



**advanced packaging
TECHNOLOGY (M) BHD.**

Registration No. 198201003236 (82982-K)

先進包裝工業(馬)有限公司

ANNUAL REPORT

2022

LAPORAN TAHUNAN

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 and GMP 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 forms.

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 as 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.

In addition to the Company's main business stream, the Company also has a subsidiary – Sino Peak Sdn Bhd (“SPSB”) which was incorporated in 2021 to diversify and expand the Group's operations and activities. SPSB is principally engaged in the investment and management of properties.

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Corporate Information

BOARD OF DIRECTORS

Dato' Haji Ghazali B. Mat Ariff
Chairman

Peter Ling Ee Kong
Managing Director

Andrew Ling Yew Chung
Executive Director

Mah Siew Seng

Law Mong Yong

Pang Chong Yong

Lim Tiong Heng

Pang Jun Jie
Alternate Director

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
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

T (+603) 7890 4800
F (+603) 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

T (+603) 7890 4700
F (+603) 7890 4670

PRINCIPAL BANKER

CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad

OTHER INFORMATION

Corporate Website :
www.advancedpack.com.my

Directors' Profile

DATO' HAJI GHAZALI B. MAT ARIFF

Chairman (Senior Independent Non-Executive Director)

Age : 81 Gender : Male

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 the appointment as a lecturer at Sultan Hassanah 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 listed on Bursa Malaysia Securities Berhad. In Parkwood Holdings Berhad, Dato' Ghazali assumed his position as Chairman since 26 September, 2007, and he also serves as Chairman to the Remuneration Committee and is a member of the Audit and Risk Management Committee and Nomination 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 The Malay College Old Boys Association (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.

Directors' Profile

(cont'd)

PETER LING EE KONG

Managing Director

Age: 68 Gender: Male

Malaysian

Mr Peter Ling Ee Kong was appointed to the Board on 30 June, 2021 and was 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 banks and was on the board of various public listed companies in Malaysia.

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 8,013,000 ordinary shares in the Company as at 31 March 2023.

PANG CHONG YONG

Non-Independent Non-Executive Director

Age: 64 Gender: Male

Malaysian

Mr Pang Chong Yong was appointed to the Board on 16 June, 2020. He holds an IME, Mini MBA, Executive Certificate in Business Management from 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 car 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 6,373,972 ordinary shares in the Company as at 31 March 2023.

Directors' Profile

(cont'd)

MAH SIEW SENG

Independent Non-Executive Director

Age: 69 Gender: Male

Malaysian

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 3,343,588 ordinary shares in the Company as at 31 March 2023.

ANDREW LING YEW CHUNG

Executive Director

Age: 31 Gender: Male

Malaysian

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 nearly a decade of combined experience in business and professional services, including service with the audit and assurance practice of Ernst & Young PLT Malaysia from 2013 to 2016, and as 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.

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 240,000 ordinary shares in the Company as at 31 March 2023.

Directors' Profile

(cont'd)

LAW MONG YONG

Non-Independent Non-Executive Director

Age: 64 Gender: Male

Malaysian

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 1,836 ordinary shares in the Company as at 31 March 2023.

LIM TIONG HENG

Independent Non-Executive Director

Age: 35 Gender: Male

Malaysian

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 real estate and property 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 78,400 ordinary shares in the Company as at 31 March 2023.

Directors' Profile

(cont'd)

PANG JUN JIE

Alternate Director (Non-Independent Non-Executive)

Age: 29 Gender: Male

Malaysian

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 worked as an Assistant Manager of the Company for Business Development and as an Assistant to the Managing Director.

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 more than 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 the 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.

Profile of Key Senior Management

PETER LING EE KONG

Managing Director

Age: 68 Gender: Male

Malaysian

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

Executive Director

Age: 31 Gender: Male

Malaysian

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

General Manager (Operations)

Age: 53 Gender: Male

Malaysian

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 and 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.

Profile of Key Senior Management

(cont'd)

YIP ZHI HOE

General Manager (Finance and Administration)

Age: 30 Gender: Male

Malaysian

Mr Yip Zhi Hoe 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.

BRIAN LING YEW HAN

General Manager (Corporate Strategy & Investments)

Age: 28 Gender : Male

Malaysian

Mr Brian Ling Yew Han 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.

Profile of Key Senior Management

(cont'd)

CHEN MEE LING

Senior Manager (Sales and Business Development)

Age: 51 Gender: Female

Malaysian

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 the 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

Personal Assistant to the Managing Director (Customer Origination & Development)

Age: 79 Gender: Male

Malaysian

Dato' Khor Soon Hooi has more than twenty-eight (28) years of service with the Company within the Sales and Business Development department. He is currently the Personal Assistant to the Managing Director, focusing on customer origination and development.

He obtained a Diploma in Education from Malayan Teachers College, Kuala Lumpur in 1965. He was awarded a Pingat Bakti PB. from the Sultan of Kelantan in 1994. He was also awarded 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.

JESSIE LIM FUI CHIN

Manager (Quality Assurance)

Age: 31 Gender : Female

Malaysian

Ms Jessie Lim Fui Chin joined the Company since February 2023 and oversees the Quality Assurance function of the Company.

She obtained a Degree in Chemical Engineering from Universiti Tunku Abdul Rahman and is a Certified Quality Technician under the American Society for Quality (ASQ). She has more than seven (7) years of experience within the Quality Assurance field.

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.

Sustainability Statement

As sustainability is an integral part of the business operations of Advanced Packaging Technology (M) Bhd and its subsidiary ("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") risks 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 sustainable practices and operations.

The Group manages sustainability issues in 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 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.

Sustainability Statement

(cont'd)

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 targets and close monitoring of its achievement. Sectional wastage levels of each manufacturing process was set on a yearly basis, data was recorded and compiled and compared monthly for close monitoring. Some sections performed within the 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 companies 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.

Sustainability Statement

(cont'd)

3. Social

The Board believes that the Group is socially responsible 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 wage 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 2022 target has been achieved.

The Group also ensures that its employees are adequately provided for with medical benefits and insurance coverage together with 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 place, 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 briefings and fire drills are conducted on site to enable the employees to better understand certain safety issues and to react quickly in times 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 25 April 2023.

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 Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), 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 2022.

Notwithstanding the Company’s departures from Practices such as the Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee (Practice 1.4), requirement to have at least 30% women directors (Practice 5.9) and policy on gender diversity for the Board and senior management (Practice 5.10), the Board will continue to evaluate and assess the Practices and at the appropriate time, take the appropriate steps to narrow the gap. The Nomination Committee and the Board are looking into refreshing the composition of the Board, including Board Committees in view of the amendments to the MMLR of Bursa Securities which will take effect on 1 June 2023 whereby Directors whose services exceeded a cumulative period of 12 years will be re-designated as non-independent directors. The process of sourcing suitable candidate(s) for appointment(s) to the Board has commenced and is ongoing. The composition of the Board Committees will be addressed as part of the broader review on the Board composition. On Practice 5.6 where the Board is recommended to utilise independent sources to identify suitable qualified candidates, the Board is open to use such facilities where necessary. The Board is cognisant of Practice 6.1 of MCCG but has decided not to engage independent experts to facilitate the annual assessment at least every three years as the Board has put in place a formal evaluation process that should achieve the intended objective.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

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 practise good corporate governance in the discharge of their stewardship responsibilities to protect the various stakeholders’ interests 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.

Corporate Governance Overview Statement

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**I. BOARD RESPONSIBILITIES (CONT'D)****1.2 Chairman**

The Chairman of the Company, Dato' Ghazali B. Mat Ariff, Senior Independent Non-Executive Director leads and manages the Board by focusing on strategy, governance and compliance. He holds an Independent Non-Executive position and 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 practices.

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, the Senior 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 chair the Committees objectively and impartially.

1.5 Company Secretary

The Board is supported by two qualified and competent Company Secretaries to provide sound governance advice. They are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. They have the required experience and are competent to discharge their duties and responsibilities.

They are responsible for all the secretarial functions 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

Board meeting serves as an avenue for governance discussions and decision-making by the Board. The Board's commitment in carrying out their duties and responsibilities is affirmed by their attendance at the meetings held during financial year 2022. The Board meets at least four (4) times annually with additional Board Meetings to be convened as and when necessary.

To facilitate robust Board discussion, meeting papers, all relevant agenda, board papers and reports for each meeting are circulated to Board and Board Committees 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 accurately reflect the deliberations and decisions of the Board and any interested Directors will abstain from voting. The minutes are circulated subsequently before the next meeting.

Corporate Governance Overview Statement

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**I. BOARD RESPONSIBILITIES (CONT'D)****1.7 Directors' Training**

The Board acknowledges that appropriate training programmes for the Directors will keep them abreast of developments in the 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 Securities MMLR 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 2022 - Anti Bribery Management System (ABMS)

Mr. Mah Siew Seng

- 5 December 2022 – MIA Webinar Series: Revenue Recognition: Contract Costs, Licences of Intellectual Property, Warranties and Onerous Contracts – MFRS 15 with Case Study Illustrations
- 6 December 2022 – MIA Webinar Series: Related Party Transactions and Disclosures: MFRS 124 and MPERS S.33
- 14 December 2022 – Malaysian Property Tax, Estates and Trust

Mr Andrew Ling Yew Chung

- 18 and 19 April 2022 – ISO 9001:2015 Internal Auditor Training
- 8 August 2022 – HACCP Foundation, ISO 22000:2018 & TS 22002-4 Awareness Training
- 29 and 30 November 2022 - Understanding FSSC 22000 Version 5.1 Requirements Training

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.

Corporate Governance Overview Statement

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**I. BOARD RESPONSIBILITIES (CONT'D)****3.1 Code of Conduct and Ethics**

The Corporate Code of Conduct and Ethics ("the Code") sets out the standards which the Directors, officers and employees of the Company and its subsidiaries are expected to comply in relation to the affairs of the Company's business when dealing with each other, shareholders and boarder community.

The Board is committed to maintaining 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

The Group recognised the significance of all the values and the highest standard of work ethics for all Directors, managers and employees in line with good corporate governance and business integrity practices.

In upholding the above, the Company had adopted a Whistleblowing Policy to provide an avenue for all employees of the Group and members of the public to raise concerns or disclose any improper conduct involving the Group and its Directors or employees.

The Whistle-blowing and Anti-Corruption policies are published at the Company's website at www.advancedpack.com.my.

4.1 Sustainability-related matters

The Board is overall responsible for promoting and ensuring 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 sustainable practices and operations.

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

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

Corporate Governance Overview Statement

(cont'd)

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).

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 to assess 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; and
- (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.

Corporate Governance Overview Statement

(cont'd)

II. BOARD COMPOSITION (CONT'D)**5.1 Nomination Committee (cont'd)****3. Duties and Responsibilities (cont'd)**

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

The Nomination Committee carried out its duties in accordance with its Terms of Reference and the Directors' Fit and Proper Policy adopted by the Company in June 2022 to ensure a formal, rigorous and transparent process for the appointment/election of candidates as Directors of the Company and for the re-election of Directors. The Fit and Proper Policy can be obtained from the Company's website at www.advancedpack.com.my.

The Nomination Committee is looking into refreshing the composition of the Board in view of the proposed amendments to the MMLR of Bursa Securities which will take effect on 1 June 2023 whereby Directors whose services exceeded a cumulative period of 12 years will be re-designated as non-independent directors. The process of sourcing for suitable candidate(s) for appointment(s) to the Board has commenced and is ongoing.

5.2 Independent Directors

The Board has seven members with two Executive Directors and five Non-Executive Directors currently, of whom three are Independent namely Dato' Haji Ghazali B. Mat Ariff, Mr Mah Siew Seng and Mr Lim Tiong Heng and its composition is compliant with paragraph 15.02 of the Bursa Securities's MMLR 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 Independent Directors are independent of management and can provide greater check and balance during boardroom deliberations and decision making. 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 noted that the tenure of an independent director should not exceed a cumulative term of nine years. The Board is of the view that ability of long serving independent directors to remain independent and to discharge their duties with integrity and competency should not be measured solely by tenure of service.

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.

Corporate Governance Overview Statement

(cont'd)

II. BOARD COMPOSITION (CONT'D)**5.3 Tenure of Independent Directors (cont'd)**

The process of sourcing suitable candidates for appointment as new Independent Directors to the Board has commenced and is ongoing in view of the amendments to the MMLR of Bursa Securities which will take effect on 1 June 2023 whereby Directors whose services exceeded a cumulative period of 12 years will be re-designated as non-independent directors.

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 independence 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 Directors that qualifications, experiences and skills, age and gender are key factors to be considered.

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.

Corporate Governance Overview Statement

(cont'd)

II. BOARD COMPOSITION (CONT'D)**5.8 Information on the appointment and reappointment of a director (cont'd)**

During the year, the assessment relating to reappointment of directors was reviewed by 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 had disclosed a statement that they were supportive of the reappointment of directors in the Notice.

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.

The process of sourcing a suitable woman candidate for appointment as new Director to the Board has commenced and is ongoing in view of the amendment to the MMLR of Bursa Securities which will take effect on 1 June 2023 whereby the Board should consist of at least 30% women directors.

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 Excellence. 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.

Corporate Governance Overview Statement

(cont'd)

III. REMUNERATION (CONT'D)**7.1 Policy on Remuneration**

There is no written policy on remuneration currently. However, factors or guidelines that have been considered 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.

The 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 (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 the 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 2022, distinguishing between Executive and Non-Executive Directors of the Company.

Corporate Governance Overview Statement

(cont'd)

III. REMUNERATION (CONT'D)**8.1 Directors' Remuneration (cont'd)**

Category of Remuneration	Executive Director	Non-Executive Director
	RM	RM
Salary	426,000	–
Fees	72,000	177,000
Bonus	–	–
Benefits in Kind	7,400	–
EPF & Socso	28,019	–
Others	42,000	–
Meeting allowances	–	63,600
Total	575,419	240,600

Band of Remuneration (RM)	Executive Director	Non-Executive Director
Below 50,000	–	4
50,001 to 100,000	–	2
100,001 to 150,000	–	–
150,001 to 200,000	1	–
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.

Corporate Governance Overview Statement

(cont'd)

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 and is chaired by a Senior Independent Non-Executive Director.

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 experience. 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 of 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.

Corporate Governance Overview Statement

(cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**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 2022 to carry out another round of review.

