



MASTER-PACK

GROUP BERHAD 199401011341 (297020-W)

Creating Value Sustaining

GROWTH



Annual Report

2021

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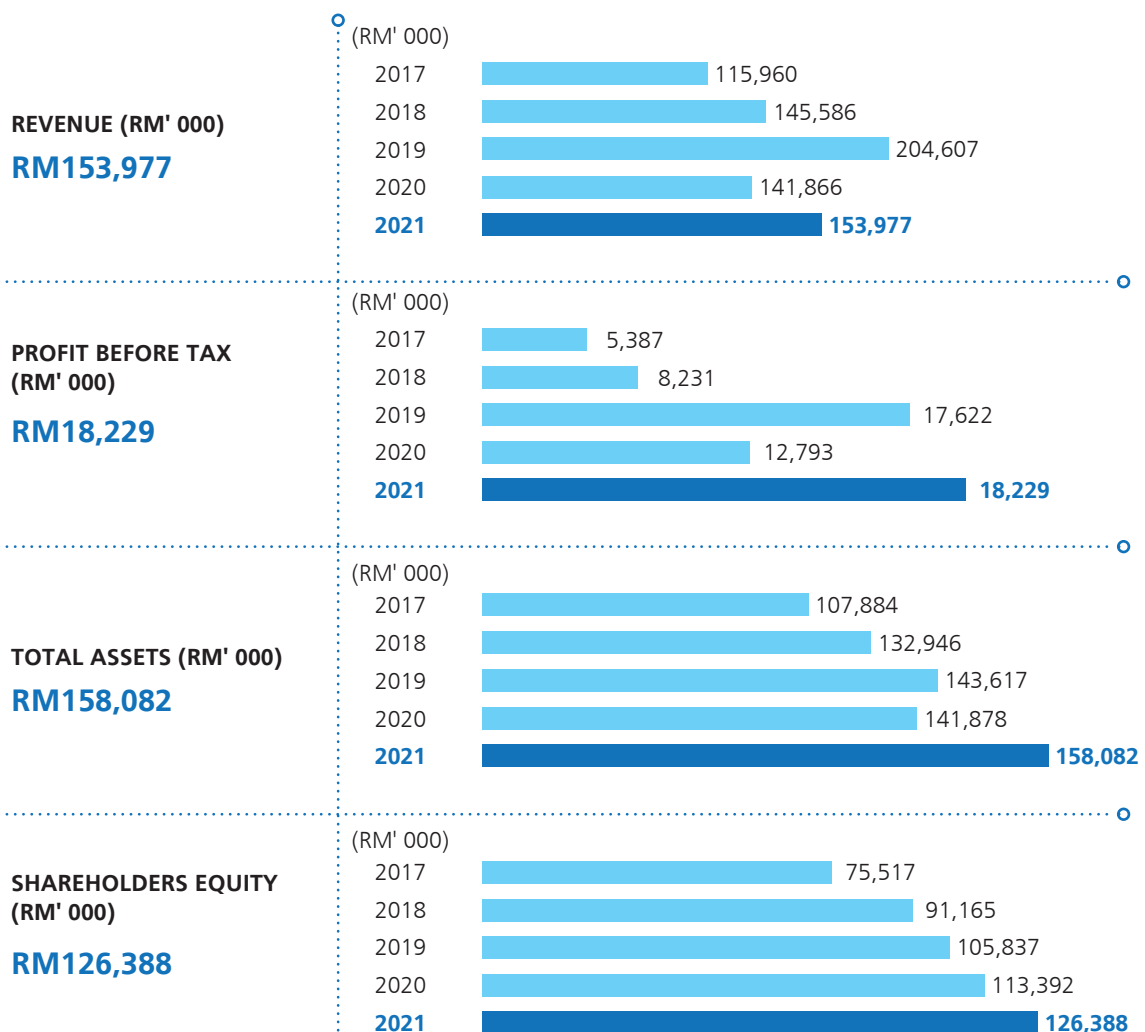
Proxy Form



GROUP FINANCIAL HIGHLIGHTS

YEAR ENDED 31 DECEMBER

	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Revenue	115,960	145,586	204,607	141,866	153,977
EBITA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	9,507	12,937	23,127	17,576	22,718
Profit Before Tax	5,387	8,231	17,622	12,793	18,229
Profit After Tax	3,936	5,748	15,687	11,270	14,453
Net profit Attributable to Owners of the Company	3,945	5,756	15,695	11,275	14,456
Total Assets	107,884	132,946	143,617	141,878	158,082
Total Loans and Borrowings	18,832	21,350	17,688	10,525	8,648
Shareholders Equity	75,517	91,165	105,837	113,392	126,388
Capital Expenditure	1,014	2,080	839	2,626	1,694
Earnings per share	7.22 sen	10.54 sen	28.73 sen	20.64 sen	26.47 sen
Net assets per share	RM1.38	RM1.67	RM1.94	RM2.08	RM2.31



CORPORATE INFORMATION

AS AT 22 APRIL 2021

BOARD OF DIRECTORS

DATO' SYED MOHAMAD BIN SYED MURTAZA

Executive Chairman

MR. CHEW HOCK LIN

Independent and Non-Executive Director

DATO' SERI KHOR TENG TONG

Independent and Non-Executive Director

EN. AMINUDDIN BIN SAAD

Independent and Non-Executive Director

PUAN NAZRIAH BINTI SHAIK ALAWDIN

Non-Independent and Non-Executive Director

DR. JUNID BIN ABU SAHAM

Independent and Non-Executive Director

COMPANY SECRETARIES

Mr. Lee Peng Loon
(MACS 01258) / SSM PC NO. 201908002340

Ms. P'ng Chiew Keem
(MAICSA 7026443) / SSM PC NO. 201908002334

REGISTRAR

Bina Management (M) Sdn. Bhd.

Lot 10, The Highway Centre,
Jalan 51/205, 46050 Petaling Jaya, Selangor.

Tel : 03 - 7784 3922

Fax : 03 - 7784 1988

AUDITORS

Crowe Malaysia PLT
201906000005 (LLP0018817 - LCA) & AF 1018
Chartered Accountants
Level 6, Wisma Penang Garden,
42 Jalan Sultan Ahmad Shah,
10050 Penang.

REGISTERED OFFICE

51-21-A, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Penang.

Tel : 04 - 210 8833

Fax : 04 - 210 8831

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad

No. 1, Downing Street,
10300 Penang.

**Malayan Banking Berhad
Penang Main Branch,**

No. 9, Lebuhr Union,
10200 Penang.

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad, Main Market

SHARE CAPITAL

No. of ordinary shares : 54,620,150
Issued & Paid-Up : RM55,339,000
Class of Share : Ordinary shares
Voting Right : One voting right for one
ordinary share
Number of Shareholders : 3,653

WEBSITE

<http://www.master.net.my>



COMPANY PROFILE

AN OVERVIEW OF MASTER-PACK GROUP BERHAD BUSINESS OPERATIONS

Master-Pack Group Berhad (“MPG”) and its subsidiaries are primarily engaged in the business of manufacturing corrugated cartons, wooden packaging and providing one-stop packaging solutions to its customers. The Master-Pack Group of companies has over the last 28 years, made a name for itself as an innovative niche market player in the packaging industry.

The Group has three main subsidiaries namely Master-Pack Sdn. Bhd., Master-Pack (Sarawak) Sdn. Bhd. and Master-Pack Vietnam Co., Ltd. The Malaysian packaging plants are located in Nibong Tebal and Sungai Baong, Penang in the northern region of West Malaysia and Kuching, Sarawak in East Malaysia. These Malaysian packaging plants are strategically located to service both east and west Malaysia markets. There is a warehouse in Bayan Lepas, Penang for Just-in time delivery to customers as part of our Total Packaging Solutions Services.

VISION AND MISSION

Our vision is to be the “Preferred Total Packaging Solutions Provider”. Our mission statement is “We are in the Business of Providing Total Packaging Solutions in Partnership with Our Customers”.

The vision and mission are communicated internally through various mechanisms within the company such as the employee handbook to all employees within the Group.

CORE VALUES

- EXCEL IN SERVING OUR CHOSEN MARKETS

The Company focuses its resources and services to the best of its abilities and therein practices customer centric, earmarking on the Pareto Principle 80-20 rule. We specialize in customized packaging and as such we attend to customers and work closely to understand the pertinent needs to that customer, wherever possible, in order to innovate packaging best suited for each individual customer. We are a customer focused company as evidenced by our total concentration in one area of industry that is customized packaging solution for our customers. We do not sell retail products to public customers. As such our website only state details where each of our companies may be contacted.

- DELIVER HIGH QUALITY AND VALUED PRODUCTS TO OUR CUSTOMERS

Our strength lies in being professionally knowledgeable in many aspects of the business such as in design, in suitable materials and reengineering. We are one of the pioneers to obtain accreditation for ISO 14001:2004 Environment Management System signifying our commitment in doing what we think is ethically right from the start. We serve domestic and international customers adhering to high standards, conditions and structures demanded by multi-national customers.

- CARE FOR THE WELFARE OF OUR EMPLOYEES

The Company take cognizance that the strength and the well-being of its employees are of utmost importance. As such, it embraces that cross diversity can help a company to galvanize the multi-faceted mix of age, gender, race and thus has created a harmonious conducive industrial climate to garner the strength of its diverse workforce by providing fair and equitable employment terms and opportunities. Towards this end, the Company tries to inculcate a good and enjoyable work environment whilst embedding adequate measures on operational and safety procedures. The Company involves all level of employees in organizing major events i.e. company annual dinners to inculcate a culture of inclusiveness which encourages employees to mingle freely and cohesively to nurture team spirit and synergy.

As part of “work life benefits” provided by the group, employees are allowed two days paternity leave per year up to the fifth child and a maximum of six days exam leave for those motivated to gain professional qualifications. Two days compassionate leave is also provided for bereavement on the demise of the spouse, parent, grandparent, brother, sister or child of the employee including in-law.

COMPANY PROFILE (CONT'D)

CORE VALUES (cont'd)

- SERVE THE INTERESTS OF OUR SHAREHOLDERS AND STAKEHOLDERS

It is our core value that we serve the best interests of all parties who are concerned with and have interest in Master-Pack's continuous growth of business and well-being. We are focused on serving the interests of our shareholders who are after all, the owners of the company. Our shareholders are primarily interested in the return of their investments in terms of Master-Pack's profitability or dividends distributed. In a nutshell, our shareholders are interested in us, maximizing their shareholders value whilst the other stakeholders are very interested in the total well-being of our company.

- CONTRIBUTE TO OUR SOCIETY

The Company believes in interacting with the community in which it operates its business. It has been our practice and our corporate social responsibility of offering people living around us as the first right of refusal to work for our production facilities. We also offer people around us part time jobs when available. We provide Industrial Training Program and hence accept under-graduates from colleges and universities to gain hands-on experience in selected fields of study related to packaging business.

PRODUCTS AND SERVICES

Corrugated cartons manufactured by the Company's plants are fully recyclable products. Please refer to our company website www.master.net.my to pre-view samples of the various models of corrugated products manufactured by our company.

Our packaging is designed holistically with the product of our clients in mind in order to optimize overall environment performance; using clean production technologies and best practices; optimizing raw materials and energy. The packaging that we produce would be designed to be effective, beneficial and safe for users and communities throughout its life cycle and where possible, we aim at reducing the weight and volume of the packaging itself. We work to ensure our packaging meets market criteria for performance and cost as well as qualitatively meeting our customer's choices and expectations.

Services provided to our current customers include one stop packaging solution, warehousing as well as Vendor Managed Inventory.

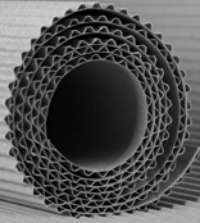
BUSINESS SUSTAINABILITY

Packaging will always be in demand as packaging is required to protect and transport goods from one point to another and for many other purposes such as providing marketing appeal and information on the goods the package covers. There are many types and forms of packaging using different materials.

