,755	222	1,977
At 31 December 2019/ 1 January 2020	11,426	4,814	7,798	24,038
Additions	-	968	8,937	9,905
Disposals	-	(1,262)	(2,884)	(4,146)
At 31 December 2020	11,426	4,520	13,851	29,797
Accumulated Depreciation				
At 1 January 2019	-	-	-	-
Depreciation for the year	255	1,725	3,559	5,539
At 31 December 2019/1 January 2020	255	1,725	3,559	5,539
Depreciation for the year	255	1,910	3,254	5,419
Disposals	-	(622)	(2,436)	(3,058)
At 31 December 2020	510	3,013	4,377	7,900
Carrying Amounts				
At 31 December 2020	10,916	1,507	9,474	21,897
At 31 December 2019	11,171	3,089	4,239	18,499

12. RIGHT-OF-USE ASSETS (CONTINUED)

Company	Long term leasehold land RM'000	Building RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2019	-	-	-	-
Effect of adoption of MFRS 16	11,426	1,265	3,143	15,834
Additions	-	323	106	429
At 31 December 2019/1 January 2020	11,426	1,588	3,249	16,263
Additions	-	396	3,924	4,320
Disposals	-	(91)	(1,823)	(1,914)
At 31 December 2020	11,426	1,893	5,350	18,669
Accumulated Depreciation				
At 1 January 2019	-	-	-	-
Depreciation for the year	255	608	1,528	2,391
At 31 December 2019/1 January 2020	255	608	1,528	2,391
Depreciation for the year	255	724	1,146	2,125
Disposals	-	(75)	(1,376)	(1,451)
At 31 December 2020	510	1,257	1,298	3,065
Carrying Amounts				
At 31 December 2020	10,916	636	4,052	15,604
At 31 December 2019	11,171	980	1,721	13,872

Notes To The Financial Statements

13. INVESTMENT IN SUBSIDIARIES

	Company 2020 RM'000	Company 2019 RM'000
Unquoted shares, at cost	14,344	14,344

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Proportion of ownership interest and voting power 2020 %	2019 %	Principal activities
Heineken Marketing Malaysia Sdn. Bhd.	Malaysia	100	100	Marketing and distribution of beverages primarily alcoholic in Malaysia
Ramaha Corporation (M) Sdn. Bhd.*	Malaysia	100	100	Property holding and land development
Heineken East Malaysia Sdn. Bhd.*	Malaysia	100	100	Dormant

* Elected to be exempted from audit under Practice Directive No.3/2017 issued by the Companies Commission of Malaysia.

14. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Assets				
Property, plant and equipment	144	-	-	-
Inventories	2,896	-	693	-
Receivables, deposits and prepaid expenses	676	-	-	-
Trade and other payables	4,147	235	897	235
Lease liabilities	2,690	2,632	1,143	1,138
Tax assets	10,553	2,867	2,733	1,373
Set off of tax	(5,597)	(2,867)	(2,733)	(1,373)
	4,956	-	-	-

14. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Liabilities				
Property, plant and equipment	(34,736)	(38,439)	(34,736)	(37,637)
Right-of-use assets	(2,635)	(2,749)	(1,125)	(1,108)
Tax liabilities	(37,371)	(41,188)	(35,861)	(38,745)
Set off of tax	5,597	2,867	2,733	1,373
	(31,774)	(38,321)	(33,128)	(37,372)
Net				
Property, plant and equipment	(34,592)	(38,439)	(34,736)	(37,637)
Inventories	2,896	-	693	-
Receivables, deposits and prepaid expenses	676	-	-	-
Trade and other payables	4,147	235	897	235
Right-of-use assets and lease liabilities	55	(117)	18	30
Tax liabilities	(26,818)	(38,321)	(33,128)	(37,372)

Movement in temporary differences during the year:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
At beginning of year	(38,321)	(32,338)	(37,372)	(33,604)
Recognised in profit or loss (Note 8):				
Property, plant and equipment	3,847	(5,342)	2,901	(3,903)
Inventories	2,896	-	693	-
Receivables, deposits and prepaid expenses	676	-	-	-
Trade and other payables	3,912	(524)	662	105
Right-of-use assets and lease liabilities	172	(117)	(12)	30
	11,503	(5,983)	4,244	(3,768)
At end of year	(26,818)	(38,321)	(33,128)	(37,372)

Notes To The Financial Statements

15. RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Non-current				
Other receivables	258	556	144	263
Prepaid expenses	3,620	15,580	-	-
	3,878	16,136	144	263
Current Trade				
Trade receivables	303,608	554,291	-	-
Less: Impairment losses	(2,817)	(1,532)	-	-
	300,791	552,759	-	-
Amount due from a related party	83	-	83	-
Amount due from a subsidiary	-	-	54,257	148,776
	300,874	552,759	54,340	148,776
Non-trade				
Amount due from intermediate holding corporation	43	155	-	107
Amount due from related parties	792	1,128	329	294
Amount due from a subsidiary	-	-	4,043	4,043
Deposits	4,472	4,566	2,844	2,823
Other receivables	4,868	9,273	1,364	6,345
Prepaid expenses	15,600	31,965	28	3
	25,775	47,087	8,608	13,615
	326,649	599,846	62,948	162,391

(a) **Amounts due from related parties, intermediate holding corporation and subsidiaries**

The trade amounts due from a subsidiary and a related party are subject to normal trade terms.

The non-trade amounts due from intermediate holding corporation, related parties and a subsidiary are unsecured, interest-free and repayable on demand.

(b) **Other receivables**

Included in other receivables are staff loans of the Group and of the Company amounting to RM588,000 (2019: RM1,056,000) and RM294,000 (2019: RM529,000) respectively of which RM258,000 (2019: RM556,000) and RM144,000 (2019: RM263,000) are repayable after the next 12 months for the Group and the Company respectively.

15. RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONTINUED)

(c) **Prepaid expenses**

Included in prepayments of the Group are upfront payments for contracts with on-trade retailers of RM18,807,063 (2019: RM46,917,474) of which RM3,619,591 (2019: RM15,580,259) are to be amortised over a period of more than 12 months but not exceeding 36 months. The upfront payments are made to the on-trade retailers to carry out promotional activities over the period specified in the contract. The amount is amortised to profit or loss based on actual volumes sold by the on-trade retailers as stipulated in the contract.

