ANNUAL REPORT

LAPORAN TAHUNAN

ADVANCED PACKAGING
TECHNOLOGY (M) BHD.
Registration No.: 198201003236
先進包裝工業(馬)有限公司

ISO 9001
UKAS MANAGEMENT SYSTEMS
CERT. NO. 601178

The Company and Its Business

Advanced Packaging Technology (M) Bhd ("APT") was incorporated in Malaysia under the Companies Act, 1965 on 31 March 1982 as a private limited company under the name of Goyo Corporation (M) Sdn Bhd. The Company subsequently changed its name to Advanced Packaging Technology (M) Sdn Bhd on 9 June 1982 and was converted to a public company on 27 May 1993. It was listed on the Second Board (now known as Main Market after the merger of the Main Board and Second Board on 3 August 2009) of the Bursa Malaysia Securities Berhad on 27 May 1994. An ISO 9001 certified company, APT is principally engaged in the manufacturing and distribution of flexible packaging materials. The Company commenced operations in April 1985 at its present location at the Bangi Industrial Estate, Selangor Darul Ehsan. Its office, factory and warehouse are sited on a 8,903 square meter, 99-year leasehold land.

The Company produces high-quality flexible packaging materials catering to a wide cross-section of industries in both the local and overseas markets such as snack foods, instant noodles, sweets and confectionery, liquid condiments, frozen foods, spices, beverages, medical/surgical products and pharmaceuticals, among others. Our range of flexible packaging materials comprise of both single and multi-layers that carry appealing designs. Through close consultation with clients, we tailor-make our products according to their precise specification and design in both roll and pouch form. Flexible packaging materials are generally made of a composite of various base films, papers or foil which are laminated so that the resultant laminates have more enhanced properties than its original substrates. The basic materials used include oriented polypropylene (OPP) film, cellulosic film, polyester film, nylon film, aluminium foil, metalised films, specialty films, linear low-density polyethylene (LLDPE) film, poster paper, polyethylene and polypropylene resin.

Efficient packaging is a must for any product in this modern era. Without it, the brand image and integrity, as well as the quality built into the product during manufacturing and marketing, will be lost when it reaches the consumer. Correct packaging is the principal way of ensuring safe delivery of the product to the end-user in good condition at an economic cost. At APT, we use our specialized knowledge and skills, as well a s specific machinery and facilities to deliver excellence in quality and service to each client.

In the pursuit of our commitment in quality, the Company's Quality Management System ("QMS") was first assessed by Zurich Certification Limited, United Kingdom and is in compliance with BS EN ISO 9002:1994 standard and the certificate of registration was issued on 8 December 2000. The QMS was subsequently upgraded and certified to BS EN ISO 9001:2000 on 21 December 2003 by the Independent European Certification Limited, United Kingdom ("IEC"). It was recertified to BS EN ISO 9001:2008 and ISO 9001:2008 by the IEC on 12 January 2010 and 20 December 2012 respectively. The QMS was once again upgraded and assessed by IEC and was certified to ISO 9001: 2015 on 15 August 2018. On 7 December 2021, the Company attained the certification of Good Manufacturing Practice (GMP) MS 1514:2009 which serves as a base to spearhead the Company to higher and more stringent certifications, in line with our pursuit of quality and commitment. The scope of the certifications cover "Design, Manufacturing and Supply of Flexible Packaging Materials and Blown Film" and the validity of these certificates and revised on a frequent basis.

APT currently also produces linear low-density polyethylene (LLDPE) film for its internal consumption and external sales.

During the financial year, a subsidiary – Sino Peak Sdn Bhd ("SPSB") was incorporated to diversify and expand the Group's operations and activities. SPSB is principally engaged in the investment and management of properties.

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Dato' Haji Ghazali B. Mat Ariff (Chairman)
Peter Ling Ee Kong (Managing Director) (appointed on 30 June 2021 and redesignated on 14 January 2022)
Andrew Ling Yew Chung (Executive Director)
Mah Siew Seng
Law Mong Yong
Pang Chong Yong
Pang Jun Jie (Alternate Director) (appointed on 15 March 2021)
Lim Tiong Heng (appointed on 4 February 2022)
Ng Choo Tim (resigned on 2 July 2021)
Datuk Ismail bin Haji Ahmad (Chairman) (retired on 17 September 2021)
Yeo Tek Ling (Managing Director) (retired on 31 December 2021)

SECRETARIES

Leong Shiak Wan
Practicing Certificate No. 202008002757
(MAICSA 7012855)
Zuriati Binti Yaacob
Practicing Certificate No. 202008003191
(LS0009971)

AUDITORS

PKF PLT
202206000012 (LLP0030836-LCA) & AF 0911
Chartered Accountants

AUDIT COMMITTEE

Dato' Haji Ghazali B. Mat Ariff (Chairman)
- Senior Independent Non-Executive Director
Mah Siew Seng
- Independent Non-Executive Director
Lim Tiong Heng
- Independent Non-Executive Director

REMUNERATION COMMITTEE

Dato' Haji Ghazali B. Mat Ariff (Chairman)
- Senior Independent Non-Executive Director
Mah Siew Seng
- Independent Non-Executive Director
Andrew Ling Yew Chung
- Non-Independent Non-Executive Director

NOMINATION COMMITTEE

Dato' Haji Ghazali B. Mat Ariff (Chairman)
- Senior Independent Non-Executive Director
Mah Siew Seng
- Independent Non-Executive Director
Lim Tiong Heng
- Independent Non-Executive Director

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7890 4800
Fax: 03-7890 4650

REGISTRAR & SHARE TRANSFER OFFICE

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13,
46200 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7890 4700
Fax: 03-7890 4670

PRINCIPAL BANKER

CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Website : www.advancedpack.com.my

Directors' Profile

DATO' HAJI GHAZALI B. MAT ARIFF **Age : 80** **Gender : Male**
Malaysian
Chairman (Senior Independent Non-Executive Director)

Dato' Haji Ghazali B. Mat Ariff was appointed as the Chairman of the Company on 25 November, 2021. He is the Senior Independent Non-Executive Director of the Company. He was first appointed to the Board on 23 March, 1994. He is currently the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

He is a member of the Honourable Society of Lincoln's Inn. He attended the Council of Legal Education (London) and qualified as a Barrister-at-Law and was called to the English Bar on 21 November, 1978. He was admitted as an Advocate & Solicitor at the High Court Malaya on 27 September, 1979. He is married to Datin Shamsiah Binti Bakar.

He started his career as a college trained teacher at Sekolah Menengah Chung Hwa Confucian, Jalan Maxwell, Penang from 1962 to 1968 before taking up appointment as a lecturer at Sultan Hassanal Bolkiah Teachers' College, Bandar Seri Begawan, Brunei Darussalam from 1968 to 1974. He then left for London to read law in 1974. Upon his return to Malaysia, he joined Messrs. Nik Hussain Ibrahim & Abdullah as a Legal Assistant in 1979. In March, 1980 he set up his own practice under the name and style of Messrs. Ghazali Ariff & Partners of which he is the Senior Partner of the Firm.

Dato' Ghazali also sits on the Board of Parkwood Holdings Berhad (formerly known as Amalgamated Industrial Steel Berhad) listed on Bursa Malaysia Securities Berhad. In Parkwood Holdings Berhad, Dato' Ghazali assumed his position as Chairman since September, 2007, and he also serves as a Chairman to the Audit Committee, Remuneration Committee and Employees' Share Option Scheme Committee.

Dato' Ghazali is the Chairman of UniMap Holdings Sdn Bhd since 1 July, 2020. Perlis-born Dato' Ghazali is also a member of the Jemaah Pengampunan Negeri Perlis (Perlis Pardons Board) since 28 October, 2021 and is the Life President of MCOBA and a member of Jawatankuasa Pembangunan dan Pelaburan Majlis Agama Islam Perlis.

He was the former Vice President I of Jemaah Dato'-Dato' Perlis. He was appointed as a Commissioner for Oaths from 1995 till 2005.

From September, 1995 to December, 1999, he was the Honorary Vice Consul of the Republic of Finland in Kuala Lumpur. Dato' Ghazali was also the Honorary Legal Advisor of Malaysia Thai Association from 1999 to 2002.

He has no conflict of interest with the company and has not been convicted of any offence within the past ten (10) years. He does not have any family relationship with any director and/or major shareholder of the Company. He does not hold any shares in the Company.

PETER LING EE KONG **Age : 67** **Gender : Male**
Malaysian
Managing Director

Mr Peter Ling Ee Kong was appointed to the Board on 30 June, 2021 and re-designated as Managing Director on 14 January, 2022. He is responsible for the overall management of the Company's business and operations.

He is a Chartered Accountant with approximately forty (40) years of combined experience in audit and accounting, corporate finance, and business management in service with international audit firms, local merchant/investment bank and on the board of various public listed companies in Malaysia, respectively.

He is the father of Mr Andrew Ling Yew Chung, an Executive Director of the Company, and does not have any family relationship with other directors and/or major shareholders. There is no conflict of interest between him and the Company. He does not hold directorships in any other public companies. He has not been convicted of any offences within the past ten (10) years.

He holds 1,995,800 ordinary shares in the Company.

PANG CHONG YONG **Age : 63** **Gender : Male**
Malaysian
Non-Independent Non-Executive Director

Mr Pang Chong Yong was appointed to the Board on 16 June, 2020. He holds an IME, Mini MBA, Executive Certificate in Business Management, International Management Education, Singapore.

He has over thirty (30) years of experience in the installation of vehicles and bus manufacturing.

He has been the Managing Director of Gemilang Coachwork Sdn Bhd since its incorporation in 1989. He is currently also the Chairman and Chief Executive Officer of Gemilang International Limited, which is listed on the Main Board of the Stock Exchange of Hong Kong (and of which Gemilang Coachwork Sdn Bhd is a wholly owned subsidiary), and is primarily responsible for formulating corporate strategies and policies, as well as carrying out general management and day-to- day operations for the group of companies within Gemilang International Limited.

Prior to the founding of Gemilang Coachwork Sdn Bhd, Mr Pang has over ten (10) years of experience in the installation of cars accessories and provision of after- sales services.

He is the father of Mr Pang Jun Jie, who serves as an Alternate Director (Non- Independent Non-Executive) of the Company. There is no conflict of interest between him and the Company. He has not been convicted of any offences within the past ten (10) years.

He holds 1,593,493 ordinary shares in the Company.

MAH SIEW SENG **Age : 68** **Gender : Male**
Malaysian
Independent Non-Executive Director

Mr Mah Siew Seng is a Chartered Certified Accountant by profession. He was appointed to the Board on 23 March, 1994. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He is a member of the Malaysian Institute of Accountants, a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Chartered Tax Institute of Malaysia (formerly known as Malaysian Institute of Taxation). He practices as a Chartered Accountant in Teluk Intan under the name of Messrs. Mah Siew Seng & Co since 1982.

Mr Mah does not have any family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He is not a director of any other public companies but sits on the Board of several private limited companies. He has not been convicted of any offence within the past ten (10) years.

He holds 835,897 ordinary shares in the Company.

ANDREW LING YEW CHUNG **Age : 30** **Gender : Male**
Malaysian
Executive Director

Mr Andrew Ling Yew Chung was appointed to the Board on 18 June, 2020. He obtained a Bachelor of Commerce in Accounting and Finance from the University of Melbourne, Australia in December, 2012 and was admitted as a certified full member of CPA Australia in November, 2016.

He has more than nine (9) years of experience in audit and corporate finance.

He served in the audit and assurance practice of EY Malaysia from 2013 to 2016. He was a licensed representative of Alliance Capital Partners Limited to carry out advisory on corporate finance and securities (under the regulation of the Securities and Futures Ordinance of Hong Kong) from 2017 to 2020.

Apart of Advanced Packaging Technology (M) Bhd, he serves as an Independent Director on the Board of Gemilang International Limited which is listed on the Main Board of the Stock Exchange of Hong Kong.

He is the son of Mr Peter Ling Ee Kong who is a substantial shareholder and Managing Director of the Company. There is no conflict of interest between him and the Company. He has not been convicted of any offences within the past ten (10) years.

He holds 45,000 ordinary shares in the Company.

Directors' Profile (cont'd)

LAW MONG YONG **Age : 63** **Gender : Male**
Malaysian
Non-Independent Non-Executive Director

Mr Law Mong Yong was appointed to the Board on 17 November, 2017. He holds a Bachelor of Applied Science (Elec & Mgm) Degree from University of Melbourne, Victoria, Australia.

He has over thirty (30) years of experience in various business fields such as retailing of electrical products, sales and finance of motor vehicles, credit and leasing, general insurance, food manufacturing which includes confectionery (hard boiled candies) and canned tropical fruits, timber logging, fruit farming, plantations and swiftlet farming as well as bird nest processing. He is the treasurer of Kelantan Bird's Nest Merchants Association.

He does not have any family relationship with other directors and/or major shareholders. There is no conflict of interest between him and the Company. He does not hold directorships in any other public companies. He has not been convicted of any offences within the past ten (10) years.

He holds 459 ordinary shares in the Company.

LIM TIONG HENG **Age : 34** **Gender : Male**
Malaysian
Independent Non-Executive Director

Mr Lim Tiong Heng was appointed to the Board on 4 February 2022. He obtained a Bachelor of Science in Business Economics.

He has more than ten (10) years of experience in the development, renovation, marketing, and management with respect to the real estate and construction industry. He has also been an active member with more than ten (10) years of experience with non-government organisations, notably the Junior Chamber International (JCI) of Johor Bahru and Austin Perdana.

Mr Lim does not have any family relationship with any director and/or major shareholder of the Company and has no conflict of interest with the Company. He is not a director of any other public companies but sits on the board of several private limited companies. He has not been convicted of any offence within the past ten (10) years.

He holds 19,600 ordinary shares in the Company.

Directors' Profile (cont'd)

PANG JUN JIE **Age : 28** **Gender : Male**
Malaysian
Alternate Director (Non-Independent Non-Executive)

Mr Pang Jun Jie was appointed as an Alternate Director (Non-Independent Non-Executive) of the Company to his father, Mr Pang Chong Yong on 15 March 2021. Prior to the appointment, he had worked as an Assistant Manager of the Company for Business Development and as a Personal Assistant to the Managing Director from February 2020 to February 2021.

In 2021, he was appointed as an Executive Director of Gemilang International Limited, which is listed on the Main Board of the Stock Exchange of Hong Kong and also as a Director of Gemilang Coachwork Sdn Bhd and GML Coach Technology Pte. Limited, both are wholly owned subsidiaries of Gemilang International Limited.

He has been active in the field of business management and development for approximately six (6) years. He obtained a bachelor's degree in Business and Management Studies from the University of Sussex, United Kingdom in September 2015.

He is son of Mr Pang Chong Yong who is a substantial shareholder of the Company. There is no conflict of interest between him and the Company. He has not been convicted of any offences within the past ten (10) years.

He does not hold any ordinary shares in the Company.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD AND BOARD COMMITTEE MEETINGS

The number of Board of Directors' Meetings and Board Committee Meetings held and attendance by Directors during the financial year ended 31 December 2021 are as follows:-

Board of Directors	Meeting Attended/Held			
	Board	Audit Committee	Nomination Committee	Remuneration Committee
Dato' Haji Ghazali B. Mat Ariff	6/6	4/4	5/5	3/3
Mah Siew Seng	6/6	4/4	5/5	3/3
Peter Ling Ee Kong	6/6	N/A	N/A	N/A
Andrew Ling Chung Yew	6/6	N/A	N/A	3/3
Pang Chong Yong	6/6	N/A	N/A	N/A
Law Mong Yong	6/6	N/A	N/A	N/A
Pang Jun Jie (Alternate Director to Pang Chong Yong)	4/4	N/A	N/A	N/A
Lim Tiong Heng	N/A	N/A	N/A	N/A

Profile of Key Management

PETER LING EE KONG **Age : 67** **Gender : Male**
Malaysian
Managing Director

Mr Peter Ling Ee Kong is the Managing Director of the Company and is responsible for the overall management of the Company's business and operations.

His personal profile is listed in the Directors' profile in this annual report.

ANDREW LING YEW CHUNG **Age : 30** **Gender : Male**
Malaysian
Executive Director

Mr Andrew Ling Yew Chung is an Executive Director of the Company and is responsible for the management of the Company's business and operations.

His personal profile is listed in the Directors' profile in this annual report.

TEOH EE YEONG **Age : 52** **Gender : Male**
Malaysian
General Manager *(Operations)*

Mr Teoh Ee Yeong has more than thirty (30) years of service with the Company, where he began his service as a Sales Representative and subsequently, assumed the roles of a Senior Sales Representative, Sales Executive, Sales Manager (as Head of Department) of the Company. He is responsible for the overall operations of the Company, including Production, Quality Assurance and Control, Sales and Business Development.

He obtained a Bachelor of Arts in Business and Marketing from Oxford Brookes University in 2000.

He is not a director of any public listed companies and he has not been convicted of any offence within the past five (5) years.

YIP ZHI HOE **Age : 29** **Gender : Male**
Malaysian
General Manager *(Finance and Administration)*

Mr Yip Zhi Hoe has joined the Company since November 2021 and is responsible for overall financial matters of the Company, including accounting, financial reporting, costing, taxation, other financial and administrative matters the Company.

He had previously served in the Assurance (audit) practice of Ernst & Young PLT Malaysia for more than eight (8) years and has accumulated extensive knowledge and experience in diversified industries.

He obtained a Bachelor of Business and Commerce in Accounting, Banking and Finance from Monash University, Malaysia in March, 2013 and was admitted to full membership of CPA Australia in September, 2016. He is a member of the Malaysian Institute of Accountants (MIA) and ASEAN CPA (ACPA).

He is not a director of any public listed companies, and he has not been convicted of any offence within the past five (5) years.

Profile of Key Management (cont'd)

CHEN MEE LING **Age : 51** **Gender : Female**
Malaysian
Senior Manager *(Sales and Business Development)*

Ms Chen Mee Ling has more than eighteen (18) years of service with the Company and mainly within Sales and Business Development, where she is currently Head of Department.

She obtained a Diploma in Management from the Malaysian Institute of Management in 2003.

She is not a director of any public listed companies, and she has not been convicted of any offence within the past five (5) years.

DATO' KHOR SOON HOOI **Age : 79** **Gender : Male**
Malaysian
Manager *(Sales and Business Development)* and Personal Assistant to the Managing Director

Dato' Khor Soon Hooi has more than twenty-seven (27) years of service with the Company and within Sales and Business Development. He is also currently the Personal Assistant to the Managing Director.