The Board has considered and accepted the review and the updated risk profile of the Company. The management has since followed up with 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 Board has yet to establish a Risk Management Committee. Hence, in the meantime the Board assumes direct responsibility for risk management matters.

11.1 Internal Audit Function

The Company's internal audit function was outsourced to an independent professional internal audit service provider, Messrs 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.

Corporate Governance Overview Statement

(cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**11.1 Internal Audit Function (cont'd)**

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 announcements, 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 into 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.

Corporate Governance Overview Statement

(cont'd)

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

The Board is committed to ensure that the dispatch of Notice of AGM is circulated at least twenty-eight (28) days prior to the 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 of 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 Overview Statement

(cont'd)

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

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 25 April 2023.

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 to the External Auditors, PKF PLT and its affiliated company by the Company and the Group for the financial year ended 31 December 2022 are as stated in the following table:-

Nature of services	Company (RM)	Group (RM)
Audit	40,000	48,000
Non-audit:		
Tax filing	7,500	8,500
Review of the Statement on Risk Management and Internal Control	7,000	7,000
Total Non-audit fees	14,500	15,500

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. The transaction was completed in August 2022.

Apart from the above, there were no other material contracts entered into by the Company, 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 Transactions of Revenue or Trading Nature

There were no recurrent related party transactions of 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 heads of the 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.

Statement on Risk Management and Internal Control

(cont'd)

RISK MANAGEMENT (CONT'D)

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.

Statement on Risk Management and Internal Control

(cont'd)

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 2022.

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.

Statement on Risk Management and Internal Control

(cont'd)

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.

Continuous reviews have been carried out by the management to improve and monitor the Group's Quality Management System with an objective to further enhance it in accordance with the requirements of the latest ISO 9001 standard.

The Group currently has valid ISO 9001:2015 and Good Manufacturing Practice (GMP) MS 1514:2009 certifications.

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.

Statement on Risk Management and Internal Control

(cont'd)

CONCLUSION BY THE BOARD (CONT'D)

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 for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, 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 2022.

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 25 April 2023.

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 52 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 2022.

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 25 April 2023.

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 2022.

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 2022 are detailed below:-

Name	Designation	Number of Applicable Meetings	Attendance
a) Dato’ Haji Ghazali B. Mat Ariff	Chairman - Senior Independent Non-Executive	4	4
b) Mah Siew Seng	Member - Independent Non-Executive	4	4
c) Lim Tiong Heng	Member - Independent Non-Executive	4	3

Audit Committee Report

(cont'd)

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 of 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).

Audit Committee Report

(cont'd)

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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 the 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 the Audit Committee

The Audit Committee carried out the following works during the financial year ended 31 December 2022:-

- (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 the 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 2022 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.

Audit Committee Report

(cont'd)

Summary of work of the Audit Committee (Cont'd)

The Audit Committee carried out the following works during the financial year ended 31 December 2022:-
(Cont'd)

- (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 the 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 an 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 an independent assessment on the adequacy, efficiency, and effectiveness of the Company's internal control system.

WCA had in 2022 performed an 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 causes, 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 a certain agreed time frame to ensure potential risk exposures over key business processes is properly addressed and managed. The Internal audit report was tabled for discussion in Audit Committee meeting by WCA. Having been 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 25 April 2023.

Chairman's Statement

Dear Shareholders,

I 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 2022 ("**FY2022**").

Overview

This year remained a dynamic growth year for us. We had leveraged and capitalized on new business and commercial opportunities, while enduring economic challenges that have affected local and international businesses. In line with our growth targets, the Company has made significant progress toward its key goals and had achieved the following during FY2022:

- Strong growth in sales from both new and existing customers;
- First year of operation as a Good Manufacturing Practice (GMP) certified Company together with additional facility upgrades and the commissioning of new machinery; and
- Completion of the acquisition of the investment properties and share split exercise which were approved by the shareholders.

That said, such progress was achieved on the backdrop of increased operating costs, driven primarily by the rise in raw material, utility and labour costs during FY2022. This had a substantial negative impact on the profitability of our Company amidst a competitive market. Furthermore, the outlook on the flexible packaging industry for the upcoming financial year has been weighed down in the face of further global economic instability.

Despite such challenges, we remain committed and optimistic towards achieving long-term profitability by focusing on the following key goals and objectives:-

- Grow sustainable sales from new and existing customers;
- Build on the Company's management systems with new certifications to reflect our commitment to meet customers' needs;
- Make continuous improvements across the Company's operating capabilities, infrastructure and processes; and

Chairman's Statement

(cont'd)

- Mitigate risks with pro-active management, strategic capital expenditures and corporate investments (including those outside the flexible packaging business).

We remain committed to the flexible packaging business. With our passionate team and developing prospects from new and long-term customers, we believe we can weather and meet the future challenges the Company faces.

Financial Performance

We had achieved a turnover growth of approximately RM29.0 million during FY2022 – an increase of RM4.9 million or 20% from the prior year, despite reporting an operating loss (before depreciation, interest and tax expenses) of RM0.1 million, and a net loss after tax for the year ended 31 December 2022. The turnover growth was mainly driven by stronger sales from new and existing customers. As mentioned above, the contributing factor for such losses were primarily due to significant increases in raw material, utility and labour costs during FY2022. Furthermore, the Company incurred one-off costs of approximately RM0.5 million during FY2022 in relation to the approved corporate exercises.

Dividend

The Board of Directors has not recommended any final dividend for the financial year ended 31 December 2022.

Prospects

Although we foresee another year of global economic instability and market competitiveness, we believe that demand for our flexible packaging products and services will continue to grow in the long term. There exists substantial growth potential based on our available production capacity and demand for our products' end consumers across various essential sectors including food, pharmaceutical and household products.

Our marketing efforts, improved operational capabilities and efficiency, product development and dedicated service, will allow the Company to face the challenges ahead. Barring any unforeseen circumstances and once the overall macroeconomic environment improves, we believe our flexible packaging business will reach further economies of scale and create more value for the shareholders. The Company will also continue to explore business opportunities with a view to diversify its' earnings base and ultimately enhance returns for the Shareholders.

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

25 April 2023

Management Discussion and Analysis

OVERVIEW OF BUSINESS AND OPERATIONS

The Company, Advanced Packaging Technology (M) Bhd (“APT”) 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.

The Company’s subsidiary, Sino Peak Sdn Bhd (“SPSB”) is principally engaged in the investment and management of properties.

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

REVENUE

The Group has achieved a revenue of RM29.0 million for the year ended 31 December 2022 (“FY2022”) against RM24.1 million recorded for the year ended 31 December 2021 (“FY2021”) which was RM4.9 million, or 20% higher, primarily driven by the growth in sales of flexible packaging materials to new and existing customers throughout FY2022.

OPERATING LOSS

The Group recorded an operating loss (before depreciation and interest expenses) of RM0.1 million for FY2022 primarily due to lower margin from operations as result of the significant increase in raw material costs during the financial year, increase in employee-related costs which comprised of salary adjustments and welfare, a weaker lower currency, increases in charge rates for utilities (namely electricity and gas), as well as the one-off costs incurred in relation to the corporate exercises amounting to RM0.5 million.

NET LOSS

Net loss after tax for FY2022 was RM1.7 million which was mainly attributable to the above factors, as well as depreciation and interest expenses of RM1.3 million and RM0.2 million, respectively.

Management Discussion and Analysis

(cont'd)

KEY FINANCIAL INDICATORS

Key financial indicators for the financial year ended 31 December 2020 ("FY2020"), FY2021 and FY2022, are as follows: -

	FY2022	FY2021	FY2020
Basic earning per share (Sen)	(2.18)*	(5.72)	3.23
Return on equity (%)	(5.94)	(3.80)	2.07
Return on total assets (%)	(3.26)	(4.00)	2.12
Net asset per share (RM)	0.37*	1.50	1.56
Gearing Ratio (net debt/shareholders' equity)	0.54	0.01	(0.24)

*Weighted average number of ordinary shares have accounted for the share-split in FY2022

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 2018 to 2022.

ASSETS

As at 31 December 2022, the total assets recorded by the Group has increased significantly by 42% as compared to the previous financial year end, mainly due to the purchase and completion of the transfer of investment properties (under the subsidiary, SPSB) during the year, which amounted to a carrying amount of RM19.8 million as at the current financial year end. Significant purchases of machinery were made to further improve and expand APT's capacity and capabilities, with a carrying amount for property, plant and equipment of RM11.3 million being recorded as at the current financial year end.

Trade receivables have increased by 25% as compared to the previous financial year, in line with the increase in sales during the current financial year. The balances recorded are 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.

Non-trade receivables have decreased by approximately RM6 million, as these balances recorded in the previous financial year pertained to progressive payments made for the purchase of investment properties under SPSB. These amounts have been reclassified and recorded as investment properties after the transfer of ownership of these properties.

Cash and cash equivalents (including deposits with licensed banks) have decreased by RM0.9 million, whereby the funds were primarily re-allocated towards the purchase of investment properties, new machinery, as well as quoted securities as other investments. The reallocation of such funds towards these initiatives and investments are intended to increase the capacity and capabilities of the Group, manage long-term risks, and to seize opportunities to improve the future earnings quality and value of the Group in the long-term.

Management Discussion and Analysis

(cont'd)

LIABILITIES

Total liabilities for the Group have increased by about RM14.4 million as compared to the previous financial year, mainly due to the drawdown of loan facilities amounting to RM13.6 million to part-finance the purchase of investment properties and machinery.

Trade payables have also increased by 49% as mainly driven by increased sales activities during the financial year. Higher levels of purchase of materials were made to meet the increase in demand and have in turn led to an increase in the amounts owed to our suppliers for these goods and services. The Group has been able to manage its cash flow effectively and pay its suppliers in a timely manner.

CAPITAL STRUCTURE AND FINANCIAL RESOURCES

As at 31 December 2022, the Group has a healthy capital structure and has leveraged on bank borrowings for the acquisition and financing of assets (which includes investment properties and machinery). This has allowed the Group to re-allocate existing resources to reduce operational and business risks, improving operational capabilities (from acquisition of new machinery) and generate returns from other aspects of the business operations.

The management of the Group has thoroughly assessed the feasibility and consideration of business expansion, diversification, operational capacity/capability and long-term value creation, and hence have made such decisions to leverage on debt.

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 properties and the acquisition of new machinery.

REVIEW OF OPERATING ACTIVITIES

The Group achieved sales turnover of approximately RM29.0 million for FY2022 against RM24.1 million for FY2021 which were primarily driven by the growth in sales of flexible packaging materials across a growing customer base, in particular from new customers within the food and beverage manufacturing industry.

The Group recorded an operating loss (before depreciation, interest and tax expenses) of RM0.1 million for FY2022 mainly due to the significant increase in raw material costs during the financial year, and also by other factors such as the weaker local currency, increase in employee-related costs which comprised of salary adjustments and welfare, increases in charge rates for utilities (namely electricity and gas). These above factors had a substantial and negative impact on the profitability and operating margin of the Group. Excluding the one-off costs incurred in relation to the corporate exercises, the Group would report an operating profit (before depreciation, interest and tax expenses) of approximately RM0.4 million for FY2022.

The Group has maintained focus on long-term performance and sustainability, with the goal to achieve sales growth, manage operational/business risks and improve the capabilities and efficiency of its operations for the current financial year. Economies of scale, improvements in efficiency and productivity of operations will play an important role in the upcoming financial year.

Management Discussion and Analysis

(cont'd)

KEY RISKS

The Group has identified key risk areas that may have a material impact on the performance of the Group for the financial year. Supply chain risk remains as one of the major concerns within the industry, as it relies on a complex global supply chain, which can be impacted by a range of factors such as natural disasters, geopolitical instability, and trade disruptions. Disruptions in the supply chain can lead to material shortages, price increases, or delays in production. Economic risk is also another major risk identified, whereby economic conditions can adversely impact the demand for flexible packaging products, as well as the cost of materials and labour. Pricing competition, changes in currency exchange rates, inflation, and interest rates can also significantly impact the financial performance of the Group.

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 marketing efforts and business development to diversify income and cash reserves (currency).

The Group will continue to maintain focus on long-term performance and sustainability, with the goal to achieve growth, manage operational/business risks and improve the operational capabilities and efficiency of its operations through (i) pro-active marketing and customer network building, (ii) training and development of staff, (iii) the purchase and installation of new/modern machinery and equipment, (iv) factory improvements and renovations, (v) manufacturing process refinement, and (vi) higher-level certification of its operations to reflect the above.

That said, the flexible packaging materials industry is an essential industry and is expected to retain continuous demand 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 2023.

This Statement was approved by the Board on 25 April 2023.

Five Years Financial Highlights and Financial Indicators

Financial year ended 31 December	2022	2021	2020	2019	2018
Statements of Profit or Loss and Other Comprehensive Income (RM)					
Revenue	29,018,844	24,161,490	23,504,501	22,671,913	24,517,998
(Loss)/Earnings before interest expense, tax, depreciation and amortisation	(140,009)	(51,769)	2,260,870	1,234,792	2,753,014
(Loss)/Profit before tax	(1,673,049)	(1,449,055)	788,891	(227,318)	1,201,042
(Loss)/Profit after tax	(1,716,691)	(1,116,507)	617,077	(143,667)	1,045,334
Net (loss)/profit attributable to equity holders	(1,744,848)	(1,092,868)	617,077	(143,667)	1,045,334
Statements of Financial Position (RM)					
Total assets	51,359,212	36,242,673	37,187,572	36,442,884	37,461,818
Total borrowings	13,446,382	–	–	–	–
Shareholders equity	29,392,433	28,735,229	29,828,097	29,211,020	29,737,034
Financial Indicators					
Return on equity (%)	(5.94)	(3.80)	2.07	(0.49)	3.52
Return on total assets (%)	(3.26)	(4.00)	2.12	(0.62)	3.21
Gearing ratio (Net debts/ Shareholders' equity)	0.54	0.01	(0.24)	(0.27)	(0.24)
Basic earning per share (sen) ¹	(2.18)	(5.72)	3.23	(0.75)	5.47
Net assets per share (RM) ¹	0.37	1.50	1.56	1.53	1.56
Price earning (PE) ratio	(30.25)	(45.47)	69.69	(303.31)	35.47
Share price as at 31 December (RM) ¹	0.66	2.60	2.25	2.28	1.94
Market Capitalisation as at 31 December (RM)	52,787,418	49,691,808	43,002,527	43,575,894	37,077,734
Gross dividend per share (sen)	–	–	–	–	6.00
Gross dividend yield (%)	–	–	–	–	3.09

¹ The FY2022 figures reflect the weighted average number of ordinary shares which have accounted for the share-split during the year.