Packaging using paper is by and large very versatile. The process and techniques of corrugating can transform paper into all kinds of shapes and forms that are not only strong but attractive in design. Corrugated materials can also be made into other usable articles such as paper plates and cups and even furniture.

Packaging using corrugated cartons has attracted much interest lately as the public is now more aware and more informed of the dangers that affect the ozone, the contamination and depletion of natural resources and the warming up of the planet earth. So these well-informed buyers' trend towards using recyclable packaging embracing sustainable activities; and henceforth corrugated packaging is one of the preferred options selected.

Packaging using corrugated cartons is the natural alternate material in place of other forms such as plastic, foams, wooden crates and metal. Consumer awareness and preferred selection on sustainable packaging continues to provide the drive and the momentum of the entire corrugating packaging industry.



COMPANY PROFILE (CONT'D)

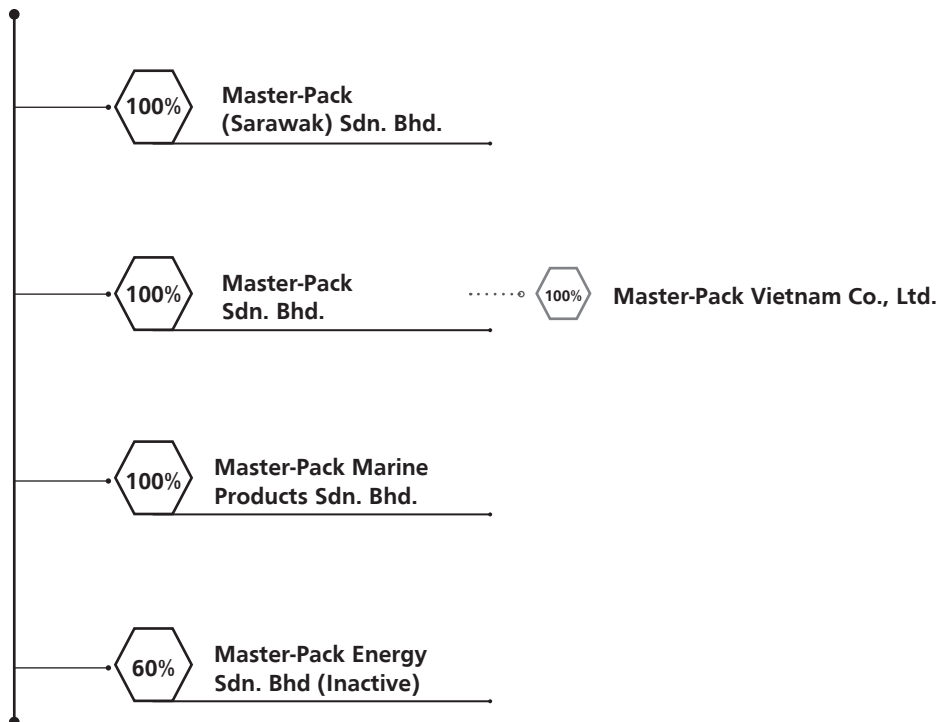
OPERATION AND FINANCIAL RISK

Corrugated original raw material comes from trees, which are managed through careful replanting and other responsible forest management practices. Long-term renewal of these resources brings the first, natural ingredient of corrugated to the paper mills in a continuous cycle that assures a steady supply of naturally, healthy and useful fibre to produce plentiful corrugated material. Today, most corrugated content is approximately 73 percent recovered from recycling i.e. proportionately more than any other packaging product material in the world.

In keeping with the Company's Sustainable Policy and our Corporate Social Responsibility, our suppliers are assessed on price, quality, timely delivery and practical technical support. Most importantly, we are committed to ensure that our paper commodity sourcing is sustainable meaning our commodity paper purchases are made only from suppliers who fulfills the Forest Stewardship Council standards and other related legislation. Our manufacturing paper wastes are sold back to the paper mills for recycling.

The main challenge in our operations is to ensure a consistently high volume of sales. The management has embarked on a program to widen its sales base to cover various industry sectors and not to rely heavily on any single industry. Currently the group's turnover is spread over a multitude of industries with the top five leading industries being solar energy, food-beverage & agro based, electronics & electrical, converter and ceramics. Furthermore, as it turns out products manufactured by the company are patented, thus providing the added advantage to us over our competitors.

CORPORATE STRUCTURE



CHAIRMAN STATEMENT



INTRODUCTION / WELCOME

Dear Shareholders.

With the government announcement of the opening up of the country, a new experience will affect us going forward. The lockdowns that we previously have will be replaced with intermittent quarantine for those of our workforce recovering from the infection of Covid-19.

All of our workforce have taken their 2 doses of Vaccines and with a high percentage having their booster shots, we're confident there will be no major healthcare disruption to our operations. The group continues to be vigilant against further outbreak with the practice of the Avoid 3Cs (Avoid Crowded Places, Confined Spaces and Close Conversations) and Practice 3Ws (Wash, Wear and Warn).

The Group is fortunate to be able to operate without any major incidence of shutdown due to the Covid-19 pandemic. All the operating locations remain open throughout the year 2021 despite lockdowns imposed by the authorities at one point or another. And more fortunate was our customers who were also able to operate albeit some had to shut down for some days or operate at lower capacities.

Overall, the demand from our customers for their packaging needs picked up and we registered a growth of 8.5% in revenue over that of 2020 amounting to RM154 million and 28.2% increase in profit after tax to RM14 million. Earnings per share rose to 26.47 sen compared to 20.64 sen for FY2020 and net assets per share increased to RM2.31 as at 31 December 2021 compared to RM2.08 as at 31 December 2020.

A strong balance sheet and liquidity will enable the Group to forge ahead confidently to explore opportunities for new investments that can bring higher returns to our shareholders in the long term.

DIVIDENDS

In the year 2021, the Group paid dividend three times, a special dividend of 2 sen on 5 Feb 2021 for the financial year 2020; first interim of 2 sen on 3 May 2021 and another 2 sen paid on 21 December 2021, totaling 4 sen for the financial year 2021. We are aware of shareholders' wish to receive good returns for their investments and we will strive to distribute reasonable dividends year after year.

RESTRUCTURING OF THE BOARD

With regards to Bursa's directive dated 19 January 2022 on amendments to the Listing Requirement limiting the tenure of Independent Director to only twelve years, the listed company will restructure members of the board within the intervening timeframe permitted. Due respect must be given to the members of the Board who have provided invaluable service and made the journey through tough times when the Group had to hive off the seafood division and face financial difficulties when I took over as Chairman.

The general enhancement ideas for board renewal is to improve quality and skills as well as promoting greater diversity but practically this is easier said than done. There is no probationary period when selecting fresh members from resumes which encapsulates the skillsets that justifies the appointment. It takes a synergistic team of board members, people who are willing to listen well, able to articulate advice and measures that is practicable to the group's business and the ability to work together fruitfully. Nonetheless, the search to refresh the board with new faces will be carried out.

SUSTAINABILITY MATTERS

The company will continue its journey to focus on the key materiality matters of sustainability. This takes a learning curve for the manpower to learn, adapt to improve, taking on the additional duties to their now existing responsibilities. Setting up a new functional unit just for governing sustainability may not be an appropriate step for the group. The manpower must buy in to projects, implement and continuously monitor making it as their daily routine and be won over with fruits of their labour; only then will sustainability be successfully entrenched.

ACKNOWLEDGEMENT

I am grateful to all associates and stakeholders of the Group for your continued unwavering support and trust. I wish to thank all of you including the management for their dedication and commitment to the Group and I look forward to another fruitful year.

Dato Syed Mohamad bin Syed Murtaza
Group Executive Chairman

COMMENTARY ON THE FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 RM'000	2020 RM'000	Change RM'000	%
REVENUE	153,977	141,866	12,111	8.5%
Raw materials, consumables and related input cost	(102,013)	(97,036)	4,977	5.1%
Employee benefits	(16,502)	(16,449)	53	0.3%
Other expenses	(14,851)	(12,578)	2,273	18.1%
Other income	2,107	1,773	334	18.8%
	(131,259)	(124,290)	6,969	
EBITDA	22,718	17,576	5,142	29.3%
Depreciation	(4,047)	(4,131)	(84)	-2.0%
Finance Cost	(442)	(652)	(210)	-32.2%
	(4,489)	(4,783)	(294)	
Profit Before Tax	18,229	12,793	5,436	
<i>Profit Before Tax Margin</i>	11.8%	9.0%	2.8%	
Taxation	(3,776)	(1,523)	2,253	147.9%
Profit After Tax	14,453	11,270	(3,183)	28.2%
<i>Profit After Tax Margin</i>	9.4%	7.9%	1.5%	

REVENUE

Revenue for the year 2021 increased by RM12.1 million or 8.5%. The contribution was from customers resuming full operations and placing higher orders in all locations with some adjustment to the selling price

In tandem with the increase in revenue, cost of raw materials, consumables and related input cost increased as well. Employee benefits increased due to annual increments to basic wages and related statutory payments while other expenses reduced due to lower expenditure on repairs and maintenance.

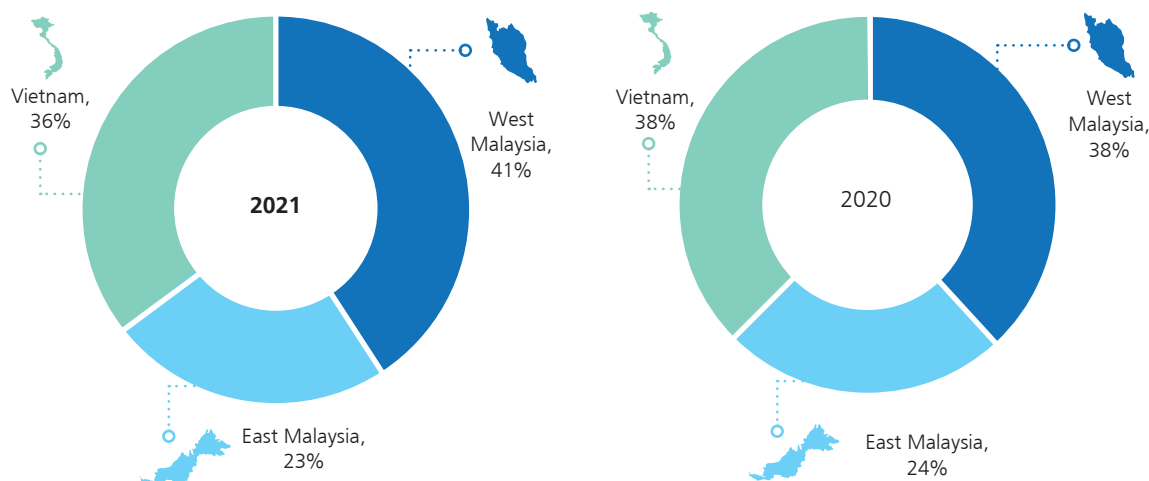
Finance cost decreased due to lower utilization of trade facilities during the year.

Other income increased due to higher interest income.

Revenue Contribution by Region

Contribution of revenue from the three different localities did not change much between the two years of 2021 and 2020 in terms of value in ringgit or by percentage. West Malaysia still contribute the highest at 41% of total group revenue at RM63.6 million, followed by Vietnam at RM55.1 million, 36% of total revenue. East Malaysia contribute RM35.3 million at 23%.