He obtained a Diploma in Education from Malayan Teachers College, Kuala Lumpur in 1965. He was awarded with a Pingat Bakti P.B. from the Sultan of Kelantan in 1994. He was also awarded with a D.I.M.P. from the Sultan of Pahang in 2018.

He is not a director of any public listed companies, and he has not been convicted of any offence within the past five (5) years.

MOHD HUSSEIN BIN HASHIM **Age : 62** **Gender : Male**
Malaysian
Assistant Manager *(Quality Assurance & Control)*

Mr Hussein re-joined the Company in March 2022 and is responsible for the Quality Assurance & Control function of the Company. Prior to this, he had been with the Company for more than twenty-six (26) years. He has been trained and learned in quality and production management systems, and has over thirty (30) years of experience in the flexible packaging industry.

He is not a director of any public listed companies and he has not been convicted of any offence within the past five (5) years.

BRIAN LING YEW HAN **Age : 27** **Gender : Male**
Malaysian
General Manager *(Corporate Strategy & Investments)*

Mr Brian Ling has joined the Company since February 2020 and is responsible for investment matters of the Company, including business and operational planning, strategy and corporate investments.

He had previously served in the Deals (Mergers & Acquisitions) team in PwC and obtained a Bachelor of Science in Economics and Statistics from University College London, United Kingdom. He is a regular member of the CFA Institute, having been awarded his charter in March 2021.

He is the son of Mr Peter Ling Ee Kong who is a substantial shareholder and Managing Director of the Company. There is no conflict of interest between him and the Company.

He is not a director of any public listed companies and he has not been convicted of any offence within the past five (5) years.

Sustainability Statement

As sustainability is an integral part of the business operations of Advanced Packaging Technology (M) Bhd ("the Group"), the Group has always adhered to the three pillars of sustainable development, namely, economic, environmental, and social considerations to ensure that our operations support sustained growth and business performance to best meet and balance the interests of our various stakeholders.

Scope
The Group's sustainability framework is premised upon the evaluation of the Economic, Environmental, and Social ("EES") risk and opportunities in line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide.

Sustainability Governance
The Board of Directors ("Board") is overall responsible to promote and ensure sustainability is embedded in the business operations of the Group. The implementation is headed by the Managing Director and all departmental heads are involved in the supervision of the sustainable practices and operations.

The Group manages sustainability issues under the following areas:

Material Sustainability Matters
The Group considers those sustainability matters as material when they have a significant impact on EES risk and opportunities.

1) **Economic**

Sustainable Business Growth
As sustainability is an integral part of business, our strategy is to ensure that there is a sustainable business growth, profitability, and dividend payment to shareholders over a longer term rather than a short-term view on operations and profitability. In line with this practice, the Group continues to invest in new machineries, equipment, and other resources to be able to remain cost competitiveness and efficiency in its business operations as well as producing quality products to meet customers' stringent requirements.

Good Corporate Governance and Business Practices
The Group operates its business with sound practices and good corporate governance to ensure that it is a responsible and reliable company to all stakeholders. It also views the compliance of laws, rules and regulations are equally important. The Group believes these are part of the principal elements of a sustainable business operation in the long term.

Product Quality
The Group collaborates closely with major customers and suppliers for better partnership in order to achieve better value which is beneficial to both organisations in the long run. Product quality is critical to our Group's performance and reputation. As such, the Group's Quality Management System is certified to ISO 9001:2015 and GMP MS 1514:2009 standards. It helps to manage our products in meeting customers' quality specifications. Various measures were implemented in checking the product quality during processing. Data and results were recorded for future reference and analysis for problems solving and improvement.

Customer satisfaction
As customers are important to the success of the Group, regular evaluation of customer satisfaction through a half yearly survey was conducted and the results have shown an average of over 70% overall customer satisfaction across product quality, reliability, delivery, service, pricing and responsiveness. The Group is always on a constant look out for continuous improvement to further satisfy customers' requirements.

Supply Chain Management
We practise and promote a fair and transparent supply chain management through supplier evaluation and selection, price competitiveness comparison and supplier performance review. This has enabled us to procure quality products and services at competitive prices. As such, raw materials used in manufacturing will only be sourced from approved suppliers to ensure consistency of quality of supplies and prompt delivery. Supplier performance review was conducted regularly based on performance data collected for a period of time with certain criteria. The results shown over 80% of the suppliers have performed satisfactorily over the years.

2) **Environment**

The Group has included environmental matters as part of its good business practices towards sustainability in preserving the environment in which it operates.

Compliance
The Group has always committed to comply with legal and regulatory requirements of the relevant authorities such as Malaysian Department of Environment ("DOE") which governs plant and factory operations and maintenance in areas relating to environment and emission standards, fuel usage, noise level and treatment of plant discharge, effluents, and wastewater.

Management of Manufacturing Waste
Waste is a normal norm and inevitable in any manufacturing process. However, the Group has always strived to minimise the waste level by setting target and close monitoring of its achievement. Sectional wastage level of each manufacturing process was set on yearly basis, data recorded and compiled and compared monthly for close monitoring. Some sections performed within target while certain sections were not able to achieve the set target. Hence, more efforts for continuous improvement are ongoing with periodical review.

Solid wastes are segregated into various categories for disposal to recycling companies or collected by waste disposal companies as approved by the relevant authority. Scheduled wastes of chemical nature are collected by DOE approved company for safe disposal.

Conservation of Energy
Better and more efficient machineries/equipment were used with proper scheduling as a way to better use of energy resources. Energy efficient air conditioners and lighting bulbs were installed to replace the old units which consumed higher energy. Lighting and air conditioning were switched off during rest time or whenever not in used for a period of time.

3) Social
The Board believes that the Group is socially responsibility to strike a balance between profitability and its social obligations. As such, the Group will continue to operate with due care and as a responsible corporate citizen in discharging its social obligations.

Human Resources
As the employees are the key assets of the Group and its success is the result of the employees' collective efforts and hard work at the workplace, the Group strives to balance between responsibility, performance and reward to its employees.

The Group has complied with local labour laws and regulations and implemented the minimum wages policy of the government. The terms and conditions of employment are the same for all employees in the same category without any form of discrimination as the Group believes in human rights and equal opportunities for all employees. Workplace diversity in terms of age, gender and ethnicity is being embraced by the Group for inclusiveness.

The Group recognises the importance of its employees as one of the most valuable and important assets with proactive action being taken in the development of its human capital. The Group also acknowledges that continuous training and human capital development will better equip its employees in the workplace and produce better performance results for the Group in the long run.

As such, both external and in-house training programmes are provided and conducted on a regular basis to enhance the skill and knowledge as well as job performance of its employees. Targets are set for training for new employees and all employees on a yearly basis. Data is then recorded once the trainings have taken place, compiled, and compared against the set target and results shown that the 2021 target has been achieved.

The Group also ensures that its employees are adequately provided for with medical benefits and insurance coverage together with a competitive remuneration. Corporate meals and trips were organized from time to time for the employees as part of the benefits over the years.

Occupational Health and Safety Management
The Group is committed to comply with the relevant laws and regulations as laid down by the Department of Occupational Health and Safety ("DOSH"). It has in placed a Safety and Health Committee to oversee the safety and occupational health issues in the workplace.

Protective gears are supplied to its factory and production employees for better safety protection. Preventive measures such as safety briefing and fire drills are conducted on site to enable the employees to better understand certain safety issues and to react quickly in time of emergency. No major industrial accident has happened so far except for a few incidents of minor injuries.

This Statement was approved by the Board on 26 April 2022.

Corporate Governance Overview Statement

As corporate governance is key to success in any company, the Board of Directors ("the Board") of Advanced Packaging Technology (M) Bhd ("the Company") acknowledges the importance of having a good corporate governance framework in conducting the business and affairs of the Company in order to enhance shareholders' value and the financial performance of the Company while taking into account the interest of other stakeholders. A proper and practical framework for governance and controls has been established and implemented by the Company that are in line with the principles of and best practices in corporate governance as recommended in the Malaysian Code on Corporate Governance issued by the Securities Commission on 28 April 2021 ("the Code" or "MCCG").

Pursuant to Paragraph 15.25 of the Listing requirements of Bursa Malaysia Securities Berhad, the statement below outlines the manner in which the Company has applied the principles and the extent of its compliance of the Code for the financial year ended 31 December 2021.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVESS

I. BOARD RESPONSIBILITIES

1.1 Role and Responsibilities of the Board

The Board's principal roles and responsibilities are establishing goals, setting strategic direction and overseeing investments and conduct of the Company's business, business and financial performance as well as risk management and integrity of internal control. It provides leadership, strategic direction and advice to the Company and guides the Company in achieving its objectives and addressing succession planning, sustainability, stakeholder interests and corporate communications. The Board of Directors has established clear roles and responsibilities in discharging its fiduciary duties and leadership functions.

The Directors are fully aware of the dual role of leadership and control for it to be effective. They are also conscious of the need to practising good corporate governance in the discharge of their stewardship responsibilities to protect the various stakeholders' interest and the Company's assets and to enhance the Company's performance.

The Board is supported by various Board Committees to carry out its oversight of management to ensure appropriate checks and balances are in place and carrying out performance review. The Chairman of the Board and Board Committees are assisted by Management and the Company Secretary in undertaking their responsibility of organising and ensuring that notices of meetings, agenda papers and other relevant information are supplied on a timely basis and tabled for the Board and Board Committees to function effectively.

1.2 Chairman

The Chairman of the Company is an Independent and Non-Executive Director, and he is primarily responsible for providing leadership to the Board and ensures its effectiveness in discharging its duties and responsibilities. He is also responsible for instilling good corporate governance practice.

1.3 Chairman and CEO

The positions of Chairman and CEO are held by two separate individuals and their roles and responsibilities as the Non-Executive Chairman and the Managing Director are clearly divided to ensure a balance of power and authority.

The Chairman provides leadership to the Board and monitors its effectiveness while the Managing Director manages the overall business operation of the Company.

1.4 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

Dato' Haji Ghazali B. Mat Ariff, an Independent Non-Executive Director was appointed as the Chairman of the Board on 25 November 2021 and at this juncture, there were no changes to the Chairman of the Audit, Nomination and Remuneration Committees because the Board believes that Dato' Ghazali's chairmanship of the Board will not impair his ability to objectively and impartially chair the Committees.

1.5 Company Secretary

The Board is supported by Company Secretaries who are well qualified with the relevant qualification, and they have the required experience and are competent to discharge their duties and responsibilities.

They are responsible for all the secretarial function of the Company and provide the Board with the relevant governance advice from time to time and ensure adherence to rules and procedures.

1.6 Information and Meeting Papers

All relevant agenda, Board papers and reports for each meeting are circulated to Directors in advance of the meeting. When requested by the Board or Board Committees, additional information is promptly supplied to enable them to effectively discharge their responsibilities. Minutes of the meeting are circulated subsequently before the next meeting.

1.7 Directors' Training

The Board acknowledges that appropriate training programmes for the Directors will keep them abreast with developments in marketplace as well as increase their knowledge and understanding of recent developments in laws, regulations and business practices.

All Directors have attended and completed the Mandatory Accreditation Programme (MAP) as required by the Bursa Malaysia Securities Berhad. The Directors have also attended various accredited programmes under the Continuous Education Programme (CEP) conducted by various course/ training providers and met the prescribed CEP requirements.

The Company Secretary has from time to time updated the Directors on the Company Laws, the Code and the amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements in relation to disclosure and other obligations.

Apart from the above, other training programmes, seminars, workshops attended by some of the Directors individually are as follows:

Dato' Haji Ghazali B. Mat Ariff
- *23 November 21 - Anti Bribery Management System (ABMS)*

Mr. Mah Siew Seng
- *15 - 16 March 2021 – Audit Committee Conference 2021;*
- *28 – 27 October 2021 – MIA Webinar Series – Best Practice in Applying MPERS*

Mr Andrew Ling Yew Chung
- *1 November 2021 and 8 November 2021 – ISO22000:18 Awareness Training Program*

2.1 Board Charter

The Board Charter which outlines the roles, responsibilities and functions of the Board was published on the Company's website at www.advancedpack.com.my. The Board Charter is a source reference to ensure that all Board members are aware of their duties and responsibilities as Director. The Board charter is reviewed as and when necessary to do so.

3.1 Code of Conduct and Ethics

The Board is committed to maintain a corporate culture with good ethical conduct. The Directors have always been mindful of conducting themselves in an ethical manner when discharging their duties and responsibilities and complied with the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia and Code of Ethics issued by the Company for Company Directors and employees and published at its website at www.advancedpack.com.my.

3.2 Whistle-blowing and Anti-Corruption

Whistle-blowing and Anti-Corruption policies have been implemented by the Company and published at its website at www.advancedpack.com.my.

4.1 Sustainability-related matters

The Board is overall responsible to promote and ensure sustainability is embedded in the business operations of the Group. The implementation is headed by the Managing Director and all departmental heads are involved in the supervision of the sustainable practices and operations.

The Group's sustainability framework is premised upon the evaluation of the EES risk and opportunities in line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide.

The Sustainability Statement can be viewed in the Annual Report of the Company.

II. BOARD COMPOSITION

5.1 Nomination Committee

The Nomination Committee was established on 27 February 2002 by the Board and it currently comprises of three independent non-executive directors as below:-

(i) Dato' Haji Ghazali B. Mat Ariff (Chairman) (Senior Independent Non-Executive Director);
(ii) Mr Mah Siew Seng (Independent Non-Executive Director); and
(iii) Mr Lim Tiong Heng (Independent Non-Executive Director)

5.1 Nomination Committee (continued)

The terms of reference of the Nomination Committee are:-

1. Constitution

The Nomination Committee shall be appointed by the Board of Directors from amongst its members and composed exclusively of non-executive directors, a majority of whom are independent. The Chairman of the Nomination Committee should be the Senior Independent Director identified by the Board.

2. Frequency of meeting

The Nomination Committee shall meet at least once a year to carry out the duties and responsibilities in item (3) as stated below. The Nomination Committee shall meet at least once a year to assess the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual director. The quorum for a meeting shall be two members.

In the absence of the Chairman of the Nomination Committee, members present shall elect a Chairman for the meeting.

3. Duties and Responsibilities

The Nomination Committee shall be responsible for the following:-

(a) Propose new nominees for the board;
(b) Make appropriate recommendations to the Board on matters of renewal or extension of directors' appointment and reappointment of retiring directors;
(c) Consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within bounds of practicability, by any other senior executive or any director or shareholder;
(d) Recommend to the Board, directors to fill the seats on Board committees;
(e) Assess directors on an ongoing basis;
(f) Review annually and assess performance of non-executive directors on annual basis; based on skills, experience and core competencies which non-executive directors should bring to the board and submit its recommendations to the board;
(g) Carry out a process implemented by the board on an annual basis for assessing the effectiveness of the board as a whole, the committees of the board and for assessing the contribution of each individual director.
(h) Review annually the term of office and performance of audit committee members to determine whether such audit committee has carried out their duties in accordance with their terms of reference.

The terms of reference of the Nomination Committee are also available at the Company's website at www.advancedpack.com.my.

The Nomination Committee met twice with full attendance during the year.

5.2 Independent Directors

The Board has eight members with two Executive Directors and six Non-Executive Directors currently, of whom three are Independent and its composition is in compliance with paragraph 15.02 of the Bursa Malaysia Securities Berhad Listing Requirements which requires at least one third of the Board to comprise of independent directors.

The presence of Independent Non-Executive Directors fulfills a pivotal role in corporate governance accountability. Dato' Haji Ghazali B. Mat Ariff was appointed on 28 May 2002 as the Senior Independent Non-Executive Director to whom all concerns regarding the Company may be conveyed.

5.3 Tenure of Independent Directors

The Board recognises the importance of independence and objectivity in the decision-making process by the independent directors. They expressed their views and opinions freely on subject matter without constraint.

The Board through the Nomination Committee has assessed the independent directors annually and is of the opinion that all the three Independent Directors continue to demonstrate conduct and behavior that are essential indicators of independence.

Two out of the three Independent Directors who have served more than nine years are Dato' Haji Ghazali B. Mat Ariff and Mr. Mah Siew Seng. As such, the Board would seek shareholders' approval in the coming Annual General Meeting through a 2-tier voting process to retain the two Independent Directors that have served more than nine years.

5.4 Policy on Tenure of Independent Directors

There is no policy currently to limit the tenure of Independent Directors by the Board in view of the fact that the current Independent Directors have demonstrated their independency in discharging their duties and responsibilities.

5.5 Retirement and Rotation

In accordance with the Company's Constitution, one-third of the Board members shall retire from office at each Annual General Meeting and they can offer themselves for re-election. Newly appointed Directors by the Board are subject to election by the shareholders at the next Annual General Meeting held following their appointments. The election of each Director is voted on separately.

5.6 Appointment of Board Members and Senior Management

The Board is mindful of the need to be objective in the proper selection of new Director that qualification, experience and skill, age and gender are the key factors to consider.

Board members possess a diverse mix of skills and experience in either business or professional practices and this is crucial to the proper running of the Company. The executive directors' knowledge of the business operation is complemented by the independent non-executive directors' objective and unbiased judgment at board deliberations.

5.7 Candidates for Appointment of Director

The Board has taken a serious view of the diverse channels that could be used to identify suitably qualified candidates for appointment as future Director when the need arises. A case-by-case basis approach is used among all potential candidates and sources.

5.8 Information on the appointment and reappointment of a director

APT is committed to maintaining high standards of corporate disclosure and transparency. The profiles of APT's Directors are made available on APT's website and Annual Report. In line with this aspiration, the Board endeavours to provide timely and transparent disclosures, releasing all required/material announcements as soon as practicable.

The Board recognises the importance of leveraging on effective communication platforms such as the APT website and Annual Report to provide clear, accurate and valuable insights on the Group's performance and position to its shareholders. This allows shareholders to make informed decisions with respect to the business of the Group, including on appointments and reappointments of Directors.

During the year, the assessment relating to reappointment of directors was reviewed by the Nomination Committee and recommended to the Board for approval. The Board approved the proposal, based on the merit and calibre of the directors, and recommended the resolution to shareholders at the AGM. In line with the MCCG, the Board will disclose a statement that they are supportive of the reappointment of directors in the Notice of the forthcoming Annual General Meeting.

5.9 Chairman of Nomination Committee

The Nomination Committee is currently chaired by the Senior Independent Non-Executive Director, Dato' Haji Ghazali B. Mat Ariff. He leads the discussion on the appointment of new Directors and evaluation of Board Committees and Directors.