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 2022.

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	(1,716,691)	(1,810,547)
(Loss)/Profit for the financial year attributable to:		
Owners of the parent	(1,744,848)	(1,810,547)
Non-controlling interest	28,157	–
	<u>(1,716,691)</u>	<u>(1,810,547)</u>

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 2022.

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
 Peter Ling Ee Kong
 Pang Jun Jie (Alternate Director
 to Pang Chong Yong)
 Lim Tiong Heng

- Appointed on 4 February 2022

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

Director's Report

(cont'd)

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
	At 1.1.2022	Bought	Share split	Sold	31.12.2022
In the Company:					
Direct interest:					
Mah Siew Seng	835,897	–	2,507,691	–	3,343,588
Law Mong Yong	459	–	1,377	–	1,836
Pang Chong Yong	1,593,493	–	4,780,479	–	6,373,972
Andrew Ling Yew Chung	39,000	21,000	180,000	–	240,000
Peter Ling Ee Kong	1,975,500	20,500	5,988,000	–	7,984,000
Lim Tiong Heng	815,425	–	2,446,275	–	3,261,700
Indirect interest:					
Mah Siew Seng	250,000	–	750,000	–	1,000,000
Pang Jun Jie	1,593,493	–	4,780,479	–	6,373,972
Andrew Ling Yew Chung	1,975,500	20,500	5,988,000	–	7,984,000
Peter Ling Ee Kong	80,800	21,000	305,400	–	407,200

The other Directors holding office at 31 December 2022 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 31 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 RM567,019 as disclosed in Note 4 to the financial statements.

Director's fee of the Group and of the Company amounted to RM207,500 as disclosed in Note 4 to the financial statements.

Director's Report

(cont'd)

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

On 7 November 2022, the Company underwent a share-split of a subdivision of every 1 existing ordinary share of the Company into 4 subdivided shares of the Company. This exercise had no impact on the Company's share capital.

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 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.

Director's Report

(cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

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 2022 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 37 to the financial statements.

AUDITORS

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

The auditors' remuneration of the Group and of the Company amounted to RM55,000 and RM47,000 respectively for the financial year ended 31 December 2022.

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

ANDREW LING YEW CHUNG

PANG CHONG YONG

Kuala Lumpur

25 April 2023

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 57 to 117 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 2022 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 CHONG YONG

Kuala Lumpur

25 April 2023

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 57 to 117 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 Kuala Lumpur in Wilayah)
Persekutuan on 25 April 2023)

ANDREW LING YEW CHUNG

Before me,

COMMISSIONER FOR OATHS

Independent Auditors' Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ADVANCED PACKAGING TECHNOLOGY (M) BHD., which comprise the statements of financial position as at 31 December 2022, 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 57 to 117.

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 2022, 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 year. 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.

(i) Impairment of property, plant and equipment

(Refer to Notes 1(d)(iv), 2(g)(ii), and 10 to the financial statements)

The Group has property, plant and equipment with a carrying amount of RM11,363,193 as at 31 December 2022. Following the losses reported during the year, this is an indicator that impairment might have occurred. The management has performed an impairment review and concluded that there is no impairment in respect of the property, plant and equipment as their recoverable amounts were higher than their carrying amounts.

Due to the measurement of fair value being inherently judgemental and the carrying amount of these assets being material to the Group, we have considered this to be a key audit matter.

Our procedures included:

- a) Obtained the valuation reports prepared by the independent valuers engaged by the Group;

Independent Auditors' Report

(cont'd)

Key Audit Matters (cont'd)

(i) Impairment of property, plant and equipment (cont'd)

(Refer to Notes 1(d)(iv), 2(g)(ii), and 10 to the financial statements)

- b) Reviewed these reports for appropriateness of the methodology used and the reasonableness of the assumptions used; and
- c) Assessed the competency, capabilities and objectivity of these independent valuers engaged by the Group.

(ii) Valuation of defined benefit gratuity

(Refer to Notes 1(d) (viii) and 25 to the financial statements)

The Group and the Company have recognised a provision for gratuity of RM1,525,308 as at 31 December 2022. 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.

Our audit procedures included, among others:

- a) Enquiry with management on the nature or bases of the assumptions made;
- b) Review of employment contracts, assessment of the capabilities of personnel involved in the assessment;
- c) Perform reasonableness test on the provision by testing management's assumptions, data and model used; and
- d) 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 do 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.

Independent Auditors' Report

(cont'd)

Responsibilities of the Directors for the Financial Statements

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

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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.

Independent Auditors' Report

(cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- 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.

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

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
202206000012 (LLP0030836-LCA) & AF0911
CHARTERED ACCOUNTANTS

SHARINAH BINTI MOHAMED IQBAL
03285/10/2024 J
CHARTERED ACCOUNTANT

Kuala Lumpur

25 April 2023

Statements of Profit or Loss and Other Comprehensive Income For The Financial Year Ended 31 December 2022

			Group		Company
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	3	29,018,844	24,161,490	28,626,844	24,161,490
Other income		643,362	458,797	643,362	458,797
Changes in inventories of finished goods and work-in-progress		237,892	430,537	237,892	430,537
Raw materials used		(19,939,166)	(16,745,560)	(19,939,166)	(16,745,560)
Employee benefits expense	4	(4,855,974)	(4,295,714)	(4,855,974)	(4,295,714)
Net gain on impairment of financial assets	5	–	47,336	–	47,336
Other expenses		(5,244,967)	(4,108,655)	(5,199,909)	(4,029,860)
(Loss)/Profit from operations		(140,009)	(51,769)	(486,951)	27,026
Depreciation of property, plant and equipment and investment properties		(1,168,563)	(1,378,269)	(1,141,898)	(1,378,269)
Depreciation of right-of-use asset		(155,761)	(162,487)	(155,761)	(162,487)
Interest income		34,754	145,167	34,754	145,167
Finance costs	6	(243,470)	(1,697)	(60,691)	(1,697)
Loss before tax	7	(1,673,049)	(1,449,055)	(1,810,547)	(1,370,260)
Tax (expense)/income	8	(43,642)	332,548	–	332,548
Loss and other comprehensive loss for the financial year		(1,716,691)	(1,116,507)	(1,810,547)	(1,037,712)
Total comprehensive loss attributable to:					
Owners of the company		(1,744,848)	(1,092,868)	(1,810,547)	(1,037,712)
Non-controlling interests		28,157	(23,639)	–	–
		(1,716,691)	(1,116,507)	(1,810,547)	(1,037,712)
Loss per ordinary share (sen)	9				
Basic		(2.18)	(5.72)	(2.26)	(5.43)
Diluted		(2.18)	(5.72)	(2.26)	(5.43)

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

Statements of Financial Position As At 31 December 2022

			Group		Company
	Note	2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	11,363,193	7,461,078	11,363,193	7,461,078
Right-of-use assets	11	2,841,663	2,656,326	2,841,663	2,656,326
Investment in a subsidiary	12	–	–	20,000	20,000
Other investments	13	706,946	4,015,990	706,946	4,015,990
Investment properties	14	19,845,671	–	–	–
		34,757,473	14,133,394	14,931,802	14,153,394
Current assets					
Inventories	15	4,340,812	4,778,471	4,340,812	4,778,471
Contract assets	16	1,206,548	697,613	1,206,548	697,613
Trade receivables	17	6,497,178	5,211,254	6,497,178	5,211,254
Non-trade receivables, deposits and prepayments	18	61,656	6,063,967	59,931	1,083,017
Amount due from a subsidiary	19	–	–	8,372,681	3,602,535
Tax recoverable		339,011	292,262	339,011	292,262
Fixed deposits with licensed banks	20	153,650	1,000,000	–	1,000,000
Cash and bank balances		4,002,884	4,065,712	3,932,964	4,064,722
		16,601,739	22,109,279	24,749,125	20,729,874
TOTAL ASSETS		51,359,212	36,242,673	39,680,927	34,883,268
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	21	20,504,250	20,504,250	20,504,250	20,504,250
Treasury shares	22	(400,945)	(1,096,473)	(400,945)	(1,096,473)
Retained profits	23	9,289,128	9,327,452	9,274,067	9,382,608
Equity attributable to owners of the parent		29,392,433	28,735,229	29,377,372	28,790,385
Non-controlling interest		–	(23,639)	–	–
Total equity		29,392,433	28,711,590	29,377,372	28,790,385

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

Statements of Financial Position as at 31 December 2022

(cont'd)

			Group		Company
	Note	2022 RM	2021 RM	2022 RM	2021 RM
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	24	354,696	354,696	354,696	354,696
Provision for staff gratuity	25	867,521	1,043,669	867,521	1,043,669
Term loans	26	12,904,668	–	2,832,208	–
Lease liabilities	27	–	5,493	–	5,493
		14,126,885	1,403,858	4,054,425	1,403,858
Current liabilities					
Trade payables	28	3,670,091	2,469,566	3,670,091	2,469,566
Non-trade payables and accruals	29	2,719,160	2,650,190	1,449,960	1,211,990
Provision for staff gratuity	25	657,787	755,976	657,787	755,976
Amount due to Directors	30	207,500	230,000	207,500	230,000
Term loans	26	541,714	–	263,792	–
Lease liabilities	27	–	21,493	–	21,493
Tax payable		43,642	–	–	–
		7,839,894	6,127,225	6,249,130	4,689,025
Total liabilities		21,966,779	7,531,083	10,303,555	6,092,883
TOTAL EQUITY AND LIABILITIES		51,359,212	36,242,673	39,680,927	34,883,268

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

Statements of Changes In Equity For The Financial Year Ended 31 December 2022

Group	Non-distributable				Distributable		Non-controlling interest	Total equity
	Share capital	Treasury shares	Retained profits	Total	Non-controlling interest	Total equity		
	RM	RM	RM	RM	RM	RM	RM	RM
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		
Loss and other comprehensive loss for the financial year	-	-	(1,744,848)	(1,744,848)	28,157	(1,716,691)		
Effect of sale of treasury shares	-	695,528	1,702,006	2,397,534	-	2,397,534		
Acquisition of non-controlling interest	-	-	4,518	4,518	(4,518)	-		
At 31 December 2022	20,504,250	(400,945)	9,289,128	29,392,433	-	29,392,433		

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

Statements of Changes In Equity for the Financial Year ended 31 December 2022

(cont'd)

	Share capital RM	Non- distributable Treasury shares RM	Distributable Retained profits RM	Total equity RM
Company				
At 1 January 2021	20,504,250	(1,096,473)	10,420,320	29,828,097
Loss and other comprehensive loss for the financial year	–	–	(1,037,712)	(1,037,712)
At 31 December 2021	20,504,250	(1,096,473)	9,382,608	28,790,385
Loss and other comprehensive loss for the financial year	–	–	(1,810,547)	(1,810,547)
Effect of sale of treasury shares	–	695,528	1,702,006	2,397,534
At 31 December 2022	20,504,250	(400,945)	9,274,067	29,377,372

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2022

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities				
Loss before tax	(1,673,049)	(1,449,055)	(1,810,547)	(1,370,260)
Adjustments for:				
Depreciation of property, plant and equipment	1,141,898	1,378,269	1,141,898	1,378,269
Depreciation of right-of-use assets	155,761	162,487	155,761	162,487
Depreciation of investment properties	26,665	–	–	–
Interest income	(34,754)	(145,167)	(34,754)	(145,167)
Interest expense	243,470	1,697	60,691	1,697
Inventories written off	111,214	30,932	111,214	30,932
Investment income	(26,243)	(102,398)	(26,243)	(102,398)
Gain on disposal of property, plant and equipment	(164,381)	–	(164,381)	–
Loss on derecognition of right-of-use asset	15,644	–	15,644	–
Loss on unrealised foreign exchange	5,173	4,257	5,173	4,257
Fair value gain on other investments	(185,856)	(15,990)	(185,856)	(15,990)
Property, plant and equipment written off	–	14,289	–	14,289
Reversal of impairment on trade receivables no longer required	–	(47,336)	–	(47,336)
Provision for staff gratuity	50,520	65,593	50,520	65,593
(Reversal)/Addition of amortised cost of provision for gratuity	(36,561)	14,808	(36,561)	14,808
Operating loss before working capital changes	(370,499)	(87,614)	(717,441)	(8,819)
(Decrease)/Increase in inventories	326,445	(955,863)	326,445	(955,863)
Decrease/(Increase) in receivables	4,711,214	(5,748,031)	(268,011)	(767,081)
(Increase)/Decrease in contract assets	(508,935)	375,558	(508,935)	375,558
(Decrease)/Increase in amount due to Directors	(22,500)	17,500	(22,500)	17,500
Decrease in provision for staff gratuity	(288,296)	–	(288,296)	–
Increase/(Decrease) in payables	1,269,495	433,596	1,438,495	(1,004,604)
Cash generated from/(used in) operations	5,116,924	(5,964,854)	(40,243)	(2,343,309)
Income tax paid	(46,749)	(69,750)	(46,749)	(69,750)
Net cash from/(used in) operating activities	5,070,175	(6,034,604)	(86,992)	(2,413,059)

Statements of Cash Flows for the Financial Year ended 31 December 2022

(cont'd)

		Group		Company
	Note	2022 RM	2021 RM	2022 RM
				2021 RM
Cash flows from investing activities				
Investment income received		26,243	102,398	26,243
Interest income received		34,754	145,167	34,754
Proceeds from disposal of property, plant and equipment		164,400	–	164,400
Other investment redemption		3,494,900	2,000,000	3,494,900
Acquisition of other investments		–	(1,000,000)	–
Acquisition of property, plant and equipment		(5,044,032)	(2,054,853)	(5,044,032)
Acquisition of investment property		(19,872,336)	–	–
Acquisition of subsidiary		–	–	–
Acquisition of right-of-use assets		(356,742)	(107,076)	(356,742)
Net cash used in investing activities		(21,552,813)	(914,364)	(1,680,477)
Cash flows from financing activities				(934,364)
Interest paid		(243,470)	(1,697)	(60,691)
Drawdown of term loan	(ii)	13,596,000	–	3,096,000
Repayment of term loan	(ii)	(149,618)	–	–
Withdrawal of fixed deposits		846,350	3,500,000	1,000,000
Repayment of lease liabilities	(ii)	(26,986)	(25,903)	(26,986)
Sale of treasury shares		2,397,534	–	2,397,534
Advances to a subsidiary		–	–	(4,770,146)
Net cash from/(used in) financing activities		16,419,810	3,472,400	1,635,711
Net decrease in cash and cash equivalents		(62,828)	(3,476,568)	(131,758)
Cash and cash equivalents at 1 January		4,065,712	7,542,280	4,064,722
Cash and cash equivalents at 31 December	(i)	4,002,884	4,065,712	3,932,964

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

Statements of Cash Flows for the Financial Year ended 31 December 2022

(cont'd)

Notes:

(i) Cash and cash equivalents

Cash and cash equivalents, included in the statements of cash flows comprise cash and bank balances.

