Carlsberg Malaysia

SUSTAINING TODAY FOR A BETTER TOMORROW

ANNUAL REPORT 2020

SUSTAINING TODAY FOR A BETTER TOMORROW

COVID-19 had severely impacted us, the way we lived, worked and engaged with our stakeholders in 2020.

Amid these turbulent times, Carlsberg Malaysia Group remained guided by our global purpose of Brewing for a Better Today and Tomorrow as we rallied and implemented ways to navigate through the storm.

We stepped up with extraordinary efforts for consumers, customers and communities – collectively named "Safer Together" – by providing peace of mind and a measure of stability as businesses and society adapted to the new normal.

We stayed focused, agile and resilient in optimising our business and costs while placing top priority on our people.

As we set sights on eventual recovery, we will continue to build on our foundation for business sustainability in order to 'Sustain Today for a Better Tomorrow'.

Scan for the full video of Who We Are

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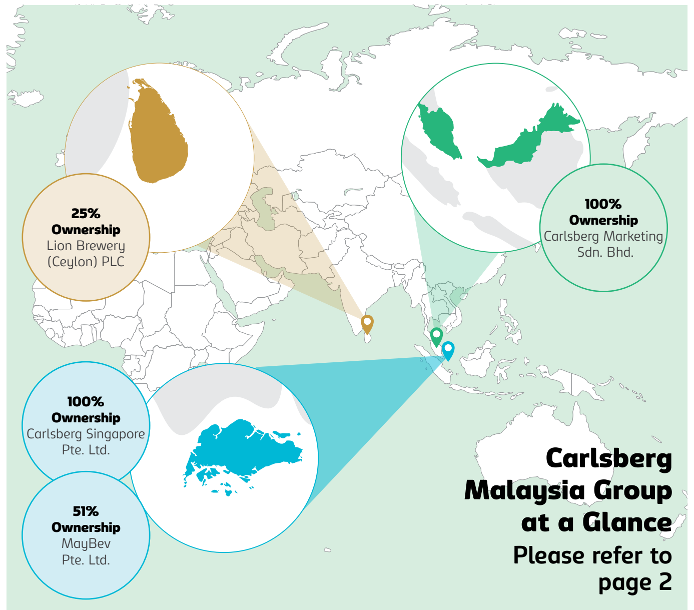

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CARLSBERG MALAYSIA GROUP AT A GLANCE

ESTABLISHED IN 1969, CARLSBERG BREWERY MALAYSIA BERHAD (CARLSBERG MALAYSIA GROUP / THE GROUP) IS PART OF CARLSBERG BREWERIES A/S (THE CARLSBERG GROUP), ONE OF THE WORLD'S LEADING BREWERS WITH STRONG MARKET POSITIONS ACROSS ASIA AND EUROPE.

We are a dynamic brewer with operations in Malaysia and Singapore, with stakes in a brewery in Sri Lanka. We also have a regional presence via exports and intercompany sales to regional markets such as Taiwan, Hong Kong, Cambodia and Laos.

Our flagship brand Carlsberg Danish Pilsner is complemented by innovative brews such as Carlsberg Smooth Draught and Carlsberg Special Brew as well as Carlsberg Alcohol Free Pilsner and Carlsberg Alcohol Free Wheat.

Our range of international premium brews includes France's premium wheat beer Kronenbourg 1664 Blanc, Japan's No.1 premium beer Asahi Super Dry, European cider Somersby, Connor's Stout Porter that's "Just Made Right", US award-winning craft beer Brooklyn Brewery as well as Corona Extra, the imported premium Mexican beer brand.

Our value power brands include the international award-winning Royal Stout, refreshing SKOL, Jolly Shandy and Nutrimalt.

Carlsberg Malaysia Group's seven-year corporate strategy, SAIL'22, is our roadmap towards fulfilling our ambition of becoming a successful, professional and attractive brewer in markets we operate in.

REVENUE:

RM1.79 bil

in 2020 vs. RM2.26 bil in 2019

NET PROFIT*:

RM162.2 mil

in 2020 vs. RM291.0 mil in 2019

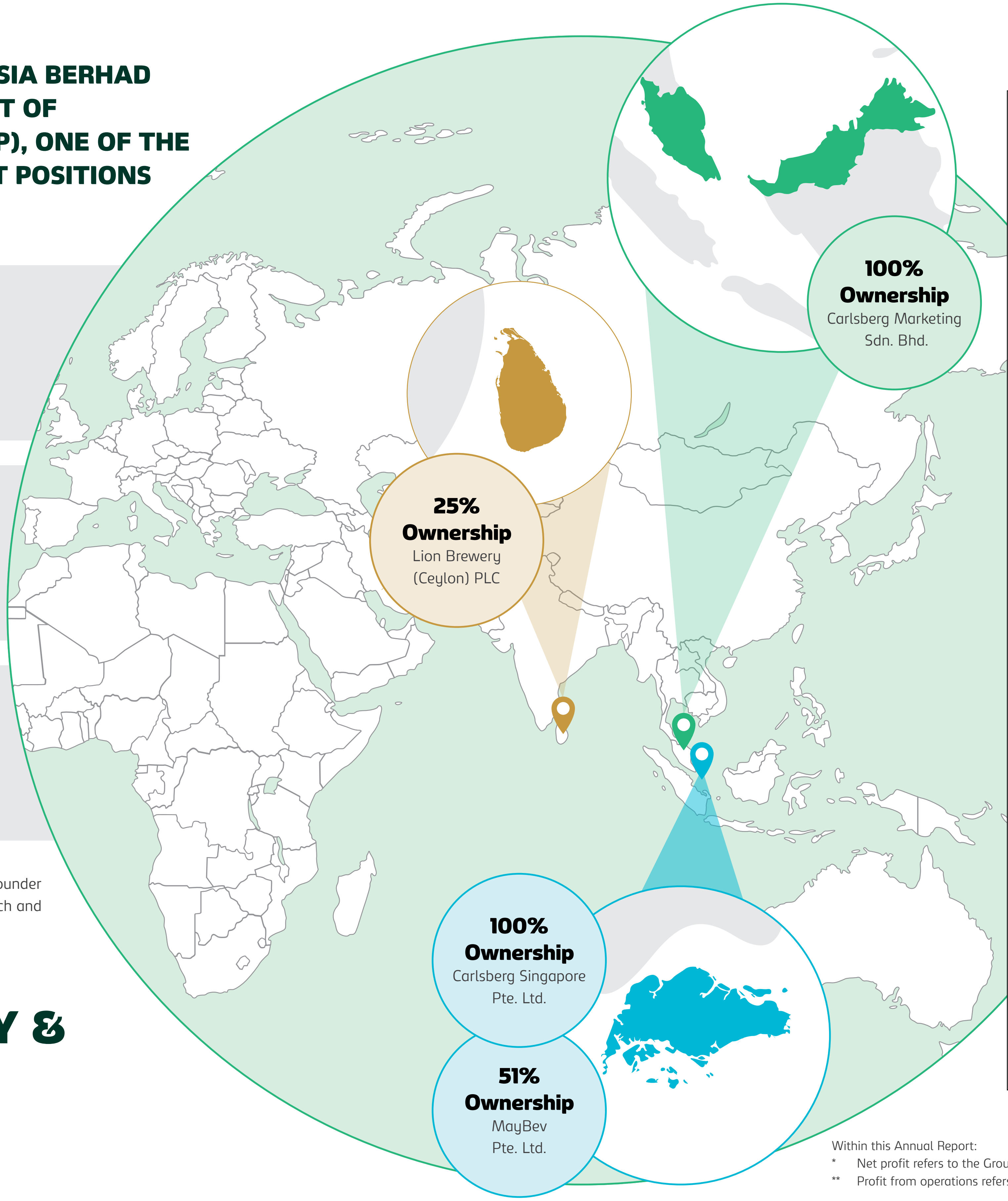
EARNINGS PER SHARE:

53.04 sen

in 2020 vs. 95.18 sen in 2019

We are constantly guided by the Golden Words of our founder J.C. Jacobsen to pursue perfection in all that we do, each and every day. This sets the foundation of our Purpose:

BREWING FOR
A BETTER TODAY & TOMORROW.



2020

MALAYSIA

REVENUE
RM1.26 bil
in 2020 vs. RM1.64 bil in 2019

PROFIT FROM OPERATIONS**
RM135.4 mil
in 2020 vs. RM274.3 mil in 2019

SINGAPORE

REVENUE
RM527.9 mil
in 2020 vs. RM618.1 mil in 2019

PROFIT FROM OPERATIONS**
RM64.6 mil
in 2020 vs. RM100.5 mil in 2019

SRI LANKA

SHARE OF PROFITS
RM14.9 mil
in 2020 vs. RM16.3 mil in 2019

Within this Annual Report:
* Net profit refers to the Group's profit attributable to Owners of the Company
** Profit from operations refers to the results from operating activities

Our quality and innovative brews - beer, stout, cider, alcohol-free and hard seltzer – are at the heart of moments that bring people together, consumed in moderation. **#CELEBRATE**RESPONSIBLY

Scan for the full portfolio of Probably the Best Beers, Stouts and Ciders

OUR PORTFOLIO OF BRANDS

Carlsberg Alcohol Free
Enjoy Great taste. Wherever. Whenever.

Somersby Hard Seltzer
Alcoholic Sparkling Water, with less than 100 calories.

Carlsberg Smooth Draught
Now You Can POP a Draught Anywhere

Connor's Stout Porter
Premium Draught Stout that's "Just Made Right"

1664 Blanc
Good Taste with A Twist

Carlsberg Danish Pilsner
Probably The Best Beer in The World

Somersby
No. 1 Cider in Malaysia & Singapore

Asahi Super Dry
Japan's No. 1 Premium Beer

双饮双赢

2020

DOUBLE CHEERS. DOUBLE WINNINGS.

USHERING IN 2020 WITH DOUBLE CHEERS, DOUBLE WINNINGS

LIMITED-EDITION 3-LITRE BOTTLE

Almost 1,500 limited-edition 3-litre Carlsberg Chinese New Year bottles won and given away in Malaysia

Hundreds of guests joined Carlsberg's CNY campaign 'Double Cheers. Double Winnings' launch event in Malaysia

FESTIVE BOTTLES AND CANS

decked in creatively illustrated red paper-cutting fish and lion dance designs signifying abundance, good luck and prosperity

DOUBLE THE PRIZES

with cash angpows and prizes including a Carlsberg Smart Mini Bar in Malaysia and Carlsberg premium luggage bag in Singapore

YOU SHOP, CARLSBERG PAYS!

Over 1,300 lucky winners of Probably The Best Shopping Experience walked home with attractive prizes and groceries paid by Carlsberg in Malaysia

Scan QR Code to watch

PROBABLY THE BEST BEER IN THE WORLD

PAINT THE TOWN RED WITH **CARLSBERG LIVERPOOL FC CHAMPIONS PACKAGING**

A TOAST TO A HISTORIC WIN AND THE LONGEST PARTNERSHIP IN PREMIER LEAGUE HISTORY

LIMITED-EDITION 'CHAMPIONS' PACKAGING

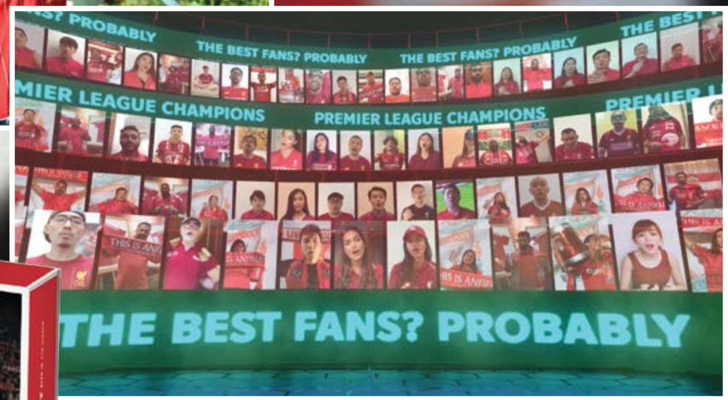
turning Carlsberg's iconic green to Liverpool FC's iconic red, featuring signatures from the Champions team

VIRTUAL RED KEG

for fans to celebrate the club's first premiership win at participating restaurants and bars

A VIRTUAL TRIBUTE BY FANS

'You'll Never Walk Alone' anthem sung by fans across Malaysia in place of a physical celebration



EXCLUSIVE CARLSBERG MERCHANDISE

Limited edition signed jersey, lockers, and champions set for Carlsberg and Liverpool fans in Malaysia and Singapore.

JUST KEEPS GETTING BETTER!

TWO NEW ALCOHOL-FREE VARIANTS

Scan QR Code to watch

Carlsberg Alcohol Free Pilsner and Carlsberg Alcohol Free Wheat launched in Singapore containing **<0.5%** alcohol by volume (ABV), perfect for all tastes and occasions

Scan QR Code to watch

CELEBRATING TADAU KAAMATAN & GAWAI DAYAK

with harvest festival promotions over two months in Sabah and Sarawak

CARLSBERG SMOOTH DRAUGHT

Growing awareness and trial in Singapore including a Smoothest Home Party Kit for influencers to drive home consumption amid social distancing restrictions

1664 BLANC

OUR FASTEST GROWING PREMIUM BEER, SHARING GOOD TASTE WITH A TWIST

Scan QR Code to watch

FIRST-EVER VIRTUAL LAUNCH

offered rewards & prizes to consumers at the comfort of their home during the Conditional Movement Control Order in Malaysia

EXCLUSIVE STREETWEAR COLLECTION

with Nerdunit launched in conjunction with consumer promotions in Malaysia

MICHELIN GUIDE COLLABORATION

featuring recipes infused with 1664 Blanc from Michelin-star chefs in Singapore

Scan QR Code to watch

FRUITS ROUGES

a refreshing wheat beer with a fruity twist of red fruits and raspberry flavours, available for a limited time only in Singapore and Malaysia

LIMITED-EDITION CHRISTMAS BOTTLES

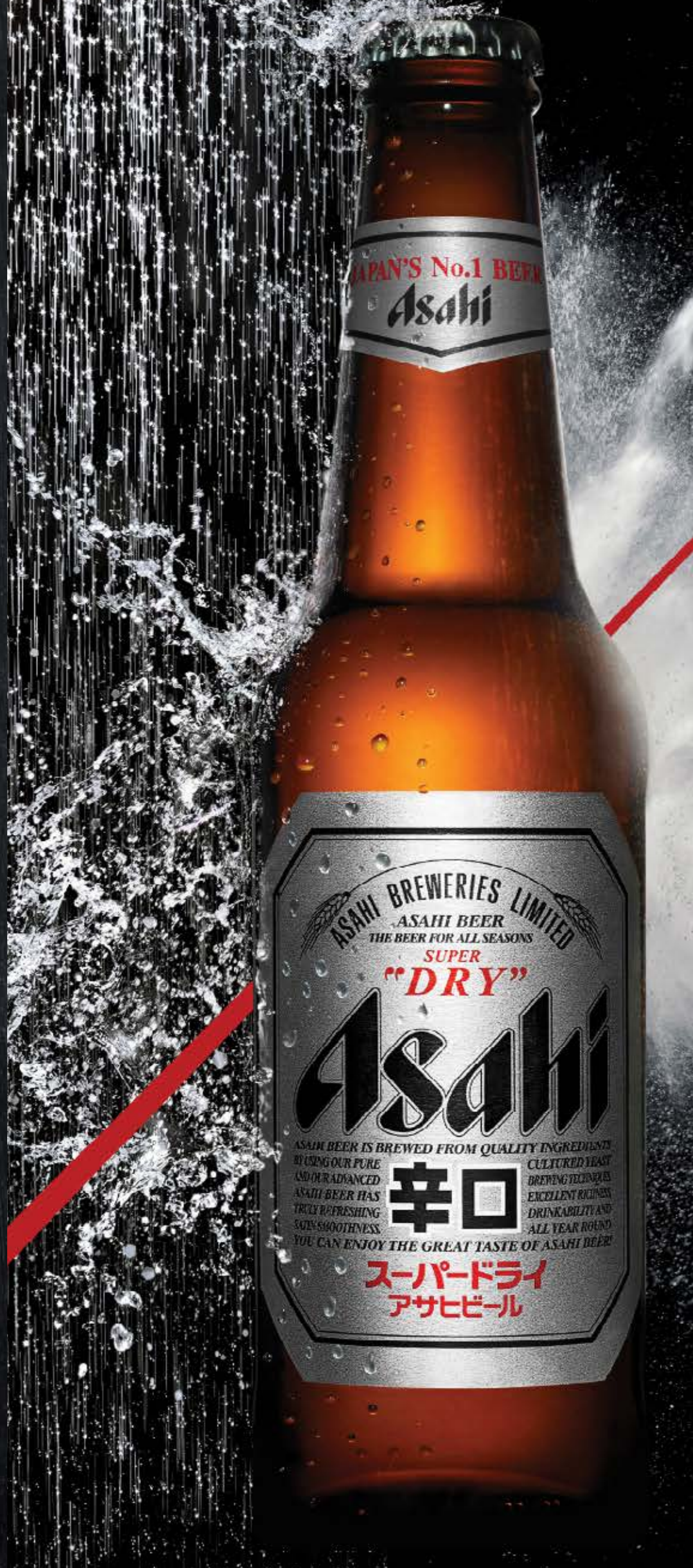
for consumers in Malaysia with artistically designed bottles accentuating the iconic blue of 1664 Blanc, with an elegant touch of abstract swirls and sparkles

PREMIUM DRAUGHT STOUT THAT'S JUST MADE RIGHT

VIRTUAL PERFECT POUR BATTLE
featured Malaysian personalities showcasing the art of pouring a perfect pint of Connor's and drove sales via Connor's 'happy hour' promotions nationwide in Malaysia

Scan QR Code
to watch

JAPAN'S NO.1 BEER



KARAKUCHI CAMPAIGN
launched in Singapore featuring global brand ambassador Daniel Wu

MORE SEASONAL VARIANTS
introduced in Singapore

THE NO. 1 CIDER IN MALAYSIA & SINGAPORE. THAT'S WONDERFUL.

SOMERSBY HARD SELTZER

premiered in Singapore with two fruity flavours and less than 100 calories per serving

SOMERSBY WATERMELON

launched in Singapore in June, now a permanent variant

SOMERITA RETURNS

to more than 150 Malaysian bistros and restaurants

STAYING AT HOME MADE WONDERFUL

Brightening home-drinking occasions with exclusive Somersby Cocktail Kit and recipes

SAFER TOGETHER

AID FOR CUSTOMERS, CONSUMERS AND COMMUNITIES IN A COVID-19 PANDEMIC YEAR

SAFER SCHOOLS

Provided peace of mind for parents, teachers and students with donations of handheld thermometers and disinfection services to more than 1,400 Chinese and Tamil vernacular schools in Malaysia.

Scan QR Code to watch

ADOPT A KEG

Drove on-trade consumption with free draught beers for consumers to help F&B businesses recover when outlets reopened in Malaysia and Singapore.

Scan QR Code to watch

BRING ME HOME

Helped on-trade outlets to sell beers with takeaway bottles and enabled consumers to enjoy freshly tapped beer in the comfort of their home in Malaysia.

Scan QR Code to watch

SUPPORTING LOCAL COFFEE SHOPS

Supported neighbourhood coffee shops for a smoother recovery with cash subsidies and consumer promotions in Malaysia and Singapore.

Scan QR Code to watch

Refer to pages 75 to 77 for more information on the initiatives under 'Safer Together with Customers, Consumers and Communities' in the Sustainability Statement.

CHAIRMAN'S ADDRESS

CHAIRMAN'S ADDRESS

DEAR SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF CARLSBERG BREWERY MALAYSIA BERHAD (CARLSBERG MALAYSIA GROUP / THE GROUP) FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020.

When I last addressed you here in April 2020, we were only just beginning to witness the early effects of the global COVID-19 pandemic. Today, the pandemic continues to adversely impact travel, leisure, retail, aviation, healthcare, construction and dozens of other industries, while social distancing, lockdowns, face masks, constant sanitisation, online streaming, virtual meetings and working from home has become the 'new normal'.

Even today, well over a year since the novel coronavirus was first discovered, people are still struggling to come to grips with the pandemic as Malaysia and Singapore endure new infections, virus mutations and extended movement controls.

SUSTAINING TODAY FOR A BETTER TOMORROW

At the beginning of 2020, we were guided by the Carlsberg Group's COVID-19 Leadership Triangle that balances between 'Situational Leadership', 'Defending Operating Profit & Cash', and 'Prepare for the Rebound' when we were dealing with the unprecedented impact, risks and levels of uncertainty caused by the pandemic.

We were cognisant of the importance of prioritising the sustainability of our business and the shared ecosystem with our customers, suppliers and other stakeholders while protecting our operations, cash flow and people. In anticipation of a slow but promising economic recovery, we remained agile and disciplined in implementing the strategic priorities of our SAIL'22 corporate strategy to ensure we maximised our business potential under this very difficult and challenging period.

For us, the 2020 financial year can be best summed up in our current report's theme of 'Sustaining Today for a Better Tomorrow' – highlighting our resilience through our SAIL'22 strategy, agility and adaptability in the way we do business, as well as earnest initiatives in support of our people, customers and communities where we operate in during the pandemic.

DATUK TOH AH WAH
Chairman of Carlsberg Malaysia Group

Some key initiatives during the year included prioritising the health and safety of our employees by mandating work-from-home structures, work shift rotations and installing strict health and safety Standard Operating Procedures (SOPs), including suspending brewery tours and limiting access to pre-authorised essential employees and contractors only.

We stepped up communication and rapport with our distributors, customers and suppliers. We constantly re-assessed our operations and diligently improved processes and systems throughout the value chain as outlined in our Business Continuity Plan.

As consumption trends shifted during the lockdown, we adjusted by producing more cans for the off-trade sector over bottle and draught kegs for on-trade sector, concurrently refocusing on digital marketing and on-line sales as consumers switched to drinking at home.

On the regulatory front, we continued to engage with the authorities such as appealing for operational continuity, no distribution disruption and to allow on-trade outlets to resume operations.

OUR FINANCIALS

Our performance in the first six months of the financial year was severely affected by the implementation of the various government-mandated movement control orders (MCO) in Malaysia and the circuit breaker (CB) in Singapore.

The financial impact was most acute in the first half of the year, driven by the suspension of brewery operations in Malaysia, which impacted supplies including exports to Singapore and other Asian countries and a one-off tax settlement of RM6.4 million with the Royal Malaysian Customs (RMC). We responded by tightening costs under our Fund the Journey programme while viewing the RMC settlement positively as it concludes a tax overhang we first reported in 2014.

> **"THE BOARD DECIDED EARLY ON THAT WE SHOULD ADOPT A DEFENSIVE STANCE ON OUR FINANCIAL POSITION TO GIVE US A LEVEL OF RATIONALITY ON COVID-19'S UNPRECEDENTED IMPACT TO THE ECONOMY AND HENCE OUR BUSINESS."**

A seemingly positive recovery began in June, with improvements seen in on-trade sales and consumer sentiment as MCO and CB eased. However, the resurgence of COVID-19 infection triggered re-tightening of on-trade restrictions in the final quarter.

For the quarter ended 31 December 2020 (4QFY20), the Group recorded a higher revenue of 8.5% to RM472.5 million versus the preceding quarter (Q3FY20), positive indications of a recovering business outlook, as both our Malaysia and Singapore operations registered higher sales in the on-trade sector when dine-in business was allowed to resume in the quarter.

Net profit for Q4FY20, however, declined by 6.6% to RM37.9 million quarter-on-quarter mainly driven by higher A&P investment, a RM9.9 million restructuring costs and a smaller share of profit from our Sri Lanka associate business. Excluding the one-off restructuring costs however, organic net profit increased by 12.1%.

For the full year, we posted a net profit of RM162.2 million from a revenue of RM1.8 billion, lower by 44.3% and 20.9% respectively from a year ago due primarily to the seven-week suspension of brewery operations in Malaysia and the closures and restrictions to on-trade businesses during MCO in Malaysia and the CB in Singapore.

In the midst of all this, our SAIL'22 journey continued with an additional overarching focus of 'Navigating the Storm' amid COVID-19. Our performance within each of the strategic levers of SAIL'22 (Strengthen the Core, Position for Growth) and the key enablers (Create a Winning Culture, Defend Our Licence to Operate) will be covered in the Managing Director's Message and Management Discussion & Analysis on pages 24 to 39.

DELIVERING SHAREHOLDER VALUE

The Board decided early on that we should adopt a defensive stance on our financial position to give us a level of rationality on COVID-19's unprecedented impact to the economy and hence our business.

The Board suspended the quarterly dividend payments for the financial year ending 31 December 2020 in order to ensure a more prudent focus on preserving cash and liquidity under this very challenging and uncertain period, and with the intent to strike a balance between the longer term health and sustainability of the organisation versus the quarterly dividend payout to shareholders.

For 2020, we are pleased to declare an interim dividend of 10 sen and a proposed final dividend of 30 sen, representing a total of 40 sen in dividends for the full year.

Subject to shareholders' approval for the proposed final dividend at our 51st Annual General Meeting, this dividend payout will represent RM122.3 million, equivalent to a dividend payout ratio of 75.4% of the Group's net profit for the year.

CHAIRMAN'S ADDRESS

CHAIRMAN'S ADDRESS

My fellow directors and I have also committed to a 20% cut in our fees for the year, a decision taken in solidarity and recognition of the current situation and in the spirit of the Group's 'Fund The Journey' initiatives.

MARKET SUMMARIES

MALAYSIA

Several regulatory developments were noted in Malaysia within the financial year, on top of the pandemic-control measures that are affecting sales at F&B outlets due to closures, capacity limitations and the numerous dine-in restrictions. Since the MCO began in March 2020, pubs, night clubs, and entertainment outlets are still not allowed to operate.

In October, the government gazetted the Road Transport Act (Amendment) 2020, which imposed stiffer fines and jail terms for motorists under the influence of alcohol and drugs and lowered the national legal blood alcohol content (BAC) limit from 0.08% to 0.05%. We do firmly believe and advocate responsible and moderate consumption, as evidenced by the #CelebrateResponsibly campaign, which recorded a wider reach and higher awareness.

We also believe that further prohibitions on the sale and availability of legitimate beers and stricter regulations on the F&B industry will lead to increase in illicit activities. Illicit products do pose threats to consumers' well-being as improperly formulated alcohol products can lead to serious health risks.

The Confederation of Malaysian Brewers Bhd (CMBB) estimates that 20% of the beer and stout market on the Peninsular is illicit, while that number is much higher in East Malaysia, estimated at up to 80% of the entire segment, both representing significant losses in potential tax revenue which can be redirected to the national economy especially in crucial times like these.

SINGAPORE

Having gone through the first two phases of its pandemic management and recovery plan post circuit breaker, Singapore is in its third and final phase of its recovery.

Its 'new normal' will comprise the resumption of social, cultural, religious and business gatherings, the resumption of day-to-day activities for senior citizens, public commutes and the gradual opening of borders, all of which will bode well for our business.

At the time of writing, I am glad to report that good progress is being made in the Singapore government's national COVID-19 vaccination plans, which have already begun.

I would also like to take this opportunity to thank the Malaysia and Singapore Governments for not imposing further increases on excise duties on beer in their Budget 2021 announcements on 26 November 2020 and 16 February 2021 respectively. It is inevitable that any hike in excise will lead to influx of contraband beers, hence revenue losses to both the industry and the government.

SRI LANKA

For the fourth quarter ended 31 December 2020, we registered a higher share of profit in our associated company, Lion Brewery (Ceylon) PLC (LBCP) of RM3.6 million versus a share of profit of RM1.6 million in the previous year's corresponding quarter.

For the full year however, we registered a slightly lower share of profit from LBCP of RM14.9 million as compared to a share of profit of RM16.3 million last year caused by dampened consumption during the pandemic.

Like in Singapore, there are indications of a return to normalcy. In late January, Sri Lanka became one of the first Asian countries to allow international travellers to enter its borders without strict quarantines in so-called "bio bubbles", for the first fortnight of their stay.

Sri Lanka has seen a spike in COVID-19 cases at the end of 2020 and we continue to take a cautious view for 2021.

AWARDS AND RECOGNITION

At the 11th edition of the prestigious The Edge Billion Ringgit Club (BRC) Awards, we were named top performer with the highest Return On Equity (ROE) over a three-year period from 2016 to 2019 for the Consumers Products & Services category. The recognition came from having recorded consecutively strong double-digit net profit gains in that period, with shareholder dividends of 100 sen per share consecutively for FY2019 and FY2018 (105.1% and 110.3% of net profit respectively) and 87 sen per share in FY2017 (120.3% of net profit).

According to The Edge BRC's award methodology, our ROE increased from 71% in FY2017 to 118.3% in FY2018, onto an all-time high of 183.3% in FY2019, giving us the highest weighted ROE over three years of 141.4%.

Carlsberg Malaysia Group stands among 161 nominees in last year's assessment consisting of public-listed companies with a market capitalisation of RM1 billion and above. This comes on the back of making it to The Edge BRC's Top 25 list for 10 consecutive years since 2011, giving us the rare distinction of being among the best-performing listed Malaysian companies in the past decade.

This is also the third The Edge BRC award for the Group, which previously won the Best Corporate Responsibility Award for public-listed companies under RM10 billion market capitalisation twice in 2019 and 2014.

We continued to be included in the prestigious MSCI indices, followed and tracked by the largest and most established financial institutions and asset management firms in the world.

The Group was included in the MSCI Global Standard Index on 20 February 2020, with a subsequent re-designation to the MSCI Global Small Cap Index on 20 December 2020 following changes in market capitalisation.

Helped by the progress we have made in environmental, social and governance (ESG) practices and performance, we remained a constituent of the FTSE Russell FTSE4Good Bursa Malaysia (F4GBM) Index for the second year following the bi-annual review in December 2020. Carlsberg Malaysia is currently one of only four fast-moving consumer goods (FMCG) companies among the index's 75 constituents and is the only brewer.

And having set a new internal record of 721 days without lost-time accidents as of 31 December 2020, we have also recently received ISO 45001:2018 certification for occupational health and safety (OH&S) management systems within our brewery and supply chain, recognising our enhanced procedures for a safe and healthy workplaces.

OUTLOOK

We are cautiously optimistic at this juncture, compared to the outset of COVID-19 around the same time last year, for the following reasons.

Though Malaysia's recovery was dealt a blow with a second MCO in January 2021, we are pleased to see new SOPs announced in February that enabled economic activities to operate and recover, for longer operating hours and more relaxed dining-in restrictions at restaurants and eateries.

Meanwhile, optimism for economic recovery is gathering momentum in Malaysia beginning with the arrival of the COVID-19 vaccines targeting over 80% of the population by March 2022.

In Singapore, indications are that the government has succeeded in bringing the virus under control through massive testing and stringent quarantines with low single-digit cases recorded at the tail end of 2020 onwards.

At the end of January 2021, Singapore saw more than 113,000 people receiving the first dose of the COVID-19 vaccine. The Ministry of Health expects more Singaporeans to receive the second dose and complete the full vaccination regimen when more polyclinics and selected Public Health Preparedness Clinics start serving as vaccination sites.

IN APPRECIATION

In a year where our people and our business partners were challenged and tested to the limit of their abilities, I am proud to say that everyone remained courageous and committed to addressing the many challenges that beset the industry and the Group in 2020.

I would also like to take this opportunity to highlight the changes in the Board and management team.

Katie Chan Po Kei Kay, a seasoned human resources (HR) practitioner with over 28 years' experience in Hong Kong and China and who is currently Vice President of HR for Carlsberg Asia, replaced Chow Lee Peng as our new non-independent, non-executive director on 28 November 2020.

Vivian Gun Ling Ling is our new Chief Financial Officer as of 19 October 2020, succeeding Lim Chee Keat. Prior to joining Carlsberg, Vivian held various senior finance roles with established corporations like GlaxoSmithKline, British American Tobacco, BMW and KPMG, with stints in Malaysia, Myanmar and Vietnam.

We also saw the resignation of Lew Yoong Fah, our Government Affairs & Duty-Free Director. His regulatory affairs portfolio has been absorbed by Pearl Lai in her re-designated role as Corporate Affairs Director, while responsibility for Duty-Free operations is now under Gary Tan, our Sales Director.

I would also like to express my gratitude to Stefano Clini, who in his first full year at the helm demonstrated impeccable leadership and unwavering calm in the midst of an extraordinary and challenging year.

Last but not least, I would like to convey my sincere thank you to our employees, trade partners, customers, consumers and our shareholders for your unwavering support and faith in our company and our products during these challenging and difficult times. We will strive to create and grow shareholder value for you.

Thank You.

Datuk Toh Ah Wah
Chairman
2 March 2021

MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION & ANALYSIS

MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION & ANALYSIS

DEAR SHAREHOLDERS,

HELLO EVERYONE. I HOPE THIS NOTE FINDS ALL OF YOU IN GOOD STEAD AND EXCELLENT HEALTH.

The year 2020, long anticipated as a historic milestone for Malaysia and a personally significant one for me as my first full year leading the Carlsberg Malaysia Group, suffered an unforeseen reverse due to COVID-19, which as we know is now a pandemic that engulfed the entire world.

Our company was not spared the fallout. With the first confirmed COVID-19 confirmed case reported in Singapore on 23 January 2020, we set in motion our commercial and operational plans for business continuity amid highly uncertain prospects. Pre-emptively, we began with tightening our health and safety practices to safeguard against what was already becoming a huge threat here and abroad.

Two months later, the World Health Organisation (WHO) declared a global pandemic, with governments responding by sending a third of the world's population into lockdown. In Malaysia, the Movement Control Order (MCO) began on 18 March 2020 while in Singapore, a 'circuit breaker' (CB) was implemented on 7 April 2020. We essentially suspended production and distribution in compliance with unprecedented restrictions, which led to business disruption.

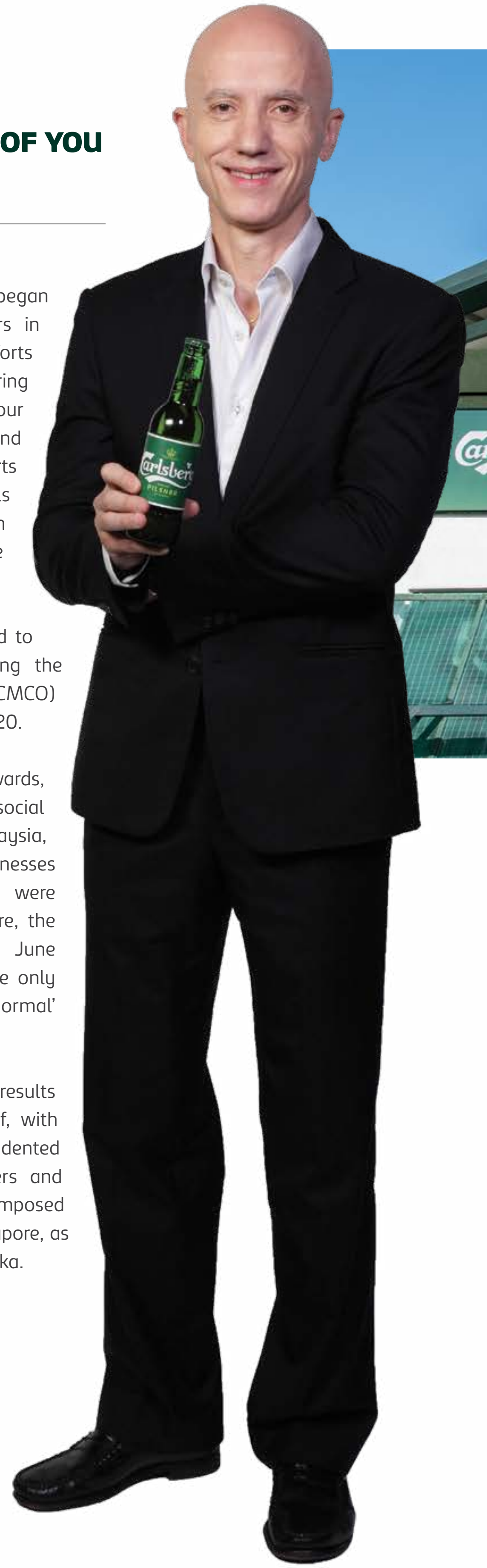
From the beginning, we began engaging with our stakeholders in earnest, communicating our efforts to contain the virus and offering support and reassurance to our employees, business partners and customers. Our community efforts remained, with our Safer Schools campaign a new step-up in response to public fears over the outbreak of COVID-19.

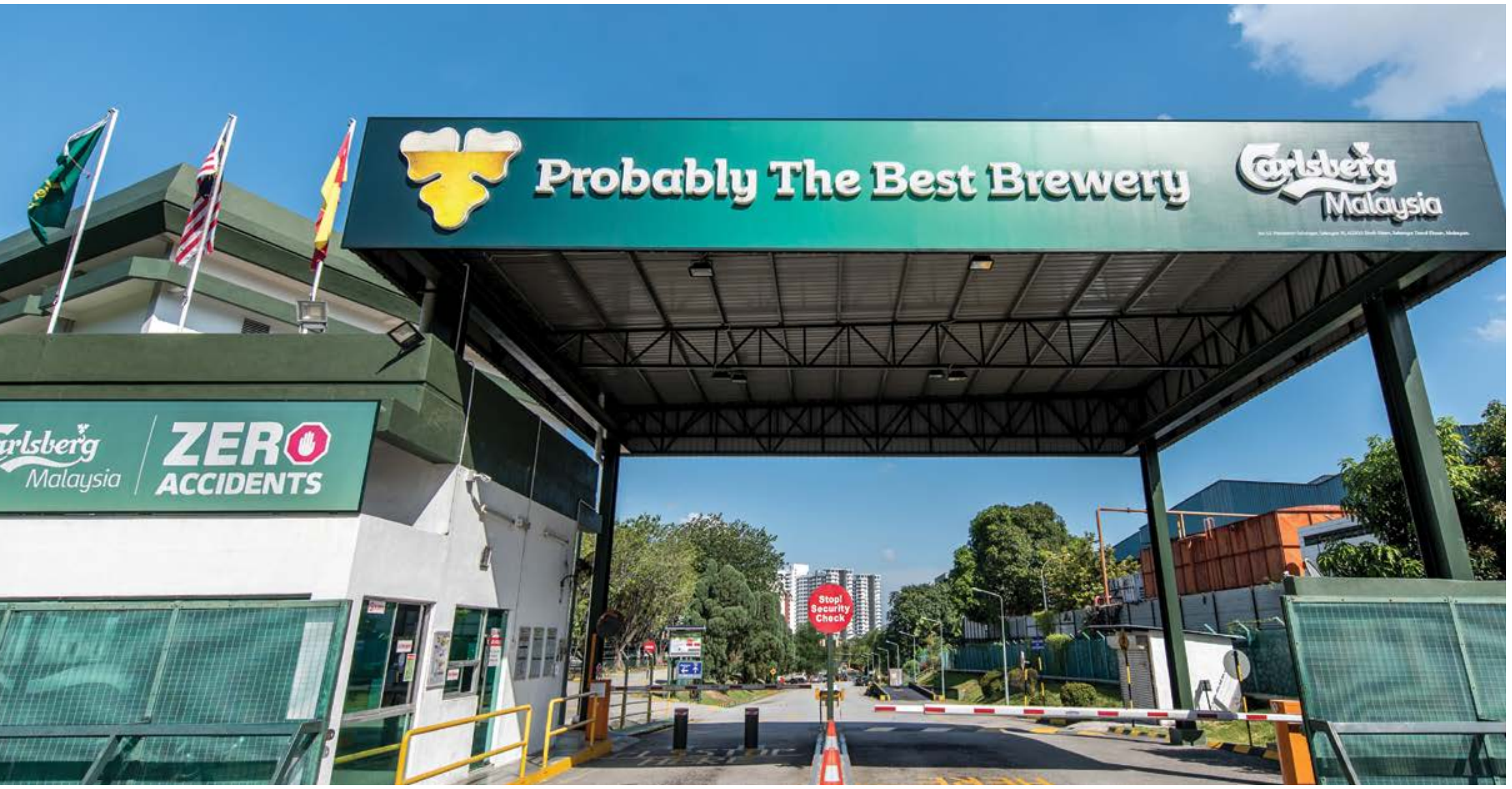
Our brewery was finally allowed to resume full operations following the start of the Conditional MCO (CMCO) period in Malaysia on 4 May 2020.

Thankfully, from May onwards, we saw a gradual lifting of social distancing measures in Malaysia, though not all on-trade businesses such as entertainment outlets were allowed to operate. In Singapore, the government announced on 19 June 2020 that on-trade outlets were only to re-open partially under 'new normal' guidelines.

Accordingly, our financial results suffered a tumultuous first half, with both revenue and profit severely dented due to the stay-at-home orders and social distancing restrictions imposed by authorities in Malaysia, Singapore, as well as our investment in Sri Lanka.

STEFANO CLINI
Managing Director of Carlsberg Malaysia Group





Overall, volumes were impacted due to the suspension of brewery operations and distribution from the start of MCO but improved gradually towards a recovery that started from June onwards as lockdown measures eased.

However, the much-dreaded second wave began with new cases escalating from September onwards, once again triggering another round of stricter lockdown measures that were imposed in most states in Malaysia. Regrettably, it took another toll on on-trade consumption which had been on the path toward slow but promising recovery in the fourth quarter.

As local businesses and their employees suffered from the lockdowns and loss of livelihoods, we prioritised our employees' well-being and welfare from the very start by ensuring that all our full-time employees would remain on full salary with no reduction throughout 2020.

This helped boost morale among our staff, despite having to work under very difficult and challenging circumstances at the brewery, in marketplace or from home.

I am proud to say that even in the darkest days of lockdown, we kept our priorities right, with safety and wellbeing at the top. We developed stringent health and safety standard operating procedures (SOPs), including suspending brewery visits and on-ground events in Malaysia.

Staff not essential to the running of the brewery were asked to work from home, while those working from the brewery adhered to a strict segregation of workforce during shift handovers. We also implemented a split team rotation on alternate days when employees returned to the office during the Recovery MCO (RMCO) period in Malaysia.

In Malaysia, we have implemented mandatory swab tests since January 2021, fully sponsored by the company and in support of government efforts to curb the rising rate of infections for employees required to work at our Shah Alam headquarters or in the field.

These difficulties saw us band together in ways we never thought possible. As a collective, our people are now closer than ever before, brought together by the challenges, setting our company on the right course to benefit from a cautiously hopeful rebound in 2021, all while living our purpose of **BREWING FOR A BETTER TODAY & TOMORROW**.

MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION & ANALYSIS

SAIL'22: Navigating the Storm

Our SAIL'22 corporate strategy remained firmly in progress during a year that was unprecedented on so many levels.

SAIL'22 dates to March 2016, aimed at turning the Carlsberg Group of companies into a successful, professional and attractive brewer in our markets. We define this by delivering sustainable and organic top- and bottom-line growth, being the preferred supplier to our consumers and customers and consistently delivering value for shareholders, employees and society alike.

During the crisis, we were further guided by the Carlsberg Group's COVID-19 leadership triangle introduced at the start of the pandemic that balances between 'Situational Leadership', 'Defend Operating Profit and Cash' and 'Prepare for the Rebound'.

In 2020, SAIL'22 took on an overarching theme of 'Navigating the Storm' in recognition of the Group's COVID-19 response measures necessary for business continuity and sustainability.

Amidst all the uncertainties, whether from COVID-19, domestic and global macroeconomics or socio-politics, we remained agile and disciplined in implementing our SAIL'22 priorities, especially on our Fund the Journey initiatives and an ever-increased focus on cost control, embedded in our Malaysia and Singapore operations.

To recap, the strategy consists of three levers: Strengthen the Core, Position for Growth and Deliver Value for Shareholders. These three levers are further cascaded down into seven strategic priorities, which form the core of our business model and performance priorities. Underpinning the three levers and seven business objectives are the two enablers: Create a Winning Culture and Defend our License to Operate.

This strategy remains the bedrock of our operations, having turned the wider Carlsberg group of companies around with visible results over the past five years, and remains in place as we approach 2021.

CORPORATE STRATEGY: SAIL'22

BREWING FOR A **BETTER TODAY & TOMORROW**
OUR **PURPOSE**

MOST SUCCESSFUL
MOST PROFESSIONAL
MOST ATTRACTIVE
OUR **AMBITION**

'22
OUR **PRIORITIES**

OUR THREE STRATEGIC LEVERS / **OUR SEVEN STRATEGIC PRIORITIES**

STRENGTHEN THE CORE
- 'Grow in Mainstream' with Carlsberg Danish Pilsner and Carlsberg Smooth Draught
- 'Win in Each Store' with better in-store execution, a step-up from the previous 'Win in Store'
- 'Fund the Journey' by delivering efficiencies in Operating Expenses, Value Management and the Supply Chain

POSITION FOR GROWTH
- 'Go Big in Premium' with Kronenbourg 1664 Blanc, Somersby cider, Asahi Super Dry and Connor's Stout Porter
- 'Innovate with Digital' replacing 'Build New Revenue Streams'

DELIVER VALUE FOR SHAREHOLDERS
- Achieve 'Organic Growth in Operating Profit'
- Deliver 'High and Stable Dividend Yield' for shareholders

OUR TWO ENABLERS

CREATE A WINNING CULTURE

DEFEND OUR LICENSE TO OPERATE

MANAGING DIRECTOR'S MESSAGE
AND MANAGEMENT DISCUSSION & ANALYSIS

STRENGTHEN THE CORE

GROW IN MAINSTREAM

In an unprecedented year where COVID-19 impacted demand and distribution, our mainstream brands of Carlsberg Danish Pilsner and Carlsberg Smooth Draught performance were not spared. Total volume for Malaysia and Singapore operations saw a decline of 20% in 2020 compared to 2019.

Brewing and distribution of both our flagship brands were halted for almost two months at the start of MCO in March.

The fear of the COVID-19 infection and movement control orders triggered a clear shift in consumer behaviour and consumption trends. Demand in the off-trade sector (supermarkets, hypermarkets, convenience stores and e-commerce) overtook on-trade outlets (bars, restaurants, pubs and entertainment centres) .

Nonetheless, we were able to defend our brand equity, thanks to strong campaigns during Chinese New Year (CNY) and success on the field with the Liverpool Champions campaign.

We kicked off 2020 in spectacular fashion with our "Double Cheers, Double Winnings" CNY consumer promotion, which ran from 16 Dec 2019 to 9 Feb 2020.

Beer lovers won unique and collectible prizes like a limited-edition gigantic three-litre Carlsberg bottle, a 3-in-1 Carlsberg Smart Mini Bar with built-in fridge, speaker and charger, premium-designed stem glass and many more prizes, showing once again that all good things come in pairs.