5.10 Composition of the board of at least 30% women directors

There is no woman director on the Board currently.

There is no official policy currently regarding gender diversity for appointment of Directors. The Nomination Committee and the Board had deliberated before and concluded that the selection of candidates for directorship of the Company should be prioritised based on capability and experience, and ability to add-value to the Company, instead of just gender.

However, the Board is receptive to the potential appointment of suitable women candidate to the Board when there is a vacancy.

6.1 Annual Assessment

The Nomination Committee reviews annually the effectiveness of the Board and Board Committee as well as the performance of individual Directors. The process of evaluation involves individual Directors and Board Committee members completing a set of separate questionnaires regarding the processes of the Board and its Committees and their effectiveness base on the criteria guided by the Corporate Governance Guide – Towards Boardroom Exellence. A peer and self-review assessment will also be carried out where Directors will assess their own performance and that of their fellow Directors.

The results will then be summarised and presented to the Nomination Committee for discussion, review and decision taken will be recorded and the Chairman will report the same to the Board at the next Board Meeting.

III REMUNERATION

7.1 Policy on Remuneration

There is no written policy on remuneration currently. However, factors or guidelines that have been taken into account by the Remuneration Committee in its meeting to determine remuneration of Directors and senior management are qualification, skill and experience, performance of the individual and the Company as well as the responsibility of each individual.

Remuneration package of the executive directors was reviewed by the Remuneration Committee annually in their meeting taking into account the responsibilities and performance of each Executive Director and recommends to the Board of Directors for approval. It is then decided by the Board without the executive directors' participation in determining their own remuneration. The Board links the remuneration of executive directors to corporate and individual performance and that of the non-executive directors be reflective of their expertise and level of responsibilities. Directors' Fees were only paid upon approval by shareholders at the Company's annual general meeting based on the recommendation of the Board. Any changes in Directors' Fees are highlighted in the notice calling for the annual general meeting.

7.2 Remuneration Committee

The Remuneration Committee was set up on 27 February 2002 and it currently has two independent non-executive directors and a non-independent executive director.

It is responsible for recommending to the Board the remuneration of the non-executive directors and executive directors in all its forms, and where necessary, draws advice from outside.

Members of the Remuneration Committee are :-

(i) Dato' Haji Ghazali B. Mat Ariff (Chairman, Senior independent non-executive director);
(ii) Mr Mah Siew Seng (independent non-executive director) and
(iii) Mr Andrew Ling Yew Chung (non-independent executive director).

The Remuneration Committee met once with full attendance during the year to discuss and review the remuneration of the Directors and recommended to the Board for further action and decision.

The terms of reference of the Remuneration Committee are available at the Company's website at www.advancedpack.com.my.

8.1 Directors' Remuneration

In view of the confidentiality and sensitivity of the disclosures, details of individual director's remuneration are not disclosed herewith. However, set out below are the details of the Directors' remuneration received, receivable and inclusive of the recommended directors' fees in respect of the financial year ended 31 December 2021, distinguishing between Executive and Non-Executive Directors of the Company.

Category of Remuneration	Executive Directors	Non-Executive Directors
	(RM)	(RM)
Salary	448,500	85,000
Fees	75,000	155,000
Bonus	-	-
Benefits-in-kind	-	-
EPF & Socso	68,820	-
Others	25,500	-
Meeting allowances	6,000	80,100
Total	**623,820**	**326,100**

Band of Remuneration (RM)	Executive Directors	Non-Executive Directors
Below 50,000	-	2
50,001 to 100,000	-	4
100,001 to 150,000	2	-
150,001 to 200,000	-	-
200,001 to 250,000	-	-
250,001 to 300,000	-	-
300,001 to 350,000	-	-
350,001 to 400,000	1	-
400,001 to 450,000	-	-
450,001 to 500,000	-	-
500,001 to 550,000	-	-

8.2 Remuneration of Senior Management

There is no disclosure for the remuneration of the top 5 senior management personnel mainly due to the confidentiality and sensitivity of the issue which may cause disunity among the management team and affect working morale.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit Committee

The Audit Committee was set up on 23 March 1994 and its terms of reference established and subsequently revised to be in line with the revamped Bursa Malaysia Securities Berhad listing requirements and the Malaysian Code on Corporate Governance. It comprises of three independent non-executive directors.

Details of its key functions, roles & responsibilities, composition and other relevant information and activities are set out in the Audit Committee Report.

The terms of reference of the Audit Committee are available at the Company's website at www. advancedpack.com.my.

9.1 Chairman of Audit Committee

Dato' Haji Ghazali B. Mat Ariff is the Chairman of the Board and the Audit Committee. At this juncture, the Board believes that Dato' Ghazali's chairmanship of the Board does not impair his ability to objectively and impartially chair the Audit Committee.

9.2 Former Audit Partner

The Audit Committee has a written policy that requires a former audit partner to observe a cooling-off period of at least 2 years before being appointed as Audit Committee member. The Company has never appointed any former audit partner to the Board.

9.3 Assessment of Auditors

The Audit Committee has a formal written policy and has deliberated and assessed on the issues of suitability, objectivity, competency and independence of external auditors during its meeting.

9.4 Independence of Audit Committee

All the three members of the Audit Committee are Independent Non-Executive Directors.

9.5 Diversity of Skill and Experience

The Audit Committee Members have different qualifications, expertise and experiences. These include a qualified lawyer, a qualified professional accountant/auditor and an experienced individual within the real estate and construction industry. They also have working knowledge on the business operations of the Company.

As such, they possess the wide range of necessary skills and experience to discharge their duties and responsibilities as Audit Committee Members. As a qualified professional accountant, Mr Mah Siew Seng possesses accounting and financial knowledge to provide satisfactory input on financial matters during meetings.

II Risk Management and Internal Control Framework

Risk management is considered by the Board as an integral part of the business operations of the Company and it was embedded in the various systems of control. The Board is committed to uphold/ support and enhance on continuous basis a strong control structure and environment for the proper conduct of the business to ensure risk is within tolerance level.

The management which is led by the Managing Director has been tasked with the responsibility to identify, evaluate and prioritise significant risks faced by the Company for the Board's consideration, formulate action plans, implement appropriate internal control system and ensure compliance with the applicable laws, regulations, standards and guidelines and implementing policies adopted by the Board.

The Company has appointed an independent consulting firm to conduct a review to update the risk profile of the Company and to assess whether there are any significant changes to the key risks identified previously and proposed an appropriate internal audit scope of review to assess the effectiveness of controls in managing risks. The consulting firm was again engaged in 2021 to carry out another round of review.

The Board had considered and accepted the review and the updated risk profile of the Company. The management has since followed up with the updates and reviews.

10.1 Effective Risk Management and Internal Control Framework

The Directors recognise the importance of maintaining a sound system of internal control including financial, operational and compliance controls and risk management to safeguard shareholders' investment and the Company's assets. The internal control system is to identify and manage any risks that the Company may encounter in the pursuit of its business objectives.

The Company is aware of the importance of ongoing monitoring processes and control activities to identify and rectify operational deficiencies and to detect and prevent actual or suspected fraud, and other irregularities and improprieties.

10.2 Features of Risk Management Framework

The features of the risk Management and internal control framework are disclosed in the Statement on Risk Management and Internal Control as set out in this Annual Report.

10.3 Risk Management Committee

The features of the risk Management and internal control framework are disclosed in the Statement on Risk Management and Internal Control as set out in this Annual Report.

11.1 Internal Audit Function

The Company's internal audit function was outsourced to Wensen Consulting Asia (M) Sdn Bhd during the year at a cost of RM 18,000.00 to review certain functional areas to ensure best practices are adopted in internal control by the Company.

The internal audit function adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the business operations. This approach assists the Board /Audit Committee in obtaining assurance of a regular review and appraisal of the adequacy, integrity and effectiveness of the system of internal control. In view of the limitations inherent in any internal control system, it can only provide reasonable but not absolute assurance against material misstatement, fraud, loss or breaches of laws.

11.2 Details on Internal Audit Personnel

The Company outsourced its internal audit function to an independent firm, Wensen Consulting Asia (M) Sdn Bhd which is in the related professional practice whose staff is professionally qualified. The internal auditors are free from any relationships or conflict of interest which could impair their professional judgement.

The internal auditors adopt a risk-based approach and framework and prepare the audit strategy and plan based on the risk profiles of the business operations.

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

I. Communication with Stakeholders

Communication and engagement with stakeholders are increasingly more important in building trust and understanding between the Company and its stakeholders.

12.1 Effective Communication

It is important to have an effective communication channel between the Board, shareholders and the general public through timely dissemination of all material information. The timely release of announcement, quarterly and annual financial results, annual reports, circulars and notices of meetings provides shareholders with regular and updated information of the Company.

Shareholders and members of the public can obtain online information in respect of the full Annual Report, financial statements and announcements from both the websites of Bursa Malaysia Securities Berhad and the Company. The Company's website at www.advancedpack.com.my also provides more information to the public for better understanding of the Company and its business. The Company endeavours to provide appropriate information upon requests by institutional investors, fund managers and analysts and the press.

At the Annual General Meeting (AGM), the Directors present the progress and performance of the Company and shareholders are encouraged and given the opportunity to participate in asking relevant questions pertaining to the Company and its business. AGM is also the platform that will enable shareholders to gain better insights of the Company's business and operations as well as its future prospect.

12. 2 Integrated Reporting

The Company has yet to set its intention to adopt integrated reporting currently. It may consider in doing so in the future.

II. Conduct of General Meeting

General Meeting serves as a platform for important engagement with shareholders by the Board and senior management to provide insights of the business operations besides fulfilling governance requirements.

13. 1 Notice for Annual General Meeting

A 28-day notice to shareholders for Annual General Meeting was given prior to meeting so as to give sufficient time for shareholders to consider the resolutions.

13. 2 Attendance at Annual General Meeting

All Directors are expected to attend the current year Annual General Meeting as they have usually attended all the past Annual General Meetings.

In line with the recommendation from the Code, the Chair of Audit Committee, Nomination Committee and other committees will provide direct response to questions addressed to them.

13. 3 Leverage on Technology in Annual General Meeting

The Company may not require leveraging on technology to facilitate the Annual General Meeting as it has a relatively small number of shareholders.

13. 4 Engagement with shareholders

APT, as helmed by the Chairman and Managing Director has always been cognisant of the importance in ensuring the AGM supports meaningful engagement between the Board, Management and shareholders.

The Chairman, Managing Director and other members of Management also responded to questions from shareholders, proxies and corporate representatives regarding APT's business and operations, and other queries/clarifications in connection with the AGM and the Annual Report, among other pertinent matters. The Chairman provided further encouragement to the shareholders, proxies and corporate representatives to ask as many questions/clarifications as they wished and steered the conduct of the meeting to remain relevant to the financial statements, business and operations of APT, and the Resolutions in the Notice of AGM. Further epitomising the Company's commitment to the highest standards of shareholder engagement, the AGM Minutes included the additional questions posed by the shareholders along with the detailed responses, as provided by Board and Management.

13. 5 Conduct of virtual general meeting

The Company has been conducting the Annual General Meeting physically as it has a relatively small number of shareholders.

13. 6 Circulation of minutes of the general meeting

APT is in compliance with this practice as the Minutes of the AGM was published on the Company's website within 30 business days upon conclusion of the AGM.

Corporate Governance Report

The Corporate Governance Report can be viewed or downloaded at www.advancedpack.com.my.

This Statement was approved by the Board on 26 April 2022.

Other Information

Status of Utilisation of Proceeds

The Company did not implement any corporate proposal for the raising of funds during the financial year.

Audit and Non-Audit Fees .

The amount of Audit and non-audit fees paid or payable by the Company to its Auditors, PKF PLT and its affiliated company for the financial year ended 31 December 2021 are as follows:-

Audit fees to PKF PLT	:	RM38,000.00 for statutory audit
Non- audit fees to PKF PLT	:	RM7,000.00 for reviewing Statement on Risk Management and Internal Control

Non-audit fees to the affiliated company of PKF PLT: RM7,700.00 for taxation services.

Material Contracts

On 5 October 2021, the subsidiary of the Company, Sino Peak Sdn. Bhd. ("SPSB") had entered into a sales and purchase agreement to acquire a piece of freehold land held under H.S. (D) 21418, PT 38492, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan together with a double storey building amounting to RM9,500,000 and the transfer of land title was completed in January 2022.

In a separate transaction on 28 January 2022, SPSB had entered into a sales and purchase agreement to acquire a piece of freehold land held under H.S. (D) 21417, PT 38491, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan together with a double storey building amounting to RM9,500,000. On 11 April 2022, the Company had received the confirmation from the solicitors of the seller to extend the deadline of transaction to 30 June 2022 and the payment date for the balance of purchase price had been extended to, on or before 27 August 2022.

Apart from the above, there were no other material contracts entered into by the Company and its directors and major shareholders either subsisting at the end of the financial year or entered into since the end of the previous financial year.

Recurrent Related Party Transaction of a Revenue or Trading Nature

There were no recurrent related party transactions of a revenue or trading nature which require shareholders' mandate during the financial year.

Employee's Share Option Scheme (ESOS)

The Company has not implemented any share option scheme for its employees.

Accounts

Statutory declaration in relation to the Accounts has been signed by a person who fulfils the requirements of paragraph 9.27.

Statement on Risk Management and Internal Control

Introduction

Pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Listing Requirements which requires the directors of public listed companies to include a statement in the annual report on the state of risk management and internal control, the Statement on Risk Management and Internal Control below outlines the nature and scope of risk management and internal control of the Group. The Board of Directors ("Board") of Advanced Packaging Technology (M) Bhd. ("APT") is committed and acknowledges its overall responsibility to maintain the Group's system of risk management and internal control as well as for reviewing its adequacy, integrity and effectiveness to safeguard shareholders' investments and the Group's assets.

Responsibility

It is the overall responsibility of the Board to maintain an effective system of risk management and internal control to safeguard shareholders' investment and the Group's assets. Hence, it has the responsibility for the Group's system of risk management and internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity through ongoing monitoring.

In pursuit of its business objectives, the control systems established in the Group are designed to manage the Group's key risks at an acceptable level rather than eliminate all risks facing its business. Therefore, such controls can only provide reasonable and not absolute assurance against material misstatement, fraud, loss or breaches of laws or regulations in view of the limitations inherent in any system of internal control. The Board is assisted by the management in implementing and constantly reviewing the appropriate controls to manage risks and to mitigate its impact.

Below is a summary of the key features of the risk management framework and internal controls of the Group:-

Risk Management

As risk management is considered as an integral part of managing the Group's business operations and it is embedded in various systems of control, the Board is committed to uphold/support and enhance on a continuous basis a strong control structure and environment for the proper business conduct.

Management is led by the Managing Director who is tasked and is responsible for creating a risk awareness culture within the organisation to mitigate risks that may impede the achievement of the Group's goals. The management has also been tasked with the responsibility to identify, evaluate and prioritise significant risks faced by the Group for the Board's consideration, formulate action plans, implement appropriate internal controls and ensure compliance with applicable laws, regulations, standards and guidelines and in implementing policies adopted by the Board. The Managing Director and all the heads of department are involved in the identification and management of significant risks. The deliberations on risks and related mitigating measures are carried out at regular meetings or with the relevant personnel and reported to the Managing Director for further action and who then reports directly to the Board on material issues.

An independent consulting firm had previously been engaged to carry out a risk assessment exercise. The objectives of the risk management exercise were:
- To establish a structured risk assessment activity for the Group;
- To facilitate the deployment of a systematic and consistent method for the identification of significant business risks and responsibilities for managing these risks; and
- To facilitate an objective assessment of key controls to manage identified risks.

Subsequently, the Group had appointed another independent consulting firm to conduct a review to update the risk profile of the Group and to assess whether there were any significant changes to the key risks identified previously and proposed an appropriate internal audit scope to review and assess the effectiveness of controls in managing risks. The independent consulting firm had first conducted the exercise with management to address the risk identification, risk assessment and risk reporting of the Group. Key risks that were identified and assessed include investment, customer management, credit, foreign exchange, product costing, raw materials, critical equipment, production, quality, inventory management, manpower, financial reporting, and non-certification, environmental and document security risks. The risk management process and framework as well as risk profile and key risks of the Group were included in the review. The Board has considered and accepted the results of the yearly review and the updated risk profile, parameters and ratings of the Group carried out by the independent consultants.

The management has carried out the risk monitoring on an ongoing basis to ensure that appropriate controls are in place and mitigation plans are implemented on a timely basis.

Internal Control Structure

The Group has an established internal control structure and there is a clearly defined operating structure with appropriate lines of authority to assist the Board to maintain a proper control environment.

The Board is committed to evaluating, enhancing and maintaining the structure to ensure effective control over the Group's business operations and to safeguard the Group's assets and shareholders' investment.

Organisational Structure

A proper organisation structure is in place within the Group with appropriate authority, responsibility and job specification for employees to ensure proper reporting and smooth running of the Group's business.

At the Board level, it comprises a well mix of independent and non-independent directors. The Board is assisted by various committees such as the Audit Committee, Nomination Committee, and Remuneration Committee in performing its oversight function. With the proper delegation of responsibilities and authorities by the Board, these board committees have their own formal terms of reference to effectively discharge their respective duties.

Policies and Procedures

Appropriate policies and procedures were in place to enable the management to ensure effective and efficient operational and financial processes and compliance with the system of internal control, and applicable laws and regulations.

Audit Committee

An Audit Committee has been established by the Board which comprises members who are all independent non-executive directors. This committee provides direction and oversight over the internal audit function, which is an independent function of the Group.

The Audit Committee reviews the audit plan and findings as well as management's responses. It also reviews the quarterly reports and annual financial statements and auditors' reports before submission to the Board for approval for public release.

Internal Audit Function

The Group has engaged an external consulting firm to undertake the internal audit function of the Group on an annual basis and it reports directly to the Audit Committee. The consulting firm assists the Audit Committee and the Board in formulating an internal audit plan and to provide an independent assessment on the adequacy, efficiency and effectiveness of the Group's internal control system, in anticipating potential risk exposures over key business processes.

A risk-based approach is adopted by the internal audit function in the design of audit strategy and plan based on the risk profile of the business. Therefore, it provides the Board with the independent assurance and assistance it requires in reviewing the adequacy and integrity of internal controls and the implementation of appropriate systems in order to manage these risks that may have an impact on the key operations of the Group. A periodic review of the internal controls was carried out by the external consulting firm on various key functional areas of the Group's operations, as approved by the Audit Committee. Reports on findings and recommendations are then submitted directly to the Audit Committee, and by extension, the Board of Directors.