(ii) Reconciliation of liabilities arising from financing activities

Group 2022	1 January RM	Cash flows RM	31 December RM
Term loans	–	13,446,382	13,446,382
Lease liabilities	26,986	(26,986)	–
<hr/>			
Company 2022			
Term loans	–	3,096,000	3,096,000
Lease liabilities	26,986	(26,986)	–
<hr/>			
Group and Company 2021			
Lease liabilities	52,889	(25,903)	26,986
<hr/>			

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

Notes To The Financial Statements As At 31 December 2022

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 2022, the Group and the Company have adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 January 2022:

Description

- Amendments to MFRS 3, *Business Combinations*: Reference to the Conceptual Framework
- Amendments to MFRS 116, *Property, Plant and Equipment*: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*: Onerous Contracts – Cost of Fulfilling a Contract
- Annual improvements to MFRSs 2018 - 2020 cycle
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 16, *Leases*
 - Amendments to MFRS 141, *Agriculture*

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.

(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
• MFRS 17, <i>Insurance Contracts</i>	1 January 2023
• Amendments to MFRS 17, <i>Insurance Contracts</i>	1 January 2023
• Amendment to MFRS 17 <i>Insurance Contracts</i> : Initial Application of MFRS 17 and MFRS 9—Comparative Information	1 January 2023
• Amendments to MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> : Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 112, <i>Income Tax</i> : Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

Notes To The Financial Statements as at 31 December 2022

(cont'd)

1. BASIS OF PREPARATION (CONT'D)**(b) Standards issued but not yet effective (cont'd)**

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 16, Leases: Lease Liability in a <i>Sale and Leaseback</i>	1 January 2024
• Amendments to MFRS 101, <i>Non-current Liabilities with Covenants</i>	1 January 2024
• Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investment in Associate and Joint Ventures</i> : 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.

(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.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

1. BASIS OF PREPARATION (CONT'D)**(d) Significant accounting estimates and judgements (cont'd)***(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.

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) 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.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

1. BASIS OF PREPARATION (CONT'D)**(d) Significant accounting estimates and judgements (cont'd)***(vii) 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.

(viii) 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.

(ix) 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.

*(x) 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 ranging from 3.70% to 4.70% as a starting point and makes adjustments specific to the lease, from one (1) to three (3) years.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

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.

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.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(a) Basis of consolidation (cont'd)***(ii) Business combinations (cont'd)*

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.

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.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(a) Basis of consolidation (cont'd)***(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.

(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.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(b) Foreign currencies (cont'd)***(ii) Foreign currencies transactions (cont'd)*

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

	2022	2021
	RM	RM
1 United States Dollar	4.478	4.109
1 Brunei Dollar	3.330	3.040
100 Japanese Yen	3.384	3.684

(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.

(iii) Rental income

Rental income is recognised on an accrual basis in accordance with the terms of agreement.

The contract price fixed, which is based on agreed amount in the agreement. As the customer simultaneously receives and consumes the benefits during the contract period, the revenues are recognised over time.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(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.

(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.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(e) Income tax (cont'd)***(ii) Deferred tax (cont'd)*

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.

(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.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(g) Impairment (cont'd)***(i) Financial assets (cont'd)*

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.

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")).

Notes To The Financial Statements as at 31 December 2022

(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(g) Impairment (cont'd)***(ii) Non-financial assets (cont'd)*

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.

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.

Capital work-in-progress is not depreciated as these assets are not available for use. Depreciation will commence on these assets when they are ready for their intended use.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(h) Property, plant and equipment (cont'd)**

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.

(i) Investment properties

Investment properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including transaction cost. Cost includes expenditures that are directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bring the investment property to a working condition for their intended use and capitalised borrowing costs.

Subsequent to initial recognition, investment properties are measured at fair value and are revalued annually and are included in the statement of financial position at their open market values. Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss in the period in which they arise. The fair values are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property and supported by market evidence. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Investment properties are derecognised when either they are disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial period of retirement or disposal.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(i) Investment properties (cont'd)**

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

(j) 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).

Notes To The Financial Statements as at 31 December 2022

(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(j) Financial assets (cont'd)***(iii) Fair value through profit or loss (cont'd)*

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.

(k) 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.

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.

(l) 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.

(m) 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.

(n) 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.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(o) Financial liabilities (cont'd)***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.

(p) Leases*As a lessor**(i) Initial recognition and measurement*

Leases for which the Group is a lessor are classified as finance or operating leases.

Leases which transfer substantially all of the risks and rewards incidental to ownership of the underlying asset is a finance lease; if not, then it is an operating lease.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. Initial direct costs, other than those incurred by manufacturer or dealer lessors, are included in the initial measurement of the investment in the lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(ii) Subsequent measurement

Finance income from finance leases is recognised over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease whereas lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(p) Leases (cont'd)**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.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(q) 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.

(r) 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.

(s) 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.

(t) 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.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(u) 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.

(v) 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.

(w) 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.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

3. REVENUE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Sales of packaging materials	28,626,844	24,161,490	28,626,844	24,161,490
Rental income from investment properties	392,000	–	–	–
	29,018,844	24,161,490	28,626,844	24,161,490

Disaggregation of revenue from sales of packaging materials:

By primary geographical market:	Manufacturing and distribution RM	Rental income RM	Total RM
Malaysia	27,207,180	392,000	27,599,180
Mauritius	1,320,853	–	1,320,853
Brunei	98,811	–	98,811
	28,626,844	392,000	29,018,844
Major goods or services			
Packaging materials	28,626,844	–	28,626,844
Rental income	–	392,000	392,000
	28,626,844	392,000	29,018,844
Timing of revenue recognition			
Over time	28,626,844	392,000	29,018,844

4. EMPLOYEE BENEFITS EXPENSE

	Group and Company	
	2022 RM	2021 RM
(a) Staff costs		
Salaries, wages, allowances, bonus and overtime	3,401,337	2,810,113
Contributions to defined contribution plan	327,656	246,802
Social security contributions	52,125	45,220
Other benefits	300,337	243,659
	4,081,455	3,345,794

Notes To The Financial Statements as at 31 December 2022

(cont'd)

4. EMPLOYEE BENEFITS EXPENSE (CONT'D)

	Group and Company	
	2022	2021
	RM	RM
(b) Directors' remuneration and fees		
Executive:		
Salaries, allowances and other emoluments	468,000	482,400
Contribution to defined contribution plan	27,120	68,820
Social security contributions	899	–
Estimated money value of benefits-in-kind	7,400	–
	503,419	551,220
Non-executive:		
Salaries, allowances and other emoluments	63,600	168,700
Total Directors' remuneration	567,019	719,920
Director's fees		
Executive	60,000	75,000
Non-executive	147,500	155,000
Total Director's fees	207,500	230,000
Total Directors' remuneration and fees	774,519	949,920
Total Directors' remuneration and fees excluding benefits-in-kind	767,119	949,920
Total staff costs	4,855,974	4,295,714

5. NET GAIN ON IMPAIRMENT OF FINANCIAL ASSETS

	Group and Company	
	2022	2021
	RM	RM
Reversal of impairment loss of trade receivables no longer required	–	47,336

Notes To The Financial Statements as at 31 December 2022

(cont'd)

6. FINANCE COSTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest expense				
- term loans	243,100	–	60,321	–
- lease liabilities	370	1,697	370	1,697
	243,470	1,697	60,691	1,697

7. LOSS BEFORE TAX

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Loss before tax is arrived at after charging/(crediting):				
Auditors' remuneration				
- Statutory audit	48,000	38,000	40,000	35,000
- Non-statutory audit	7,000	7,000	7,000	7,000
Addition of amortised cost of provision for gratuity	(36,561)	14,808	(36,561)	14,808
Depreciation of property, plant and equipment	1,141,898	1,378,269	1,141,898	1,378,269
Depreciation of right-of-use assets	155,761	162,487	155,761	162,487
Depreciation of investment properties	26,665	–	–	–
(Gain)/Loss on foreign exchange				
- realised	(38,368)	(73,644)	(38,368)	(73,644)
- unrealised	5,173	4,257	5,173	4,257
Fair value gain on other investments	(185,856)	(15,990)	(185,856)	(15,990)
Gain on disposal of property, plant and equipment	(164,381)	–	(164,381)	–
Interest income				
- Interest income received from deposits placed with licensed banks	(34,754)	(103,995)	(34,754)	(103,995)
- Fixed return received from deposits placed with Islamic bank	–	(41,172)	–	(41,172)
Inventories written off	111,214	30,932	111,214	30,932
Investment income	(26,243)	(102,398)	(26,243)	(102,398)
Loss on derecognition of right-of-use assets	15,644	–	15,644	–
Property, plant and equipment written off	–	14,289	–	14,289
Provision for staff gratuity	50,520	65,593	50,520	65,593
Reversal of impairment of trade receivables no longer required	–	(47,336)	–	(47,336)

Notes To The Financial Statements as at 31 December 2022

(cont'd)

8. TAX EXPENSE/(INCOME)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current tax expense				
- current year	43,642	–	–	–
- underprovision in prior years	–	364	–	364
	43,642	364	–	364
Deferred tax expense (Note 24)				
- current year	–	(407,167)	–	(407,167)
- underprovision in prior years	–	74,255	–	74,255
	–	(332,912)	–	(332,912)
	43,642	(332,548)	–	(332,548)
Reconciliation of tax expense				
Loss before tax	(1,673,049)	(1,449,055)	(1,810,547)	(1,370,260)
Taxation computed at statutory tax rate of 24%	(401,531)	(347,773)	(434,531)	(328,862)
Non-deductible expenses	95,587	55,315	84,945	36,404
Non-taxable income	(128,442)	(114,709)	(128,442)	(114,709)
Deferred tax assets not recognised	478,028	–	478,028	–
	43,642	(407,167)	–	(407,167)
Underprovision of current tax in prior years	–	364	–	364
Underprovision of deferred tax in prior years	–	74,255	–	74,255
	43,642	(332,548)	–	(332,548)

The Group and the Company have unutilised tax losses and unabsorbed capital allowance amounting to RM940,586 and RM4,747,453 (2021: RMNil and RM3,023,186) respectively to be utilised against future taxable profits.

Unutilised tax losses can be carried forward for a period of 10 years of assessment ("YA") to set off against future taxable profits.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

9. LOSS PER ORDINARY SHARE

Basic loss 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		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Total comprehensive loss attributable to owners (RM)	(1,744,848)	(1,092,868)	(1,810,547)	(1,037,712)
Weighted average number of ordinary shares in issue, net of treasury shares	79,980,936	19,112,234	79,980,936	19,112,234
Basic loss per share (sen)	(2.18)	(5.72)	(2.26)	(5.43)
Diluted loss per share (sen)	(2.18)	(5.72)	(2.26)	(5.43)

10. PROPERTY, PLANT AND EQUIPMENT

Group and Company 2022	Plant, machinery and tools RM	Furniture, fittings and equipment RM	Motor vehicles RM	Work-in- progress RM	Total RM
Cost					
At 1 January	34,332,907	979,332	708,312	4,000	36,024,551
Additions	684,474	88,572	317,312	3,953,674	5,044,032
Disposals	(4,591,772)	(16,492)	(446,478)	–	(5,054,742)
At 31 December	30,425,609	1,051,412	579,146	3,957,674	36,013,841
Accumulated depreciation					
At 1 January	27,232,706	622,465	708,302	–	28,563,473
Charge for the financial year	1,028,627	71,346	41,925	–	1,141,898
Disposals	(4,591,768)	(16,481)	(446,474)	–	(5,054,723)
At 31 December	23,669,565	677,330	303,753	–	24,650,648
Carrying amount					
At 31 December	6,756,044	374,082	275,393	3,957,674	11,363,193

Notes To The Financial Statements as at 31 December 2022

(cont'd)

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group and 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

Notes To The Financial Statements as at 31 December 2022

(cont'd)

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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 and Company	
	2022	2021
	RM	RM
At cost:		
Plant, machinery and tools	19,559,913	16,203,125
Furniture, fittings and equipment	469,953	947,818
Motor vehicles	261,840	708,312
	<u>20,291,706</u>	<u>17,859,255</u>

Impairment of property, plant and equipment

During the financial year ended 2022, 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.

The plant, machinery and tools and motor vehicles of the Group were valued on 13 March 2023 based on valuations carried out by an external independent professional valuer as follow:

Description	Valuation method	Valuation amount RM
Plant, machinery and tools	Cost replacement method	7,704,000
Motor vehicles	Cost replacement method	392,000
		<u>8,096,000</u>

Notes To The Financial Statements as at 31 December 2022

(cont'd)

11. RIGHT-OF-USE ASSETS

Group and Company 2022	Lease rental RM	Leasehold land RM	Buildings RM	Total RM
Cost				
At 1 January	82,583	739,000	5,534,140	6,355,723
Addition	–	–	356,742	356,742
Disposals	(82,583)	–	–	(82,583)
As at 31 December	–	739,000	5,890,882	6,629,882
Accumulated depreciation				
At 1 January	56,527	271,645	3,371,225	3,699,397
Depreciation for the financial year	10,412	7,390	137,959	155,761
Disposals	(66,939)	–	–	(66,939)
As at 31 December	–	279,035	3,509,184	3,788,219
Carrying amount				
At 31 December	–	459,965	2,381,698	2,841,663
2021				
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
As 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

Notes To The Financial Statements as at 31 December 2022

(cont'd)

11. RIGHT-OF-USE ASSETS (CONT'D)

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. These lease contracts have been terminated in 2022.
- (ii) Leasehold lands and buildings of the Group and of the Company with carrying amount of RM2,841,663 (2021: RM2,630,270).