In June, we celebrated a momentous occasion for all lovers of football and Probably the Best Beer when Liverpool FC, sponsored by Carlsberg since 1992, were crowned champions for the first time in the premiership era with a massive seven games to spare.

As an extraordinary tribute to the new champions of England, we in both Malaysia and Singapore celebrated by launching a limited-edition 'Champions' packaging across all Carlsberg Danish Pilsner cans and bottles, switching Carlsberg's iconic green colour to Liverpool FC's equally iconic red, featuring Liverpool FC's crest, name, and 13 personal signatures of manager Jurgen Klopp and the team's star players. Carlsberg Smooth Draught was also dressed in the Champions packaging with a mirrored red, white and silver look, complementing the all-red Carlsberg Danish Pilsner Champions packaging as a collectible set.

In Malaysia, consumers also won the Liverpool FC Champions Set collector's box commemorating Liverpool FC's Premier League win and were offered a virtual Red Keg, an extension of our Adopt a Keg initiative. It was our biggest campaign of the year, and deservedly so, toasting the longest partnership in English Premier League (EPL) history.

July marked a festive period in East Malaysia, where Kaamatan and Gawai are the most-anticipated harvest festivals for both Sabah and Sarawak. In keeping with social distancing guidelines, the festivities were observed by staying safe at home without on-ground celebrations, but instead through a two-month long promotion encouraging fellow Sabahans and Sarawakians to stay stronger for a smoother period ahead with Carlsberg Danish Pilsner and Carlsberg Smooth Draught.

In Singapore, we welcomed emerging consumer trends with the launch of new alcohol-free variants under the flagship Carlsberg brand, being the first player in Singapore to launch two alcohol-free variants under a single brand. Our expanded range boasted two new flavours: Carlsberg Alcohol Free Pilsner and Carlsberg Alcohol Free Wheat to cater to different taste preferences, containing no more than 0.5 per cent alcohol by volume (ABV).

The launch echoes the uptick in alcohol-free brews (AFBs) seen in mature markets in Western Europe and our continuous commitment to research and development in the segment, resulting in two great tasting brews versatile for all occasions, whether during meals, post-workout or wide range of social settings where consumers opt for choices beyond alcoholic beverages.

With concerns over social distancing SOPs, we unfortunately had to put on hold what would have been the 27th edition of our Carlsberg Golf Classic, which is normally a fixture on our calendar and a firm favourite of customers, amateur golfers and other stakeholders alike.

WIN IN EACH STORE

In 2020, we enhanced the strategic priority of 'Win in Store' to 'Win in EACH Store', underscoring our commitment to execute diligently, expand our distribution, build on existing customer successes, achieve targets and provide outstanding customer experience against the Carlsberg Group's global scorecard benchmarks.

The social and economic impact of COVID-19 spelled a change in consumption patterns due to the various lockdown and social distancing measures barring patronage to bars, pubs, bistros and restaurants.

To respond, we switched our channel focus from the on-trade sector to off-trade sector encompassing e-commerce, convenience stores, mini markets, supermarkets and hypermarkets as home consumption patterns became the new norm.

With dine-in restrictions gradually lifted in the second half last year, we witnessed on-trade sales gradually recovering in both Malaysia and Singapore as people felt more confident to leave the house and enjoy dining-out.

This was especially evident with higher sales recorded in traditional on-trade outlets like coffee shops and food courts where consumers re-congregated in these larger spaces which were conducive environments to maintain social distancing.

But even as restrictions gradually lift, we are seeing unabating progress in the off-trade business as more drinkers opted to enjoy drinking in the safety of their homes. Off-trade sales saw a steady uptrend as consumer habits and increased home consumption become the norm. This continues to be the case in Singapore, where our flagship brand Carlsberg continues to retain the coveted No. 1 position in off-trade sales.

The new and fast-growing e-commerce sector continues to improve, as digital content consumption and engagement grew beyond the lockdown periods and stay-at-home consumer habits further encouraged online orders and delivery.

FUND THE JOURNEY

Following a bumpy first-half with the decision to suspend quarterly dividends in favour of protecting our financial position and managed costs, there were signs of recovery in the second half, albeit still being vulnerable to the uncertainties of the still-virulent COVID-19 here and abroad.

Lower revenue was mitigated by a reduction of marketing costs and streamlining operating expenses. Rationalising marketing spend and repurposing our efforts into digital initiatives in lieu of our usual large-scale campaigns and on-ground consumer activations helped free up additional resources.

However, we registered a lower share of profit of RM14.9 million from Lion Brewery (Ceylon) PLC (LBCP), our associate business in Sri Lanka in 2020 compared to a share of profit of RM16.3 million the year earlier, caused primarily by the dampened consumption.

Our part-time sales promoters in Malaysia and Singapore stationed at coffee shops, restaurants and food courts were also unfortunately made redundant as the on-trade consumption declined. The savings from this workforce was equivalent to 757 full-time employees.

In addition, an amount of RM9.9 million was incurred as restructuring costs. This was a necessary measure to streamline cash flow and help deal with the uncertainties of the pandemic while funding the journey. It readjusted the Group's cost base and way of working to reflect COVID-19 uncertainties.

Our board of directors also stepped up, graciously committing to a 20% cut in their fees for the 2020 financial year, a gesture of solidarity to help us manage through the challenges.

With any recovery anticipated to be slow over the next few months because of the lingering effects of COVID-19 and the measures necessary to control them, we have been and will continue to be extremely disciplined in implementing our 'Fund the Journey' initiatives.

We will continue to optimise our costs aggressively, reallocate our investments to digital campaigns, e-commerce and off-trade while extending various supporting campaigns to our business partners.

MANAGING DIRECTOR'S MESSAGE
AND MANAGEMENT DISCUSSION & ANALYSIS

POSITION FOR GROWTH

GO BIG IN PREMIUM

We recorded a 17% decline in premium brands covering Kronenbourg 1664 Blanc, Asahi Super Dry, Somersby cider, Connor's Stout Porter and Brooklyn craft beer as it was impacted by the closure of on-trade. However, the decline is relatively lower than mainstream as consumers opted for premium brews to reward themselves during these tough times.

In May, 1664 Blanc – our strongest performing premium brand in Malaysia – partnered with homegrown street fashion sensation Nerdunit to launch an exclusive streetwear collection to amplify a two-month promotion in off-trade and e-commerce.

The 1664 Blanc X Nerdunit collection was launched at a virtual party on 1664 Blanc's Facebook page, a first for both brands, where 1664 Blanc showcased "sharing good taste with a twist" as a homage to the unique hint of citrus characteristic of the French-style wheat beer and its elegant blue bottle.

More than 18,000 fans enjoyed the virtual fashion show catwalk and performances and a post-launch afterparty where viewers won merchandise from the collection as well as exclusive discount codes for 1664 Blanc purchases from Carlsberg Malaysia's official store on Shopee.

Come Christmas, the 1664 Blanc brought cheer to the season with exclusive limited-edition Christmas bottles available only in Malaysia, inspired by Christmas ornaments, for consumers staying home and safe during the third COVID-19 wave in Malaysia.

Connor's Stout Porter – the premium draught stout porter 'Just Made Right' – tapped on the growing viewers of online content by launching its 'Perfect Pour Battle' virtually in December, aimed at educating, elevating and showcasing the art of pouring a perfect pint of Connor's with the offer to enjoy Connor's Happy Hour promotions at participating outlets after.

Stout lovers tuned in on Facebook Live to watch Malaysian personalities as they took on the Connor's Perfect Pour Battle learning about its premium quality ingredients, gentle roasty undertones, and how to pour a perfect pint with a creamy head. Fans viewing the virtual show won exclusive Connor's bomber jackets and free pints of beer redeemable at participating outlets.

Somersby, Malaysia and Singapore's No. 1 cider brand, expanded its flavour with its first-ever Hard Seltzer range launched in Singapore, a brand-new innovation. The new beverage range comes in two refreshing fruity flavours – Somersby Hard Seltzer Lime and Somersby Hard Seltzer Mango & Passionfruit – perfect for Singapore's tropical heat.

The launch was the brand's first foray into hard seltzer worldwide, expanding its offerings in an entirely new product category to appeal to a changing profile of consumers in line with the rising trend of wellness locally. Globally, the product category has garnered a loyal following due to its low sugar and calorie content and a growing demand from fitness-conscious millennials.

Somersby Hard Seltzer is an alcoholic sparkling water that contains 4.5 per cent alcohol by volume (ABV) content. Each 330ml serving contains not more than 99 calories and only two grams of carbohydrates, resulting in no heavy aftertaste compared to other alcoholic alternatives.

Carlsberg Singapore also welcomed the latest member of its Somersby portfolio with a limited-edition Somersby Watermelon cider launched in June and became the first market in Asia to do so. Due to fantastic consumer response, we ride on its success and have just launched Watermelon variant for consumers in Malaysia in March this year.

In Malaysia, the cider brand celebrated Apple Day in October with a special three-day promotion on four-can packs of Somersby Apple, Blackberry or Elderflower Lime, while brightening up stay-at-home drinking occasions with limited-edition Somersby Shooter & Ladder game sets and exclusive Somersby Cocktail Kits with suggested cocktail recipes.

Somerita, a fun drinking ritual of a Somersby bottle served upside down over crushed ice, made its return at more than 150 selected bistros and restaurants across Malaysia.

INNOVATE WITH DIGITAL

Our strategic priority of 'Build New Revenue Streams', which had a focus on innovation, has been distilled further to 'Innovate with Digital' in 2020 in recognition of the growing role digitalisation plays in our commercial efforts.

Spurred on by the pandemic, we embraced digital at a swift pace, successfully repositioning our brand campaigns for both on- and off-trade in response to the new norms.

In Malaysia, we amplified our off-trade activities with consumer promotions while activating all our national campaign and consumer promotions on our e-commerce partners' platforms Shopee and Lazada, where we established official stores in 2020.

We increased our focus on social media engagement to create more traffic to e-commerce platforms, in sampling and via virtual events such as 1664's 'Share Good Taste with a Twist' launch and the Connor's Perfect Pour Battle.

Brand innovations continue to play an important role through packaging, serving and liquid improvement, but with an added digital dimension such as that seen through Adopt a Keg's novel way of consumer and customer engagement via an online platform.

E-Commerce: Strength to strength

Digital penetration continues its strong upward trajectory, as more people consume online content and the pendulum continues to shift to online transactions for all manner of goods and services.

As such, e-commerce volumes continued to grow strongly from 2019 albeit from a modest base. Our digital marketing campaigns drove online shoppers to our freshly established flagship stores on Lazada and Shopee, giving us a strong online presence on two of Malaysia's most established e-commerce platforms.

Beyond that, we ramped up our e-commerce initiatives with online retailers ("e-tailers") as home consumption increased and shopping habits migrated online.

Our colleagues in Carlsberg Singapore began initiatives like the Family & Friends campaign to provide doorstep delivery via simple online orders, delivered by our own in-the-field sales force.

Made-for-digital consumer promotions and offers on our flagship stores on Lazada and Shopee and with partners like PotBoy and PandaMart in Malaysia as well as SCommerce, Qoo10, Redmart, Amazon and FoodPanda in Singapore saw a combined e-commerce growth of around 2.5 times in 2020.

New Ways of Working with Technology

Physical meetings and interstate travel became a thing of the past, overtaken by virtual platforms like Microsoft Teams swiftly implemented via internal training and usage, enabling us to remain productive while staying safely socially distant.

We deployed a number of digital measures to ensure our people remained in constant contact while management issued frequent, detailed and informative company-wide updates to keep us all abreast of company developments throughout the movement control in Malaysia and circuit breaker in Singapore.

This included simple Group-wide chat app updates, productivity suites and e-learning and knowledge sharing and crisis management portals to cater to diverse audiences and business objectives.

MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION & ANALYSIS

DELIVER VALUE FOR SHAREHOLDERS

ORGANIC GROWTH IN OPERATING PROFIT

For the full year, Group revenue decreased by 20.9% to RM1.8 billion compared to the corresponding period last year due to lower sales in both Malaysia and Singapore which had been impacted by the implementation of the MCO/RMCO/CMCO and CB measures respectively since March 2020.

Net profit for the year was lower by 44.3% to RM162.2 million when compared to the same period last year. Organic net profit was RM174.6 million, if adjusting for the one-off charge that fully settled the Bill of Demand from Royal Malaysian Customs of Selangor ("RMC") amounting to RM6.4 million in the second quarter, and a one-off restructuring cost of RM9.9 million in the fourth quarter.

These results were partially mitigated by tighter cost controls under Fund the Journey initiatives of lower marketing spend and a reduction in operating expenses.

Total revenue for Malaysia decreased by 23.3% to RM1.3 billion whilst profit from operations decreased by 50.6% to RM135.4 million. This was mainly attributed to lower sales, the later timing of Chinese New Year sales this year and the abovementioned restructuring cost, which were partially offset by lower operating expenses.

Singapore reported a decrease of 14.6% in revenue to RM527.9 million whilst profit from operations decreased by 35.7% to RM64.6 million driven by the similar reasons as the Malaysia operations.

The Group registered a lower share of profit in LBCP of RM14.9 million compared to a share of profit of RM16.3 million last year caused primarily by the dampened consumption in 2020 due to the COVID-19 pandemic.

DIVIDENDS AND SHAREHOLDER VALUE

Given the unprecedented impact, uncertainty and volatility of the pandemic, the Board suspended quarterly dividend payments for the financial year ending 31 December 2020 (FY20).

This difficult decision was made to preserve cash and liquidity, striking a balance between our company's long-term health versus our track record of delivering value to shareholders.

With any recovery expected to be slow and bumpy, we decided to take a prudent approach to conserve cash and protect the business.

Consequently, the Board recognised that our dividend policy needs to prioritise business sustainability whilst still delivering shareholder value.

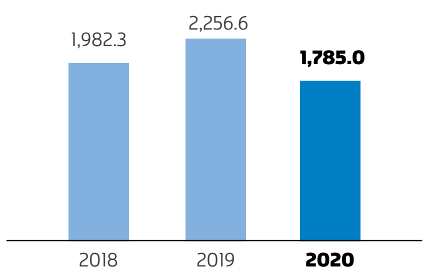
Factors such as prospects and capital requirement of the business and possible expansion strategies as well as other factors that might have an overall impact on the company are considerations taken by the Board for dividends for the financial year.

With this, the Board has declared a single tier interim dividend of 10 sen per share for FY20.

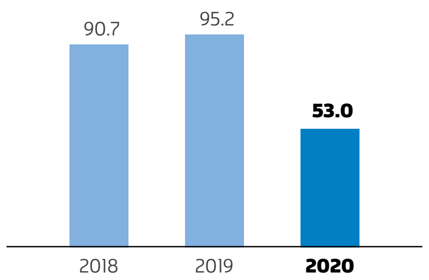
In addition, the Group has also proposed a FINAL single tier dividend of 30 sen per ordinary share, subject to the shareholders' approval at the forthcoming 51st Annual General Meeting.

If approved, the total dividends declared for FY20 would amount to 40 sen per ordinary share, equivalent to a total payment of RM122.3 million comprising 75.4% of total Group net profit for FY20.

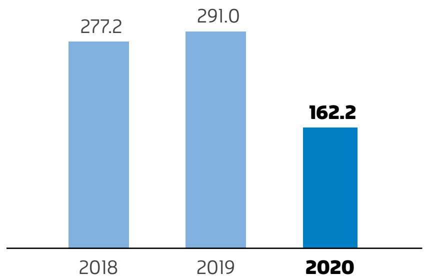
Revenue (RM million)



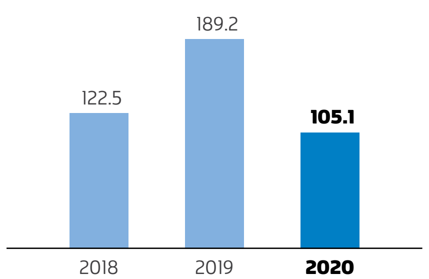
Earnings per Ordinary Share (sen)

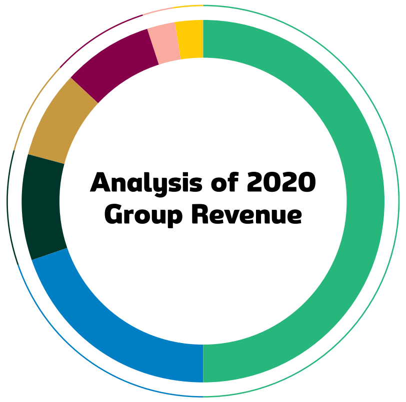


Group Net Profit (RM million)

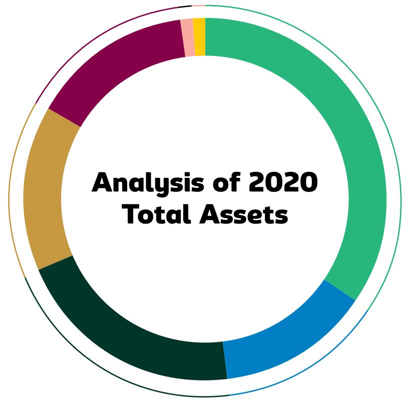


Return on Shareholders' Fund (%)

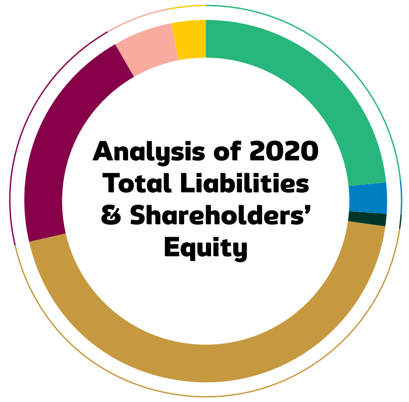




	2020	2019
EXCISE & CUSTOMS DUTIES	50.2%	47.4%
SALES, DISTRIBUTION, ADMINISTRATION & OTHER COSTS	19.7%	19.3%
PROFIT AFTER TAXATION	9.3%	13.3%
RAW & PACKAGING MATERIALS COSTS	8.0%	7.3%
STAFF COSTS	8.0%	7.2%
TAXATION	2.4%	3.6%
DEPRECIATION	2.4%	1.9%



	2020	2019
PROPERTY, PLANT & EQUIPMENT AND RIGHT-OF-USE ASSETS	34.6%	32.5%
INVENTORIES	13.5%	9.8%
RECEIVABLES, DEPOSITS AND PREPAYMENTS	20.6%	32.0%
CASH AND CASH EQUIVALENTS	14.8%	11.6%
INVESTMENTS	14.5%	12.5%
INTANGIBLE ASSETS	1.1%	1.2%
OTHER ASSETS	0.9%	0.4%



	2020	2019
SHARE CAPITAL	23.4%	22.0%
RESERVES	2.9%	-0.1%
MINORITY INTEREST	1.1%	1.2%
PAYABLES AND ACCRUALS	44.2%	55.9%
LOANS & BORROWINGS AND LEASE LIABILITIES	20.2%	12.2%
CURRENT TAX LIABILITIES	5.3%	5.1%
DEFERRED TAX LIABILITIES	2.9%	3.7%

STATEMENTS OF COMPREHENSIVE INCOME (RM MILLION)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenue	1,489.4	1,584.8	1,555.1	1,635.1	1,659.9	1,679.5	1,730.0*	1,982.3	2,256.6	**1,785.0**
Profit Before Taxation	220.4	245.7	236.4	274.2	283.6	283.8	294.8	361.3	382.2	**209.8**
Taxation	53.0	51.9	49.8	57.3	63.4	73.2	62.4	74.5	81.8	**43.6**
Profit for the Financial Year	167.4	193.8	186.6	216.9	220.2	210.6	232.4	286.8	300.4	**166.2**

* *Adjusted 2017 Revenue had the Group applied MFRS 15.*

STATEMENTS OF FINANCIAL POSITION (RM MILLION)

	Restated 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Issued and Paid-up Share Capital	142.0	142.0	142.0	142.0	142.0	142.0	149.4	149.4	149.4	**149.4**
Retained Earnings	130.4	148.7	140.0	165.1	163.9	148.8	133.7	17.3	(6.2)	**15.3**
Call and Put Option Reserve	-	-	(20.1)	(10.6)	-	-	-	-	-	**-**
Non-Distributable Reserves	13.0	8.3	11.8	15.7	29.7	30.9	15.9	2.4	5.3	**3.2**
Shareholders' Fund	285.4	299.0	273.7	312.2	335.6	321.7	299.0	169.1	148.5	**167.9**
Deferred Taxation	18.3	19.8	17.1	13.5	10.2	12.1	16.6	12.4	24.9	**15.8**
Net Non-Current Liabilities	-	-	-	-	-	1.7	0.3	0.3	6.2	**4.1**
Minority Interest	3.9	7.8	10.5	19.0	7.0	8.4	13.4	11.9	8.2	**6.8**
	307.6	326.6	301.3	344.7	352.8	343.9	329.3	193.7	187.8	**194.6**
Property, Plant and Equipment, Right-of-use Assets and Intangible Assets (Net Book Value)	158.6	168.2	174.3	164.4	167.5	176.6	181.2	196.2	229.2	**227.6**
Investment in an Associate	33.4	34.7	40.9	58.2	80.2	73.1	64.3	73.0	84.7	**92.5**
Net Current Assets/(Liabilities)	115.6	123.7	86.1	122.1	105.1	94.2	83.8	(75.5)	(126.1)	**(125.5)**
	307.6	326.6	301.3	344.7	352.8	343.9	329.3	193.7	187.8	**194.6**

FINANCIAL RATIO

	Restated 2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Earnings per Ordinary Share (sen)*	54.35	62.68	60.16	69.2	70.62	67.04	72.34	90.65	95.18	**53.04**
Net Assets Backing per Ordinary Share (RM)*	0.93	0.98	0.90	1.02	1.10	1.05	0.98	0.55	0.49	**0.55**
Return on Shareholders' Fund (%)+	63.1	66.3	65.2	74.0	68.0	64.1	74.9	122.5	189.2	**105.1**
Current Ratio	1.5	1.5	1.3	1.4	1.3	1.3	1.3	0.8	0.7	**0.7**
Bursa Securities Price at 31 December (RM)	8.54	12.52	12.18	11.74	11.70	13.92	15.30	19.68	29.40	**23.24**
Net Dividend Yield (%)^	4.9	4.5	5.2	5.2	6.1	5.2	5.0	6.5	3.5	**2.0**

* *Computed based on total number of shares net of Treasury shares. Treasury shares were cancelled on 17 May 2017.*
\+ *Return on Shareholders' Fund was computed based on Group's Profit for the Financial Year over average Group's Shareholders' Fund.*
^ *Net dividend yield was computed based on dividend paid out and declared during the year divided by the share price at year end.*

FIVE YEAR DIVIDEND

	2016	2017	2018	2019	2020
Group's Net Profit (RM million)	205.0	221.2	277.2	291.0	**162.2**
Dividend Amount Declared and Proposed for the year (RM million)	220.1	266.0	305.7	305.7	**122.3**
Dividend as % of Net Profit	107.4%	120.3%	110.3%	105.1%	**75.4%**
Dividend per Ordinary Share (sen)	72.0	87.0	100.0	100.0	**40.0**

CREATE A WINNING CULTURE

While COVID-19's impact means we will have to take a hard look at all aspects of our operations and where cost savings can be found, our top priority remains the health, safety and welfare of our employees.

While salaries for full-time employees were paid on time and in full throughout the MCO and Circuit Breaker period despite the adverse business environment, the Group has prioritised its efforts for people development with developing the Right People, Outstanding Leadership, and Winning Culture as priorities in the year.

Further details on our people can be found in the Sustainability Statement from pages 40 to 77.

MANAGING DIRECTOR'S MESSAGE
AND MANAGEMENT DISCUSSION & ANALYSIS

DEFEND OUR LICENSE TO OPERATE

REGULATORY DEVELOPMENTS

Beyond the operational and social pressures brought on by the pandemic, we have been presented with regulatory developments both related and unrelated to COVID-19.

In line with the Malaysian government's MCO, the Group had to essentially suspend its production and distribution operations from 18 March 2020, lasting seven weeks, as beer was not included within the list of essential consumer items.

The government has also passed stricter drink-driving laws at lower national blood alcohol content limits, though this is a development we welcome as it is aligned with our sustainability ambition and stance on ZERO Irresponsible Drinking through our continued education, awareness and engagement with consumers via our #CelebrateResponsibly campaign.

Public policy discussions surrounding the sale, availability and consumption of alcoholic drinks has also arisen, with potential ramifications from a regulatory standpoint.

While public discourse especially in the context of responsible drinking is to be welcomed, we equally urge regulators to not overreact and rule in favour of measures that are overly harsh and excessive.

Given our national objectives to be a fully developed economy equipped with a high-functioning and responsible society administered in an equitable and well-governed manner, a holistic view of the brewing industry's long-term contribution to the nation's economy and society is a necessity.

TOGETHER TOWARDS ZERO

Unexpected events caused by the COVID-19 pandemic posed a set of challenges unprecedented on a number of fronts. Therefore, our Together Towards ZERO sustainability programme not only remains relevant but is even more important than ever before, to ensure our vision for a better tomorrow.

Our Sustainability journey via our Together Towards ZERO agenda continues, consisting of four ambitions underpinned by individual and measurable targets leading up to 2022 and 2030:

To cope with the unprecedented stress and pressures of a year devastated by COVID-19, we remained true to our purpose of Brewing for a Better Today and Tomorrow, despite the word "today" having its disproportionate share of challenges.

Recognising that while times were difficult for us, many within our wider community were much less fortunate. We stepped up to help in the darkest hours of lockdown to benefit customers, consumers and our community under a collective effort named "Safer Together" in Malaysia. There were four initiatives in total, in direct response to the looming threat of COVID-19 in our society:

Safer Schools	Parents and teachers of an estimated 1 million school children returned to a clean and safe school after lockdown, with our Safer Schools campaign donating handheld thermometers and sanitisation services to more than 1,400 Chinese and Tamil vernacular schools nationwide. Before classes resumed in stages starting 24 June last year, all eligible schools received more than 3,100 handheld thermometers, with a further 7.2 million square feet of classrooms, facilities and common areas disinfected in schools identified within COVID-19 "red zones" during the MCO.
Support for Coffee Shops	Coffee shops have a long history and tradition in Malaysia and Singapore spanning decades. When COVID-19 hit, we stepped in to help them recover. Partnering with the Malaysia Singapore Coffee Shop Proprietors General Association (MSCSPGA), we helped to subsidise utilities payments up to three months for 1,000 eligible small and medium-sized coffee shop operators nationwide, with a concurrent consumer promotion offering them higher margins on each bottle of Carlsberg Smooth Draught sold. November also saw us launch our #LoveOurCoffeeshops campaign in Singapore, as we aimed to reignite the coffee shop culture amongst locals and to aid operators in their recovery with subsidies and promotions of Carlsberg Smooth Draught and Asahi Super Dry.
Adopt a Keg	To help local bars and restaurants get back on their feet, we introduced Adopt a Keg to reward consumers who have purchased Carlsberg for home consumption with free draught beer they could redeem at local F&B outlets when MCO was lifted. Beer lovers could fill their virtual beer keg by simply scanning the receipt and barcodes from their purchases of Carlsberg Danish Pilsner and Carlsberg Smooth Draught cans and bottles from convenience stores, online retailers, supermarkets and hypermarkets. Once the keg was filled, consumers were rewarded with two free beers redeemable via a QR code at participating F&B outlets.
Bring Me Home	Knowing that our consumers were missing their favourite draught beers and stouts, we introduced Bring Me Home, with 124 participating bars and restaurants bringing freshly poured brews directly to homes all over the Klang Valley, Johor Bahru, Malacca, Seremban, Pahang. Kedah, the East Coast, Penang and Perak.

Further details on Safer Together can be found in the Sustainability Statement from pages 75 to 77.

MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION & ANALYSIS

MANAGING DIRECTOR'S MESSAGE AND MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS RISKS

During the year, we achieved valuable closure on some outstanding tax matters. The beer industry was also spared another hike in excise duties following the passing of Budget 2021 by the Malaysia and Singapore governments. Contraband and illicit trade continued to pose material business risks to our business.

Full and Final Settlement of Customs Charges

On 15 June 2020, we succeeded in our appeal for a remission of tax charges from the Royal Malaysian Customs ("Customs") of Selangor where the final amount paid was RM6.4 million. This was a much-reduced amount from the original bills of demand for excise duty, sales tax and penalty of RM56.3 million as claimed by the authorities on 17 September 2014. The full payment was made through three installments in July, August and September 2020.

Ongoing Business Risk

The pandemic triggered lockdowns for people and closures of businesses all over the nation in 2020. While the safety of all Malaysians remains of primary importance on a national level, it is also our belief that there is room for policymakers to consider allowing more businesses to reopen once again, for the good for the country and livelihoods across the nation.

With proper SOPs, strengthened anti-Illicit enforcement and holistic anti-drink driving awareness campaigns in place, business can and should be able to restart. F&B operators adhering to mandated SOPs should be allowed to reopen, while highly automated manufacturing businesses and their distribution networks should be allowed to continue operations in the event of future lockdowns.

There remains a downside to keeping struggling pubs and entertainment outlets closed, which are licenced outlets where legitimate alcohol sales occur. When legitimate channels close, sales of illicit and illegally formulated liquor will replace consumption in the absence of licenced outlets, putting the health and safety of consumers at risk.

We welcome the government's decision to reactivate the Multi-Agency Task Force (MATF) in collaboration with the Malaysian Anti-Corruption Commission (MACC) and the National Financial Crime Centre (NFCC), following the tabling of Budget 2021, in the battle against contraband.

We would also like to thank the respective governments in Malaysia and Singapore for not raising excise duties or Goods and Services Tax (GST) in their respective annual Budgets.

Keeping these taxes capped on our quality beverages for another year goes a long way towards helping our many customers in both countries while also containing illicit beer sales during troubled and challenging times.

OUTLOOK AND PROSPECTS

2021 is expected to continue being shrouded by uncertainty and volatility, headlined by the ongoing spike and mutation in COVID-19 cases around the world.

While a number of vaccines have been approved for use globally, we expect the rollout of vaccination programs to face hurdles and take time. We are however hopeful that the national COVID-19 vaccination plans that have started in Malaysia and Singapore will curtail COVID-19 infections and lead to better economic recovery in the second half this year.

The Group is taking a cautious view over the outlook for the current year due to the persevering effects of COVID-19 and the possible government regulations and measures that will likely cause on-trade sales and consumer sentiment to remain depressed.

In light of the re-imposition of the second MCO in Malaysia since January this year, the Group anticipates a muted recovery in on-trade sales as well as other factors such as weak macroeconomic conditions and financial challenges that many F&B operators are facing to stay afloat. Limitations set on dining-out, travelling and reunions before and during the festive season, had also adversely impacted many businesses.

That said, the Group is confident that the cost-management and cash-preserving measures coupled with a strong access to borrowing facilities will keep our balance sheet strong and help ensure a reasonable financial performance in 2021.

Above all, our ongoing SAIL'22 corporate strategy will help guide us through these turbulent times to enable the Group to continue delivering long-term value for all our shareholders.

A Difficult but Gradual Recovery

We foresee a slow economic and business recovery that continues to labour under the threat of the ongoing pandemic.

Thus, we will continue to focus on the health and safety of our employees and customers alike while ensuring the sustainability of our operations in the short- and long-term.

As a group, we have been and will continue to be even more disciplined in implementing our 'Fund the Journey' initiatives. We will continue to optimise our costs aggressively, reallocate our investments on e-commerce and off-trade, while still supporting our business partners.

In addition, we will constantly review our business to ensure that our structures, processes and costs are suited to a post-COVID-19 reality. With these in place, we remain hopeful of sustaining an acceptable performance until the pandemic is overcome and businesses can resume full operations.

Innovation has and will continue to be a strategic priority, and agility is key in adapting to a highly volatile and uncertain operating environment, such as increasing digitisation of consumer campaigns, e-commerce, product and packaging innovations.

The still-high COVID infections will continue to influence on-trade consumption and consumer sentiment in general, but we are cautiously optimistic for recovery with Malaysia and Singapore adapting to new social and business norms and government controls over the pandemic.

IN APPRECIATION

Our company's resilience, even in the depths of the pandemic, is attributable to the strong relationships we have built over the years with our distributors and business partners, who have in turn demonstrated a commendable ability to adapt to the new norms.

A valuable lesson from the pandemic has been the revelation that our true strength lies in the bonds we have built in our organisation and our relationships with our stakeholders which were built meticulously over the years.

By continuously supporting each other, we recognise the value that comes from mutual dependability and survival within our shared ecosystem so that we may emerge from this crisis stronger and even more resilient.

I am also especially grateful to our consumers and customers for their patronage and loyalty, as well as our employees for going the extra mile in these extraordinary times.

Your support has helped us to continue our contribution to our nation-building efforts by sustaining today for a better tomorrow, in our hope of emerging from the storm at full sail ahead.

Stefano Clini
Managing Director
2 March 2021

SUSTAINABILITY STATEMENT

BREWING FOR A BETTER TODAY AND TOMORROW

OUR GLOBAL PURPOSE, BROUGHT TO LIFE

MORE THAN A CENTURY AND A HALF AGO, OUR FOUNDER, J.C. JACOBSEN, UNDERSTOOD THE IMPORTANCE OF BREWING FOR A BETTER TODAY AND TOMORROW. HIS VISION WAS CAPTURED IN HIS GOLDEN WORDS, WHICH IS THE INSPIRATION FOR THE CARLSBERG GROUP'S PURPOSE OF A BRIGHTER FUTURE FOR ALL.

> **"In working the brewery it should be a constant purpose, regardless of immediate gain, to develop the art of making beer to the greatest possible degree of perfection so that this brewery as well as its products may ever stand out as a model and, through their example, assist in keeping beer brewing in this country at a high and honourable level."**
>
> **J.C. Jacobsen's Golden Words**

Our Purpose drives us to pursue perfection every day as we strive to brew better beers with quality, innovation and pride that stand at the heart of moments that bring people together.

Beyond brewing, the same Purpose compels us to focus on a sustainable future for our business, stakeholders, environment and the communities we operate in, going far beyond the short-term and immediate.

Our commitment across all Carlsberg markets in the world is to attain a sustainable performance today while combating a myriad number of global challenges so that we may achieve a better world tomorrow.

Within our SAIL'22 strategy which underlies our business model, our overarching call for sustainable brewing is most visible in the underlying enablers of 'Create a Winning Culture' and 'Defend Our License to Operate'.

Within these enablers, we strive to achieve sustainable business operations for our people and the planet we live in, ahead of simply pursuing short-term profits.

Driven by this goal, our ambition is to create meaningful impacts on the key sustainability priorities under our Together Towards ZERO (TTZ) ambition in Malaysia and Singapore.

SUSTAINABILITY STATEMENT

GOVERNANCE

CARLSBERG GROUP SUSTAINABILITY
Drives strategic initiatives/partnerships, supports Sustainability Champions

CARLSBERG GROUP SUPERVISORY BOARD

CARLSBERG GROUP EXECUTIVE COMMITTEE
Accountable for TTZ performance

CARLSBERG SUSTAINABILITY ADVISORY BOARD
Provides external perspective

TOGETHER TOWARDS ZERO (TTZ) AREA OWNERS
Responsible for TTZ implementation in their area

ZERO CARBON FOOTPRINT	ZERO WATER WASTE	ZERO IRRESPONSIBLE DRINKING	ZERO ACCIDENTS CULTURE
EVP Integrated Supply Chain	EVP Integrated Supply Chain	Chief Commercial Officer	EVP Integrated Supply Chain

LOCAL MARKET AND FUNCTION LEADERSHIP TEAMS (CARLSBERG MALAYSIA GROUP)
Responsible for demonstrating leadership and integrating TTZ

Led by Managing Director, overseen by Board of Directors

ZERO CARBON FOOTPRINT	ZERO WATER WASTE	ZERO IRRESPONSIBLE DRINKING	ZERO ACCIDENTS CULTURE	Governance	People
Supply Chain Director	Supply Chain Director	Corporate Affairs Director	Supply Chain Director	Legal & Compliance Director	Human Resources Director

SUSTAINABILITY CHAMPION
Responsible for coordinating local initiatives

Corporate Affairs Director supported by Supply Chain Director

TTZ TARGET OWNERS
Responsible for local implementation of sustainability initiatives

Head of PMO, Utilities & Site Services (Group)	Head of PMO, Utilities & Site Services (Group)	Manager, Corporate Affairs (Malaysia) Head of Human Resources (Singapore)	Manager, Health, Safety, Security & Environment (Group)	Legal & Compliance Director (Group)	Human Resources Director (Malaysia) Head of Human Resources (Singapore)

The oversight of our sustainability programme within our Malaysia and Singapore operations rests with the management team, led by our Managing Director and overseen by the Board of Directors.

Our Together Towards ZERO sustainability agenda is spearheaded by a local Sustainability Champion (our Corporate Affairs Director) and supported by our Supply Chain Director.

Operationally, a network of cross-functional managers and policy owners are appointed as Together Towards ZERO Target Owners to deliver a defined scope of work, responsibilities and people management, all with a direct and measurable impact towards our sustainability goals.

Diverse business functions such as supply chain operations, corporate affairs, marketing, sales, human resources and health, safety and security all contribute towards the Group's sustainability performance.

SCOPE OF STATEMENT

This sustainability statement for 2020 will cover the progress in the Together Towards ZERO sustainability agenda, with additional insights on the Group's economic contributions, employee development, ethics and regulatory compliance, and community engagement and support – the latter especially in the light of the impact of COVID-19 on our customer and community stakeholders.

The statement also corresponds with Bursa Malaysia Securities Berhad's (Bursa Malaysia) economic, environmental and social (EES) pillars recommended by the national exchange's sustainability framework, which are specifically covered under the following sections:

- **Economic:** Brewing Economic Growth (pages 48 to 49)
- **Environment:** ZERO Carbon Footprint & ZERO Water Waste (pages 50 to 55)
- **Social:** ZERO Irresponsible Drinking, ZERO Accidents Culture and Committing Towards a Responsible Business (pages 56 to 77)

Our approach and framework disclosed above is similar as the environmental, social and governance (ESG) practices as outlined in the FTSE4GOOD Bursa Malaysia Index, which we are into the second year as a constituent following the bi-annual review in December 2020.

This statement will cover key sustainability initiatives and updates within our Malaysia and Singapore operations from 1 January to 31 December 2020. Initiatives by Lion Brewery (Ceylon) PLC, our associate company, will not be included given that the Group does not have management control.

Key indicators are extracted from Enablon, an online sustainability reporting platform used by the Carlsberg Group of companies globally. Reporting is done on policy areas on a monthly, quarterly, half-yearly and annual basis, providing visibility on Malaysia and Singapore as well as on the Carlsberg Group-wide level on our progress in achieving our Together Towards ZERO goals.

This report should be read in conjunction with Carlsberg Brewery Malaysia Berhad's 2020 annual report, which highlights other financial and non-financial aspects of the Group including our business model and SAIL'22 strategy, and to understand the value creation inputted, derived and aligned with the principles of the International Integrated Reporting Council's Integrated Reporting <IR> Framework.

RECOGNITION

The Group is proud to be listed among the constituents in the FTSE Russell FTSE4Good Bursa Malaysia ("F4GBM") index, with the first inclusion following Bursa Malaysia Berhad's bi-annual review which was concluded in 2019.

The inclusion ranks us among leading Malaysian public-listed companies that have demonstrated class-leading commitments to responsible business practices and inclusive disclosures on environmental, social and governance (ESG) matters.

As of the date of publication, we remain the only brewer and one of just three fast-moving consumer goods (FMCG) companies included in the F4GBM index: a humbling encouragement of our ongoing efforts toward responsible business practices.

We are grateful for the endorsement from an investment community that acknowledges our efforts in sustainability and sound corporate governance.

SUSTAINABILITY STATEMENT

TOGETHER TOWARDS ZERO

A GLOBAL SUSTAINABILITY AMBITION WITH LOCAL GOALS

WE CALL OUR SUSTAINABILITY AMBITION TOGETHER TOWARDS ZERO, A SUSTAINABILITY ROADMAP WHICH IS SHARED WITH ALL MARKETS WITHIN THE CARLSBERG GROUP.

Together Towards ZERO is the Carlsberg Group's response to pressing global issues of climate change, water scarcity and people's wellbeing, health and safety – areas most material to our business sustainability and over which we have the capability to effect positive change.

The programme is closely linked to the United Nations' Sustainable Development Goals (UN SDGs), covering ten of its goals.

It consists of four ambitions: ZERO Carbon Footprint, ZERO Water Waste, ZERO Irresponsible Drinking and a ZERO Accidents Culture. Two of these ambitions focus on environmental sustainability while the latter two involve people – our consumers and employees.

Each of these ambitions are underpinned by individual and measurable targets, leading up to milestones in 2022 and 2030.

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

Purpose	**BREWING FOR A BETTER TODAY & TOMORROW**			
SAIL'22 priorities	STRENGTHEN THE CORE	POSITION FOR GROWTH	CREATE A WINNING CULTURE	DELIVER VALUE FOR SHAREHOLDERS
Sustainability strategy	**TOGETHER TOWARDS ZERO**			
Sustainability priorities	**ZERO** CARBON FOOTPRINT	**ZERO** WATER WASTE	**ZERO** IRRESPONSIBLE DRINKING	**ZERO** ACCIDENTS CULTURE
2030 targets	**ZERO** carbon emissions at our breweries **30%** reduction in beer-in-hand carbon footprint	**50%** reduction in water usage at our breweries Partner to safeguard shared water resources in all high-risk areas	**100%** of our markets improve on responsible drinking year on year	**ZERO** lost-time accidents
2022 targets	**50%** reduction in carbon emissions at our breweries **15%** reduction in beer-in-hand carbon footprint **100%** electricity from renewable sources at our breweries **100%** low-climate-impact cooling **ZERO** coal at our breweries	**25%** reduction in water usage at our breweries Explore going below 2.0 hl/hl at all high-risk breweries Partner to safeguard shared water resources in high-risk areas	**100%** availability of alcohol-free brews (AFB) **100%** responsible drinking messaging through packaging and brand activations **100%** of our markets run partnerships to support responsible consumption	Reduction in accident rate year on year
Malaysia's Progress in 2020	**15%** reduction since 2015 **8.4%** reduction from 2015-2019	**28%** increase vs. 2015 due to a change in accounting to include usage in administration and water treatment plant losses	6th consecutive year of #CelebrateResponsibly campaign New e-hailing and media partnerships to support no drinking and driving	**721** consecutive days without lost-time accidents New ISO 450001:2018 certification
Foundation	**RESPONSIBLE BUSINESS** Living by our Compass • Embracing diversity & inclusion • Developing & engaging our people • Sourcing responsibly • Ensuring product quality & safety			

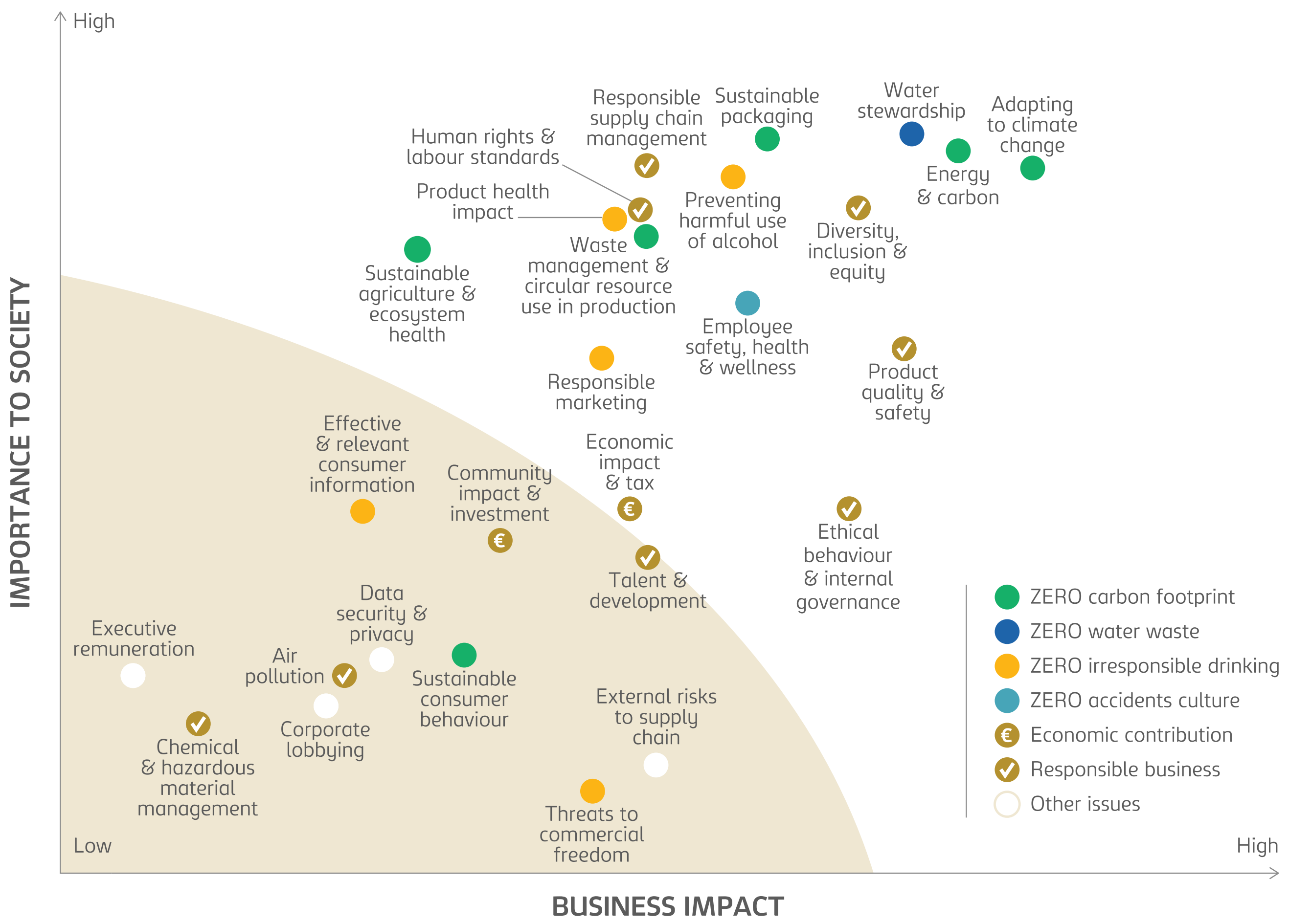
Together Towards ZERO was designed following a global stakeholder engagement process spanning social, environmental and economic experts and a materiality assessment that the Carlsberg Group first carried out in 2016 with Business for Social Responsibility. The assessment represents an overview of the topics that have the biggest influence on society of its markets globally and its business, considering both risks and opportunities.