16. INVENTORIES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Raw materials	23,242	15,626	23,242	15,626
Work-in-progress	7,711	6,710	7,711	6,710
Finished goods	141,069	36,441	7,721	4,476
Packaging materials	7,121	7,235	7,121	7,235
Engineering stores and spaces	9,119	7,833	7,151	6,662
	188,262	73,845	52,946	40,709
Recognised in profit or loss:				
Inventories recognised as cost of sales	1,132,389	1,430,991	1,112,151	1,263,560

The Group and the Company have written down inventories by RM7,265,000 (2019: RM2,696,000) and RM2,391,000 (2019: RM480,000) respectively to net realisable value.

17. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2020	**2019**	**2020**	**2019**
	('000)	**('000)**	**RM'000**	**RM'000**
Issued and fully paid				
Ordinary stock units	302,098	302,098	151,049	151,049

The holders of ordinary stock units are entitled to receive dividends as declared from time to time, and are entitled to one vote per ordinary stock unit at meetings of the Company.

Notes To The Financial Statements

18. BORROWINGS

	Group and Company	
	2020	2019
	RM'000	RM'000
Current		
Revolving credit and trade financing (unsecured)	249,208	98,000

Revolving credit and trade financing as at 31 December 2020 consist of the following:

	Tenure (weeks)	Interest rate (per annum)	Maturity date	Nominal value (RM'000)
Revolving credit (unsecured)	4	2.25%	13 January 2021	100,000
Trade financing (unsecured)	6	2.09%	22 January 2021	50,000
Trade financing (unsecured)	7	0.56%	4 February 2021	45,000
Trade financing (unsecured)	8	0.56%	11 February 2021	55,000

Trade financing as at 31 December 2019 consist of the following:

	Tenure (weeks)	Interest rate (per annum)	Maturity date	Nominal value (RM'000)
Trade financing (unsecured)	2 - 4	3.38%	17 January 2020	98,000

The principal and interest are repayable in full upon maturity.

19. LEASE LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Non-current	6,723	3,201	2,977	1,095
Current	4,485	4,303	1,786	1,677
	11,208	7,504	4,763	2,772
Minimum lease payments:				
Not later than 1 year	4,930	4,599	1,977	1,782
Later than 1 year but not later than 5 years	7,261	3,314	3,225	1,127
	12,191	7,913	5,202	2,909
Less: Unexpired finance charges	(983)	(409)	(439)	(137)
	11,208	7,504	4,763	2,772
Present value of lease liabilities:				
Not later than 1 year	4,485	4,303	1,786	1,677
Later than 1 year but not later than 5 years	6,723	3,201	2,977	1,095
	11,208	7,504	4,763	2,772

19. LEASE LIABILITIES (CONTINUED)

The Group and the Company discounted the lease liabilities by using the Group's and the Company's incremental borrowing rates of 5.11% - 5.72% (2019: 5.72%).

During the year, the Group and the Company recognised RM5,634,810 (2019: RM2,458,130) and RM695,229 (2019: RM659,492) respectively of short-term leases and leases of low value assets on a straight-line basis as expenses.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade				
Amount due to intermediate holding corporation	6,351	8,810	448	47
Amount due to related parties	6,889	7,707	5,411	4,837
Trade payables	110,429	144,975	61,488	77,144
	123,669	161,492	67,347	82,028
Non-trade				
Amount due to intermediate holding corporation	-	16	-	-
Amount due to related parties	4,556	4,671	4,556	4,655
Amount due to a subsidiary	-	-	100	100
Returnable packaging deposits	13,236	24,599	-	-
Other payables	34,701	44,485	29,581	39,779
Derivative financial liabilities	986	5	986	-
Accrued expenses	209,242	296,102	13,614	20,546
	262,721	369,878	48,837	65,080
	386,390	531,370	116,184	147,108

(a) **Amount due to related parties, intermediate holding corporation and a subsidiary**

The trade amount due to related parties and intermediate holding corporation are subject to normal trade terms.

The non-trade amounts due to related parties, intermediate holding corporation and a subsidiary are unsecured, interest-free and repayable on demand.

(b) **Trade payables**

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 90 to 150 days (2019: 90 to 150 days).

(c) **Accrued expenses**

Included in accrued expenses of the Group are accruals for promotion expenses of RM174,778,000 (2019: RM251,831,000).

Notes To The Financial Statements

20. TRADE AND OTHER PAYABLES (CONTINUED)

(d) **Derivative financial liabilities**

The Company's derivatives comprise solely foreign exchange forward contracts incepted to hedge its currency exposures arising from short term borrowings in United States Dollar ("USD"). Foreign exchange forward contracts are entered into with licensed banks. The foreign exchange forward contracts generally have a maturity period between 1 to 2 months.

Details of the Company's derivative financial instruments are outlined below:

	Company	
	2020	**2019**
	RM'000	**RM'000**
Fair value of remeasured foreign forward exchange contracts	986	-

At 31 December 2020, the Company's foreign exchange forward contracts entered into are as follows:

Hedged items	**Currency to be received USD'000**	**RM'000 equivalent**	**Average contractual rate**
Borrowings	24,693	100,308	4.06

These contracts are executed with credit worthy/reputable financial institutions in Malaysia. As such, credit risk and liquidity risk in respect of non-performance by counterparties to these contracts are minimal.

21. PROVISION FOR RESTRUCTURING

On 28 October 2020, Heineken N.V., ultimate holding corporation, announced a review of the effectiveness and efficiency of the organisations at Head Office, regional offices and each of its local operations as a part of its strategic review. Subsequently on 16 December 2020, the Group and the Company announced the restructuring exercise to the employees.

The provision relates to redundancy costs incurred. The Group and the Company expect to complete the exercise within first half of year 2021.

	Group	**Company**
	RM'000	**RM'000**
At beginning of year	-	-
Additional provision in the year	14,381	3,308
Utilisation of provision*	(791)	-
At end of year	13,590	3,308

* The utilisation of provision represents the reduction in the provision subsequent to the release of compensation entitlement to the employees. No cash payment is made as at financial year end due to outstanding tax clearance letter from the authority.