During the financial year ended 2022, 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	
	2022 RM	2021 RM
Unquoted shares, at cost		
At 1 January	20,000	–
Addition	–	20,000
At 31 December	20,000	20,000

Details of the subsidiary are as follows:

Name of companies	Country of incorporation	Effective interest		Principal activities
		2022 %	2021 %	
Sino Peak Sdn. Bhd.	Malaysia	100	70	Investment holding and provision of management services

Acquisition of non-controlling interest

On 28 December 2022, the Company had acquired the remaining 30% equity interest of Sino Peak Sdn. Bhd. at its original cost of RM200 per share. Sino Peak Sdn. Bhd. has then become a 100% subsidiary of the Company.

Notes To The Financial Statements as at 31 December 2022

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13. OTHER INVESTMENTS

	Note	Group and Company	
		2022	2021
		RM	RM
Investment in securities	(a)	–	3,000,000
Investment in quoted shares	(b)	706,946	1,015,990
		<u>706,946</u>	<u>4,015,990</u>

(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.

(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. INVESTMENT PROPERTIES

	Group Total RM
2022 Building Cost	
At 1 January	–
Addition	<u>19,872,336</u>
At 31 December	<u>19,872,336</u>
Accumulated depreciation	
At 1 January	–
Charge for the financial year	<u>26,665</u>
At 31 December	<u>26,665</u>
Carrying amount	
At 31 December	<u>19,845,671</u>

Notes To The Financial Statements as at 31 December 2022

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15. INVENTORIES

	Group and Company	
	2022	2021
	RM	RM
At cost:		
Raw materials	3,518,402	3,823,946
Work-in-progress	619,196	764,143
Consumables	196,985	178,246
Goods in transit	6,229	12,136
	4,340,812	4,778,471
Recognised in profit or loss		
Inventories recognised as cost of production	19,701,275	15,994,621
Inventories written off	111,214	30,932

16. CONTRACT ASSETS

	Group and Company	
	2022	2021
	RM	RM
Contract assets	1,206,548	697,613

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.

17. TRADE RECEIVABLES

	Group and Company	
	2022	2021
	RM	RM
Trade receivables	6,510,451	5,224,527
Less: Impairment	(13,273)	(13,273)
	6,497,178	5,211,254
Impairment:		
At 1 January	13,273	60,609
Reversal	–	(47,336)
At 31 December	13,273	13,273

The Group's and the Company's normal trade credit term ranges from 30 to 90 days (2021: 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.

Notes To The Financial Statements as at 31 December 2022

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18. NON-TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-trade receivables	5,133	10,084	5,133	10,084
Deposits	20,756	6,022,886	19,031	1,041,936
Prepayments	26,921	12,167	26,921	12,167
Others	8,846	18,830	8,846	18,830
	61,656	6,063,967	59,931	1,083,017

Included in non-trade receivables of the Group and of the Company are staff loans of RM5,133 (2021: RM10,084) which bear interest at 4.00% (2021: 4.00%) per annum.

Included in the deposits of the Group and of the Company are downpayments amounting to RMNil and RMNil (2021: RM6,001,756 and RM1,020,806) respectively for the acquisition of property, plant and equipment.

Included in others of the Group and of the Company is an amount of RM8,846 (2021: Nil) representing amount due from a related party. The amount is non-trade, unsecured, interest-free advances and is repayable on demand.

19. 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 31 to the financial statements.

20. FIXED DEPOSITS WITH LICENSED BANKS

The deposits placed with licensed banks bear an interest rate of 2.35% (2021: 3.00%) per annum and have a maturity period of 365 days (2021: 270 days).

Include in fixed deposits with licensed banks is RM153,650 (2021: RMNil) pledged to a financial institution for a term loan facility and to secure the term loans of the Company as disclosed in Note 26 to the financial statements.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

21. SHARE CAPITAL

	2022	Group and Company		
	Number of Ordinary Shares	2021	2022	2021
			RM	RM
Issued and fully paid:				
At 1 January	20,504,250	20,504,250	20,504,250	20,504,250
Subdivision of shares	61,512,750	–	–	–
At 31 December	82,017,000	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.

22. TREASURY SHARES

	2022	Group and Company		
	Number of Ordinary Shares	2021	2022	2021
			RM	RM
At 1 January	1,392,016	1,392,016	1,096,473	1,096,473
Subdivision of shares	4,176,048	–	–	–
Sales of treasury shares	(3,532,000)	–	(695,528)	–
At 31 December	2,036,064	1,392,016	400,945	1,096,473

- (i) During the financial year, the Company underwent a share-split of a subdivision of every 1 existing ordinary share of the Company into 4 subdivided shares of the Company. The number of ordinary shares held as treasury shares of 2,036,064 represents the number of shares after the split.
- (ii) As at 31 December 2022, the number of outstanding Ordinary Shares (post share-split) in issue after deducting the treasury shares was 79,980,936 (2021: 19,112,234).
- (iii) 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 2022.

Notes To The Financial Statements as at 31 December 2022

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23. 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.

24. DEFERRED TAX LIABILITIES

	Group and Company	
	2022	2021
	RM	RM
At 1 January	354,696	687,608
Transferred to profit or loss (Note 8)	–	(332,912)
At 31 December	354,696	354,696

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 2022	1,314,998
Recognised in statements of profit or loss	–
At 31 December 2022	1,314,998
At 1 January 2021	1,212,697
Recognised in statements of profit or loss	102,301
At 31 December 2021	1,314,998

Notes To The Financial Statements as at 31 December 2022

(cont'd)

24. DEFERRED TAX LIABILITIES

	Unabsorbed Unutilised tax losses RM	capital allowances RM	Provisions RM	Total RM
Deferred tax assets of the Group/ Company:				
At 1 January 2022	37,488	557,421	365,393	960,302
Recognised in statements of profit or loss	–	–	–	–
At 31 December 2022	37,488	557,421	365,393	960,302
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

25. PROVISION FOR STAFF GRATUITY

	Group and Company 2022 RM	2021 RM
Representing:		
Current liabilities	657,787	755,976
Non-current liabilities	867,521	1,043,669
	1,525,308	1,799,645
At 1 January	1,379,636	1,314,043
Provision during the financial year	50,520	65,593
Paid out	(288,296)	–
	1,141,860	1,379,636
Add: Amortised cost		
At 1 January	420,009	405,201
(Reversal)/addition	(36,561)	14,808
	383,448	420,009
At 31 December	1,525,308	1,799,645

The discounted rates applied in the computation of the present value of retirement gratuities ranging from 2.63% to 4.50% (2021: 2.63% to 3.73%) per annum.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

26. TERM LOANS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current	541,714	–	263,792	–
Non-current	12,904,668	–	2,832,208	–
	13,446,382	–	3,096,000	–

The maturity structure of the term loans can be analysed as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Repayable within one (1) year	541,714	–	263,792	–
Repayable between two (2) to five (5) years	12,904,668	–	2,832,208	–
	13,446,382	–	3,096,000	–

Term loan 1

Term loan 1 of the Company bears an interest of 5.19% (2021: Nil%) per annum and is secured by way of:

- (i) Legal charges over the factory warehouse of the Company as disclosed in Note 11 to the financial statements; and
- (ii) Jointly and severally guaranteed by certain Directors of the Company.

Term loan 2

Term loan 2 of the Group bears interest ranging from 5.60% to 6.35% (2021: Nil%) per annum and is secured by way of:

- (i) first party legal charge over the Group's investment property as disclosed in Note 14 to the financial statements;
- (ii) Personal guarantee by the former shareholder of the Group;
- (iii) Corporate guarantee by the company; and
- (iv) Assignment of all the rights, titles, benefits and interests in respect of the rental proceeds from investment property in favour of the bank.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

26. TERM LOANS (CONT'D)***Term loan 3***

Term loan 3 of the Group bears interest ranging from 6.10% to 6.35% (2021: Nil%) per annum and is secured by way of:

- (i) first party legal charge over the Group's investment property as disclosed in Note 14 to the financial statements;
- (ii) first party fixed deposits of RM153,650. Interest on the fixed deposit is to be capitalised and pledged as additional security throughout the tenor of banking facility as disclosed in Note 20 to the financial statements;
- (iii) Personal guarantee by the former shareholder of the Group; and
- (iv) Corporate guarantee by the company.

27. LEASE LIABILITIES

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

	Group and Company	
	2022	2021
	RM	RM
Representing:		
Current liabilities	–	21,493
Non-current liabilities	–	5,493
	–	26,986
Recognised in profit or loss:		
Interest expense on lease liabilities	370	1,697

- (i) The total cash outflow for leases for the financial year ended 31 December 2022 is RM27,356 (2021: RM27,600); and
- (ii) The lease liabilities payable are as follows:

	Group and Company	
	2022	2021
	RM	RM
Present value of lease liabilities:		
Repayable within one year	–	21,493
Repayable between one to two years	–	5,493
	–	26,986

Notes To The Financial Statements as at 31 December 2022

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28. TRADE PAYABLES

The normal trade credit terms granted to the Group and the Company ranges from 30 to 90 days (2021: 30 to 90 days).

29. NON-TRADE PAYABLES AND ACCRUALS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Non-trade payables				
- Third party	612,992	606,582	612,992	606,582
- Amount due to a shareholder	1,135,200	1,435,200	–	–
Deposits received	126,000	–	–	–
Accruals	844,968	608,408	836,968	605,408
	2,719,160	2,650,190	1,449,960	1,211,990

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

30. AMOUNT DUE TO DIRECTORS

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

Significant related party transactions are disclosed in Note 31 to the financial statements.

31. 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.

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.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

31. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

- (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	
	2022	2021	2022	2021
	RM	RM	RM	RM
With former shareholder				
Advances from	–	(1,435,200)	–	–
Payment to	300,000	–	–	–
With a subsidiary				
Issuance of share capital	–	–	–	(20,000)
Advances to	–	–	4,870,147	3,622,535
Payment from	–	–	(100,000)	–

- (c) Compensation of Key Management Personnel

	Group and Company	
	2022	2021
	RM	RM
Executive		
Directors' remuneration	503,419	551,220
Directors' fee	60,000	75,000
	<u>563,419</u>	<u>626,220</u>
Non-executive		
Directors' remuneration	63,600	168,700
Directors' fee	147,500	155,000
	<u>211,100</u>	<u>323,700</u>
Total compensation	<u>774,519</u>	<u>949,920</u>

Notes To The Financial Statements as at 31 December 2022

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32. 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 analysed as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysia	27,599,180	22,939,114	27,207,180	22,939,114
Mauritius	1,320,853	1,025,276	1,320,853	1,025,276
Brunei	98,811	197,100	98,811	197,100
	29,018,844	24,161,490	28,626,844	24,161,490

Major customers

For the financial year, the revenue of 1 (2021: 1) customer which contributed more than 10% of the total revenue of these major customer(s) is RM10,378,274 (2021: RM10,063,628).

33. CONTINGENT LIABILITY

	Group and Company	
	2022 RM	2021 RM
Bank guarantee given by financial institution to third party	317,343	255,799

34. CAPITAL COMMITMENTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 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

Notes To The Financial Statements as at 31 December 2022

(cont'd)

35. 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	FVTPL	FVOCI	AC
2022	amount	RM	RM	RM
Financial assets				
Other investments	706,946	706,946	–	–
Trade receivables	6,497,178	–	–	6,497,178
Non-trade receivables and deposits (excluding prepayment)	34,735	–	–	34,735
Fixed deposits with licensed banks	153,650	–	–	153,650
Cash and cash equivalents	4,002,884	–	–	4,002,884
	11,395,393	706,946	–	10,688,447
Financial liabilities				
Trade payables	3,670,091	–	–	3,670,091
Non-trade payables and accruals	2,719,160	–	–	2,719,160
Provision for gratuity	1,525,308	–	–	1,525,308
Term loans	13,446,382	–	–	13,446,382
Amount due to Directors	207,500	–	–	207,500
	21,568,441	–	–	21,568,441
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 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

Notes To The Financial Statements as at 31 December 2022

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35. FINANCIAL INSTRUMENTS (CONT'D)**Categories of financial instruments (cont'd)**

Group	Carrying amount RM	FVTPL RM	FVOCI RM	AC RM
Financial liabilities				
Trade payables	2,469,566	–	–	2,469,566
Non-trade payables and accruals	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 2022				
Financial assets				
Other investments	706,946	706,946	–	–
Trade receivables	6,497,178	–	–	6,497,178
Non-trade receivables and deposits (excluding prepayments)	33,010	–	–	33,010
Amount due from a subsidiary	8,372,681	–	–	8,372,681
Cash and cash equivalents	3,932,964	–	–	3,932,964
	19,542,779	706,946	–	18,835,833
Financial liabilities				
Trade payables	3,670,091	–	–	3,670,091
Non-trade payables and accruals	1,449,960	–	–	1,449,960
Provision for gratuity	1,525,308	–	–	1,525,308
Term loans	3,096,000	–	–	3,096,000
Amount due to Directors	207,500	–	–	207,500
	9,948,859	–	–	9,948,859

Notes To The Financial Statements as at 31 December 2022

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35. FINANCIAL INSTRUMENTS (CONT'D)**Categories of financial instruments (cont'd)**

Company 2021	Carrying amount RM	FVTPL RM	FVOCI RM	AC RM
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 accruals	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

Notes To The Financial Statements as at 31 December 2022

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35. FINANCIAL INSTRUMENTS (CONT'D)**Net gains and (losses) arising from financial instruments**

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fair value through profit or loss				
Fair value gain on other investments	185,856	15,990	185,856	15,990
Fair value through other comprehensive income				
Investment income	26,243	102,398	26,243	102,398
Financial assets measured at amortised cost				
Interest income	34,574	145,167	34,574	145,167
Realised gain/(loss) on foreign exchange	34,084	73,644	34,084	73,644
Reversal of impairment loss on trade receivables	–	47,336	–	47,336
Unrealised loss on foreign exchange	(4,076)	(3,227)	(4,076)	(3,227)
	64,582	262,920	64,582	262,920
Financial liabilities measured at amortised cost				
Reversal/(addition) of amortised cost of provision for gratuity	36,561	(14,808)	36,561	(14,808)
Realised gain on foreign exchange	4,284	–	4,284	–
Unrealised loss on foreign exchange	(1,097)	(1,030)	(1,097)	(1,030)
Interest expense	(243,470)	(1,697)	(60,691)	(1,697)
Provision for staff gratuity	(50,520)	(65,593)	(50,520)	(65,593)
	(254,242)	(83,128)	(71,463)	(83,128)
	22,439	298,180	205,218	298,180

Notes To The Financial Statements as at 31 December 2022

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35. FINANCIAL INSTRUMENTS (CONT'D)**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.