Global challenges continue to evolve, and the COVID-19 pandemic has highlighted health and economic concerns. The Carlsberg Group has updated its materiality assessment in 2020 to include input from initiatives such as the Task Force for Climate Related Financial Disclosures (TCFD) and the United Nations Intergovernmental Panel on Climate Change (IPCC), analysing the greatest risks and opportunities through an internal survey across a range of functions and geographies, as well as a series of interviews with external stakeholders.

Another outcome from the update is the formation of the Carlsberg Sustainability Advisory Board (CSAB), which was established and held its first meetings in 2020 to provide valuable external perspectives directly to senior leadership of the Carlsberg Group. Three independent external sustainability experts sit on the CSAB, which will be convened twice a year.

From 2021, mid- and long-term risks will be reviewed by CSAB annually, including those related to the areas of commercial and competition, governance, consumer, macroeconomic and geopolitical environment, reputation, supply chain and climate impact.

CSAB has materially identified the impact of our Together Towards ZERO goals and other sustainability ambitions of the Carlsberg Group, weighing business impact and importance to society. This analysis was done through existing data and research from both within the Carlsberg Group and externally combined with insights from a digital listening platform, which set the platform for in-depth surveys covering employees across global markets, non-governmental and inter-governmental organisations, industry associations, investors, customers, suppliers and academics.



Four interconnected environmental themes top the most material issues for Carlsberg globally: climate change adaptation, energy and carbon, water stewardship, and sustainable packaging.

Supporting equality and caring for employees have risen in prominence, with diversity, inclusion and equity a high priority. Employee safety, health and wellness is also a critical issue and will remain so as we emerge from the COVID-19 crisis.

Stakeholders also saw an opportunity for leadership in preventing the harmful use of alcohol through innovating and widening the availability of low-/no-alcohol or low-sugar options products, and working with the industry and others to define the role of beer in society.

Other issues identified as highly material include responsible supply chain management covering human rights and labour standards, product quality and safety, ethical behaviour and governance, waste management and resource use, responsible marketing, and economic impact and tax.

In this report, Carlsberg Malaysia Group's (the Group) progress for Together Towards ZERO, economic contribution and responsible business are specifically covered from pages 48 to 77.

UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS THAT CUT ACROSS OUR SUSTAINABILITY AMBITIONS

3.5 Strengthen the prevention and treatment of substance abuse, including harmful use of alcohol.

3.6 Halve the number of global deaths and injuries from road traffic accidents.

5.1 End all forms of discrimination against all women and girls everywhere.

5.c Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels.

6.3 Improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials and substantially increasing recycling and safe reuse globally.

6.4 Substantially increase water-use efficiency and ensure sustainable withdrawals and supply of freshwater to address water scarcity.

6.5 Implement integrated water resources management at all levels.

7.2 Increase substantially the share of renewable energy in the global energy mix.

7.3 Double the global rate of improvement in energy efficiency.

8.1 Sustain per capita economic growth in accordance with national circumstances.

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises.

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.

8.8 Protect labour rights and promote safe and secure working environments for all workers.

10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.

10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard.

12.2 Achieve the sustainable management and efficient use of natural resources.

12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse.

12.6 Encourage companies to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

12.9 Support developing countries to strengthen their scientific and technological capacities to move towards more sustainable patterns of consumption and production.

13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.

13.3 Improve education, awareness raising and capacity on climate change mitigation, adaptation, impact reduction and early warning.

16.5 Substantially reduce corruption and bribery in all their forms.

17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships.

17.17 Encourage and promote effective public, public-private and civil society partnerships.

SUSTAINABILITY STATEMENT

BREWING ECONOMIC GROWTH

The Company currently operates 15 sales offices across Peninsular Malaysia, Sabah and Sarawak on top of our Singapore operations based in Zhongshan Park.

Carlsberg Singapore Pte. Ltd. also owns a 51% equity share in Singapore importer MayBev Pte. Ltd. (MayBev), which distributes Japanese premium alcohol brands especially Asahi Super Dry, the best-selling beer brand in Japan.

Our economic contribution is twofold. Our operations create value for the local workforce through employment opportunities while also contributing to the national economies of Malaysia and Singapore via direct and indirect taxes, excise duties, and support of the local food and beverage industry.

In Malaysia alone, the Confederation of Malaysian Brewers Berhad (CMBB) – of which Carlsberg Malaysia Group is a founding member – estimated in 2019 that the brewing industry in Malaysia supported 61,000 people in direct or indirect employment with taxes, salaries and profits contributed significantly to nation-building.

Like many industries reliant on consumer sentiment and demand, this contribution was heavily impacted with the advent of COVID-19 and the concurrent national lockdowns and social distancing measures introduced to curb the spread of the pandemic.

Although muted in an extraordinary year, the Group continued to contribute RM895.8 million in excise duties to the Malaysian and Singaporean governments for its combined operations, RM53.6 million in corporate taxes, RM9.7 million in Goods And Services Tax (GST) in Singapore and RM80.3 million in Sales and Service Tax (SST) for Malaysia.

This totals RM1.04 billion in combined direct and indirect tax payments to the government.

With on-trade F&B businesses like bars, nightclubs and restaurants compelled to shutter and stay closed during the MCO and Circuit Breaker months in Malaysia and Singapore, our place in the economic ecosystem is more important than ever before to help the remaining players in our industry survive.

Meanwhile, even during the depths of the pandemic, contraband remained a big challenge for licenced businesses and government revenue.

Previous estimations by CMBB put illegal beer at up to 20% and 80% of total volume sold in Peninsular Malaysia and Sabah & Sarawak respectively.

As such, the Group welcomes the reformation of the MATF (Multi-Agency Task Force), announced in the Malaysia's Budget 2021, to combat contraband.

We also applaud the Malaysian and Singapore governments for not raising excise duties on beer during the year, where our combined markets rank second-highest in the world, behind only Norway globally.

We also note that Malaysia's gross domestic product (GDP) per capita remains one-seventh that of Norway and a sixth of Singapore, yet excise duties on beer remain on par with these wealthy nations.

Nonetheless, through our Malaysian and Singaporean operations, we remain vigorous contributors to UN SDG 8 targets by supporting economic prosperity, higher productivity and innovation by providing decent work and economic growth in the markets we operate in.

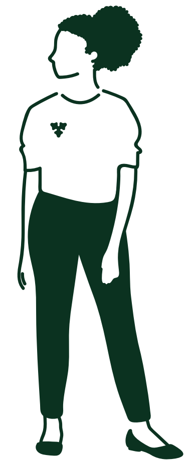
No. of people employed as of 31 Dec 2020

638

Direct:

565 employees in Malaysia and
73 employees in Singapore

vs. 666 as of 31 Dec 2019



Direct taxes

RM53.6 mil

in the form of corporate taxes with RM42.8 mil for Malaysia and RM10.7 for Singapore

-23% in 2020 vs. 2019

Excise duties

RM895.8 mil

paid on our products brewed and sold in both Malaysia and Singapore

-16% in 2020 vs. 2019

Indirect taxes

RM89.9 mil

in SST and GST paid/collected on behalf of the Malaysia and Singapore governments

-15% in 2020 vs. 2019

SUSTAINABILITY STATEMENT

ZERO CARBON FOOTPRINT

2030 GLOBAL TARGETS

ZERO
Carbon Emissions at Our Breweries

30%
Reduction in Beer-In-Hand Carbon Footprint

2022 GLOBAL TARGETS

50%
Reduction in Carbon Emissions at Our Breweries

100%
Electricity from Renewable Sources at Our Breweries

ZERO
Coal At Our Breweries

30%
Reduction in Beer-In-Hand Carbon Footprint

ZERO
Low-Climate-Impact Cooling

30
Global Partnerships to Reduce Shared Carbon Footprint

THE WORLD IS FACING A CLIMATE EMERGENCY THAT THREATENS PEOPLE, THE ENVIRONMENT AND OUR BUSINESS.

GOVERNMENTS, BUSINESSES AND INDIVIDUALS MUST TAKE ACTION NOW TO HELP PREVENT THE WORST EFFECTS OF CLIMATE CHANGE. WE ARE DETERMINED TO DO OUR PART BY CUTTING THE CARBON FOOTPRINT OF OUR OPERATIONS AND OUR ENTIRE VALUE CHAIN.

Our ambitious global targets, approved by the Science Based Targets initiative in 2017, are in line with the latest climate science to limit global warming to 1.5°C.

In 2020, the Carlsberg Group joined other leading companies in urging governments to ensure their COVID-19 recovery efforts align with the Paris Agreement's 1.5°C goal and calling for European Union leaders to embrace a 55% carbon emissions reduction target by 2030. In doing so, we are also guided by the Carlsberg Group's participation in the Task Force for Climate Related Financial Disclosures (TCFD) and the Intergovernmental Panel on Climate Change (IPCC).

Globally, we are making progress on our 2022 targets to switch to renewable electricity, eliminate use of coal and halve carbon emissions at our breweries as we drive progress towards ZERO carbon brewing by 2030. Eliminating emissions from our breweries will help us cut our value chain footprint from raw material to the end-product consumers enjoy – what we call beer-in-hand emissions – as much as 30% by 2030 from 2015 levels.

For the Malaysia operations, the Supply Chain Director, management team and functional heads oversee the implementation of our carbon emission reduction roadmap. We remain committed to annual targets based on the Group's ultimate ambition of ZERO carbon emissions at our brewery in Shah Alam, which approaches its five-decade milestone since commissioning.

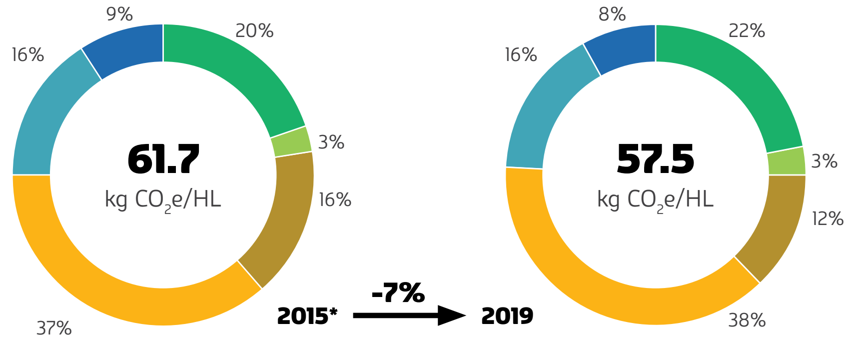
BEER-IN-HAND CARBON EMISSIONS

In 2020, the Carlsberg Group presented market-specific findings for ZERO Carbon Footprint progress for 2019, compared against an updated 2015 baseline which improves upon primary data quality with an updated guidance and methodology.

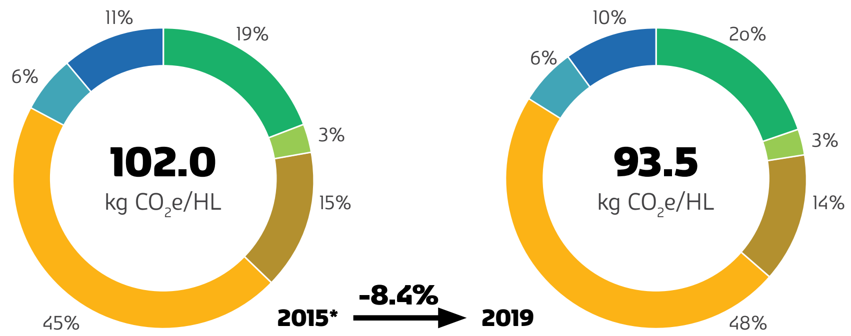
The updated 2015 baseline, which is actually 14% higher than previously stated at the start of our Together Towards ZERO journey, was approved and advised by Carbon Trust and covers direct carbon emissions, purchased energy for own use, and indirect inputs and outputs such as packaging, transportation and distribution, raw material, and refrigeration within the total beer-in-hand emissions scope.

Malaysia's beer-in-hand carbon footprint remains higher in 2019 compared to the Carlsberg Group's global average with 93.5 kilogrammes of carbon dioxide equivalents per hectolitre produced (kg CO_2e/hl) compared to the Group's average of 57.5 kg CO_2e/hl. However, the reduction compared to 2015 is 0.83%, an improvement of 0.13% on top of the Group's average, albeit from a higher base.

Carlsberg's Global Beer-in-Hand Footprint
(absolute emissions 2015: 7.0 million tonnes of CO_2e)



Malaysia's Beer-in-Hand Footprint
(absolute emissions 2015: 0.13 million tonnes; 1.9% of total CO_2e)



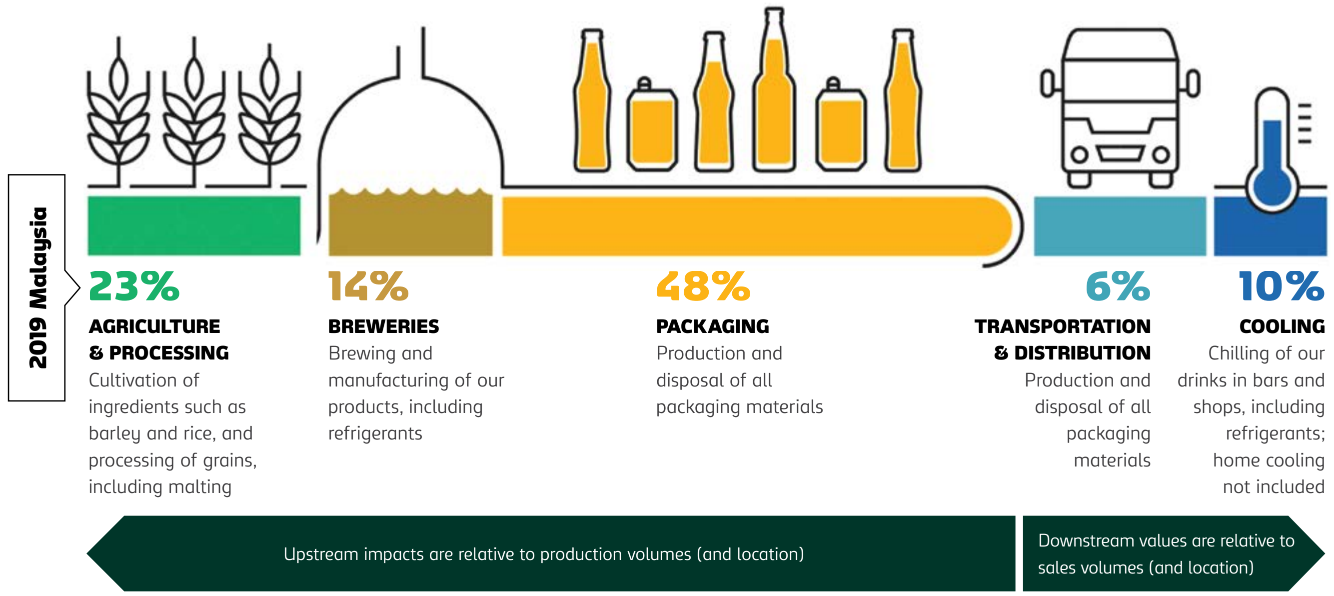
Agriculture | Breweries | Transportation & Distribution
Malting | Packaging | Cooling

*updated baseline

By absolute numbers, Carlsberg Malaysia Group ranks 13th in terms of total emissions within 29 Group markets studied but stands at 3rd for highest carbon intensity per hectolitre produced – a gap we need to address for our long-term ambitions. Our current challenges are:

- No direct control of our sole source of electricity from the national grid, which currently still relies mostly on fossil fuels;
- Negligible effect of solar power input (estimated low single-digit offsets of current electricity consumption) based on solar array installation feasibility studies on-premise; and,
- Packaging mix favouring cans and bottles.

The proportion of greenhouse gas emissions relating to each stage in the life cycle of our products:



SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

Breaking down the various factors contributing towards our local beer-in-hand carbon footprint, our focus remains on energy efficiency in brewing (14%), an area we directly control and maintain within our ISO 14001:2015 certification.

To this end, we commit to ongoing equipment optimisation, product innovation, research and redevelopment (R&D) and increasing operational and production efficiencies within our capacity.

That said, we recognise the remaining factors of agriculture & processing, packaging, transportation and distribution and cooling, while not under our direct control, can be significantly influenced by our pivotal role in the supply chain.

Beyond our own operations, we continue to work with partners who supply our ingredients, packaging, logistics and refrigeration, actively seeking lower-carbon alternatives where feasible and in line with business sustainability.

As of 2019, packaging (which includes the production and disposal of packaging material) makes up almost half at 48%. We continue to study measures to reduce carbon footprint impact, such as increasing recycled content in cans and shrink wrap, optimising packaging mix, and material sourcing.

These measures add to our previous innovations such as wax emulsion coating on returnable glass bottles to extend their lifespans and "light-weighting" recyclable aluminium cans with thinner-gauge walls since 2016, utilising less raw material while maintaining structural integrity.

Other measures we continue to explore:

- Agriculture & processing: sourcing raw brewing material with a lower carbon intensity
- Transportation & cooling: increased sea transport and optimised routes-to-market
- Cooling: investment in energy-efficient refrigeration in transportation and point-of-sales and the complete phasing-out of R22 refrigerant

AMBITION & TARGETS

The impact of COVID-19 on an extraordinary year has led us to restate our 2022 targets marginally considering uncertainties surrounding production planning, volatile operational environment and costs, and changing production mix.

We aim to achieve total energy usage of 28.6 kilowatt hours of per hectolitre (kWh/hl) by 2022 (stated as 28.2 kWh/hl in 2019's report) and carbon emissions of 9.5 kg CO_2/hl (9.3 kg CO_2/hl previously).

In line with our capabilities on carbon emission reductions, Carlsberg Malaysia Group targets a 5% reduction in thermal and electricity usage year-on-year, where we have already exceeded our year-on-year target in 2020 by 6.9% versus 2019.

By 2022, we aim to reduce our carbon emissions to 9.5 kg CO_2/hl, which requires a further 5.4% reduction compared to our 2020 performance of 10.0 kg CO_2/hl. We are on track to achieve a 15% reduction in beer-in-hand carbon footprint by 2022 with a target of 2% year-on-year versus the 2015 restated benchmark.

Progress to completely replace R22 – a high-climate-impact refrigerant gas – by the year 2022 was stalled in this pandemic year. Replacement in stages has been prioritised with a dedicated budget from 2021 to facilitate complete replacement by 2023.

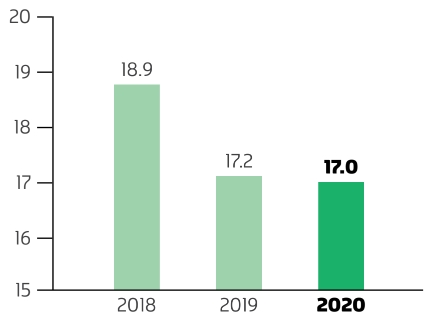
THERMAL ENERGY

In 2020, brewing operations used 20.7 kilowatt hours of thermal energy per hectolitre (kWh/hl) compared to 21.7 kWh/hl in 2019. This represents a 5% reduction in line with our year-on-year target.

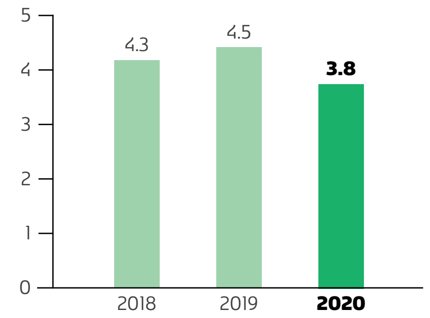
The factors to this overall reduction came from decreases in natural gas usage of 17.0 kWh/hl for 2020 compared to 17.2 kWh/hl in 2019, and renewable biogas usage of 3.8 kWh/hl versus 4.5 kWh/hl in the previous reporting period.

The Group's thermal energy consumption continued its positive downward trend, improving on efficiency year-on-year, partly due to efforts in optimising heat

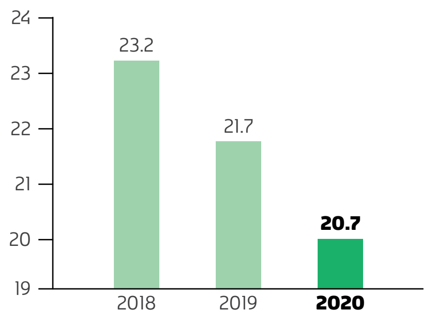
Natural Gas Usage (kWh/hl)



Biogas (Renewable Energy) Usage (kWh/hl)



Total Thermal Energy Usage (kWh/hl)



consumption in the brewery operation processes whilst reducing heat losses in key machinery, which together contributed to improved energy key performance indicators.

While overall thermal energy usage decreased, our thermal energy mix still saw a decrease in the ratio of biogas (renewable) versus natural gas (non-renewable) of 18.1% from 20.7% in 2019 previously.

Natural gas reliance increased during the year due to inconsistent energy demand as brewery operations were suspended during the first seven weeks of the MCO and lower overall brewery output and corresponding efficiency due to lower-than-average production volumes.

For 2022, we aim to achieve total thermal energy usage of 19.8 kWh/hl with an estimated 80:20 mix of natural gas vs. biogas usage ratio.

ELECTRICITY

For the reporting period, electricity consumption continued to be measured by the unit of kilowatt hours of thermal energy per hectolitre produced (kWh/hl) as a consistent yardstick for brewery operations.

In 2020, electricity usage for supply chain operations only – excluding administration and other support operations -- saw an increase to 9.5 kWh/hl compared with a consistent 9.2 kWh/hl in 2018 to 2019 previously.

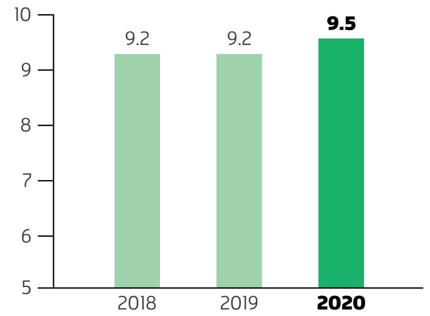
Likewise, total electrical usage across all functions increased to 10.2 kWh/hl, compared to 10.0 kWh/hl in 2019.

The main reason for the decrease in electrical efficiency was the increase in overall electrical usage per hectolitre produced, mainly due to the need to maintain base electrical load during the COVID-19 national lockdown period from March to May 2020 with no brewery output while maintaining 'operational idle', which had a negative impact in overall electricity efficiency.

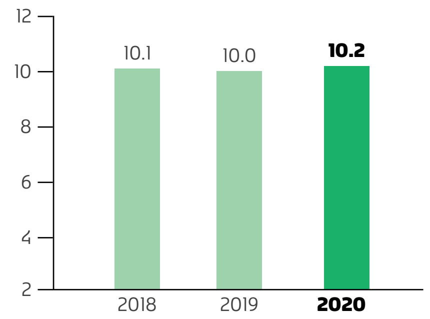
While production has since resumed, production levels remain lowered with a drop in brewery volume consistent with the reduced sales forecasts for the remainder of 2020. A detailed action plan is currently being drafted to mitigate the impact within 2021 operations.

For the next milestone in 2022, we aim to achieve a total of 8.80 kWh/hl in total electricity consumption and a corresponding 8.45 kWh/hl in electricity usage for production only.

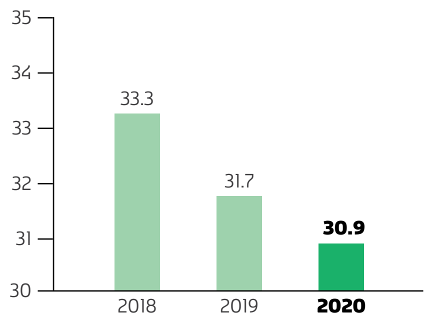
Electricity Usage (Production) (kWh/hl)



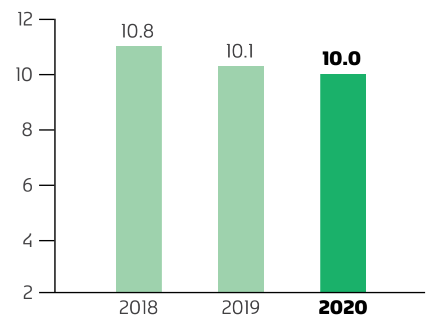
Total Electricity Usage (kWh/hl)



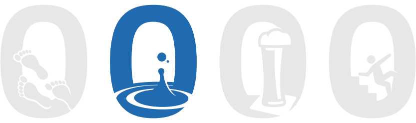
Total Energy Usage (Thermal + Electricity) in kWh/hl



Carbon Emissions – kgCO2/hl



SUSTAINABILITY STATEMENT



ZERO WATER WASTE

2030 GLOBAL TARGETS

50%

Reduction In Water Usage at Our Breweries

Partner To Safeguard Shared Water Resources In High-Risk Areas

2022 GLOBAL TARGETS

25%

Reduction In Water Usage at Our Breweries

Explore Going Below 2.0 Hl/Hl at All High-Risk Breweries

WATER SHORTAGES DIRECTLY AFFECT COMMUNITIES AND OUR BUSINESS.

MANY PARTS OF THE WORLD FACE INCREASING WATER SCARCITY CHALLENGES AS THE EFFECTS OF CLIMATE CHANGE TRIGGER DROUGHTS AND ALTER RAINFALL PATTERNS. AS SOON AS 2025, TWO-THIRDS OF PEOPLE WORLDWIDE MAY BE DEALING WITH WATER SHORTAGES. AND BY 2050, ALMOST HALF OF GLOBAL GDP COULD COME FROM AREAS FACING HIGH WATER RISK.

Water is an essential ingredient in our products, and other key ingredients, such as grain and hops, need it to grow. Put simply, no water means no beer. Our focus on pushing the boundaries of efficiency and technology is both a business and a sustainability priority.

Industries like ours have a big role to play in safeguarding water supplies wherever we operate. That is why we have set ambitious global targets for ZERO Water Waste.

By 2030, we aim to halve the amount of water used to make every hectolitre of beer. Throughout the Carlsberg Group, we have already achieved an 18% reduction through best-practice efficiency and water treatment upgrades at our breweries and we will accelerate progress with water-recycling technology.

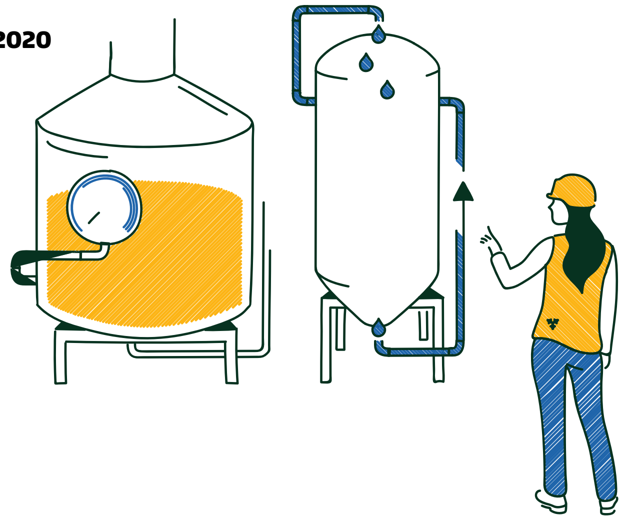
In 2020, the Carlsberg Group updated our water risk assessment for 81 of our 86 majority-owned breweries and finalised a ground-breaking scenario analysis with the World Wildlife Fund (WWF) to prepare for future risks to our business. The findings will help us prioritise actions as we work with partners to protect and improve water supplies for the communities whose resources we share.

Investing in water stewardship helps us build strong relationships with communities and regulators and supports our licence to brew now and in the future.

WATER USAGE IN 2020

10%

reduction overall



AMBITION & TARGETS

The Carlsberg Group is committed to eliminating water waste from brewing through world-class efficiency and safeguarding shared water resources in high-risk areas.

Although Malaysia is not identified as a high-risk market, we continue to aim for a water-waste reduction of 30% by 2022 (3.4 hectolitres per hectolitre produced [hl/hl]), far more than the 25% target for 2022 and are in progress to achieve the targeted reduction of 50% by 2030.

WATER USAGE

Since the 2019 reporting period, water usage for production, which covers all operations at our Shah Alam brewery, has been restated to include water treatment losses aligned with the Carlsberg Group's reporting standards.

In 2020, the Group made good progress versus the previous reporting period with 4.3 hl/hl for water usage for production purposes, a 9.9% drop compared to 2019 (4.8 hl/hl). Contributing factors included improvement in reverse osmosis operations with recycling and reuse of filtered water discharge and backwash processes in progress at our water treatment plant. This water efficiency/reuse project is still under execution and is expected to be in full operation by the end of the first quarter of 2021.

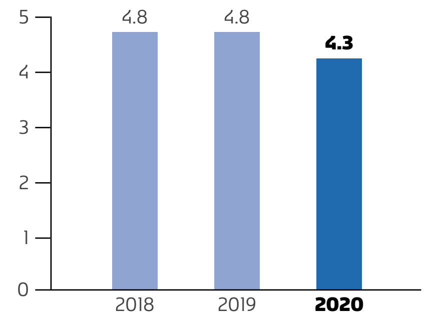
Total water usage, covering administration and sales depot operations, also saw a corresponding drop at 4.76 hl/hl, 8.3% lower compared to 5.19 hl/hl in 2019.

In the last quarter of the year, we greatly improved water efficiency in our packaging line, specifically in our bottle washing operations with a reduction of almost 50% in the month of December.

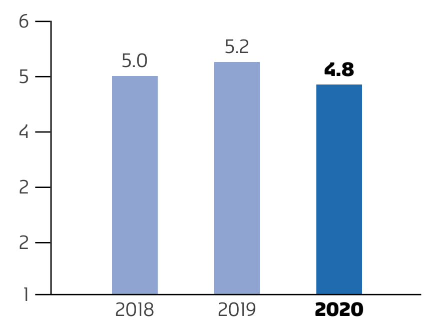
Brewing operations continue to rely partly on a groundwater tube-well located at the brewery, supplementing council water supply and mitigating risks in the event of council water supply disruptions – an uncommonly frequent event in past years that can risk production targets in an industry where water is crucial.

As previously stated, internal studies have estimated that we can bring water usage below 3 hl/hl, which is lower than our 2022 target, with full reliance on council-supplied water. However, we are opting to retain the tube-well/council supply mix as full reliance on one source introduces operational and financial risks from supply disruptions.

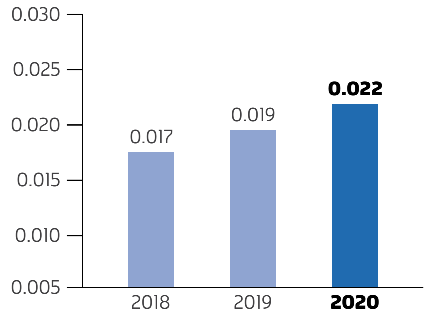
Water Usage (Production only) (hl/hl)



Water Usage (Total) (hl/hl)



Chemical oxygen demand (COD) in wastewater after treatment (kg/hl)



CHEMICAL OXYGEN DEMAND (COD) IN WASTEWATER AFTER TREATMENT

Beyond water conservation, our commitment to preserve the integrity of natural waterways where our brewing operations are situated, remains, through minimising the impact of effluent released from our brewing operations.

In 2020, our chemical oxygen demand (COD) in wastewater after treatment increased to 0.022 kg/hl compared to 0.019 in 2019. The elevated number was due to the reduction in total treated effluent from the decline in production volume for the pandemic year, compounded by brewery suspensions mandated by law in 2020.

We remain within the legal standard of 0.080 mg/hl but have taken initiatives to curb COD levels, among which include maintaining reactor efficiency and implementing aerobic stage improvements in 2021, such as replacing conventional surface aerators to diffuser-type aerators to improve efficiency.

SUSTAINABILITY STATEMENT

ZERO IRRESPONSIBLE DRINKING

2030 GLOBAL TARGETS

100%

of Our Markets Improve on Responsible Drinking Year on Year

2022 GLOBAL TARGETS

✓

Availability of Alcohol-Free Brews (AFB)

100%

Responsible Drinking Messaging through Packaging and Brand Activations

100%

of Our Markets Run Partnerships to Support Responsible Consumption

OUR QUEST FOR BETTER INCLUDES AN ACTIVE ADVOCACY FOR THE RESPONSIBLE CONSUMPTION OF OUR QUALITY BREWS THAT STANDS AT THE HEART OF BRINGING PEOPLE TOGETHER – WITH A MINDSET THAT ELEVATES INSTEAD OF DIMINISHES THE ENJOYMENT OF OUR PRODUCTS.

BY 2030 WE AIM FOR A CONTINUOUS IMPROVEMENT IN KEY RESPONSIBLE DRINKING STATISTICS IN ALL OF OUR MARKETS, SUPPORTING THE WORLD HEALTH ORGANISATION (WHO)'S OBJECTIVE OF REDUCING THE HARMFUL USE OF ALCOHOL.

OUR VISION ALSO ALIGNS WITH THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOAL 3: ENSURING HEALTHY LIVES AND PROMOTING WELL-BEING FOR ALL AGES.

Across the Carlsberg Group, initiatives to curb irresponsible drinking can take many forms, including targeting underage consumption, drinking while pregnant, social awareness, and discussions surrounding alcohol abuse and the consequences of overconsumption on health.

For the Carlsberg Malaysia Group, we have identified drink-driving as the key issue most prevalent and relevant to our market, as irresponsibility and indifference remain the key reasons behind the still-high rate of drink-related road accidents, both fatal and otherwise.

At the end of 2019, a number of fatal drink-driving accidents were thrust into the media, social and political spotlights due to their alarming severity and consequences to victims, their dependents and livelihoods.

Such mishaps continued into 2020, despite the public being aware of the legal consequences of driving under the influence and the movement control orders to curb the spread of COVID-19 in Malaysia.

Drink-related accidents, tragic and unnecessary as they are, inevitably draw intense public scrutiny and discourse, tarnishing the reputation of the industry and posing regulatory risks for further restrictions on the availability and sales of legal alcohol products.

In a move that both the Group and the industry welcomed in support of responsible drinking, in 2020 the Malaysian government imposed harsher penalties on those guilty of driving recklessly while under the influence of drugs and alcohol – a stern and uncompromising reminder.

The Road Transport Act 1987 (RTA) was updated to the Road Transport (Amendment) Act 2020 and passed by the Dewan Negara, with the stronger laws expected to be effective deterrents against such irresponsible behaviour.

In all, there were 15 amendments, imposing heavier penalties from before. Section 41 of the Act now states that the sentences for those convicted of causing death due to reckless and dangerous driving has been raised to RM50,000 in fines and/or 10 years in jail.

Section 44, another provision that also deals with the crime, states that offenders convicted of driving under the influence of alcohol or drugs to the extent of causing death will face up to 15 years in jail and fined up to RM100,000. They will also be disqualified from holding a driving licence for a period of 10 years dating from the first offence.

For subsequent offenders, the jail sentence will be upped to a maximum of 20 years and the maximum fine increased to RM150,000. The penalties for causing injury while driving under the influence of alcohol or drugs were also increased, with a maximum 10-year jail term and a maximum fine of RM50,000 for first offenders. Subsequent offenders will see penalties being raised to 15 years in jail and a maximum RM100,000 fine.

The amendment also lowered the prescribed limits of alcohol to World Health Organisation (WHO) standards. Under the new law, the limit of alcohol content is now 22 micrograms in 100 ml of breath, 50 mg of alcohol in 100 ml of blood and 67 mg of alcohol in 100 ml of urine. This equates to 0.05% of the legal national Blood Alcohol Content (BAC) limit, stricter than the 0.08% previously.

OUR AMBITION

Our ZERO Irresponsible Drinking goals are crucial as they send a clear signal that we are single-minded and devoted to an ecosystem of responsible and moderate consumption.

For decades we have devoted ourselves to brewing our beers, stouts and ciders with pride, care and quality. It is this appreciation of good taste, quality and natural ingredients that we seek from our consumers, not the intoxicating effects of excessive consumption.

Our work extends to the marketing communications we issue, always ensuring that our messages adhere to the Digital Guiding Principles for responsible

advertising and promotion on digital platforms and then being seen by the right audience.

This is a global commitment to quality we seek, an initiative the Carlsberg Group is committed to alongside the other industry players, along with our global membership in the International Alliance for Responsible Driving (IARD).

Locally, our efforts are aligned, as we recognise the importance of inculcating and advocating for responsible drinking towards defending our licence to operate in a highly regulated environment.

Whilst we are unable to ultimately control how, when and to what extent people consume our products, we remain cognisant of the important and influential role we play in Malaysia and Singapore in the sales and marketing of our portfolio in a responsible manner to both customers and consumers.

Meanwhile, we also feel that the oversight of our ecosystem should also be a shared one, along with the authorities, retailers and F&B owners as well as the greater network of players in the overall alcoholic beverages industry.

OUR TARGETS

Our goal of achieving ZERO Irresponsible Drinking consists of enabling, informing and encouraging responsible choices.

As a category, beer itself is a low-alcohol choice for responsible consumption. Consumers are also increasingly seeking low-and zero-alcohol options for a growing variety of occasions. Alcohol-free brews (AFB) are a fast-growing category within the Carlsberg Group, catering to those who enjoy post-workout thirst-quenchers, celebrate an occasion or for those who simply abstain from alcohol as a lifestyle choice.

Our target remains to provide quality alcohol-free brews (AFBs) as part of our portfolio by 2022 that will give additional choices, whether consumers enjoy our brews in pubs, bistros and restaurants or at home by themselves or in the company of friends.

All our packaging and online platforms contain responsible drinking messages - #CelebrateResponsibly in Malaysia and Singapore. In addition, we also collaborate with relevant stakeholders for targeted interventions, whether they be at point-of-sale, during consumption or across all our marketing communications.

In Malaysia, our stakeholders will be aware that we have always prioritised the eradication of drink-driving. As such we fully support the government's efforts to reduce its prevalence, including the passing of stricter laws, as it is aligned with our own ambitions and stance on this all-important issue.

#CELEBRATERESPONSIBLY

#CelebrateResponsibly is our Malaysia operations' annual campaign advocating responsible consumption, which continued for the 6th consecutive year in conjunction with Global Be(er) Responsible Day (GBRD), a worldwide initiative among major brewers to promote the responsible enjoyment of beer.

In light of the alarming rise in high-profile cases of drink driving which resulted in several fatalities, we distilled our key message into a simple, singular one: if you drink, don't drive.

This subtle but important departure from previous years' message of not driving if one is over the national BAC limit stemmed from two factors – an alignment with the Ministry of Transport's own message and the tendency of consumers to underestimate one's own limits, coupled with a lack of general access to accurate self-measurements such as breathalyser tests.

With a simple message, this year's campaign underscored the risk that one drink may be one too many, in that different individuals can react to alcohol's effects in various ways, and that the best way to eliminate this risk completely is by changing consumer behaviour from the very start – by making responsible choices even before the first sip.

Given the ongoing pandemic, this year's campaign was executed very differently. There were no on-ground activations or employee participation activities due to social distancing rules. This compelled us to extend our online reach to address changing habits as more people consumed digital content while staying and working from home.

We partnered with two major news dailies, Sin Chew Daily and The Star, to reach their English and Chinese-speaking readers respectively through print and digital communications. Through articles, infographics and short videos, we drove awareness and education of the new penalties, facts and myths on driving under the influence of alcohol, and advocated ride-sharing and chauffeur services in lieu of self-driving, with a total digital reach to over 4.5 million viewers.

Together with our media partner Sin Chew Daily, the campaign was jointly launched with the Ministry of Transport, represented by Transport Minister Datuk Seri Dr Wee Ka Siong, the key figure in national administration spearheading the introduction of the new laws, alongside the Malaysian Institute of Road Safety Research (MIROS).

For consumers, the ultimate incentive for behavioural change was the offer of subsidised and discounted rides to change mindsets and behaviour on drinking and driving, encouraging them to plan ahead before a night out drinking. More than 5,000 discounted rides were offered from existing e-hailing campaign partners Grab and Riding Pink worth RM10 this year, and we also partnered with three new providers – e-hailing service SOCAR+,

SUSTAINABILITY STATEMENT

"We are not taking away anyone's rights to drink, but instead encourage responsible drinking. In this regard, I commend initiatives such as the #CelebrateResponsibly compaign by Carlsberg Malaysia and sin chew daily which are pivotal to educate and create awareness among the public."

Datuk Seri Ir. Dr. Wee Ka Siong,
Malaysian Minister of Transport

"We are pround of our long-standing partnershio with Carlsberg Malaysia in this initivative to promote responsible drinking habits. We aim to empower more woman to celebrate responsibly by providing a women-only ride-hailing service that values convenience, privacy and personal safety."

Denise Tan
Founder, Riding Pink

and chauffeur-on-call companies Lailah and DriveSafe – that each offered a 10% discount on fares throughout the campaign period.

The subsidised and discounted rides were made available to consumers using the promotional code CELEBRATERESPONSIBLY between 7pm and 12am at more than 1,800 of our affiliated bars, bistros and restaurants around the country, giving them plentiful options to choose their favoured provider, make active choices to leave their cars at home, and to use the services of a chauffeur on demand to drive them safely home in the comfort of their own cars should they be already out in town.

The campaign, which ran from mid-September until the end of November was our biggest yet with all 5,000 subsidised rides from Grab redeemed, a total of five ride-sharing/e-hailing partners including three new ones for the year, more than 75,000 point-of-sale tent cards distributed to our nationwide on-trade customers, and partnerships with two major media houses for maximum awareness, education and behavioural change.

LAUNCH OF CARLSBERG ALCOHOL-FREE BREWS IN SINGAPORE

Singapore stepped up to the Carlsberg Group's ambition to offer alcohol-free brews (AFB) as part of a holistic portfolio of alcoholic and non-alcoholic beer options with the launch of new alcohol-free variants under our flagship Carlsberg brand, being the first player in Singapore to launch two alcohol-free variants under a single brand.

The expanded range welcomed Carlsberg Alcohol Free Pilsner and Carlsberg Alcohol Free Wheat – two variants to cater to different taste preferences, containing no more than 0.5 per cent alcohol by volume (ABV). These additions to our mainstream beer portfolio widens up beer lovers' responsible drinking choices at the point of sale, whether during meals, as part of a health-centric lifestyle, or for a wider range of social settings where consumers opt for a quality brew without the traditional alcohol content.

Our Malaysian operations continue to explore the feasibility of introducing AFB to complement our existing brand portfolio, subject to stricter regulations surrounding the availability and sale of such.

RESPONSIBLE POINT-OF-SALE MATERIALS (POSM)

Apart from government-mandated labelling on primary packaging reading "MEMINUM ARAK BOLEH MEMBAHAYAKAN KESIHATAN" ('consuming alcohol may endanger your health'), we continued to drive responsible drinking reminders in new and visible ways.

#CelebrateResponsibly, the collective name of our efforts to promote responsible consumption, appear in the primary packaging of our products in Malaysia and Singapore, our ads and point-of-sale materials such as banners, buntings, posters and counter-top standees, while the same treatment is also given to our marketing communications materials.

Around 65% of our beer, stout and cider products also carry a no drink-driving symbol on its packaging. We intend to increase this to 100% by 2024 via upcoming artwork changes with primary packaging (cans and bottles) as the first priority.

Our observations continue to show that our trade partners and retailers in Malaysia are complying with the restrictions on legal purchasing age of 21 years, which came into effect on 1 December 2017. Public access to our consumer promotions and activities and our trade and media partners, including our marketing activations, website and social media assets, is also limited to non-Muslims for the age of 21 and above only.

Moving forward, the Carlsberg Group has committed to an additional measure to provide an age-restriction logo on primary packaging by 2024 in accordance with our global commitment to the IARD (International Alliance for Responsible Drinking), thereby walking the talk where it comes to the visibility of #CelebrateResponsibly.

5,000+
subsidised rides with additional discounts from our new partners to encourage consumers not to drink and drive

1,800+
bistros and restaurants eligible as pick-up locations for subsidised and discounted rides

4.5 mil
viewers reached through media partnerships with Sin Chew Daily and The Star

SUSTAINABILITY STATEMENT

LEADING BY EXAMPLE

Carlsberg Malaysia Group practices strict consequence management and a zero-tolerance policy towards excessive alcohol consumption. Conviction of drink-driving of any employee, regardless of whether an accident occurred, leads to immediate dismissal.

At no point are our employees required or obliged to consume alcohol excessively during the course of their work, even among external stakeholders such as our trade partners, customers or consumers.

We installed dashcams in all our company vehicles (such as our sales fleet) at the start of 2020 to serve an additional purpose apart from accident investigation and discouraging reckless driving. The rear-facing camera is mounted internally, and drivers are mandated to use their company-provided breathalyser and show the results to the camera as a record before starting every drive, in case of an accident or for random security checks.

This has proven effective in accident investigations as a proof of sobriety before operating the vehicle while also acting as a psychological deterrent for no drinking and driving.

As such, we are glad to report that no drink-driving incidents were recorded throughout the year.

Consumers can also learn more about our products and initiatives for responsible drinking on our website at www.carlsbergmalaysia.com.my/sustainability.

SUSTAINABILITY STATEMENT

ZERO ACCIDENTS CULTURE

2030 GLOBAL TARGETS

ZERO LOST-TIME ACCIDENTS

2022 GLOBAL TARGETS

REDUCTION IN ACCIDENT RATE YEAR ON YEAR

OUR PEOPLES' SAFETY IS THE CENTREPIECE OF OUR PURPOSE OF BREWING FOR A BETTER TODAY AND TOMORROW.

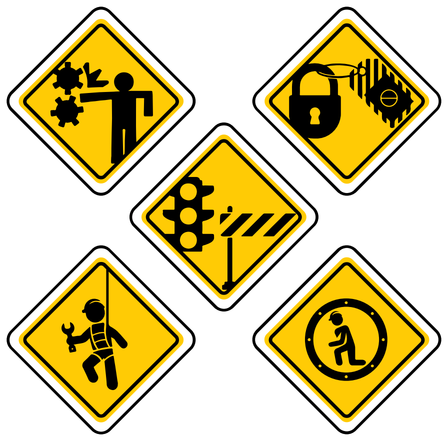
IN 2020, WHEN THE PANDEMIC RAGED ITS HARDEST, OUR DIRECT INITIATIVES FOR EMPLOYEES AFFIRM THE IMPORTANCE OF ENSURING THAT OUR PEOPLES' WELLBEING AND SAFETY MUST BE THE BEDROCK OF BUSINESS SUSTAINABILITY AND CONTINUITY.

Our attention to the health and safety of our people is embodied in our 'Together Towards ZERO Accidents Culture' sustainability ambition.

Our ZERO Accidents Culture ambitions are two-pronged: eradicating accidents in our business premises and while on the road.