The management will take the necessary corrective actions on reported weaknesses as recommended by the internal audit function within an agreed time frame. The Audit Committee will in turn review with management the internal audit report and management's responses. Progress of corrective actions is monitored through follow-up audits by the independent consulting firm.

A sum of RM18,000.00 was spent on internal audit activities in 2021.

External Audit

In the course of conducting the annual statutory audit, the external auditors will highlight significant audit areas arising from their audit, including deficiencies in internal control that require the Audit Committee's attention. At least once a year, the Audit Committee meets the external auditors without the presence of Executive Directors and management to discuss the overall audit findings and the co-operation is given to the Auditors.

Quality Assurance System

A Quality Management System in compliance with ISO 9001:2015 requirements has been established as an integral part of the overall system of internal controls in monitoring the quality of the Group's core business of manufacturing flexible packaging materials and blown film.

The continuing review has been carried out by the management to improve and monitor the Group's Quality Management System with a view to enhance it in accordance with the requirements of the latest ISO 9001 standard.

The ISO 9001:2015 certification was renewed effective 13 December 2021. In addition to the existing certification, the Group has been accredited with a Good Manufacturing Practice (GMP) MS 1514:2009 certificate on 7 December 2021.

Management and Operational Meeting

Regular management and operational (such as sales and production) meetings were held to identify, discuss and resolve issues pertaining to management, resources, sales, production, quality matters and performance. These meetings are a platform to communicate expectations and inform staff on the latest developments within the various areas of operations.

Budget and Financial Reporting

Annual budget/forecast was prepared, processed and approved by the Board. The management is responsible to monitor its achievement.

Management information, which includes costing reports and management accounts with detailed analysis, are prepared and reported to the top management on a monthly basis. In addition, the quarterly results and annual financial statements, subsequently audited by the external auditors, are reviewed by the Audit Committee and approved by the Board on a quarterly and annual basis respectively before public release via Bursa Malaysia.

Human Capital / Training

As human capital is very important to the Group, enhancement and improvement of employee competencies and proficiencies are carried out through continuous training and development. A combination of on-the-job training and internal and external training courses are arranged for employees who are required to be trained in their respective areas to perform better and to enable them to competently discharge their duties.

Conclusion by the Board

The Managing Director has given reasonable verbal assurance to the Board that the Group's risk management and internal control systems are operating satisfactorily in the current operating environment.

The Board has reviewed the Group's risk management and internal control systems with the assistance of Audit Committee, Internal Auditors and management, and is of the opinion that the system of risk management and internal control is adequate for the Group's current operations. There was no material loss incurred during the financial year under review as a result of significant breakdown, weaknesses or deficiencies in the system of risk management and internal control implemented by the Group.

However, both the Board and management will remain vigilant and continue to take appropriate measures and steps to improve and strengthen the control environment of the Group with regular reviews.

Review of the Statement by External Auditors

The external auditors, PKF PLT, have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3 ('AAPG 3'), Guidance on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants for inclusion in the Group's annual report for the financial year ended 31 December 2021.

Hence, the external auditors reported the results thereof to the Board of Directors that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers or is factually inaccurate.

This Statement was approved by the Board on 26 April 2022.

Directors' Responsibility Statement

The Directors of the Company are required by the Companies Act, 2016 to prepare financial statements for each financial year which give a true and fair view of the financial and cash flow positions and state of affairs of the Company and, where applicable, the Group as at the financial year-end. And pursuant to paragraph 15.26 (a) of the Listing Requirements of the Bursa Malaysia Securities Berhad, the Board of Directors is required to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The directors have, through the Statement by Directors on page 43 of the Annual Report given their opinion that the financial statements have been drawn up in accordance with applicable approved financial reporting/accounting standards in Malaysia so as to give a true and fair view of the financial position of the Company for the financial year ended 31 December 2021.

In preparing the financial statements, the Directors are responsible for ensuring that appropriate accounting policies are adopted and applied consistently and where judgements and estimates were made, they were based on prudence and reasonableness. The directors are also responsible for ensuring that proper accounting and other records are kept to sufficiently explain the transactions and financial position of the Company and to enable true and fair financial statements to be prepared.

This statement was approved by the Board on 26 April 2022.

Audit Committee Report

Pursuant to paragraph 15.15 of the Bursa Malaysia Securities Berhad Listing Requirements, the Board of Directors ("the Board") is pleased to present the report of the Audit Committee for the financial year ended 31 December 2021.

Composition

1. The Audit Committee shall be appointed from amongst the Directors of the Company and shall consist of at least three members, a majority of whom shall be independent directors.
2. All the members of the Audit Committee shall be non-executive directors.
3. All the members of the Audit Committee shall be financially literate and at least one member of the Audit Committee shall be a member of the Malaysian Institute of Accountants (MIA); or if he is not a member of MIA, he must have at least three years' working experience and have passed the examination specified in Part I of the First Schedule of the Accountants Act, 1967 or be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act, 1967 or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
4. An alternate director shall not be appointed as a member of the Audit Committee.
5. A former key audit partner shall not be appointed as a member of the Audit Committee before observing a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. For the purpose of this clause, a former key audit partner means the engagement partner, the individual who is responsible for the engagement of quality control review and other audit partners, if any, on the engagement team who make key decisions and/or judgments on significant matters with respect to the audit of the financial statements on which the auditor will express an opinion.
6. Any vacancy in the Audit Committee resulting in the non-compliance of paragraph 15.09(1) of the Listing Requirements shall be filled within three months.

Membership, Meetings and Attendance

The Audit Committee comprises of three independent non-executive directors. The composition, name, designation, and attendance of each member at Committee meetings held during the financial year ended 31 December 2021 are detailed below:-

Name	Designation	Number of Applicable Meetings	Attendance
a) Dato' Haji Ghazali B. Mat Ariff	Chairman - Independent Non-Executive	4	4
b) Mah Siew Seng	Member - Independent Non-Executive	4	4
c) Datuk Ismail bin Haji Ahmad (Resigned on 17 September 2021)	Member - Independent Non-Executive	3	3

Key Functions, Roles and Responsibilities of the Audit Committee

1. To review the following and report the same to the Board of Directors:-
   (a) with the external auditor, the nature and scope of the audit plan;
   (b) with the external auditor, his evaluation of the system of internal controls;
   (c) with the external auditor, his audit report;
   (d) the assistance given by the employees of the company to the external auditor;
   (e) the adequacy of the scope, functions, competency, and resources of the internal audit functions and that it has the necessary authority to carry out its work;

(f) the internal audit program, processes, the results of the internal audit program, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

(g) the quarterly results and year- end financial statements of the Company, prior to the approval of the Board of Directors, focusing particularly on:
   i. changes in or implementation of major accounting policies changes;
   ii. significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events, or transactions, and how these matters are addressed; and
   iii. compliance with accounting standards and other legal requirements.

(h) any related party transactions and conflict of interest situation that may arise within the company or group including any transaction, procedure or course of conduct that raises questions of management integrity;

2. To consider the appointment of an external auditor, the audit fee and any questions of resignation or dismissal.

3. To establish policies and procedures to assess the performance, suitability, objectivity, and independence of external auditors that considers, among others:

   (a) the competence, audit quality and resource capacity of the external auditor in relation to the audit;
   (b) the nature and extent of the non-audit services rendered and appropriateness of the level of fees; and
   (c) obtaining written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The assessment on the suitability, objectivity and independence of the external auditors should be conducted annually.

4. To discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary).

5. To review the external auditor's management letter and management's response.

6. To do the following matters in relation to internal audit function:-

   (a) review any appraisal or assessment of the performance of members of the internal audit function;
   (b) approve any appointment or termination of senior staff members of the internal audit function;
   (c) take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.

7. To consider the major findings of internal investigations and management's response.

8. To report to Bursa Malaysia Securities Berhad when the Audit Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Bursa Malaysia Securities Berhad Listing Requirements.

9. To consider any other topics as defined by the Board.

The terms of reference of the Audit Committee are available at the Company's website at www.advancedpack.com.my.

Summary of work of Audit Committee

The Audit Committee carried out the following works during the financial year ended 31 December 2021:-

(a) reviewed the competency, suitability, and professional independence of the Auditors as well as audit fees and non-audit fees paid to the Auditors besides receiving assurance from Auditors on its independence and recommend to the Board of Directors for reappointment and their audit fees.

(b) reviewed the nature and scope of audit plan and audit fees with external auditors prior to the audit of the year- end financial statements and accounts.

(c) reviewed the quarterly unaudited financial results and announcements and annual audited financial statements for recommendation and submission to the Board of Directors for approval and release to the Bursa Malaysia Securities Berhad. The Audit Committee has reviewed with Auditors changes in major accounting policy, compliance with accounting standards and significant financial reporting issues in order to discharge its oversight role in financial reporting.

(d) reviewed with external auditors the assistance given to them by the staff of the Company, the evaluation of the system of internal control, external auditor's report, recommendations, management letter and management's response in relation to the audit of the year- end financial statement and accounts.

(e) met and discussed with external auditors in the absence of management on matters arising from the interim and final audits.

(f) discussed and considered the proposals from Wensen Consulting Asia (M) Sdn. Bhd to provide internal audit services and risk profile updating for 2020 and recommended the scope and plan for internal audit and updating of risk profile for approval of the Board.

(g) reviewed the internal audit plan and reports prepared by Wensen Consulting Asia (M) Sdn. Bhd and management's response to its findings and recommendations.

(h) enquired on the existence of any significant related party transactions and the management confirmed there is none during the year.

(i) reviewed the Statement on Risk Management and Internal Control and Sustainability Statement.

Summary of work of Internal Audit Function

Wensen Consulting Asia (M) Sdn. Bhd (WCA) was appointed during the year to carry out the internal audit function as the Company does not have internal audit department. It reports directly to the Audit Committee. WCA has drawn up an internal audit plan by adopting a risk-based approach and this provides independent assessment on the adequacy, efficiency, and effectiveness of the Company's internal control system.

WCA had in 2021 performed internal audit on certain key risk areas and business processes in Accounting and Finance Management and Purchasing to ensure best practices are adopted in the system of internal control by the Company. WCA also followed up with previous audit's recommendations and actions taken by management. Internal audit report incorporating findings, audit issues, root cause, risk and implications, recommendations and management's response was issued to the Company after the internal audit.

Hence, management is responsible to act on issues raised by taking necessary corrective actions within certain agreed time frame to ensure potential risk exposures over key business processes is properly addressed and managed. Internal audit report was tabled for discussion in Audit Committee meeting by WCA. Having reviewed and discussed by the Audit Committee, the internal audit report and management's response were then tabled to the next Board of Directors' meeting for further action.

Conclusion

The above work was carried out by the Audit Committee during the year under review and it has fulfilled its responsibilities entrusted to the Committee as per the terms of reference.

This statement was made in accordance with a Board resolution passed on 26 April 2022.

Chairman's Statement

Dear Shareholders,

It is my pleasure to present to you on behalf of the Board of Directors of Advanced Packaging Technology (M) Bhd the Annual Report and Audited Financial Statements of the Company for the financial year ended 31 December 2021 ("FY2021").

OVERVIEW

FY2021 remained a challenging year as our performance had been hampered mainly due to global supply and logistics disruptions (and as a result, significant volatility and rise in commodity and raw material prices) and the volatility of the financial market amidst on-going COVID-19 developments and heightening geo-political tensions between the major global powers (the United States of America, China and Russia). Furthermore, we had experienced operational disruption during the year primarily due to the upgrade of existing machinery and equipment, the purchase and replacement of machine(s), the breakdown and repair of old machineries, and coupled with the disruption to operations associated with the COVID-19 pandemic lockdown and related countermeasures, and such matters had increased our overall operating costs and had hindered us from operating efficiently during the year.

Despite such challenges, our top priority is to continue protecting the health and well-being of our staff while ensuring we retain our long-term competitiveness in the market by continuing to maintain and invest in our operating facilities and capabilities. In terms of our operation, we are enhancing our efforts to ensure we continue sourcing our raw material at competitive prices, implementing stricter cost control procedures, greater focus on operational efficiency, maintaining strict credit monitoring and controls, while actively continuing our business development and marketing efforts.

FINANCIAL PERFORMANCE

We had achieved a turnover growth of approximately RM0.7 million or 3.0% higher for FY2021 despite reporting a net loss after tax for the year ended 31 December 2021 of approximately RM1.1 million. The demand for our goods and services have grown and are expected to continue to grow while continue to manage against the significant increase in raw material costs, shipping and transportation fees, along with additional and higher costs of operation associated with the COVID-19 pandemic and related countermeasures (i.e. sanitization costs, testing costs and other staff welfare expenses).

DIVIDEND

The Board of Directors has not recommended any final dividend for the financial year ended 31 December 2021.

CORPORATE DEVELOPMENT

During the financial year, a subsidiary – Sino Peak Sdn Bhd ("SPSB") was incorporated to diversify and expand the Group's operations and activities. SPSB is principally engaged in the investment and management of properties.

PROSPECTS

As the current operating environment remains challenging, we will continue to exercise pro-active management and the close assessment of key risks – notably, global supply and logistics disruptions (and its impact on commodity and raw material prices) amidst developments surrounding on-going COVID-19 developments and heightening geo-political tensions between the major global powers - such as to mitigate or minimize the potential material negative impacts on our performance.

Chairman's Statement (cont'd)

On a more positive note, our flexible packaging materials industry is an essential industry and is expected to retain good demand and continuous growth for its products and services. Furthermore, we had made strategic re-allocation of existing funds (from our fixed deposits) towards other assets as part of diversification and risk management of the portfolio of our assets and earnings, and with long-term value generation and growth in mind.

Barring unforeseen circumstances, we believe the key risks will be managed prudently and we are cautiously optimistic on the performance of the Company for the up-coming financial year.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express our sincere appreciation to the management and staff for their hard work, dedication and commitment. I would also like to record our grateful thanks to all our customers, bankers, government authorities, suppliers, business associates and shareholders for their continuous support.

Yours sincerely,

Dato' Haji Ghazali bin Mat Ariff
26 April 2022

Management Discussion and Analysis

OVERVIEW OF BUSINESS AND OPERATIONS

The Company has more than thirty (30) years of operating history in the manufacturing and sale of flexible packaging materials with its head office and manufacturing facility located in Bandar Baru Bangi, Selangor.

The Company manufactures and sells high quality flexible packaging materials to reliable and reputable companies across various industries. Our products are catered to a wide variety of industries in both local and overseas markets such as dry and frozen foods, beverages, household, medical/surgical and pharmaceutical, among others.

Flexible packaging materials are generally made of a composite of various substrates of the base film, paper or aluminium foil which are printed and laminated so that the resultant laminates have more enhanced performance properties than its original substrates.

In this modern era of technological advancement, efficient packaging remains as a top priority for any product. Appropriate packaging of products using flexible packaging materials will enhance the quality and shelf life of the products and ensure safe delivery to the end consumers.

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

REVENUE

The Company has achieved a revenue of RM24.2 million for the year ended 31 December 2021 ("FY2021") against RM23.5 million recorded for the year ended 31 December 2020 ("FY2020") which was RM0.7 million, or 2.8% higher, which was primarily driven by an increase in revenue as result of a higher demand for our products as the local economy has begun its recovery phase during the latter part of FY2021.

NET LOSS

Net loss after tax for FY2021 was RM1.1 million which was primarily attributable to the significant increase in raw material costs, shipping/transportation fees, lower capacity/productivity of operations due to the COVID-19 pandemic and countermeasures, along with the additional expenses incurred in relation to the pandemic (i.e. sanitization costs, testing costs, staff welfare expenses etc.).

KEY FINANCIAL INDICATORS

Key financial indicators for the financial year ended 31 December 2019 ("FY2019"), FY2020 and FY2021, are as follows:-

	FY2021	FY2020	FY2019
Basic earning per share (Sen)	(5.72)	3.23	(0.75)
Return on equity (%)	(3.80)	2.07	(0.49)
Return on total assets (%)	(4.00)	2.12	(0.62)
Net asset per share (RM)	1.50	1.56	1.53
Gearing Ratio (net debt/shareholders' equity)	0.01	(0.24)	(0.27)

Kindly refer to the "Five Years Financial Highlights and Financial Indicators" contained in this annual report for financial information and indicators for the past five financial years ended 31 December from 2017 to 2021.

ASSETS

As at 31 December 2021 (in comparison to as at 31 December 2020), the total assets recorded by the Group was fairly consistent to the previous year, with a minor decrease in 2.5%. Non-trade receivables of the Group have increased by approximately RM5.6 million primarily due to the progressive payments made for the purchase of investment properties by the Company's subsidiary, Sino Peak Sdn Bhd ("SPSB"), amounting to approximately RM5.0 million. The increase in property, plant and equipment by approximately RM0.7 million (9.7%) was mainly from the purchase of machinery, upgrade of machinery, and the improvement and renovation of our facility.

The balance of inventories has increased by approximately RM0.9 million (24%) mainly due to the increase in demand for our products along with the rise in material costs during FY2021.

Trade receivables have increased by approximately RM0.2 million (4.6%) mainly due to the timing differences in the invoicing and settlement of such receivables. The collectability of outstanding receivables has remained relatively consistent with prior years as the Company has maintained a predominantly credit-worthy customer base along with adequate credit control and monitoring procedures.

Deposits with licensed banks, amounting to RM7.5 million, were primarily re-allocated upon maturity towards the purchase of investment properties, new machinery, the upgrade and upkeep of the existing machinery, and the renovation and improvement of our facilities in the lead-up towards Good Manufacturing Practice ("GMP") certification. The reallocation of such funds towards these initiatives are intended to increase the capacity and capabilities of the Group, long-term risk management, and the opportunity to improve the future earnings quality and value of the Group in the long-term.

LIABILITIES

As at 31 December 2021 (in comparison to as at 31 December 2020), the total liabilities of the Group have remained relatively consistent at approximately RM7.5 million and RM7.4 million respectively.

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

As at 31 December 2021, the Group has a very healthy capital structure with good liquidity and no bank borrowings. The operations of the Group have been financed solely through internally generated funds and the deposits with licensed banks and cash and bank balances amounted to approximately RM5.1 million.

The Group is comfortable with its current capital structure and financial resources to operate its business at current levels, however, with consideration to business expansion, operational capacity/capability and long-term value creation, the Group plans to leverage on relatively low interest rates for the acquisition and financing of assets (including machinery, investment property etc.) while allowing the Group to re-allocate existing resources to generate higher returns.