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 (2021: 8) major customers which constituted approximately 72% (2021: 74%) 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.

Notes To The Financial Statements as at 31 December 2022

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35. FINANCIAL INSTRUMENTS (CONT'D)**Financial risk management objectives and policies (cont'd)**

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

	Group and Company	
	2022	2021
	RM	RM
Malaysia	6,216,707	4,859,697
Mauritius	280,471	304,665
Brunei	–	46,892
	6,497,178	5,211,254

Ageing analysis

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

	Gross carrying amount	Loss allowances	Net carrying amount
	RM	RM	RM
Group and Company			
2022			
Not past due:	1,796,176	–	1,796,176
Past due:			
- less than 3 months	3,621,635	–	3,621,635
- more than 3 months	1,088,495	(9,128)	1,079,367
	6,506,306	(9,128)	6,497,178
Credit Impaired			
- Individually impaired	4,145	(4,145)	–
	6,510,451	(13,273)	6,497,178
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

Notes To The Financial Statements as at 31 December 2022

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35. FINANCIAL INSTRUMENTS (CONT'D)**Credit risk (cont'd)****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.

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 and Company 2022	USD RM	BND RM	JPY RM	Total RM
Financial asset				
Trade receivables	266,540	–	–	266,540
Financial liability				
Non-trade payables	(330,729)	–	(68,730)	(399,459)
Net currency exposure	(64,189)	–	(68,730)	(132,919)

Notes To The Financial Statements as at 31 December 2022

(cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)**Foreign currency risk (cont'd)**

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

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 and Company 2022	
	RM	RM
	Increase/ (Decrease)	Increase/ (Decrease)
Effect on (loss)/profit after tax		
USD / RM		
Strengthened by 5% (2021:5%)	(2,439)	11,771
Weakened by 5% (2021:5%)	2,439	(11,771)
BND / RM		
Strengthened by 5% (2021:5%)	–	1,782
Weakened by 5% (2021:5%)	–	(1,782)
JPY / RM		
Strengthened by 5% (2021:5%)	(2,612)	(969)
Weakened by 5% (2021:5%)	2,612	969

Notes To The Financial Statements as at 31 December 2022

(cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)**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's and the Company's 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.

	Effective interest rate per annum %	Less than one year RM	Between one and five years RM	Total RM
Group and Company 2022				
Financial assets				
Fixed deposit with licensed bank	2.35	153,650	–	153,650
Financial liability				
Term loans	5.19 - 6.35	(541,714)	(12,904,668)	(13,446,382)
		(388,064)	(12,904,668)	(13,292,732)
Group and Company 2021				
Financial assets				
Fixed deposit with licensed bank	3.00	1,000,000	–	1,000,000
Other investments				
- 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

Notes To The Financial Statements as at 31 December 2022

(cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)**Interest rate risk (cont'd)**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	
	2022	2021	2022	2021
	RM	RM	RM	RM
	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)	Increase/ (Decrease)
Effects on profit after taxation				
Increase of 10 basis points	10,102	3,019	–	3,019
Decrease of 10 basis points	(10,102)	(3,019)	–	(3,019)

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.

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:

	Carrying amount RM	Contractual cash flows RM	Within 1 year RM	More than 1 year RM
Group				
2022				
Trade payables	3,670,091	3,670,091	3,670,091	–
Non-trade payables and accruals	2,719,160	2,719,160	2,719,160	–
Provision for gratuity	1,525,308	1,525,308	657,787	867,521
Term loans	13,446,382	13,446,382	541,714	12,904,668
Amount due to Directors	207,500	207,500	207,500	–
	21,568,441	21,568,441	7,796,252	13,772,189
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

Notes To The Financial Statements as at 31 December 2022

(cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)**Liquidity risk (cont'd)***Maturity analysis (cont'd)*

Company	Carrying	Contractual	Within	More than
2022	amount	cash	1 year	1 year
	RM	flows	RM	RM
		RM		
Trade payables	3,670,091	3,670,091	3,670,091	–
Non-trade payables and accruals	1,449,960	1,449,960	1,449,960	–
Provision for gratuity	1,525,308	1,525,308	657,787	867,521
Term loans	3,096,000	3,096,000	263,792	2,832,208
Amount due to Directors	207,500	207,500	207,500	–
	9,948,859	9,948,859	6,249,130	3,699,729
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 liabilities	26,986	27,750	22,200	5,550
	5,738,187	5,738,951	4,689,732	1,049,219

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

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.

Notes To The Financial Statements as at 31 December 2022

(cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)**Fair values (cont'd)**

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:

Group and Company	2022		2021	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial asset:				
Other investments	706,946	706,946	4,015,990	4,015,990
Financial liability:				
Lease liabilities	–	–	26,986	26,986

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.

Group and Company	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2022				
Financial asset				
Other investments	706,946	–	–	706,946
Financial liability				
Lease liabilities	–	–	–	–

Notes To The Financial Statements as at 31 December 2022

(cont'd)

35. FINANCIAL INSTRUMENTS (CONT'D)Fair value hierarchy (cont'd)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group and Company 2021				
Financial asset				
Other investments	1,015,990	–	3,000,000	4,015,990
Financial liability				
Lease liabilities	–	–	26,986	26,986

36. 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 2022.

	2022 RM	Group 2021 RM
Total debts		
- Term loans	13,446,382	–
Less: Cash and bank balances	(4,002,884)	(4,065,712)
Less: Fixed deposits with licensed banks	(153,650)	(1,000,000)
Net debt/(assets)	9,289,848	(5,065,712)
Total equity	29,392,433	28,711,590
Total capital	38,682,281	23,645,878
Gearing ratio (times)	45.75	NA

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 2022.

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

Notes To The Financial Statements as at 31 December 2022

(cont'd)

37. SIGNIFICANT EVENTS

- (a) On 29 March 2022, Advanced Packaging Technology (M) Bhd. ("APT") had entered into a conditional internal restructuring agreement with Greater Bay Holdings Berhad ("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").

As at the date of this financial statements, the Proposed Internal Reorganisation is still in progress and is expected to be completed during the financial year ending 31 December 2023.

- (b) On 4 November 2022, the Company underwent a share-split of a subdivision of every 1 existing ordinary share of the Company into 4 subdivided shares of the Company. This exercise was completed on 7 November 2022 and had no impact on the Company's share capital.

38. 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 25 April 2023.

List of the Properties as at 31 December 2022

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	38 years old	2,659,829	3 May 1984
Location: HSD21418, PT38492, Mukim of Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan, Kuala Lumpur Address: No.162, Jalan Maarof, Taman Bandaraya, 59100 Kuala Lumpur	An extended and renovated double-storey detached house (currently being used as a retail of furniture and soft furnishings)	510 / 471	Freehold	>40 years old	9,895,976	27 January 2022

List of the Properties as at 31 December 2022

(cont'd)

Location/ Address	Description/ Existing Use	Land/ (Built-up) Area sq.m	Tenure	Age of building	Net Book Value RM	Date of acquisition
Location: HSD21417, PT 38491, Mukim of Kuala Lumpur, District of Kuala Lumpur, State of Wilayah Persekutuan, Kuala Lumpur Address: No.162A, Jalan Maarof, Taman Bandaraya, 59100 Kuala Lumpur	A double-storey bungalow with limited commercial potential (currently being used as an office)	508 / 248	Freehold	>40 years old	9,949,695	30 August 2022

Analysis of Shareholdings as at 31 March 2023

SHAREHOLDERS

The Company had 975 shareholders as at 31 March 2023. There is only one class of share, namely ordinary share.

Each share entitles the holder to one vote.

Analysis of Shareholdings

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	36	980	0.00
100 - 1000	276	76,288	0.10
1,001 - 10,000	388	2,029,424	2.53
10,001 - 100,000	210	6,319,288	7.88
100,001 to less than 5% of issued shares	62	51,764,536	64.57
5% and above of issued shares	3	19,978,920	24.92
Total	975	80,169,436	100.00

Analysis of Shareholdings as at 31 March 2023

(cont'd)

SUBSTANTIAL SHAREHOLDERS**As at 31 March 2023**

No.	Name of Substantial Shareholders		No. of Shares	
			Direct Interest	%
1	Peter Ling Ee Kong - CGS-CIMB Nominees (Tempatan) Sdn Bhd - Affin Hwang Nominees (Tempatan) Sdn Bhd - Alliance Group Nominees (Tempatan) Sdn Bhd	2,254,600 4,109,600 1,648,800	8,013,000	10.00
2	KSL Capital Sdn Bhd		7,338,300	9.15
3	Brilliant Smart International Limited UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt An For UOB Kay Hian (Hong Kong) Limited (A/C Clients)		6,465,048	8.06
4	Pang Chong Yong		6,373,972	7.95
5	Mah Siew Seng		3,343,588	4.17
6	Liew Kit		4,000	0.00

DIRECTORS' SHAREHOLDINGS**As at 31 March 2023**

No.	Name of Directors		No. of Shares	
			Direct Interest	%
1	Dato' Haji Ghazali B. Mat Ariff		–	–
2	Mah Siew Seng		3,343,588	4.17
3	Law Mong Yong - Affin Hwang Nominees (Tempatan) Sdn Bhd	836 1,000	1,836	0.00
4	Pang Chong Yong - Alliance Group Nominees (Tempatan) Sdn Bhd - CIMSEC Nominees (Tempatan) Sdn Bhd - UOB Kay Hian Nominees (Asing) Sdn Bhd	1,800,000 2,508,000 2,065,972	6,373,972	7.95
5	Andrew Ling Yew Chung		240,000	0.30
6	Pang Jun Jie (Alternate Director to Pang Chong Yong)		–	–
7	Peter Ling Ee Kong - CGS-CIMB Nominees (Tempatan) Sdn Bhd - Affin Hwang Nominees (Tempatan) Sdn Bhd - Alliance Group Nominees (Tempatan) Sdn Bhd	4,109,600 1,648,800 2,254,600	8,013,000	10.00
8	Lim Tiong Heng		78,400	0.10

Analysis of Shareholdings as at 31 March 2023

(cont'd)

THIRTY (30) LARGEST SECURITIES ACCOUNTS HOLDERS AS AT 31 MARCH 2023

NO.	NAME OF SHAREHOLDERS	HOLDINGS	%
1	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt An For UOB Kay Hian (Hong Kong) Limited (A/C Clients)	8,531,020	10.64
2	KSL Capital Sdn Bhd	7,338,300	9.15
3	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Peter Ling Ee Kong	4,109,600	5.13
4	Law Mong Hock	3,829,056	4.78
5	Mah Siew Seng	3,343,588	4.17
6	Sin Soon Lee Realty Company (M) Sdn Bhd	3,183,300	3.97
7	Low Khok Heng @ Low Choon Huat	3,050,800	3.81
8	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Pang Chong Yong (PB)	2,508,000	3.13
9	Tjin Kiat @ Tan Cheng Keat	2,463,600	3.07
10	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Peter Ling Ee Kong	2,254,600	2.81
11	Tan You Hum	2,069,500	2.58
12	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Pang Chong Yong	1,800,000	2.25
13	Jenny Siew	1,800,000	2.25
14	Law Geok King	1,738,371	2.17
15	Alliance Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Peter Ling Ee Kong	1,648,800	2.06
16	Law Geok Beng	1,415,867	1.77
17	Law Ling Ling	1,385,891	1.73
18	Tan Kok Chiew	1,293,580	1.61
19	Ong Kim Looi	1,226,800	1.53
20	Juliet Yap Swee Hwang	1,149,600	1.43
21	Tan You Hum	1,120,800	1.40

Analysis of Shareholdings as at 31 March 2023

(cont'd)

THIRTY (30) LARGEST SECURITIES ACCOUNTS HOLDERS AS AT 31 MARCH 2023 (CONT'D)

NO.	NAME OF SHAREHOLDERS	HOLDINGS	%
22	Mah Jon Van	1,000,000	1.25
23	Law Geok Eng	975,971	1.22
24	Tasek Maju Realty Sdn Bhd	900,000	1.12
25	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Toh Su See	825,200	1.03
26	Teo Kwee Hock	615,400	0.77
27	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Low Kok Yong	600,000	0.75
28	Yap Ah Cheng	600,000	0.75
29	Jane Yap Sin Yee	583,600	0.73
30	Tan Gian Hock	530,000	0.66

Notice of Forty-First Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-First Annual General Meeting (“41st AGM”) of Advanced Packaging Technology (M) Bhd (“the Company”) will be convened and held at Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 25 May 2023 at 2.30 p.m. to transact the following items of business :-

A G E N D A

Ordinary Business

1. To receive the Statutory Financial Statements for the year ended 31 December 2022 together with the Directors’ and Auditors’ Reports thereon.
2. To approve the payment of Directors’ Fees of RM252,000/- for the financial year ended 31 December 2022. **Ordinary Resolution 1**
3. To approve the payments of Directors’ Benefit (excluding Directors’ Fees) up to an amount of RM154,500/- from the conclusion of 41st AGM until the next AGM of the Company. **Ordinary Resolution 2**
4. To re-elect Dato’ Haji Ghazali B. Mat Ariff who is retiring pursuant to Clause 96 of the Company’s Constitution, who being eligible offers himself for re-election. **Ordinary Resolution 3**
5. To re-elect Andrew Ling Yew Chung who is retiring pursuant to Clause 96 of the Company’s Constitution, who being eligible offers himself for re-election. **Ordinary Resolution 4**
6. To re-appoint Messrs PKF PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

Special Business

To consider and if thought fit, to pass the following resolutions:-

As Ordinary Resolutions

7. **Proposed Retention of Independent Directors in accordance with the Malaysian Code on Corporate Governance 2021:-**
 - (a) **“THAT** subject to Ordinary Resolution 3, authority be and is hereby given to Dato’ Haji Ghazali B. Mat Ariff who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company.” **Ordinary Resolution 6**
 - (b) **“THAT** authority be and is hereby given to Mr Mah Siew Seng who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company.” **Ordinary Resolution 7**

Notice of Forty-First Annual General Meeting

(cont'd)

8. **Authority to Directors to Allot Shares or Grant Rights pursuant to Section 75 and 76 of the Companies Act 2016 and Waiver of Pre-Emptive Rights pursuant to Section 85 of the Companies Act 2016 and Clause 57 of the Company's Constitution** **Ordinary Resolution 8**

“THAT subject always to the Companies Act 2016 (“the Act”), the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approval of the relevant government and/or regulatory authorities, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Act to allot shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being, and that the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

THAT in connection with the above, pursuant to Section 85 of the Act read together with Clause 57 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion of their holdings at such price and at such terms to be offered arising from any issuance of new shares above by the Company.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.”