The Carlsberg Group's five Life-Saving Rules (LSRs) are:

LIFE SAVING RULES



LSR 1: Always follow traffic rules
LSR 2: Always follow lockout/tagout procedures
LSR 3: Never remove, bypass or impair safeguards or interlocks
LSR 4: Always follow work at-height procedures
LSR 5: Always follow confined space entry procedures

While LSRs 2, 3, 4, and 5 apply directly to our Supply Chain operations, LSR 1 remains a company-wide priority especially with field colleagues from Sales and Marketing who are required to travel widely for work.

In recognition of our efforts towards ZERO Accidents Culture in the workplace, we are proud to report that we received new ISO 45001:2018 certification in 2020, superseding the previous OHSAS 18001.

With the advent of COVID-19, priorities for health and safety have also extended beyond the LSRs to include active measures to prevent infections among our people, ensuring a safe working environment, maintaining the integrity of our brewing and wider supply chain operations, and providing peace of mind to consumers of our brews.

OUR AMBITION

We aspire to a ZERO Accidents Culture where all employees, regardless of function or location, adopt a 24/7 mindset of safety and compliance with all operating and legal rules.

Our aim is to have a workforce that is aware of and upholds all safety rules and procedures while also being empowered to identify risks and propose solutions to decrease the possibility of mishaps.

All risk-based communication and feedback is done swiftly to all relevant channels, enabling us to reduce the potential for accidents or injury before they can disrupt our people, operations and business sustainability.

OUR TARGETS

Our goal is to achieve ZERO lost-time accidents by 2030. To get there, we have adopted a safety-first culture while improving the efficacy of near-miss and safety concern reporting.

Simply speaking, the more risks we log and rectify, the lower the chance of serious accidents and fatalities.

721

CONSECUTIVE DAYS

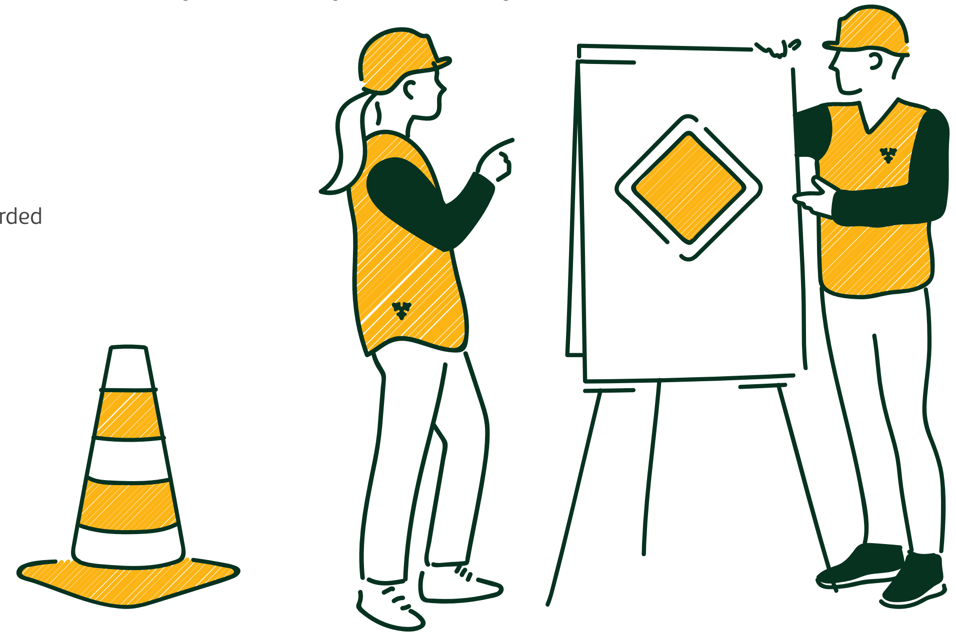
without lost-time accidents recorded across the Group

ZERO LOST-TIME ACCIDENTS

In 2019, we set a new record of 770 consecutive days without lost-time accidents (LTAs) at the brewery, beating the previous record of 405 days in 2018, and were well on the way to achieving our next milestone of 1,000 consecutive days without lost-time accidents at our Supply Chain operations in 2020. On the other hand, LTAs involving sales and marketing (the commercial aspect of our business) were previously monitored separately.

In 2020, the Group has decided to report this target as one company, recognising safety as a priority for all employees regardless of function, combining both commercial and non-commercial aspects of our operations. As such, we have restated our 2020 achievement to be 721 days without LTAs across the Group as of 31 Dec 2020, which is also a new record.

We are also proud to report that like the year earlier, our Singapore operations succeeded in reporting zero on-the-job accidents within Carlsberg Singapore's direct reports and from warehousing and logistics partners.



COVID PRECAUTIONS

Tighter Brewery Access

Our iconic Carlsberg Malaysia's Probably the Best Brewery Tour experience was an immensely popular attraction for visitors and guests, hosting over 29,000 visitors from 2017 to 2019 alone almost every weekday, offering a unique experience of the brewery's heritage, art of brewing expertise, pursuit of quality excellence alongside the chance to sample our international portfolio of brews.

However, since the first COVID-19 positive case detected in Malaysia in end-January 2020, we have halted all brewery visits since February and stopped hosting external visitors to our headquarters in Shah Alam, Selangor since MCO started in March. That also meant all visits to our brewery and lounge were halted for a year now, until further notice.

In accordance with government standard operating procedures (SOPs) and to reduce the risk of infection, only visitors and contractors with valid COVID-19 test reports were allowed to enter the brewery, subject to pre-approval by our Supply Chain Director or the Health, Safety, Security and Environment Manager.

Employees essential to brewing and logistics were kept to a bare minimum on the factory floor to maintain "operational idle" during the first MCO period. These were personnel essential to processes such as yeast cultivation and machinery maintenance, in order to prepare for resumption of operations when permission was granted by authorities in May 2020.

In accordance to social distancing best practices, we instructed all employees not involved in brewing and warehousing operations to work from home during the MCO and CMCO periods.

We also introduced alternating Team A / Team B workflows to further reduce the risk of infection when office attendance resumed during the Recovery Movement Control Order (RMCO) in Malaysia and easing of the Circuit Breaker in Singapore. To further reduce risks, all pre-approved employees and contractors were subjected to temperature checks at the gate.

Given the spike in national cases at the end of 2020, beginning from January 2021 all employees required to be present at the brewery will undergo regular swab tests, depending on their department.

Zero COVID-19 Cases at the Brewery

Recognising the airborne and contagious nature of the virus, we introduced stricter SOPs for the brewery, including shift changeovers and sanitisation schedules, to prevent cases of infections spreading among our people.

Social distancing was practiced at all times. We mandated the wearing of masks provided by the Company and workstations were set apart on top of alternate team rotations. All meals were to be consumed at individual workstations, while seating was limited at the Supply Chain canteen.

We performed a complete disinfection of the office prior to most employees returning to work during the RMCO. Hand and surface sanitisers were supplied at all locations. We increased the frequency of sanitising public surfaces, such as handrails and work surfaces, to every two hours throughout the working day.

Common equipment like forklifts, shared computers and machine control panels were sanitised before the next shift started. We increased the frequency of sanitising public surfaces, such as handrails and work surfaces, to every two hours throughout the working day.

We are happy to report zero COVID-positive cases in 2020.

On this, we are pleased to report that we were able to safeguard our Shah Alam brewing operations, thanks to our ongoing compliance with existing SOPs and Good Manufacturing Practice (GMP) health and safety regulations.

ZERO CASES
of COVID-19 infections recorded in 2020

15
TRAFFIC ACCIDENTS
involving our employees in the field recorded in 2020 (vs. 28 in 2019)

3,454
NEAR MISS SUBMISSIONS
with 95% of employees submitting a minimum of 2 reports each

REDUCING TRAFFIC ACCIDENTS

More needs to be done to achieve a better result for the first of Carlsberg Group's five Life-Saving Rules (Always Follow Traffic Rules).

At Carlsberg Malaysia, there were 15 on-the-road accidents reported by our sales and marketing colleagues in 2020, of which nine cases were found to be the drivers' fault.

Five were considered major, with three serious enough to warrant a write-off of the vehicle. From these, there were no major injuries resulting from the accidents or incidents of lost-time.

While this remains a sharp reduction from the 28 accidents recorded in 2019, the Group believes that there is room for improvement, given there should have been far fewer incidents due to COVID-induced lockdowns and closures.

Conversely, we also believe that the reduced number of on-the-road accidents is partly due to the effective implementation of dual-camera dash cams provided and made mandatory, which was announced in our company-wide National Conference in December 2019.

Dashcams continued to play a helpful role in accident investigation and as a deterrent to reckless driving and drink-driving. Coupled with company-supplied handsfree holders, the dash cams also helped to ensure compliance with road safety and road traffic rules (including no mobile phone usage while driving).

All employees with company vehicles are provided with personal breathalysers which they must use and record the readings via the internal camera before commencing to operate their vehicle.

As a rule, recordings of dashcam footage must be submitted in the event of an accident and can be requested in random checks at any time by the Health, Safety, Security and Environment Manager and the security team if employees with company vehicles are suspected of driving recklessly.

SUSTAINABILITY STATEMENT

OTHER HEALTH AND SAFETY INITIATIVES

Safety Concerns and Near-Miss Submissions

Industry best-practice shows that regular and diligent reporting of near-misses and safety hazards is crucial to prevent risks escalating to the point of lost-time accidents, or worse, fatalities. Our priority for ZERO accidents places great emphasis on all our staff reporting such submissions regardless of function or location.

During the year, our workforce in Malaysia submitted a total of 3,454 safety concerns and near-miss submissions. In all, 95% of employees made a minimum of two submissions each, meeting the target of submitting at least two near-miss incidents or safety concerns throughout the year.

Submissions were made via the Enablon Safety App, introduced in 2019 to all employees to replace manual submissions. However, this was discontinued in mid-2020 due to a change in vendor, though Microsoft Forms have been used as a viable solution in the interim, given the rapid adoption of digital working tools during the pandemic.

H&S Training

Mandatory online and classroom training sessions on Life-Saving Rules (LSR) awareness and integration for all Supply Chain employees in Malaysia were completed in January 2020.

These sessions comprised internal training on LSR 4 (Always Follow Work-at-Height Procedures): safe and effective use of ladders, scaffolds, body harnesses and lanyards. Additionally, three on-site contractors were trained on working at height internally.

Supply Chain employees also completed external competency training sessions on LSR 5 (Always Follow Confined Space Entry Procedures) at the National Institute of Occupational Safety and Health (NIOSH).

Four employees obtained the competency license as Authorised Entrant and Standby Person (AESP). Other LSR 5 training sessions included proper use of gas detectors, proper use of ventilators and proper use of rescue equipment.

Beyond these measures, additional H&S improvements were completed in 2020:

For LSR 1 (Always Follow Traffic Rules) applying to Traffic Management rules, drivers were given re-enforcement lessons to turn off their engine upon stepping down from the cabin and thence onto a dedicated waiting zone.

For LSR 2 (Always Follow Lockout/Tagout Procedures), updated, easier-to-comprehend training materials were used in monthly training sessions.

For LSR 3 (Never Remove, Bypass or Impair Safeguards or Interlocks), employees completed Machine Safeguarding sessions, where they were trained to complete kegging line machine safeguarding reviews while simultaneously ensuring that improvement actions have been put in place.

For LSR 4 (Always Follow Work-at-Height Procedures), we ensured that all access points to the brewery roof (for cleaning and inspection work) are controlled via gate and lock, with only authorised personnel being allowed to access the roof. Additionally, anti-slip nosing for step ladders were installed in the packaging hall to help reduce the possibility of trip-and-fall accidents occurring.

Additional tools and equipment like trauma straps, self-retractable and temporary lifelines were also purchased to support working at height activities.

For LSR 5 (Always Follow Confined Space Entry Procedures), additional gas analysers and rescue equipment were purchased to support confined space activities.

RECOGNITION & CERTIFICATION

In recognition of our efforts to further reduce mishaps in the workplace, we are proud to report that we received new ISO 45001:2018 certification in 2020, superseding the previous OHSAS 18001.

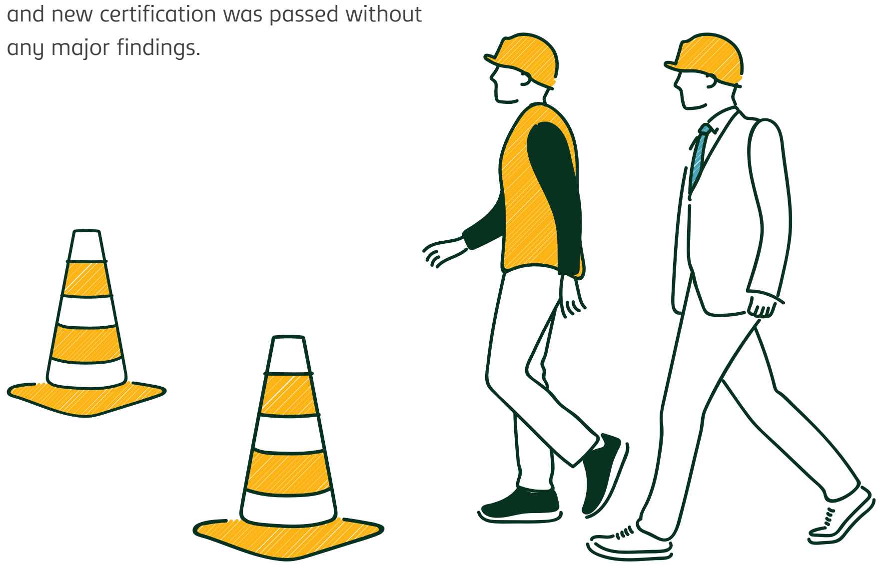
Following the audit, the International Organization for Standardization (ISO), the certifying body, noted the progress we made in improving our overall occupational health and safety (OH&S) management systems within our brewery and supply chain operations.

ISO also recognised our enhanced procedures for safe and healthy workplaces and the further elimination of hazards and risks and improvements in our Occupational Health and Safety performance.

Notably, our previous OHSAS 18001 certification will no longer be recognised from March 2021 since we upgraded this management system by complying to the extra requirements mentioned under the ISO 45001:2018 certification.

We are glad to report that the transition and new certification was passed without any major findings.

In the regional H&S audit conducted by our global team, we achieved a rating of 93% – higher than our self-assessment rating. Overall, significant improvements were recorded in contractor management, permit to work, working at height and confined space entry processes.



SUSTAINABILITY STATEMENT

COMMITTING TOWARDS A RESPONSIBLE BUSINESS

WITHIN OUR MALAYSIAN AND SINGAPORE OPERATIONS, WE RECOGNISE THAT OUR ROLE AS A RESPONSIBLE BUSINESS ALSO INCLUDES, BUT IS NOT LIMITED TO, THREE ADDITIONAL AREAS NAMELY THE DEVELOPMENT OF OUR PEOPLE ASSETS, THE COMMUNITIES WE OPERATE WITHIN, AND A ROBUST BUSINESS ETHICS FRAMEWORK TOWARDS REGULATORY COMPLIANCE.

PRIORITISING OUR PEOPLE

Our people have always formed the core of our success. A triple mix of the Right People, Outstanding Leadership and a Winning Culture provides the winning combination that guides our daily working lives and our continuing business success.

A high-performance workforce comes from constant holistic development approaches such as on-the-job learning and managing key projects to learning from others and augmented by classroom and virtual training.

Knowing that successful teams must always also be sustainable, we focused on key metrics like succession coverage, promoting and developing talent internally and ensuring we retain key people while maintaining diversity and equality. Equal emphasis is also placed on developing a pipeline of high-potential young talents via our management trainee programs.

COVID-19: LEADING WITH CARE

During an unprecedented year devastated by COVID-19, Outstanding Leadership mattered more than ever before.

Such unprecedented times necessitated unprecedented measures. Performance management was as important as developing the people skills to manage the stresses of working through the pandemic. As COVID-19 gathered strength, the Board decided not to compromise on 2020 salaries, ensuring career stability and financial peace-of-mind.

Our people were rewarded for staying engaged and learning even while at home. We also listened to each other with much-more frequent virtual team meetings, forming continuous feedback loops to manage each other through this once-in-a-lifetime event.

Leading with Care is an approach we have always taken to support our people and with the pandemic, became even more relevant. We drove this through by leading by example and providing practical tools and supporting our people leaders to help maintain the well-being, engagement, motivation and productivity levels of their teams.

LOCKDOWN

When national lockdowns were announced during the Malaysia's movement control order and Singapore's circuit breaker periods, we swiftly responded with a Crisis and Business Continuity Management strategy. Support for forced remote working were established by providing Work-from-Home (WFH) guidelines while WFH-friendly toolkits, training and technology were supplied to employees.

We placed a strong emphasis on health & safety by providing guidelines on COVID-19 SOPs and testing, while strongly advocating a 'Leading with Care' focus on people managers so that they could take care of their teams' well-being. Staff morale and staying positive was all-important, even for employees not able to contribute materially during the strictest lockdowns.

We continued to offer long-term medication support for employees with chronic medical conditions while new employees were onboarded virtually. A new employee welcome kit was quickly designed and deployed, and capability building went fully virtual.

#StayAbreast #StayConnected, a weekly series of online learning resources to support employees' development was introduced, while equal amounts of resources were spent on building resilience and agility through the different stages of COVID-19.

RECOVERY

As the pandemic calmed and returning to work became a reality, the recovery process, where we learned to emerge stronger, took shape.

Sanitising and disinfecting of the office and the general facilities occurred. A return-to-work employee video, outlining new health & safety SOPs was created and shared. The non-brewery workforce was segregated into two teams, alternating every workday with emphasis on sanitisation and social distancing throughout. Safety ambassadors were appointed, even as the emphasis on employee wellbeing continued unabated.

Leave guidelines to facilitate recovery and rebound were enhanced, staff were allowed to increase their carry forward unused annual leave and travel leave to 2021 and leave planning guidelines were provided.

A simplified mid-year performance review was implemented and people managers were provided with a feedback toolkit via LEAD Continuous Feedback training. The simplified review process and focus on performance and development feedback conversations ensured staff wellbeing, engagement and productivity.

REBOUND

As an economic rebound became more viable in the second half of the year, the onus shifted to driving performance and thriving in the new normal.

Keeping employees engaged was important. Regular status updates continued via various platforms like Green Memos, the company-wide internal WhatsApp account and monthly employee town halls, which by now continued to be exclusively conducted online.

Nationwide 'MyVoice' focus groups were conducted to understand key staff concerns, allowing us to derive action plans to deal with issues as they emerged. Employee engagement activities were conducted virtually, for example the "Something's Brewing" Challenge series and contests for employees in conjunction with our marketing campaigns.

Number of direct employees

638 Malaysia: 565
Singapore: 73

Career progression opportunities:

62%
Priority given to internal talent for job and promotion opportunities

Women in the company:

63%
in management team

32%
in managerial positions

38%
promoted to managerial positions

50%
of regional assignments

Total hours of training:

6,459

No. of training programmes

416

At Carlsberg Malaysia, employee recognition and appreciation efforts were practiced, where we recognised "unsung heroes" who went the extra mile during the MCO and beyond. As mentioned above, most-engaged employees were awarded and recognised, while continuing to conduct SAIL'22 awards to recognise 3A (Alignment, Action, Accountability) behaviours.

Staying positive and engaged remained a priority. We continued to incorporate key learnings into employee and leadership development frameworks to ensure we stayed positive and motivated.

Riding on the new ways of working and recognising that uncertainty necessitates creativity in problem-solving, a recognition program was created to foster an innovative culture to seek solutions and unbiased ideas outside of one's usual work scope.

At Carlsberg Malaysia, an Innovation Challenge was introduced, rewarding employees with suggestions of solutions that can aid other functions of the business supported with a virtual webinar series to equip employees with an innovative mindset and skill set to spark ideation and problem-solving at home and at work.

THE RIGHT PEOPLE AND OUTSTANDING LEADERSHIP

Diversity & Inclusion

The Carlsberg Group, with major markets across Western Europe, Eastern Europe and Asia, is a 40,000+ strong global community championing diversity and inclusion, where our objectives are anchored around a global mindset, diverse talent base, equal opportunity and an inclusive leadership.

A diverse workforce is an agile one, able to act quickly and competitively to handle the stresses of an uncertain future, especially in a pandemic.

At Carlsberg Malaysia, 63% of the management team are female in a traditionally masculine industry. In 2020, we had 32% of females in managerial positions, 38% of females hired and promoted to manager positions and 50% of females given regional assignment opportunities. In addition, 38% of our management trainees were female too.

For 2021, we aim to achieve 35% female representation in managerial positions, 20% pre-screened candidates to be of minority gender/ethnicity in recruitment and three key initiatives such as 30% of female in leadership development, flexible workplace guidelines as well as a diversity and inclusion awareness campaign in Malaysia.

Together with Our Diversity and Inclusion Council at the global Carlsberg Group, we outlined several awareness campaigns and learnings, including being cognisant of unconscious bias awareness and women leadership forums.

It must also be emphasised that personal perceptions on and consumption habits of beer are not significant factors when we identify candidates for their applied roles. Rather, regardless whether our people enjoy beer regularly or abstain completely, we believe that diverse viewpoints on alcohol consumption choices add to, rather than detract from, sound and balanced business practices and decision making.

Much like it is in the wider Carlsberg family, a flat hierarchy, honest feedback and open discourse is practiced, with only five levels in the Group. Employees can grow vertically or laterally, and our people have unrestricted access to anyone else in the organisation irrespective of seniority at all times.

KNOW GROW FLOW

We employed KNOW, GROW, FLOW, a strategic approach to talent management where by assessing our talent (KNOW), we can effectively develop that talent (GROW) and then expand our organisational strength and resilience by spreading these next-generation leaders across the company and markets (FLOW).

Through this robust and uniform talent management approach, talent at all levels including key executives are identified and assessed structurally.

The Board of Directors is involved in the talent assessment calibration and succession planning of key executives annually, as well as the evaluation and appointment of a successor if a vacancy or need arises. Development of succession candidates to key executives' roles will also be reviewed and monitored by the Board based on this framework to ensure a healthy and sustainable pipeline of talent.

We advocate developmental movements as part of our KNOW GROW FLOW talent strategy, priorities are given to our internal talents to fill vacancy gaps as part of their robust individual developmental plan, strengthening succession pipeline through holistic development approaches of learning from experience, other and formal trainings.

Global assignments are also part of these developmental movements where we sent four employees from Carlsberg Malaysia on STAs (short-term assignments) to Carlsberg (Cambodia) and Carlsberg Myanmar to give them valuable regional exposure in 2020.

Even during the lockdown period, alternate avenues were provided for employees to keep their Individual Development Plans (IDP) on track despite

the movement restrictions. In 2020, our employees in Malaysia and Singapore recorded 6,459 learning hours from 416 programmes offered.

Capability Building for People Leaders

To further build a cadre of top leaders, we designed and deployed LEAD Essential Modules that developed essential leadership skills.

Some of these essential modules included 'LEAD – Leading Change', helping to equip people managers to best manage the intricacies in organisational and process change in adaptation to the new normal.

'LEAD – Continuous Feedback' emphasised empathy and communication during the period in 'Leading with Care', training all people managers to provide valuable feedback and facilitate performance while developing meaningful and insightful conversations with employees.

'LEAD – Developing Others', equipped people managers with the essential skills and tools to assess potential leaders while preparing for a functional.

Leadership Sharing saw the introduction of our first sharing sessions for management trainees, where they had the opportunity to learn directly and hear from our board directors. This programme aims to inspire and engage talent in their career development journey with Carlsberg.

SUSTAINABILITY STATEMENT

WINNING CULTURE

To ensure a Winning Culture, we continued to reward and recognise high-performing staff while remaining engaged and in constant touch with our people.

Despite COVID-19, we still conducted 2019 performance bonus reviews and 2020 salary reviews in April, amid the uncertainty in the overall job market. We also recognised the efforts and loyalty of some of our longest-serving employees, handing out Long Service Awards to some of our best people.

To bind us all together, we found new ways to engage and collaborate with each other. While movement control orders kept us apart, we went online, using virtual platforms to achieve collaborative milestones for the year. We kept abreast of company developments, policies and guidelines using platforms like Sharepoint and WhatsApp, hosting informal after-work drinks and sharing sessions in lieu of physical employee camaraderie at the workplace.

To further cement the relationship, quarterly awards and recognition were given to employees who were most engaged by sharing, liking and commenting on internal postings and articles. A new centralised, online payroll employee self-service system was introduced, easing essential HR-related services to employees.

Learning and development also went online, with a talent and development dashboard recognising top learners while enabling everyone to upskill themselves while tracking learning hours function by function.

In 2020, we introduced family friendly leave policies like the Family Care Leave, extended maternity and paternity leave for our employees to care for their families especially during the pandemic, while allowing for flexible work arrangements for working parents to care for their home-schooling children while working from home.

In addition to complying with all the SOPs issued by the Ministry of Health Malaysia, we also sponsored regular routine COVID-19 swab tests from Jan 2021, for all employees required to be in the field or at the brewery in order to keep everyone's health and wellness in check.

In the depths of the pandemic, we truly understood how important diversity is. Our broad range of ages, backgrounds, cultures and views allowed us to think differently, offer fresh insights and ideate problem-solving in creative new ways, making us agile, nimble and competitive to deal with the storm.

Once again, thanks to a mix of the Right People, Outstanding Leadership and a Winning Culture, we were able to navigate the storm together, ready to set sail once the economy returns to normal.

LIVE BY OUR COMPASS

Within the Carlsberg Group, our people live by a strict Code of Ethics and Conduct due to the serious reputational and financial consequences of non-compliance.

This fundamental ethic is represented within **Live by Our Compass**, a Group-wide programme that provides detailed guidance on ethical behaviour and emphasises the importance of integrity as part of **Creating a Winning Culture**.

Compliance priorities are conveyed with a 'tone from the top' with full endorsement of the Executive Committee (ExCom) of the Carlsberg Group and the Managing Director and senior management in our Malaysia and Singapore operations.

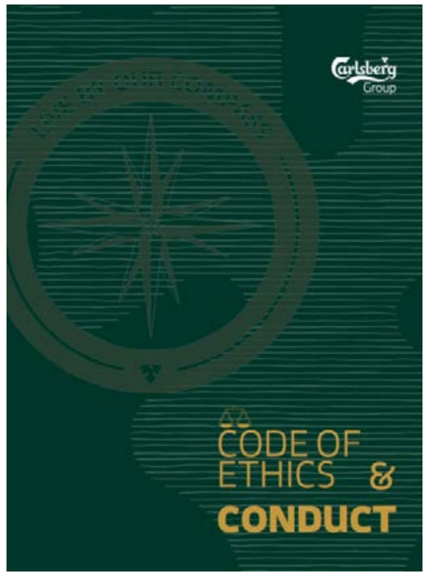
Awareness and understanding is conveyed via regular employee town halls, company-wide memos, training and e-learning, and a permanent central depository system accessible by all employees containing a full directory for manuals, policies and procedures.

SUSTAINABILITY STATEMENT

100% COMPLETION RATE
IN 2020 FOR ALL MANDATORY TRAINING AND E-LEARNING FOR RELEVANT EMPLOYEES

For 2020, we paid additional importance to the following priorities, with a 100% completion rate for all employees deemed relevant for training, e-learning and/or declarations in the year.

Code of Ethics & Conduct



Our employees represent our brands worldwide and their individual actions can have an enormous impact on our reputation as a global business leader. With our Code of Ethics & Conduct, our people and business partners have a clear understanding of the principles and ethical values that the Carlsberg Group upholds.

The Code was last updated in November 2016 with renewed, complementary policies for all entities in the Carlsberg Group – the backbone of Live by Our Compass. It is a cross-organisational one anchored by honesty and ethical behaviour and which is practiced without exception.

Cascaded from senior management to all levels of organisation, the Code ensures ethical and responsible behaviour, understanding that a lack of compliance with our codes and policies will have consequences including sanctions, financial and reputational damage.

Upon understanding the Code, employees are expected to report any incidents that are in violation of company codes or policies, whether through their supervisor, compliance representative, company's legal counsel or through the whistleblower system further described below.

Mandatory e-learning (e.g. for new employees or as a refresher) saw a 100% completion rate in 2020.

Competition Law

The Carlsberg Group supports vigorous but fair competition, succeeding through the quality of our products and people but never through business practices that infringe competition laws, also known as antitrust or anti-monopoly laws.

Infringement of competition law can come in the form of price-fixing agreements between competitors, certain restrictive supply/distribution agreements or abuse of a dominant market position.

The policy is specifically relevant for all senior management as well as our people who are responsible for pricing and marketing plans, monitor or have contact with competitors, attend trade association meetings, or who are in regular contact with customers or suppliers.

By upholding the tenets of competition compliance, we pledged to make business decisions independently of our competitors, never colluding with competitors for business strategy, pricing, production, and have transparent, justified and objective trade terms with customers who always hold the ultimate decision in resale pricing.

Data Protection

All manner of personal data collected in the course of our business operations needs to be protected to prevent that data from being misused or mishandled, most alarmingly by third parties for fraud, scams and identity theft.

Personal data amounts to any information that can be linked to an identified or identifiable individual, including name, address, banking information, social media posts, date of birth, IP address and other information that can undermine an individual's privacy and personal security.

As part of the Carlsberg Group based in Denmark, Carlsberg Malaysia and Carlsberg Singapore's data may also be subject to the European Union's General Data Protection Regulation law (GDPR) if a transfer of personal data outside the European Union (EU) and the European Economic Area (EEA) areas apply.

Data controllers must clearly disclose any data collection, declare the lawful basis and purpose for data processing, and state how long data is being retained and if it is being shared with any third parties or outside of the EEA.

All relevant employees were identified in 2020 for relevant e-learning on GDPR with a 100% completion rate in the year.

Trade Sanctions

As part of the Carlsberg Group's global businesses, it is imperative that our people are aware of the trade sanctions that exist in our markets, as they regulate where and with whom we do business and provide our products, services and technology to.

It is our policy to comply with all applicable sanctions and export controls in our operations worldwide, forming part of our global compliance program, which also encompasses anti-bribery and corruption, competition law and data protection.

All relevant employees were given access to and schooled in a basic understanding of such trade sanctions, including the relevant procedures for compliance with applicable sanctions in the countries in which the Carlsberg Group operates directly or indirectly.

Anti-Bribery & Corruption

The Carlsberg Group is wholly committed to conducting business ethically and with the utmost integrity in all its operations throughout the world. Beyond the financial and reputational implications of non-compliance, corruption remains a major obstacle to poverty reduction and the raising of living standards all over the world, hence our zero-tolerance approach.

Our Anti-Bribery & Corruption policy and manual covers payments, gifts and hospitality, donations and expenses related to government officials, sponsorships and charitable donations, and the banning of facilitating payments.

The policy requires compliance with all applicable laws and regulations on bribery and corruption, including, but not limited to, the U.S. Foreign Corrupt Practices Act (FCPA), the UK Bribery Act 2010 (UKBA), and other applicable national anti-bribery statutes and implementing rules and regulations, including in Malaysia and Singapore, where we operate.

This policy applies globally to the management, employees and contract workers of all entities in the Carlsberg Group.

In both the Malaysia and Singapore operations, strict compliance with Anti-Bribery laws are of fundamental importance to the Carlsberg Group, due to the severe reputational and financial consequences of transgression.

A Gift, Entertainment & Donations Manual (localised to the Malaysian and Singaporean markets) was cascaded via internal memos, email reminders and situated in the central compliance depository. It covers monetary limits for gifts and hospitality where permissible, and the SOPs to record and report inappropriate gifting whether to or from external parties.

It should also be noted that Section 17a (S17A) of the Malaysian Anti-Corruption Commission (MACC) Act via the Act's amendment in 2018 came into enforcement on 1 June 2020, significantly upping the ante on commercial accountability in the fight on corruption.

While S17A also provides for the ability to assert a legal defence of adequate procedures to prevent the occurrence of prosecutable corruption, we have concurrently established adequate anti-bribery measures to prevent, detect or respond to the event of such an act occurring.

With approval by the Board of Directors, a total of 11 Group manuals, policies and procedures were revised and updated in the year including the Gift, Entertainment and Donations Manual, consequence management, misconduct investigation and disciplinary SOPs, employee benefits and claims policies, performance management and recruitment guidelines, and policies surrounding accounting, record keeping, and whistleblowing.

We also engaged Ernst & Young for an in-depth, cross-functional gap analysis to identify potential bribery risks in our decision-making hierarchy, external party relationships and interactions to reduce the risk of violating the law.

Anti-Bribery and Corruption (ABC) declarations were also signed by all directors and employees within the Group and extended to suppliers and consultants, customers, distributors, and sales promoters as of 31 Dec 2020.

We also rolled out comprehensive training all employees identified as most relevant to the said policies. By July 2020, 492 employees in Malaysia were identified for the latest Anti-Bribery & Corruption e-learning, with a 100% training completion rate.

CARLSBERG'S WHISTLEBLOWER SYSTEM

To further protect the organisation and to ensure our business is conducted in an ethical and compliant manner, we have in place a comprehensive whistleblowing framework and policy.

Individuals and entities who report in good faith are protected under this policy without the risk of retaliation. This avenue is available to employees, customers, suppliers, business partners and any individual so that they may report any unethical, illegal or non-compliant practices anywhere in our business ecosystem.

The Whistleblowing Policy & Procedures are made available on the Group's corporate website, in which reports can be made either directly to the Carlsberg Malaysia Group's Whistleblowing Committee or the Carlsberg Group's Speak Up system:

1. Via email to a secured mailbox at whistleblow.cbmb@carlsberg.asia (to report directly to the Whistleblowing Committee)

2. Via email to a secured mailbox at speakup@carlsberg.com (to reach out directly to the Speak Up Review Team)

3. Via phone call to the Speak Up system, operated by an independent third party, by calling toll-free telephone lines (1-800-88-4307 for Malaysia and 1-800-823-2206 for Singapore) with designated access codes (86795 for Malaysia and 15894 for Singapore)

4. Via a secured web-link at https://www.speakupfeedback.eu/web/wep4br/my (for employees) or www.speakupfeedback.eu/web/ruv3ka/my (for external parties)

Reports using Speak Up enable the reporter to remain anonymous should they wish to do so.

To learn more about the whistleblower system, visit

carlsbergmalaysia.com.my/who-we-are/corporate-governance/whistleblower-system/

Read and download our policies here:

carlsbergmalaysia.com.my/sustainability/sustainability-at-carlsberg/download-our-policies/

SAFER TOGETHER WITH CUSTOMERS, CONSUMERS AND COMMUNITIES

For the first time in over three decades, our flagship community programme, the Top Ten Charity campaign, was derailed due to COVID-19.

Since the campaign first commenced in 1987, it had been organised every year since then without fail. It remains the longest-running Chinese charity concert in Malaysia with the highest funds raised: over RM547 million ringgit, benefitting more than 640 schools. In a usual year, our Top Ten Charity campaign would have seen us organise fundraising concerts all over the country, spanning eligible schools in Peninsular Malaysia, Sabah and Sarawak.

However, this all changed in 2020 with social distancing measures and the threat of COVID-19 infections preventing us from organising concerts safely, not to mention the closure of schools while under the months of MCO and CMCO in Malaysia.

In recognition of providing relevant aid in radically different times, we stepped up with initiatives benefiting our customers, consumers and the community under a collective umbrella named Safer Together, with four initiatives in total - subsidies and consumer promotions for coffee shop operators, Adopt a Keg and Bring Me Home in support of our customers and consumers, and Safer Schools in support of the local community.

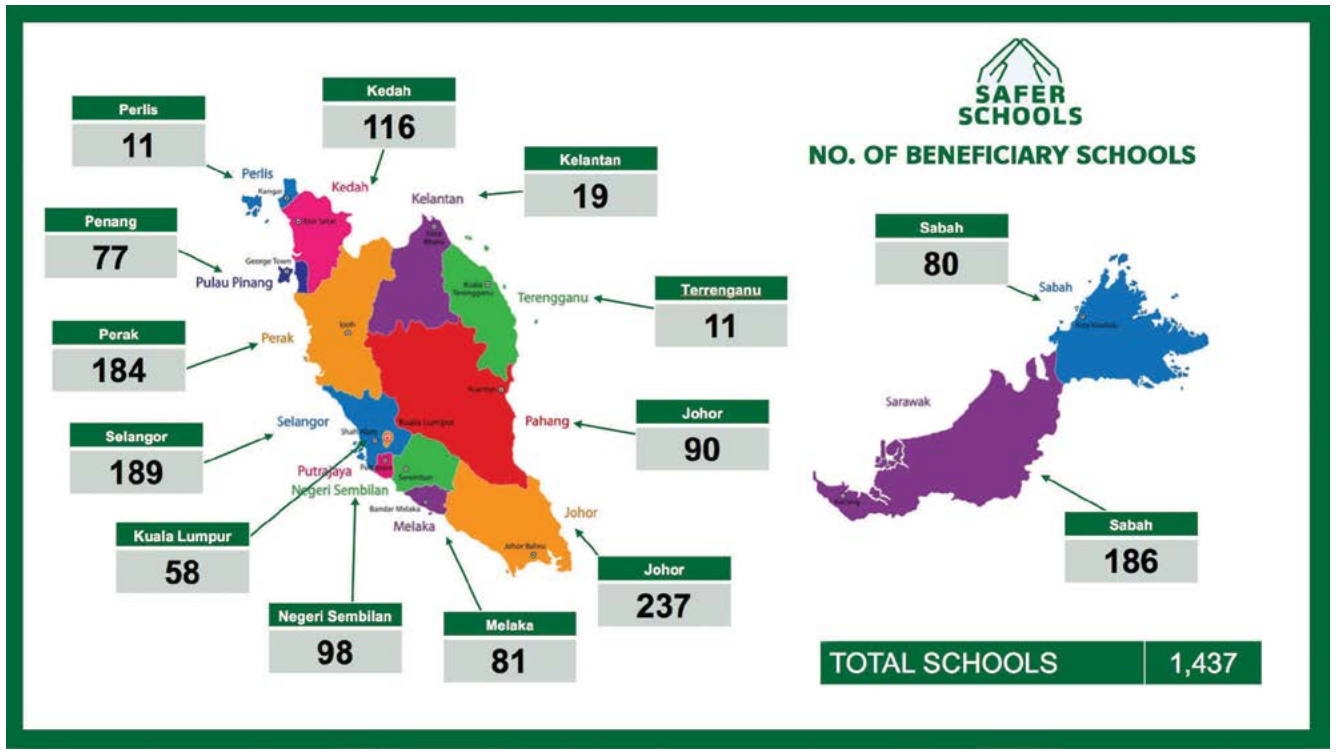
Helping Local Businesses Survive and Recover

Starting from the COVID-19 lockdowns in Malaysia and Singapore, F&B operators suffered from the prohibitions of dining in, instead eking out a living on takeaway and food delivery orders while the burden of overheads needed to stay in operation loomed large.

Coffee shops, a cultural fixture in Malaysia and Singapore and ubiquitous neighbourhood eateries for any meal in the day, were empty of the usual bustle for breakfast, lunch and dinner crowds while bars, bistros and restaurants lost their happy hour, after-work crowds.

Recognising the essential role and contribution of coffee shops and modern on-trade F&B businesses to the Group's growth throughout the decades, we first set aside funds for coffee shop operators via a partnership with the Malaysia Singapore Coffee Shop Proprietors General Association (MSCSPGA) in May 2020, helping subsidise utilities payments

SUSTAINABILITY STATEMENT



for up to three months for 1,000 small and medium-sized coffee shop operators in Malaysia identified as most needing aid by the association.

Concurrently, a price-off promotion was introduced that provided participating coffee shops with higher profitability for every large bottle of Carlsberg Smooth Draught sold. From May to July, consumers enjoyed RM1 off, where Carlsberg made up the price difference and topped up an additional RM0.50 per bottle.

Similarly, Carlsberg Singapore highlighted the ubiquitous role of coffee shop culture in local communities, partnering with Our Grandfather Story (OGS) – an online content publisher specialising in presenting local heritage topics to a younger generation – to co-develop a #LoveOurCoffeeshops micro-documentary in November 2020 drawing consumers back to coffee shops whilst introducing a nationwide promotion with SGD1 off every 2 large bottles of Carlsberg Smooth Draught or Asahi Super Dry, with SGD0.50 from the sale of every bottle going directly to coffee shop operators.

To help bars, bistros and restaurants get back on their feet, Carlsberg Malaysia and Carlsberg Singapore were the first markets after Denmark to introduce a revolutionary concept – Adopt a Keg, an initiative that rewards consumers who have purchased Carlsberg for home consumption with free draught beer they can redeem at local F&B outlets when the MCO and CB restrictions were lifted.

Adopt a Keg allows beer lovers to fill their own virtual beer keg on a dedicated microsite by scanning the receipt and barcodes from their purchases of Carlsberg Danish Pilsner and Carlsberg Smooth Draught cans and bottles whether from convenience stores, online retailers, supermarkets or hypermarkets.

Once the virtual keg was full, consumers were rewarded with two free beers which were redeemed via a QR code at participating F&B outlets when they reopened. Outlets offering redemptions will be reimbursed for the redemption price of the draught beers by Carlsberg Malaysia, helping with their operating expenses while building up customer patronage through increased footfall when dine-in prohibitions were eased.

The initiative benefitted both loyal consumers and customers alike, closing the distinction between new habits of stay-at-home consumption during COVID-19 whilst encouraging the patronage of on-trade outlets when movement control orders were relaxed.

As an added incentive for consumers to support their local bars, an option to purchase an additional keg worth RM500 or SGD200 for 100 glasses was offered in Malaysia and Singapore respectively, with extended redemption allowing for continued patronage and responsible consumption with the possibility of sharing with other users on the platform, helping on-trade partners get back on their feet.

SUSTAINABILITY STATEMENT

Knowing that our consumers were missing on the taste of freshly-tapped beer, while cognisant of the innovative takeaway food and beverage pairings that F&B operators were putting together for takeaway offers, Carlsberg Malaysia introduced Bring Me Home, with over 120 participating bistros and restaurants bringing draught brews directly to homes all over the Klang Valley, Johor Bahru, Malacca, Seremban, Pahang. Kedah, the East Coast, Penang and Perak.

This initiative provided participating outlets with takeaway bottles to provide bottled draught beer packages for delivery, the perfect accompaniment to their MCO food packages and promotions. In 2020, a total of 25,806 Bring Me Home bottles were sold.

Providing Peace of Mind to Parents and Teachers of 1 Million Schoolchildren

Parents and teachers of more than a million school children could breathe easy under Carlsberg Malaysia's Safer Schools campaign, where the Group contributed handheld thermometers and disinfection services to more than 1,400 Chinese and Tamil vernacular schools nationwide.

Before classes resumed in stages starting 24 June, all eligible schools received more than 3,100 handheld thermometers, with a further 7.2 million square feet of classrooms, facilities and common areas disinfected in schools identified within COVID-19 "red zones" during the MCO.

John Posco, principal of SJK(T) Kajang:
"Sanitisation activities have become a norm in schools with the threat of COVID-19 and we thank the Safer Schools' campaign for their timely contribution for this necessary but costly activity and for doing their part for society."

Lee Lin Sau, principal of SJK(C) Nan Kai
"With Safer Schools' sponsorship for sanitisation before reopening to curb the spread of the virus, it really eases our burdens and worries. With the proper standard operating procedures, teachers and parents are confident in our children's safety and classes can be conducted without much complication."

The beneficiaries of our campaign covered every state in Peninsular Malaysia, Sabah and Sarawak, with the most applications hailing from Johor, Selangor and Perak, where COVID-19 cases were some of the highest on record during the first wave of the pandemic.

The campaign also extended across Sabah and Sarawak with 266 beneficiary schools across both states receiving a total donated value of RM167,000 in thermometers and disinfection services for high-risk schools, benefitting an estimated 139,000 students.

Many beneficiary schools reported a 95% attendance rate on the first two days of classes when schools reopened, while teaching staff also felt safe starting work after the schools had been sanitised.

MOVING FORWARD

Our contributions to the community continued through to 2021 in a continued response to the still-evolving COVID situation.

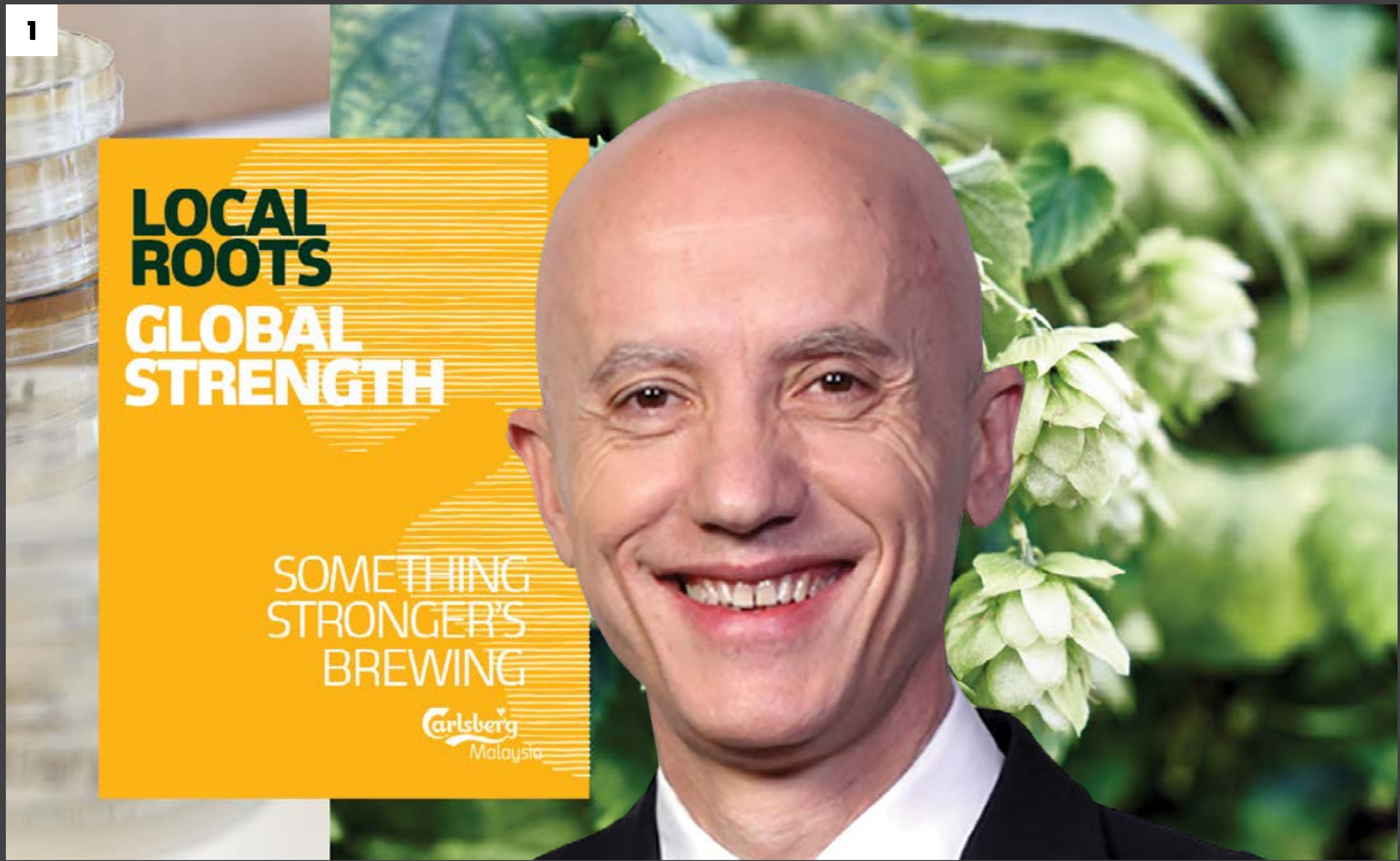
We pledged a combined RM2 million in financial pledges via our 'Celebrate Prosperity, Cheers for Tomorrow' food aid campaign and the Carlsberg-Hua Zong Education Fund to help underprivileged Malaysians weather the ongoing current challenging times during the 2021 CNY festive season this year and beyond.