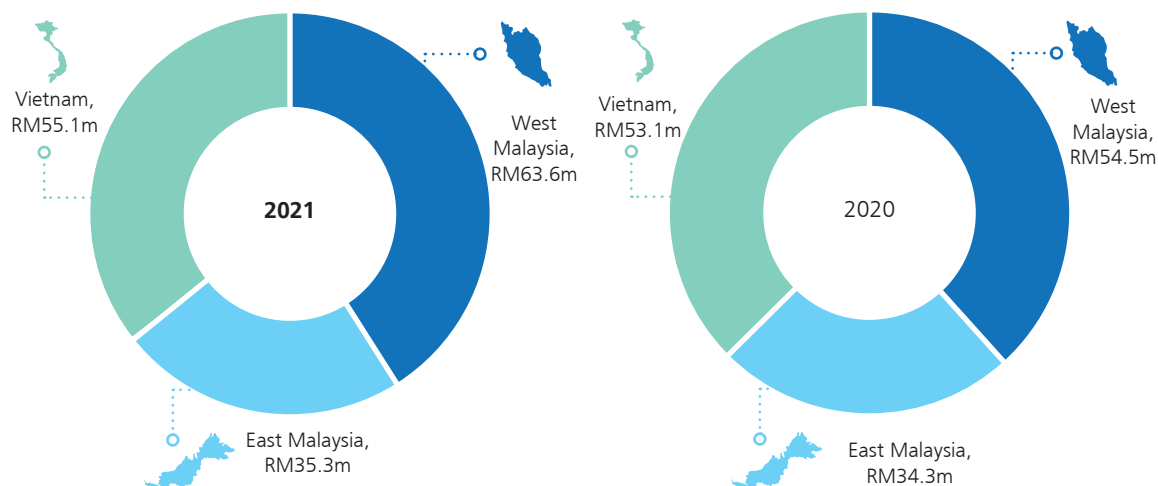
Contribution By percentage



REVENUE (CONT'D)

Revenue Contribution by Region (cont'd)

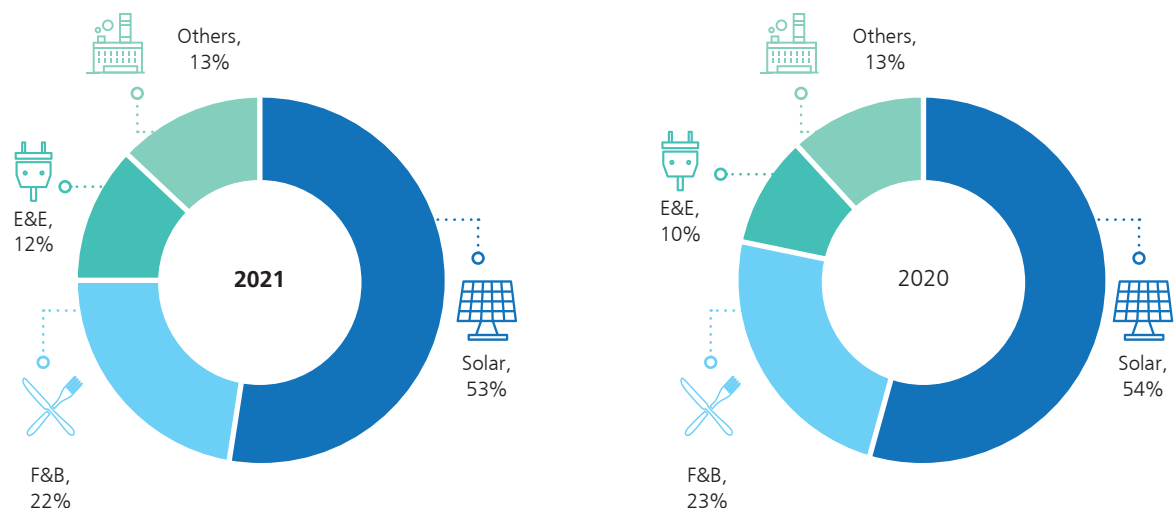
Contribution In Ringgit



Revenue Contribution from different Industry

Although revenue from the solar sector has grown to RM82.5 million from RM76.4 million, in percentage terms it has dropped to 53% from 54% of total revenue. The contribution from the Electrical and Electronic sector increased from RM14.7 million to RM18.2 million, from 10% to 12% while food and beverage sector declined 1% from 23% to 22%. The Group continues to put effort to bring in more customers and from various other sectors so as to reduce its over-reliance on a single group of customers as part of its risk aversion program.

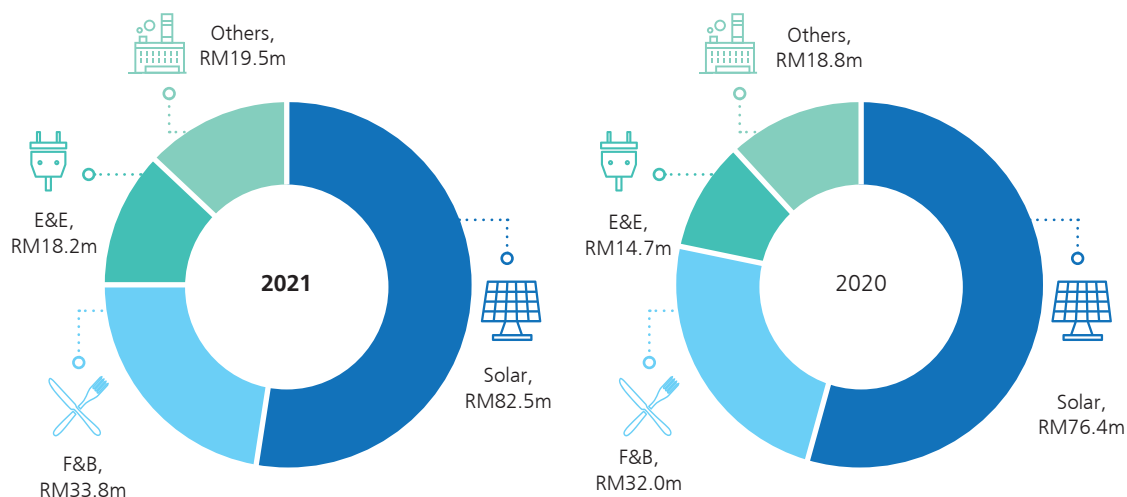
Contribution by percentage



REVENUE (CONT'D)

Revenue Contribution from different Industry (cont'd)

Contribution in Ringgit



The different industries :



Solar
Solar Equipment Manufacturers



E&E
Electrical and Electronics



F&B
Food and Beverages



Others
All other sectors such as automotive, chemicals, medical and others

COST AND EARNINGS

During the year, the Group average cost of raw material increased by 26% compared to the average for year 2020. The Group has moved to diversify to other range of packaging, gross profit improved and the higher volume of deliveries brought down unit production cost. The Group was able to manage administrative expenses within the same level as the previous year despite additional expenses incurred relating to Covid-19 amounting to RM120,000 for the year. The reduction in finance cost also helped to improve earnings. Taxation for 2021 is higher as the subsidiary in Vietnam enjoyed two years tax-free status in 2019 and 2020.

Financial Position of the Group

	2021 RM'000	2020 RM'000	Change RM'000	%
Non-current Assets	63,380	65,327	(1,947)	-3.0%
Current Assets	94,702	76,551	18,151	23.7%
Borrowings and Lease Liabilities	8,648	10,525	(1,877)	-17.8%

The decrease in Non-current Assets was due to disposal of investment in an associate and a dormant subsidiary.

Current Assets The increase is due to inventories held as at 31 December 2021 were RM5.6 million higher than that of 2020, a precautionary measure against any disruption in the supply chain and hedging against further increase in prices. Trade receivables were also higher than the previous year due to higher delivery towards the last quarter of the year to customers with longer credit terms while cash and cash equivalent have increased due to the net cash inflow for the year.

COST AND EARNINGS (CONT'D)

Financial Position of the Group (cont'd)

The decrease in borrowings is due to lower utilization of trade facilities as at 31 December 2021 while total repayment for lease liabilities was RM1.9 million lower offset by new commitment of RM1.5 million for a new machinery purchased during the year.

Cash-flow

	2021 RM'000	2020 RM'000	Change RM'000	%
Net cash from operating activities	12,765	27,755	(14,990)	-54.0%
Net cash used in investing activities	(58)	(2,257)	2,199	-97.4%
Net cash used in financing activities	(7,097)	(8,920)	1,823	-20.4%
Net increase in cash and cash equivalents	6,330	16,153	(9,823)	-60.8%

Operating activities continued to bring in positive cash flow for the year 2021, albeit lower than the previous year of 2020 by RM15.0 million. The decrease is due to increase in trade payables for the purchase of inventories towards the end of the year.

Investment in machinery during the year was RM1.7 million. Net cash used in investing activities was negative due to proceeds from sale of shares in associate and subsidiary and interest income amounting to a total of RM1.7 million was offset by the outflow for purchase of machinery.

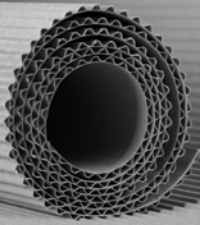
Financing activities decreased by RM1.8 million due to repayment of short term borrowings from RM6.0 million to RM3.4 million, that is a reduction of RM2.6 million. This is offset by dividend payout of RM3.3 million, RM1.1 million for financial year ended 2020 and RM2.2 million for the financial year ended 31 December 2021.

Dividend

A total of 4 sen in dividend was paid for the financial year 2021 amounting to RM2.2 million. For the year, the Group wishes to conserve cash as a precautionary measure against any further unprecedented disruptions that may arise within the next financial year such as a prolonged Covid-19 pandemic, climate changes, political instabilities and even wars between other nations can inadvertently impact our local economy.

Outlook

While many countries around the world are easing travel restrictions and Malaysia is doing the same from 1 April 2022, global economy is expected to expand. However, the current high price of oil will translate into higher cost for all businesses. In addition, the expected implementation of the new minimum wage at RM1500 will potentially increase the pressure on the cost of production.



SUSTAINABILITY STATEMENT

Master-Pack Group Berhad recognizes that it is vital to continuously develop and improve the business operations of the Group in a responsible and sustainable manner. The Board believes that by placing sustainability as its core business operations will drive the long-term business growth of the Group as a whole.

The Board recognizes that business is not solely judged by its financial performance but also on its conducts in respect of governance, economic, environment and social aspects meeting challenging environment generating values to its stakeholders in long term sustainable manner. Hence, it is the underlying value of the Group to achieve equilibrium between financial performance, value creation and long-term business sustainability.

The Group recognizes the importance of stakeholders' engagement with stakeholders that are affected by our operations. As such the Group continuously communicates with all stakeholders in order to work together in creating synergy, inspiring trust and building relationships with partners in the supply chain. Most importantly stakeholders' engagement pursued by the Group is based on ethical business practices and effective governance. The Board and the top management lead the corporate culture with intentional integrity and is guided by the Master-Pack Code of Business Conduct and the Anti-Bribery and Anti-Corruption policies.

The Group's resilience in the face of the challenges into the second year of the COVID-19 pandemic signifies our dedication, commitment and co-operation of everyone in the Group to successfully implement sustainable strategies to pull through the challenges by good governance and ethical business practices.

Basis of Scope

For the purpose of this report, Master-Pack consolidates data from its two main operating subsidiaries located in Malaysia where it has operational control.

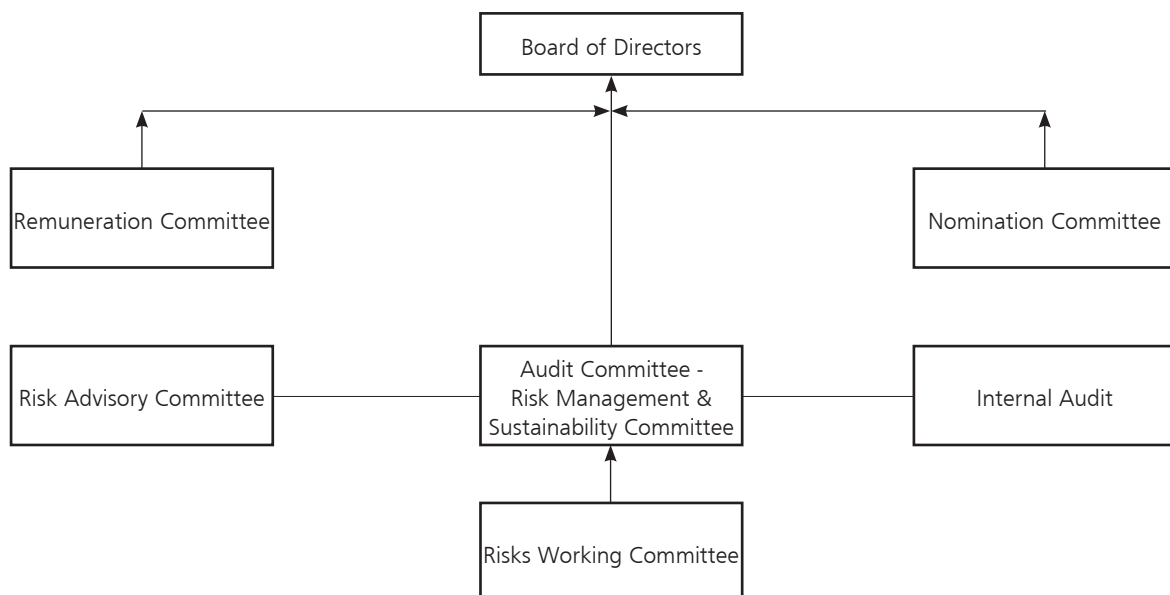
Exclusion

In line with the basis of scope and consolidation above, this report does not include the subsidiary Master-Pack Vietnam Co. Ltd. and our business associate of Richmond Technology Sdn. Bhd. which was disposed during the financial year 2021.