CAPITAL EXPENDITURE

With consideration to the expansion, diversification of business operations/activities and long-term value creation, the Group's capital expenditure was primarily allocated towards the acquisition of investment property, through its subsidiary SPSB, amounting to approximately RM5.0 million. The completion of the acquisition and formal handover of the title has been completed subsequent to the financial year end.

The remaining capital expenditure of approximately RM2.2 million was allocated towards the purchase, upgrade and upkeep of machinery and equipment in FY2021.

REVIEW OF OPERATING ACTIVITIES

The Group recorded sales turnover of approximately RM24.1 million for FY2021 compared to RM23.5 million for FY2020 which were primarily driven by increasing demand for our products and services from our customers, especially customers within the food and beverage manufacturing industry.

During FY2021, the Group had experienced operational disruption due to the upgrade of existing machinery and equipment, the purchase and replacement of machine(s), breakdown, and repair of old machineries, and coupled with the disruption to operations associated with the COVID-19 pandemic lockdown and related countermeasures – all of which had hindered the Group from operating efficiently. However, the Group has remained focus on the long-term performance of the Group and have taken crucial steps to maintain the health and well-being of its staff while also continuing to maintain and invest in the operational capabilities and efficiency of its operations with the purchase, upgrade, and more active maintenance of its machinery. Furthermore, it is anticipated that new machinery, with more modern capabilities, will be installed and commissioned during the financial year ending 31 December 2022.

The efficiency and productivity of our operations remains one of the key drivers to expand the business and to retain long-term competitiveness within the industry. Additionally, close monitoring and oversight of certain major aspects of the operations that include sales and marketing, cost control, production efficiency and quality control contributes to the top and bottom lines of the Company.

KEY RISKS

The Group has identified the following as key risk areas that may have a material impact on the performance of the Company for the financial year - market competition, global supply and logistics disruptions (and as a result, significant volatility and rise in commodity and raw material prices) and the volatility of the financial market amidst developments surrounding on-going COVID-19 developments and heightening geo-political tensions between the major global powers (the United States of America, China and Russia).

FORWARD LOOKING STATEMENT

To address the key risks and challenges that may face the Group going forward, the Group has enhanced its diversifying of raw material sources, implementing stricter cost control procedures, greater focus on operational efficiency, maintaining strict credit monitoring and controls, while actively continuing its business development and marketing efforts.

Furthermore, the Group has made re-allocation of existing funds (from our fixed deposits) towards other assets as part of diversification and risk management of the portfolio of our assets and earnings, and with long-term value generation and growth in mind.

As the current operating environment remains challenging, the Group will continue to exercise pro-active management and the close assessment of the key risks to mitigate or minimize the potential material negative impacts on the Group's performance.

That said, the flexible packaging materials industry is an essential industry and is expected to retain good demand and continuous growth for its products and services.

Barring unforeseen circumstances, the key risks will be managed prudently and management is cautiously optimistic on the performance of the Group for the current financial year ending 31 December 2022.

This Statement was approved by the Board on 26 April 2022.

Five Years Financial Highlights and Financial Indicators

Financial year ended 31 December	**2021**	**2020**	**2019**	**2018**	**2017**
Statements of Profit or Loss and Other Comprehensive Income (RM)					
Revenue	24,161,490	23,504,501	22,671,913	24,517,998	24,906,911
Earnings before interest expense, tax, depreciation and amortisation	424,249	2,260,870	1,234,792	2,753,014	2,673,109
(Loss)/Profit before tax	(1,449,055)	788,891	(227,318)	1,201,042	1,378,463
(Loss)/Profit after tax	(1,116,507)	617,077	(143,667)	1,045,334	1,175,652
Net (loss)/profit attributable to equity holders	(1,092,868)	617,077	(143,667)	1,045,334	1,175,652
Statement of financial position (RM)					
Total assets	36,242,673	37,187,572	36,442,884	37,461,818	37,663,630
Total borrowing	-	-	-	-	-
Shareholders equity	28,735,229	29,828,097	29,211,020	29,737,034	30,220,679
Financial indicators					
Return on equity (%)	(3.80)	2.07	(0.49)	3.52	3.89
Return on total assets (%)	(4.00)	2.12	(0.62)	3.21	3.66
Gearing ratio (Net debts/ Shareholders' equity)	0.01	(0.24)	(0.27)	(0.24)	(0.20)
Basic earnings per share (sen)	(5.72)	3.23	(0.75)	5.47	6.15
Net assets per share (RM)	1.50	1.56	1.53	1.56	1.58
Gross dividend per share (sen)	-	-	-	6.00	10.00
Price earning (PE) ratio	(45.47)	87.21	(304.00)	35.47	33.33
Gross dividend yield (%)	-	-	-	3.09	4.88
Share price as at 31 December (RM)	2.60	2.25	2.28	1.94	2.05
Market Capitalisation as at 31 December (RM)	49,691,808	46,134,563	46,749,690	39,778,245	42,033,713

FINANCIAL STATEMENTS

Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

Principal activities

The Company is principally engaged in the manufacturing and distribution of flexible packaging materials.

The principal activities of its subsidiary are set out in Note 12 to the financial statements.

Results

	Group RM	Company RM
Loss for the financial year	1,116,507	1,037,712
Loss for the financial year attributable to:		
Owners of the parent	1,092,868	1,037,712
Non-controlling interest	23,639	-
	1,116,507	1,037,712

Reserves and provisions

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

Dividends

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any final dividend for the financial year ended 31 December 2021.

Directors

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:-

Dato' Haji Ghazali B. Mat Ariff	
Mah Siew Seng	
Law Mong Yong	
Pang Chong Yong	
Andrew Ling Yew Chung	
Pang Jun Jie (Alternate Director to Pang Chong Yong)	- Appointed on 15 March 2021
Peter Ling Ee Kong	- Appointed on 30 June 2021
Lim Tiong Heng	- Appointed on 4 February 2022
Ng Choo Tim	- Resigned on 2 July 2021
Datuk Ismail bin Haji Ahmad	- Retired on 17 September 2021
Yeo Tek Ling	- Retired on 31 December 2021

The name of the director of the Company's subsidiary since the beginning of the financial year to the date of this report, excluding those who already disclosed is:

Brian Ling Yew Han - Appointed on 21 July 2021

Directors' interest in shares

The shareholdings and deemed shareholdings in the Ordinary Shares of the Company at the end of the financial year, as recorded in Register of Director's Shareholding kept under Section 59 of the Companies Act, 2016, in Malaysia are as follows:

	Number of Ordinary Shares			
	At 1.1.2021	**Bought**	**Sold**	**At 31.12.2021**
In the Company:				
Direct interest:				
Mah Siew Seng	287,600	548,297	-	835,897
Ng Choo Tim	648,297	-	(648,297)	-
Law Mong Yong	459	-	-	459
Pang Chong Yong	1,593,493	450,000	(450,000)	1,593,493
Andrew Ling Yew Chung	-	39,000	-	39,000
Peter Ling Ee Kong	1,741,100	287,400	(53,000)	1,975,500
Indirect interest:				
Mah Siew Seng	-	250,000	-	250,000
Pang Jun Jie	1,593,493	450,000	(450,000)	1,593,493
Peter Ling Ee Kong	-	48,800	-	48,800
Andrew Ling Yew Chung	1,741,100	287,400	(53,000)	1,975,500

The other Directors holding office on 31 December 2021 had no interest in the Ordinary Shares and options over shares of the Company and of its related companies during the financial year according to the register required to be kept under Section 59 of the Companies Act, 2016 in Malaysia.

Directors' benefits

Since the end of the previous financial year, no director has received nor become entitled to receive any benefit (other than a benefit included in aggregate amount of emoluments received or due and receivable by directors or the fixed salaries of full time employees of the Group and of the Company as disclosed in Note 4 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the Director is a member, or with a company in which the director has a substantial financial interest other than disclosed in Note 29 to the financial statements.

There were no arrangements during and at the end of the financial year, which had the object of enabling the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Director's remuneration and fee

Director's remuneration including benefits-in-kind of the Group and of the Company amounted to RM719,920 as disclosed in Note 4 to the financial statements.

Director's fee of the Group and of the Company amounted to RM230,000 as disclosed in Note 4 to the financial statements.

Indemnity and insurance for directors, officers and auditors

There was no indemnity given to or insurance effected to any director, officer or auditor of the Group and of the Company.

Issue of shares and debentures

There were no changes in the shares of the Company during the financial year.

There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

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

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate to any substantial extent; or

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

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

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

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

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

(ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations as and when they fall due.

In the opinion of the Directors, except as otherwise stated in the financial statements, the results of the operations of the Group and of the Company for the financial year ended 31 December 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

Significant events

Details of significant events during the financial year is disclosed in Note 35 to the financial statements.

Subsequent events after the financial year

Details of subsequent events after the financial year is disclosed in Note 36 to the financial statements.

Auditors

The auditors, Messrs PKF PLT (202206000012 (LLP0030836-LCA) & AF0911), have indicated their willingness to continue in office.

PKF PLT (202206000012 (LLP0030836-LCA) & AF0911) have been converted from a conventional partnership, PKF (AF0911), to a limited liability partnership on 28 February 2022.

The auditors' remuneration of the Group and of the Company amounted to RM38,000 and RM35,000 respectively for the financial year ended 31 December 2021.

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

ANDREW LING YEW CHUNG **PANG JUN JIE**

Selangor
26 April 2022

Statement By Directors

Pursuant To Section 251 (2) Of The Companies Act, 2016 In Malaysia

In the opinion of the Directors, the accompanying financial statements as set out on pages 48 to 103 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia, so as to give a true and fair view of financial position of the Group and of the Company as at 31 December 2021 and of its financial performance and its cash flows for the financial year ended on that date.

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

ANDREW LING YEW CHUNG

PANG JUN JIE

Selangor
26 April 2022

Statutory Declaration

Pursuant To Section 251 (1)(b) Of The Companies Act, 2016 In Malaysia

I, ANDREW LING YEW CHUNG, being the Director primarily responsible for the financial management of ADVANCED PACKAGING TECHNOLOGY (M) BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 48 to 103 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960, in Malaysia.

Subscribed and solemnly declared by the above-named at Bandar Baru Bangi in Selangor on 26 April 2022

ANDREW LING YEW CHUNG

Before me,

COMMISSIONER FOR OATHS
PJS: B448
HAZLIN BINTI MOHAMED

Independent Auditors' Report To The Members Of Advanced Packaging Technology (M) Bhd Registration No.: 198201003236 (82982-K) (Incorporated In Malaysia) And Its Subsidiary

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of ADVANCED PACKAGING TECHNOLOGY (M) BHD., which comprise the statement of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 48 to 103.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Defined Benefit Gratuity
(Refer to Notes 1(d) (x) and 24 to the financial statements)

The Group and the Company have recognised a provision for gratuity of RM1,799,645 as at 31 December 2021. The assumptions that underpin the valuation of the defined benefit retirement liability are subjective and based on judgements that affect the Group's and the Company's distributable reserves. Uncertainty arises as a result of estimates made based on the Group's and the Company's expectations and assumptions about employment trends and market conditions. As a result, the actual amounts charged to the statements of profit or loss by the Group and the Company may be significantly different to that recognised on the statements of financial position since small changes to the assumptions used in the calculation materially affect the provision calculated at amortised cost.

Key Audit Matters (continued)

Valuation of Defined Benefit Gratuity (continued)

Our audit procedures included, among others:

i) Enquiry with management on the nature or bases of the assumptions made;
ii) Review of employment contracts, assessment of the capabilities of personnel involved in the assessment;
iii) Perform reasonableness test on the provision by testing management's assumptions, data and model used; and
iv) Review of historical data in relation to the management assumptions made in the current financial year.

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 Statement of Risk Management and Internal Control, Statement of Corporate Governance, Audit Committee Report, Management Discussion and Analysis Report, Sustainability Statement and Directors' Report included in the annual report, but does not include the Chairman's Statement, 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.

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 are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the 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 and the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- 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 and 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 and the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express 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.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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, related safeguards.

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

Other matters

This report is made solely to the members of the Group and 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 contents of this report.

PKF PLT	SHARINAH BINTI MOHAMED IQBAL
202206000012 (LLP0030836-LCA) & AF0911	03285/10/2022 J
CHARTERED ACCOUNTANTS	CHARTERED ACCOUNTANT

Kuala Lumpur
26 April 2022

Statements Of Profit or Loss and Other Comprehensive Income
For The Financial Year Ended 31 December 2021

	Note	Group 2021 RM	Company 2021 RM	Company 2020 RM
Revenue	3	24,161,490	24,161,490	23,504,501
Other income		458,797	458,797	521,865
Changes in inventories of finished goods and work-in-progress		430,537	430,537	(76,140)
Raw materials used		(16,745,560)	(16,745,560)	(14,270,692)
Employee benefits expense	4	(4,295,714)	(4,295,714)	(3,900,493)
Depreciation of property, plant and equipment		(1,378,269)	(1,378,269)	(1,318,525)
Depreciation of right-of-use asset		(162,487)	(162,487)	(153,453)
Net gain on impairment of financial assets	5	47,336	47,336	62,597
Other expenses		(4,108,655)	(4,029,860)	(3,856,873)
(Loss)/Profit from operations		(1,592,525)	(1,513,730)	512,787
Interest income		145,167	145,167	278,301
Finance costs	6	(1,697)	(1,697)	(2,196)
Loss)/Profit before tax	7	(1,449,055)	(1,370,260)	788,892
Tax income/(expense)	8	332,548	332,548	(171,815)
(Loss)/Profit and other comprehensive (loss)/income for the financial year		(1,116,507)	(1,037,712)	617,077
Total comprehensive (loss)/income attributable to:				
Owners of the company		(1,092,868)	(1,037,712)	617,077
Non-controlling interests		(23,639)	-	-
		(1,116,507)	(1,037,712)	617,077
(Loss)/Earnings per ordinary share (sen)	9			
Basic		(5.72)	(5.43)	3.23
Diluted		(5.72)	(5.43)	3.23

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

Statements Of Financial Position
As At 31 December 2021

	Note	Group 2021 RM	Company 2021 RM	 2020 RM
ASSETS				
Non-current assets				
Property, plant and equipment	10	7,461,078	7,461,078	6,798,783
Right-of-use assets	11	2,656,326	2,656,326	2,711,737
Investment in subsidiary	12	-	20,000	-
Other investments	13	4,015,990	4,015,990	5,000,000
		14,133,394	14,153,394	14,510,520
Current assets				
Inventories	14	4,778,471	4,778,471	3,853,540
Contract assets	15	697,613	697,613	1,073,171
Trade receivables	16	5,211,254	5,211,254	4,998,769
Non-trade receivables, deposits and prepayments	17	6,063,967	1,083,017	486,372
Amount due from a subsidiary	18	-	3,602,535	-
Tax recoverable		292,262	292,262	222,875
Fixed deposits with licensed banks	19	1,000,000	1,000,000	8,500,000
Cash and bank balances		4,065,712	4,064,722	3,542,280
		22,109,279	20,729,874	22,677,007
TOTAL ASSETS		36,242,673	34,883,268	37,187,527
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	20	20,504,250	20,504,250	20,504,250
Treasury shares	21	(1,096,473)	(1,096,473)	(1,096,473)
Retained profits	22	9,327,452	9,382,608	10,420,320
Equity attributable to owners of the parent		28,735,229	28,790,385	29,828,097
Non-controlling interest		(23,639)	-	-
Total equity		28,711,590	28,790,385	29,828,097
LIABILITIES				
Non-current liabilities				
Deferred tax liabilities	23	354,696	354,696	687,608
Provision for staff gratuity	24	1,043,669	1,043,669	1,719,244
Lease liabilities	25	5,493	5,493	26,985
		1,403,858	1,403,858	2,433,837
Current liabilities				
Trade payables	26	2,469,566	2,469,566	2,647,859
Non-trade payables and accruals	27	2,650,190	1,211,990	2,039,330
Provision for staff gratuity	24	755,976	755,976	-
Amount due to Directors	28	230,000	230,000	212,500
Lease liabilities	25	21,493	21,493	25,904
		6,127,225	4,689,025	4,925,593
Total Liabilities		7,531,083	6,092,883	7,359,430
TOTAL EQUITY AND LIABILITIES		36,242,673	34,883,268	37,187,527

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

Statements Of Changes In Equity
For The Financial Year Ended 31 December 2021

		Non-distributable	Distributable			
	Share capital RM	Treasury shares RM	Retained profit RM	Total RM	Non-controlling interest RM	Total equity RM
Group						
At 1 January 2021	20,504,250	(1,096,473)	10,420,320	29,828,097	-	29,828,097
Loss and other comprehensive loss for the financial year	-	-	(1,092,868)	(1,092,868)	(23,639)	(1,116,507)
At 31 December 2021	20,504,250	(1,096,473)	9,327,452	28,735,229	(23,639)	28,711,590
Company						
At 1 January 2020	20,504,250	(1,096,473)	9,803,243	29,211,020	-	29,211,020
Profit and other comprehensive income for the financial year	-	-	617,077	617,077	-	617,077
At 31 December 2020	20,504,250	(1,096,473)	10,420,320	29,828,097	-	29,828,097
Loss and other comprehensive loss for the financial year	-	-	(1,037,712)	(1,037,712)	-	(1,037,712)
At 31 December 2021	20,504,250	(1,096,473)	9,382,608	28,790,385	-	28,790,385

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2021

	Note	Group 2021 RM	Company 2021 RM	 2020 RM
Cash flows from operating activities				
(Loss)/Profit before tax		(1,449,055)	(1,370,260)	788,892
Adjustments for:				
Depreciation of property, plant and equipment		1,378,269	1,378,269	1,318,525
Depreciation of right-of-use assets		162,487	162,487	153,453
Interest income		(145,167)	(145,167)	(278,301)
Interest expense		1,697	1,697	2,196
Inventories written off		30,932	30,932	52,076
Inventories written down		-	-	3,907
Reversal of inventories written down		-	-	(3,955)
Investment income		(102,398)	(102,398)	(130,989)
Gain on disposal of property, plant and equipment		-	-	(13,355)
Loss on unrealised foreign exchange		4,257	4,257	2,960
Fair value gain on other investments		(15,990)	(15,990)	-
Property, plant and equipment written off		14,289	14,289	228
Right-of-use assets written off		-	-	1
Reversal of impairment on trade receivables no longer required		(47,336)	(47,336)	(62,597)
Provision for staff gratuity		65,593	65,593	60,836
Addition of amortised cost of provision for gratuity		14,808	14,808	143,653
Operating (loss)/profit before working capital changes		(87,614)	(8,819)	2,037,530
Increase in inventories		(955,863)	(955,863)	(360,616)
(Increase)/Decrease in receivables		(5,748,031)	(767,081)	262,285
Decrease/(Increase) in contract assets		375,558	375,558	(500,276)
Increase/(Decrease) in amount due to Directors		17,500	17,500	(24,282)
Decrease in provision for staff gratuity		-	-	(1,213,535)
Increase/(Decrease) in payables		433,596	(1,004,604)	1,030,455
Cash (used in)/generated from operations		(5,964,854)	(2,343,309)	1,231,561
Income tax paid		(69,750)	(69,750)	(90,251)
Net cash (used in)/from operating activities		(6,034,604)	(2,413,059)	1,141,310