All in, we were very proud to have been able to help the most vulnerable in our communities as we strive to sustain today for a better tomorrow ahead.

This statement was approved by Board Resolution dated 2 March 2021.

MANAGEMENT TEAM

1



STEFANO CLINI
Managing Director

2

VIVIAN GUN LING LING
Chief Financial Officer

3

GARY TAN SIM HUAN
Sales Director

4

CAROLINE MOREAU
Marketing Director

5

PETER WACHENSCHWANZ
Senior Supply Chain Director

6

PAULINE LIM MAAN HEONG
Human Resources Director

7

KOH POI SAN
Legal & Compliance Director and Company Secretary

8

PEARL LAI MING CHOO
Corporate Affairs Director

9

OLIVIER DUBOST
General Manager, Carlsberg Singapore Pte. Ltd.

Mute Stop Video Invite Manage Participants 9 Polls Share Screen Chat Pause/Stop Recording End Meeting

MANAGEMENT TEAM PROFILES

MANAGEMENT TEAM PROFILES

1 STEFANO CLINI
Managing Director

Age 54

DATE OF APPOINTMENT: 26 October 2019

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- Bachelor's Degree in Business and Economics, Libera Università Internazionale degli Studi Sociali Guido Carli (LUISS)

WORK EXPERIENCE:
Mr. Clini has overall responsibility for the Carlsberg Malaysia Group, covering our operations in Malaysia and Singapore, and oversees Carlsberg's investment in Sri Lanka.

He joined the Carlsberg Group in September 2017 as the Managing Director of Carlsberg Vietnam Breweries Ltd. and was previously Managing Director of British American Tobacco Malaysia from 2013 to 2016.

He has more than 30 years of experience in the global consumer goods industry with leadership and commercial roles in Italy, Belgium, Switzerland and Turkey.

2 VIVIAN GUN LING LING
Chief Financial Officer

Age 44

DATE OF APPOINTMENT: 19 October 2020

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- Bachelor of Commerce and Admin (Accounting) (Hons), Victoria University of Wellington, New Zealand
- Bachelor of Commerce and Management, Lincoln University, New Zealand in collaboration with University of Tenaga Nasional (UNITEN)
- Member of CPA Australia; previous member of Chartered Institute of Management Accounting (CIMA)

WORK EXPERIENCE:
Ms. Gun is responsible for the finance, investor relations, as well as IT functions.

Ms. Gun joined Carlsberg in 2018 as Chief Financial Officer in Myanmar Carlsberg Co. Ltd (MCCL).

Prior to joining Carlsberg, she had held senior Finance roles with established Malaysian corporations including GlaxoSmithKline, British American Tobacco, BMW and KPMG. She has worked in Malaysia and other South East Asian countries including Myanmar and Vietnam.

She graduated from Victoria University of Wellington, New Zealand, majoring in Accounting and having been awarded the Tenaga Nasional Berhad scholarship to study there.

3 GARY TAN SIM HUAN
Sales Director

Age 50

DATE OF APPOINTMENT: 17 August 2009

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- BA (Hons) Economics, University of Malaya

WORK EXPERIENCE:
Mr. Tan oversees the sales and distribution functions of the duty-paid, duty-free & exports businesses within the Malaysia operations.

He has 26 years of experience in the Fast-Moving Consumer Goods (FMCG) business.

Prior to joining the Company, he was the Customer Development Director of Unilever Malaysia.

4 CAROLINE MOREAU
Marketing Director

Age 45

DATE OF APPOINTMENT: 7 January 2019

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- Master's degree (ESCP-EAP), PSB Paris School of Business, France

WORK EXPERIENCE:
Ms. Caroline oversees the brand and channel marketing, market research, market intelligence and business development functions.

She has been with the Carlsberg Group since 2007 where her last role was as Commercial Director of Global Craft and Specialty Beer. She has more than 20 years of international experience in the Fast-Moving Consumer Goods (FMCG) industry.

Stefano Clini has directorships in the Group and associated entities further disclosed within the directors' profiles.

Save as disclosed above, none of the management team have:
- any directorship of public companies;
- any family relationship with any director and/or major shareholder of the Group and/or its subsidiaries;
- any conflict of interest with the Group and/or its subsidiaries;
- any conviction for offences within the past five years (other than traffic offences); and,
- any public sanctions or penalties imposed by the relevant regulated bodies during the financial year ended 31 Dec 2020.

5 PETER WACHENSCHWANZ
Senior Supply Chain Director

Age 35

DATE OF APPOINTMENT: 1 February 2020

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- Master Brewer and State-certified Production Manager for Brewing and Beverage Technology, Doemens Akademie, Germany

WORK EXPERIENCE:
Mr. Wachenschwanz is responsible for leading the Carlsberg Malaysia Group's Supply Chain operations, including security and health & safety. He first joined Carlsberg in 2008 and subsequently held various roles in Europe and Asia within Supply Chain.

Prior to joining the Company, he was Director, Global Manufacturing Process for the Carlsberg Group. He has 16 years' experience in the brewing industry, being involved in initiatives in over 40 manufacturing sites across 15 countries.

6 PAULINE LIM MAAN HEONG
Human Resources Director

Age 43

DATE OF APPOINTMENT: 25 November 2019

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- BA (Hons) in Human Resource Management & Marketing, Middlesex University
- Master's degree in HR Management & Industrial Relations, University of Newcastle, Australia

WORK EXPERIENCE:
Ms. Lim is responsible for HR operations, talent management and organisation development for the Malaysia operations. She also oversees the HR function of the Singapore operations.

Ms. Lim brings with her almost 20 years of experience in HR management in diverse industries, including locally listed and multi-national organisations.

7 KOH POI SAN
Legal & Compliance Director and Company Secretary

Age 45

DATE OF APPOINTMENT: 19 February 2020

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- LLB (Hons), University of London, United Kingdom
- Certificate in Legal Practice
- Diploma in Investment Analysis, Research Institute of Investment Analysis Malaysia & Royal Melbourne Institute of Technology
- Licensed Secretary under Section 20G of the Companies Commission of Malaysia Act 2001

WORK EXPERIENCE:
Ms. Koh is responsible for legal and compliance for both Carlsberg Malaysia and Singapore as well as helming the debt recovery function in Malaysia. She is also the Company Secretary of Carlsberg Malaysia Group.

She has more than 20 years of experience as a partner of a law firm and in her last role as Vice President, Legal Compliance & Land Management and Company Secretary for an established company in the cement industry.

8 PEARL LAI MING CHOO
Corporate Affairs Director

Age 40

DATE OF APPOINTMENT: 1 July 2014

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- Bachelor of Social Science (Hons) Communication Studies, University Malaysia Sarawak

WORK EXPERIENCE:
Ms. Lai first joined the Company in September 2005 and was previously the Corporate Communications and CSR Director prior to her current position effective 1 April 2020.

She is currently responsible for strengthening the overall reputation of the Carlsberg Malaysia Group through purpose-driven profiling via internal communications, external affairs including regulatory affairs, sustainability developments, marketing activation and the brewery visit experience within the Malaysian operations.

She represents the Company on the committee of the Confederation of Malaysian Brewers Berhad (CMBB).

She also oversees key communications and sustainability priorities in the Singapore operations.

9 OLIVIER DUBOST
General Manager, Carlsberg Singapore Pte. Ltd.

Age 47

DATE OF APPOINTMENT: 6 February 2018

ACADEMIC/PROFESSIONAL QUALIFICATION(S):
- MBA, ESCP, Management Business School of Paris

WORK EXPERIENCE:
Mr. Dubost is the General Manager for Singapore since 2018. Mr. Dubost joined Carlsberg group in 2011 as Vice President of Marketing (Kronenbourg) in France, and was appointed Vice President - Commercial of Carlsberg Asia Region from 2016 to 2018, based in Hong Kong.

He has more than 25 years' experience in global FMCG and luxury goods within commercial leadership functions in Spain, UK, France and Asia.

DIRECTORS' PROFILES

DATUK TOH AH WAH

Age 63

P.M.W.
Independent Non-Executive Chairman

DATE OF APPOINTMENT
17 May 2017

AC	NRC	RMC
Member	Member w.e.f 19 Feb 2021	Member

LENGTH OF SERVICE (as of 12 March 2021)
3 years 10 months (Chairman since 12 April 2018)

DATE OF LAST RE-ELECTION
Re-elected 12 April 2018

ACADEMIC/PROFESSIONAL QUALIFICATION(S)
- Bachelor of Commerce from Concordia University of Montreal, Canada

WORK EXPERIENCE AND PRESENT DIRECTORSHIP(S)
Datuk Toh Ah Wah joined Rothmans of Pall Mall (Malaysia) Berhad in July 1981 and stayed with this organisation throughout his professional career – this included being merged into British American Tobacco (Malaysia) Berhad ("BAT Malaysia") in 1999 and retiring from BAT Malaysia at the end of June 2013.

Datuk Toh spent the first 10 years in sales and marketing in Malaysia. He subsequently began a succession of increasingly challenging line roles throughout the Asia-Pacific region including China, Hong Kong, Taiwan, New Zealand, South Asia and Southeast Asia.

This culminated in his appointment as Managing Director of BAT Malaysia in October 2009, the first and only Malaysian to have ever held this position.

Datuk Toh also sits on the board of Petronas Chemicals Group Berhad and is a trustee of CHOICE Foundation.

STEFANO CLINI

Age 54

Managing Director

DATE OF APPOINTMENT
26 October 2019

AC	NRC	RMC
		Member

LENGTH OF SERVICE (as of 12 March 2021)
1 year 4 months

DATE OF LAST RE-ELECTION
9 July 2020

ACADEMIC/PROFESSIONAL QUALIFICATION(S)
- Bachelor's Degree in Business and Economics, Libera Università Internazionale degli Studi Sociali Guido Carli (LUISS)

WORK EXPERIENCE AND PRESENT DIRECTORSHIP(S)
Mr. Stefano Clini is responsible for Carlsberg's Southeast Asia sub-region comprising Malaysia and Singapore and oversees the Group's investment in Sri Lanka.

Prior to his current appointment, Mr. Clini was Managing Director of Carlsberg Vietnam Breweries Ltd from 2017 to 2019 where he led a successful turnaround with record growth in both top- and bottom-line. He was previously Managing Director of British American Tobacco Malaysia from 2013 to 2016, overseeing operations in Malaysia and Singapore.

He has 30 years of experience in the global consumer goods industry and had held various senior leadership and commercial roles within H.J. Heinz in Italy from 2005 to 2013 and Procter and Gamble (P&G) in Italy, Belgium, Switzerland and Turkey from 1990 to 2005.

Mr. Clini is currently the Chairman of Carlsberg Singapore Pte. Ltd. He is also on the Board of Carlsberg Marketing Sdn. Bhd., a wholly-owned subsidiary of Carlsberg Brewery Malaysia Berhad, the Malaysian Danish Business Council and Maybev Pte. Ltd., a 51% owned subsidiary by Carlsberg Singapore Pte. Ltd., Lion Brewery (Ceylon) PLC and Ceylon Beverage Holdings PLC.

He is also a member of the Governing Council of the Confederation of Malaysian Brewers Berhad.

CHEW HOY PING

Age 63

Independent Non-Executive Director

DATE OF APPOINTMENT
23 May 2014

AC	NRC	RMC
Chairman	Member	**Chairman**

LENGTH OF SERVICE (as of 12 March 2021)
6 years 9 months

DATE OF LAST RE-ELECTION
Re-elected 10 April 2019

ACADEMIC/PROFESSIONAL QUALIFICATION(S)
- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants

WORK EXPERIENCE AND PRESENT DIRECTORSHIP(S)
Mr. Chew Hoy Ping spent 30 years of his career with PricewaterhouseCoopers (PwC) in various positions since joining in 1976, including 15 years as a partner of the firm.

Whilst at PwC, he was involved in a diverse range of professional services including auditing, corporate finance and business recovery. He held several leadership roles in PwC including Asia Pacific Chairman of Financial Advisory Services, Risk Management & Independence Leader, Deputy Chairman of the Governance Board, and a member of the Country Management Team. Mr. Chew's work experiences also included secondments to PwC Houston, Texas (1982-1984) and Bank Negara Malaysia (1986-1988).

Mr. Chew is currently an Independent Non-Executive Director of Mulpha International Berhad and Mudajaya Group Berhad where he is also the chair of their respective Audit Committees. He also sits on the Board of Ge-Shen Corporation Berhad where he is a member of its Audit Committee.

GRAHAM JAMES FEWKES

Age 53

Non-Independent Non-Executive Director

DATE OF APPOINTMENT
Re-appointed to the Board on 26 February 2016

AC	NRC	RMC

LENGTH OF SERVICE (as of 12 March 2021)
5 years (served on the Board previously from 12 March 2009 to 23 May 2014)

DATE OF LAST RE-ELECTION
Re-elected 9 July 2020

ACADEMIC/PROFESSIONAL QUALIFICATION(S)
- BA (Hons) History, University of York, United Kingdom

WORK EXPERIENCE AND PRESENT DIRECTORSHIP(S)
Mr. Graham Fewkes was previously a Board member of the Company from 12 March 2009 to 23 May 2014.

Mr. Fewkes is an Executive Vice President of Carlsberg Breweries A/S with management responsibility for the Group's Western European operations since 1st March 2021.

Mr. Fewkes has worked in a range of commercial and senior management roles for international companies such as Grand Metropolitan PLC, Fosters Group and Scottish and Newcastle PLC, where he served as Commercial Director in the BBH joint venture in Russia and Eastern European markets.

He joined the Carlsberg Group in October 2008 and returned to Asia after serving as the Carlsberg Group's Global Chief Commercial Officer based in Copenhagen. He also sits on the Board of several private companies within the Carlsberg Group.

DIRECTORS' PROFILES

DIRECTORS' PROFILES

ROLAND ARTHUR LAWRENCE

Age 62

Non-Independent Non-Executive Director

DATE OF APPOINTMENT
28 August 2012

AC Member

LENGTH OF SERVICE (as of 12 March 2021)
8 years 6 months

DATE OF LAST RE-ELECTION
Re-elected 9 July 2020

ACADEMIC/PROFESSIONAL QUALIFICATION(S)
- Fellow Certified Practicing Accountant (FCPA) in Australia
- Master of Enterprise, Melbourne University
- Postgraduate Diploma, Business, Deakin University, Australia
- BA (Hons), National University of Singapore

WORK EXPERIENCE AND PRESENT DIRECTORSHIP(S)
Mr. Lawrence is currently the Vice President Finance, Asia of Carlsberg Breweries A/S.

He is also Chairman of Chongqing Brewery Company Limited, and holds directorships in Carlsberg Vietnam Breweries Limited, Carlsberg India Private Limited, Gorkha Brewery Private Limited, Carlsberg Asia Pte. Ltd., Carlsberg Brewery Hong Kong Limited, Lao Brewery Co. Ltd., and Myanmar Carlsberg Co. Ltd.

He was previously SVP and CFO Walmart (China) between 2008 and 2011 in China. In Australia, he worked mainly for the Coles Myer Group. His roles included being the General Manager, Group Planning & Finance, Coles Group and General Manager, Finance, Coles Supermarkets.

MICHELLE TANYA ACHUTHAN

Age 49

Independent Non-Executive Director

DATE OF APPOINTMENT
30 November 2017

NRC **Chairman** w.e.f 19 Feb 2021

RMC Member

LENGTH OF SERVICE (as of 12 March 2021)
3 years 3 months

DATE OF LAST RE-ELECTION
Re-elected 12 April 2018

ACADEMIC/PROFESSIONAL QUALIFICATION(S)
- Certified professional coach accredited by the International Coach Federation (ICF)
- Certified Neuro Linguistics Programming practitioner accredited by the Association of Neuro Linguistics Programming (ANLP)

WORK EXPERIENCE AND PRESENT DIRECTORSHIP(S)
Ms. Michelle Achuthan has close to three decades of experience in the advertising industry, last serving as Managing Director of Wavemaker following a merger of GroupM's MEC and Maxus agencies. She was previously Managing Director of MEC from 2015.

Prior to that, she spent over a decade at BBDO Malaysia in various positions before leaving as its Managing Director. Ms. Achuthan also has experience within industry stalwarts JWT and Saatchi & Saatchi overseeing diverse business sectors including airlines, FMCG, tourism, luxury goods, finance, telecommunications, retail and F&B.

CHAN PO KEI KAY

Age 55

Non-Independent Non-Executive Director

DATE OF APPOINTMENT
16 December 2020

NRC Member w.e.f 19 Feb 2021

LENGTH OF SERVICE(as of 12 March 2021)
2 months

DATE OF LAST RE-ELECTION
N/A

ACADEMIC/PROFESSIONAL QUALIFICATION(S)
- Master, Training & Human Resources Management, University of Leicester, UK
- Diploma, Training Management, The Chinese University of Hong Kong /Institute of Training & Development, UK
- Degree, Bachelor of Business Administration, The Chinese University of Hong Kong

WORK EXPERIENCE AND PRESENT DIRECTORSHIP(S)
Ms. Chan is a seasoned Human Resources practitioner with over 28 years' experience in Hong Kong and China. She is currently Vice President Human Resources Asia of Carlsberg leading the HR function of Carlsberg in Asia.

Prior to joining Carlsberg, Ms. Chan was the VP HR Asia Pacific for over 10 years with Vertiv Asia Pacific and in other multinationals in country and regional HR coverage roles.

Legend: **AC** Audit Committee **NRC** Nomination & Remuneration Committee **RMC** Risk Management Committee

Other information on directors:
- Each director does not have any family relationships with any directors and/or major shareholders of the Company.
- Each director does not have any conflict of interest with the Company.
- Each director does not have any convictions for offences within the past five years and imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2019 other than traffic offences, if any.
- Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on pages 86 to 99 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors is fully committed to ensuring that the highest standards of corporate governance ("CG") including accountability and transparency are practised by the Company and throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance long term value to its stakeholders.

This CG Overview Statement is prepared in accordance with Paragraph 15.25(1) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad. It should be read in conjunction with the CG Report which sets out the detailed application for each of the practices of the Malaysian Code on Corporate Governance ("Code"). The CG Report is available on the corporate website at www.carlsbergmalaysia.com.my.

At 31 December 2020, the Board has applied the main principles and practices of the Code except as disclosed and explained in the CG Report. The ensuing paragraphs describe the extent of how the Group has applied and complied with the Code.

A BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities

1. Board's Leadership on Objectives and Goals

1.1 Strategic Aims, Values and Standards

The Board leads and has effective control over the Group whereby collective decision and/or close monitoring are conducted on issues relating to strategy, performance, resources, standards of conduct and financial matters. The matters reserved for the collective decision of the Board are listed in the Appendix A of the Board Charter which is available on the corporate website at **www.carlsbergmalaysia.com.my.**

The Board has oversight on matters delegated to the Management whereby updates are reported at least on a quarterly basis. The Group adopts a Chart of Authority approved by the Board which the Management is expected to adhere to in carrying out its day-to-day functions. The roles and responsibilities of the Board as set out in the Board Charter are clear and distinct from that of the Managing Director. The Board also facilitates its principal responsibilities which include reviewing and adopting a strategic plan, overseeing the conduct of business, risk management, succession planning, reviewing and ensuring effective internal controls.

The Board has delegated specific responsibilities to the following committees ("the Committees"):

- AC — Audit Committee ("AC")
- NRC — Nomination and Remuneration Committee ("NRC")
- RMC — Risk Management Committee ("RMC")

The powers delegated to the Committees are set out in the Terms of Reference of each of the Committees as approved by the Board and set out in the Appendices B, C and D of the Board Charter.

1.2 The Chairman

The Chairman holds a Non-Executive position and is primarily responsible for matters pertaining to the Board and the overall conduct of the Group. The Chairman is committed to good CG practices and has been leading the Board towards a high performing culture.

1.3 Chairman and Managing Director

The roles and responsibilities of the Chairman and Managing Director are spelt out distinctly to ensure the appropriate balance of power and authority. The Chairman is primarily responsible for marshalling the effective functioning of the Board including the collective oversight of management whilst Managing Director oversees the day-to-day management and running of the Group and the implementation of the Board's decisions and policies.

1.4 Qualified and Competent Company Secretary

The role of the Company Secretary is currently held by Ms. Koh Poi San, Legal & Compliance Director and Company Secretary. She was appointed on 19 February 2020 to carry out the following responsibilities in providing support to the Board:

(a) Ensure compliance of listing and related statutory obligations as well as updates on regulatory requirements, codes, guidance and relevant legislation;

(b) Ensure adherence to board policies and procedures, rules, relevant laws and best practices on CG;

(c) Attend Board, Committees and General Meetings, and ensure the proper recording of minutes as well as follow-up on matters arising;

(d) Ensure proper upkeep of statutory registers and records and maintain a secured retrieval system which stores meeting papers and minutes of meetings; and

(e) Assist the Chairperson in the preparation for and conduct of meetings in terms of policies and procedures, and updates on regulatory requirements, codes, guidance and relevant legislation.

The Company Secretary has the requisite credentials and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016. In addition, she is the Legal & Compliance Director leading both functions in the Group and a member of the Senior Management Team.

The Group also engages the services of Tricor Corporate Services Sdn Bhd, an external consultant, on corporate secretarial matters and regulatory compliance to provide additional advice on issues pertaining to compliance and CG.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A BOARD LEADERSHIP AND EFFECTIVENESS

1.5 Access to Information and Advice

All Directors have full and unrestricted access to the advice and services of the Company Secretary as well as to all information within the Group. There is also a formal procedure sanctioned by the Board of Directors, whether as a full board or in their individual capacity, to take independent professional advice, where necessary and in appropriate circumstances, in furtherance of their duties, at the Group's expense.

All Directors are furnished with a comprehensive Board File including the meeting agenda usually not less than seven (7) days before each Board meeting. Sufficient time is given to enable the Directors to solicit further explanations and/or information, where necessary, so that deliberations at the meeting are focused and constructive.

The Board File includes, amongst others, sales and marketing development and strategies, financial results and forecasts, status of major projects, minutes of meetings of the Board and committees and other major operational, financial, compliance and legal issues. In addition, there is a schedule of matters reserved specifically for the Board's decision. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

A secured online portal has been created to allow the Directors to have online access to the Board File, updates and other relevant documents. This portal enables sharing of updated information and documents with the Directors and amongst the Directors themselves.

2. Demarcation of Responsibilities

2.1 Board Charter

The revised Board Charter was approved by the Board on 14 August 2020. Any subsequent amendments to the Charter can only be approved by the Board. Apart from setting out the roles and responsibilities of the Board, the Board Charter also outlines the membership guidelines, procedures for Board Meetings, Directors' remuneration, investor relations and shareholder communications, as well as the matters reserved for the collective decision of the Board.

The Board Charter would be periodically reviewed and updated in accordance with the needs of the Group and any new regulations that may have an impact on the discharge of the Board's responsibilities. The Board Charter is available on the corporate website at **www.carlsbergmalaysia.com.my.**

3. Good Business Conduct and Corporate Culture

3.1 Code of Ethics & Conduct

The Group has embedded the 'Live by our Compass' programme introduced by the Carlsberg Group into the Group culture by implementing the desired ethical standards for conducting business with integrity. The Group has also adopted the 'Code of Ethics & Conduct' (the "COEC") introduced by the Carlsberg Group to help its employees to make the right choices and to act appropriately in response to ethical dilemmas that might arise in their daily work. The COEC applies to the Directors, Management, employees and contract workers of the Carlsberg Group.

The COEC has 14 key areas: Compliance with laws and company policies • Anti-corruption and anti-bribery laws • Trade sanctions and export control laws • Competition law • Data protection and privacy laws • Responsible drinking • Conflicts of interest • Insider trading and handling of inside information • Protection and proper use of corporate assets • Confidential and proprietary information • Work environment • Gifts, meals and entertainment • Political activities and donations • Accuracy of books, records and public reports. The COEC is extensive but not exhaustive and the Group expects its employees to exercise sound judgement in their decision-making in order to adhere to the highest ethical standards. The COEC will be reviewed periodically and is available on the corporate website at **www.carlsbergmalaysia.com.my.**

In order to bring the COEC to life, employees are trained on the ethical standards set out in the COEC. As part of this training, the Group implemented an e-learning module that makes employees aware of ethical behaviours that are meaningful for the Carlsberg Group and need to be followed. In 2020, employees across the Group in higher-risk roles received face-to-face training on data protection, competition law and trade sanctions. New joiners are enrolled in e-learning on competition law and COEC and this will continue in 2021. In 2020, new e-learning courses on anti-bribery and anti-corruption ("ABAC"), Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and the Gifts Entertainment and Donations Manual was rolled-out to the entire organisation. The training programme is deemed essential for maintaining awareness of the importance and details of the Group's policies and its compliance programme as a whole.

The Group also adopted the Carlsberg Group's policy structure launched in 2017 to support the highest standards of ethical business conduct. There are 30 group policies and around 200 manuals supporting the policies which are divided into • Governance & Strategic Risks • Legal and Compliance Risks • Financial Risks • and Operational Risks. The policies aim to mitigate the main company risks, protect our brands and highlight what is expected of employees. The policies, supplemented by supporting manuals, explain how employees should comply with the requirements set therein.

3.2 Carlsberg's Whistleblowing Policy

Carlsberg embraces an 'open-door' culture, in which employees, business partners and members of the public are encouraged to report any violation of the COEC or standards expected by Carlsberg. As per the whistleblowing policy, an individual could report a violation to the Legal & Compliance Director and Company Secretary who is responsible for compliance related matters or the Head of Internal Audit ("IA") who is functionally independent of the business operations. A dedicated mailbox (whistleblow.cbmb@carlsberg.asia) is set up for this purpose.

Alternatively, the individual may choose to escalate the violation directly to the Group Internal Audit and Control at Carlsberg Group. This can be done via an email to a Speak Up mailbox (speakup@carlsberg.com), a secured web-based complaint platform (https://www.speakupfeedback.eu/web/wep4br/my) or a telephone line (1-800-88-4307) with designated access code that is hosted by a third party service provider.

The Board has adopted the above as the Group's whistleblowing policy, which encompasses the Speak Up Manual introduced by Carlsberg Group. All cases lodged within the framework of this policy (including those cases escalated directly to Carlsberg Group) will be overseen by the Board, through the AC Chairman.

3.3 Anti-corruption policies

Carlsberg has undertaken an intensive exercise in 2020 to further strengthen the ABAC control framework including delivery of tone at the top messages and awareness campaigns; ABAC risk assessments, undertaking control measures by enhancing our policies and procedures, compliance monitoring and enforcements; and training and communication to address the prevention of bribery and corruption, and the requirements of the MACC's Adequate Procedures Guidelines.

Board Composition

4. Board's Objectivity

4.1 Composition of the Board

Currently, the Board has seven (7) members as set out below:

	Independent	Non-Executive
1. **Datuk Toh Ah Wah**	✓	✓
2. **Stefano Clini**	-	-
3. **Roland Arthur Lawrence**	-	✓
4. **Chew Hoy Ping**	✓	✓
5. **Graham James Fewkes**	-	✓
6. **Michelle Tanya Achuthan**	✓	✓
7. **Chan Po Kei Kay**	-	✓
	3 of 7	**6 of 7**

The three (3) Independent Directors representing approximately 43% of the Board demonstrate independence of judgment and ensure board decisions are made objectively in the best interests of the Company. The Board is of the view that to fully leverage on the experience of the Carlsberg Group, it is in the best interest of the Company and that of its stakeholders that the Board constitutes a fair and adequate representation of the major shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A BOARD LEADERSHIP AND EFFECTIVENESS

4.2 Tenure of Independent Director

The cumulative tenure of each Independent Director of the Company, namely Datuk Toh Ah Wah, Mr. Chew Hoy Ping and Ms. Michelle Tanya Achuthan, does not exceed a cumulative term of nine (9) years respectively.

4.3 Policy of Independent Director's Tenure

The Board Charter stipulates that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years.

4.4 Diverse Board and Senior Management Team

Appointment of board and Senior Management are based on objective criteria, merit and besides gender diversity, due regard are placed for diversity in skills, experience, age and cultural background. Please refer to the Profile of the Directors and the Senior Management Team on pages 78 to 85 respectively for further information.

4.5 Gender Diversity

The Board is supportive of gender diversity in the Board composition and Senior Management. For the financial year 2020, two out of the seven of the Board members are women, i.e. 29%, with one of the female Board members being an Independent Director and the Chairperson of the Nomination & Remuneration Committee. The Senior Management Team comprise a majority (63%) of women leaders.

The profiles of the Directors and Senior Management are set out on pages 78 to 85 of this Annual Report.

The Board through the NRC will continue to consider gender diversity as part of its future selection of board representation. The Board recognises a diverse Board in the Company could offer greater depth and breadth of perspectives, and diversity in Senior Management will lead to better collective decisions. With the recent resignation of Ms. Chow Lee Peng on 30 November 2020, the NRC recommended for approval of the Board the appointment of Ms Chan Po Kei Kay as a new board member effective 16 December 2020, reconfirming the gender diversity measures for new board appointments.

4.6 New Candidates for Board Appointment

Shortlisted candidates are interviewed by the NRC and thereafter, if recommended by the NRC, put up to the Board of Directors for endorsement of appointment. Ms. Chan Po Kei Kay, who is a nominee of Carlsberg Group was also interviewed by the NRC before the Board of Directors endorsed her appointment on 16 December 2020.

4.7 Nomination and Remuneration Committee

In 2019, the Board approved the merger of the two committees of Nomination Committee and Remuneration Committee as the combined NRC. The Committee which is charged with the responsibility of, amongst others, recommending the appointment of new Directors to the Board, comprised a majority of Non-Executive and Independent Directors. The current members are:

MS. MICHELLE TANYA ACHUTHAN
Independent Non-Executive Director
Chairperson

DATUK TOH AH WAH
Independent Non-Executive Director (former Chairman)
Member

MR. CHEW HOY PING
Independent Non-Executive Director
Member

MS. CHAN PO KEI KAY
Non-Independent Non-Executive Director
Member

The NRC will develop, maintain and review the criteria for recruitment and annual assessment of the Directors.

The Terms of Reference of the NRC are set out in the Appendix C of the Board Charter and is available on the corporate website at **www.carlsbergmalaysia.com.my**. In this regard, the Committee's key responsibilities are as follows:

- Reviewing the Board composition and recommending new nominees to the Board as well as the Committees and the appointment and resignation of the Managing Director and Chief Financial Officer for the Board's consideration.
- Assessing the effectiveness of the Board, the Committees and the contribution of each Director (including the Independent Non-Executive Directors and Managing Director) and Chief Financial Officer every year, taking into consideration the required mix of skills, knowledge, expertise and experience and any other requisite qualities including core competencies for Non-Executive Directors. All assessments and evaluations are documented for proper records.
- Review and recommend to the Board, the remuneration of the Executive Directors, and determine the Managing Director's perks and benefits.

- **Appointment Process**

The Board, through the NRC, is responsible for ensuring that there is an effective and orderly succession planning in the Company. The Committee reviews candidates for key management positions and formulates nomination, selection and succession policies for members of the Board. The Board then deliberates on the Committee's recommendations.

In respect of the appointment of all Directors, the Committee considers shortlisted candidates based on their profiles, professional achievements and personality assessments. Appropriate candidates for Independent Directors are sourced through recommendations as well as external search firms based on the needs of the Board. The Committee then ensures that the candidates are suitable and of sufficient calibre for recommendation to the Board for approval by reviewing the profiles of the candidates and, where deemed appropriate, conducting interviews with the shortlisted candidates.

Upon the appointment of a Director, the particular Director will receive a letter of appointment enclosing the Board Charter which outlines his/her duties and responsibilities.

The Company Secretary will facilitate an induction and education programme for new Board members, which includes a visit to the Company's brewery and discussions with the Managing Director, Department Heads and Key Section Heads to better understand the operations, business and policies of the Group, so as to enable the new Directors to contribute effectively from the onset of their appointment. The relevant sections of the Listing Requirements, particularly in relation to their responsibilities as the Directors, are also conveyed to them. All new Directors would also be expected to attend, if they have not done so, the Mandatory Accreditation Programme (MAP) as prescribed by Bursa Malaysia Securities Berhad.

- **Annual Evaluation of Board Effectiveness and Review of the Board Committees**

The Board undertakes an annual evaluation of the Board's effectiveness and periodically engages independent experts to facilitate objective and candid board evaluations. In 2018, the Board engaged PwC Consulting Associates (M) Sdn Bhd ("PwC") to conduct the evaluation of the Board's Performance. The results, in particular the key strength and weaknesses identified from the evaluation were shared with the Board to allow enhancements to be undertaken. In FY2020, the evaluation was conducted internally and facilitated by the Company Secretary, using the metrics and criteria developed by PwC, the results of which are analysed and reviewed by the Board to, among others, determine measures to deal with any identified issues or recommendations.

The evaluation was carried out using questionnaires which covered the areas of, Board Composition & Structure, Individual Director Effectiveness and the Effectiveness of the Board Committees. In carrying out the evaluation, the Board also considered whether the members have adequately refreshed their skills and knowledge. In this connection, the training undertaken by the Directors is set out below.

The Company will also carry out review of Board Effectiveness using independent consultants on a periodic basis.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A BOARD LEADERSHIP AND EFFECTIVENESS

Remuneration

The objective of the Group's remuneration policy is to attract and retain the Directors required to lead and control the Group effectively. In the case of Executive Directors, the components of the remuneration package are linked to corporate and individual performance. For Non-Executive Directors, the level of remuneration is reflective of their roles, experience and level of responsibilities.

Under the Group's current remuneration policy, the fees payable to Non-Executive Directors are paid to Independent Non-Executive Directors only and include fees for their roles, if any, as the AC Chairman, RMC Chairman, NRC Chairman, and as Members of these Board Committees. The remuneration for Non-Executive Directors who are Non-Independent and are representatives of the Carlsberg Group are not paid by the Company but are paid by the Carlsberg Group.

Remuneration of Directors and Senior Management

Details of Directors' Remuneration

The remuneration payable in respect of Directors' fees for the financial year 2020 are categorised as follows:

Remuneration for Directors' fees	Amount per annum (RM)
Chairman of the Company	120,000
Each Independent Non-Executive Director	75,000
AC Chairman	20,000
AC Member	8,000
NRC Chairman	2,500
NRC Member	2,000
RMC Chairman	2,500
RMC Member	2,000
Meeting allowance per meeting	1,500

The Board is proposing the adoption of the same Directors' fee structure and rates for 2021 and for the fees to be paid monthly. The Directors' fees are subject to the approval of shareholders of the Company.

The remuneration of the Directors of the Company for 2020 is as follows:

	Fees (RM)	Salaries (RM)	Allowances (RM)	Benefits -in-kind (RM)	Others Emoluments (RM)	Total (RM)
Independent Non-Executive Directors						
Datuk Toh Ah Wah	116,860	-	24,000	1,506	-	142,366
Chew Hoy Ping	87,571	-	24,000	895	-	112,466
Michelle Tanya Achuthan	68,239	-	16,500	1,572	-	86,311
Subtotal	**272,670**		**64,500**	**3,973**		**341,143**
Executive Director						
Stefano Clini	-	2,227,115	248,330	50,367	594,185	3,119,998
Non-Executive Directors						
Graham James Fewkes	-	-	-	-	-	-
Roland Arthur Lawrence	-	-	-	-	-	-
Chow Lee Peng *(resigned on 30 November 2020)*	-	-	-	-	-	-
Chan Po Kei Kay *(appointed on 16 December 2020)*	-	-	-	-	-	-
Total						

Remuneration of Top Five Senior Management

The remuneration of the top five Senior Management of the Company for 2020 is as follows. It is not disclosed on a named basis due to confidentiality and sensitivity of each remuneration package:

Range of Remuneration (RM):	Top 5 Senior Management
1,100,001 - 1,150,000	1
1,200,001 - 1,250,000	1
1,300,001 - 1,350,000	1
2,300,001 - 2,350,000	1
3,100,001 - 3,150,000	1
TOTAL	**5**

5. Overall Board Effectiveness

The Board intends to meet at least four (4) times a year, with additional meetings convened where necessary. Minutes of Board meetings are duly recorded by the Company Secretary. During the financial year ended 31 December 2020, a total of four (4) Board meetings were held as follows:

Friday	Friday	Friday	Thursday
21 February 2020	9 May 2020	14 August 2020	12 November 2020

In the intervals between Board meetings, for exceptional matters requiring urgent Board decisions, Board approvals are obtained via circular resolutions which are supported with information necessary for an informed decision. To facilitate the Directors' planning and time management, an annual meeting calendar is prepared and given to the Directors before the beginning of each new financial year.

The following is the record of attendance of the Board members at Board meetings held in 2020:

Directors	No. of meetings attended
Datuk Toh Ah Wah (Independent Non-Executive Director)	4/4
Stefano Clini (Managing Director)	4/4
Roland Arthur Lawrence (Non-Executive Director)	4/4
Chew Hoy Ping (Independent Non-Executive Director)	4/4
Graham James Fewkes (Non-Executive Director)	4/4
Michelle Tanya Achuthan (Independent Non-Executive Director)	4/4
Chow Lee Peng (Non-Executive Director) *(resigned on 30 November 2020)*	3/4
Chan Po Kei Kay (Non-Executive Director) *(appointed on 16 December 2020)*	NA

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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A BOARD LEADERSHIP AND EFFECTIVENESS

The following are the records of attendance for Board Committees' Meetings held in 2020:

Audit Committee

Name of Committee Members	No. of meetings attended
Chew Hoy Ping – Chairman (Independent Non-Executive Director)	4/4
Datuk Toh Ah Wah (Independent Non-Executive Director)	4/4
Roland Arthur Lawrence (Non-Executive Director)	4/4

Risk Management Committee

Name of Committee Members	No. of meetings attended
Chew Hoy Ping – Chairman (Independent Non-Executive Director)	3/3
Datuk Toh Ah Wah (Independent Non-Executive Director)	3/3
Michelle Tanya Achuthan (Independent Non-Executive Director)	3/3
Stefano Clini (Managing Director)	3/3

Nomination and Remuneration Committee

Name of Committee Members	No. of meetings attended
Michelle Tanya Achuthan - Chairperson (Independent Non-Executive Director) *Appointed on 14 August 2020 as member and redesignated on 19 February 2021 as Chairperson*	1/1
Datuk Toh Ah Wah – Member (former Chairman) (Independent Non-Executive Director) *Redesignated on 19 February 2021 as Member*	3/3
Chew Hoy Ping - Member (Independent Non-Executive Director)	3/3
Chan Po Kei Kay - Member (Non-Independent Non-Executive Director) *Appointed on 19 February 2021 as member*	n/a

The Board is satisfied with the time commitment given by the Directors. All of the Directors do not hold more than 5 directorships in listed companies as required under Paragraph 15.06 of the Listing Requirements. If anyone Director wishes to accept a new directorship, the Chairman will be informed beforehand together with an indication of time that will be spent on the proposed new appointment.

All existing Directors (with the exception of Ms Chan Po Kei Kay) have attended the Mandatory Accreditation Programme ("MAP") as required by the Listing Requirements. Ms Chan Po Kei Kay is scheduled to attend the MAP on 31 March – 2 April 2021. During the course of the year, they have also attended other training programmes for the Directors and seminars on areas such as financial reporting standards, performance reviews, tax and accounting conferences that include the following:

Name of Director	Training Programmes Attended
Datuk Toh Ah Wah	1. Malaysia Tax Policy Forum 2020 - Strengthening Malaysia's Fiscal Future, International Strategy Institute on 9 January 2020. 2. Directors' Training - Corporate Liability, PETRONAS on 10 February 2020. 3. Raising Defences: Section 17A, MACC Act, ASB/ICLIF on 9 - 10 June 2020. 4. E-Learning Module for 5 Critical Laws - Competition Law, 3rd Party Risk Management, Sanctions, Petronas Anti-Bribery & Corruption Policy & Guidelines and Personal Data Protection & Privacy, PETRONAS on 2 - 4 August 2020. 5. Chemicals and Transformation, Challenges and Opportunities, KPMG on 25 August 2020. 6. Directors' Training - Optimising Risk & Resilience Planning to Manage Disruptions, TRICOR on 18 September 2020. 7. E-Learning - Anti-Bribery and Corruption, Carlsberg Group on 22 September 2020. 8. KPMG's CEO Webinar Series - Transformation Towards Recovery on 9 October 2020. 9. Directors' Training - Amendments to Listing Requirements 2019/2020 and Analysis of Corporate Governance Report 2019/2020, TRICOR on 16 October 2020. 10. Board Excellence Programme - Best Practices for Board Excellence, PETRONAS on 19-20 October 2020. 11. Fraud Risk Management Workshop, PricewaterhouseCoopers on 25 November 2020. 12. Continuous Professional Development in Accounting & Auditing for Board Audit Committee - Amendments to MFRS, KPMG on 30 November 2020.
Stefano Clini	1. E-Learning - Anti-Bribery and Corruption, Carlsberg Group on 14 September 2020. 2. Directors' Training - Optimising Risk & Resilience Planning to Manage Disruptions, TRICOR on 18 September 2020. 3. Directors' Training - Amendments to Listing Requirements 2019/2020 and Analysis of Corporate Governance Report 2019/2020, TRICOR on 16 October 2020.
Roland Arthur Lawrence	1. E-Learning – Code of Ethics and Conduct (CODY), Carlsberg Group on 4 June 2020. 2. E-Learning – Competition Law, Carlsberg Group on 30 June 2020. 3. E-Learning – Anti-Bribery and Corruption, Carlsberg Group on 17 September 2020.
Chew Hoy Ping	1. Cyber & Economic Crime: Fraudsters & cyber criminals, too, can work from home, PricewaterhouseCoopers on 23 April 2020. 2. Presentation of Financial Statements: A Change for Better Comparability & Transparency of Companies' Performance Reporting, MASB on 27 April 2020. 3. Governance & Risk: An uncertain world, a riskier landscape, PricewaterhouseCoopers on 30 April 2020. 4. COVID-19 impact on financial reporting: Not business as usual, PricewaterhouseCoopers on 5 May 2020. 5. The Clear and Present Risks Facing Organisations Under COVID-19, FPLC on 13 May 2020. 6. Are Boards Ready for Climate Change, SKRINE on 4 June 2020. 7. ESG Trends & Regulatory Developments, Asia School of Business/ICLIFF on 11 June 2020. 8. Practical Insights On Corporate Liability: 25 Days Later, SKRINE on 25 June 2020. 9. Directors' training: Optimising Risk & Resilience Planning to Manage Disruptions, TRICOR on 18 September 2020.

A BOARD LEADERSHIP AND EFFECTIVENESS

Name of Director	Training Programmes Attended
Chew Hoy Ping	10. E-Learning - Anti-Bribery and Corruption, Carlsberg Group on 17 September 2020. 11. Directors' training: Amendments to Listing Requirements 2019/2020 & Analysis of Corporate Governance Report 2019/2020, TRICOR on 16 October 2020. 12. Malaysia's COVID-19 Act 2020, MIA on 22 October 2020. 13. PwC Malaysia's Budget 2021 Webinar, PricewaterhouseCoopers on 17 November 2020. 14. Fraud Risk Management Workshop, Bursa / PricewaterhouseCoopers on 18 November 2020. 15. Mastering Cyber Security to Mitigate Fraud, MIA on 2 December 2020. 16. Managing Risk Effectively Amidst Uncertainty, MIA on 17 December 2020. 17. The Value Reporting Foundation: A game changer merger to simplify the corporate reporting landscape, MICPA on 17 December 2020.
Graham James Fewkes	E-Learning – Code of Ethics and Conduct (CODY), Carlsberg Group on 30 June 2020.
Michelle Tanya Achuthan	1. Certificate in Coaching (Refresher) Corporate Coach Academy on April-June 2020. 2. Directors' Training - Optimising Risk & Resilience Planning to Manage Disruptions, TRICOR on 18 September 2020. 3. E-Learning - Anti-Bribery and Corruption, Carlsberg Group on 13 October 2020. 4. Directors' Training - Amendments to Listing Requirements 2019/2020 and Analysis of Corporate Governance Report 2019/2020, TRICOR on 16 October 2020.
Chow Lee Peng	E-Learning – Code of Ethics and Conduct (CODY), Carlsberg Group on 19 January 2020.
Chan Po Kei Kay	1. Carlsberg's senior leadership development program (London Business School) (1st module commenced in 2019 and the 2nd module completed in Feb 2020). 2. Unconscious Bias on-line training (provided by a global vendor endorsed by Carlsberg). 3. DISC on-line personality training tool (provided by ODE Consulting). 4. E-Learning – Code of Ethics and Conduct (CODY), Carlsberg Group on 22 June 2020. 5. E-Learning – Competition Law, Carlsberg Group on 30 June 2020. 6. E-Learning – Anti-Bribery and Corruption, Carlsberg Group on 12 October 2020.

B EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

6. Effective and Independent Audit Committee

Mr. Chew Hoy Ping, an Independent Non-Executive Director is the Chairman of the AC. On the composition of the AC, please refer to the AC Report on pages 102 to 103 for further information.

At the 50th Annual General Meeting ("AGM") held on 9 July 2020, Messrs PricewaterhouseCoopers PLT was re-appointed as external auditors of the Group. The scope of the external auditors is ascertained by the AC, with a twice-a-year meeting held between the AC and the external auditors. Further information is found in the AC Report at pages 102 to 104.