22. DIVIDENDS

Dividends recognised by the Group and the Company are:

	Sen per stock unit	Total amount RM'000	Date of payment
31 December 2020			
Final 2019 ordinary	66.0	199,385	12 November 2020
31 December 2019			
Interim 2019 ordinary	42.0	126,881	25 October 2019
Final 2018 ordinary	54.0	163,133	19 July 2019
Total amount		290,014	

The directors now recommend the declaration of a first and final ordinary dividend of 51 sen per stock unit under the single tier tax system totalling RM154,069,980 in respect of the financial year ended 31 December 2020 which, if approved by the owners of the Company will be payable on 28 July 2021.

23. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include the directors of the Company and subsidiaries and certain members of senior management of the Group and the Company. Their compensation are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors:				
Fees	601	606	595	600
Remuneration	3,169	2,267	3,169	2,267
Meeting attendance allowance	72	57	72	57
Estimated monetary value of benefits-in-kind otherwise than in cash	749	379	749	379
	4,591	3,309	4,585	3,303
Other key management personnel:				
Short term employee benefits	7,931	6,465	5,294	3,796
	12,522	9,774	9,879	7,099

Other key management personnel comprise persons other than the directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

Notes To The Financial Statements

24. OPERATING SEGMENTS

The Group's business is focussed only in malt liquor brewing including production, packaging, marketing and distribution of its products, principally in Malaysia. Less than 1% (2019: 1%) of the total sales is exported, mainly to Asian countries. As such, only one reportable segment analysis is prepared. The Managing Director of the Company (the chief operating decision maker) reviews internal management reports at least on a monthly basis.

Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Managing Director of the Company. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within this industry.

Segment assets and liabilities

Segment assets and liabilities information is neither included in the internal management reports nor provided regularly to the Managing Director of the Company. Hence, no disclosure is made on segment assets and liabilities.

Segment capital expenditure

Segment capital expenditure is the total costs incurred during the financial year to acquire property, plant and equipment, right-of-use assets and intangible assets.

	Group	
	2020	**2019**
	RM'000	**RM'000**
Total additions to property, plant and equipment, right-of-use assets and intangible assets	73,327	119,089
Segment profit		
Included in the measure of segment profits are:		
Revenue from external customers	1,762,396	2,320,249
Depreciation and amortisation	(68,847)	(56,684)
Not included in the measure of segment profit but provided to the Managing Director of the Company:		
Net finance costs	(4,936)	(2,272)

24. OPERATING SEGMENTS (CONTINUED)

Reconciliation of reportable segment revenue, profit and other material items.

	Group	
	2020	2019
	RM'000	RM'000
Net finance costs		
Finance income	4,186	1,372
Finance costs	(9,122)	(3,644)
Consolidated net finance costs	(4,936)	(2,272)

No reconciliation is performed for reportable segment profit, revenue, depreciation and amortisation to consolidated figures as there are no differences.

25. CAPITAL COMMITMENTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Capital expenditure commitments				
Property, plant and equipment:				
Authorised and contracted for within one year	5,155	11,673	4,055	7,276

26. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group, and certain members of senior management of the Group.

The Group has related party relationships with its holding corporations, related corporations, subsidiaries and key management personnel.

The directors regard GAPL Pte. Ltd. ("GAPL") and Heineken Asia Pacific Pte. Ltd. ("HAPPL"), both corporations incorporated in the Republic of Singapore, as the immediate and intermediate holding corporations.

HAPPL is owned by Heineken N.V., a corporation incorporated in the Netherlands, which in turn is the ultimate holding corporation of the Company.

Notes To The Financial Statements

26. RELATED PARTIES (CONTINUED)

Significant related party transactions

Significant related party transactions of the Group and the Company other than those disclosed elsewhere in the financial statements are shown below. The balances related to the below transactions are shown in Notes 15 and 20.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Intermediate holding corporation				
Heineken Asia Pacific Pte. Ltd.				
Royalties paid and payable	(21,355)	(29,893)	-	-
Purchase of goods	-	(40)	-	(24)
Subsidiary				
Heineken Marketing Malaysia Sdn. Bhd.				
Dividend income	-	-	89,737	413,076
Sale of products	-	-	1,252,992	1,422,243
Management service fee received and receivable	-	-	38,480	33,060
Related corporations				
Related corporations of Heineken N.V.				
Sales of goods	132	433	132	433
Purchase of goods	(10,148)	(10,624)	(9,923)	(10,356)
Royalties paid and payable	(4,805)	(9,286)	-	-
Marketing and technical fees paid and payable	(20,933)	(22,663)	(19,704)	(20,546)

27. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as results from operating activities divided by total equity attributable to owners of the Company. The Board of Directors also monitors the level of dividends to owners of the Company.

The Group monitors and maintains a balanced level of total equity to ensure the Group has adequate capital to support its future development and the payment of dividends to owners of the Company. There was no change in the Group's approach to capital management during the financial year.

Under the requirements of Bursa Malaysia Practice Note 17, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the share capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

27. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

27.1 Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

27.2 Categories of Financial Instruments

Group	2020 RM'000	2019 RM'000
Financial assets		
At amortised cost:		
Receivables and deposits	311,307	568,437
Cash and bank balances	131,902	15,068
Financial liabilities		
At fair value:		
Trade and other payables-derivative financial liabilities	986	5
At amortised cost:		
Trade and other payables - others	385,404	531,365
Provision for restructuring	13,590	-
Borrowings	249,208	98,000
Lease liabilities	11,208	7,504

Company	2020 RM'000	2019 RM'000
Financial assets		
At amortised cost:		
Receivables and deposits	63,064	162,651
Cash and bank balances	129,567	13,668
Financial liabilities		
At fair value:		
Trade and other payables-derivative financial liabilities	986	-
At amortised cost:		
Trade and other payables - others	115,198	147,108
Provision for restructuring	3,308	-
Borrowings	249,208	98,000
Lease liabilities	4,763	2,772

27. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

27.3 Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

27.4 Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from trade amount subsidiaries and advances to subsidiaries.