Reporting Period

This report covers the period from 1 January to 31 December 2021 in comparison with the preceding calendar year 2020 and 2019 where available. All the financial data disclosed in this report are presented on a best effort basis and not audited by an independent third party for assurance. As we continue to progress in our sustainability journey, we will strive to make further improvements, where necessary.

GOVERNANCE STRUCTURE



SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE STRUCTURE (cont'd)

The Risk Working Committee reported to the Risk Management & Sustainability Committee on 20 November 2020 and again on 19 November 2021, highlighting the revisions and additions to address new areas of concerns and potential risk for the financial year 2021 and 2022 respectively. The report was then tabled by the Audit Committee Chairman in the Board of Directors meeting on the same date.

The Group Chairman/ Executive Director is responsible for driving the implementation of sustainability strategies; he reports to the Board of Directors and is ultimately accountable for managing material sustainability matters of the group. Hence, the Board is committed to accountability, transparency and sustainability performance of our business.

Roles and Responsibilities of Risk and Sustainability Process.

Board of Directors	:	<ul style="list-style-type: none"> • Oversight of risk & sustainability management processes and compliance
Audit Committee – Risk Management & Sustainability	:	<ul style="list-style-type: none"> • Set the risk & sustainability management processes and strategies in alignment with the Group’s strategic business objectives and direction; • Communicate strategies, policies and procedures to all employees across the Group; • Review and oversee the entire risk & sustainability management processes and compliance, inclusive of mitigating action plans; and • Identify and communicate summary of key / critical risks (present and potential) together with respective mitigating actions to the Board of Directors for their consideration. • Evaluates overall risks and opportunities
Risk Advisory Committee	:	<ul style="list-style-type: none"> • Review and propose policies or risk & sustainability management practices; • Report and advise the Audit Committee on risk & sustainability management matters affecting the Group; • Monitor and review the processes and implementation of risk & sustainability management policies and practices; and
Risk Working Committee	:	<ul style="list-style-type: none"> • Champions and promote Master-Pack Group’s risk & opportunity management processes and risk strategy within individual business units, subsidiaries, projects; • Continuously identify, analyse, evaluate and review risks profiles together with mitigating action plans for effective risk management review; • Identify and communicate summary of key / critical risks (present and potential) together with respective mitigating action to the Audit Committee -Risk Management & Sustainability Committee for their consideration; and keep Risk & Opportunity Register • Capture and communicate lessons learnt on managing risks and avoid reoccurrences • Promote education training on risk & sustainability management practices for the Group.

The identified key matters are Economic Performance, Environment, Our People including Corporate Social Responsibility. We will take steps to continue adapting, evolving and integrating sustainable practices into the Group’s working environment and work culture to ensure the Group’s business continuity and competitiveness. We practice business process and strategy making it sustainable and bringing positive impact on the community, economy and environment.






The Group is committed to the principles and practices of corporate sustainability, and we have disclosed our Sustainability Policy Statement in our website <http://www.master.net.my>

STAKEHOLDERS ENGAGEMENT

The management reaches out to stakeholders through a variety of ways to listen, understand and respond to stakeholder's expectations, needs and concerns. Feedback from stakeholders helps us in our business strategy as well as in prioritizing our sustainability goals.

Master-Pack recognizes the importance of continually engaging with stakeholders as an integral part of the company's process in its business developments, operations and financial performance and will respond to their concern accordingly.

Stakeholders' engagement on sustainability topics and type of engagement

STAKEHOLDERS	SUSTAINABILITY TOPICS	TYPE OF ENGAGEMENT	Frequency
Customers 	<ul style="list-style-type: none"> Product, Quality and Service performance Operation in compliance with applicable laws especially adherence to MOH SOPs Production, service & quality Improvements Timely delivery 	<ul style="list-style-type: none"> Performance Review Virtual / physical customer audits Virtual networking session Master-Pack website Customer Feedback Survey Business Review 	<ul style="list-style-type: none"> On-going On-going On-going On-going Annually Annually
Employees 	<ul style="list-style-type: none"> Communication and engagement Work place and Condition complying with the Health Ministry's SOP Employee Satisfaction Operation in compliance with applicable laws and standards Health and Safety 	<ul style="list-style-type: none"> Intranet/ Internal memo Employee surveys / training Physical employee assemblies / briefings Training Activities Performance Reviews Employee Service Awards and Recognition 	<ul style="list-style-type: none"> On-going Annually Quarterly On-going Annually
Suppliers 	<ul style="list-style-type: none"> Supplier's performance review Communication of product quality and delivery service Practices on ethical conduct and compliance 	<ul style="list-style-type: none"> Supplier selection -pre-qualification Regular communication verbally and emails Supplier ratings Supplier audits 	<ul style="list-style-type: none"> On-going On-going Annually On-going
Investors / Financiers / Shareholders 	<ul style="list-style-type: none"> Financial Performance Operations, business outlook in compliance with the market and applicable laws and regulations 	<ul style="list-style-type: none"> Annual Report and Quarterly Results Announcements Master-Pack Website Annual General Meetings 	<ul style="list-style-type: none"> Quarterly/ Annually Ongoing Annually
Government & Regulators 	<ul style="list-style-type: none"> Regulatory Compliance Corporate Governance 	<ul style="list-style-type: none"> Site Visits and Inspection Audits Meeting and engagement sessions 	<ul style="list-style-type: none"> As required As required As required

ECONOMICS

Financial performance and Business Sustainability

Financial performance is significant to our internal and external stakeholders where our financials and cashflow allow us to continue business without external parties curbing our credit limits. Supply chain customers and vendors are selective in continuing business transactions as the second year of the pandemic becomes a test on the strength and the ability for businesses to continue its sustainability.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMICS (CONT'D)

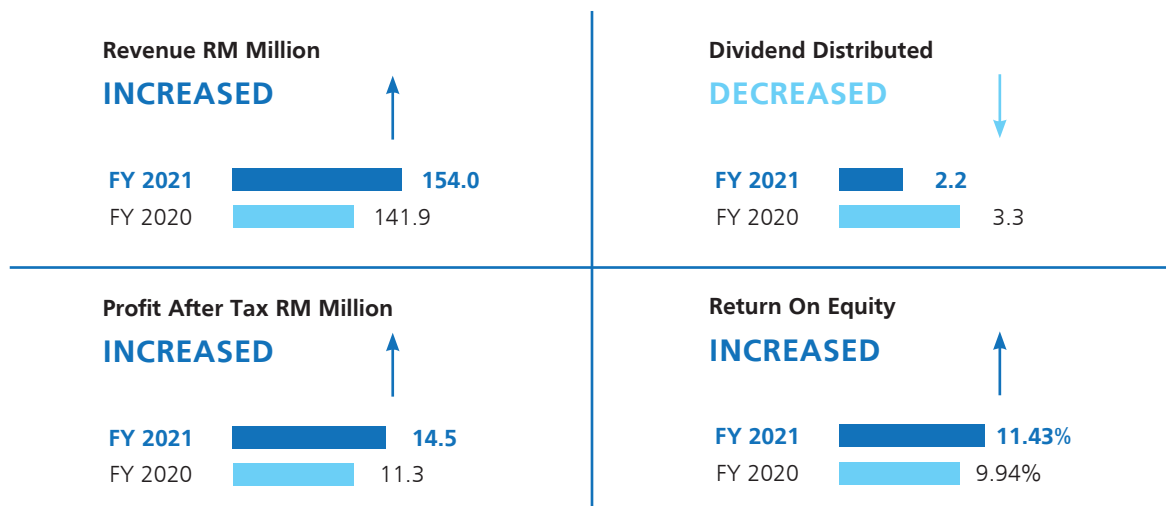
Financial performance and Business Sustainability (cont'd)

Master-Pack Group is fortunate as all our plants continued to operate and delivers continuously to customers during the Malaysian Movement Control Order in the year 2021.

We continuously monitor our financial and operational procedures, cash flow requirements, cost optimization efforts and these efforts sustained us through another turbulent year even when there were many business disrupters that needed to be resolved to continue business as usual. There are more industries allowed to operate in the financial year 2021 and this has improved revenue.

A total of 4 sen per share is declared and paid during the year 2021 whilst special dividend of 2 sen per share for the financial year 2020 was paid on 5 February 2021.

Synopsis of Master-Pack Group Financial Performance for 2021



Preservation of Cash Flow

One of the Group's immediate priorities was to preserve the Group's cash flow by enhancing credit risk management and controls. Capital and operational expenditure were controlled, reviewed, implemented and cost management measurements were actively tracked, monitored and managed. Our prudent financial management had ensured the Group's financial strength and stability and the financial institutions continued support.

Commitment to Quality

Having the latest revision of ISO 9001 :2015 certification is a testament that we continue to uphold a consistent quality standard of our products. A comprehensive quality management system framework has been established to ensure customers that quality assurance policies and procedures are in place to address product quality and reliability on regular basis as well as improving work efficiency.

All our products are subject to monitoring and quality control checks during different stages of production. Thereafter, our products are delivered on timely basis and met the customer's expectation in order to build customer's confidence and trust.

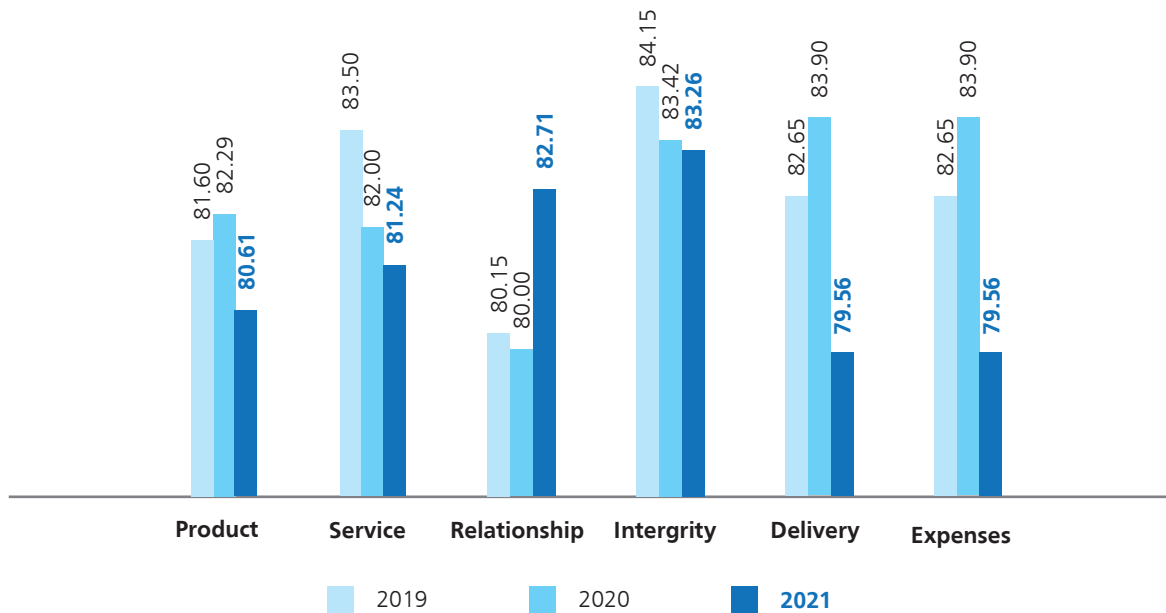
Customer Satisfaction

The sales team is committed to continuously strive to improve our level of service, quality and product excellence. The team continues to focus, listen and pay attention to the smallest details in our pursuit to achieve total customer satisfaction. Most of all, it takes team effort to serve the interest of customers from various industries, catering to the individual requirements of each company.