9. **Proposed renewal of Shareholders' Mandate for the Company to buy-back its own shares (“Proposed Shareholders' Mandate”)** **Ordinary Resolution 9**

“THAT subject to the Companies Act 2016 (“the Act”), the Company's Constitution, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be and is hereby authorised to renew the approval granted by the shareholders of the Company at the Fortieth Annual General Meeting of the Company held on 29 June 2022, authorising the directors of the Company to purchase and/or hold up to 10% of the total number of issued shares of the Company (“Proposed Share Buy-Back”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company and an amount not exceeding the retained profits of the Company, be allocated by the Company for the Proposed Share Buy Back. The audited retained profits of the Company as at 31 December 2022 amounted to RM9,289,128/-.

Notice of Forty-First Annual General Meeting

(cont'd)

AND THAT upon completion of the purchase by the Company of its own shares, the Directors be and are hereby authorised to cancel such shares or retain such shares as the treasury shares or a combination of both. The Directors are further authorised to resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends to the shareholders of the Company or subsequently cancel the treasury shares or any combination of the three (3) and in any other manner as prescribed by the Act, rules and regulations and orders made pursuant to the Act and requirements of Bursa Securities and any other relevant authority for the time being in force.

AND FURTHER THAT the Directors be and are hereby authorised to carry out the Proposed Share Buy-Back immediately upon the passing of this resolution until:-

(a) the conclusion of the next AGM of the Company, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

(b) the expiration of the period within which the next AGM is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors may deem fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities."

10. Proposed Gratuity Payment to Former Managing Director of the Company

"THAT approval be and is hereby given for the Company to pay a retirement gratuity amounting to RM182,277/- to Mr Yeo Tek Ling in view of his long service with the Company. **Ordinary Resolution 10**

AND THAT authority be and is hereby given to the Directors of the Company to take all such actions as they may consider necessary to give full effect to this resolution."

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

BY ORDER OF THE BOARD

LEONG SHIAK WAN (MAICSA 7012855) (SSM PC No. 202008002757)

ZURIATI BINTI YAACOB (LS0009971) (SSM PC No. 202008003191)

Joint Company Secretaries

Petaling Jaya

28 April 2023

Notice of Forty-First Annual General Meeting

(cont'd)

NOTES:**1. Proxy**

- 1.1 A member of the Company entitled to attend and vote at this meeting may appoint a maximum of two proxies to vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he shall be any person and there shall be no restriction as to the qualification of the proxy.
- 1.2 Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy (but not more than two) in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
- 1.3 Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- 1.4 An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- 1.5 The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney duly authorised.
- 1.6 The instrument appointing a proxy must be deposited at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eighth (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- 1.7 Only members whose names appear in the Record of Depositors on 18 May 2023 shall be entitled to attend, speak and vote at the AGM.
- 1.8 Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in the Notice of the Forty-First AGM will be put to vote by poll.

2. Audited Financial Statements for financial year ended 31 December 2022

- 2.1 The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, it will not be put forward for voting.

Notice of Forty-First Annual General Meeting

(cont'd)

3. Ordinary Resolutions 3 and 4: Re-election of Directors who retire by rotation in accordance with Clause 96 of the Company's Constitution.

- 3.1 Clause 96 of the Company's Constitution provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at the Annual General Meeting of the Company. Pursuant to Paragraph 7.26 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. Dato' Ghazali B. Mat Ariff and Mr Andrew Ling Yew Chung are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election.
- 3.2 Dato' Ghazali B. Mat Ariff fulfils the requirement of independence set out in the Main Market Listing Requirement of Bursa Securities Malaysia Berhad as well as the prescribed criteria under the Malaysia Code of Corporate Governance 2021 ("MCCG 2021"). As an independent director, he demonstrates sound leadership skills and creating value to the Company. He also exercised his due care and carried out his professional duties proficiently during his tenure as an Independent Non-Executive Director and Audit Committee member of the Company.
- 3.3 Mr Andrew Ling Yew Chung has provided valuable contributions to the Board by actively participating and providing insightful viewpoints, drawing from nearly a decade of combined business, professional experience and active service in the Company's business and operations to offer positive input towards decision-making.

4. Ordinary Resolution 6 and 7: Retention of Independent Non-Executive Directors

- 4.1 The Ordinary Resolutions 6 and 7, if passed, will allow the named directors to continue to act as Independent Non-Executive Directors of the Company.
- 4.2 The Nomination Committee had assessed the independence of Dato' Haji Ghazali B. Mat Ariff and Mr Mah Siew Seng who each has served on the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years; the Board has recommended that the approval of the shareholders be sought to re-appoint Dato' Haji Ghazali B. Mat Ariff and Mr Mah Siew Seng as Independent Non-Executive Directors as all of them possess the following aptitudes necessary in discharging their roles and functions as Independent Non-Executive Directors of the Company:-
 - (a) Have vast experience in the industry the Company is involved in and as such could provide the Board with a diverse set of experience, expertise and independent judgement;
 - (b) Consistently engage with management in an effective and constructive manner;
 - (c) Have good and thorough understanding of the main drivers of the business in a detailed manner;
 - (d) Actively participate in board deliberations and decision making in an objective manner; and
 - (e) Exercise due care in all undertakings of the Company and carry out their fiduciary duties in the interest of the Company..

Notice of Forty-First Annual General Meeting

(cont'd)

5. Ordinary Resolution 8 : Proposed Allot and Issue Shares

- 5.1 The Ordinary Resolution 8, if passed, will renew the mandate given to the Directors of the Company, pursuant to Sections 75 and 76 of the Companies Act 2016 ("Renewed Mandate") and will empower the Directors to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM of the Company.
- 5.2 The waiver of pre-emptive rights pursuant to Section 85 of the Act read together with Clause 57 of the Constitution of the Company will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer the new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the General Mandate.
- 5.3 As at the date of this Notice, there were no new shares issued pursuant to the mandate granted to the Directors of the Company at the Fortieth AGM held on 29 June 2022 and which will lapse at the conclusion of the Forty-First AGM. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make an announcement in respect thereof.
- 5.4 Section 85(1) of the Companies Act 2016 provides as follows:

"85. Pre-emptive rights to new shares

- (1) Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

- 5.5 Clause 57 of the Constitution of the Company provides as follows:

"Clause 57 of the Constitution of the Company

Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities from time to time to be created shall, before issues, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of the intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities cannot, in the opinion of the Directors, be conveniently offered under this Constitution."

- 5.6 By voting in favour of Ordinary Resolution, shareholders of the Company will agree to waive their pre-emptive rights under Section 85 of the Act read together with Clause 57 of the Constitution of the Company to be offered new shares or other convertible securities which may be issued by the Company pursuant to the Renewed Mandate.

Notice of Forty-First Annual General Meeting

(cont'd)

6. Ordinary Resolution 9 : Proposed Shareholders Mandate

- 6.1 The Ordinary Resolution 9, if approved, will empower the Directors of the Company to purchase and/or hold up to a maximum of ten percent (10%) of the total number of issued shares of the Company at any point of time, by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

7. Ordinary Resolution 10 : Proposed Gratuity Payment to the Former Managing Director of the Company

- 7.1 Mr Yeo Tek Ling had retired from his office as the Managing Director of the Company with effect from 31 December 2021 and the proposed gratuity payment is a retirement gratuity in line with his previous contracts and in view of his long service with the Company.
- 7.2 The proposed gratuity payment is tabled for the approval of shareholders in compliance with Section 230(1) of the Companies Act 2016 and Paragraph 7.24 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, which require that benefits payable to the directors of a listed company be approved at a general meeting.

8. Abstention from Voting

- 8.1 All the Directors who are shareholders of the Company will abstain from voting on Ordinary Resolution 1 and Ordinary Resolution 2 concerning Directors' fees and Directors' benefit (excluding Directors' fees) respectively at the Forty-First AGM. Any Director referred to in Ordinary Resolutions 3, 4, 6 and 7 who is a shareholder of the Company will abstain from voting on the resolution in respect of his re-election or retention as a Director at the Forty-First AGM.

Statement Accompanying Notice of Annual General Meeting

PART I : GENERAL INFORMATION

1) NAMES OF DIRECTORS STANDING FOR RE-ELECTION

The names of the Directors standing for re-election at the forthcoming Forty-First Annual General Meeting are as follows:-

Re-election under clause 96 of the Company's Constitution

a) Dato' Haji Ghazali B. Mat Ariff

b) Andrew Ling Yew Chung

2) DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

The number of Board of Directors' Meetings held and attendance by directors during the financial year ended 31 December 2022 are as follows:-

NAME OF DIRECTOR	NUMBER OF MEETINGS HELD	NUMBER OF MEETINGS ATTENDED
Dato' Haji Ghazali B. Mat Ariff	4	4
Mah Siew Seng	4	4
Lim Tiong Heng	4	3
Peter Ling Ee Kong	4	4
Law Mong Yong	4	4
Pang Chong Yong	4	4
Andrew Ling Yew Chung	4	4

3) PLACE, DATE AND HOUR OF THE FORTY-FIRST ANNUAL GENERAL MEETING

The Forty-First Annual General Meeting of the Company will be held at Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 25 May 2023 at 2.30 p.m.

4) DETAILS OF DIRECTORS STANDING FOR RE-ELECTION

The details of the directors standing for re-election at the forthcoming Forty-First Annual General Meeting are set out on pages 3 to 7 of the Annual Report.

Statement Accompanying Notice of Annual General Meeting

SHARE BUY-BACK STATEMENT

1.0 Importance

If you are in any doubt as to the course of action to be taken, you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other Professional Adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Share Buy-Back Statement ("Statement") prior to its issuance as it is an exempt Statement. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

2.0 DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK

2.1 Introduction

At the Fortieth Annual General Meeting ("AGM") held on 29 June 2022, Advanced Packaging Technology (M) Bhd ("APT or the Company") obtained shareholders' approval for the purchase of up to a maximum of ten percent (10%) of the total number of issued shares of the Company on Bursa Securities.

This authority conferred by the shareholders will expire at the conclusion of the forthcoming Forty-First AGM of the Company.

On 4 April 2023, the Board of Directors of APT announced to Bursa Securities that APT proposed to seek shareholders' approval for the renewal of the Shareholders' Mandate at the forthcoming Forty-First AGM to allow the Directors to exercise the power of the Company to purchase its own shares up to a maximum of ten percent (10%) of the total number of issued shares of APT at any point in time through Bursa Securities ("Proposed Shareholders' Mandate for Share Buy-Back" or "Proposed Share Buy-Back").

The purpose of this statement is to provide you with information on the Proposed Share Buy-Back, and to seek approval for the ordinary resolution to be tabled under special businesses at the forthcoming Forty-First AGM of the Company.

The Proposed Shareholders' Mandate for Share Buy-Back will take effect immediately after passing of the ordinary resolution at the forthcoming Forty-First AGM and will continue in force until:-

- (a) the conclusion of the next AGM of the Company following the Forty-First AGM at which the ordinary resolution for the Proposed Share Buy-Back is passed, at which time it shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM after that date is required by the law to be held; or
- (c) the authority is revoked or varied by a resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

Statement Accompanying Notice of Annual General Meeting (cont'd)

2.0 DETAILS OF THE PROPOSED SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK (CONT'D)

2.1 Introduction (cont'd)

The Shareholders' Mandate, if obtained, would give authority to the Directors to exercise the power of the Company to purchase its own Shares in circumstances which the Directors consider would be in the interest of the Company.

2.2 The maximum number or percentage of share to be acquired

The Board proposes to seek a mandate from the shareholders of APT to purchase and/or hold in aggregate up to ten percent (10%) of the total number of issued shares of the Company at any point in time through Bursa Securities.

2.3 Funding

The Board proposes to allocate a maximum amount not exceeding the audited retained profits of APT for the purchase of its own Shares. As at 31 December 2022, the audited retained profits of the Company amounted to RM9,289,128.

The purchase of the Company's own Shares will be sourced wholly from internally generated funds and/or borrowings or a combination of both, of the Company. In the event the Company decides to utilise bank borrowings to finance the Proposed Share Buy-Back, the Board will ensure that the Company has sufficient financial capability to repay the bank borrowings and that the bank borrowings will not have a material impact on the cash flow of the Company.