In 2020, the Audit Committee evaluated the performance of the external auditor using the evaluation metrics from the Corporate Governance Guide – Guidance on Effective Audit and Risk Management by Bursa Malaysia. Overall the results are up to the mark and the Directors commended the Calibre of External Audit Firm, the Audit Team, Independence of the External Auditor and objectivity as well as Audit Scope and Planning of the External Auditor.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Risk Management and Internal Control Framework

7. The Board continually places significant emphasis on a sound risk management process and internal control mechanism which are necessary to safeguard the Group's assets and shareholders' investment. To this end, the Board affirms its overall responsibility for the identification and mitigation of the Group's key risks, which are categorized in its risk registers according the risk nature; namely strategic, operational, financial and compliance. On a quarterly basis, the Board's RMC evaluates and monitors the key risks reported by Group Management according to the risk registers. A dedicated risk report is prepared for this purpose and relevant members of the Management team participate in a quarterly working-level risk management meeting that is led by the Managing Director. Throughout the year, the IA function coordinates discussions and meetings with the respective risk owners and functional heads to identify potential new risks and update existing risks in the Group's risk registers (separate risk registers are maintained for the Malaysia and Singapore businesses). The updated risk registers, including proposed mitigating actions, are presented to the RMC for review and further revised or endorsed as the RMC considers appropriate. The RMC's main recommendations and conclusions are presented to the Board.

   The Group maintain a sound internal control framework as a safeguard against any potential deviation of business objectives and interests. As part of this framework, the Group has established standard operating procedures to protect the integrity of the business operations and financial reporting. In addition, preventive, detective and monitoring controls are embedded in core business processes to ensure any risks of deviation are adequately mitigated. A comprehensive set of policies and directives are communicated to employees as well as business partners through Company memos and written documents. This is also supplemented by an extensive training programme, in particular in the form of e-learning, that is regularly rolled out to employees to imbue a high level of awareness and instill a Group culture with a strong sense of ethics and integrity. Independent reviews are carried out throughout the year by the in-house IA function to assess the adequacy and effectiveness of the internal control framework and procedures. All such reviews are governed by the annual IA audit plan that is approved by the AC. In addition, the Board via the AC reviews the audit findings and recommendations highlighted by Internal Auditors.

   It should be noted that the risk management and internal control framework by its nature, manages but cannot totally eliminate all risks and therefore can provide only reasonable but not absolute assurance against misstatement, loss or fraud and any other adverse event.

C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

8. Continuous Communication between Company and Stakeholders

The Board recognises the importance of an effective communication channel between the Board, shareholders and general public, and at the same time, in full compliance with the disclosure requirements as set out in the Listing Requirements. The annual reports, press releases, quarterly results and any announcements on material corporate exercises are the primary modes of disseminating information on the Group's business activities and financial performance.

The Managing Director is the designated spokesperson for all matters related to the Group and dedicated personnel are tasked to prepare and verify material information for timely disclosure upon approval by the Board.

The Group maintains a website at **www.carlsbergmalaysia.com.my** for shareholders and the public to access information on, amongst others, the Group's background and products, financial performance, frequently-asked questions (FAQs) and updates on its various sponsorships and promotions. Stakeholders can at any time seek clarification or raise queries through the corporate website, by email or phone. Primary contact details are set out at the Group's website. Written communications are attended to within 48 hours from day of receipt. The website also posts all press releases made by the Group together with latest news on the Group and the industry.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Conduct of General Meetings

9. Encourage Shareholder Participation at General Meetings

The AGM is the principal forum for dialogue and interaction with shareholders. At every meeting, the Board shall set out the progress and performance of the Group since the previous shareholders meeting. Shareholders are encouraged to participate in the Question and Answer session during the AGM wherein the Directors, Company Secretary, Heads of Department as well as the Group's external auditors are available to respond to the queries raised. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to upload the compiled questions and answers from shareholders on the corporate website.

Each item of special business included in the notice of meeting will be accompanied by a full explanation on the effects of a proposed resolution.

The notices of AGM are despatched to shareholders at least 28 days before the AGM, to allow shareholders to have sufficient time to read the Annual Report and make the necessary attendance and voting arrangements. During 2020, due to the implementation of the Movement Control Order and Conditional Movement Control Order in Malaysia, the Company's Annual Report 2019 was separately issued on 8 May 2020 while the Notice of AGM was issued on 10 June 2020, which was 28 days from the date of the Annual General Meeting held on 9 July 2020.

The Company conducted the 50th AGM on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (RPV) facilities available on Tricor Investor Issuing House Services TIIH Online website, allowing attendance by shareholders and proxy holders via remote participation and voting in absentia.

Details as below:

Document	Date of Issue	No. of Days before AGM	Date of AGM
Annual Report 2019	8 May 2020	60 days	9 July 2020
Notice of 50th AGM	10 June 2020	28 days	9 July 2020

During the year, the Managing Director and/or key management personnel also conduct discussions with the press and analysts when necessary, to provide information on the Group's strategy, performance and major developments. A press briefing is usually held after each AGM.

The proceedings of the 50th AGM included the Managing Director's presentation of the Group's performance, key developments and financial results for the reporting year and commentary on the outlook for the following year and a Questions & Answers session during which the Chairman invited shareholders to raise questions pertaining to the Company's financial statements and other items, before putting the resolutions to vote. Senior Management and representatives of External Auditors were also present to respond to any queries by the shareholders. The responses to the questions raised by the Minority Shareholders Watch Group were distributed to shareholders at the AGM and uploaded to the Company's website at **www.carlsbergmalaysia.com.my.** The Board is satisfied with the current programme for the AGM and for 2020, there were no major contentious issues noted with shareholders/investors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

KEY FOCUS AREAS AND FUTURE PRIORITIES IN KEY AREAS OF CG PRACTICES

The key focus areas of the Board and Committees during FY 2020:

- Reviewing the challenges to the Group's business strategy and plans
- Ensuring an appropriate risk management framework to identify, assess and monitor key business risks.
- Undertaking an intensive exercise to further strengthen the ABAC control framework to address the prevention of bribery and corruption, and the requirements of the MACC's Adequate Procedures Guidelines.
- Ensuring a ready pipeline of talent with right competencies and leadership potential to ensure succession coverage and for future talent development.
- Reviewing the progress on the Group's Together Towards Zero Sustainability Ambition

Future priorities on the Company's Corporate Governance Practices:

- Monitoring and accelerating the ESG agenda including improving disclosures towards Integrated Reporting
- Improving the gender diversity representation on the Board and Leadership positions.
- Monitoring and Accelerating our action plans towards our sustainability goals

STATEMENT OF COMPLIANCE

The Board shall continue to strive for high standards of CG throughout the Group. The Board is of the view that apart from the noted departures as disclosed and explained in the CG Report, the Company has satisfactorily complied with the main principles and recommendations of the Code.

This Statement was approved by the Board on 2 March 2021.

OTHER INFORMATION

Utilisation of Proceeds

There were no proceeds raised from any corporate proposal during the financial year ended 31 December 2020.

Non-Audit Fees

The non-audit fees paid to external auditors, Messrs PricewaterhouseCoopers PLT by the Group during the financial year ended 31 December 2020 amounted to RM9,434. This amount was incurred in relation to the review of the Statement on Risk Management and Internal Control.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

RESPONSIBILITY AND COMMITMENT OF THE BOARD

The Board has always placed significant emphasis on sound risk management and internal control frameworks which are necessary to safeguard the Group's assets and shareholders' investment. To this end, the Board affirms its overall responsibility for the identification and mitigation of the Group's key risks, which are categorised in its risk registers according to the risk nature; namely strategic, operational, financial and compliance. Meanwhile, the Group maintains an internal control framework to prevent, detect and monitor any significant control gaps. In addition, the Board has an effective oversight over the audit findings and recommendations highlighted by both the Internal Audit function as well as the external auditors. However, it should be noted that the risk management process and internal control system by nature, only manage but cannot totally eliminate all risks and therefore can provide only reasonable and not absolute assurance against misstatement, loss or fraud and any other adverse event.

RISK MANAGEMENT FRAMEWORK

Under the risk management framework, the Group is required to put in place a continuous process to identify, evaluate, monitor and manage key risks that could hinder the achievement of the Group' business objectives.

The Risk Management Process

Throughout the year, the Internal Audit team coordinates discussions and meetings with all the risk owners and heads of department to assess and update the existing risks in the Group's risk registers (separate risk registers are maintained for the Malaysian and Singaporean businesses). Such exercises are also meant to identify any potential new risk areas. Prior to the quarterly Risk Management Committee ("RMC") meeting, a meeting led by the Managing Director is conducted at the working-level risk management committee (this committee comprises all the risk owners). The main objective of this meeting is to obtain updates from risk owners pertaining to all the key risks reported in the risk registers. Mitigating plans and activities are also discussed and deliberated before adoption. On a quarterly basis, the RMC evaluates and reviews the key risks reported by the Group. A dedicated risk report is prepared for this purpose and relevant members of the Management team are invited to join the quarterly meetings, as and when necessary.

Risk Category

The Group maintains a register of key risks together with corresponding mitigating activities and risk ratings. These risks are grouped according to the risk nature, as followings:

- Strategic: Risks that arise when the business could not operate efficiently and effectively, in accordance with its intended business model or the business could be hindered from achieving its strategic objectives.
- Operational: Risks that impact the business' day-to-day operations.
- Financial: Risks that are generally associated with misstatement in financial reporting and/or breakdown in financial controls, including adverse events that result in financial losses.
- Compliance: Risks that are related to legal and statutory requirements and corporate governance.

INTERNAL CONTROL FRAMEWORK

The key elements of the Group's internal control framework are described as follows:

Control Environment

The Board and Management have established an organizational structure with clearly defined lines of accountability and delegated authority. This includes well-defined responsibilities for the Board committees and various management levels. The authorisation limits that govern the day-to-day business operations are spelt out in the Group's Chart of Authority, which is endorsed by the Board. Emphasis is placed on the adherence to the Carlsberg Group's Code of Ethics & Conduct by all employees and business partners. Meanwhile, merit based incentive scheme and rigorous key performance indicators are put in place to ensure that the competency of the workforce is continuously upheld.

Control Activities

As part of the framework, the Group has established standard operating procedures to safeguard the integrity of the business operations and financial reporting. These procedures are subject to regular reviews to cater for changes in business process and risk or for further improvements. Preventive, detective and monitoring controls are also embedded in the core business processes to ensure that the risk of deviation is adequately mitigated. Meanwhile, segregation of duties is put in place where required and possible.

Communication

The Group also maintains effective communication channels to provide as well as to solicit feedback in relation to business performance, critical issues and other key business matters. Policies and directives are regularly communicated to employees and business partners through company's memos, emails and official documents, so that control responsibilities and business ethics and conducts are taken seriously. Meanwhile, training and refreshers, in particular in the form of e-learnings are periodically rolled out to create a high level of awareness and instill a culture with a strong sense of ethics and integrity within the Group.

Monitoring Mechanism

Management constantly review key performance indicators set for various functions within the Group to ensure the efficiency and effectiveness of operational activities in achieving business objectives. Independent reviews are carried out throughout the year by the Internal Audit function to assess the adequacy and effectiveness of the internal control framework. Audit results from reviews performed in accordance with the approved annual audit plan, including the findings and recommendations are reported to the AC on a quarterly basis. In addition, external audit findings including any key control matters are highlighted by the external auditors to the AC and the Board. The Group has also implemented periodic self-assessment initiatives in relation to financial controls, in which the outcome is reviewed and monitored by Carlsberg Group.

ADEQUACY OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board has reviewed and believes that the risk management and internal control frameworks are adequate. Appropriate mitigating activities & control procedures are put in place to deal with any identified weaknesses. In recent times, the Group has also taken all the necessary measures relating to health, safety and business continuity to mitigate the impact of the COVID-19 pandemic that has affected businesses globally. As 'work-from-home' arrangements for employees have increasingly become a norm, necessary adjustments were made to various processes without compromising on the internal control system. Additional emphasis was also placed on cybersecurity to address the trend of increasing cyber threats around the world. During the year, various deficiencies in internal control were identified by the external auditors during their statutory audit, as well as through internal audit reviews; corrective actions were duly set in place to address all such deficiencies.

The Board has also received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

This Statement on Risk Management and Internal Control did not deal with the associated company as the Group did not have management control over its operations.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with 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 risk management and internal control systems of the Group.

Based on the review, the external auditors have reported to the Board that nothing had come to their attention that caused them to believe that the Statement intended to be included in the Annual Report of the Group, in all material respects:

a. has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
b. is factually inaccurate.

This Statement on Risk Management and Internal Control was made in accordance with the resolution of Board dated 2 March 2021.

AUDIT COMMITTEE & RISK MANAGEMENT COMMITTEE REPORT

Effective 21 February 2020, Audit & Risk Management Committee separated into an Audit Committee (AC) and a Risk Management Committee (RMC) to allow for better focus on their key areas of responsibility. This is in line with Step Up 9.3 of the Malaysian Code on Corporate Governance, i.e. to have a RMC to oversee the Group's risk management framework and policies.

AUDIT COMMITTEE

MEMBERSHIP AND MEETING ATTENDANCE

The AC held four (4) meetings during the financial year ended 31 December 2020. The members of the AC and the record of their attendance are as follows:

CHEW HOY PING
Independent Non-Executive Director – Chairman

Attendance Record 4/4

ROLAND ARTHUR LAWRENCE
Non-Independent Non-Executive Director – Member

Attendance Record 4/4

DATUK TOH AH WAH
Independent Non-Executive Chairman – Member

Attendance Record 4/4

The Managing Director, Chief Financial Officer and Legal & Compliance Director attended all the meetings for the purpose of briefing the AC on the developments and issues relating to their areas of responsibilities. The Head of Internal Audit ("IA") also attended all the AC meetings except the November 2020 session in which a representative from IA team attended on his behalf.

The AC was also briefed by the external auditors, PwC, on the audit plan and the findings of the external audit during two of the 2020 AC meetings. In the meetings with PwC, the AC also had private sessions with the external auditors without the presence of any executive board members or Management.

SUMMARY OF WORK PERFORMED BY AUDIT COMMITTEE

The main activities undertaken by the AC during the financial year ended 31 December 2020 were as follows:

- Reviewed the external auditors' scope of work, audit risks and focus areas, materiality thresholds, audit methodology, key milestones and other relevant matters. The Chairman and members of the AC periodically held informal discussions with the external auditors to ensure audit issues are addressed on a timely basis.
- Reviewed the results of the external audit, the audit report and the management representation letter, including Management's responses. Further to that, the AC also scrutinized potential key audit matters raised by the external auditors and ensured that adequate work was done to support the audit conclusions and overall impact on the financial statements. The sole key audit matter vetted by the AC (as mentioned in the Independent Auditors' Report on pages 192 to 195 for details) related to the accounting for trade discounts and volume rebates accruals as part of revenue recognition, as this involved the use of critical accounting estimates and Management's assumptions. As noted by the external auditors, Management accrued the trade discounts and volume rebates based on the estimated sales volume to be achieved multiplied with the agreed rates with the customers. On the AC's part, trade discounts and volume rebates were regularly reviewed as part of the financial reports presented by Management in each quarterly meeting as well as through relevant IA reports during the year following the approved IA plan.
- Assessed the performance, competency and professionalism demonstrated by the external auditors during the year. Obtained the assurance on independence from the external auditors and recommended the audit fees payable to the Board for approval.
- Considered and assessed the independence and objectivity of the external auditors during the year and also prior to engaging the external auditors for non-audit related services. The non-audit fees paid to the member firms of external auditors in 2020 amounted to RM9,343.
- Reviewed IA reports, recommendations and Management's responses, including relevant activities performed by Group IA from Carlsberg Group. Discussed actions taken with Management to improve the internal control system based on findings identified by internal auditors. Quarterly, the AC Chairman also had private sessions with the Head of IA to discuss the operations of the IA function as well as other related matters.
- Reviewed and discussed the enterprise risk management activities and policies, including the updates to key risks (RMC took over such responsibilities effective 21 February 2020).
- Reviewed the audited financial statements of the Group prior to submission to the Board for its approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 and the applicable accounting standards as set by Malaysian Accounting Standards Board.
- Reviewed the quarterly unaudited financial results and Bursa Malaysia Securities Berhad ("Bursa") announcements before recommending them for the Board's approval. Such reviews were conducted together with the Managing Director and the Chief Financial Officer.
- Throughout the financial year, the AC Chairman and other members of the AC also had frequent discussions with the Chief Financial Officer on any potential material issues that could affect financial reporting and disclosure. This include the Group's compliance with relevant legal and statutory requirements, such as Bursa Listing Requirements.
- Reviewed pertinent issues of the Group, which could significantly impact the results and future cash flows of the Group including enhancement and investment in products, capital expenditures, cost rationalization measures and human resource development.
- Reviewed the reports on related party transactions and recurrent related party transactions to ensure these transactions were executed in compliance with Bursa Listing Requirements, as well as within the shareholders' mandate.
- Reviewed the Group's compliance with the provisions set out under the Malaysian Code on Corporate Governance for the purpose of the Corporate Governance Overview Statement pursuant to Bursa Listing Requirements.

AUDIT COMMITTEE & RISK MANAGEMENT COMMITTEE REPORT

AUDIT COMMITTEE & RISK MANAGEMENT COMMITTEE REPORT

RISK MANAGEMENT COMMITTEE

MEMBERSHIP AND MEETING ATTENDANCE

The RMC held three (3) meetings during the financial year ended 31 December 2020. The members of the RMC and the record of their attendance are as follows:

CHEW HOY PING
Independent Non-Executive Director – Chairman
Attendance Record 3/3

DATUK TOH AH WAH
Independent Non-Executive Chairman – Member
Attendance Record 3/3

MICHELLE TANYA ACHUTHAN
Independent Non-Executive Director – Member
Attendance Record 3/3

STEFANO CLINI
Managing Director – Member
Attendance Record 3/3

The Chief Financial Officer and Legal & Compliance Director attended all the meetings for the purpose of briefing the RMC on the activities involving their areas of responsibilities. The Head of IA attended all the meetings except for the November 2020 meeting in which a representative from IA team attended on his behalf.

SUMMARY OF WORK PERFORMED BY RISK MANAGEMENT COMMITTEE

The main activities undertaken by the RMC during the financial year ended 31 December 2020 were as follows:

- Reviewed the Group's Risk Management Framework and policies for approval and adoption by the Board. On a regular basis, reviewed the effectiveness and relevance of the framework and policies.
- Reviewed the quarterly risk updates and provided recommendations to the Board in relation to the monitoring of principal risks and the corresponding risk mitigating plan. Also, the RMC performed regular scanning for potential new risks.
- Made recommendations to the Board concerning risk appetite and risk tolerance. In addition, the RMC ensured that key risks were adequately monitored and managed within the tolerance levels that were acceptable to the Board.
- Reviewed and reported to the Board on any significant issues arising from the risk management programs and the corresponding mitigating actions taken by the Group.
- In order to assess the Group's readiness in facing the COVID-19 pandemic, key updates were provided by the Management and were reviewed by RMC quarterly, including the key learnings from a more restricted business environment. These key updates included all the necessary measures relating to health, safety and business continuity that were taken by the Group in mitigating the impact of the pandemic.
- Reviewed the anti-bribery and anti-corruption risks concerning the Group and the corresponding mitigating activities. The RMC also assisted the Board in overseeing the completion of a control gap assessment performed by Ernst & Young Advisory Services in relation to the implementation of the Section 17A of the Malaysian Anti-Corruption Commission Act 2009. This included ensuring that all improvement points were timely and duly addressed.
- Reviewed the updates to compliance related programs as per the report prepared by the Legal & Compliance Director.
- Reviewed and discussed the enterprise risk management activities and policies, including the updates to key risks.

INTERNAL AUDIT

STRUCTURE, RESPONSIBILITIES AND APPROACH

The Group maintains an in-house IA function, which is independent of the business operations. Adequate independence is always upheld for the IA function so that it can perform its duties objectively. The Head of IA is Mr. Lim Tiong Eng @ Allan Lim, who is a chartered accountant under the Malaysian Institute of Accountants as well as a certified practicing accountant under the CPA Australia. The Head of IA is assisted by 3 internal auditors and has a functional reporting line to the AC Chairman. He has full access to the AC and maintains regular communication with the AC Chairman for discussion of audit matters as well as other matters concerning the IA function. All members of the IA function, like any other employees of the Group, are subject to an annual declaration of any potential conflict of interest. No member of the IA function was reported to the AC and Board to have any element concerning conflict of interest during the year.

The scope of work for the IA function is laid out in the annual audit plan that is reviewed by the Managing Director and approved by the AC. The contents of the annual audit plan are determined by an annual risk assessment performed independently by the IA function. Various aspects of the business are covered by the audit plan, such as key internal control processes, risk management, corporate governance & compliance and recurring related party transactions. The progress and status of the audit plan are presented to the AC on a quarterly basis.

The work conducted by IA team are guided by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") framework in general and the COSO 5 components of internal control specifically. The IA team also refers closely to the standards as per the International Professional Practices Framework (2017) issued by the Institute of Internal Auditors. All audit observations and the corresponding remedial action plan are presented by the Head of IA in the quarterly AC meeting. The progress and implementation status of action plans is also tabled at each meeting. A dedicated reporting deck that includes all the individual audit reports is prepared for the purpose of the quarterly meetings.

The total cost incurred by the IA function during the year amounted to MYR770,885.

SUMMARY OF WORK PERFORMED BY INTERNAL AUDIT

The main activities undertaken by the IA function during the financial year ended 31 December 2020 were as follows:

- Performed risk assessments on all auditable areas for the purpose of annual audit planning. A number of elements were considered in the planning, which included financial impact, perceived state of controls, feedback from Management team, past audit findings, control matters raised by external auditors or Group IA from Carlsberg Group, and recent changes in the business environment.
- Shared the proposed annual audit plan with Managing Director and subsequently presented to the AC meeting for review and approval.
- Performed audit reviews based on the approved audit plan and prepared audit reports (for quarterly issuance to Management and AC) in which the audit observations, root-cause analyses and remedial recommendations were detailed. During the year, areas related to warehouse operations, trade rebates and reimbursement to distributors, inventory movements, asset disposals, recurring related party transactions, tender activities, risk management activities and marketing campaign were audited. Numerous special reviews that included investigation of whistleblowing cases were also carried out. All finalized audit reports were tabled in the quarterly AC meeting for review, discussion and comments.
- During the year, IA team was also heavily involved in the project undertaken by Management and the Board in relation to the control gap assessment in connection with the implementation of Section 17A of the Malaysian Anti-Corruption Commission Act 2009.
- Conducted meetings throughout the year with the relevant stakeholders to discuss and align audit related matters. Such meetings were also intended to solicit the feedback from stakeholders with regards to the practicality of audit recommendations and adoption.
- Regularly followed up on outstanding audit issues, especially on the implementation and continuity of Management action plan in addressing control gaps identified.

AUDIT COMMITTEE & RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT

- Provided advice in relation to internal control issues arising from the day-to-day business operations. Where necessary, the IA function also collaborated with Management to promote the culture of practicing good internal controls and governance to strive for business efficiency and internal control effectiveness.
- Managed the Group's official whistleblowing mailbox and liaised with the Whistleblowing Committee as well as Group Investigation Team of Carlsberg Group on the appropriate responses and actions in relation to reports received from whistleblowers.
- Participated as independent observer in the end-to-end tendering process of the Group. The IA team reviewed all the tenders carried out for purchase above RM100,000 in the aspects of tender briefs, scoring criteria and weightage, actual submission by suppliers, selection justification and exception handlings.
- Coordinated more than 30 meetings during the year with all the risk owners and functional heads to discuss and solicit updates to the risk registers. This included the regular effort in scanning for new risk together with stakeholders.
- Facilitated the quarterly risk management meeting with the risk working committee (consisted of risk owners and risk responsible parties). Prepared the minutes and followed up on matters arising and outstanding issues.
- Maintained the Group's risk registers and ensured that the contents were regularly updated with the relevant information and status of risk mitigating activities.
- Prepared the risk management reporting deck and presented it in the quarterly RMC meetings for review, discussion and comments.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS

In the course of preparing the annual financial statements for the Group and the Company, the Directors are collectively responsible for ensuring that these financial statements are drawn up in accordance with the requirements of the applicable Approved Accounting Standards in Malaysia, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

It is the responsibility of the Directors to ensure that financial statements for each financial year present a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements for the financial year ended 31 December 2020, the Directors have applied appropriate and relevant accounting policies consistently and in accordance with applicable accounting standards and made judgements and estimates that are reasonable and fair.

The financial statements are prepared on a going concern basis and the Directors have ensured that proper accounting records are kept which enable the preparation of the financial statements with reasonable accuracy. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 2 March 2021.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Board of Directors has 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.

DIRECTORS OF THE COMPANY

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

Datuk Toh Ah Wah
Chew Hoy Ping
Graham James Fewkes
Roland Arthur Lawrence
Michelle Tanya Achuthan
Stefano Clini
Chan Po Kei Kay (Appointed on 16 December 2020)
Chow Lee Peng (Resigned on 30 November 2020)

PRINCIPAL ACTIVITIES

The Company is principally engaged in the production of beer, stout, cider, shandy and non-alcoholic beverages for distribution in the domestic market and for export while the other Group entities are primarily involved in the marketing and distribution of beer, stout, cider, shandy, liquor and non-alcoholic beverages. There has been no significant change in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
- Owners of the Company	162,180	174,036
- Non-controlling interests	4,005	-
Profit for the financial year	166,185	174,036

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no shares or debentures issued by the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

INDEMNITY AND INSURANCE COSTS

The Directors and Officers of the Group and the Company are covered by Directors and Officers Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Company subject to the terms of the policy. The total amount of premium paid was RM24,708.

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares in the Company and its related corporations (other than wholly-owned subsidiaries) during the financial year except as follows:

	Number of ordinary shares			
	At 1.1.2020	Acquired	Disposed	At 31.12.2020
Chew Hoy Ping	10,000	-	-	10,000
Datuk Toh Ah Wah	10,000	-	-	10,000

DIVIDENDS

The dividends paid or declared since the end of the previous financial year were as follows:

<u>In respect of financial year ended 31 December 2019</u>:

Date of Declaration	Date of payment		Sen per ordinary share	RM million
26 Nov 2019	22 Jan 2020	Third single tier interim dividend	17.0	52.0
21 Feb 2020	10 Apr 2020	Fourth single tier interim dividend	17.0	52.0
21 Feb 2020	30 Sep 2020	Final single tier dividend	23.6	72.2
21 Feb 2020	30 Sep 2020	Special single tier dividend	4.8	14.7

<u>In respect of financial year ended 31 December 2020</u>:

Subsequent to the financial year, on 18 February 2021, the Board of Directors declared a single tier interim dividend of 10.0 sen per ordinary share for the financial year ended 31 December 2020, which will be payable on 2 April 2021. The total amount payable is RM30.6 million.

The Board of Directors also recommended for shareholders' approval at the forthcoming Annual General Meeting a final single tier dividend of 30.0 sen per ordinary in respect of the financial year ended 31 December 2020. The total amount payable for the proposed final single tier dividend is RM91.7 million.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 21 to the financial statements.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

HOLDING COMPANIES

The Directors regard Carlsberg Breweries A/S and Carlsberg A/S, companies incorporated in Denmark, as the immediate holding company and ultimate holding company respectively.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values 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.

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or

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

(iii) 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.

(c) At the date of this report:

(i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

(d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.

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

(f) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 27 of the financial statements; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

SUBSIDIARIES

Details of subsidiaries are set out in Note 12 to the financial statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 6 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 2 March 2021.

Signed on behalf of the Board of Directors:

STEFANO CLINI
MANAGING DIRECTOR

CHEW HOY PING
DIRECTOR

Selangor Darul Ehsan
2 March 2021

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	5	**1,785,000**	2,256,581	**990,024**	1,174,236
Cost of sales		**(1,300,893)**	(1,539,464)	**(975,658)**	(1,137,973)
Gross profit		**484,107**	717,117	**14,366**	36,263
Other income		**2,901**	6,274	**18,186**	21,210
Sales and distribution expenses		**(221,554)**	(284,939)	**(277)**	(400)
Administrative expenses		**(63,205)**	(63,537)	**(37,928)**	(34,343)
Other expenses		**(2,174)**	(50)	**(1,130)**	(128)
Results from operating activities		**200,075**	374,865	**(6,783)**	22,602
Investment income		**-**	-	**184,251**	302,316
Finance income		**1,745**	1,605	**99**	17
Finance costs		**(6,972)**	(10,525)	**(4,558)**	(5,591)
Operating profit	6	**194,848**	365,945	**173,009**	319,344
Share of profit of equity accounted associate, net of tax		**14,932**	16,292	**-**	-
Profit before taxation		**209,780**	382,237	**173,009**	319,344
Taxation	7	**(43,595)**	(81,853)	**1,027**	(5,094)
Profit for the financial year		**166,185**	300,384	**174,036**	314,250
Other comprehensive (loss)/income, net of tax					
Items that may be reclassified subsequently to profit or loss:					
Cash flow hedge – fair value changes:					
Change in fair value of effective portion of cash flow hedges		**359**	(1,190)	**359**	(1,190)
Change in fair value of cash flow hedges transferred to the income statement		**2,511**	2,706	**2,511**	2,706
Exchange differences on translation of foreign operations		**(3,834)**	(486)	**-**	-
Other comprehensive (loss)/income for the financial year, net of tax		**(964)**	1,030	**2,870**	1,516
Total comprehensive income for the financial year		**165,221**	301,414	**176,906**	315,766
Profit attributable to:					
Owners of the Company		**162,180**	291,024	**174,036**	314,250
Non-controlling interests		**4,005**	9,360	**-**	-
Profit for the financial year		**166,185**	300,384	**174,036**	314,250
Total comprehensive income attributable to:					
Owners of the Company		**161,216**	292,054	**176,906**	315,766
Non-controlling interests		**4,005**	9,360	**-**	-
Total comprehensive income for the financial year		**165,221**	301,414	**176,906**	315,766
Basic/Diluted earnings per ordinary share (sen)	8	**53.04**	95.18		

The notes on pages 124 to 190 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

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
ASSETS					
Non-current assets					
Property, plant and equipment	9	**208,211**	207,073	**184,403**	177,456
Intangible assets	10	**7,235**	7,998	**1,295**	996
Right-of-use assets	11	**12,140**	14,147	**6,508**	6,627
Investments in subsidiaries	12	**-**	-	**391,572**	391,572
Investment in an associate	13	**92,486**	84,720	**25,164**	25,164
Deferred tax assets	14	**2,725**	504	**-**	-
Total non-current assets		**322,797**	314,442	**608,942**	601,815
Current assets					
Inventories	15	**85,822**	66,869	**42,861**	41,693
Receivables, deposits and prepayments	16	**130,830**	217,285	**32,050**	20,934
Tax recoverable		**3,107**	2,166	**3,098**	2,166
Cash and cash equivalents	17	**93,991**	78,617	**9,992**	19,313
Total current assets		**313,750**	364,937	**88,001**	84,106
Total assets		**636,547**	679,379	**696,943**	685,921
EQUITY AND LIABILITIES					
Equity					
Share capital	18	**149,363**	149,363	**149,363**	149,363
Reserves	18	**18,498**	(879)	**283,529**	247,968
Total equity attributable to owners of the Company		**167,861**	148,484	**432,892**	397,331
Non-controlling interests		**6,773**	8,224	**-**	-
Total equity		**174,634**	156,708	**432,892**	397,331
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	14	**18,559**	25,418	**18,210**	18,354
Provision	19	**329**	329	**-**	-
Lease liabilities	11	**3,769**	5,834	**-**	-
Total non-current liabilities		**22,657**	31,581	**18,210**	18,354
Current liabilities					
Payables and accruals	19	**281,090**	379,781	**129,402**	195,236
Current tax liabilities		**33,556**	34,474	**-**	-
Lease liabilities	11	**2,070**	1,835	**-**	-
Loans and borrowings	20	**122,540**	75,000	**116,439**	75,000
Total current liabilities		**439,256**	491,090	**245,841**	270,236
Total liabilities		**461,913**	522,671	**264,051**	288,590
Total equity and liabilities		**636,547**	679,379	**696,943**	685,921

The notes on pages 124 to 190 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Share capital RM'000	Exchange reserve RM'000	Cash flow hedge reserve RM'000	Capital reserve RM'000	Equity contribution reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to owners of the Company								
		Non-distributable					Distributable			
Group										
At 1 January 2020		149,363	(312)	(911)	3,931	2,624	(6,211)	148,484	8,224	156,708
Profit for the financial year		-	-	-	-	-	162,180	162,180	4,005	166,185
Other comprehensive income:										
- Exchange differences on translation of foreign operations		-	(3,834)	-	-	-	-	(3,834)	-	(3,834)
- Fair value income on cash flow hedge		-	-	2,870	-	-	-	2,870	-	2,870
Total comprehensive income for the financial year		-	(3,834)	2,870	-	-	162,180	161,216	4,005	165,221
Dividends to owners of the Company	22	-	-	-	-	-	(138,810)	(138,810)	-	(138,810)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(5,456)	(5,456)
Effects of share-based payment		-	-	-	-	(3,029)	-	(3,029)	-	(3,029)
Total transactions with owners of the Company		-	-	-	-	(3,029)	(138,810)	(141,839)	(5,456)	(147,295)
At 31 December 2020		149,363	(4,146)	1,959	3,931	(405)	17,159	167,861	6,773	174,634

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Share capital RM'000	Exchange reserve RM'000	Cash flow hedge reserve RM'000	Capital reserve RM'000	Equity contribution reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Attributable to owners of the Company								
		Non-distributable					Distributable			
Group										
At 1 January 2019		149,363	174	(2,427)	3,931	707	17,379	169,127	11,870	180,997
Profit for the financial year		-	-	-	-	-	291,024	291,024	9,360	300,384
Other comprehensive income:										
- Exchange differences on translation of foreign operations		-	(486)	-	-	-	-	(486)	-	(486)
- Fair value income on cash flow hedge		-	-	1,516	-	-	-	1,516	-	1,516
Total comprehensive income for the financial year		-	(486)	1,516	-	-	291,024	292,054	9,360	301,414
Dividends to owners of the Company	22	-	-	-	-	-	(314,614)	(314,614)	-	(314,614)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(13,006)	(13,006)
Effects of share-based payment		-	-	-	-	1,917	-	1,917	-	1,917
Total transactions with owners of the Company		-	-	-	-	1,917	(314,614)	(312,697)	(13,006)	(325,703)
At 31 December 2019		149,363	(312)	(911)	3,931	2,624	(6,211)	148,484	8,224	156,708

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	← Non-distributable		→	Distributable	
		Share capital RM'000	Equity contribution reserve RM'000	Cash flow hedge reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company						
At 1 January 2020		149,363	1,890	(911)	246,989	397,331
Profit for the financial year		-	-	-	174,036	174,036
Other comprehensive income:						
- Fair value income on cash flow hedge		-	-	2,870	-	2,870
Total comprehensive income for the financial year		-	-	2,870	174,036	176,906
Dividends to owners of the Company	22	-	-	-	(138,810)	(138,810)
Effects of share-based payment		-	(2,535)	-	-	(2,535)
Total transactions with owners of the Company		-	(2,535)	-	(138,810)	(141,345)
At 31 December 2020		149,363	(645)	1,959	282,215	432,892

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	← Non-distributable		→	Distributable	
		Share capital RM'000	Equity contribution reserve RM'000	Cash flow hedge reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company						
At 1 January 2019		149,363	542	(2,427)	247,353	394,831
Profit for the financial year		-	-	-	314,250	314,250
Other comprehensive income:						
- Fair value income on cash flow hedge		-	-	1,516	-	1,516
Total comprehensive income for the financial year		-	-	1,516	314,250	315,766
Dividends to owners of the Company	22	-	-	-	(314,614)	(314,614)
Effects of share-based payment		-	1,348	-	-	1,348
Total transactions with owners of the Company		-	1,348	-	(314,614)	(313,266)
At 31 December 2019		149,363	1,890	(911)	246,989	397,331

The notes on pages 124 to 190 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL 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 OPERATING ACTIVITIES					
Profit before taxation		**209,780**	382,237	**173,009**	319,344
Adjustments for:					
Amortisation of:					
- Intangible assets	10	**2,184**	1,123	**523**	276
- Right-of-use assets	11	**2,004**	1,999	**118**	121
Dividend income from:					
- Unquoted subsidiaries		**-**	-	**(180,670)**	(298,320)
- A foreign quoted associate		**-**	-	**(3,581)**	(3,996)
Finance costs:					
- Interest on borrowings		**6,702**	10,184	**4,558**	5,591
- Interest on lease liability		**270**	341	**-**	-
Finance income		**(1,745)**	(1,605)	**(99)**	(17)
Inventories:					
- Allowance for written down	15	**2,557**	925	**1,131**	925
- Finished goods written off	15	**5,978**	1,536	**92**	230
Loss/(gain) on unrealised foreign exchange		**220**	(827)	**121**	(503)
Loss/(reversal of) allowance on					
- Trade receivables		**802**	(417)	**-**	-
- Other receivables		**(44)**	55	**(44)**	55
Property, plant and equipment:					
- Depreciation	9	**38,975**	39,001	**31,062**	32,239
- Net loss/(gain) on disposal		**544**	(513)	**791**	11
- Written off		**1,713**	424	**1,705**	174
Share-based payments		**436**	2,032	**332**	1,463
Share of profit of equity - accounted associate, net of tax		**(14,932)**	(16,292)	**-**	-
Operating profit before changes in working capital		**255,444**	420,203	**29,048**	57,593
Changes in working capital:					
Inventories		**(27,488)**	27,393	**(2,391)**	(10,287)
Receivables, deposits and prepayments		**89,438**	(7,409)	**(7,362)**	30,101
Payables and accruals		**(50,189)**	(1,509)	**(16,676)**	(16,104)
Cash generated from operations		**267,205**	438,678	**2,619**	61,303
Tax (paid)/recovered		**(55,466)**	(59,753)	**(955)**	4,552
Net cash generated from operating activities		**211,739**	378,925	**1,664**	65,855

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of property, plant and equipment		**(42,724)**	(64,576)	**(40,761)**	(49,055)
Acquisition of intangible assets	10	**(1,683)**	(2,444)	**(619)**	(1,207)
Dividends received from unquoted subsidiaries		**-**	-	**180,670**	298,320
Dividends received from a foreign quoted associate		**3,581**	3,996	**3,581**	3,996
Interest received		**1,745**	1,605	**99**	17
Proceeds from disposal of property, plant and equipment		**627**	1,307	**53**	20
Net cash (used in)/generated from investing activities		**(38,454)**	(60,112)	**143,023**	252,091
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to owners of the Company		**(190,787)**	(311,557)	**(190,787)**	(311,557)
Dividends paid to non-controlling interests	12	**(5,456)**	(13,006)	**-**	-
Interest paid		**(5,262)**	(10,184)	**(3,119)**	(5,591)
Net drawdown of revolving credits		**46,100**	-	**40,000**	-
Repayment of lease liabilities		**(2,095)**	(1,998)	**-**	-
Net cash used in financing activities		**(157,500)**	(336,745)	**(153,906)**	(317,148)
Net increase/(decrease) in cash and cash equivalents		**15,785**	(17,932)	**(9,219)**	798
Effect of exchange rate fluctuations on cash held		**(411)**	(63)	**(102)**	(22)
Cash and cash equivalents at 1 January		**78,617**	96,612	**19,313**	18,537
Cash and cash equivalents at 31 December	17	**93,991**	78,617	**9,992**	19,313

The notes on pages 124 to 190 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Reconciliation of liabilities arising from financing activities

The following table illustrates the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes during the financial year:

	Note	At 1.1.2020 RM'000	Cash flows RM'000	Non-cash movement: Amortised interest expenses RM'000	Non-cash movement: Foreign exchange movement RM'000	At 31.12.2020 RM'000
Group						
Revolving credits	20	**(75,000)**	**(46,100)**	**(1,440)**	**-**	**(122,540)**
Lease liabilities	11	**(7,669)**	**2,095**	**(270)**	**5**	**(5,839)**
		(82,669)	**(44,005)**	**(1,710)**	**5**	**(128,379)**

	Note	At 1.1.2019 RM'000	Cash flows RM'000	Non-cash movement: Amortised interest expenses RM'000	Non-cash movement: Foreign exchange movement RM'000	At 31.12.2019 RM'000
Group						
Revolving credits	20	(75,000)	-	-	-	(75,000)
Lease liabilities	11	(9,315)	1,998	(341)	(11)	(7,669)
		(84,315)	1,998	(341)	(11)	(82,669)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Reconciliation of liabilities arising from financing activities (continued)

The following table illustrates the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes during the financial year: (continued)

	Note	At 1.1.2020 RM'000	Cash flows RM'000	Non-cash movement: Amortised interest expenses RM'000	Non-cash movement: Foreign exchange movement RM'000	At 31.12.2020 RM'000
Company						
Revolving credits	20	**(75,000)**	**(40,000)**	**(1,439)**	**-**	**(116,439)**
		(75,000)	**(40,000)**	**(1,439)**	**-**	**(116,439)**

	Note	At 1.1.2019 RM'000	Cash flows RM'000	Non-cash movement: Foreign exchange movement RM'000	At 31.12.2019 RM'000
Company					
Revolving credits	20	(75,000)	-	-	(75,000)
		(75,000)	-	-	(75,000)

NOTES TO THE FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Carlsberg Brewery 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 address of its registered office and principal place of business is as follows:

No. 55, Persiaran Selangor,
Section 15, 40200 Shah Alam,
Selangor Darul Ehsan, Malaysia.

The consolidated financial statements as at and for the financial year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associate. The financial statements of the Company as at and for the financial year ended 31 December 2020 do not include other entities.

The Company is principally engaged in the production of beer, stout, cider, shandy and non-alcoholic beverages for distribution in the domestic market and for export while the other Group entities are primarily involved in the marketing and distribution of beer, stout, cider, shandy, liquor and non-alcoholic beverages.

The immediate and ultimate holding companies during the financial year are Carlsberg Breweries A/S and Carlsberg A/S respectively. Both companies are incorporated in Denmark.

These financial statements were authorised for issue by the Board of Directors on 2 March 2021.

2 BASIS OF PREPARATION

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

The financial statements have been prepared under the historical cost basis except as disclosed in the significant accounting policies below.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

2 BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments to published standards and interpretations that are effective

The Group and the Company have applied the following standards and amendments for the first time for the financial year beginning on 1 January 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 3 'Definition of a Business'
- Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'

The amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) Standards and amendments to published standards and interpretations that have been issued but not yet effective

New standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2020:

- Amendments to MFRS 16 'COVID-19-Related Rent Concessions' (effective 1 June 2020) grant an optional exemption for lessees to account for a rent concession related to COVID-19 in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment, however, do not make any changes to lessor accounting.

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

  i. 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;
  ii. Any reduction in lease payments affects only payments due on or before 30 June 2021; and
  iii. There is no substantive change to other terms and conditions of the lease.

  The amendments shall be applied retrospectively.

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

  An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

NOTES TO THE FINANCIAL STATEMENTS

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards and amendments to published standards and interpretations that have been issued but not yet effective (continued)

- Amendments to MFRS 3 'Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

  The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

  The amendments shall be applied prospectively.

- Amendments to MFRS 116 'Proceeds before intended use' (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss.

  The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 137 'onerous contracts – cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

  A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

  The amendments shall be applied retrospectively.

The adoption of the above new standards and amendments are not expected to have any significant impact on the Group's and the Company's financial statements or accounting policies, as they cover areas that are not material and/or relevant for the Group and the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

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

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

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

The Group recognises any non-controlling interests in an acquired entity either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

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.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the exchange reserve ("ER") in equity.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency (continued)

(iii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at average exchange rates.

Foreign currency differences are recognised in other comprehensive income and accumulated in the ER in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the ER related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Assets in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	15 - 50 years
• Renovation	10 years
• Plant and machinery	3 - 20 years
• Motor vehicles	5 years
• Furniture and office equipment	3 - 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(d) Leases

(i) Accounting by lessee

Leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group (i.e. the commencement date).

Leased assets (including leasehold land) are presented as a separate line item in statement of financial position.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (continued)

(i) Accounting by lessee (continued)

Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group reassess the lease term upon the occurrence of a significant event or change in circumstances that is within control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets are subsequently measured at cost, less accumulated amortisation and impairment loss (if any). The ROU assets are generally amortised over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the ROU asset is amortised over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

The estimated useful lives for the current and comparative periods are as follows:

- Leasehold land 40 – 99 years

Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments may include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (continued)

(i) Accounting by lessee (continued)

Lease liabilities (continued)

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received as a starting point, with adjustments made to reflect changes in financing conditions since the third-party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statement of comprehensive income.

Reassessment of lease liabilities

The Group may be exposed to potential future increase in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Short-term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets includes the lease of copy and printing machines. Payments associated with short-term leases and leases of low-value asset are recognised on a straight-line basis as an expense in profit or loss.

(ii) Accounting by lessor

As a lessor, the Group or the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group or the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group or the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Operating leases

The Group or the Company classified a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. The Group or the Company recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Leases (continued)

(ii) Accounting by lessor (continued)

Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group or the Company allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15.

(e) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(ii) Customised computer software

Customised computer software that is not integral to the functionality of the related equipment is recognised as an intangible asset. These intangible assets that are acquired by the Group or the Company are stated at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill is not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets 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 administrative expenses in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful life of customised computer software is 3 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Inventories

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

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(g) Trade and other receivables

Trade receivables are amounts due from customers for goods sold performed in the ordinary course of business. Other receivables generally arise from transactions outside the ordinary course of business of the Group and the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value. Other receivables are recognised initially at fair value.

Trade and other receivables are subsequently measured at amortised cost using the effective interest method and fair value through other comprehensive income, less loss allowance. Details on the Group's and the Company's impairment policies of trade and other receivables are provided in Note 3(u).

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitment. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(i) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Equity instruments (continued)

(iii) Repurchase, disposal and reissue of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(iv) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's and the Company's contribution to the statutory pension funds and Carlsberg Brewery Malaysia Retirement Plan, a defined contribution plan, are charged to profit or loss in the financial year to which they relate. Once the 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 share-based incentive programme established by Carlsberg A/S that is categorized as performance shares. Entitlement to performance shares requires fulfilment of service in the vesting period (2-3 years). The shares are transferred to the recipients based on the KPIs attached to the shares. The number of performance shares granted is the maximum number of performance shares that can vest. The number of shares outstanding at the end of the period is the numbers to vest, based on the extent to which the vesting conditions are expected to be met. The numbers of shares expected to vest is revised on a regular basis.

Any reimbursement to Carlsberg A/S in relation to the share-based incentive programme is treated as a capital distribution and would be recorded directly in equity.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (continued)

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group and the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits at the earlier of the following dates: (a) when the Group and the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after end of the reporting period are discounted to the present value.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(l) Payables

Payables represent liabilities for sales tax payable to customs and goods or services provided to the Group and the Company prior to the end of financial year which are unpaid. Payables are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Payables are recognised initially at fair value. Payables are subsequently measured at amortised cost using the effective interest method.