ECONOMICS (CONT'D)

Customer Satisfaction (cont'd)

Annually we conduct customer survey to assess customer satisfaction with the aim of improving quality service and concerns. Overall result of customer satisfaction remains above the cumulative average of 80.



Procurement Standards

Our suppliers are selected in accordance with our established procurement process which includes technical and commercial evaluation as well as eventual product acceptance by our customers. Our procurement practice takes into account the Economic, Environment and Social impacts of our business practices where various sustainability considerations including fair labour practices and safety requirements are all embedded into our terms and conditions. Our procurement team ensures zero non-compliant risks in the supply chain, and encourages our business partners to make continuous improvements toward sustainable business conduct. We also emphasize on best practices of sustainability initiatives as well as anti-bribery and anti-corruption standards

Local Procurement Practices

We emphasize our business needs for goods and services towards local procurement while taking into consideration to establish a secure, reliable and cost-effective supply chain that conforms to our required standards of quality, delivery and services. A high percentage of our raw material purchases that we procure both locally and some overseas are customized for our major customers. Access to materials and sub-materials from West Malaysia to East Malaysia during the restriction of Movement Control Order in 2021 was also hindered as the selective business were not open or ran out of supplies and mostly unable to arrive in East Malaysia to meet production planning commitments.

Corporate Governance

Our policies and standard operating procedures are reviewed and updated regularly to be in line with the latest change in laws and regulations and bench mark to industry best practices to ensure that our corporate governance structure meets the challenges of changing business needs and stakeholders' expectation levels.

Master-Pack corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement of this annual report.

Investor Relation

Master-Pack held its inaugural fully virtual 27th Annual General Meeting on 7 September 2021.

This is in line with the recommendation to leverage on technology to enable remote shareholders' participation to general meetings and as per Guidance on the Conduct of General Meetings for Listed Issuers issued by Securities Commission Malaysia.

In attendance at the AGM virtually were all the Board members, the Company Secretary, external auditors and senior management.

ECONOMICS (CONT'D)

Investor Relation (cont'd)

On the day of the AGM itself, participating shareholders may use the Q&A platform in the ZOOM Cloud Meeting App to submit their questions at any time from 11 a.m. until the Chairman declares the closure of the Q&A session. The engagement with shareholders with the board and senior management are interactive as answers to their questions are provided via the chat Q & A platform simultaneously during the live broadcast of the meeting.

COVID-19 Risk Management

We are no different from any other companies as in 2021 operations were generally disrupted by intermittent cases of COVID-19. However, the team soldiered on responding and making quick adjustments to resolve issues that prevented any total plant shutdown. The entire team from the Group of companies accepted these challenges without much hesitation and the Group achieved 100% in the two-dosed vaccination suggested by the government. Currently, the Group also have a high level of employees that had taken the booster vaccination.

The group adheres to the regulations as set during the MCO. The SOP regulates that only 30% of office employees were allowed to work at the factory premises. It was a challenge to complete all tasks including Bursa regulatory reporting requirements as per scheduled as confidential data were strictly prohibited to leave the factory premises. At Master-Pack our team gets all the work done and have proven that no challenge is unsurmountable for us.

Code of Business Conduct, Anti-Bribery, Anti-Corruption and Whistle Blowing

Code of Business Conduct read together with the Anti-Bribery and Anti-Corruption policy clearly sets out Master-Pack's policy and practices on business conduct, anti-bribery and matters of corruption that may be encountered in the daily operation. The policy covers salient points such as gifts, entertainment, hospitality, and charitable contributions and sponsorships. The Group strictly prohibits any director, employee, company representative and business associates from a taking part in any form of corruption, bribery, extortion, embezzlement or any kind of money laundering activities on the company's behalf. However, employees and business associates are discouraged but not restricted to make political donation in their personal capacity. Master-Pack will not make any reimbursement for this type of sponsorship or political contributions.

Our Code of Business of Conduct, Whistle Blowing Procedure and Anti-Bribery and Anti-Corruption Policy is published in the company website.

There were no corruption-related cases reported from 2020 to 2021.

ENVIRONMENT

Environmental Permits and Reporting

All required environmental permits, approvals and registrations are obtained, maintained and kept up to-date. Reporting requirements in compliance to regulations are duly adhered to.

Pollution Prevention and Resource Reduction

The use of resources and generation of waste including water and energy, are tracked and monitored and where applicable control actions are taken to reduce consumption such as steam recycling and recycling of waste materials.

Hazardous Substance

All hazardous chemicals and other materials harmful to the environment are identified and appropriately handled during use, in storage and for disposal.

Wastewater and Solid Waste

Wastewater and solid waste generated from operations such as ink flakes and sanitation facilities are monitored, controlled and treated as required by law prior to discharge or disposal.

ENVIRONMENT (CONT'D)

Air Emissions

Air emissions are tested per DOE requirements

Material Restrictions

Adherence to all applicable laws, regulations and customer requirements regarding prohibition on material restrictions and in compliance to the law.

Storm Water Management

Preventive measures are in place at all times to prevent storm water contamination including discharge and spills from entering public drain. Periodic testing is conducted.

Energy Consumption and Greenhouse Gas Emissions

All Energy consumption is tracked and documented to provide cost-effective methods to improve energy consumption.

Electricity (kWhr)/MT paper consume)

	2021	2020
West Malaysia	113.31	106.54
East Malaysia	77.56	73.90

Majority of the electricity consumption is utilized by production machinery and facilities equipment. We recognize the importance of properly managing and regulating energy consumption as part of cost measurement. The increase in electricity consumption is due to new machinery installed and the frequent stoppages to reset and change paper rolls attributed to customer's small orders with short lead time.

Water (cubic meters/ manpower)

	2021	2020
West Malaysia	3.87	3.90
East Malaysia	3.72	3.78

SOCIAL

We believe human capital is fundamental for us and we are guided by a high performance culture based on mentoring, performance and delivery, subscribing to our values of innovation, unity, loyalty, integrity and professionalism as well as teamwork, which are reflected in our daily work practices.



This year our group workforce included 184 permanent employee and 52 contract migrant workers, all of whom work on a full-time basis.





Employee Local and Non-local	Local	Non-Local	Total
FY2021	184 (78%)	52 (22%)	236
FY2020	193 (78%)	56 (22%)	249
FY2019	197 (72%)	75 (28%)	272

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

			
Gender Diversity	Male	Female	Total
FY 2021	168 (71%)	68 (29%)	236
FY 2020	178 (71%)	71 (29%)	249
FY 2019	187 (69%)	85 (31%)	272

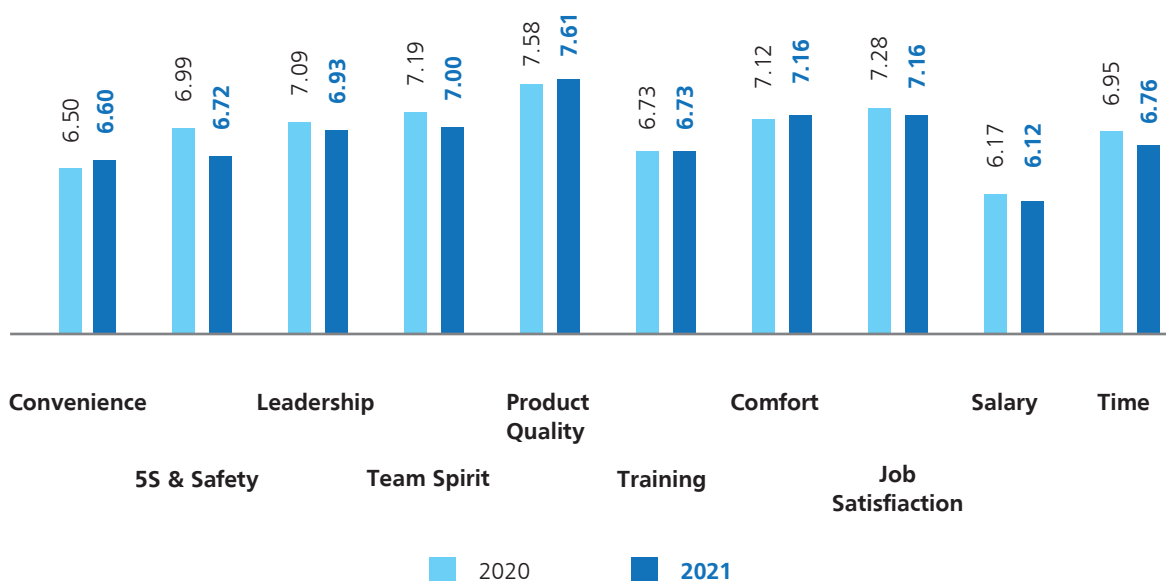
		
Executive Position by Gender	Male	Female
FY 2021	36 (55%)	29 (45%)
FY 2020	36 (55%)	29 (45%)
FY 2019	36 (55%)	29 (45%)

The factories consistently practice productivity improvements in all aspects to reduce waste in the processes. Over the years we had gradually introduced and automated or semi-automated the various production processes. There is no variation to the percentage of local and non-local employee employed and gender diversity of employee remain the same for both years in 2021 and 2020.

Succession planning is being practiced and in the pipeline are women executives who are being groomed to be promoted as department heads in their respective functional departments as we move on.

We adopt a general policy of fairness and non-discrimination. We believe in providing equal opportunity in recruitment, career development, promotion, training and reward for all employees regardless of age, gender, race, religion, sexual orientation or disability.

Employee Satisfaction Survey Year 2021



SOCIAL (CONT'D)

Respect of Labour and Human Rights

The Group is committed to fostering an inclusive environment where everyone is treated with respect, trust and dignity. As such the management promotes a conducive working cultural environment; all employees are treated with equal conduct and values and not subject to any harsh or inhumane treatment.

For some of our employees who are foreign workers from countries like Bangladesh, Nepal and Indonesia, we ensure that they enjoy the same privileges such as the same public holidays, salary scale and company benefits e.g. service awards, company annual dinners in which all employees are treated just like ordinary workers who are local citizens. The tradition to recognize employee's loyalty and contribution to company by employee service awards every 5th year of service continued for the year 2021 and was presented during Employee Assembly.




FREELY CHOSEN EMPLOYMENT	The Group does not use forced, bonded (including debt bondage), indentured or involuntary prison labour. All employees shall be provided a written employment letter, where applicable in their native language, comprising the terms and conditions of employment. All employees are free to leave work or terminate their contract of service by giving the standard termination notice according to their terms of employment. We only hire foreign workers with legal work permits.
YOUNG WORKERS	The Group prohibits the hiring of child labour and the minimum age for employment in Malaysia and in practice by the Group shall be eighteen (18) years of age.
EQUAL OPPORTUNITIES AND NON-DISCRIMINATION	The group provides equal opportunities to all and endeavours to ensure employment related decisions are based on relevant qualifications, merit, performance, and other job related factors and in compliance with applicable laws and regulations.
WORKING HOURS	Workweeks are not to exceed the maximum set by local law. We encourage reasonable hours, including overtime, except in emergency or unusual situations.
WAGES AND BENEFITS	Compensation and benefits paid to employees comply with applicable laws including minimum wages, overtime hours and mandated regulatory contributions. We do not impose wage deduction as a disciplinary measure.
HUMANE TREATMENT	Any type of harassment and violence is prohibited. These actions or behaviours include derogatory comments based on gender, racial or ethnic characteristics, unwelcomed sexual advances, spreading of malicious rumours or by use of emails, voicemails and other forms of communications channels to transmit derogatory or discriminatory materials. This applies not only to our own co-workers but also to customers and suppliers as well.
FREEDOM OF ASSOCIATION	It is in our culture to adopt open communication and direct engagement between workers and management as we believe that any issues can be resolved amicably between parties in our environment of respect and trust. Our doors are always open for employees to communicate and share grievances with management regarding working conditions without the fear of reprisal, intimidation or harassment.