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

Statements Of Cash Flows
For The Financial Year Ended 31 December 2021 (continued)

	Note	Group 2021 RM	Company 2021 RM	Company 2020 RM
Cash flows from investing activities				
Investment income received		102,398	102,398	130,989
Interest income received		145,167	145,167	278,301
Proceeds from disposal of property, plant and equipment		-	-	13,357
Other investment redemption		2,000,000	2,000,000	-
Acquisition of other investments		(1,000,000)	(1,000,000)	-
Acquisition of property, plant and equipment		(2,054,853)	(2,054,853)	(1,195,854)
Acquisition of subsidiary		-	(20,000)	-
Acquisition of right-of-use assets		(107,076)	(107,076)	(105,010)
Net cash used in investing activities		(914,364)	(934,364)	(878,217)
Cash flows from financing activities				
Interest paid		(1,697)	(1,697)	(2,196)
Withdrawal of fixed deposits		3,500,000	3,500,000	-
Repayment of lease liabilities	(ii)	(25,903)	(25,903)	(21,654)
Advances to a subsidiary		-	(3,602,535)	-
Net cash from/(used in) financing activities		3,472,400	(130,135)	(23,850)
Net (decrease)/increase in cash and cash equivalents		(3,476,568)	(3,477,558)	239,243
Cash and cash equivalents at 1 January		7,542,280	7,542,280	7,303,037
Cash and cash equivalents at 31 December	(i)	4,065,712	4,064,722	7,542,280

Notes:

(i) Cash and cash equivalents

Cash and cash equivalents, included in the statement of cash flows comprise the following amounts:

	Group 2021 RM	Company 2020 RM	Company 2020 RM
Cash and bank balances	4,065,712	4,064,722	3,542,280
Fixed deposits with licensed banks with original maturities less than 3 months *(Note 19)*	-	-	4,000,000
	4,065,712	4,064,722	7,542,280

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

Notes:

(ii) Reconciliation of liabilities arising from financing activities

Group **2021**	**1 January** **RM**	**Cash flows** **RM**	**Non-cash acquisition** **RM**	**31 December** **RM**
Lease liabilities	52,889	(25,903)	-	26,986

Company **2021**	**1 January** **RM**	**Cash flows** **RM**	**Non-cash acquisition** **RM**	**31 December** **RM**
Lease liabilities	52,889	(25,903)	-	26,986
2020				
Lease liabilities	12,070	(21,654)	62,473	52,889

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

Notes to the Financial Statements as at 31 December 2021

1. Basis of preparation

The financial statements of the Group and of 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 accompanying financial statements have been prepared assuming that the Group and the Company will continue as going concerns which contemplate the realisation of assets and settlement of liabilities in the normal course of business.

These financial statements are presented in the Ringgit Malaysia ("RM"), which is the Group's and of the Company's functional and presentation currency.

(a) Standards issued and effective

On 1 January 2021, the Group and of the Company have adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 January 2021.

Description

- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement, MFRS 7, Financial Instruments: Disclosures, MFRS 4, Insurance Contracts and MFRS 16, Leases: Interest Rate Benchmark Reform - Phase 2
- Amendments to MFRS 16, Leases: Covid-19-Related Rent Concessions

The directors expect that the adoption of the new and amended MFRS above have no impact on the financial statements of the Group and of the Company.

1. Basis of preparation (continued)

(b) Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 16, Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
• Amendments to MFRS 3, Business Combinations: Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116, Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
• Annual improvements to MFRSs 2018 - 2020 cycle	
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
- Amendments to MFRS 9, Financial Instruments	1 January 2022
- Amendments to MFRS 16, Leases	1 January 2022
- Amendments to MFRS 141, Agriculture	1 January 2022
• MFRS 17, Insurance Contracts	1 January 2023
• Amendments to MFRS 17, Insurance Contracts	1 January 2023
• Amendment to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9—Comparative information	1 January 2023
• Amendments to MFRS 101, Presentation of Financial Statements: Classifications of Liabilities as Current or Non-current	1 January 2023
• Amendments to MFRS 101, Presentation of Financial Statements: Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
• Amendments to MFSR 112, Income Tax: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impact to the financial statements of the Group and of the Company.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis unless otherwise as indicated in the summary of significant accounting policies.

1. Basis of preparation (continued)

(d) Significant accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(i) Revenue Recognition Over Time

The Group and the Company manufacture goods with customised specifications stated in the contracts with customers, thus based on management assessment at contract inception, these goods do not have alternative use to the Group and the Company. The Group and the Company have an enforceable right to payment for performance completed to date, as if the contract is terminated by the customer at any time, the Group and the Company always has the right to bill customers for the performance completed to date.

As a result, the Group and the Company recognise revenue over time using output method, based on appraisals of results achieved. Upon completion of manufacturing the goods, if all of these goods pass the quality control testing and have not yet been delivered to customers, the Group and the Company will recognise 99% of transaction price as revenue at the end of each reporting date. The remaining 1% of transaction price is recognised as revenue upon delivery of these goods to customers.

The revenue recognised during the year would differ if the Group and the Company use different method to recognise revenue from contracts with customers over time.

(ii) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iii) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Group and the Company anticipate that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

1. Basic of preparation (continued)

(d) Significant accounting estimates and judgements (continued)

(iii) Depreciation of Property, Plant and Equipment (continued)

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iv) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(v) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(vi) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group and the Company carry certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group and the Company use different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(vii) Provision for Expected Credit Losses ("ECLs") of Trade Receivables

The Group and the Company use a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on the payment profiles of sales over a period of 36 months before the end of the reporting period and the corresponding historical credit losses experienced within this period.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical observed default rates are updated and changes in the forward-looking estimates are analysed at every end of the reporting period.

1. Basic of preparation (continued)

(d) Significant accounting estimates and judgements (continued)

(viii) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease.

Accordingly, management judged that the Group and the Company have acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(ix) Deferred Tax Assets and Liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

(x) Provision for Staff Gratuity

The present value of the retirement gratuities is determined by discounting the amount payable by reference to market yields at the date of the statement of financial position on high quality corporate bonds which have terms to maturity approximating the terms of the related liability. Past service costs are recognised immediately in profit or loss.

(xi) Carrying Value of Investments in Subsidiary Company

Investment in subsidiary company are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 2(g)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimated of future cash flows and discount rates. Changes in assumptions could significantly affect the Company's amount of investment in subsidiary.

1. Basic of preparation (continued)

(d) Significant accounting estimates and judgements (continued)

(xii) Classification between Investment Properties and Owner Occupied Properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independent of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property

(xiii) Lease

(a) Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not 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 terminated).

(b) Incremental borrowing rate of leases

In determining the incremental borrowing rate, the Group and the Company use interest rate ranges from 3.70% to 4.70% as a starting point and makes adjustments specific to the lease, from one (1) to three (3) years.

2. Summary of significant accounting policies

(a) Basis of consolidation

(i) Subsidiary

Subsidiary is an entity, including structured entity, controlled by the Group. The Group controls an entity when the Group is exposed to, 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.

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiary (continued)

The Group considers it has de-facto power over an investee when, despite not having the majority of voting rights, it has the current ability in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders to direct the activities of the investee that significantly affect the investee's return. Potential voting rights are considered when assessing control only when such rights are substantive.

Subsidiary is fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Business combinations are accounted for using the acquisition method on the acquisition date. The consideration transferred includes the fair value of assets transferred, equity interest issued by the Group and liabilities assumed. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are recognised in the profit or loss as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Acquisitions of business are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured at fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

2. Summary of significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business Combinations (continued)

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate shares of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(iii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit and loss and the other comprehensive income for the year between non-controlling interests and the 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 caused the non-controlling interests to have a deficit balance.

(iv) Transactions with non-controlling interests

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners.

On acquisition of non-controlling interest, the difference between the consideration and the Group's share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests 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 subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(vi) 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 associates and jointly controlled entities. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. Summary of significant accounting policies (continued)

(b) Foreign currencies

(i) Functional and presentation currency

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

(ii) Foreign currencies transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Group and of the Company are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's and of the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the profit and loss of the Company on disposal of the foreign operation.

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

The principal exchange rates for every unit of foreign currency ruling used at reporting date are as follows.

	2021	**2020**
	RM	**RM**
1 United States Dollar	4.109	3.965
1 Brunei Dollar	3.040	2.991
100 Japanese Yen	3.684	3.969

2. Summary of significant accounting policies (continued)

(c) Revenue and other income

(i) Sale of goods

The Group and the Company manufacture and distribute flexible packaging materials to local and overseas customers. The sale of goods are identified in the contracts with customers: manufacturing and delivery of goods, which are non-distinct. As such, there is only one single performance obligation identified in the contract.

Transaction price is a fixed consideration which is stated in the contracts with customers. The Group and the Company recognise revenue over time as stated in Note 1(d)(i) to the financial statements.

No element of financing is deemed present as the sales are normally made with a credit term of 30 to 90 days, which is consistent with the market practice.

The Group and the Company do not offer return/refund options, explicit warranty on its products nor provide after-sales service

(ii) Interest income

Interest income is recognised on an accrual basis, based on effective yield on the investment and effective interest method.

(d) Employee benefits expense

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group's and the Company's contribution to defined contribution plans is charged to the profit or loss in the period to which they related. Once the contributions have been paid, the Group and the Company have no further liability in respect of the defined contribution plans.

The Group's and the Company's staff gratuity schemes are for employees who are eligible under their employment contracts. Gratuity for employees is provided for in the financial statements with consideration to the length of service and basic salary earnings of eligible employees and charged to the statement of profit or loss.

2. Summary of significant accounting policies (continued)

(e) Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

2. Summary of significant accounting policies (continued)

(f) Borrowing costs

Borrowing costs are stated at cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the loans and borrowings using the effective interest method.

Borrowing costs incurred in connection with financing the construction and installation of property, plant and equipment is capitalised until the property, plant and equipment are ready for their intended use. All other borrowing costs are charged to the profit or loss.

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 date.

(g) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, which 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12-months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

2. Summary of significant accounting policies (continued)

(g) Impairment (continued)

(i) Financial assets (continued)

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance amount.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery amounts due.

(ii) Non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

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

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

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income and equity. In this case the impairment is also recognised in other comprehensive income and equity up to the amount of any previous revaluation.

2. Summary of significant accounting policies (continued)

(g) Impairment (continued)

(ii) Non-financial assets (continued)

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

(h) Property, plant and equipment

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

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

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

Plant, machinery and tools	7½% - 10%
Furniture, fittings and equipment	10% - 20%
Motor vehicles	20%

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

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

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

2. Summary of significant accounting policies (continued)

(i) Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(i) Amortised costs

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

(ii) Fair value through other comprehensive income

Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elects to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(iii) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

(j) Inventories

Inventories, comprising of raw materials, work-in-progress, finished goods and consumables, are stated at the lower of cost and net realisable value.

Cost is determined using first-in-first-out basis. Cost of raw materials and consumables, includes all cost incurred in bringing them to their present location and condition.

2. Summary of significant accounting policies (continued)

(j) Inventories (continued)

Cost of work-in-progress and finished goods include the cost of raw materials, direct labour and an appropriate proportion of the fixed and variable production overheads. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sales.

(k) Contract asset

A contract asset is recognised when the Group's and the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to Note 2(g)(i) to the financial statements.

(l) Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and on hand, demand deposits, short term and highly liquid investments that are readily convertible to known amount of cash and which are subject to 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 management of their short-term commitments.

(m) Treasury shares

When shares of the Group and of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

(n) Financial liabilities

Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

2. Summary of significant accounting policies (continued)

(o) Leases

As a lessee

(i) Initial recognition and measurement

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and the Company's incremental borrowing. Thus, the Group and the Company use their incremental borrowing rate as the discount rate.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

(ii) Subsequent measurement

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company change its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(p) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

2. Summary of significant accounting policies (continued)

(p) Earnings per ordinary share

The Group and the Company present 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 Group and of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all diluted potential ordinary shares, which comprises convertible notes and share granted to employees.

(r) 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 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.

(s) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability outflow of economic benefits is remote.

(ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one of more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statement of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

(t) Operating segment

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

2. Summary of significant accounting policies (continued)

(u) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities.

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

(v) Fair value measurements

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

For non-financial asset, the fair value measurement considers 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 and the Company use observable market data as far as possible. Fair value are categories into different levels in a fair value hierarchy based on the input used in the valuation techniques 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 and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer.

3. Revenue

	Group 2021 RM	Company 2021 RM	Company 2020 RM
Sales of packaging materials	24,161,490	24,161,490	23,504,501
Disaggregation of revenue:			
By primary geographical market:			
Malaysia	22,939,114	22,939,114	22,293,260
Mauritius	1,025,276	1,025,276	995,980
Brunei	197,100	197,100	215,261
	24,161,490	24,161,490	23,504,501

4. Employee benefits expense

	Group 2021 RM	Company 2021 RM	Company 2020 RM
(a) Staff costs			
Salaries, wages, allowances, bonus and overtime	2,810,113	2,810,113	2,648,302
Contributions to defined contribution plan	246,802	246,802	239,950
Social security contributions	45,220	45,220	38,884
Other benefits	243,659	243,659	231,825
	3,345,794	3,345,794	3,158,961

4. Employee benefits expense (continued)

	Group 2021 RM	Company 2021 RM	Company 2020 RM
(b) Directors' remuneration and fees			
Executive:			
Salaries, allowances and other emoluments	482,400	482,400	365,602
Contribution to defined contribution plan	68,820	68,820	78,937
Social security contributions	-	-	593
Other benefits - leave passage	-	-	10,000
Estimated money value of benefits-in-kind	-	-	5,300
	551,220	551,220	460,432
Non-executive:			
Salaries, allowances and other emoluments	168,700	168,700	68,600
Total Directors' remuneration	719,920	719,920	529,032
Director's fees			
Executive	75,000	75,000	30,000
Non-executive	155,000	155,000	182,500
Total Director's fees	230,000	230,000	212,500
Total Directors' remuneration and fees	949,920	949,920	741,532
Total Directors' remuneration and fees excluding benefits-in-kind	949,920	949,920	736,232
Total staff costs	4,295,714	4,295,714	3,900,493

5. Net gain on impairment of financial assets

	Group 2021 RM	Company 2021 RM	Company 2020 RM
Reversal of impairment loss of trade receivables no longer required	47,336	47,336	62,597

6. Finance costs

	Group 2021 RM	Company 2021 RM	Company 2020 RM
Interest expense			
- lease liabilities	1,697	1,697	2,196

7. (Loss)/Profit before tax

	Group 2021 RM	Company 2021 RM	Company 2020 RM
(Loss)/Profit before tax is arrived at after changing/(crediting)			
Auditors' remuneration			
- Statutory audit	38,000	35,000	35,000
- Non-statutory audit	7,000	7,000	7,000
Addition of amortised cost of provision for gratuity	14,808	14,808	143,653
Depreciation of property, plant and equipment	1,378,269	1,378,269	1,318,525
Depreciation of right-of-use asset	162,487	162,487	153,453
(Gain)/Loss on foreign exchange			
- realised	(73,644)	(73,644)	(3,298)
- unrealised	4,257	4,257	2,960
Fair value gain on other investments	(15,990)	(15,990)	-
Gain on disposal of property, plant and equipment	-	-	(13,355)
Interest income			
- Interest income received from deposits placed with licensed banks	(103,995)	(103,995)	(185,767)
- Fixed return received from deposits placed with Islamic bank	(41,172)	(41,172)	(92,534)
Inventories written off	30,932	30,932	52,076
Inventories written down	-	-	3,907
Reversal of inventories written down	-	-	(3,955)
Investment income	(102,398)	(102,398)	(130,989)
Property, plant and equipment written off	14,289	14,289	228
Right-of-use assets written off	-	-	1
Provision for staff gratuity	65,593	65,593	60,836

8. Tax (income)/expense

	Group 2021 RM	Company 2021 RM	Company 2020 RM
Current tax expense			
- current year	-	-	66,792
- under provision in prior years	364	364	18,429
	364	364	85,221
Deferred tax expense (Note 23)			
- current year	(407,167)	(407,167)	44,070
- under provision in prior years	74,255	74,255	42,524
	(332,912)	(332,912)	86,594
	(332,548)	(332,548)	171,815

Reconciliation of tax expense

	Group 2021 RM	Company 2021 RM	Company 2020 RM
(Loss)/Profit before tax	(1,449,055)	(1,370,260)	788,892
Taxation computed at statutory tax rate of 24% (2020: 24%)	(347,773)	(328,862)	189,334
Non-deductible expenses	55,315	36,404	73,031
Non-taxable income	(114,709)	(114,709)	(151,503)
	(407,167)	(407,167)	110,862
Under provision of current tax in prior years	364	364	18,429
Under provision of deferred tax in prior years	74,255	74,255	42,524
	(332,548)	(332,548)	171,815

9. (Loss)/ Earnings per ordinary share

Basic (loss)/earnings per ordinary share for the financial year is calculated by dividing the comprehensive income for the financial year attributable to owners of the Group and of the Company by the weighted average number of ordinary shares outstanding during the financial year, after taking into consideration of the treasury shares held by the Company calculated as follows:

	Group 2021 RM	Company 2021 RM	Company 2020 RM
Total comprehensive (loss)/income attributable to owners (RM)	(1,092,868)	(1,037,712)	617,077
Weighted average number of ordinary shares in inssue, net of treasury shares	19,112,234	19,112,234	19,112,234
Basic (loss)/earnings per share (sen)	(5.72)	(5.43)	3.23
Diluted (loss)/earnings per share (sen)	(5.72)	(5.43)	3.23

10. Property, plant and equipment

Group/Company 2021	Plant, machinery and tools RM	Furniture, fittings and equipment RM	Motor vehicles RM	Work-in progress RM	Total RM
Cost					
At 1 January	32,002,416	780,764	708,312	894,186	34,385,678
Additions	1,825,339	225,514	-	4,000	2,054,853
Written off	(389,034)	(26,946)	-	-	(415,980)
Transfer	894,186	-	-	(894,186)	-
At 31 December	34,332,907	979,332	708,312	4,000	36,024,551
Accumulated depreciation					
At 1 January	26,285,804	592,789	708,302	-	27,586,895
Charge for the financial year	1,323,697	54,572	-	-	1,378,269
Written off	(376,795)	(24,896)	-	-	(401,691)
At 31 December	27,232,706	622,465	708,302	-	28,563,473
Carrying amount					
At 31 December	7,100,201	356,867	10	4,000	7,461,078

10. Property, plant and equipment (continued)

Company	**Plant, machinery and tools**	**Furniture, fittings and equipment**	**Motor vehicles**	**Work-in-progress**	**Total**
2020	**RM**	**RM**	**RM**	**RM**	**RM**
Cost					
At 1 January	33,470,090	704,030	708,312	-	34,882,432
Additions	221,044	80,624	-	894,186	1,195,854
Written off	(55,145)	(3,890)	-	-	(59,035)
Disposals	(1,633,573)	-	-	-	(1,633,573)
At 31 December	32,002,416	780,764	708,312	894,186	34,385,678
Accumulated depreciation					
At 1 January	26,718,833	555,325	686,590	-	27,960,748
Charge for the financial year	1,255,628	41,185	21,712	-	1,318,525
Written off	(55,086)	(3,721)	-	-	(58,807)
Disposals	(1,633,571)	-	-	-	(1,633,571)
At 31 December	26,285,804	592,789	708,302	-	27,586,895
Carrying amount					
At 31 December	5,716,612	187,975	10	894,186	6,798,783

Included in property, plant and equipment of the Group and of the Company are the following fully depreciated property, plant and equipment which are still in use:

	Group	**Company**	
	2021	**2021**	**2020**
	RM	**RM**	**RM**
At cost:			
Plant, machinery and tools	16,203,125	16,203,125	16,935,805
Furniture, fittings and equipment	947,818	947,818	471,817
Motor vehicles	708,312	708,312	708,312
	17,859,255	17,859,255	18,115,934

Impairment of property, plant and equipment

During the financial year ended 2021, the Group and the Company have continued to assess the recoverability of its property, plant and equipment as the Group and the Company continue to report losses for the current financial year which indicated the existence of impairment. No impairment loss was recognised for the property, plant and equipment on consolidation for current financial year as its recoverable value was in excess of its carrying values.