(m) Borrowings and borrowing costs

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is capitalised as prepayment until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the borrowings that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss within other income or finance costs.

Where the terms of borrowings are renegotiated and the Group issues equity instruments to a creditor to extinguish all or part of the borrowings (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the borrowings and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Borrowings and borrowing costs (continued)

(ii) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Revenue and other income

Revenue from contracts with customers

(i) Goods sold

Revenue from contracts with customers comprises sales of beverages, sales of by-products and others.

Revenue from the sale of own-produced finished goods and by-products is recognised at the point in time when the control of goods and products is transferred to the customer with a right of return within a specified period, the Group and the Company consider the timing of recognition.

Revenue from contracts with customers is measured at an amount that reflects the consideration to which the Group and the Company expects to be entitled in exchange for those goods. Amounts disclosed as revenue is net of discounts.

The Group and the Company consider whether contracts include other promises that constitute separate performance obligations and to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Group and the Company consider the effects of variable consideration. No element of financing is deemed present, as payment is generally made on the basis of cash on delivery or up to 60 days of credit.

The Group pays various discounts depending on nature of customer and business. Customer discounts comprise off-invoice discounts, volume and activity-related discounts, including specific promotion prices offered, and other discounts.

Off-invoice discounts arise from sales transactions where the customer immediately receives a reduction in the sales price. This also includes cash discounts and incentives for early payments.

Volume and activity-related discounts are a broad term covering incentives for customers to sustain business with the Group and the Company over a longer time and may be related to a current campaign or a sales target measured in volumes or total value. Examples include discounts paid as a lump sum, discounts for meeting all or certain sales targets or for exceeding targets, or progressive discounts offered in step with increasing sales to a customer.

Other discounts include listing fees, i.e. fees for certain listings on shelves, in coolers or in favourable store locations, as such specific promotions are closely related to the volumes sold.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue and other income (continued)

Other income

(i) Management fee

Fee from management is recognised in the period in which the services are rendered.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established. Dividend income that are not generated as part of the Company's principal activities are classified as investment income.

(iii) Interest income

Interest income on financial assets at amortised cost is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently became credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Earning per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(q) 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. An operating segment's operating 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 assess its performance, and for which discrete financial information is available.

(r) Contingencies

(i) 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.

(ii) Contingent assets

A contingent asset is a possible asset 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. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Financial instruments

Classification – financial assets

The Group and the Company classify its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition – financial assets

Regular way purchases and sales of financial assets are recognised on trade date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

Measurement – financial assets

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely for payment of principal and interest ("SPPI").

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company classify its debt instruments under the following categories:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Financial instruments (continued)

Measurement – financial assets (continued)

Debt instruments (continued)

(ii) FVTPL

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVOCI") are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in profit or loss in the period which it arises.

(iii) FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gains or losses previously recognised in OCI is reclassified from equity to profit or loss.

(t) Derivative and hedging activities

Derivative financial instruments are initially recognised in the statement of financial position at fair value at the trade date and subsequently re-measured at fair value at the end of each reporting period. Attributable transaction costs are recognised in the profit or loss.

(i) Cash flow hedge

The Group and the Company designate and document, at the inception of a hedging transaction, the hedging relationship so that the risk being hedged, the hedged item and the hedging instrument are clearly identified and the risk in the hedged item is the risk being hedged with the hedging instrument. Hedge accounting is only applied when the Group expects the derivative financial instrument to be highly effective in offsetting the designated hedged risk associated with the hedged item.

Changes in the portion of fair value of derivative financial instruments designated as and qualifying as a cash flow hedge and which effectively hedge changes in the value of the hedged item, are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. When the hedged transaction results in gains or losses, amounts previously recognised in other comprehensive income are transferred to the same item as the hedged item when the hedged item is recognised in the profit or loss. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the non-financial asset is recognised.

The Group monitors the cash flow hedge relationship twice a year to assess whether the hedge is still effective.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Derivative and hedging activities (continued)

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

(u) Impairment of assets

Impairment of financial assets

The Group and the Company apply the simplified approach to measure expected credit losses ("ECL") on trade receivables measured at amortised cost, fair value through other comprehensive income and trade intercompany balances. This entails recognising a lifetime expected loss allowance for all trade receivables. Loss rates are determined based on grouping of receivables sharing the same credit risk characteristics and past due days.

Management assesses the ECL for portfolios of trade receivables based on customer segments, historical information on payment patterns, terms of payment, concentration maturity, and information about the general economic situation in the countries.

No significant changes to estimation techniques or assumptions were made during the reporting period.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

A significant increase in credit risk is presumed if a debtor is more than 60 days past due in making a contractual payment which is based on past payment trends. Credit risk on trade receivables can be reduced through bank guarantees.

For other receivables and non-trade intercompany balances, the Group and the Company apply 3-stage approach to measure expected credit losses which reflect their credit risk and how the loss allowance is determined. The Group and the Company assessed the intercompany receivables as performing category with a low risk of default and a strong capacity to meet contractual cash flows. The basis of measuring ECL are based on 12 months ECL.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Impairment of assets (continued)

Groupings of instruments for ECL measured on collective basis

(i) Collective assessment

To measure ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

(ii) Individual assessment

Trade receivables that are in default or credit impaired are assessed individually.

Impairment of other assets

The carrying amounts of other assets (except for inventories and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, an annual impairment will be performed and the recoverable amount is estimated at the end of each reporting period.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units "CGUs". Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value-in-use ("VIU") and its fair value less costs of disposal. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amounts of the other assets in the CGU (groups of CGUs) on a pro rata basis. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Fair value measurement

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

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

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

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

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(w) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously (as shown in Note 16.1). The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

NOTES TO THE FINANCIAL STATEMENTS

4 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The application of accounting standards and policies requires the Group to make estimates and assumptions about future events that directly affect its reported financial condition and operating performance. The accounting estimates and assumptions discussed below are those that the Group consider to be most critical to its financial statements. An accounting estimate is considered critical if both (a) the nature of estimates or assumptions is material due to the level of subjectivity and judgement involved, and (b) the impact within a reasonable range of outcomes of the estimates and assumptions is material to the Group's financial condition of operating performance.

(i) Trade offer accruals

The Group estimates trade offer accruals using either the expected value method or the most likely amount method depending on which method better predicts the amount of consideration to which the customers will be entitled.

The expected value method is used for contracts with more than one threshold due to the complexity and the activities agreed with the individual customer during the year.

Trade offer accruals consist primarily of trade discounts and sales volume rebates which are recognised based on agreed trading terms and promotional activities with trade customers and distributors. Volume and activity related discounts are typically associated with certain sales target to be achieved by the customers and distributors. These trade offers represent variable considerations which the Group estimates using either expected value method or the most likely amount method depending on which method better predicts the amount of consideration based on the terms of the contracts and historical experience. Management is required to make estimates on the sales volume to be achieved by the customers and distributors to determine the trade offers.

These accruals are netted off within Receivables, deposits and prepayments (Note 16.1). The senior management of the Group regularly reviews and updates its estimate of trade offers accruals at each reporting date until the uncertainty is resolved.

(ii) Impairment review of investments in subsidiaries

The Company performs an impairment review of its investments in its subsidiaries on an annual basis, in accordance with the accounting policy stated in Note 3(u).

The recoverable amount of the CGU is based on its VIU calculations. The VIU of the CGU is determined by discounting the future cash flows forecasted to be generated from the continuing use of the CGU.

The 5-year cash flow forecasts are based on the average annual growth of sales volume based on past performance and management's expectations of market development. The discount rates used to discount the future cash flows are pre-tax and reflect the specific risks relating to the CGU.

The Directors of the Company believe that any reasonable changes in the key assumptions would not cause the carrying amount of the CGU to exceed their recoverable amount.

4 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(ii) Impairment review of investment in subsidiaries (continued)

The key assumptions used for the CGU Carlsberg Singapore Pte Ltd. were as follows:

	2020	2019
Sales volume (% annual growth)	**1.5%**	2.5%
Long-term growth rate (%)	**1.0%**	1.0%
Pre-tax discount rate (%)	**5.1%**	6.0%

For Carlsberg Singapore Pte Ltd, the recoverable amount computed in its VIU analysis was higher than the carrying amount of its cost of investment and hence, no impairment was recognised during the financial year. The Company's cost of investment in Carlsberg Singapore Pte Ltd. as at 31 December 2020 was RM389,663,000.

Based on the sensitivity performed, no reasonable changes in the assumptions would cause the carrying amount of the CGU to exceed its recoverable amount.

5 REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers	**1,785,000**	2,256,581	**990,024**	1,174,236

Breakdown of the Group's revenue from contracts with customers:

	Manufacturing* RM'000	Marketing & Distribution RM'000	Total RM'000
2020			
Sales of beverages	**988,915**	**794,446**	**1,783,361**
Sales of by-products and others	**1,109**	**530**	**1,639**
	990,024	**794,976**	**1,785,000**
2019			
Sales of beverages	1,172,063	1,080,951	2,253,014
Sales of by-products and others	2,173	1,394	3,567
	1,174,236	1,082,345	2,256,581

* The manufacturing segment relates to the Company's operations.

6 OPERATING PROFIT

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Operating profit is arrived at after charging:				
Amortisation of:				
- Intangible assets	**2,184**	1,123	**523**	276
- Right-of-use assets	**2,004**	1,999	**118**	121
Auditors' remuneration:				
- Audit services	**439**	341	**198**	144
- Audit related services	**9**	17	**9**	17
Excise duties and sales tax	**973,951**	1,165,205	**740,909**	864,438
Finance costs:				
- Interest on borrowings	**6,702**	10,184	**4,558**	5,591
- Interest on lease liability	**270**	341	**-**	-
Foreign exchange loss:				
- Unrealised	**220**	-	**121**	-
- Realised	**21**	-	**-**	-
Inventories:				
- Allowance for written down	**2,557**	925	**1,131**	925
- Finished goods written off	**5,978**	1,536	**92**	230
Loss allowance on:				
- Trade receivables	**802**	-	**-**	-
- Other receivables	**-**	55	**-**	55
Personnel expenses (including key management personnel):				
- Wages, salaries and others	**120,196**	149,568	**34,412**	36,159
- Contributions to Employees Provident Fund	**10,660**	11,029	**2,947**	3,379
- Contributions to other defined contribution plan	**1,347**	1,390	**605**	551
- Share based payment expense	**436**	2,032	**332**	1,463
- Termination benefits	**9,889**	-	**2,423**	-
Property, plant and equipment:				
- Depreciation	**38,975**	39,001	**31,062**	32,239
- Net loss on disposal	**544**	-	**791**	11
- Written off	**1,713**	424	**1,705**	174
Management fees charged from related companies	**10,461**	7,714	**5,700**	3,752
Short-term and low value lease expenses	**871**	1,068	**220**	337

6 OPERATING PROFIT (CONTINUED)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Operating profit is arrived at after crediting:				
Dividend income from:				
- Unquoted subsidiaries	**-**	-	**180,670**	298,320
- A foreign quoted associate	**-**	-	**3,581**	3,996
Finance income	**1,745**	1,605	**99**	17
Foreign exchange gain:				
- Realised	**-**	98	**172**	245
- Unrealised	**-**	827	**-**	503
Gain on disposal of property, plant and equipment	**-**	513	**-**	-
Management fees charged to a subsidiary	**-**	-	**17,864**	19,162
Operating lease income from a subsidiary	**-**	-	**780**	780
Reversal of loss allowance on:				
- Trade receivables	**-**	417	**-**	-
- Other receivables	**44**	-	**44**	-

7 TAXATION

Recognised in profit or loss

Major components of taxation include:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current taxation				
Malaysian				
- current year	**42,173**	58,613	**23**	2,459
- under/(over) provision in prior years	**665**	(6,917)	**-**	(151)
Overseas				
- current year	**11,047**	17,557	**-**	-
- (over)/under provision in prior years	**(304)**	593	**-**	-
Total current tax	**53,581**	69,846	**23**	2,308
Deferred tax expense				
Origination and reversal of temporary differences	**(9,986)**	12,007	**(1,050)**	2,786
Total deferred tax	**(9,986)**	12,007	**(1,050)**	2,786
Total taxation charge/(credit)	**43,595**	81,853	**(1,027)**	5,094

7 TAXATION (CONTINUED)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Reconciliation of taxation charge/(credit)				
Profit before taxation	**209,780**	382,237	**173,009**	319,344
Tax at Malaysian tax rate of 24% (2019: 24%)	**50,347**	91,737	**41,522**	76,643
Effect of tax in foreign jurisdiction	**(4,491)**	(7,011)	**-**	-
Non-taxable income	**-**	(13)	**(44,220)**	(72,556)
Non-deductible expenses	**1,345**	7,959	**1,671**	1,158
Share of results of an associate	**(3,584)**	(3,910)	**-**	-
Double deduction on permitted expenses	**(383)**	(585)	**-**	-
	43,234	88,177	**(1,027)**	5,245
Under/(over) provision in prior years	**361**	(6,324)	**-**	(151)
Total taxation charge/(credit)	**43,595**	81,853	**(1,027)**	5,094
Recognised in Other Comprehensive Income				
Deferred tax				
Arising on income and expense recognised in other comprehensive income				
- Fair value of financial instruments treated as cash flow hedges	**906**	478	**906**	478

8 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2020 and 2019 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2020 RM'000	2019 RM'000
Profit for the financial year attributable to shareholders	**162,180**	291,024

Weighted average number of ordinary shares:

	Group	
	2020 '000	2019 '000
Issued ordinary shares	**305,748**	305,748
Basic earnings per ordinary share (sen)	**53.04**	95.18

The diluted earnings per share of the Group is equal to the basic earnings per share as the Group does not have any dilutive potential ordinary shares in issue.

9 PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Group									
Cost									
At 1 January 2019		18,952	65,563	4,116	492,926	16,057	24,091	8,770	630,475
Additions		-	2,072	42	45,781	2,816	1,277	12,588	64,576
Disposals		-	-	-	(721)	(3,810)	(535)	-	(5,066)
Written off		-	(29)	-	(34,138)	-	(12,287)	-	(46,454)
Transfers		-	302	-	6,030	-	-	(6,332)	-
Transfer to intangible assets	10	-	-	-	-	-	-	(3,455)	(3,455)
Effect of movements in exchange rates		-	-	6	14	-	7	-	27
At 31 December 2019/ 1 January 2020		**18,952**	**67,908**	**4,164**	**509,892**	**15,063**	**12,553**	**11,571**	**640,103**
Additions		**-**	**962**	**-**	**28,541**	**-**	**125**	**13,096**	**42,724**
Disposals		**-**	**-**	**-**	**(1,471)**	**(1,093)**	**(7)**	**-**	**(2,571)**
Written off		**-**	**-**	**-**	**(36,710)**	**-**	**(587)**	**(1,280)**	**(38,577)**
Transfers		**-**	**96**	**-**	**7,343**	**-**	**12**	**(7,451)**	**-**
Transfer from/(to) intangible assets	10	**-**	**-**	**-**	**-**	**-**	**540**	**(203)**	**337**
Effect of movements in exchange rates		**-**	**-**	**6**	**11**	**-**	**7**	**-**	**24**
At 31 December 2020		**18,952**	**68,966**	**4,170**	**507,606**	**13,970**	**12,643**	**15,733**	**642,040**

NOTES TO THE FINANCIAL STATEMENTS

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Freehold land RM'000	Buildings RM'000	Renovation RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Group									
Accumulated depreciation									
At 1 January 2019		-	34,606	681	381,183	6,828	21,012	-	444,310
Depreciation for the financial year	6	-	2,180	589	33,183	1,561	1,488	-	39,001
Disposals		-	-	-	(690)	(3,048)	(534)	-	(4,272)
Written off		-	(18)	-	(33,726)	-	(12,286)	-	(46,030)
Effect of movements in exchange rates		-	-	3	14	-	4	-	21
At 31 December 2019/ 1 January 2020		**-**	**36,768**	**1,273**	**379,964**	**5,341**	**9,684**	**-**	**433,030**
Depreciation for the financial year	6	**-**	**2,436**	**788**	**32,330**	**2,196**	**1,225**	**-**	**38,975**
Disposals		**-**	**-**	**-**	**(592)**	**(805)**	**(3)**	**-**	**(1,400)**
Written off		**-**	**-**	**-**	**(36,280)**	**-**	**(584)**	**-**	**(36,864)**
Transfer from intangible assets	10	**-**	**-**	**-**	**-**	**-**	**75**	**-**	**75**
Effect of movements in exchange rates		**-**	**-**	**3**	**8**	**-**	**2**	**-**	**13**
At 31 December 2020		**-**	**39,204**	**2,064**	**375,430**	**6,732**	**10,399**	**-**	**433,829**
Carrying amounts									
At 31 December 2020		**18,952**	**29,762**	**2,106**	**132,176**	**7,238**	**2,244**	**15,733**	**208,211**
At 31 December 2019		18,952	31,140	2,891	129,928	9,722	2,869	11,571	207,073

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Company								
Cost								
At 1 January 2019		18,952	63,399	468,753	549	14,694	8,148	574,495
Additions		-	2,072	36,931	-	297	9,755	49,055
Disposals		-	-	(292)	-	(405)	-	(697)
Written off		-	(24)	(28,980)	-	(6,768)	-	(35,772)
Transfers		-	302	6,030	-	-	(6,332)	-
At 31 December 2019/1 January 2020		**18,952**	**65,749**	**482,442**	**549**	**7,818**	**11,571**	**587,081**
Additions		**-**	**962**	**26,698**	**-**	**74**	**13,027**	**40,761**
Disposals		**-**	**-**	**(1,329)**	**-**	**-**	**-**	**(1,329)**
Written off		**-**	**-**	**(35,342)**	**-**	**(419)**	**(1,280)**	**(37,041)**
Transfers		**-**	**96**	**7,343**	**-**	**12**	**(7,451)**	**-**
Transfer to intangible assets	10	**-**	**-**	**-**	**-**	**-**	**(203)**	**(203)**
At 31 December 2020		**18,952**	**66,807**	**479,812**	**549**	**7,485**	**15,664**	**589,269**

NOTES TO THE FINANCIAL STATEMENTS

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and office equipment RM'000	Assets in-progress RM'000	Total RM'000
Company								
Accumulated depreciation								
At 1 January 2019		-	34,101	365,714	113	13,722	-	413,650
Depreciation for the financial year	6	-	2,014	29,525	99	601	-	32,239
Disposals		-	-	(262)	-	(404)	-	(666)
Written off		-	(16)	(28,814)	-	(6,768)	-	(35,598)
At 31 December 2019/1 January 2020		-	36,099	366,163	212	7,151	-	409,625
Depreciation for the financial year	6	-	2,270	28,278	89	425	-	31,062
Disposals		-	-	(485)	-	-	-	(485)
Written off		-	-	(34,919)	-	(417)	-	(35,336)
At 31 December 2020		-	38,369	359,037	301	7,159	-	404,866
Carrying amounts								
At 31 December 2020		18,952	28,438	120,775	248	326	15,664	184,403
At 31 December 2019		18,952	29,650	116,279	337	667	11,571	177,456

9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

9.1 Leasing arrangements

The Company leases certain buildings with carrying amount of RM7,709,000 (2019: RM8,020,000) to a subsidiary under operating leases with rentals payable monthly.

Minimum lease receivable on buildings are as follows:

	Company	
	2020 RM'000	2019 RM'000
Within 1 year	**780**	780
Between 1 and 2 years	**780**	780
Between 2 and 3 years	**780**	780
Between 3 and 4 years	**180**	780
Between 4 and 5 years	**180**	180
More than 5 years	**540**	720
	3,240	4,020

10 INTANGIBLE ASSETS

	Note	Goodwill RM'000	Computer software RM'000	Total RM'000
Group				
Cost				
At 1 January 2019		2,634	19,926	22,560
Acquisition		-	2,444	2,444
Transfer from property, plant and equipment	9	-	3,455	3,455
Disposal		-	(32)	(32)
Written off		-	(14,570)	(14,570)
Effect of movements in exchange rates		-	4	4
At 31 December 2019/1 January 2020		**2,634**	**11,227**	**13,861**
Acquisition		**-**	**1,683**	**1,683**
Transfer to property, plant and equipment	9	**-**	**(337)**	**(337)**
Written off		**-**	**(116)**	**(116)**
Effect of movements in exchange rates		**-**	**3**	**3**
At 31 December 2020		**2,634**	**12,460**	**15,094**

10 INTANGIBLE ASSETS (CONTINUED)

	Note	Goodwill RM'000	Computer software RM'000	Total RM'000
Group (continued)				
Amortisation				
At 1 January 2019		-	19,341	19,341
Amortisation for the financial year	6	-	1,123	1,123
Disposal		-	(32)	(32)
Written off		-	(14,570)	(14,570)
Effect of movements in exchange rates		-	1	1
At 31 December 2019/1 January 2020		**-**	**5,863**	**5,863**
Amortisation for the financial year	6	**-**	**2,184**	**2,184**
Transfer to property, plant and equipment	9	**-**	**(75)**	**(75)**
Written off		**-**	**(116)**	**(116)**
Effect of movements in exchange rates		**-**	**3**	**3**
At 31 December 2020		**-**	**7,859**	**7,859**
Carrying amounts				
At 31 December 2020		**2,634**	**4,601**	**7,235**
At 31 December 2019		2,634	5,364	7,998

NOTES TO THE FINANCIAL STATEMENTS

10 INTANGIBLE ASSETS (CONTINUED)

	Note	Computer software RM'000
Company		
Cost		
At 1 January 2019		10,189
Additions		1,207
Disposal to subsidiary		(157)
Written off		(8,343)
At 31 December 2019/1 January 2020		**2,896**
Additions		**619**
Transfer from property, plant and equipment	9	**203**
Written off		**(116)**
At 31 December 2020		**3,602**
Amortisation		
At 1 January 2019		9,967
Amortisation for the financial year	6	276
Written off		(8,343)
At 31 December 2019/1 January 2020		**1,900**
Amortisation for the financial year	6	**523**
Written off		**(116)**
At 31 December 2020		**2,307**
Carrying amounts		
At 31 December 2020		**1,295**
At 31 December 2019		996

10 INTANGIBLE ASSETS (CONTINUED)

10.1 Impairment testing for CGUs containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating geographical divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

	Group	
	2020 RM'000	2019 RM'000
Singapore		
MayBev Pte. Ltd.	**2,634**	2,634

The recoverable amount of the CGU - MayBev Pte. Ltd. was based on its VIU calculations. The recoverable amount for the CGU was higher than the aggregate carrying amount of the identifiable net assets and goodwill allocated and hence, no impairment was recognised during the financial year.

The VIU of the CGU was determined by discounting the future cash flows forecasted to be generated from the continuing use of the CGU. The key assumptions used for the CGU were as follows:

	2020	2019
Sales volume (% annual growth)	**4.7%**	1.0%
Long-term growth rate (%)	**1.0%**	1.0%
Pre-tax discount rate (%)	**4.4%**	6.0%

The 5-year cash flows forecast were based on the average annual growth of sales volume based on past performance and management's expectation of market development. The discount rates used to discount the future cash flows are pre-tax and reflect the specific risks relating to the CGU.

The Directors of the Company believe that any reasonable changes in the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

11 RIGHT-OF-USE ASSETS/LEASES

11.1 Amounts recognised in the statements of financial position:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Right-of-use assets				
Leasehold land	**6,577**	6,699	**6,508**	6,627
Buildings	**5,563**	7,448	**-**	-
	12,140	14,147	**6,508**	6,627
Lease liabilities				
Current	**2,070**	1,835	**-**	-
Non-current	**3,769**	5,834	**-**	-
	5,839	7,669	**-**	-

There were no additions to the right-of-use assets during the current financial year.

11.2 Amounts recognised in the statements of comprehensive income and statements of cash flows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Amortisation charge of right-of-use assets				
Leasehold land	**122**	122	**118**	121
Building	**1,882**	1,877	**-**	-
	2,004	1,999	**118**	121
Interest expense (included in finance cost)	**270**	341	**-**	-
Expense relating to leases of low-value assets and short term leases that are not shown above (included in sales, distribution and administrative expenses)	**871**	1,068	**220**	337

The Group's and the Company's total cash outflow for all leases including leases of low-value assets and short terms leases in 2020 was RM2,966,000 (2019:RM3,066,000) and RM220,000 (2019: RM337,000) respectively.

11 RIGHT-OF-USE ASSETS/LEASES (CONTINUED)

11.3 The Group's leasing activities

The Group leases offices and a warehouse. Rental contracts are typically made for fixed periods of 5 to 6 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

12 INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares – at cost	**391,572**	391,572

Note 4(ii) sets out the key assumptions and judgements used in impairment testing. The recoverable amounts assessed were higher than the respective carrying costs of investment hence no impairment was recognised during the financial year.

The following are the subsidiaries of the Group:

Name of company	Principal activities	Principal place of business/country of incorporation	Effective ownership interest 2020 %	2019 %
Carlsberg Marketing Sdn. Bhd.	Marketing and distribution of beer, stout, cider, shandy and non-alcoholic beverages	Malaysia	**100**	100
Euro Distributors Sdn. Bhd.	Marketing and distribution of non-alcoholic beverages	Malaysia	**100**	100
Carlsberg Singapore Pte. Ltd.#	Importation and marketing of beer and liquor products	Singapore	**100**	100
MayBev Pte. Ltd.#	Importation and marketing of beer and liquor products	Singapore	**51**	51

Audited by a member firm of PricewaterhouseCoopers International Limited which are separate and independent legal entities from PricewaterhouseCoopers PLT, Malaysia.

12 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Group's subsidiary that has material non-controlling interest ("NCI") is as follows:

	Effective ownership interest held by NCI	
	2020 %	2019 %
MayBev Pte. Ltd.	**49**	49

Set out below is the summarised financial information for MayBev Pte. Ltd., the subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed are before inter-company eliminations.

	MayBev Pte. Ltd.	
	2020 RM'000	2019 RM'000
As at 31 December		
Non-current assets	**8,531**	10,546
Current assets	**27,422**	34,581
Non-current liabilities	**(4,164)**	(5,481)
Current liabilities	**(15,924)**	(20,838)
Net assets	**15,865**	18,808
Accumulated non-controlling interests	**6,773**	8,224
Year ended 31 December		
Revenue	**76,632**	129,255
Profit for the financial year	**8,173**	19,102
Total comprehensive income	**8,173**	19,102
Profit allocated to non-controlling interests	**4,005**	9,360
Dividend paid to non-controlling interests	**5,456**	13,006
Cash flow generated from operating activities	**16,437**	23,465
Cash flow used in investing activities	**(303)**	(766)
Cash flow used in financing activities	**(12,471)**	(28,116)
Net changes in cash and cash equivalents	**3,663**	(5,417)

13 INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Quoted shares, outside Malaysia	**25,164**	25,164	**25,164**	25,164
Share of post-acquisition reserves	**67,322**	59,556	**-**	-
	92,486	84,720	**25,164**	25,164
Market value				
Quoted shares, outside Malaysia	**254,749**	272,329	**254,749**	272,329

The fair value of the investment in the associate falls under Level 1 in the fair value level hierarchy.

Name of company	Principal activities	Principal place of business/country of incorporation	Effective ownership interest 2020 %	Effective ownership interest 2019 %
Lion Brewery (Ceylon) PLC	Manufacturing, marketing and distribution of beer, stout, cider, shandy and non-alcoholic beverages	Sri Lanka	**25**	25

Summary financial information on associate:

	2020 RM'000	2019 RM'000
As at 31 December		
Non-current assets	**454,146**	463,513
Current assets	**348,660**	332,516
Non-current liabilities	**(207,011)**	(177,677)
Current liabilities	**(225,851)**	(279,472)
Net assets	**369,944**	338,880
Year ended 31 December		
Revenue	**1,064,655**	1,099,393
Interest income	**17,717**	26,109
Interest expense	**(29,617)**	(39,040)
Tax expense	**(29,041)**	(46,447)
Profit for the financial year	**59,728**	65,166
Total comprehensive income	**59,728**	65,166
Dividends received from associate	**3,581**	3,996

13 INVESTMENT IN AN ASSOCIATE (CONTINUED)

Reconciliation to carrying amount:

	2020 RM'000	2019 RM'000
Net assets as at 1 January	**338,880**	291,880
Profit for the financial year	**59,728**	65,166
Dividend paid	**(14,324)**	(15,984)
Exchange differences	**(14,340)**	(2,182)
Net assets as at 31 December	**369,944**	338,880
Group share at 25%	**92,486**	84,720
Carrying amount	**92,486**	84,720

In conjunction with the investment undertaken in Lion Brewery (Ceylon) PLC, the Company had written a call option with the principal licensor, Carlsberg A/S, its ultimate holding company incorporated in Denmark, allowing Carlsberg A/S to acquire the Company's interest in the associate, should certain events occur. The purchase consideration is to be based on an agreed formula and in any event to be a minimum of the original purchase price paid by the Company. The Directors of the Company consider the likelihood of occurrence of such events as remote and hence, the option's fair value is insignificant.

14 DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group						
Property, plant and equipment	**-**	-	**(24,206)**	(26,604)	**(24,206)**	(26,604)
Right-of-use assets	**-**	-	**(948)**	(1,266)	**(948)**	(1,266)
Trade and other receivables	**-**	-	**(628)**	(9,172)	**(628)**	(9,172)
Trade and other payables	**9,980**	10,740	**-**	-	**9,980**	10,740
Lease liabilities	**995**	1,304	**-**	-	**995**	1,304
Others	**-**	287	**(1,027)**	(203)	**(1,027)**	84
Tax assets/(liabilities)	**10,975**	12,331	**(26,809)**	(37,245)	**(15,834)**	(24,914)
Offsetting	**(8,250)**	(11,827)	**8,250**	11,827	**-**	-
Net tax assets/(liabilities)	**2,725**	504	**(18,559)**	(25,418)	**(15,834)**	(24,914)
Company						
Property, plant and equipment	**-**	-	**(21,508)**	(23,561)	**(21,508)**	(23,561)
Trade and other payables	**4,325**	5,123	**-**	-	**4,325**	5,123
Others	**-**	287	**(1,027)**	(203)	**(1,027)**	84
Tax assets/(liabilities)	**4,325**	5,410	**(22,535)**	(23,764)	**(18,210)**	(18,354)
Offsetting	**(4,325)**	(5,410)	**4,325**	5,410	**-**	-
Net tax liabilities	**-**	-	**(18,210)**	(18,354)	**(18,210)**	(18,354)

NOTES TO THE FINANCIAL STATEMENTS

14 DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Movement in temporary differences during the financial year:

	At 1.1.2019 RM'000	Credited to profit or loss (Note 7) RM'000	Credited to other comprehensive income (Note 7) RM'000	Foreign exchange differences RM'000	At 31.12.2019 RM'000	(Charged)/credited to profit or loss (Note 7) RM'000	Charged to other comprehensive income (Note 7) RM'000	Foreign exchange differences RM'000	At 31.12.2020 RM'000
Group									
Property, plant and equipment	(22,852)	(3,742)	-	(10)	**(26,604)**	**2,399**	**-**	**(1)**	**(24,206)**
Right-of-use assets	(1,586)	319	-	1	**(1,266)**	**318**	**-**	**-**	**(948)**
Trade and other Receivables	-	(9,172)	-	-	**(9,172)**	**8,544**	**-**	**-**	**(628)**
Trade and other Payables	9,864	871	-	5	**10,740**	**(761)**	**-**	**1**	**9,980**
Lease liabilities	1,586	(281)	-	(1)	**1,304**	**(309)**	**-**	**-**	**995**
Others	564	(2)	(478)	-	**84**	**(205)**	**(906)**	**-**	**(1,027)**
	(12,424)	(12,007)	(478)	(5)	**(24,914)**	**9,986**	**(906)**	**-**	**(15,834)**
Company									
Property, plant and equipment	(20,604)	(2,957)	-	-	**(23,561)**	**2,053**	**-**	**-**	**(21,508)**
Trade and other Payables	4,952	171	-	-	**5,123**	**(798)**	**-**	**-**	**4,325**
Others	562	-	(478)	-	**84**	**(205)**	**(906)**	**-**	**(1,027)**
	(15,090)	(2,786)	(478)	-	**(18,354)**	**1,050**	**(906)**	**-**	**(18,210)**

15 INVENTORIES

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Finished goods	**60,422**	42,113	**17,808**	17,161
Work-in-progress	**4,184**	4,164	**4,184**	4,164
Raw, packaging and other materials	**10,089**	10,045	**10,015**	9,971
Spare parts for machinery	**11,127**	10,547	**10,854**	10,397
	85,822	66,869	**42,861**	41,693
Recognised in profit or loss:				
Allowance for inventories written down	**2,557**	925	**1,131**	925
Finished goods written off	**5,978**	1,536	**92**	230
Inventories recognised as Cost of Sales	**204,095**	249,652	**160,535**	193,555

16 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Current					
Trade					
Trade receivables from contracts with customers		**76,928**	144,341	**-**	-
Less: Loss allowance		**(1,017)**	(215)	**-**	-
	16.1	**75,911**	144,126	**-**	-
Prepayments	16.3	**40,019**	61,018	**19,259**	9,162
Amount due from a subsidiary	16.2	**-**	-	**-**	3,521
Amount due from immediate holding company	16.2	**2,082**	-	**2,082**	-
Amounts due from related companies	16.2	**8,771**	5,353	**8,768**	5,353
		126,783	210,497	**30,109**	18,036

16 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-trade					
Amount due from a subsidiary	16.2	**-**	-	**373**	740
Amounts due from related companies	16.2	**191**	62	**191**	62
Other receivables	16.4	**2,980**	6,036	**1,259**	2,056
Deposits		**776**	636	**118**	40
Prepayments		**100**	54	**-**	-
		4,047	6,788	**1,941**	2,898
		130,830	217,285	**32,050**	20,934

16.1 Trade receivables from contracts with customers

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days and therefore are all classified as current.

The Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The amount netted within trade receivables of the Group are trade offer accruals amounting to RM164,436,000 (2019: RM131,522,000). There were changes in the basis of certain accounting estimates resulting from reassessing the actual and future expected obligations associated with trade offers. These changes in estimates have been accounted for prospectively.

Included in trade receivables is a portfolio of receivables which are subject to factoring arrangement. Under this arrangement, the Group will transfer the relevant trade receivables to a bank in exchange for cash with no recourse to Group subsequent to the transfer. The Group considers the hold to collect and sell business model remains appropriate for these receivables and hence continues to measure these financial assets at fair value through OCI as disclosed in Note 24.1. This instrument is carried under the Level 3 fair value hierarchy which is determined through discounting future cash flows at agreed bank charges rates. The fair value of the debt instruments is equivalent to the carrying amount as the initial cost assessed is insignificant.

16.2 Amounts due from a subsidiary, immediate holding company and related companies

The trade balances have a credit term of 30 days (2019: 30 days).

The non-trade balances are unsecured, interest free and repayable on demand.

16 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

16.3 Prepayments

Prepayments comprise excise duties and upfront cash payments in relation to listing fees provided to the sales outlets. The listing fees are amortised over the duration of the contracts entered with these outlets. The amortised upfront listing fee payments are recognised as a discount to revenue.

Refer to Note 24.7 for disclosure of fair value information.

16.4 Other receivables

Other receivables mainly comprise loans to staff and receivables from sale of motor vehicles of the Group and the Company. Collateral is not normally obtained.

17 CASH AND CASH EQUIVALENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash at bank	**93,891**	78,460	**9,989**	19,305
Cash held on hand	**100**	157	**3**	8
	93,991	78,617	**9,992**	19,313

18 SHARE CAPITAL

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Issued:				
- 305,748,000 ordinary shares with no par value				
At beginning of financial year	**149,363**	149,363	**149,363**	149,363
At end of financial year	**149,363**	149,363	**149,363**	149,363

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

18 SHARE CAPITAL (CONTINUED)

Reserves

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other reserves:					
Capital reserve	18.1	**3,931**	3,931	**-**	-
Exchange reserve	18.2	**(4,146)**	(312)	**-**	-
Equity contribution reserve	18.3	**(405)**	2,624	**(645)**	1,890
Cash flow hedge reserve	18.4	**1,959**	(911)	**1,959**	(911)
		1,339	5,332	**1,314**	979
Distributable reserves:					
Retained earnings		**17,159**	(6,211)	**282,215**	246,989
		18,498	(879)	**283,529**	247,968

18.1 Capital reserve

The capital reserve comprises reserve capitalised by a subsidiary for bonus issue of shares in prior years.

18.2 Exchange reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

18.3 Equity contribution reserve

The equity contribution reserve comprises the cumulative value of employee services received for the performance shares granted by the ultimate holding company. The grant date fair value of the performance share granted to these employees is recognised as an employee expense in profit or loss and a corresponding increase in equity, over the period that the employees become unconditionally entitled to the performance shares. Any reimbursement to Carlsberg A/S in relation to the share-based incentive programme is treated as a capital distribution and would be recorded directly in equity.

18.4 Cash flow hedge reserve

During the financial year, the Group and the Company have applied cash flow hedge. The cash flow hedges comprise aluminium hedges where the hedged item is aluminium cans that will be used by the Company. Aluminium swaps are used to hedge the risk of volatile aluminium prices associated with the purchase of cans.

The fair value changes of effective cash flow hedge on aluminium hedge contracts are recognised in other comprehensive income and attributed to this reserve.

As at 31 December 2020, the unrealised fair value gain on cash flow hedge included in the amount due from/(to) immediate holding company (trade) was RM2,577,000 (2019: fair value loss of RM1,199,000).

19 PAYABLES AND ACCRUALS

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current					
Provision		**329**	329	**-**	-
Current					
Trade					
Trade payables	19.1	**198,571**	225,065	**97,432**	112,116
Amount due to immediate holding company	19.2	**3,338**	5,690	**-**	1,465
Amount due to subsidiaries	19.2	**-**	-	**8,038**	-
Amount due to related companies	19.2	**9,361**	11,477	**285**	150
		211,270	242,232	**105,755**	113,731
Non-trade					
Other payables	19.4	**11,448**	20,852	**3,414**	4,482
Dividend payable		**-**	51,977	**-**	51,977
Accrued expenses		**49,243**	48,876	**13,162**	13,122
Amount due to ultimate holding company	19.3	**-**	2,364	**-**	2,364
Amount due to immediate holding company	19.3	**1,077**	1,000	**844**	854
Amount due to related companies	19.3	**8,052**	12,480	**6,227**	8,706
		69,820	137,549	**23,647**	81,505
		281,090	379,781	**129,402**	195,236
		281,419	380,110	**129,402**	195,236

NOTES TO THE FINANCIAL STATEMENTS

19 PAYABLES AND ACCRUALS (CONTINUED)

19.1 Trade payables are with a credit term range from 0 day to 130 days (2019: 0 day to 130 days).

Note 24.5 and Note 24.7 set out disclosures of liquidity risk and fair value information respectively.

19.2 Amounts due to immediate holding company, subsidiaries and related companies

Amounts due to immediate holding company, subsidiaries and related companies are unsecured, interest free and subjected to credit terms of 90 days (2019: 90 days).

19.3 Amounts due to ultimate holding company, immediate holding company and related companies

Amounts due to ultimate holding company, immediate holding company and related companies are unsecured, interest free and repayable on demand.

19.4 These amounts comprise liabilities of goods and services provided to the Group and the Company. The amounts are unsecured and are usually paid within 30 days of recognition.

20 LOANS AND BORROWINGS

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Current - unsecured				
Revolving credits	**122,540**	75,000	**116,439**	75,000

The revolving credits of the Group and the Company are subjected to interests ranging from 0.9% to 3.47% (2019: 3.45% to 3.47%) per annum.

Note 24.5 and Note 24.7 set out disclosures of liquidity risk and fair value information respectively.

21 KEY MANAGEMENT PERSONNEL COMPENSATION

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors:				
- Fees	**273**	307	**273**	307
- Defined contribution plan	**173**	182	**173**	182
- Short-term employee benefits (including estimated monetary value of benefits-in-kind)	**2,904**	3,498	**2,904**	3,498
	3,350	3,987	**3,350**	3,987
- Share-based payments	**195**	999	**195**	999
	3,545	4,986	**3,545**	4,986
Other key management personnel:				
- Defined contribution plan	**1,168**	1,074	**544**	371
- Short-term employee benefits	**14,667**	13,277	**6,244**	3,376
- Share-based payments	**136**	1,033	**(42)**	464
	15,971	15,384	**6,746**	4,211
	19,516	20,370	**10,291**	9,197

Other key management personnel comprise persons other than the Directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

NOTES TO THE FINANCIAL STATEMENTS

22 DIVIDENDS

Dividends declared by the Company are:

	Sen per ordinary share	Total amount RM'000	Date of payment
2020			
Fourth interim 2019	**17.0**	**51,977**	**10 April 2020**
Final and special 2019	**28.4**	**86,833**	**30 September 2020**
Total amount		**138,810**	
2019			
Fourth interim 2018	16.6	50,754	8 April 2019
Final and special 2018	31.7	96,922	31 May 2019
First interim 2019	21.5	65,736	31 July 2019
Second interim 2019	16.1	49,225	31 October 2019
Third interim 2019	17.0	51,977	22 January 2020
Total amount		314,614	

Subsequent to the financial year end, the Board of Directors declared on 18 February 2021 a single tier interim dividend of 10.0 sen per ordinary share in respect of the financial year ended 31 December 2020, which will be payable on 2 April 2021.

The Board of Directors has also recommended for shareholders' approval at the forthcoming Annual General Meeting a final single tier dividend of 30.0 sen per ordinary share in respect of the financial year ended 31 December 2020.

	Sen per ordinary share	Total amount RM'000
For the financial year ended 31 December 2020		
Interim	**10.0**	**30,575**
Final	**30.0**	**91,724**
		122,299

23 OPERATING SEGMENTS

The Group has three operating segments, which are the Group's geographical segments. The strategic business units offer similar products but are managed separately because they require different marketing strategies due to the geographical locations. For each of the strategic business unit, the Group's Managing Director (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

The following summary describes the operations in each of the Group's operating segments:

- Malaysia — Includes manufacturing, marketing and distribution of both alcoholic and non-alcoholic beverages by entities in Malaysia.
- Singapore — Includes marketing and distribution of both alcoholic and non-alcoholic beverages by entities in Singapore.
- Other — Includes manufacturing, marketing and distribution of both alcoholic and non-alcoholic beverages in geographical locations other than Malaysia and Singapore.

Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Group's Managing Director. 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 these industries.

Segment assets, liabilities and capital expenditures

Segment assets, liabilities and capital expenditures information is neither included in the internal management reports nor provided regularly to the Group's Managing Director who is considered the Group's chief operating decision maker. Hence no such disclosures are provided below.

NOTES TO THE FINANCIAL STATEMENTS

23 OPERATING SEGMENTS (CONTINUED)

	Malaysia RM'000	Singapore RM'000	Other RM'000	Total RM'000
2020				
Segment profit	**135,392**	**64,629**	**-**	**200,021**
Included in the measure of segment profit are:				
Revenue from external customers	**1,257,139**	**527,861**	**-**	**1,785,000**
Inter-segment revenue*	**57,189**	**-**	**-**	**57,189**
Depreciation and amortisation	**38,811**	**4,352**	**-**	**43,163**
Not included in the measure of segment profit but provided to Group's Managing Director:				
Finance costs	**(6,559)**	**(413)**	**-**	**(6,972)**
Finance income	**1,745**	**-**	**-**	**1,745**
Income tax expense	**(33,004)**	**(10,591)**	**-**	**(43,595)**
Share of profit of equity - accounted associate, net of tax	**-**	**-**	**14,932**	**14,932**
2019				
Segment profit	274,558	100,522	-	375,080
Included in the measure of segment profit are:				
Revenue from external customers	1,638,501	618,080	-	2,256,581
Inter-segment revenue*	72,988	-	-	72,988
Depreciation and amortisation	37,928	4,195	-	42,123
Not included in the measure of segment profit but provided to Group's Managing Director:				
Finance costs	(10,145)	(380)	-	(10,525)
Finance income	1,605	-	-	1,605
Income tax expense	(64,273)	(17,580)	-	(81,853)
Share of profit of equity - accounted associate, net of tax	-	-	16,292	16,292

* Inter-segment revenue derived from Singapore.

23 OPERATING SEGMENTS (CONTINUED)

Reconciliation of segment profit or loss

	2020 RM'000	2019 RM'000
Profit		
Total segment profit	**200,021**	375,080
Inter-segment elimination	**54**	(215)
Finance costs	**(6,972)**	(10,525)
Finance income	**1,745**	1,605
Share of profit of equity - accounted associate, net of tax	**14,932**	16,292
Consolidated profit before taxation	**209,780**	382,237

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Non-current assets are based on the geographical location of the assets.

	Revenue		Non-current assets*	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Geographical location				
Malaysia	**1,217,452**	1,581,691	**213,019**	211,292
Singapore	**531,918**	619,548	**14,567**	17,926
Other countries	**35,630**	55,342	**92,486**	84,720
	1,785,000	2,256,581	**320,072**	313,938

* Non-current assets comprise of property, plant and equipment, intangible assets, ROU assets and investment in associate.

Major customers

The revenue derived from transactions with a single external customer that amounted to 10% or more of the Group's revenue for the financial year was RM353,897,509 (2019: RM256,144,924).