Safety and Health

As part of our safety campaign, we had conducted safety training to create employees' awareness of correct safety procedures in daily work and factory practices. We will continue to reinforce safety habits into the work culture to reduce the lost time injury frequency and rate.

SOCIAL (CONT'D)

Safety and Health

Work Related Employee Fatalities		Lost Time Injury Rate only on site		Loss Time Injury Frequency Rate per million manhours	
					
2021	Zero	2021	4.88%	2021	5.09 times
2020	Zero	2020	3.47%	2020	6.4 times
2019	Zero	2019	3.29%	2019	1.5 times

Annually the company arrange for audio metric hearing testing which monitors the employees hearing over time. The company had established the production area which will affect hearing deterioration by long hours of noise exposure and provides the protective gear for all employees in that specific area. In addition, management also frequently educates employees about their hearing and the need to continuously protect it.

The Group continuously ensure that it meets all the regulatory inspections such as BOMBA, DOSH, DOE and that all the necessary licence are renewed timely.

Trainings

We believe in investing in training and developing initiatives which give us competitive advantage for growth and success. On a yearly basis, department heads are required to review the training needs of their departments' employees and identify the required training needs to groom and grow our internal talents by setting high standards of expectation and we encourage employees to take personal ownership of their career at Master-Pack.

Our training and development strategies are result- driven and hands-on, in order to meet the needs of business. A total of 1195 hours were spent on training for the two companies in year 2021 (2020 : 1453 hours).

We have segregated our sales and customer service employees to occupy the Training Room temporarily for a few months in 2021. This is in compliance to a risk assessment that long exposure in a confined space such as an air-conditioned room with too many employees seated will increase the probability of exposure to COVID-19 in the event anyone is infected. The decrease in training hours were also due to drastic drop in recruitments in both plants. Physical training classes, as most lesson plans require group discussion led by a supervisor were inappropriate as physical distancing and the limitation of number of people allowed in a room for lengthy periods were discouraged.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 28th Annual General Meeting (“AGM”) of Master-Pack Group Berhad (“the Company”) will be held at City Bayview Hotel of 25-A, Farquhar Street, 10200 Georgetown, Penang on Thursday, 26 May 2022 at 10.00 a.m. for the following purposes:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of Directors and Auditors thereon. *Please refer to Note 8*
2. To re-elect Dato’ Seri Khor Teng Tong, a Director who retires by rotation in accordance with Article 111 of the Company’s Constitution and who, being eligible, offers himself for re-election. **Resolution 1**
3. To re-elect Dr. Junid Bin Abu Saham, a Director who retires by rotation in accordance with Article 111 of the Company’s Constitution and who, being eligible, offers himself for re-election. **Resolution 2**
4. To approve the payment of Directors’ fees amounting to RM249,000.00 for the financial year ended 31 December 2021. **Resolution 3**
5. To approve the payment of Directors’ fees up to an amount not exceeding RM280,000.00 for the financial year ending 31 December 2022. **Resolution 4**
6. To approve the payment of Directors’ benefits up to an amount not exceeding RM75,000 from the conclusion of the 28th AGM until the conclusion of the next AGM of the Company. **Resolution 5**
Please refer to Note 9
7. To re-appoint Crowe Malaysia PLT as auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

Special Business

To consider and if thought fit, to pass with or without any modifications the following ordinary resolutions:-

8. **AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** **Resolution 7**
“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company.

THAT any one of the Executive Directors and/or Secretary of the Company be empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and to do all such acts and things necessary to give full effect to such transactions as authorised by this resolution.

AND THAT, such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company.”

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

9. **PROPOSED CONTINUATION OF DR. JUNID BIN ABU SAHAM IN OFFICE AS INDEPENDENT DIRECTOR** **Resolution 8**
"THAT authority be and is hereby given to Dr. Junid Bin Abu Saham who had served as an Independent Director of the Company for a cumulative term of less than 12 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company."
10. **PROPOSED CONTINUATION OF DATO' SERI KHOR TENG TONG IN OFFICE AS INDEPENDENT DIRECTOR** **Resolution 9**
"THAT authority be and is hereby given to Dato' Seri Khor Teng Tong who had served as an Independent Director of the Company for a cumulative term of more than 12 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company or by 1 June 2023 whichever is the earlier."
11. **PROPOSED CONTINUATION OF MR. CHEW HOCK LIN IN OFFICE AS INDEPENDENT DIRECTOR** **Resolution 10**
"THAT authority be and is hereby given to Mr. Chew Hock Lin who had served as an Independent Director of the Company for a cumulative term of more than 12 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company or by 1 June 2023 whichever is the earlier."
12. **PROPOSED CONTINUATION OF ENCIK AMINUDDIN BIN SAAD IN OFFICE AS INDEPENDENT DIRECTOR** **Resolution 11**
"THAT authority be and is hereby given to Encik Aminuddin Bin Saad who had served as an Independent Director of the Company for a cumulative term of more than 12 years to continue to act as an Independent Director of the Company and to hold office until the next AGM of the Company or by 1 June 2023 whichever is the earlier."
13. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By Order of the Board,

LEE PENG LOON (MACS 01258)
SSM PC NO. 201908002340

P'NG CHIEW KEEM (MAICSA 7026443)
SSM PC NO. 201908002334

Company Secretaries

Penang

Date: 22 April 2022

NOTES ON APPOINTMENT OF PROXY

- (1) For the purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 17 May 2022. Only Depositors whose name appears on the Record of Depositors as at 17 May 2022 shall be entitled to attend the AGM or appoint proxies to attend and/or vote on his behalf.
- (2) A proxy may but need not be a member of the Company.
- (3) For a proxy to be valid, the original Proxy Form, duly completed must be deposited at the Registered Office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time appointed for holding the meeting or adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. Proxy Forms sent by facsimile or electronic mail shall be treated as void unless the original Proxy Forms are received by the Company one (1) hour before the time appointed for holding the meeting or adjourned meeting.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES ON APPOINTMENT OF PROXY (cont'd)

- (4) A member shall be entitled to appoint of up to a maximum of two (2) proxies to attend and vote instead of him at the same meeting and where a member appoints two (2) proxies to vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- (5) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of two (2) proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- (6) Where a member is an Exempt Authorized Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds. An Exempt Authorised Nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.
- (7) In the case of a corporate member, the original Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

NOTES ON ORDINARY BUSINESS

- (8) The Audited Financial Statements will be laid to shareholders at the AGM pursuant to Section 340(1)(a) of the Companies Act 2016. Hence, the Agenda 1 is not put forward for voting.
- (9) The Resolution 5, if passed, will enable the Company to pay allowances and other benefits to directors of the Company in accordance with Section 230(1) of the Companies Act, 2016 as summarised in the table below:-

Description	Actual (RM)	Proposed (RM)
a) Training & Development	5,000	25,000
b) Travelling & Accommodation	12,000	13,000
c) Meeting Allowance	18,000	25,000
d) Group Personal Accident Insurance	2,000	2,000
Sub-total	37,000	65,000
Group Directors and Officers Liability Insurance (not individual benefits)	8,066	10,000
Total	45,066	75,000
Approved limit	75,000	75,000

NOTES ON SPECIAL BUSINESS

- (10) The Resolution 7, if passed, will enable the directors to allot and issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in a general meeting will expire at the conclusion of the next AGM.

The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for the purpose of funding future investment, working capital and/or acquisition.

As at the date of this notice, the directors have not issued any shares pursuant to the general mandate granted at the last AGM of the Company.

- (11) The Resolution 8 is to seek shareholders' approval through a two tier voting process and, if passed, will enable Dr. Junid Bin Abu Saham, an Independent Director of the Company who had served for a cumulative term of less than 12 years to be retained and continued to act as an Independent Director of the Company until the conclusion of the next AGM of the Company. The Board through the Nominating Committee had assessed Dr. Junid Bin Abu Saham and had recommended him to be retained as an Independent Director of the Company as he has demonstrated complete independence in character and judgement.
- (12) The Resolutions 9, 10 and 11 are to seek shareholders' approval through a two tier voting process and, if passed, will enable Dato' Seri Khor Teng Tong, Mr. Chew Hock Lin and Encik Aminuddin Bin Saad, the Independent Directors of the Company who had served more than 12 years to be retained and continued to act as Independent Directors of the Company until the conclusion of the next AGM of the Company or by 1 June 2023, whichever is earlier. The Board through the Nominating Committee had assessed Dato' Seri Khor Teng Tong, Mr. Chew Hock Lin and Encik Aminuddin Bin Saad, and had recommended them to be retained as an Independent Director of the Company. All of them in their capacity as Independent Directors have demonstrated complete independence in character and judgement. Further, their vast experience and background have contributed significantly to the performance monitoring and enhancement of good corporate governance practices in the best interest of the Company and its stakeholders.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(PURSUANT TO PARAGRAPH 8.27(2) OF MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES)

- 1) No individuals are standing for election as Directors at the forthcoming 28th Annual General Meeting of the Company.
- 2) The profiles of the Directors who are standing for re-election as in Agenda 2 and 3 of the Notice of the 28th Annual General Meeting of the Company are set out in the Company's website http://www.master.net.my/ab_company.htm.
- 3) The details of the Directors' interests in the securities of the Company as at 6 April 2022 are set out in the Analysis of Shareholdings section of this Annual Report.
- 4) The Resolution 7 tabled under Special Business as per the Notice of 28th Annual General Meeting of the Company dated 22 April 2022 is a renewal of general mandate granted by shareholders of the Company at the last Annual General Meeting held on 7 September 2021.
- 5) The proposed renewal of general mandate for issuance of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for the purpose of funding future investment, working capital and/or acquisition.
- 6) As at the date of notice of meeting, the Directors have not issued any shares pursuant to the general mandate granted at the last Annual General Meeting of the Company.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD'S RESPONSIBILITY

The Board of Directors of Master-Pack Group Berhad acknowledges its responsibility for maintaining a sound and effective system of risk management and internal control. The Group's risk management and internal control system is designed to meet the Group's needs in order to manage the risks associated with financial, operational, governance and regulatory compliance.

The Board recognizes that the risk management framework and internal control system are designed to manage the Group's risk within an acceptable risk appetite, rather than eliminate the risk of failure to achieve the business objectives of the Group. It can therefore only provide reasonable but not absolute assurance of the effectiveness against material misstatement of management and financial information and records or against financial losses or fraud.

RISK ASSESSMENT

The Group have in place a Risk Management and Sustainability Policy and framework to identify, evaluate, monitor and manage risks. During the year 2021 the Committee reviewed the effectiveness of the risk management & sustainability process and reports arising from risk management activities and deliberated of risks identified, the accompanying internal controls and mitigation action plans.

The Risk Management & Sustainability Committee comprising independent directors assist the Audit Committee to focus on risk management and internal controls. The Risk Working Committee comprising heads of Department led by the Executive Director as tasked by the Risk Management & Sustainability Committee had comprehensively conducted an evaluation of all risks and recorded it in the Risks and Opportunity Register.

The Risk Working Committee reported to the Risk Management & Sustainability Committee on 19 November 2021, highlighting the revisions and additions to address new areas of concern and potential risk for the financial year 2022. Risk Working Committee also communicated to the Risk Management & Sustainability Committee Chairman the changes in risk profile prioritization and the controls implemented during year 2021 due to the COVID-19 pandemic.

KEY INTERNAL CONTROLS PROCESSES

The key processes of the Group's internal Control include the following elements:

CONTROL ENVIRONMENT

Organisational Structures and Reporting

Clear organisational structures with formally defined lines of responsibility and delegation of authority that act as a control mechanism in terms of reporting and accountability.