11. Right-of-use assets

Group/Company 2021	Lease rental RM	Leasehold land RM	Buildings RM	Total RM
Cost				
At 1 January	82,583	739,000	5,427,064	6,248,647
Addition	-	-	107,076	107,076
As at 31 December	82,583	739,000	5,534,140	6,355,723
Accumulated depreciation				
At 1 January	30,675	264,255	3,241,980	3,536,910
Depreciation for the financial year	25,852	7,390	129,245	162,487
At 31 December	56,527	271,645	3,371,225	3,699,397
Carrying amount				
At 31 December	26,056	467,355	2,162,915	2,656,326

11. Right-of-use assets (continued)

Company	Lease rental	Leasehold land	Buildings	Total
2020	**RM**	**RM**	**RM**	**RM**
Cost				
At 1 January	20,110	739,000	5,327,543	6,086,653
Addition	62,473	-	105,010	167,483
Written off	-	-	(5,489)	(5,489)
As at 31 December	82,583	739,000	5,427,064	6,248,647
Accumulated depreciation				
At 1 January	8,379	256,865	3,123,701	3,388,945
Depreciation for the financial year	22,296	7,390	123,767	153,453
Written off	-	-	(5,488)	(5,488)
At 31 December	30,675	264,255	3,241,980	3,536,910
Carrying amount				
At 31 December	51,908	474,745	2,185,084	2,711,737

Included under right-of-use assets are:

i) The Group and the Company leases buildings and the contract term ranging from 2019 to 2023 for three (3) years.
ii) Leasehold land and buildings of the Group and of the Company with carrying amount of RM2,630,270 (2020: RM2,659,829).

During the financial year ended 2021, the Group and the Company have continued to assess the recoverability of its right-of-use assets as the Group and the Company continue to report losses for the current financial year which indicated the existence of impairment. No impairment loss was recognised for the right-of-use assets on consolidation for current financial year as its recoverable value was in excess of its carrying values

12. Investment in a subsidiary

	Company	
	2021	**2020**
	RM	**RM**
Unquoted shares, at cost		
At 1 January	-	-
Addition	20,000	-
At 31 December	20,000	-

12. Investment in a subsidiary (continued)

Details of the subsidiary are as follows:

Name of companies	Country of incorporation	Effective interest 2021 %	Effective interest 2020 %	Principal activities
Sino Peak Sdn. Bhd.	Malaysia	70	-	Investment holding and provision of management services

Incorporation of a subsidiary

On 28 June 2021, Sino Peak Sdn. Bhd. was incorporated with a paid-up share capital of RM1 comprising 1 ordinary share. On 21 July 2021, Sino Peak Sdn. Bhd. had increased its share capital to RM20,000 comprising 100 ordinary shares, and the Company had subscribed to 49 shares with the consideration of RM9,999.

On 21 August 2021, the Company acquired the remaining 51 shares from the shareholders with the consideration of RM10,001.

On 15 September 2021, a third party acquired 30 shares with the consideration of RM6,000.

13. Other investments

	Note	Group 2021 RM	Company 2021 RM	Company 2020 RM
Investment in securities	(a)	3,000,000	3,000,000	5,000,000
Investment in quoted shares	(b)	1,015,990	1,015,990	-
		4,015,990	4,015,990	5,000,000

(a) Investment in securities represents investments in Fixed Income Fund Account with Amfunds Management Berhad and is classified as fair value through other comprehensive income.

This investment as at 31 December 2021 had interest rates ranging from 1.89% to 2.16% (2020: 2.15% to 3.16%) per annum.

(b) The investment in quoted shares represent investment in quoted shares and is classified as fair value through profit or loss.

As at the reporting date, the fair value of this investment is equivalent to its carrying value.

14. Inventories

	Group	Company	
	2021	2021	2020
	RM	RM	RM
At cost:			
Raw materials	3,823,946	3,823,946	3,331,810
Work-in-progress	764,143	764,143	333,606
Consumables	178,246	178,246	188,124
Goods in transit	12,136	12,136	-
	4,778,471	4,778,471	3,853,540
Recognised in profit or loss			
Inventories recognised as cost of production	15,994,621	15,994,621	14,971,799
Inventory written down	-	-	3,907
Inventories written off	30,932	30,932	52,076
Reversal of inventories written down	-	-	(3,955)

15. Contract assets

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Contract assets	697,613	697,613	1,073,171

The contract assets primarily related to the Groups' and the Company's rights to consideration for work completed but not yet billed at the reporting date.

16. Trade receivables

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Trade receivables	5,224,527	5,224,527	5,059,378
Less: Impairment	(13,273)	(13,273)	(60,609)
	5,211,254	5,211,254	4,998,769

The movement in impairment of trade receivables are as follows:

Impairment:			
At 1 January	60,609	60,609	123,206
Reversal	(47,336)	(47,336)	(62,597)
At 31 December	13,273	13,273	60,609

The Group's and the Company's normal trade credit term ranging from 30 to 90 days (2020: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The trade receivables are non-interest bearing and recognised at their original invoice amounts which represent their fair values on initial recognition.

17. Non-trade receivables, deposits and prepayments

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Non-trade receivables	10,084	10,084	14,011
Deposits	6,022,886	1,041,936	415,314
Prepayments	12,167	12,167	12,838
Others	18,830	18,830	44,209
	6,063,967	1,083,017	486,372

Included in non-trade receivables of the Group and of the Company are staff loans of RM10,084 (2020: RM14,011) which bear interest at 4.00% (2020: 4.00%) per annum.

Included in the deposits of the Group and of the Company, are down payments amounting to RM6,001,756 and RM1,020,806 (2020: RM395,184) respectively for the acquisition of property, plant and equipment.

18. Amount due from a subsidiary

The amount due from a subsidiary represents non-trade, unsecured, interest-free advances and is repayable on demand.

Significant related party transactions are disclosed in Note 29 to the financial statements.

19. Fixed deposits with licensed banks

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Deposits placed with licensed banks	1,000,000	1,000,000	4,500,000
Deposits placed with Islamic bank	-	-	4,000,000
	1,000,000	1,000,000	8,500,000
Maturities less than 3 months	-	-	4,000,000
Maturities more than 3 months	1,000,000	1,000,000	4,500,000
	1,000,000	1,000,000	8,500,000

The deposits as at 31 December 2021 bear interest at rates ranging from 3.00% (2020: 1.75% to 3.45%) per annum.

Deposits placed with licensed banks have maturity periods of 270 days (2020: ranging from 30 days to 365 days).

20. Share capital

	Group and Company			
	2021	2020	2021	2020
	Number of Ordinary Share		RM	RM
Issued and fully paid:				
At 1 January/31 December	20,504,250	20,504,250	20,504,250	20,504,250

The holders of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares are carrying one (1) vote per share without restriction and rank equally with regards to the Company's residual interests.

21. Treasury shares

	Group and Company			
	2021	2020	2021	2020
	Number of Ordinary Share		RM	RM
At 1 January/31 December	1,392,016	1,392,016	1,096,473	1,096,473

(i) As at 31 December 2021, the number of outstanding Ordinary Shares in issue after deducting the treasury shares was 19,112,234 (2020: 19,112,234).

(ii) The repurchased transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 113 subsection 5 (b) of Companies Act, 2016 in Malaysia. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distribution are suspended. None of the treasury shares repurchased had been sold or cancelled as at 31 December 2021.

22. Retained profits

Under the single tier system introduced by the Finance Act, 2007 in Malaysia which came into effect from the year of assessment 2008, dividends paid under this system are tax exempt in the hands of shareholders. As such, the whole retained profits can be distributed to shareholders as tax exempt dividends.

23. Deferred tax liabilities

	Group	Company	
	2021	2021	2020
	RM	RM	RM
At 1 January	687,608	687,608	601,014
Transferred to profit or loss (Note 8)	(332,912)	(332,912)	86,594
At 31 December	354,696	354,696	687,608

23. Deferred tax liabilities (continued)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Property, plant and equipment RM
Deferred tax liabilities of the Group/Company:	
At 1 January 2021	1,212,697
Recognised in statements of profit or loss	102,301
At 31 December 2021	1,314,998
Deferred tax liabilities of the Company:	
At 1 January 2020	1,227,313
Recognised in statements of profit or loss	(14,616)
At 31 December 2019	1,212,697

	Unutillised tax losses EM	Unabsorbed capital allowances RM	Provisions RM	Total RM
Deferred tax assets of the Group/Company:				
At 1 January 2021	-	175,437	349,652	525,089
Recognised in statements of profit or loss	37,488	381,984	15,741	435,213
At 31 December 2021	37,488	557,421	365,393	960,302
At 1 January 2020	-	-	626,299	626,299
Recognised in statements of profit or loss	-	175,437	(276,647)	(101,210)
At 31 December 2020	-	175,437	349,652	525,089

24. Provision for staff gratuity

	Group 2021 RM	Company 2021 RM	Company 2020 RM
Representing			
Current liabilities	755,976	755,976	-
Non-current liabilities	1,043,669	1,043,669	1,719,244
	1,799,645	1,799,645	1,719,244
At 1 January	1,314,043	1,314,043	2,466,742
Provision during the financial year	65,593	65,593	60,836
Paid out/Adjusted during the financial year	-	-	(1,213,535)
	1,379,636	1,379,636	1,314,043
Add: Amortised cost			
At 1 January	405,201	405,201	261,548
Additional	14,808	14,808	143,653
	420,009	420,009	405,201
At 31 December	1,799,645	1,799,645	1,719,244

The discounted rates applied in the computation of the present value of retirement gratuities ranged from 2.63% to 3.73% (2020: 1.75% to 3.85%) per annum.

25. Lease liabilities

The following table summarises the carrying amount of the Group's and the Company's right-of-use assets and the movements during the year.

	Group 2021 RM	Company 2021 RM	Company 2020 RM
Representing			
Current liabilities	21,493	21,493	25,904
Non-current liabilities	5,493	5,493	26,985
	26,986	26,986	52,889
Recognised in profit or loss:			
Interest expense on lease liabilities	1,697	1,697	2,196

25. Lease liabilities (continued)

(i) The total cash outflow for leases for the financial year ended 31 December 2021 is RM27,600 (2020: RM23,850); and

(ii) The lease liabilities payable are as follows:

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Present value of lease liabilities:			
Repayable within one year	21,493	21,493	25,904
Repayable between one to two years	5,493	5,493	26,985
	26,986	26,986	52,889

26. Trade payables

The normal trade credit terms granted to the Group and the Company ranging from 30 to 90 days (2020: 30 to 90 days).

27. Non-trade payables and accruals

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Non-trade payables			
- Third party	606,582	606,582	1,138,454
- Amount due to a shareholder	1,435,200	-	-
Accruals	608,408	605,408	900,876
	2,650,190	1,211,990	2,039,330

The amount due to a shareholder is unsecured, interest free and repayable on demand

28. Amount due to Directors

The amount due to Directors represent director fees and are unsecured, interest-free and normally settled within one (1) year.

Significant related party transactions are disclosed in Note 29 to the financial statements.

29. Significant related party transactions

(a) Identities of related parties:

Parties are considered to be related to the Group if the Group has the ability to directly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individual or other entities.

29. Significant related party transactions (continued)

(a) Identities of related parties: (continued)

Related parties of the Group include:

(i) Subsidiary;
(ii) Entities in which directors have substantial financial interest; and
(iii) Key management personnel of the Group and of the Company, comprise persons having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following transactions with its related parties during the financial year.

	Group	Company	
	2021	2021	2020
	RM	RM	RM
With a shareholder			
Advances from	(1,435,200)	-	-
With a subsidiary			
Issuance of share capital	-	(20,000)	-
Advances to	-	3,622,535	-

(c) Compensation of Key Management Personnel.

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Executive			
Directors remuneration	551,220	551,220	460,432
Directors fee	75,000	75,000	30,000
	626,220	626,220	490,432
Non-executive			
Directors remuneration	168,700	168,700	68,600
Directors fee	155,000	155,000	182,500
	323,700	323,700	251,100
Total compensation	949,920	949,920	741,532

30. Segmental information

The Group and the Company are principally engaged in the manufacturing and distribution of flexible packaging materials in Malaysia. There is no other business component that is an operating segment with a distinct allocation of resources. The Group and the Company have exported the packaging materials to Mauritius and Brunei. The revenue of the Group and of the Company is analyses as follows:

30. Segmental information (continued)

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Malaysia	22,939,114	22,939,114	22,293,260
Mauritius	1,025,276	1,025,276	995,980
Brunei	197,100	197,100	215,261
	24,161,490	24,161,490	23,504,501

Major customers

Revenue from three major customers arising from sale of flexible packaging materials are RM10,063,628(2020: RM10,681,833), RM2,137,325 (2020: RM2,391,279) and RM1,658,078 (2020: RM995,980) respectively.

31. Contingent liability

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Bank guarantee given by financial institution to third party	255,799	255,799	232,515

32. Capital commitments

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Capital expenditure not provided for in the financial statements are as follows:			
Property, plant and equipment			
Authorised and contracted for	16,603,862	2,193,862	1,192,314

33. Financial instruments

Categories of financial instruments

(a) Fair value through profit or loss ("FVTPL");
(b) Financial assets at fair value through other comprehensive income ("FVOCI"),
(c) Financial assets measured at amortised cost ("AC"); and.
(d) Financial liabilities measured at amortised cost ("AC").

Group	Carrying amount RM	FVTPL RM	FVOCI RM	AC RM
2021				
Financial assets				
Other investment	4,015,990	1,015,990	3,000,000	-
Trade receivables	5,211,254	-	-	5,211,254
Non-trade receivables and deposits (excluding prepayment)	6,051,800	-	-	6,051,800
Fixed deposits with licensed banks	1,000,000	-	-	1,000,000
Cash and cash equivalents	4,065,712	-	-	4,065,712
	20,344,756	1,015,990	3,000,000	16,328,766

33. Financial instruments (continued)

Categories of financial instruments (continued)

Group	Carrying amount RM	FVTPL RM	FVOCI RM	AC RM
2021				
Financial liabilities				
Trade payables	2,469,566	-	-	2,469,566
Non-trade receivables and accounts	2,650,190	-	-	2,650,190
Provision for gratuity	1,799,645	-	-	1,799,645
Amount due to Directors	230,000	-	-	230,000
Lease liabilities	26,986	-	-	26,986
	7,176,387	-	-	7,176,387
Company				
2021				
Financial assets				
Other investments	4,015,990	1,015,990	3,000,000	-
Trade receivables	5,211,254	-	-	5,211,254
Non-trade receivables and deposits (excluding prepayments)	1,070,850	-	-	1,070,850
Amount due from a subsidiary	3,602,535	-	-	3,602,535
Fixed deposits with licensed banks	1,000,000	-	-	1,000,000
Cash and cash equivalents	4,064,722	-	-	4,064,722
	18,965,351	1,015,990	3,000,000	14,949,361
Financial liabilities				
Trade payables	2,469,566	-	-	2,469,566
Non-trade payables and accounts	1,211,990	-	-	1,211,990
Provision for gratuity	1,799,645	-	-	1,799,645
Amount due to Directors	230,000	-	-	230,000
Lease liabilities	26,986	-	-	26,986
	5,738,187	-	-	5,738,187

33. Financial instruments (continued)

Categories of financial instruments (continued)

Company	Carrying amount RM	FVOCI RM	AC RM
2020			
Financial assets			
Other investments	5,000,000	5,000,000	-
Trade receivables	4,998,769	-	4,998,769
Non-trade receivables and deposits (excluding prepayments)	473,534	-	473,534
Fixed deposits with licensed banks	8,500,000	-	8,500,000
Cash and cash equivalents	3,542,280	-	3,542,280
	22,514,583	5,000,000	17,514,583
Financial liabilities			
Trade payables	2,647,859	-	2,647,859
Non-trade payables and accruals	2,039,330	-	2,039,330
Provision for gratuity	1,719,244	-	1,719,244
Amount due to Directors	212,500	-	212,500
Lease liability	52,889	-	52,889
	6,671,822	-	6,671,822

33. Financial instruments (continued)

Net gains and (losses) arising from financial instruments

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Fair value through profit or loss			
Fair value gain on other investments	15,990	15,990	-
Fair value through other comprehensive income			
Investment income	102,398	102,398	130,989
Financial assets measured at amortised cost			
Interest income	145,167	145,167	278,301
Realised gain/(loss) on foreign exchange	73,644	73,644	(21,025)
Reversal of impairment loss on trade receivables	47,336	47,336	62,597
Unrealised (loss)/gain on foreign exchange	(3,227)	(3,227)	66
	262,920	262,920	319,939
Financial liabilities measured at amortised cost			
Addition of amortised cost of provision for gratuity	(14,808)	(14,808)	(143,653)
Realised gain on foreign exchange	-	-	24,323
Unrealised loss on foreign exchange	(1,030)	(1,030)	(3,026)
Interest expense	(1,697)	(1,697)	(2,196)
Provision for staff gratuity	(65,593)	(65,593)	(60,836)
	(83,128)	(83,128)	(185,388)
	298,180	298,180	265,540

Financial risk management objectives and policies

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

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company's businesses whilst managing its credit risk, market risk, foreign currency risk, interest rate risk and liquidity risk.