(a) **Receivables**

Risk management objectives, policies and processes for managing the risk

Management has credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group requires collateral to be pledged by most of its customers to cover a percentage of the credit limit granted to them.

New customers are subject to the credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further transactions are suspended and legal actions are taken to attempt recoveries and mitigate losses. Financial guarantees from certain customers may be obtained.

Exposure to credit risk, credit quality and collateral

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

The Group has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Due to the nature of the industry, a significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor credit quality of the receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Under these policies all customers requiring credit are reviewed and new customers are analysed individually for creditworthiness before payment and delivery terms and conditions are offered. This review can include external ratings, where available, and in some cases bank references. Credit limits are determined for each customer and are reviewed regularly.

The Group has a policy in place in respect of compliance with Anti-Money Laundering Laws. The Group considers it important to know with whom business is done and from whom payments are received.

The Group establishes allowances on trade receivables using an expected credit losses model. These allowances cover specific loss components that relate to individual exposures, and a collective loss component established for groups of similar customers. The collective loss allowance is determined based on historical data of payment statistics and updated periodically to incorporate forward looking information.

27. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

27.4 Credit Risk (continued)

(a) **Receivables (continued)**

Exposure to credit risk, credit quality and collateral (continued)

Due to the uncertainty relating to the depth and duration of the COVID-19 pandemic and its related impact on the Group's customers, more judgement is required in the calculation of expected credit losses compared to previous years. As part of these assessments, the Group has incorporated all reasonable and supportable information available such as whether there has been a breach or deterioration of payments terms, a request for extended payment terms or a request for waived payment terms.

At the end of the reporting period, the Group has a concentration of credit risk in the form of trade debtors from 3 (2019: 3) main customers, representing approximately 45% (2019: 39%) of the Group's trade receivables.

The carrying amounts of collateral for trade receivables as at the end of reporting period were:

	Group	
	Carrying amounts	
	2020	2019
	RM'000	RM'000
Type of collateral		
Bank guarantees	63,120	60,550
Properties charged	51,067	38,267
Quoted shares pledged	1,554	1,554
	115,741	100,371

Impairment losses

The Group applies the MFRS 9 simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 days.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due more than 180 days will be considered as credit impaired. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Notes To The Financial Statements

27. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

27.4 Credit Risk (continued)

(a) **Receivables (continued)**

Impairment losses (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature:

	Trade receivables - days past due				
2020	**Not past due**	**1 - 30 days**	**31 - 180 days**	**More than 180 days**	**Total**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Expected credit loss rate	0%	0%	22%	100%	
Estimated total gross carrying amount at default	288,940	7,362	5,774	1,532	303,608
Lifetime ECL	-	-	(1,285)	(1,532)	(2,817)
					300,791
2019					
Group					
Expected credit loss rate	0%	0%	0%	100%	
Estimated total gross carrying amount at default	547,855	4,860	44	1,532	554,291
Lifetime ECL	-	-	-	(1,532)	(1,532)
					552,759

The movements in the allowance for impairment losses of receivables during the financial year were:

	Group	
	2020	**2019**
	RM'000	**RM'000**
At beginning of year	1,532	1,532
Impairment loss recognised (Note 7)	1,285	-
At end of year	2,817	1,532

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

27. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

27.4 Credit Risk (continued)

(b) **Amount due from subsidiary, intermediate holding corporation and related parties**

Risk management objectives, policies and processes for managing the risk

The Group and the Company undertake trade and non-trade transactions with the intermediate holding corporation and related parties. The Company also provides unsecured advances to subsidiaries. The Group and the Company monitor their results regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the intercompany balances are not recoverable.

27.5 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

(a) **Foreign currency risk**

The Group is exposed to foreign currency risk through normal trading activities on sales and purchases that are denominated in currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Singapore Dollar ("SGD"), Euro Dollar ("EURO") and Great Britain Pound ("GBP").

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts to hedge its foreign currency risk. The outstanding forward exchange contracts as at the end of reporting period are disclosed in Note 20 (d).

27. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

27.5 Market Risk (continued)

(a) **Foreign currency risk (continued)**

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the respective functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
Group	**USD**	**SGD**	**EURO**	**GBP**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2020				
Trade receivables	83	-	-	374
Trade payables	(1,281)	(6,756)	(7,863)	-
Borrowings	(99,208)	-	-	-
Gross exposure	(100,406)	(6,756)	(7,863)	374
Less: Borrowing hedged using forward contracts	100,308	-	-	-
Net exposure	(98)	(6,756)	(7,863)	374
2019				
Trade payables	(4,287)	(10,083)	(29,904)	(2,203)

A foreign currency risk arising from Group's operations is not material, sensitivity analysis is not presented.

(b) **Interest rate risk**

The Group's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group does not have a formal policy in place for managing the risk arising from interest rate. The fluctuation of interest rate is however monitored closely by the Group.

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of reporting period was:

	Group and Company	
	2020	**2019**
	RM'000	**RM'000**
Fixed rate instruments		
Borrowings	(249,208)	(98,000)

27. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

27.5 Market Risk (continued)

(b) **Interest rate risk (continued)**

Interest rate risk sensitivity analysis

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of reporting period would not affect profit or loss.

27.6 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its trade and other payables and borrowings.

As a result of the COVID-19 pandemic, there is increased attention for and monitoring of risks associated with working capital that might impact the Group's liquidity. The Group remains focused on ensuring sufficient access to money markets to finance business growth and to meet its debt obligations. The Group seeks to align the maturity profile of its financial obligations with its forecasted cash flow generation. More information about borrowing facilities is presented in Note 18. Furthermore, strong cost and cash management are in place to preserve cash and protect the Group's liquidity.

The Group maintains a level of cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. It is not expected that the cash flows included in the maturity analysis could occur significant earlier, on at significant different amounts.