3. SHAREHOLDINGS OF DIRECTORS AND MAJOR/SUBSTANTIAL SHAREHOLDERS AND PERSON CONNECTED WITH THE DIRECTORS AND MAJOR SHAREHOLDERS

As at 17 April 2023, being the latest practicable date prior to printing of this Statement ("LPD") and assuming that APT purchases shares of up to ten percent (10%) of its total number of issued shares and that the Purchased Shares are from public shareholders, the effect of the Proposed Share Buy-Back on the shareholdings of the Directors, Major/Substantial Shareholders and persons connected with the Directors and/or Major Shareholders are as follows:-

No. of APT Shares held								
	As at LPD ⁽ⁱ⁾				After Proposed Shareholders' Mandate for Share Buy-Back assuming 10% of the ordinary shares are bought back and cancelled ⁽ⁱⁱ⁾			
Directors	Direct	% ⁽ⁱ⁾	Indirect	%	Direct	% ⁽ⁱⁱ⁾	Indirect	%
Peter Ling Ee Kong	8,013,000	10.00	407,200	0.51	8,013,000	10.86	407,200	0.55
Pang Chong Yong	6,373,972	7.95	–	–	6,373,972	8.64	–	–
Mah Siew Seng	3,343,588	4.17	1,000,000	1.25	3,343,588	4.53	1,000,000	1.35
Law Mong Yong	1,836	0.00 [#]	–	–	1,836	0.00 [#]	–	–

Statement Accompanying Notice of Annual General Meeting

(cont'd)

3. SHAREHOLDINGS OF DIRECTORS AND MAJOR/SUBSTANTIAL SHAREHOLDERS AND PERSON CONNECTED WITH THE DIRECTORS AND MAJOR SHAREHOLDERS (CONT'D)

No. of APT Shares held								
	As at LPD ⁽ⁱ⁾				After Proposed Shareholders' Mandate for Share Buy-Back assuming 10% of the ordinary shares are bought back and cancelled ⁽ⁱⁱ⁾			
Directors	Direct	% ⁽ⁱ⁾	Indirect	%	Direct	% ⁽ⁱⁱ⁾	Indirect	%
Dato' Haji Ghazali B. Mat Ariff	–	–	–	–	–	–	–	–
Andrew Ling Yew Chung	240,000	0.30	–	–	240,000	0.33	–	–
Lim Tiong Heng	78,400	0.10	–	–	78,400	0.11	–	–
Major / Substantial Shareholders								
Peter Ling Ee Kong	8,013,000	10.00	407,200	0.51	8,013,000	10.86	407,200	0.55
Pang Chong Yong	6,373,972	7.95	–	–	6,373,972	8.64	–	–
Mah Siew Seng	3,343,588	4.17	1,000,000	1.25	3,343,588	4.53	1,000,000	1.35
Brilliant Smart International Limited	6,465,048	8.06	–	–	6,465,048	8.76	–	–
KSL Capital Sdn Bhd	7,338,300	9.15	–	–	7,338,300	9.94	–	–
Liew Kit	4,000	0.00 [#]	7,338,300	9.15	4,000	0.01	7,338,300	9.94

Notes:

negligible

(i) Based on the existing number of issued shares of 82,017,000 (excluding 1,847,564 Treasury Shares held by the Company as at LPD)

(ii) Based on the number of issued shares of 73,815,300 shares assuming the Company purchases the maximum 8,201,700 shares, representing ten per centum (10%) of its total number of issued shares of 82,017,000

Statement Accompanying Notice of Annual General Meeting

(cont'd)

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK**4.1 Potential Advantages**

The Proposed Share Buy-Back, if exercised, is expected to potentially benefit the Company and its shareholders as follows:

- (a) The Company would expect to enhance the Earning Per Share ("EPS") of the Company (in the case where the Directors resolve to cancel the Purchased Shares so purchased and/or retain the Purchased Shares as Treasury Shares and the Treasury Shares are not subsequently resold), and thereby long term and genuine investors are expected to enjoy a corresponding increase in the value of their investments in the Company;
- (b) If the Purchased Shares are kept as Treasury Shares, it will give the Directors an option to sell the Purchased Shares at a higher price and therefore make a gain for the Company. In addition, the Company may utilise the proceeds for any feasible investment opportunity arising in the future, or as working capital. Alternatively, the Purchased Shares can be distributed as share dividends to shareholders; and
- (c) The Company may be able to stabilise the supply and demand of its Shares in the open market and thereby supporting its fundamental values.

4.2 Potential Disadvantages

The Proposed Share Buy-Back is expected to have cash flow implications whereby the working capital will be reduced. However, it will not have a material impact on the cash flow of the Company.

5. FINANCIAL EFFECTS

Based on the assumption that the Proposed Share Buy-Back is carried out in full, the effect of the Proposed Share Buy-Back on the share capital, dividend, Net Assets ("NA"), EPS and working capital of APT are as set out below:

(a) Share Capital

Based on the issued and paid-up share capital of APT as at LPD of RM82,017,000 comprising 82,017,000 APT Shares, a maximum of 8,201,700 APT Shares may be purchased and cancelled pursuant to the Proposed Share Buy-Back.

The Proposed Share Buy-Back will not have any effect on the issued and paid-up share capital of the Company if all the Shares purchased are retained as Treasury Shares.

The effect of the Proposed Share Buy-Back on the issued and paid-up share capital of the Company if all the Shares Purchased are cancelled is outlined below:

Statement Accompanying Notice of Annual General Meeting

(cont'd)

5. FINANCIAL EFEFCTS (CONT'D)**(a) Share Capital (Cont'd)**

	No. of APT Ordinary Shares
Existing issued and paid-up share capital as at LPD	82,017,000
Purchased and held as Treasury Shares as at LPD	1,847,564
If maximum number of shares are purchased pursuant to the Proposed Share Buy-Back	6,354,136
Issued and paid-up capital, if 8,201,700 Treasury Shares are cancelled	73,815,300

(b) Dividends

Assuming the Proposed Share Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Share Buy-Back will have the effect of increasing the dividend rate of APT as a result of the reduction in the issued and paid-up share capital of APT as described under Section 5 (a) above.

(c) NA Per Share and EPS

The NA per share of the Company may be increased or decreased, depending on the purchase prices of the Shares to be bought back by the Company. Should the purchase prices exceed the existing NA per share, the NA of the remaining Shares should decrease accordingly. And conversely, should the purchase price be lower than the existing NA per share unit, the resultant NA per share should increase accordingly. The effective reduction in the issued and paid-up share capital of the Company pursuant to the Proposed Share Buy-Back would generally, all else being equal, increase the consolidated EPS of the Company. However, the Proposed Share Buy-Back, if exercised, is not expected to have any material effect on the NA per share and EPS of the Company for the financial year ending 31 December 2023.

(d) Working Capital

The Proposed Share Buy-Back will reduce the working capital of the Company, the quantum of which depends on the purchase price(s), the number of Shares bought back and the effective funding costs thereof.

Statement Accompanying Notice of Annual General Meeting

(cont'd)

6 IMPLICATION OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010, AS AMENDED FROM TIME TO TIME AND ANY RE-ENACTMENT THEREOF ("CODE")

Based on the Company's issued and paid-up share capital and the shareholdings of the substantial shareholders of the Company as at LPD, the Proposed Share Buy-Back is not expected to trigger any obligation by the substantial shareholders of the Company and/or parties acting in concert with them to undertake a mandatory offer under the Code. The effect on the shareholdings of the substantial shareholders of the Company after the implementation of the Proposed Share Buy-Back is shown in Section 3 of this Statement.

7 PURCHASE AND RESALE OF ITS OWN SHARES IN THE PROCEEDING 12 MONTHS

As at the LPD, a total of 1,847,564 Shares were held as treasury shares. The Company has not purchased, transferred and/or cancelled any treasury shares in the previous 12 months preceding this Statement.

The detail of the resales made by the Company of its own shares during the previous 12 months are as follow:-

Date of Resale	No. of Shares Resale	Share price per share		Average price received per Share RM	*Total Consideration Received RM
		Lowest RM	Highest RM		
04/04/2022	137,000	2.740	2.760	2.750	373,820
05/04/2022	55,000	2.760	2.780	2.770	152,150
15/04/2022	117,000	2.800	2.820	2.810	328,920
29/04/2022	77,000	2,800	2.800	2.800	215,600
16/06/2022	60,000	2.720	2.730	2.725	163,600
24/06/2022	56,000	2.730	2.760	2.745	153,604
17/08/2022	155,500	2.660	2.700	2.680	413,850
11/11/2022	337,000	0.660	0.680	0.670	223,860
14/11/2022	107,000	0.660	0.665	0.663	70,645
07/02/2023	100,000	0.685	0.685	0.685	68,500
10/02/2023	50,000	0.670	0.710	0.690	33,540
01/03/2023	24,000	0.670	0.670	0.670	16,080
02/03/2023	14,500	0.670	0.670	0.670	9,715

*Note: The total consideration paid is excluding transaction costs.

Statement Accompanying Notice of Annual General Meeting

(cont'd)

8 PRICING

- (a) APT shall purchase its own Shares or resell its treasury shares (if applicable) only on the market of Bursa Securities. The price for the purchase shall not be more than fifteen percent (15%) above the weighted average market price of APT Shares for the five (5) market days immediately preceding the date of purchase.
- (b) If the Purchased Shares are subsequently resold on Bursa Securities, the price for the resale of Treasury Shares shall:-
- (i) not be less than the weighted average market price for APT Shares for five (5) market days immediately prior to the resale; or
 - (ii) not be more than 5% to the weighted average market price for APT Shares for five (5) market days immediately prior to the resale provided that:-
 - (aa) the resale takes place no earlier than 30 days from the date of the purchase; and
 - (bb) the resale price is not less than the cost of purchase of the Purchased Shares being resold.

9 SHARE PRICES

The following table sets out the monthly highest and lowest transacted prices of the Company's Shares on Bursa Securities for the last twelve (12) months from April 2022 to March 2023:

Year (RM)		Highest (RM)	Lowest (RM)
2022 -	April	2.88	2.59
	May	2.82	2.80
	June	2.88	2.71
	July	2.75	2.55
	August	2.70	2.59
	September	2.68	2.50
	October	0.67	0.63
	November	0.71	0.62
	December	0.68	0.66
2023 -	January	0.68	0.63
	February	0.71	0.64
	March	0.73	0.64

(Source: *finance.yahoo.com*)

The last transacted price per share unit of the Company on 17 April 2023 was RM0.68.

Statement Accompanying Notice of Annual General Meeting (cont'd)

10 TREATMENTS OF SHARES PURCHASED

In accordance with Section 127 of the Act, the Company is allowed to deal with the Purchased APT Shares in the following manner:-

- (a) to cancel the Purchased APT Shares; or
- (b) to retain the Purchased APT Shares as Treasury Shares, for distribution as share dividends to the shareholders, resell on the Bursa Securities, transfer for the purpose of or under an employees' share scheme, transfer as purchase consideration, cancel the Purchased APT Shares; transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe;
- (c) to retain part of the Purchased APT Shares as Treasury Shares and cancel the remainder; or
- (d) to deal in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

The decision as whether to retain the Purchased APT Shares as Treasury Shares, or to cancel the Shares purchased or a combination of both, will be made by the Board of APT at the appropriate time.

11 PUBLIC SHAREHOLDING SPREAD

As at 31 December 2022, the public shareholding spread of the Company was 60.08. Assuming that the Proposed Share Buy-Back is carried out in full and the Shares so purchased are from the public shareholders, the public shareholding of the Company would be reduced to approximately 54.07.

12 DIRECTORS' RECOMMENDATION

The Board of Directors, having considered all aspects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company and therefore recommends for the shareholders to vote in favour of the ordinary resolution no. 10 on the Proposed Shareholders' Mandate for Share Buy-Back at the forthcoming Forty-First AGM of the Company.

13 DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Directors of APT and they collectively and individually accept full responsibility for the accuracy and correctness of the information contained in this Statement and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this Statement misleading.

Statement Accompanying Notice of Annual General Meeting

(cont'd)

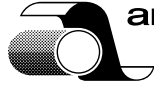
14 DOCUMENTS FOR INSPECTION

The following documents are available for inspection at the Registered Office of the Company during normal office hours on any business day falling from the date of this Statement and up to the time set for convening the Forty-First AGM:

- (a) Constitution of APT; and
- (b) Statutory Financial Statements of APT for the past two years ended 31 December 2021 and 31 December 2022.

This Statement was approved by the Board on 17 April 2023.

PROXY FORM



**ADVANCED PACKAGING
TECHNOLOGY (M) BHD.**

Registration No. 198201003236 (82982-K)
先進包裝工業(馬)有限公司

CDS account no.	
No. of Shares held	

I/We, _____ *(NRIC/Company No.) _____
(Full Name in Block Letters)

of _____
(Address)

being a Member/Members of Advanced Packaging Technology (M) Bhd here by appoint _____
(NRIC)

_____ (Full Name in Block Letters)

of _____
(Address)

or failing him/her _____ (NRIC)
(Full Name in Block Letters)

of _____
(Address)

or failing whom, the Chairman of the meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Forty-First Annual General Meeting ("AGM") of the Company to be held at Bangi Resort Hotel, Off Persiaran Bandar, 43650 Bandar Baru Bangi, Selangor Darul Ehsan on Thursday, 25 May 2023 at 2.30 p.m. and at any adjournment thereof on the following resolutions in the manner indicated below:-

		FOR	AGAINST
Ordinary Resolution 1	To approve the payment of Directors' Fees of RM252,000/- for the year ended 31 December 2022.		
Ordinary Resolution 2	To approve the payment of Directors' Benefit (excluding Directors' Fees) up to an amount of RM154,500/- from the conclusion of the Forty-First Annual General Meeting until the next AGM of the Company.		
Ordinary Resolution 3	To re-elect Dato' Haji Ghazali Bin Mat Ariff as Director.		
Ordinary Resolution 4	To re-elect Mr Andrew Ling Yew Chung as Director.		
Ordinary Resolution 5	To re-appoint Messrs PKF PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 6	To retain Dato' Haji Ghazali Bin Mat Ariff as Independent Non-Executive Director.		
Ordinary Resolution 7	To retain Mr Mah Siew Seng as Independent Non-Executive Director.		
Ordinary Resolution 8	Authority to allot and issue shares and waiver of pre-emptive rights pursuant to the Companies Act 2016		
Ordinary Resolution 9	To approve the Proposed Renewal of Shareholders' Mandate for the Company to buy-back its own shares.		
Ordinary Resolution 10	To approve the Proposed Gratuity Payment to Former Managing Director of the Company		

(Please indicate with an 'X' in the appropriate spaces provided above on how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

The proposition of my holdings to be represented by my* proxy/proxies are as follows:-

First Name Proxy _____ %
Second Name Proxy _____ %
100%
=====

*Strike out whichever is not desired.

Dated this day of 2023

.....
Signature



NOTES:

1. A member of the Company entitled to attend and vote at this meeting may appoint a maximum of two proxies to vote in his stead. Where a member appoints two proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. If the proxy is not a member of the Company, he shall be any person and there shall be no restriction as to the qualification of the proxy.
2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy (but not more than two) in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. The instrument appointing a proxy, in the case of an individual, shall be signed by the appointer or by his attorney duly authorised in writing, and in the case of a corporation, shall be either given under its common seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy must be deposited at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eighth (48) hours before the time appointed for holding the meeting or any adjournment thereof.
7. Only members whose names appear in the Record of Depositors on 18 May 2023 shall be entitled to attend, speak and vote at the Annual General Meeting.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in the Notice of the Fortieth AGM will be put to vote by poll.

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Fold This Flap For Sealing

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