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

33. Financial instruments (continued)

Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from the individual characteristics of each customer.

Trade receivables and contract assets

At each reporting date, the Group and the Company assess whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay amounts subject to the write-off. Nevertheless, trade receivables and contract asset that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Credit risk concentration profile

The Group's and the Company's major concentration of credit risk relates to the amounts owing by 8 (2020: 8) major customers which constituted approximately 74% (2020: 70%) of its trade receivables as at the end of the reporting period.

Exposure to credit risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	Group	Company	
	2021	2021	2020
	RM	RM	RM
Malaysia	4,859,697	4,859,697	4,989,880
Mauritius	304,665	304,665	-
Brunei	46,892	46,892	8,889
	5,211,254	5,211,254	4,998,769

33. Financial instruments (continued)

Credit risk (continued)

Ageing analysis

The ageing analysis of the Group's and of the Company's trade receivables as at reporting period is as follows:

Group/Company	Gross carrying amount RM	Loss allowances RM	Net carrying amount RM
2021			
Not past due:	4,953,943	-	4,953,943
Past due:			
- less than 3 months	266,439	(9,128)	257,311
	5,220,382	(9,128)	5,211,254
Credit impaired			
Individually impaired	4,145	(4,145)	-
	5,224,527	(13,273)	5,211,254
Company			
2020			
Not past due:	4,800,178	-	4,800,178
Past due:			
- less than 3 months	207,719	(9,128)	198,591
	5,007,897	(9,128)	4,998,769
Credit impaired			
Individually impaired	51,481	(51,481)	-
	5,059,378	(60,609)	4,998,769

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.

33. Financial instruments (continued)

Credit risk (continued)

Deposits

Credit risks on deposits are mainly arising from deposits paid for hostel buildings rented. These deposits will be refunded at the end of each lease terms. The Group and the Company manage the credit risk together with the leasing arrangement.

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.

As at the end of the reporting period, the Group and the Company did not recognise any allowance for impairment losses.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's and the Company's financial position or cash flows.

Foreign 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 Ringgit Malaysia. The currency giving rise to this risk is US Dollar ("USD"), Brunei Dollar ("BND") and Japanese Yen ("JPY"). The exposure of foreign currency risk is monitored on an on-going basis to ensure that the net exposure is at an acceptable level.

The Group's and the Company's exposure to foreign currency is as follows:

Group/Company	USD RM	BND RM	JPY RM	Total RM
2021				
Financial asset				
Trade receivables	309,772	46,892	-	356,664
Financial liabilities				
Non-trade payables	-	-	(25,493)	(25,493)
Net currency exposure	309,772	46,892	(25,493)	331,171

33. Financial instruments (continued)

Foreign currency risk (continued)

	USD RM	BND RM	JPY RM	Total RM
Company				
2020				
Financial asset				
Trade receivables	-	8,889	-	8,889
Financial liabilities				
Non-trade payables	-	-	(112,680)	(112,680)
Net currency exposure	-	8,889	(112,680)	(103,791)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:

	Group	Company	
	2021 RM Increase/ (Decrease)	2021 RM Increase/ (Decrease)	2020 RM Increase/ (Decrease)
Effect on (loss)/profit after tax			
USD / RM			
Strengthened by 5% (2020:5%)	11,771	11,771	-
Weakened by 5% (2020:5%)	(11,771)	(11,771)	-
BND / RM			
Strengthened by 5% (2020:5%)	1,782	1,782	338
Weakened by 5% (2020:5%)	(1,782)	(1,782)	(338)
JPY / RM			
Strengthened by 5% (2020:5%)	(969)	(969)	(4,282)
Weakened by 5% (2020:5%)	969	969	4,282

33. Financial instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises mainly from interest-earning financial assets and liabilities. The Group's and the Company's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed with licensed financial institutions to generate interest income.

The Group and the Company primary interest rate risk relates to interest earning from fixed deposits with licensed banks and other investments.

Effective interest rates and repricing analysis

The following table shows information on the Group's and the Company's exposure to interest rate risk.

Group/Company	Effective interest rate per annum %	Less than one year RM	Between one and five year RM	Total RM
2021				
Financial assets				
Fixed deposit with licensed bank	3.00	1,000,000	-	1,000,000
Other investment				
- Investment in securities	1.89 - 2.16	-	3,000,000	3,000,000
		1,000,000	3,000,000	4,000,000
Financial liability				
Lease liabilities	3.70 - 4.70	(21,493)	(5,493)	(26,986)
		978,507	2,994,507	3,973,014

33. Financial instruments (continued)

Interest rate risk (continued)

Effective interest rates and repricing analysis (continued)

Company	**Effective interest rate per annum %**	**Less than one year RM**	**Between one and five year RM**	**Total RM**
2020				
Financial assets				
Fixed deposit with licensed bank	1.75 – 3.45	8,500,000	-	8,500,000
Other investments	2.15 – 3.16	-	5,000,000	5,000,000
		8,500,000	5,000,000	13,500,000
Financial liability				
Lease liability	3.70 – 4.70	(25,904)	(26,985)	(52,889)
		8,474,096	4,973,015	13,447,111

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

	Group	**Company**	
	2021 Increase/ (Decrease) RM	**2021 Increase/ (Decrease) RM**	**2020 Increase/ (Decrease) RM**
Effects on profit after taxation			
Increase of 10 basis points	3,019	3,019	10,220
Decrease of 10 basis points	(3,019)	(3,019)	(10,220)

Liquidity risk

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

33. Financial instruments (continued)

Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year RM
2021				
Trade payables	2,469,566	2,469,566	2,469,566	-
Non-trade payables and accruals	2,650,190	2,650,190	2,650,190	-
Provision for gratuity	1,799,645	1,799,645	755,976	1,043,669
Amount due to Directors	230,000	230,000	230,000	-
Lease liabilities	26,986	27,750	22,200	5,550
	7,176,387	7,177,151	6,127,932	1,049,219
Company				
2021				
Trade payables	2,469,566	2,469,566	2,469,566	-
Non-trade payables and accruals	1,211,990	1,211,990	1,211,990	-
Provision for gratuity	1,799,645	1,799,645	755,976	1,043,669
Amount due to Directors	230,000	230,000	230,000	-
Lease liability	26,986	27,750	22,200	5,550
	5,738,187	5,738,951	4,689,732	1,049,219
2020				
Trade payables	2,647,859	2,647,859	2,647,859	-
Non-trade payables and accruals	2,039,330	2,039,330	2,039,330	-
Provision for gratuity	1,719,244	1,719,244	-	1,719,244
Amount due to Directors	212,500	212,500	212,500	-
Lease liability	52,889	55,350	27,600	27,750
	6,671,822	6,674,283	4,927,289	1,746,994

It is not expected the cash flows included in the maturity analysis could occur significantly earlier, or at significant different amount.

33. Financial instruments (continued)

Fair values

The following summarises the methods used to determine the fair values of the financial instruments:

(i) The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of other investments is equivalent to the carrying value as at the end of the reporting period.

(iii) The fair value of lease liability is determined by discounting the relevant cash flows using current interest rates for similar instruments as at the end of the reporting period.

The aggregate fair values and the carrying amounts of the financial asset carried on the statement of financial position as at 31 December are as below:

	2021	
Group	**Carrying amount RM**	**Fair value RM**
Financial asset:		
Other investment	4,015,990	4,015,990
Financial liability:		
Lease liabilities	26,986	26,986

	2021		2020	
Company	**Carrying amount RM**	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Financial asset:				
Other investment	4,015,990	4,015,990	5,000,000	5,000,000
Financial liability:				
Lease liabilities	26,986	26,986	52,889	52,889

33. Financial instruments (continued)

Fair values (continued)

Fair value hierarchy

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

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

The Company does not has any financial liabilities carried at fair value or any financial instruments classified as Level 1 and Level 2 as at reporting date.

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group/Company				
2021				
Financial asset				
Other investment	1,015,990	-	3,000,000	4,015,990
Financial liability				
Lease liabilities	-	-	26,986	26,986
Company				
2020				
Financial asset				
Other investment	-	-	5,000,000	5,000,000
Financial liability				
Lease liability	-	-	52,889	52,889

34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2021.

Under the requirements of Bursa Malaysia Practice Note 19, the Group is required to maintain a shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares). The Group has complied with this requirement for the financial year ended 31 December 2021.

There are no other external capital requirements imposed on the Company.

35. Significant events

(a) On 5 October 2021, the subsidiary of the Company, Sino Peak Sdn. Bhd. had entered into a sales and purchase agreement to acquire a piece of freehold land held under H.S. (D) 21418, PT 38492, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan together with a double storey building amounting to RM9,500,000 and the transfer of land title was completed on 31 January 2022.

(b) The directors of the Group and of the Company are of the opinion that the outbreak of the COVID-19 may affect the business performance and position of the Group and of the Company mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that resulted in delays in commencement of work and delivery of products to customers. Meanwhile, due to inherent nature and unpredictability of future development of the pandemic and market sentiment, the extent of the impact depends on (i) ongoing precautionary measures introduced by each country to address this pandemic and (ii) the durations of the pandemic. Accordingly, the financial impact of the COVID-19 outbreak to the Group and the Company cannot be reasonably estimated as at this juncture. The directors will continue to monitor the situations and respond proactively to mitigate the impact on the Group's and the Company's financial performance and financial position.

36. Subsequent events after the financial year

(a) On 28 January 2022, the subsidiary of the Company, Sino Peak Sdn. Bhd. had entered into a sales and purchase agreement to acquire a piece of freehold land held under H.S. (D) 21417, PT 38491, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan together with a double storey building amounting to RM9,500,000. On 11 April 2022, the Company had received the confirmation from the solicitors of the seller to extend the deadline of transaction to 30 June 2022 and the payment date for the balance of purchase price had been extended to, on or before 27 August 2022.

(b) On 29 March 2022, the Company ("APT") had proposed to share split involving the subdivision of every 1 existing ordinary share in APT ("APT Share(s)") into 4 subdivided APT Shares ("Proposed Share Split").

(c) On 29 March 2022, APT had entered into a conditional internal restructuring agreement with Newco for the purpose of the Proposed Internal Reorganisation by the way of members' scheme of arrangement under Section 366 of the Companies Act, 2016 in Malaysia comprising the following:

   (i) Proposed share exchange of the entire issued and fully paid up share capital of APT, with the corresponding number of new ordinary shares in Greater Bay Holdings Berhad (Registration No. 202201009799 (1455496-U)) ("Newco") ("Newco Share(s)") on the basis of 1 new Newco Share for every 1 existing APT Share held by the existing shareholders of APT as at the entitlement date to be determined and announced by the Board ("Proposed Share Exchange"); and

   (ii) Proposed transfer of the listing status of APT to Newco, the admission of Newco to and withdrawal of APT from the Official List of the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), and the listing of and quotation for the entire issued and paid up share capital of Newco on the Main Market of Bursa Securities ("Proposed Transfer of Listing Status").

37. General information

The Company is incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

The Company is principally engaged in the manufacturing and distribution of flexible packaging materials.

The principal activities of its subsidiaries are set out in Note 12 to the financial statements.

The registered office of the Company is located at Level 12, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Lot 2, Jalan P/2A, Kawasan MIEL, Bangi Industrial Estate, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.

The financial statements were approved and authorised for issue by the Board of Directors on 26 April 2022.

List of the Properties as at 31 December 2021

Location/ Address	Description/ Existing Use	Land/ (Built-up) Area sq.m	Tenure	Age of Building	Net Book Value RM	Date of Acquisition
Location: Lot HS(M) 9617 PT11447 Mukim of Kajang Daerah Ulu Langat Selangor Darul Ehsan **Address:** Lot 2 Jalan P/2A Kawasan MIEL Bangi Industrial Estate 43650 Bandar Baru Bangi Selangor Darul Ehsan	Industrial Land erected with office, factory and warehouse premises / Own use	8,903 / 5,666	99 years leasehold expiring on 29 September 2086	37 years old	2,659,829	3-5-1984

Analysis of Shareholdings as at 31 March 2022

SHAREHOLDERS

The Company had 893 shareholders as at 31 March 2022. There is only one class of share , namely ordinary share. Each share entitles the holder to one vote.

ANALYSIS OF SHAREHOLDINGS
As at 31 March 2022

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	170	4,529	0.02
100 - 1,000	130	72,723	0.38
1,001 - 10,000	485	1,372,143	7.18
10,001 - 100,000	76	2,554,378	13.37
100,001 to less than 5% of issued shares	30	11,948,306	62.52
5% and above of issued shares	2	3,160,155	16.53
Total	**893**	**19,112,234**	**100.00**

Analysis of Shareholdings as at 31 March 2022 (cont'd)

SUBSTANTIAL SHAREHOLDERS
As at 31 March 2022

No.	Name of Substantial Shareholders		No. of Shares Direct Interest	%
1	Peter Ling Ee Kong		1,995,800	10.38
	- CGS - CIMB Nominees (Tempatan) Sdn Bhd	556,200		
	- Affin Hwang Nominees (Tempatan) Sdn Bhd	1,027,400		
	- Alliance Group Nominees (Tempatan) Sdn Bhd	412,200		
2	Brilliant Smart International Limited		1,616,262	8.41
	UOB Kay Hian Nominees (Asing) Sdn Bhd	1,616,262		
	- Exempt An For UOB Kay Hian (Hong Kong) Limited (A/C Clients)			
3	Pang Chong Yong		1,593,493	8.29
	- Alliance Group Nominees (Tempatan) Sdn Bhd	450,000		
	- CIMSEC Nominees (Tempatan) Sdn Bhd	627,000		
	- UOB Kay Hian Nominees (Asing) Sdn Bhd	516,493		

DIRECTORS' SHAREHOLDINGS
As at 31 March 2022

			Direct Interest	
No.	**Name of Directors**		**No. of Shares**	**%**
1	Dato' Haji Ghazali B. Mat Ariff		-	-
2	Mah Siew Seng		835,897	4.37
3	Law Mong Yong	209	459	0.00
	- Affin Hwang Nominees (Tempatan) Sdn Bhd	250		
4	Pang Chong Yong		1,593,493	8.29
	- Alliance Group Nominees (Tempatan) Sdn Bhd	450,000		
	- CIMSEC Nominees (Tempatan) Sdn Bhd	627,000		
	- UOB Kay Hian Nominees (Asing) Sdn Bhd	516,493		
5	Andrew Ling Yew Chung		45,000	0.24
	- CGS-CIMB Nominees (Tempatan) Sdn Bhd	45,000		
6	Pang Jun Jie (Alternate Director to Pang Chong Yong)		-	-
7	Peter Ling Ee Kong		1,995,800	10.38
	- CGS-CIMB Nominees (Tempatan) Sdn Bhd	556,200		
	- Affin Hwang Nominees (Tempatan) Sdn Bhd)	1,027,400		
	- Alliance Group Nominees (Tempatan) Sdn Bhd)	412,200		
8	Lim Tiong Heng		19,600	0.10

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS
As at 31 March 2022

No.	Name	No. of Shares	%
1	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian (Hong Kong) Limited-(A/C Clients)	2,132,755	11.16
2	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged securities account for Peter Ling Ee Kong	1,027,400	5.38
3	Mah Siew Seng	835,897	4.37
4	Sin Soon Lee Realty Company (M) Sdn Bhd	795,825	4.16
5	Low Khek Heng @ Low Choon Huat	762,700	3.99
6	Tan You Hum	697,600	3.65
7	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Pang Chong Yong (PB)	627,000	3.28
8	Tjin Kiat @ Tan Cheng Keat	615,900	3.22
9	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged securities account for Teo Siew Lai	588,400	3.08
10	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged securities account for Peter Ling Ee Kong	556,200	2.91
11	Teo Kwee Hock	540,200	2.83
12	Lee Kim Mua @ Lim Kim Moi	516,626	2.70
13	Law Mong Hock	502,633	2.70
14	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Pang Chong Yong	450,000	2.35
15	Jenny Siew	450,000	2.35
16	Law Geok King	419,094	2.19
17	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Peter Ling Ee Kong	412,200	2.16
18	Law Geok Beng	338,468	1.77
19	Law Ling Ling	330,974	1.73
20	Tan Kok Chiew	323,395	1.69

Analysis of Shareholdings as at 31 March 2022 (cont'd)

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS
As at 31 March 2022 (cont'd)

No.	Name	No. of Shares	%
21	Ong Kim Looi	306,700	1.60
22	Juliet Yap Swee Hwang	287,400	1.50
23	Law Geok Eng	276,494	1.45
24	Mah Jon Van	250,000	1.31
25	Tasek Maju Realty Sdn Bhd	225,000	1.18
26	Maybank Nominees (Tempatan) Sdn Bhd Pledged securities account for Toh Su See	206,300	1.08
27	Yap Ah Cheng	150,000	0.78
28	Jane Yap Sin Yee	145,900	0.76
29	Tan Gian Hock	132,500	0.69
30	Chuah Cheng Soon	104,000	0.54

Advanced Packaging Technology (M) Bhd
Registration No.: 198201003236
Lot 2, Jalan P/2A, Kawasan MIEL, Bangi Industrial Estate, 43650 Bandar Baru Bangi
Selangor Darul Ehsan, Malaysia
Tel: (603) 8925 7101 (5 Lines) Fax: (603) 8925 9153
Website: www.advancedpack.com.my