Maturity analysis

The table below summaries the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000
As at 31 December 2020						
Borrowings						
- Revolving credit and trade financing	249,208	0.56% to 2.25%	249,593	249,593	-	-
Trade and other payables	386,390	-	386,390	386,390	-	-
Provision for restructuring	13,590	-	13,590	13,590	-	-
Lease liabilities	11,208	5.11% to 5.72%	12,191	4,930	2,523	4,738
	660,396		661,764	654,503	2,523	4,738

Notes To The Financial Statements

27. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

27.6 Liquidity risk (continued)

Maturity analysis (continued)

Group	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000
As at 31 December 2019						
Borrowings						
- Trade financing	98,000	3.38%	98,211	98,211	-	-
Trade and other payables	531,370	-	531,370	531,370	-	-
Lease liabilities	7,504	5.72%	7,913	4,599	2,777	537
	636,874		637,494	634,180	2,777	537

Company	Carrying amount RM'000	Contractual interest rate	Contractual cash flows RM'000	Under 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000
As at 31 December 2020						
Borrowings						
- Revolving credit and trade financing	249,208	0.56% to 2.25%	249,593	249,593	-	-
Trade and other payables	116,184	-	116,184	116,184	-	-
Provision for restructuring	3,308	-	3,308	3,308	-	-
Lease liabilities	4,763	5.11% to 5.72%	5,202	1,977	1,087	2,138
	373,463		374,287	371,062	1,087	2,138
As at 31 December 2019						
Borrowings						
- Trade financing	98,000	3.38%	98,211	98,211	-	-
Trade and other payables	147,108	-	147,108	147,108	-	-
Lease liabilities	2,772	5.72%	2,909	1,782	1,019	108
	247,880		248,228	247,101	1,019	108

27. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

27.7 Fair values

The carrying amounts of cash and bank balances, short term receivables and payables, short term borrowings and lease liabilities reasonably approximate their fair values due to the relatively short term nature of these financial instruments or exposed to floating interest rates.

The fair value of the Group's foreign exchange forward contracts at the end of the reporting period as disclosed in Note 20(d) is determined by reference to the differences between the contract rates and quoted forward exchange rates of contract with similar quantum and maturity profile at the end of the reporting period. The fair value is categorised as Level 2 in the fair value hierarchy and classified as financial liabilities at fair value through profit or loss.

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the reconciliation of the opening and closing amounts in the statements of financial position for each liability for which cash flows have been, or would be, classified as financing activities in the statements of cash flows:

	Note	As at 1.1.2020	Non-cash changes Addition	Cash Flows Drawdown	Cash Flows Repayment	As at 31.12.2020
Group		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Borrowings	18	98,000	(792)	1,896,000	(1,744,000)	249,208
Lease liabilities	19	7,504	8,772	-	(5,068)	11,208
Company						
Borrowings	18	98,000	(792)	1,896,000	(1,744,000)	249,208
Lease liabilities	19	2,772	3,837	-	(1,846)	4,763

	Note	As at 1.1.2019/ Date of initial application	Non-cash changes Addition	Cash Flows Drawdown	Cash Flows Repayment	As at 31.12.2019
Group		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Borrowings	18	105,000	-	766,000	(773,000)	98,000
Lease liabilities	19	10,635	1,977	-	(5,108)	7,504
Company						
Borrowings	18	105,000	-	766,000	(773,000)	98,000
Lease liabilities	19	4,408	429	-	(2,065)	2,772

29. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE FINANCIAL YEAR END

(i) The Malaysian Government imposed the Movement Control Order ("MCO"), a nationwide lockdown effective 18 March 2020, severely restricting social and economic activities to contain the spread of COVID-19. To comply with the MCO, the Sungei Way Brewery suspended operations for 46 consecutive days from 18 March 2020 to 3 May 2020. Following the easing of the MCO, the brewery resumed operations from 4 May 2020 and business started a gradual recovery. However, on-trade outlets with liquor licence such as pubs and entertainment centres were not allowed to reopen, whilst others including restaurants, coffee shops and food courts were curtailed by strict standard operating procedures. This had adversely impacted the Group's performance for the first half of 2020.

In October 2020, the Government re-introduced stronger measures to address the resurgence of COVID-19 cases, putting most states in Malaysia under various levels of MCO and further restricting social activities. This impacted the momentum of recovery in the fourth quarter, especially the on-trade business.

In January 2021, the Government re-implemented the MCO restriction in most states across Malaysia until 26 January 2021. Given the continued increase in the number of COVID-19 cases, the MCO has been extended in Selangor, Kuala Lumpur, Johore and Pulau Pinang until 4 March 2021. The imposition of this measure is expected to impact the market recovery especially the on-trade business. While COVID-19 is still an evolving pandemic, it is premature to carry out a full assessment or quantification of the possible impacts that COVID-19 will have on the Group due to the uncertainty about its consequences, in the short, medium and long term. The Group has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as at and for the year ended 31 December 2020 have not been adjusted to reflect their impact.

The Group has put all measures and steps in place to ensure safety of employee, product availability is secured and to closely monitor business partners for any potential risk. The Group will continue to monitor the potential impact and will take all the necessary steps to mitigate it.

(ii) On 17 February 2020, the Company received an official letter dated 3 February 2020 from the Royal Malaysian Customs of Putrajaya ("RMC") in relation to bills of demand dated 28 August 2015 notifying the cancellation of sales tax amounting to RM14,772,971 and penalty amounting to RM7,386,485 with effect from 15 January 2020 whereas the excise duties amounting to RM34,166,099 remained unchanged.

Subsequently on 4 June 2020, the Company received the revised bills of demand from the RMC demanding payment on additional excise duty totalling RM7,213,277 following engagement with the RMC for an amicable resolution. The Company has settled the payment on 11 June 2020.

Statement By Directors

The directors of **HEINEKEN MALAYSIA BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

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

DATO' SRI IDRIS JALA

ROLAND BALA

Petaling Jaya,
18 February 2021

Declaration By The Officer Primarily Responsible For The Financial Management of The Company

I, **SZILARD VOROS**, the officer primarily responsible for the financial management of **HEINEKEN MALAYSIA BERHAD**, do solemnly and sincerely declare that the accompanying financial statements 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.

SZILARD VOROS

Subscribed and solemnly declared by
the abovenamed **SZILARD VOROS**
at **PETALING JAYA** this 18th day
of February 2021.