The Board has also received reasonable assurance from the Executive Director and the Group Financial Controller that the Group's risk management and internal control system are operating adequately and effectively, in all material respects, based on the risk management and internal control system of the Group.

The external auditors have provided assurance that they have complied with ethical requirements regarding independence to audit the Master-Pack Group to the Audit Committee.

Financial Authority Limits

Financial authority limits are stated in policies and standard operating procedures. Financial commitments are implemented accordingly to authority limits.

Risk Management

The Group have in place documented Risk Management and Sustainability Policies which provide guidance to employees to be more conscious of the risk management process and presents a standardised understanding on the application of risk management throughout the Group. The Group's Risk Management Framework has been aligned towards the International Standard ISO 3100:2009 Risk Management-Principles and Guidelines.

A summary of key risks and opportunities are tabulated in page 28 and 29.

The accompanying internal controls in place to manage, mitigate or avoid each identified risks were also tabulated in the Risk and Opportunity Register.

There have been no significant material internal control issues which have resulted in material losses to the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

CONTROL ACTIVITIES

Internal and External Audit Functions

The internal audits have been out-sourced to a professional firm to perform audits on the Group's operations and reports directly to the Audit Committee. For details of internal audit activities during the year please refer to Audit Committee Report.

The External Auditor provides assurance in the form of their annual statutory audit of the financial statements and reports to the Audit Committee that for the year 2021, there were no discrepancies or areas of improvement identified in their Audit Review Memorandum issued by the External Auditor.

ISO 9001:2015 Quality Management Systems Audit and ISO 14001:2015 Environment Management System Audit

The standard operating procedures practice is in compliance with ISO 9001:2015 Quality Management System ("QMS") and ISO 14001:2015 Environment Management System ("EMS"). Annual audits are conducted internally as well as externally by certified bodies to ensure compliance with all requirements. The certification serves as an assurance that operations are being managed at an internationally recognised standards.

INFORMATION AND COMMUNICATION

Financial Reporting

A financial system as well as a standard operating procedures are in place to capture all financial transactions and generate monthly management financial reports for performance review and decision making.

Annual budgets are prepared by subsidiaries and approved by the Board. Actual performances against targets are monitored on a regular basis at various management meetings at subsidiary and holding company levels.

Policies and Standard Operating Procedure

There are other formalised and documented policies, standard operating procedures and work instructions on various functions beyond the scope define by the QMS and EMS international guidelines such as human resources, management information system standard operating procedures as well as the updated Master-Pack Code of Business Conduct. The Group has a formal Anti-Bribery and Anti-Corruption Policy that enables the Group to communicate with all subsidiaries, providing guidance through the standard operating procedures and ensure compliance with internal controls, relevant laws and regulations. The policies and standard operating procedures are progressively reviewed and updated following changes in the latest laws and regulations.

MONITORING

Executive Committee and Department Head Meeting

Moving into the 2nd year of the Covid-19 pandemic, the management adapted procedures to comply with the standard operating procedures throughout the different Movement Control Order phases as set by Ministry of International Trade and Industry (MITI) and other regulatory bodies. Continuous close communication and co-ordination were executed smoothly by management team to obtain the approvals from MITI enabling business operations to move continuously during 2021. The Board members were kept informed on what was going on as the Executive Committee implemented actions to drive the business operations forward as the team worked together overcoming all obstacles faced throughout the year 2021.

The Executive Committee (EXCO) is tasked to manage the business of the Group and to ensure that the Group's operations are in accordance with the business strategies and plans and annual budget approved by the Board. The EXCO implements both financial and operational tasks, and addresses issues arising from changes in both the external business environment, and internal operating conditions. EXCO held meetings on a monthly basis where the financial and operational performance of key subsidiaries are reported, discussed and when applicable, the appropriate corrective action taken promptly.

Third Party Audit

The operating subsidiaries also meet the high expectation of MNC customers' audits by fulfilling their vendor profile criteria in ethical, environment and international regulatory practices in order to supply Master-Pack products.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

KEY RISKS AND OPPORTUNITIES			
KEY RISKS	DESCRIPTION	IMPACT	MITIGATING CONTROLS
HEALTH, SAFETY AND ENVIRONMENT	<ul style="list-style-type: none"> • Implements Ministry of Health Standard Operating Procedures for the detection and appropriate precautionary actions against COVID-19 disease in all its operating plants 	<ul style="list-style-type: none"> • Penalties in the event of non-compliance to Standard Operating Procedure • Consequential losses in the event a COVID-19 case is confirmed in the operating plant 	<ul style="list-style-type: none"> • Achieved 100% full vaccination of two doses in 2021 for all employees in all plants. • Providing information and advice to employees to adapt to the lifestyle in the "new normal". • Segregate and quarantine leave is given for employee's identified as close contact or confirmed positive. • Implement and practice the Ministry of Health's Standard Operating Procedure such as wearing a mask, recording temperature, Mysejahtera at entry, social distancing, sanitizing the workplace, washing hands on a regular basis and COVID-19 forth-nightly RTK antigen testing for all employees. • Insurance coverage scope expanded to include infectious disease
MARKET AND BUSINESS ENVIRONMENT	<ul style="list-style-type: none"> • The global market's economic, political and social factors will continue to change • Logistics and scarcity of containers and delays in shipment routed to Malaysia. • Sectorial sales contribution 	<ul style="list-style-type: none"> • Global economic changes will adversely impact the Group's business performance • Delays in incoming imported materials jeopardize customer's deliveries commitment • Overreliance, overdependence, specific customer 	<ul style="list-style-type: none"> • Continuous strategic reviews and monitoring of market environment to manage the business performance • Continuous monitoring of orders and working closely with supply chain on timeliness of incoming shipments • Prudent financial management of the Group's cash flows to meet the operational needs. • Customer performance review and market development ear-mark for essential services industry.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

KEY RISKS AND OPPORTUNITIES			
KEY RISKS	DESCRIPTION	IMPACT	MITIGATING CONTROLS
OPERATIONS	<ul style="list-style-type: none"> • 30% manpower for administration office restriction imposed under Movement Control Order • Ability to meet the requirements of customers in quality, delivery and cost • Raw materials are a global commodity and subject to price volatility of global market demand and supply 	<ul style="list-style-type: none"> • Reduction in production volume, increases production cost and ability to meet deliverables • Any significant failure of internal processes, people and systems would impact the group's ability to meet its deliverables • Material scarcity, poor quality materials and logistic issue will lead to production plan disruption and adversely affect the business. 	<ul style="list-style-type: none"> • Continuous improvement and adoption of best practices to enhance the Group's processes • Operation monitoring at various levels to ensure products, people and systems meet the operational standards required. • On-going engagement with existing and potential new suppliers to create a pool of approved material suppliers • Continuously upgrade management system to comply to international standards.
OPPORTUNITIES	<ul style="list-style-type: none"> • Opportunities to expand into new or synergistic / compatible industry 	<ul style="list-style-type: none"> • Enhance market position and develop or diversify its market to gain competitive advantage 	<ul style="list-style-type: none"> • An experienced board of directors and management team to evaluate potential projects

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the year ended 31 December 2021 pursuant to AAPG 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control* issued by the Malaysian Institute of Accountants and *Malaysian Code of Corporate Governance 2017*. The external auditors had reported to the Board that, based on the procedures performed by them, nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control intended to be included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers* to be set out, nor is factually inaccurate.

CONCLUSION

This Statement on Risk Management and Internal Control is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and is guided by the *Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers*.

The Board is of the opinion that the risk management and internal controls system are in place for the year under review and up to the date of approval of this Statement, are sound and sufficient to safeguard the interest of all its stakeholders as well as the group assets.

This statement is made in accordance with a resolution of the Board of Directors dated 31 March 2022.



OTHER INFORMATION

UTILISATION OF PROCEEDS

During the financial year, there were no proceeds raised by the Company from any corporate proposal.

SHARE BUY-BACKS

During the financial year, there were no share buy-backs by the Company.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company has not issued any options, warrants or convertible securities during the financial year.

DEPOSITORY RECEIPT PROGRAMME

The Company does not have any depository receipt programme in place.

VARIATION IN RESULTS

The Company did not announce any profit estimate, forecast, projection and unaudited results during the financial year which differ by 10% or more from the audited results.

PROFIT GUARANTEE

During the financial year, there were no profit guarantee given by the Company.

SANCTIONS AND/OR PENALTIES IMPOSED BY REGULATORY BODIES

There was no material penalty or sanction imposed on the Company, its subsidiaries, directors or management by any regulatory bodies during the financial year, save for road traffic offences, if any.

MATERIAL CONTRACTS INVOLVING DIRECTORS' & MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts between the Company and its subsidiaries involving directors' and major shareholders' interest either still subsisting at the end of the financial year ended 2021, or entered into since the end of the previous financial year.

AUDIT COMMITTEE REPORT

The Board presents the Audit Committee Report to provide insights into the discharge of the Audit Committee's functions for the Group in 2021.

TERMS OF REFERENCE ("TOR")

The term of reference of the Audit Committee can be obtained from the Company's website at http://www.master.net.my/ir_audit_committee.htm

COMPOSITION OF THE AUDIT COMMITTEE

The composition of the Company's Audit Committee and their respective attendance of meetings (physically and virtually) held are as tabled below:-

Name	Status of Directorship	Meeting Attendance
Mr. Chew Hock Lin (Chairman of Audit Committee)	Independent & Non-Executive Director	5/5
En. Aminuddin Bin Saad	Independent & Non-Executive Director	5/5
Dr. Junid bin Abu Saham	Independent & Non-Executive Director	5/5

AUDIT COMMITTEE SUMMARY OF WORK

The performance of the Audit Committee for the year 2021 was assessed by the Nominating Committee in accordance to main listing requirement 15.20. Based on the results of the aforesaid evaluations, the Board has found that the Audit Committee had discharged its functions and carried out its duties as set out in the TOR.

Minutes of the Audit Committee Meeting were distributed to each Board member and the Chairman of the Audit Committee highlighted key issues in the minutes of the Audit Committee meeting which were duly noted by the Board.

During the year ended 31 December 2021, the Audit Committee's five scheduled meetings were held on 5 March, 31 March, 27 May, 20 August and 19 November 2021. The following duties were performed to discharge its functions:

Terms of Reference

- Perused the existing Terms of Reference of Audit Committee and found to be in compliance.

Financial results

- Reviewed the annual audited financial statements of the Company / Group prior to Bursa announcement and the unaudited quarterly results of the Group on the scheduled meetings, and thereafter, submitting them to the Board for approval;
- Reviewed the Risk Management and Internal Control Statement pursuant to paragraph 15.26(b) of the Listing Requirements for the Board's approval;
- Reviewed the Risk and Sustainability Management Framework and Risk & Opportunity register together with its accompanying control measures and action plans to mitigate the risks on 20 November 2020 in respect of financial year 2021 and again on 19 November 2021 for the financial year 2022;
- Discussed together with the external auditors and management the relevant changes in accounting principles and standards that may or will affect the financial statements when reviewing the annual audited financial statements;
- No matter was highlighted by the external auditors in the Audit Review Memorandum on 5 and 31 March 2021 pertaining to the 2020 financial statements and was duly noted.
- Reviewed the nature of recurring related party transactions as well as identified any new related party transactions and recommended them for the Board's approval;

Internal Audit

- Reviewed the adequacy of scope, functions, competency and resources of the internal audit functions;
- Evaluated the yearly performance of the out-sourced internal auditors and recommended their re-appointment;
- Met with the internal auditors once on 5 March 2021 without the presence of any executive Board members / management staff;
- Discussed and approved the risk-based and rotational approach Internal Audit Plan presented by the internal auditors JWC Consulting Sdn. Bhd. for execution in the current financial year;
- Reviewed and discussed the findings and recommendations as reported by the internal auditors. There were nine audit findings for the audits field work carried out during the year;
- Reviewed the Group's internal audit procedures and the adequacy of actions taken by the management based on the Internal Audit follow-up reports.