NOTES TO THE FINANCIAL STATEMENTS

24 FINANCIAL INSTRUMENTS

24.1 Financial instruments by categories

The table below provides an analysis of financial instruments categorised as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets at FVOCI				
Receivables	**45,216**	14,456	**-**	-
Financial assets at amortised cost				
Receivables and deposits	**45,495**	141,757	**12,791**	11,772
Cash and cash equivalents	**93,991**	78,617	**9,992**	19,313
	139,486	220,374	**22,783**	31,085
Financial liabilities at amortised cost				
Loans and borrowings	**(122,540)**	(75,000)	**(116,439)**	(75,000)
Payables and accruals*	**(260,871)**	(354,383)	**(122,239)**	(186,772)
Lease liabilities	**(5,839)**	(7,669)	**-**	-
	(389,250)	(437,052)	**(238,678)**	(261,772)

* Net of provisions and payroll liabilities

24.2 Net gains and losses arising from financial instruments

Net gains/(losses) arising from financial instruments comprises finance income/(expense), unrealised foreign exchange gains/(losses) and impairment losses.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets at FVOCI and amortised cost	**(1,060)**	157	**(136)**	(125)
Financial liabilities at amortised cost	**(6,906)**	(9,491)	**(4,510)**	(5,018)

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.3 Financial risk management

The Group and the Company have exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

24.4 Credit risk

Trade receivables (including intercompany balances) using simplified approach

(a) The credit risks concentration profile for trade receivables (including intercompany balances), net of loss allowance, as at the end of the reporting period analysed by geographic region was:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	**32,939**	80,333	**-**	3,521
Singapore	**43,056**	63,487	**-**	-
Others	**10,769**	5,659	**10,850**	5,353
	86,764	149,479	**10,850**	8,874

(b) Reconciliation on loss allowance

The loss allowance for trade and other receivables as at 31 December 2020 reconciles to the opening loss allowance for that provision as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	**(270)**	(632)	**(55)**	-
Loss allowance recognised	**(802)**	(55)	**-**	(55)
Loss allowance reversed	**44**	417	**44**	-
Loss allowance written off	**11**	-	**11**	-
At 31 December	**(1,017)**	(270)	**-**	(55)

The loss allowance account in respect of trade and other receivables are used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Trade receivables (including intercompany balances) using simplified approach (continued)

(c) Maximum exposure to credit risk

The grouping of trade receivables (including intercompany balances) for ECL assessment is as below:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assessed individually	**-**	4,553	**-**	3,521
Assessed collectively	**87,781**	145,141	**10,850**	5,353
Total trade receivables (including intercompany balances)	**87,781**	149,694	**10,850**	8,874

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised:

Group	Current	1 - 30 days past due	More than 30 days past due	More than 60 days past due	Total
2020					
Expected loss rate	**-**	**-***	**4%**	**65%**	
RM'000					
Gross carrying amount					
- Trade receivables (assessed collectively)	**69,415**	**5,247**	**747**	**1,519**	**76,928**
- Amounts due from related companies	**3,866**	**4,875**	**30**	**-**	**8,771**
- Amount due from immediate holding company	**2,082**	**-**	**-**	**-**	**2,082**
Loss allowance	**-**	**(4)**	**(33)**	**(980)**	**(1,017)**
Carrying amount (net of loss allowance)	**75,363**	**10,118**	**744**	**539**	**86,764**

* Less than 1%

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Trade receivables (including intercompany balances) using simplified approach (continued)

(c) Maximum exposure to credit risk (continued)

The ageing of trade receivables (including intercompany balances) as at the end of the reporting period was:

Group	Current	1 - 30 days past due	More than 30 days past due	More than 60 days past due	Total
2019					
Expected loss rate	-	-	-	30%	
RM'000					
Gross carrying amount					
- Trade receivables (assessed collectively)	131,117	6,869	1,098	704	139,788
- Amount due from related companies	2,204	3,148	-	1	5,353
Loss allowance	-	-	-	(215)	(215)
	133,321	10,017	1,098	490	144,926
Gross carrying amount					
- Trade receivables (assessed individually)	354	2	752	3,445	4,553
Carrying amount (net of loss allowance)	133,675	10,019	1,850	3,935	149,479

The Company's trade intercompany balances were considered fully recoverable, and no loss allowance has been recognised during the current financial year (2019: Nil).

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Group has transactions with related companies. The Group monitors the collectability of the amounts owing from related companies regularly.

The Company has transactions with subsidiaries and related companies. The Company monitors the collectability of the amounts owing from subsidiaries and related companies regularly.

Exposure to credit risk

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.

Credit quality

As at the end of the reporting period, there was no indication that the amounts due from subsidiaries and related companies are not recoverable. The amounts due from subsidiaries and related companies have been outstanding for less than a year.

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's short term deposits are placed as fixed rate investments and daily short term deposits and upon which management endeavours to obtain the best rate available in the market.

Cash and cash equivalents are placed only with licensed financial institutions.

Exposure to credit risk

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.

Credit quality

Counterparties with external credit rating:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
AAA	**52,392**	48,547	**9,951**	19,201
AA1	**2**	-	**1**	-
AA2	**58**	118	**37**	104
A1	**41,439**	29,795	**-**	-
	93,891	78,460	**9,989**	19,305

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

	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
Group						
2020						
Payables and accruals*	**260,871**	**-**	**260,871**	**260,871**	**-**	**-**
Loans and borrowings	**122,540**	**0.95-3.47**	**123,568**	**123,568**	**-**	**-**
Lease liabilities	**5,839**	**4.05**	**6,257**	**2,095**	**1,471**	**2,691**
	389,250		**390,696**	**386,534**	**1,471**	**2,691**
2019						
Payables and accruals*	354,383	-	354,383	354,383	-	-
Loans and borrowings	75,000	3.45-3.47	75,175	75,175	-	-
Lease liabilities	7,669	4.05	8,349	2,092	2,095	4,162
	437,052		437,907	431,650	2,095	4,162

* Net of provisions and payroll liabilities

NOTES TO THE FINANCIAL STATEMENTS

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.5 Liquidity risk (continued)

Maturity analysis (continued)

	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
Company						
2020						
Payables and accruals*	**122,239**	**-**	**122,239**	**122,239**	**-**	**-**
Loans and borrowings	**116,439**	**2.15-3.47**	**117,463**	**117,463**	**-**	**-**
	238,678		**239,702**	**239,702**	**-**	**-**
2019						
Payables and accruals*	186,772	-	186,772	186,772	-	-
Loans and borrowings	75,000	3.45-3.47	75,175	75,175	-	-
	261,772		261,947	261,947	-	-

* Net of provisions and payroll liabilities

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk

Market risk comprises currency risk, price risk and interest rate risk that will affect the Group's and the Company's financial position or cash flows.

24.6.1 Currency risk

The Group and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Singapore Dollar ("SGD"), Euro ("EUR"), Danish Krone ("DKK") and Japanese Yen ("JPY").

Risk management objectives, policies and processes for managing the risk

The Group and the Company did not hedge any foreign trade receivables and trade payables denominated in foreign currency during the financial year. In respect of other monetary assets and liabilities held in currencies other than RM and SGD, the Group ensures that the net exposure is kept to an acceptable level.

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currency of any entity in the Group and the Company) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in		
	USD RM'000	SGD RM'000	EUR RM'000
Group			
2020			
Trade receivables	**3,873**	**-**	**-**
Cash and cash equivalents	**7,165**	**6,551**	**-**
Trade payables	**(11,258)**	**(320)**	**(948)**
Intercompany balances	**(478)**	**-**	**(1,202)**
Net exposure	**(698)**	**6,231**	**(2,150)**

	Denominated in				
	USD RM'000	SGD RM'000	EUR RM'000	DKK RM'000	JPY RM'000
2019					
Trade receivables	3,299	-	-	-	-
Cash and cash equivalents	8,224	1,782	-	-	-
Trade payables	(16,187)	-	(4,268)	-	(1,431)
Intercompany balances	(7,272)	-	(190)	(527)	-
Net exposure	(11,936)	1,782	(4,458)	(527)	(1,431)

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Exposure to foreign currency risk (continued)

	Denominated in		
	USD RM'000	SGD RM'000	EUR RM'000
Company			
2020			
Cash and cash equivalents	**3,257**	**6,452**	**-**
Trade payables	**(10,959)**	**-**	**(340)**
Intercompany balances	**8,832**	**-**	**(350)**
Net exposure	**1,130**	**6,452**	**(690)**

	Denominated in			
	USD RM'000	SGD RM'000	EUR RM'000	DKK RM'000
2019				
Cash and cash equivalents	6,280	50	-	-
Trade payables	(14,983)	-	(2,092)	-
Intercompany balances	5,203	-	-	(873)
Net exposure	(3,500)	50	(2,092)	(873)

Currency risk sensitivity analysis

Foreign currency risk arises primarily for transactions denominated in USD, SGD, EUR, DKK and JPY. The exposure to currency risk for transaction other than USD, SGD, EUR, DKK and JPY is not material and hence, sensitivity analysis is not presented.

A 2% (2019: 2%) strengthening of the Ringgit Malaysia against the following currencies at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group and the Company considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.1 Currency risk (continued)

Currency risk sensitivity analysis (continued)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
USD	**14**	239	**(23)**	70
SGD	**(125)**	(36)	**(129)**	(1)
EUR	**43**	89	**14**	42
DKK	**-**	11	**-**	17
JPY	**-**	29	**-**	-
	(68)	332	**(138)**	128

24.6.2 Price risk

The Group is exposed to price risk arising from the fluctuating prices of aluminium cans. To manage its price risk arising from prices of aluminium cans, the Group engages in the hedging of aluminium prices. Hedging is performed by fixed-price purchase agreement with suppliers. The fair value of the cash flow hedge is disclosed in the consolidated statement of changes in equity.

24.6.3 Interest rate risk

The Group's and the Company's borrowings are not exposed to a risk of change in their fair values due to changes in interest rates. The Group's and the Company's borrowings are exposed to a risk of change in cash flows due to changes in interest rate. Receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's borrowings are short term in nature. As such, the Group and the Company do not engage in any hedging activities to manage interest rate fluctuations.

NOTES TO THE FINANCIAL STATEMENTS

24 FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

24.6.3 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Floating rate instruments				
Revolving credits	**(122,540)**	(75,000)	**(116,439)**	(75,000)

Interest rate risk sensitivity analysis

The exposure to interest rate risk arising from floating rate instruments is not material due to the short-term nature of the Group's and the Company's borrowings. Hence, sensitivity analysis is not presented.

24.7 Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

25 CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of total equity, less amounts accumulated in equity related to cash flow hedges.

The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with regulatory requirements. The ratio is calculated as total debt divided by total capital. Total debt is calculated as sum of total borrowings (including "current and non-current loan and borrowing" and "lease liabilities" as shown in the statement of financial position). Total capital is calculated as sum of total equity and total debt.

The gearing ratio as at 31 December 2020 and 2019 are as follows:

	Group	
	2020 RM'000	2019 RM'000
Total debt	**128,379**	82,669
Total equity	**174,634**	156,708
Total capital	**303,013**	239,377
Gearing ratio	**42%**	35%

NOTES TO THE FINANCIAL STATEMENTS

26 CAPITAL COMMITMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Capital expenditure commitments				
Plant and equipment				
Authorised and contracted for	**1,867**	4,998	**1,043**	4,393

27 SIGNIFICANT EVENTS DURING THE YEAR

Impact of COVID-19

On 18 March 2020, the Malaysian Government implemented the Movement Control Order ("MCO") in its efforts to contain the COVID-19 pandemic. The MCO required by law that all private premises were prohibited from operating except for those providing essential services. In line with the Government's MCO, the Group had to essentially suspend its production and distribution operations from 18 March 2020 as beer was not included within the list of essential consumer items.

On 4 May 2020, the Group resumed its operations after the Government lifted the MCO and implemented a Conditional MCO ("CMCO") to ease the partial lockdown that had been in place since 18 March 2020. On 7 June 2020, the Malaysian Government announced the Recovery Movement Control Order ("RMCO") from 10 June 2020 to 31 August 2020 with the further lifting of certain restrictions. On 12 Oct 2020, CMCO was re-introduced in various hot spot states due to increased COVID-19 cases. This imposition was subsequently extended nationwide.

In Singapore, the Circuit Breaker ("CB") measures were implemented on 7 April 2020 which resulted in the closure of all on-trade outlets. The CB ended on 1 June 2020, replaced with a three-phased approach announced by the Singaporean Government on 19 May 2020. The Phase 2 ("Safe Transition") from 18 June 2020, allowed for the reopening of on-trade business with safety measures in place. Since 28 December 2020, Singapore has entered into Phase 3 ("Safe Nation") of reopening for more activities. The Singapore Multi-Ministry Taskforce will continue to conduct pilots in some higher-risk activities and settings such as busking and live performances in outdoor venues, karaoke, nightlife to assess how these activities can take place and scale up safely.

The government regulations set during the MCO, CMCO and RMCO in Malaysia and CB in Singapore had significantly affected sales and distribution. Though many eateries and restaurants have periodically been allowed to reopen with dine-in operations whilst observing social distancing and other health and safety guidelines, the recovery in on-trade is slow due to reduced capacities and shorter operating hours thus affecting general consumer consumption.

For the financial period ended 31 December 2020, the COVID-19 crisis consequently had a material adverse impact on the Group's business and financial performance in Malaysia and Singapore, as well as in its associated company in Sri Lanka which was also not spared from the effects of the pandemic.

28 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 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 or common significant influence. Related parties may be individuals or other entities.

The Group has related party relationship with the ultimate holding company and its related corporations, its subsidiaries (see Note 12), an associate (see Note 13), Directors and key management personnel.

The relationship of related parties are identified as below:

Name of company	Country of incorporation	Classes of Related parties
Carlsberg A/S	Denmark	Ultimate holding company
Carlsberg Breweries A/S	Denmark	Immediate holding company
Carlsberg Marketing Sdn. Bhd.	Malaysia	Subsidiary
Carlsberg Singapore Pte. Ltd.	Singapore	Subsidiary
Euro Distributors Sdn. Bhd.	Malaysia	Subsidiary
MayBev Pte. Ltd.	Singapore	Subsidiary
Lion Brewery (Ceylon) PLC	Sri Lanka	Associate
Carlsberg Hong Kong Ltd.	Hong Kong	Fellow subsidiary
Carlsberg Supply Company AG	Switzerland	Fellow subsidiary
Brasseries Kronenbourg SAS	France	Fellow subsidiary
Carlsberg Croatia D.O.O.	Croatia	Fellow subsidiary
Carlsberg Brewery Hong Kong Ltd.	Hong Kong	Fellow subsidiary
Carlsberg Supply Co. Asia Ltd.	Hong Kong	Fellow subsidiary
Carlsberg Vietnam Breweries Limited	Vietnam	Fellow subsidiary
Lao Brewery Co. Ltd.	Laos	Fellow subsidiary
Carlsberg Brewery (Anhui) Company Ltd	China	Fellow subsidiary
Carlsberg Brewery (Guangdong) Ltd.	China	Fellow subsidiary
Cambrew Limited	Cambodia	Fellow subsidiary
Monster the Cat GmbH	Switzerland	Fellow subsidiary
Saku Õlletehase AS	Estonia	Fellow subsidiary
Carlsberg Supply Company Polska SA	Poland	Fellow subsidiary
Carlsberg Taiwan Trading Company Ltd.	Taiwan	Associate company of immediate holding company
Myanmar Carlsberg Co. Ltd	Myanmar	Associate company of immediate holding company

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel includes all the Directors of the Group and of the Company, and certain members of senior management of the Group and of the Company.

28 RELATED PARTIES (CONTINUED)

Details of the related party transactions (other than key management personnel remuneration disclosed in Note 21 to the financial statements) with the Group and the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ultimate holding company				
Reimbursement for share based payments granted to employees	**3,714**	115	**2,868**	115
Immediate holding company				
Purchases of materials and products	**104**	332	**104**	332
Purchases of services	**8,058**	7,290	**4,401**	5,023
Royalties	**31,679**	36,961	**3,632**	6,793
Net settlements in respect of loss from hedging contracts	**3,304**	3,560	**3,304**	3,560
Related companies				
Management fees	**10,461**	7,714	**5,700**	3,752
Purchases of materials and products	**31,535**	20,382	**25**	690
Purchases of services	**5,710**	5,693	**3,254**	2,702
Sale of goods and services	**(33,592)**	(52,039)	**(33,592)**	(52,039)
Royalties	**4**	-	**-**	-

	Company	
	2020 RM'000	2019 RM'000
Subsidiaries		
Sale of goods and services	**956,776**	1,121,780
Sale of computer software	**-**	157
Management fee received	**17,864**	19,162
Operating leases income	**780**	780
Dividend income	**180,670**	298,320
Associate		
Dividend income	**3,581**	3,996

The terms and conditions for the above transactions are based on negotiated terms. All the amounts outstanding are unsecured and expected to be settled with cash.

Outstanding balances are disclosed accordingly in Notes 16 and 19.

STATEMENT BY DIRECTORS

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

We, Stefano Clini and Chew Hoy Ping, two of the Directors of Carlsberg Brewery Malaysia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 113 to 190 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2020 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 2 March 2021.

STEFANO CLINI
MANAGING DIRECTOR

CHEW HOY PING
DIRECTOR

Selangor Darul Ehsan

STATUTORY DECLARATION

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

I, Vivian Gun Ling Ling, the officer primarily responsible for the financial management of Carlsberg Brewery Malaysia Berhad, do solemnly and sincerely declare that the financial statements set out on pages 113 to 190 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

VIVIAN GUN LING LING

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 2 March 2021.

Before me:

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)
REGISTRATION NO. 196901000792 (9210-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Carlsberg Brewery Malaysia Berhad ("the Company") and its subsidiaries ("the Group") 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 financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 113 to 190.

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.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

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 financial 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Accruals for trade discounts and volume rebates We continue to focus on this area as trade discounts and volume rebates are very significant to the Group. These discounts and rebates which are volume or activity-related are typically associated with certain sales targets, measured in volumes or total value, to be achieved by the trade customers and distributors. In addition, each type of product of the Group has a different discount and rebate structure. The determination and calculation of the accruals for trade discounts and volume rebates required is therefore complex as it requires management to make critical estimates and assumptions regarding sales targets to be achieved by each customer, multiplied with the contracted rates of the different products for each customer based on their respective trading agreements. This is a significant area for our audit as it requires us to exercise judgement in evaluating management's estimation of the amount of trade discount and volume rebates required. As the trade discounts and volume rebates is accounted for as a reduction of revenue from contracts with customers under MFRS 15, there is accordingly an inherent risk to the revenue recognition process in view of the complexity of the discounts and rebates as explained. Refer to Note 3(n)(i) - Significant accounting policies on revenue recognition and measurement and Note 4(i) - Use of estimates and judgements.	• We tested effectiveness of the relevant controls and reliability of information generated from the systems which the Group used in estimating the achievement of sales targets and the accruals required; • We reviewed the reconciliation performed by management between the trade discounts and volume rebates balance payable per the sales system to the accruals made in the Group's financials as at 31 December 2020. We test checked the material reconciliation items to supporting documentation and discussed this with management to ensure the appropriateness of these items; • We discussed the critical accounting estimates and assumptions used in the determination of the accruals with management and evaluated the reasonableness of the estimates and assumptions used particularly those estimates and assumptions that were different from previous years; • Where there were changes in the rates used to calculate the accruals, we reviewed the reasonableness of those changes in the rates to actual claims made in respect of recent sales or revised terms in the trading agreements: and • Developed an expectation of the current year accrual balance based on our understanding of key factors and relationship between revenue and trade discounts and volume rebates, which included consideration of historical data of actual trade discounts and volume rebates given by the Group against the accruals recorded by management. Based on the procedures performed, we noted the results of management's assessment and computation are not materially different with the outcome of our procedures.

There are no key audit matters to report for the Company.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and other sections of the 2020 Annual Report of Carlsberg Brewery Malaysia Berhad, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)
REGISTRATION NO. 196901000792 (9210-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon (continued)

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

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the 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:

(a) 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.

(b) 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 of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF CARLSBERG BREWERY MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)
REGISTRATION NO. 196901000792 (9210-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 12 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

LEE TUCK HENG
02092/09/2022 J
Chartered Accountant

Kuala Lumpur
2 March 2021

CARLSBERG MALAYSIA'S SALES OFFICES

BINTULU
c/o Sin Yew Hin Sdn Bhd
Lot 1957, Swee Joo Jetty,
Kampung Baru, P.O.Box 269,
97000 Bintulu, Sarawak.
Tel : 086-331 136
Fax : 086-338 923

BUTTERWORTH
No. 6, Lengkok Kikik 1,
Taman Inderawasih,
13600 Prai, Pulau Pinang.
Tel : 04-390 3077 / 390 5231
Fax : 04-399 1488

IPOH
c/o Core Synergy Trading Sdn Bhd
Lot 3898, Off Jalan Lahat,
31500 Lahat, Perak.
Tel : 05-321 9204 / 321 9344
Fax : 05-321 1571

JOHOR BAHRU
No. 41, 41-01 & 41-02,
Jalan Austin Perdana 2/22,
Taman Mount Austin,
81100 Johor Bahru, Johor.
Tel : 07-355 5078
Fax : 07-354 6092

KOTA KINABALU
No. 34 Towering Industrial Estate,
Mile 4 1/2, Jalan Penampang,
88300 Kota Kinabalu, Sabah.
P.O.Box 13435,
88838 Kota Kinabalu, Sabah.
Tel : 088-715 091 / 715 019
Fax : 088-717 480

KUANTAN
No. 25, Jalan IM14/3,
Kawasan Perindustrian Ringan
Indera Mahkota,
25200 Kuantan, Pahang.
Tel : 09-573 0135 / 573 0136
Fax : 09-573 0136

KUCHING
No. 287, Section 9, KTLD,
Ground & 1st Floor, Rubber Road,
93400, Kuching, Sarawak.
Tel : 082-425 320
Fax : 082-421 660

MALACCA
No. 23-23A, Jalan Malinja 1,
Taman Malinja, Bukit Baru,
75150 Melaka.
Tel : 06-282 7709 / 284 1530
Fax : 06-282 7930

MENTAKAB
c/o Lit Tat Trading Sdn Bhd
PT 1303B, Jalan Industri 4,
Taman Industri Park,
28400 Mentakab, Pahang.
Tel : 09-278 3710
Fax : 09-278 3161

MIRI
Lot 1415, Ground Floor & 1st Floor,
Lorong 5, Jalan Krokop,
P.O. Box 1301,
98009 Miri, Sarawak.
Tel : 085-417 821 / 427 821
Fax : 085-437 821

SANDAKAN
c/o Kwong Hin (Sandakan) Sdn Bhd
Lot D-2, CL 075410454, Batu 8.5,
Jalan Kampung Melayu,
90007 Sandakan, Sabah.
HP : 012-836 6063

SEREMBAN
No. 15-2, 2nd Floor
Jalan Haruan 5/1
Oakland Commercial Square
70300 Seremban, Negeri Sembilan.
Tel : 06-603 7065 / 603 7056
Fax : 06-603 7096

SHAH ALAM
Lot 22, Jalan Pengapit 15/19,
Seksyen 15,
40200 Shah Alam,
Selangor.
Tel : 03-5522 6688
Fax : 03-5510 1135

SIBU
c/o Ee Chung Han Co. Sdn Bhd
Lot 1248-1249 Lorong Sukun 18,
Off Jalan Teng Kung Suk,
Upper Lanang,
96007 Sibu, Sarawak.
Tel : 084-213 389 / 213 398
Fax : 084-213 323

TAWAU
c/o Kwong Hin (Sandakan) Sdn Bhd
TB 8277, Lot 14C,
Perdana Square, Gr. Floor
Batu 3 1/2, Jalan Apas
91000 Tawau, Sabah.
HP : 019-813 6568

PARTICULARS OF GROUP PROPERTIES

The Properties included in land and buildings and rights-of-use assets as at 31 December 2020 and their net book values are indicated below:-

Address	Area (Acres)	Existing Use	Land Tenure	Approx. Age of Building (Years)	Description	Net Book Value RM'000	Date of Acquisition Or Revaluation
55, Persiaran Selangor, Section 15, 40200 Shah Alam, Selangor Darul Ehsan.	20.00	Factory and Office	Leasehold expiring 23.2.2070	50	Land Building	3,443 24,874	31/3/81 (revaluation)
No. 34, Towering Industrial Estate Mile 4 1/2, Jalan Penampang, P.O. Box 13435, 88838 Kota Kinabalu, Sabah.	0.06	Office and Warehouse	Leasehold expiring 31.12.2037	41	Land Building	68 143	28/3/95 (acquisition)
Lot 22, Jalan Pengapit 15/19, Seksyen 15, 40200 Shah Alam, Selangor Darul Ehsan.	1.81	Office and Warehouse	Leasehold expiring 23.2.2082	30	Land Building	3,066 4,610	12/03/96 (acquisition)
No. 25, Jalan IM14/3, Kawasan Perindustrian Ringan, Indera Mahkota, 25200 Kuantan, Pahang Darul Makmur.	0.05	Office and Warehouse	Leasehold expiring 29.3.2097	23	Land and Building	135	17/12/97 (acquisition)
No. EMR 3099, Lot No. 9 & No. EMR 3100, Lot No. 10, No. GM 76, Lot No. 35 & No. GM 77, Lot No. 36, In the Village of Batu Tiga / Mukim of Damansara, District of Petaling, Selangor Darul Ehsan.	6.41	Factory	Freehold	-	Land	15,953	24/7/98 (acquisition)
Lot 1071, Mukim Damansara, District of Petaling, Selangor Darul Ehsan.	1.30	Factory	Freehold	-	Land	2,999	18/9/03 (acquisition)
						55,291	

ANALYSIS OF SHAREHOLDINGS

AS AT 5 FEBRUARY 2021

Issued Share Capital : RM152,874,000 representing 305,748,000 ordinary shares
Class of Shares : Ordinary Shares
Voting Rights : One Vote Per Ordinary Share

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
Less than 100	953	5.630	8,479	0.003
100 - 1,000	9,174	54.201	5,020,377	1.642
1,001 - 10,000	5,426	32.057	19,551,141	6.395
10,001 - 100,000	1,189	7.025	35,925,958	11.750
100,001 - 15,287,399*	183	1.081	89,309,545	29.210
15,287,400 and above**	1	0.006	155,932,500	51.000
TOTAL	**16,926**	**100.00**	**305,748,000**	**100.000**

* *Less than 5% of issued shares*
** *5% and above of issued shares*

THIRTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	% OF SHARES
1	DB (MALAYSIA) NOMINEE (ASING) SDN BHD CARLSBERG BREWERIES A/S	155,932,500	51.000
2	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	7,352,300	2.405
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	7,179,820	2.348
4	CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	2,643,500	0.865
5	HSBC NOMINEES (ASING) SDN BHD JPMBL SA FOR JPMORGAN FUNDS	2,552,200	0.835
6	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	2,117,081	0.692
7	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	2,048,950	0.670
8	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	2,006,068	0.656
9	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAK TIAN MENG (7001418)	2,003,000	0.655
10	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	1,996,000	0.653
11	YEOH SAIK KHOO SENDIRIAN BERHAD	1,719,800	0.562
12	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	1,682,100	0.550
13	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 19)	1,543,499	0.505
14	TAI TAK ESTATES SDN BHD	1,500,000	0.491
15	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR VIRTUS KAR EMERGING MARKETS SMALL-CAP FUND	1,263,700	0.413
16	HSBC NOMINEES (ASING) SDN BHD BANQUE DE LUXEMBOURG FOR BL-EMERGING MARKETS	1,200,000	0.392
17	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND JNDP FOR JNL MULTI-MANAGER EMERGING MARKETS EQUITYFUND	1,188,800	0.389
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	1,106,000	0.362
19	HO HAN SENG	1,100,000	0.360
20	CARTABAN NOMINEES (ASING) SDN BHD BCSL CLIENT AC PB CAYMAN CLIENTS	1,083,300	0.354
21	HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR JPMORGAN GLOBAL EMERGING MARKETS INCOME TRUST PLC	1,051,100	0.344
22	KEY DEVELOPMENT SDN.BERHAD	1,038,000	0.340
23	CARTABAN NOMINEES (ASING) SDN BHD GIC PRIVATE LIMITED FOR GOVERNMENT OF SINGAPORE (C)	1,006,500	0.329
24	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TEDDY ROBIN LOJIKIM (M08)	915,800	0.300
25	CARTABAN NOMINEES (ASING) SDN BHD BBH (LUX) SCA FOR FIDELITY FUNDS ASEAN	896,400	0.293
26	GAN TENG SIEW REALTY SDN.BERHAD	845,000	0.276
27	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND TCTA FOR CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM	819,621	0.268
28	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND WTAU FOR WISDOMTREE EMERGING MARKETS SMALLCAP DIVIDEND FUND	763,200	0.250
29	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	752,900	0.246
30	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	710,700	0.232
	TOTAL	**208,017,839**	**68.035**

ANALYSIS OF SHAREHOLDINGS
AS AT 5 FEBRUARY 2021

SUBSTANTIAL SHAREHOLDER

	NAME	DIRECT INTEREST NO. OF SHARES	DIRECT INTEREST % OF SHARES	INDIRECT INTEREST NO. OF SHARES	INDIRECT INTEREST % OF SHARES
1	CARLSBERG BREWERIES A/S	155,932,500	51.000	-	-

DIRECTORS' SHAREHOLDINGS

	NAME	DIRECT NO. OF SHARES	DIRECT % OF SHARES	INDIRECT NO. OF SHARES	INDIRECT % OF SHARES
1	CHAN PO KEI KAY	-	-	-	-
2	CHEW HOY PING	10,000	0.003	-	-
3	GRAHAM JAMES FEWKES	-	-	-	-
4	ROLAND ARTHUR LAWRENCE	-	-	-	-
5	MICHELLE TANYA ACHUTHAN	-	-	-	-
6	STEFANO CLINI	-	-	-	-
7	DATUK TOH AH WAH	10,000	0.003	-	-

MATERIAL CONTRACTS

The particulars of material contracts of the Group with its related parties, subsisting as at 31 December 2020 or entered into since the end of the previous financial year 2019, are as follows:

1. A call option agreement between CBMB and Carlsberg A/S ("**CAS**") dated 18 November 1996, allowing CAS to acquire CBMB's interest in Lion Brewery (Ceylon) Limited, should certain events occur. The purchase consideration is to be based on an agreed formula and in any event, to be a minimum of the original purchase price paid by CBMB.

   CAS is the holding company of Carlsberg Breweries A/S ("**CBAS**"), which in turn is the holding company and major shareholder of CBMB.

LIST OF RECURRENT RELATED PARTY TRANSACTIONS

The breakdown of the aggregate value of the recurrent related party transactions entered into by the Group pursuant to the shareholders' mandate obtained during the **50th AGM held on 9 July 2020** is as follows:

Transacting Parties	Interested Related Parties	Nature of Transaction	(2) Actual Value Transacted (9 July 2020 – 31 December 2020) (RM' million)
CBAS and the Group	SC, GJF, RAL, CPKK, CLP and CBAS	Purchase of raw materials (hops, yeasts, aroma etc) and related services from CBAS	0.0
CBAS and the Group	SC, GJF, RAL, CPKK, CLP and CBAS	Royalties payable to CBAS for inter alia, the exclusive use of trademark licences and supply of technical and commercial assistance	16.9
CVBL and the Group	SC, GJF, RAL, CPKK, CLP and CBAS	Purchase of beverage products from CVBL	15.5
CDTL and the Group	SC, GJF, RAL, CPKK, CLP and CBAS	Sale and supply of goods to CDTL and the Group	0.5
CBHKL and the Group	SC, GJF, RAL, CPKK, CLP and CBAS	Provision of administrative support services from CBHKL	4.8
CCDOO and the Group	SC, GJF, RAL, CPKK, CLP and CBAS	Purchase of beverage products from CCDOO	0.3
LAO and the Group	SC, GJF, RAL, CPKK, CLP and CBAS	Sale and supply of goods to LAO	1.6
CSCAL and the Group	SC, GJF, RAL, CPKK, CLP and CBAS	Purchase of beverage products and provision of administrative support services from CSCAL	1.4
CSCAG and the Group	SC, GJF, RAL, CPKK, CLP and CBAS	Purchase of beverage products, materials (Advertising & Promotion items) and services from CSCAG	0.9
CBHKL and the Group	SC, GJF, RAL, CPKK, CLP and CBAS	Sale and supply of goods to CBHKL	18.0
CL and the Group	SC, GJF, RAL, CPKK CLP and CBAS	Sale and supply of goods to CL	0.1
CBAC and the Group	SC, GJF, RAL, CPKK, CLP and CBAS	Purchase of beverage products from CBAC	0.2

Notes:

(1) The above actual value of the recurrent related party transactions is for the period 9 July 2020 to 31 December 2020.

(2) The nature of relationship with the above Related Parties is as follows as at 31 December 2020:

(i) CBAS is the holding company and Major Shareholder of the Company, holding an equity interest of 51.0% in the Company. The Company in turn holds 100% interest in CMSB, EDSB and CSPL.

(ii) GJF, RAL and CPKK (appointed on 16 December 2020), who are Non-Executive Directors of the Company are the Executive Vice-President, Asia of CBAS, Vice President Finance, Asia of CBAS and Vice President Human Resources Asia of CBAS respectively. SC is the Managing Director of the Company. All the four (4) Directors namely, GJF, RAL, CPKK and SC are nominees/representatives of CBAS and do not hold any shares in CBAS or the Company.

(iii) CLP was the Vice President Legal, Asia of CBAS and has ceased to be the interested related party upon her resignation as Non-Independent Non-Executive Director on 30 November 2020.

(iv) CBAC, CBHKL, CCDOO, CL, CSCAG, CSCAL, CVBL and LAO are subsidiaries of CBAS and do not hold any direct equity interest in the Company.

(v) CBAS holds 49.6% equity interest in CDTL.

LIST OF RECURRENT RELATED PARTY TRANSACTIONS

Abbreviations:

CBAC	-	Carlsberg Brewery (Anhui) Company Ltd, a fellow subsidiary of CBAS
CBAS	-	Carlsberg Breweries A/S, an immediate holding company and a Major Shareholder of the Company
CBHKL	-	Carlsberg Brewery Hong Kong Ltd, a fellow subsidiary of CBAS
CCDOO	-	Carlsberg Croatia D.O.O., a fellow subsidiary of CBAS
CDTL	-	Carlsberg Distributors Taiwan Limited, on associated company of CBAS
CL	-	Cambrew Limited, a fellow subsidiary of CBAS
CLP		Chow Lee Peng
CMSB	-	Carlsberg Marketing Sdn. Bhd., a wholly-owned subsidiary of the Company
CPKK	-	Chan Po Kei Kay
CSCAG	-	Carlsberg Supply Company AG, a fellow subsidiary of CBAS
CSCAL	-	Carlsberg Supply Co Asia Ltd, a fellow subsidiary of CBAS
CSPL	-	Carlsberg Singapore Pte Ltd, a wholly-owned subsidiary of the Company
CVBL	-	Carlsberg Vietnam Breweries Ltd, a fellow subsidiary of CBAS
EDSB	-	Euro Distributors Sdn. Bhd., a wholly-owned subsidiary of the Company
GJF	-	Graham James Fewkes
Group	-	Company and its wholly-owned subsidiaries, namely Carlsberg Marketing Sdn. Bhd., Euro Distributors Sdn. Bhd. and Carlsberg Singapore Pte Ltd
LAO	-	Lao Brewery Co Ltd, a fellow subsidiary of CBAS
RAL	-	Roland Arthur Lawrence
SC	-	Stefano Clini

CORPORATE INFORMATION

Directors

Datuk Toh Ah Wah
P.M.W
Independent Non-Executive Chairman

Stefano Clini
Managing Director

Graham James Fewkes
Non-Independent
Non-Executive Director

Roland Arthur Lawrence
Non-Independent
Non-Executive Director

Chew Hoy Ping
Independent
Non-Executive Director

Michelle Tanya Achuthan
Independent
Non-Executive Director

Chan Po Kei Kay
Non-Independent
Non-Executive Director

Company Secretary
Koh Poi San
(SSM PC No. 201908000044)
(L.S. No. 0009701)

Auditors
PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Chartered Accountants
Level 10, 1 Sentral, Jalan Rakyat,
Kuala Lumpur Sentral, P.O. Box 10192
50706 Kuala Lumpur.

Tel : +603 2173 1188
Fax : +603 2173 1288

Principal Bankers
Citibank Berhad
Registration No.: 199401011410 (297089-M)

Public Bank Berhad
Registration No.: 196501000672 (6463-H)

Deutsche Bank (Malaysia) Berhad
Registration No.: 199401026871 (312552-W)

BNP Paribas Malaysia Berhad
Registration No.: 201001034168 (918091-T)

Registered Office and Principal Place of Business
No. 55, Persiaran Selangor,
Section 15,
40200 Shah Alam,
Selangor Darul Ehsan.

Tel : +603 5522 6688
Fax : +603 5519 1931
Email : MYCorpAffairs@carlsberg.asia
Website : www.carlsbergmalaysia.com.my

Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

Tel : +603 2783 9299
Fax : +603 2783 9222
Email : is.enquiry@my.tricorglobal.com

Stock Exchange Listing
Main Market of Bursa Malaysia Securities Berhad

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-First (51st) Annual General Meeting of the Company will be conducted entirely through live streaming from the broadcast venue Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Broadcast Venue") on Wednesday, 14 April 2021 at 10.00 a.m. to transact the following businesses:-

AGENDA

Ordinary Business

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' and Auditors' Reports thereon. **Please refer to explanatory Note A.**

2. To approve the payment of a Single Tier Final Dividend of 30 sen per ordinary share in respect of the financial year ended 31 December 2020. **Resolution 1**

3. To re-elect Datuk Toh Ah Wah, who retires pursuant to Article 21.6 of the Constitution of the Company, as a Director of the Company. **Resolution 2**

4. To re-elect Michelle Tanya Achuthan, who retires pursuant to Article 21.6 of the Constitution of the Company, as a Director of the Company. **Resolution 3**

5. To re-elect Chan Po Kei Kay, who retires pursuant to Article 21.10 of the Constitution of the Company, as a Director of the Company. **Resolution 4**

6. To approve the payment of Directors' fees and benefits up to an amount of RM540,000 for the period from 1 January 2021 until the next Annual General Meeting of the Company. **Resolution 5**

7. To re-appoint Messrs PricewaterhouseCoopers PLT as Auditors of the Company and authorise the Directors to fix their remuneration. **Resolution 6**

Special Business

To consider, and if thought fit, to pass the following Resolutions, with or without modifications, as Ordinary Resolutions of the Company:

8. ORDINARY RESOLUTION **Resolution 7**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related party as set out in Section 2.3(a) of the Circular to Shareholders dated 12 March 2021 ("the Related Party") provided that such transactions are:-

(a) necessary for the day-to-day operations;
(b) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms and transaction prices which are not more favourable to the Related Party than those generally available to the public; and
(c) are not prejudicial to the minority shareholders of the Company,
("Proposed Renewal of Shareholders' Mandate").

THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed Renewal of Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed; or
(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by shareholders of the Company in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents under seal in accordance with the provisions of articles, as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

9. ORDINARY RESOLUTION **Resolution 8**
PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/ or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related party as set out in Section 2.3(b) of the Circular to Shareholders dated 12 March 2021 ("the Related Party") provided that such transactions and/or arrangements are:-

(a) necessary for the day-to-day operations;
(b) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms and transaction prices which are not more favourable to the Related Party than those generally available to the public; and
(c) are not prejudicial to the minority shareholders of the Company,
("Proposed New Shareholders' Mandate").

THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed New Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed; or
(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed New Shareholders' Mandate.

10. To consider any other business of which due notice shall be given in accordance with the Companies Act 2016 and the Company's Constitution.

NOTICE OF DIVIDEND PAYMENT AND CLOSURE OF REGISTER

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Fifty-First (51st) Annual General Meeting to be held on Wednesday, 14 April 2021, a Single Tier Final Dividend of 30 sen per ordinary share in respect of the financial year ended 31 December 2020 will be payable on 18 May 2021 to shareholders registered in the Register of Members and Record of Depositors at the close of business on 19 April 2021.

A depositor shall qualify for entitlement to the dividends only in respect of:

(a) Shares transferred into the Depositor's securities account before 4.30 p.m. on 19 April 2021 in respect of transfers;
(b) Shares deposited into the Depositor's securities account before 12.30 p.m. on 16 April 2021 (in respect of shares which are exempted from mandatory deposit); and
(c) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Koh Poi San
(SSM PC NO. 201908000044) (LS 0009701)
Secretary

Shah Alam
12 March 2021

1. **IMPORTANT NOTICE**

   The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

   Shareholders **WILL NOT BE ALLOWED** to attend the 51st AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 51st AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at https://tiih.online. **Please follow the Procedures for RPV in the Information for Shareholders on 51st AGM and take note of Notes (2) to (14) below in order to participate remotely via RPV**.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 7 April 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at this AGM via RPV.

5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements ("MMLR") of the Bursa Malaysia Securities Berhad.

NOTICE OF ANNUAL GENERAL MEETING

6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

9. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this Annual General Meeting via RPV must request his/her proxy to register himself/herself for RPV at **TIIH Online** website at https://tiih.online. **Please follow the Procedures for RPV in the Information for Shareholders on 51st AGM**.

10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

    (i) In hard copy form

    In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

    (ii) By electronic form

    The proxy form can be electronically lodged with the Share Registrar of the Company via **TIIH Online** at https://tiih.online. Kindly refer to the Information For Shareholders on the procedures for electronic lodgement of proxy form via **TIIH Online**.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

12. Last date and time for lodging the proxy form is **Monday, 12 April 2021 at 10.00 a.m.**.

13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/ or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

NOTICE OF ANNUAL GENERAL MEETING

For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company at 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment should be executed in the following manner:-

(i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

(ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
  (a) at least two (2) authorised officers, of whom one shall be a director; or
  (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

EXPLANATORY NOTE

1. Note A

This Agenda item is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act 2016, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put forward for voting.

2. Resolutions 2 to 4 – Re-election of Directors

The Board had through the Nomination and Remuneration Committee carried out assessment of the Directors who are standing for re-election and agreed that they met the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their role as Directors.

3. Resolution 5 – Directors' Fees and Benefits 2021

The Directors' fees and benefits proposed for the period from 1 January 2021 until the next AGM are calculated based on the current Board size and number of scheduled Board and Committee meetings for 2021. This resolution is to facilitate payment of Directors' fees and benefits on a current financial year basis. In the event the proposed amount is insufficient, e.g. due to more meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.

The resolution, if passed, will allow the Company to make the payment to the Non-Executive Directors ("NEDs") on a monthly basis instead of in arrears after every AGM. The Board is of the view that it is just and equitable for the NEDs to be paid such payment on a monthly basis after they have discharged their responsibilities and rendered their services to the Company. The Directors' fees and allowances remain unchanged as approved by the Shareholders at the 49th AGM in 2018.

The fees of each NED for the financial year ended 31 December 2020 as set out in the Details of Directors' Remuneration on page 92 of the Company's Annual Report.

4. Resolution 6 – Re-appointment of Auditors

The Audit Committee and the Board had, at their meetings held on 17 February 2021 and 18 February 2021 respectively, considered the re-appointment of Messrs PricewaterhouseCoopers PLT as Auditors of the Company. The Audit Committee and the Board collectively agreed and are satisfied that Messrs PricewaterhouseCoopers PLT has the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Resolution 7 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Renewal of Shareholders' Mandate")

This resolution, if passed, will authorise the Company and each of its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature in the ordinary course of business.

The detailed text on Resolution 7 on the Proposed Renewal of Shareholders' Mandate is included in the Circular to Shareholders dated 12 March 2021.

2. Resolution 8 - Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed New Shareholders' Mandate")

This resolution, if passed, will authorise the Company and each of its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature in the ordinary course of business.

The detailed text on Resolution 8 on the Proposed New Shareholders' Mandate is included in the Circular to Shareholders dated 12 March 2021.

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Number of Shares held:	
CDS Account No.	
If more than 1 proxy, please specify number of shares represented by each proxy	
Name of Proxy 1	
Name of Proxy 2	

CARLSBERG BREWERY MALAYSIA BERHAD
Company No. [196901000792 (9210-K)]
(Incorporated in Malaysia)

FORM OF PROXY

I/We, ______________________________ I.C./Passport/Company No. ______________________
of ____
being a member of the above named Company, hereby appoint ______________ I.C./Passport No. ______________________
______________________________ of ______________________________
and him/her ____
I.C./Passport No. ____
of ____

OR failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Fifty-First (51st) Annual General Meeting of the Company to be conducted entirely through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on Wednesday, 14 April 2021 at 10.00 a.m., and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below (if no indication is given, the proxy will vote as he thinks fit or abstain from voting):

Item	AGENDA	FOR	AGAINST
1	Payment of a Single Tier Final Dividend of 30 sen per ordinary share.		
2	Re-election of Datuk Toh Ah Wah as Director.		
3	Re-election of Michelle Tanya Achuthan as Director.		
4	Re-election of Chan Po Kei Kay as Director.		
5	Approval of Directors' fees and benefits of RM540,000 from 1 January 2021 until the next AGM.		
6	Re-appointment of Messrs PricewaterhouseCoopers PLT as Auditors and authorise the Directors to fix their remuneration.		
7	Proposed renewal of shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature.		
8	Proposed new shareholders' mandate for Recurrent Related Party Transactions of a revenue or trading nature.		

Please indicate with a tick (√) how you wish your vote to be cast in respect of each resolution above. In the absence of specific direction, your proxy will be vote or abstain as he/she thinks fit.

As witness my/our hand this ______________________ day of ______________________________ 2021.

Signed by the said ____

Notes:

1. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the 51st Annual General Meeting in person at the Broadcast Venue on the day of the meeting. Shareholders are to attend, participate (including posing questions to the Board) and vote remotely at the 51st Annual General Meeting via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at https://tiih.online.
2. For the purpose of determining who shall be entitled to attend this Annual General Meeting via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 7 April 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to attend, participate, speak and vote in this Annual General Meeting via RPV.
3. A member who is entitled to attend, participate, speak and vote at this Annual General Meeting via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her place. A proxy may but need not be a member of the Company. **In view that this is a fully virtual Annual General Meeting, we strongly advise the members who are unable to attend, participate, speak and vote in this Annual General Meeting via RPV to appoint the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the proxy form**.
4. (a) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), the beneficial owner of the shares held by the authorised nominee may request the authorised nominee to appoint him/her as a proxy to attend, participate and vote remotely via RPV at the 51st Annual General Meeting.
   (b) Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), each beneficial owner of the shares or where the shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall be entitled to instruct the exempt authorised nominee to appoint the Chairperson of the meeting to attend, participate and vote at the 51st Annual General Meeting via RPV on his/her/their behalf.
   (c) Authorised nominees, exempt authorised nominees and corporate members are to refer to the Information for Shareholders on **51st Annual General Meeting for further details**.
5. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting at which the person named in the appointment proposes to vote:

   (i) In hard copy form
   In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

   (ii) By electronic form
   The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Kindly refer to the Annexure to the proxy form – Electronic Submission of Proxy Form via TIIH Online for General Meeting.

6. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
7. Last date and time for lodging the proxy form is Monday, 12 April 2021 at 10.00 a.m.
8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 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 or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed. To attend, participate and vote remotely, the attorney should refer to the Information for Shareholders on 51st Annual General Meeting for further details.

FIRST FOLD

Affix stamp

SHARE REGISTRAR
CARLSBERG BREWERY MALAYSIA BERHAD [196901000792 (9210-K)]
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

SECOND FOLD

CARLSBERG BREWERY MALAYSIA BERHAD
[196901000792 (9210-K)]

No. 55, Persiaran Selangor, Section 15
40200 Shah Alam, Selangor Darul Ehsan, Malaysia
Tel : +603 5522 6688 Fax : +603 5519 1931
www.carlsbergmalaysia.com.my