Before me,

GUNALAN
B459
No. 13 (Tingkat 1), Jalan 52/10, PJ New Town, 46200 Petaling Jaya, Selangor

COMMISSIONER FOR OATHS

Properties Owned By The Group

Address	Land area (acres)	Existing use	Tenure	Approximate age of building (years)	Audited Net Carrying Amount as of 31 December 2020 RM'000	Date of Acquisition Revaluation*
Lot 1135, Batu 9 Jalan Klang Lama 46000 Petaling Jaya Selangor	20.84	Office building & factory	Leasehold expiring 23 September 2063	54	49,589	30 September 1984*
120 Air Keroh Industrial Estate 75450 Melaka	1.07	Office building & store	Leasehold expiring 13 January 2080	38	264	30 September 1984*
Lot 123 Semambu Industrial Site 25350 Kuantan Pahang	0.52	Office building & store	Leasehold expiring 5 March 2046	38	201	30 September 1984*
Lot 1136, Batu 9 Jalan Klang Lama 46000 Petaling Jaya Selangor	2.88	Storage	Freehold	Not applicable	4,037	31 December 1991
					54,091	

* *The revaluation of properties was carried out primarily for the purpose of bonus issue in 1984.*

Other Information

UTILISATION OF PROCEEDS

There was no corporate proposal undertaken by Heineken Malaysia Berhad to raise proceeds during the financial year ended 31 December 2020.

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by Heineken Malaysia Berhad and/or its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

CONFLICT OF INTEREST / CONVICTION OF OFFENCES / SANTIONS / PENALTIES

None of the members of the Board and the Management Team has any:

- family relationship with any Director and/or major shareholder of Heineken Malaysia Berhad
- conflict of interest in any business arrangement involving Heineken Malaysia Berhad
- convictions for any offences, other than traffic offences, within the past 5 years
- public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2020

Analysis of Stockholdings

As of 15 March 2021

Share Capital	:	RM151,049,000
Number of Issued Shares	:	302,098,000 ordinary stock units
Class of Shares	:	Ordinary stock units
Voting Rights	:	One vote per ordinary stock unit

Size of Holdings	No. of Stockholders	%	No. of Stock Units	%
1 – 99	1,048	8.65	7,424	0.00
100 – 1,000	5,861	48.40	3,539,761	1.17
1,001 – 10,000	4,129	34.10	15,523,362	5.14
10,001 – 100,000	914	7.54	25,828,310	8.55
100,001 – 15,104,899	157	1.30	103,129,243	34.14
15,104,900 and above	1	0.01	154,069,900	51.00
Total	12,110	100.00	302,098,000	100.00

SUBSTANTIAL STOCKHOLDERS

	Direct		Indirect	
Name	No. of Stock Units	%	No. of Stock Units	%
GAPL Pte Ltd	154,069,900	51.00	-	-

DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings, save for the following Director, none of the other Directors (including the spouses or children of the Directors who themselves are not Directors of the Company) holding office as of 15 March 2021 had any interest in the ordinary stock units of the Company or its related corporations:

	Direct		Indirect	
Name	No. of Stock Units	%	No. of Stock Units	%
Datin Ngiam Pick Ngoh, Linda	6,700	negligible	-	-

30 LARGEST STOCKHOLDERS AS PER RECORD OF DEPOSITORS

	Name	No. of Stock Units	%
1	GAPL Pte Ltd	154,069,900	51.00
2	DB (Malaysia) Nominee (Asing) Sdn Bhd - The Bank of New York Mellon for Virtus Kar International Small-Cap Fund	8,825,500	2.92
3	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	8,420,880	2.79
4	HSBC Nominees (Asing) Sdn Bhd - JPMBL SA for Stichting Depositary APG Emerging Markets Equity Pool	5,594,200	1.85
5	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An for AIA Bhd	4,612,000	1.53
6	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund MMGN for Mawer Global Small Cap Fund	4,555,200	1.51

Analysis of Stockholdings

As of 15 March 2021

	Name	No. of Stock Units	%
7	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	3,987,559	1.32
8	Tai Tak Estates Sdn Bhd	2,156,000	0.71
9	Key Development Sdn Berhad	2,037,000	0.67
10	Hong Leong Assurance Berhad - as Beneficial Owner (Life Par)	1,872,700	0.62
11	ChinChoo Investment Sdn Berhad	1,865,000	0.62
12	DB (Malaysia) Nominee (Asing) Sdn Bhd - The Bank of New York Mellon for Virtus Kar Emerging Markets Small-Cap Fund	1,742,500	0.57
13	Ho Han Seng	1,565,000	0.52
14	HSBC Nominees (Asing) Sdn Bhd - JPMBL SA for JPMorgan Funds	1,458,600	0.48
15	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (Par 3)	1,411,700	0.47
16	Kam Loong Mining Sdn Bhd	1,320,000	0.44
17	HSBC Nominees (Asing) Sdn Bhd - Morgan Stanley & Co. International Plc (Firm A/C)	1,312,096	0.43
18	DB (Malaysia) Nominee (Asing) Sdn Bhd - SSBT Fund KG33 for Invesco Asia Pacific Growth Fund	1,306,900	0.43
19	Gan Teng Siew Realty Sdn Berhad	1,277,000	0.42
20	CIMB Group Nominees (Asing) Sdn Bhd - Exempt An for DBS Bank Ltd (SFS)	1,270,000	0.42
21	DB (Malaysia) Nominee (Asing) Sdn Bhd - SSBT Fund JNDP for JNL Multi-Manager Emerging Markets Equity Fund	1,219,800	0.40
22	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Bureau of Labor Funds-Labor Pension Fund	1,167,945	0.39
23	HLB Nominees (Asing) Sdn Bhd - Tan Eng Chin Holdings (Pte) Limited (Cust. SIN 40555)	1,150,000	0.38
24	Cartaban Nominees (Asing) Sdn Bhd - BCSL Client AC PB Cayman Clients	1,147,100	0.38
25	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	1,109,300	0.37
26	CGS-CIMB Nominees (Asing) Sdn Bhd - Exempt An for CGS-CIMB Securities (Singapore) Pte. Ltd. (Retail Clients)	1,102,344	0.36
27	HSBC Nominees (Asing) Sdn Bhd - Banque De Luxembourg for BL-Emerging Markets	1,021,100	0.34
28	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Income Fund	1,015,700	0.34
29	Yeoh Saik Khoo Sendirian Berhad	956,669	0.32
30	Cartaban Nominees (Asing) Sdn Bhd - Exempt An for RBC Investor Services Trust (Clients Account)	922,171	0.31
	Total	**221,471,864**	**73.31**

Statement of External Assurance on Reporting of Environmental Performance & Activities

RAPID GENESIS

HEINEKEN MALAYSIA BERHAD

ANNUAL REPORT 2020

RAPID GENESIS SDN. BHD. hereby declares that we have independently determined and verified that the environmental performance data and activities is accurate as reported by **HEINEKEN MALAYSIA BHD.** (HEINEKEN) in:

HEINEKEN ANNUAL REPORT 2020

RAPID GENESIS had earlier been engaged by HEINEKEN for the same verification task between 2011-2019 for similar report publications.

For HEINEKEN's Annual Report 2020, we again have been engaged to undertake similar external assurance in in the following scope:

1. Water, electricity & thermal energy consumption & performance 2014 to 2020
2. Greenhouse gases (CO_2e) emissions & performance from 2014 to 2020
3. Biogas generation and consumption from 2014 to 2020
4. Waste recycling and repurposing in accordance to zero waste to landfill policy
5. Environmental-friendly refrigerators and coolers in supply chain
6. Projects in promoting sustainable practices among stakeholders & communities
7. Water stewardship and circularity initiatives

For the verification work, the data is sourced from the Production Department, data records, reports and external consultants.

Based on the performance figures and information compiled, RAPID GENESIS hereby confirmed that the performance figures and environmental activities as reported in HEINEKEN Annual Report 2020 is accurate to the best of the data and information made available to us.

12th APRIL 2021

RAPID GENESIS SDN BHD
TANG KOK MUN
Lead Consultant

RAPID GENESIS SDN BHD is a technology and consultancy based organization with main focus is the provision of consultancy and research services in areas of sustainability and technologies; in the niche areas of green technology development, R&D commercialisation projects, techno-commercial studies, carbon footprinting, life cycle assessment, environmental study and analysis. Our collaboration with local academic institutions provides us with strong linkages with local academicians and researchers as well as their valuable research resources and experience.

GRI Index

This report has been prepared in accordance with the GRI Standards: Core option. The following content index allows access to information we disclose, covering key impacts of our activities on People, Plant and Performance.

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title	Report Section	Page No
GENERAL DISCLOSURES					
GRI 102	Organisational Profile	102-1	Name of the organisation	About Us	3
		102-2	Activities, brands, products, and services	About Us	3
				Brand Management	36-39
		102-3	Location of headquarters	Group Directory	149
		102-5	Ownership and legal form	About Us	3
		102-7	Scale of organisation	About Us	3
				Our Strategies	16-17, 23-25
				Performance Review	28-33
				Growing Our People	40-41
		102-8	Information on employees and other workers	Growing Our People	40
		102-9	Supply Chain	Protecting Our Planet	50, 53-54
		102-10	Significant changes in the organisation	Chairman's Statement	6
				Management Discussion & Analysis	33
				Directors' Profile	7 - 10
				Management Team's Profile	11-13
		102-12	External initiative	Our Strategies	16-18, 22
				Growing Our People	47
				Protecting Our Planet	51-52
	Strategy	102-14	Statement from senior decision-maker	Chairman's Statement	4-6
		102-15	Key impact, risks and opportunities	Management Discussion & Analysis	28 -33
				Our Strategies	16-25
				Growing Our People	44, 46-48
				How We Are Governed	55-65
	Ethics & Integrity	102-16	Values, principles, standards and norms of behavior	Who Are We	2
				Our Strategies	16-20
				Growing Our People	40
				How We Are Governed	55-65
		102-17	Mechanisims for advices and concerns	How We Are Governed	67-77

GRI Index

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title	Report Section	Page No
	Governance	102-18	Governance structure	Our Strategies	20
		102-20	Executive-level responsibility for economic, environmental, and social topics	Our Strategies & How Are We Governed	20 & 55
		102-21	Consulting stakeholders on economic, environment and social topics	Our Strategies	23-25
		102-22	Composition of the highest governance body & its committee	Directors' Profile	7-10
				How We Are Governed	55 & 56
		102-23	Chair of the highest governance body	How We Are Governed	56
		102-24	Nominating and selecting the highest governance body	How We Are Governed	56
		102-25	Conflict of interest	How We Are Governed	57-65
		102-26	Role of highest governance body in setting purpose, values, and strategy	How We Are Governed	56
		102-27	Collective knowledge of highest governance body	How We Are Governed	66
		102-29	Identifying & managing economic, environment and social impact	Our Strategies	16-22
		102-30	Effectiveness of risk management processes	How We Are Governed	71-77
		102-33	Communicating critical concerns	Growing Our People	41-42
		102-35	Remuneration policy	How We Are Governed	61-62
	Stakeholder Engagement	102-40	List of stakeholder groups	Our Strategies	24-25
		102-43	Approach to stakeholder engagement	Our Strategies	24-25
	Reporting Practices	102-46	Defining report content and topic boundaries	GRI Index	146
		102-47	Material topics	Our Strategies	21-22, 24-25
		102-50	Reporting period	In This Year's Report	Inside Front Cover
		102-53	Contact point for question regarding the report	Corporate Information	Inside Back Cover
		102-56	GRI Content Index	GRI Index	146
		102-56	External assurance	Our Numbers and Others	145
MANAGEMENT DISCLOSURES					
103	Management Disclosure	103-1	Explaination of the material topic and its boundary	Our Strategies	21-22
		103-2	Management approach and its components	Chairman's Statement	4-6
		103-3	Evaluation of the management approach	Management Discussion & Analysis	28-33
				Growing Our People	40-43

GRI Index

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title	Report Section	Page No
SPECIFIC DISCLOSURES					
GRI 200	Economic Performance	201-1	Direct economic value generated and distributed	Performance Review	26 & 27
				Our Numbers and Others	78-140
	Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	Our Strategies	14-25
	Indirect Economic Impacts	203-2	Significant indirect economic impact	Our Strategies	14-25
				Growing Our People	43-48
GRI 300	Energy	302-1	Energy consumption within the organisation	Protecting our planet	53
	Energy	302-4	Reduction of energy consumption	Our Strategies	15-22
	Water and Effluent	303-5	Water consumption	Protecting Our Planet	50
	Emissions	305-1	Direct (Scope 1) GHG emissions	Protecting Our Planet	53 & 54
	Effluents and Waste	306-1	Water discharge by quality and destination	Protecting Our Planet	50
		306-2	Waste by type and disposal method	Protecting Our Planet	53
	Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	Growing Our People	41 & 42
GRI 400	Occupational Health and Safety	403-9	Work-related injuries	Growing Our People	42 & 43
	Training and Education	404-1	Average hours of training per year per employee	Growing Our People	40 & 41
		404-2	Programmes for upgrading employee skills and transition assistance programmes	Growing Our People	41
	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Our Strategies	20
				Growing Our People	40-41
				How We Are Governed	56-60
	Local communities	413-1	Operations with local community engagement, impact assessments, and development programmes	Growing Our People	46-48, 51 & 52

Group Directory

CORPORATE OFFICE

Heineken Malaysia Berhad
Sungei Way Brewery, Lot 1135
Batu 9, Jalan Klang Lama
46000 Petaling Jaya
Selangor Darul Ehsan, Malaysia
T : +60 (3)7861 4688
F : +60 (3)7861 4602

REGIONAL SALES OFFICES
Heineken Marketing Malaysia Sdn Bhd

PETALING JAYA
Sungei Way Brewery, Lot 1135
Batu 9, Jalan Klang Lama
46000 Petaling Jaya
Selangor Darul Ehsan, Malaysia
T : +60 (3)7861 4688
F : +60 (3)7861 4602

BUTTERWORTH
No. 8 & 9 Lorong Perusahaan Maju 11
Taman Perusahaan Pelangi
13600 Seberang Prai
Butterworth, Malaysia
T : +60 (4)5086 288
F : +60 (4)5087 288

IPOH
1A, Jalan Perniagaan Sengat 2
31350 Ipoh
Perak, Malaysia
T : +60 (5)3112 269
F : +60 (5)3112 059

MALACCA
No. 120, Jalan Usaha 10
Ayer Keroh Industrial Estate
75450 Malacca, Malaysia
T : +60 (6)232 5772
F : +60 (6)232 2771

MENTAKAB
No. 46 Ground & 1st Floor
Jalan Bendera Mahkota
Taman Bukit Bendera
28400 Mentakab
Pahang, Malaysia
T : +60 (9)2770 832

JOHOR BAHRU
No. 22 (Lot 1569) Jalan Dewani
Off Jalan Tampoi
Kawasan Perindustrian Temenggong
81100 Johor Bahru
Johor, Malaysia
T : +60 (7)3310 100
F : +60 (7)3312 891

KUANTAN
Lot 123, Semambu Industrial Estate
25350 Kuantan
Pahang, Malaysia
T : +60 (9)5561 967/900/09
F : +60 (9)5662 523

KUCHING
No.14, Lorong Evergreen 2A,
RH Park Commercial, Batu 9½
Jalan Penrissen
93250 Kuching
Sarawak, Malaysia
T : +60 (82)620 919
F : +60 (82)620 796

SIBU
Lot 2983, Block 19
Lorong Then Kung Suk 4
96000 Sibu
Sarawak, Malaysia
T : +60 (84)231 147

MIRI
Lot 1448, Block 17 KBLD
Eastwood Valley
Industrial Park Phase 1
98000 Miri
Sarawak, Malaysia
T : +60 (85)411 898
F : +60 (85)411 897

SANDAKAN
Lot 32-1F, Jalan Dataran BU 4
Utama Zon 3 Commersil, Batu 6
90000 Sandakan
Sabah, Malaysia
T : +60 (89)271 214 / 210 968
F : +60 (89)274 082

KOTA KINABALU
Building No. 19B, Lot 21
Sedco Light Industrial Estate
Jalan Kilang, Kolombong
88450 Kota Kinabalu
Sabah, Malaysia
T : +60 (88)324 488

TAWAU
Lot 3, TB 4478 Ground & 1st Floor
Block A, Pusat Komersil Ba Zhong
Jalan Tawau Lama
91000 Tawau
Sabah, Malaysia
T : +60 (89)771 202 / 774 383
F : +60 (89)773 275

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Corporate Information

BOARD OF DIRECTORS

Dato' Sri Idris Jala
Chairman,
Independent
Non-Executive Director

Roland Bala
Managing Director,
Non-Independent Executive Director

Martin Giles Manen
Senior Independent
Non-Executive Director

Datin Ngiam Pick Ngoh, Linda
Independent
Non-Executive Director

Yu Yu-Ping
Non-Independent
Non-Executive Director

Seng Yi-Ying
Non-Independent
Non-Executive Director
(Appointed on 1 September 2020)

Choo Tay Sian, Kenneth
Non-Independent
Non-Executive Director
(Appointed on 26 October 2020)

COMPANY SECRETARY

Ng Sow Hoong
MAICSA 7027552
SSM PC No. 202008000593
Tel : +603-7861 4537
Email : rachel.ng@heineken.com

REGISTERED OFFICE

Sungei Way Brewery
Lot 1135, Batu 9
Jalan Klang Lama
46000 Petaling Jaya
Selangor, Malaysia
Tel : +603-7861 4688
Fax : +603-7861 4602
Email : MY1-general.enquiry@heineken.com
Website : www.heinekenmalaysia.com

SHARE REGISTRAR

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

AUDITORS

Deloitte PLT (AF0080)
Chartered Accountants
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur, Malaysia
Tel : +603-7610 8888
Fax : +603-7726 8986

PRINCIPAL BANKERS

Citibank Berhad
BNP Paribas Malaysia Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Listed on the Main Market of Bursa Malaysia since 1965
Stock name : HEIM
Stock number : 3255

www.heinekenmalaysia.com

HEINEKEN MALAYSIA BERHAD 196401000020 (5350-X)

Sungei Way Brewery
Lot 1135, Batu 9
Jalan Klang Lama
46000 Petaling Jaya
Selangor Darul Ehsan, Malaysia

T : +603-7861 4688
F : +603-7861 4602

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