External Audit

- Reviewed the competency, independence and suitability of the external auditors and recommended to the Board for re-appointment;
- Met with the external auditors on 19 November 2021 without the presence of any executive Board members / management staff;
- Reviewed and evaluated the external auditor's audit plan on 19 November 2021, audit strategy and scope of audits relating to the Company/Group;
- Reviewed and recommended increment in audit fee of the company and its subsidiaries for the financial year 2021 to the Board;
- Ensured the external auditors evaluated the system of internal controls of the Company / Group and noted the review report of the external auditors to the Board as mentioned in the Statement on Risk Management and Internal Control of the annual report;
- The external auditors have provided assurance that they have complied with the ethical requirements regarding independence with respect to the audit of the Company / Group;
- Reviewed and noted the external Audit Review Memorandum key audit matters presented on 5 and 31 March 2021 by the external auditors;
- Evaluated and discussed the results of the annual assessment on the suitability and the independence of the external auditors in accordance to the Company's External Auditors Performance and Independence Evaluation form.

Risk Management and Internal Control

The Audit Committee had established a subcommittee namely the Risk Management & Sustainability Committee with the same independent committee members to focus on risk management and internal controls.

On 19 November 2021, the Group's Risk Working Committee reported to the Risk Management & Sustainability Committee that the working committee had comprehensively identified, analysed, and evaluated all risks in the Group's Risk & Opportunity Register and had revised the said register to address the identified areas of concern and potential risk for the year 2022 including internal control action plans to mitigate the risks identified. The Risk & Opportunity Register Summary report prepared by the Risk Working Committee was then tabled by the Audit Committee Chairman at the Board Meeting for Board's review, deliberations and approval.

INTERNAL AUDIT FUNCTION

During the financial year ended 31 December 2021, the Company has engaged the services of an independent professional consulting firm, JWC Consulting Sdn. Bhd., to carry out the internal audit functions of the Group in order to assist the Audit Committee in discharging its duties and responsibilities particularly in ensuring that a sound system of internal controls is in place.

For the financial year under review, the internal audit's scope covered: -

- Human Resources – human resources planning, reporting and authority structure, recruitment transfer and termination, appraisal and reward system, training and development, payroll administration, payroll records, employee discipline, employee benefits, employee health and safety.
- Cash management – fund budgeting, cash/ cheques receipts and payment control, petty cash management, safeguarding of cash.
- Procurement – purchase planning, sourcing of supply, managing and processing of purchases, incoming quality control, supplier selection and performance review, supplier database and relation management.
- Credit Control – customer credit evaluation, monitoring of overdue accounts and long outstanding debt management.

AUDIT COMMITTEE REPORT (CONT'D)

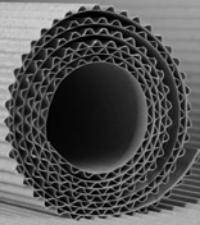
INTERNAL AUDIT FUNCTION (cont'd)

The internal audit activities were as follows:-

- Reviewed the risk assessment by discussing with key management on the risk register to determine the auditable areas, prepared the audit plan for the current year and submit for the approval of the Audit Committee;
- Performed the audit in accordance with the risk based and rotational approach internal audit plan which comprised the following:-
 - reviewed the systems of internal control and ascertain the extent of compliance with the established policies, procedures and statutory requirements;
 - identified areas to improve controls of operations and processes in the Group;
 - reviewed the relevancy, reliability, integrity, accuracy, completeness of financial and operational information;
 - conducted an exit meeting with management on their audit findings;
 - liaised with the management to obtain comments and actions to be taken;
 - followed up reviews on actions that have been agreed to be implemented by the management;
- The audit findings and management comments were compiled into Internal Audit Reports and tabled in the Audit Committee Meetings on 20 August 2021 and 25 February 2022 for the calendar year 2021 for its deliberations.

Based on the Internal Auditors' report for the financial year ended 31 December 2021, the system of internal control appears to be working adequately. Based on the work done there were no material weaknesses in the system of internal control that may affect the integrity of our financial statements. On-going actions were taken by management to rectify any weaknesses identified in all the internal audit reports.

The cost incurred for the internal audit function in respect of the financial year is RM20,965.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Master-Pack Group Berhad, sets this statement to provide shareholders and investors with an overview of the corporate governance ("CG") practices of the Company under the leadership of the Board during the year 2021.

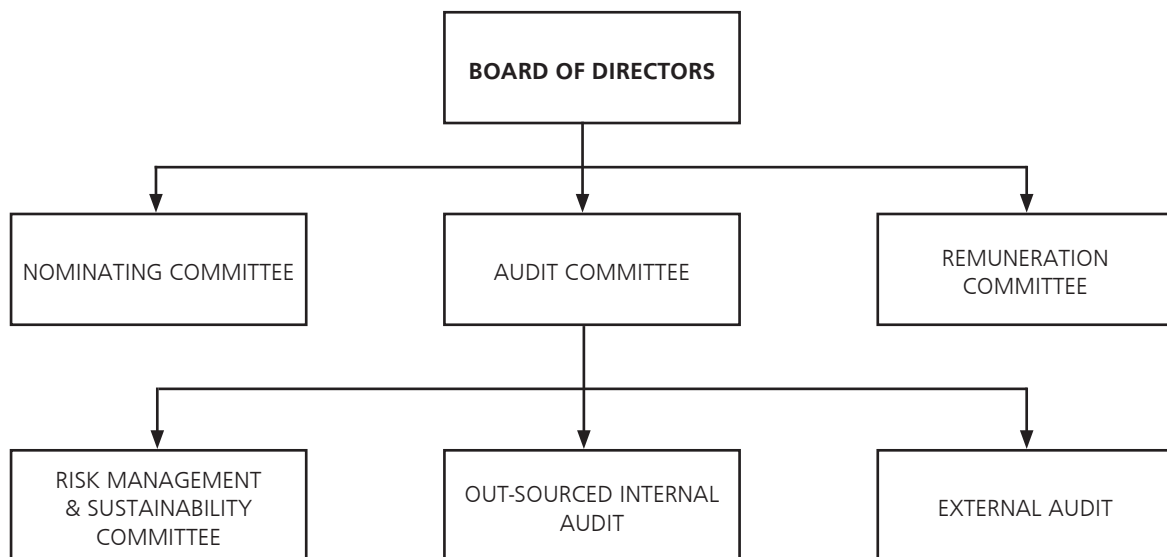
The 2021 Annual Report and the CG Report are available for reference at <https://www.master-pack.vn/masterpack/Master-PackGroupBerhad2021.pdf>, <https://www.master-pack.vn/masterpack/Master-PackCGReport2021.pdf> and Bursa Malaysia Berhad's website <https://www.bursamalaysia.com>

This overview is prepared in accordance with Practice Note 9 of the Main Market Listing Requirements and the key CG principles in the 4th edition of the Malaysian Code of Corporate Governance ("MCCG") issued by Securities Commission. This CG Overview Statement is to be read with the CG report based on a prescribed format as outlined in paragraph 15.25 (2) of the Main Market Listing Requirement.

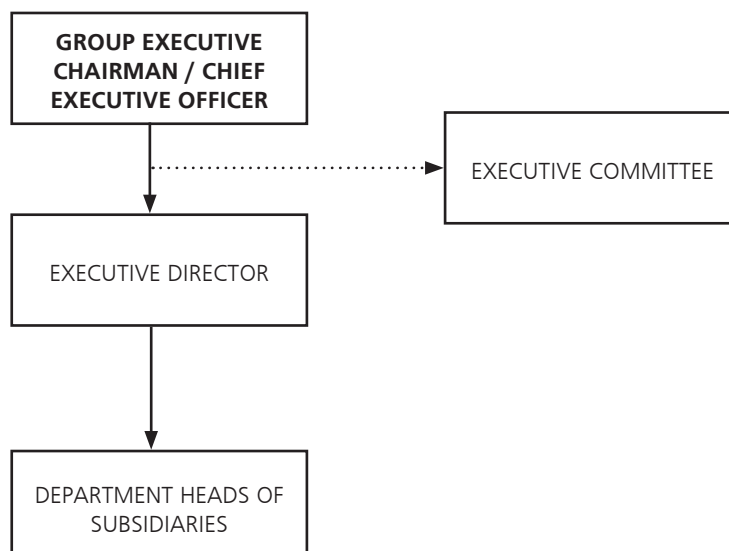
Master-Pack Group Berhad intends to create long-term value through its core business to generate sustainable shareholder value and to protect the stakeholders' interests. In pursuing this corporate objective, the Board of Directors of Master-Pack believes in having strong corporate governance frameworks via maintaining a high standard of integrity, transparency, accountability and professionalism as key fundamentals in managing the business operations of the Master-Pack Group of companies.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

Board Governance



Management Governance



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Board's role and responsibilities

The Board is committed in ensuring the Group's vision, mission, values, culture and standards are set from the top and embedded throughout the group. The Group Executive Chairman and management play an integral role in this, by promoting positive behavior, setting exemplary high standards in practice and encouraging commonly held values of integrity, respect and responsibility in the group.

The Board exercise all powers conferred on it by the Board Charter where applicable, in accordance with the Companies Act 2016 and any other applicable legislation.

The Board Charter provides guidance to the Board in the discharge of its duties and functions which set out, amongst others, the roles and responsibilities of the Board to ensure that each Board member acting on behalf of the Company is aware of his fiduciary duties and responsibilities, the legislation and regulations affecting his duties and the principles and practices of good corporate governance which apply to the Group.

The Board Charter is available on the Company's website https://www.master.net.my/ir_roles.htm

The Board's responsibilities to oversee the overall management of Master-Pack Group of companies are mentioned in Practice Note 1.1 in the Corporate Governance Report.

Composition of the Board for 2021

	EXECUTIVE DIRECTOR	
1	Dato' Syed Mohamad bin Syed Murtaza	Chairman
	INDEPENDENT NON-EXECUTIVE DIRECTORS	
2	Mr. Chew Hock Lin	Member
3	Dato' Seri Khor Teng Tong	Member
4	Encik Aminuddin Bin Saad	Member
5	Dr. Junid bin Abu Saham	Member
	NON-INDEPENDENT NON-EXECUTIVE DIRECTOR	
6	Puan Nazriah binti Shaik Alawdin	Member

In view of a majority (4/6) of Independent Directors on our Board, the balance of power and authority of the Board are not compromised by the combined roles of Executive Chairman and CEO held by Dato' Syed Mohamad bin Syed Murtaza.

The Board members come from varied educational background and each member holds different professional qualifications hence contributing to the Board a diverse knowledge and expertise. The size and composition of the Board is adequate to provide a diversity of views to facilitate effective decision making and provide appropriate balance of executive, independent and non-independent directors. The biographical details of all the Directors are in the company website https://www.master.net.my/ab_bod.htm. The Boardroom diversity in gender, ethnicity and age is stated in Practice Note 5.5 of the CG Report.

The duties and the responsibility of spearheading the business and the day-to-day management of company, implementing strategies, policies and objectives of the group are carried out by the Executive Director who is not a Board member and has no relationship to any Board members or major shareholder of the company. As such there is clearly defined role and separation of duties of the management and the board.

Board Meetings

The Chairman of the Board is not the Chairman or a member of the Audit Committee, Nominating Committee and Remuneration Committee. The deliberations of the Board are not impaired in anyway as there is check and balance as well as objectivity in reviews and decisions.

A Chairman of the Board is responsible for instilling good corporate governance practices, leadership and effectiveness during the Board meetings. The duties of the Chairman during the year include managing Board meetings with the assistance of the Company Secretary to set the Board agenda for each pre-scheduled Board meetings. Board meetings are held separately from Committee meetings and the Chairman of the Board does not attend any of the Committee meetings.

Board Meetings (cont'd)

Materials for the Board meetings comprising agenda, minutes of meeting, financial results, progress reports both financial and non-financial, risks management report, internal audit report, recurrent related party transactions, key sustainability matters progress report, business regulatory updates, etc. are distributed to the Board members at least 5 to 7 working days before the scheduled meetings. This gives the Board members adequate time to go through the Board meeting materials.

In addition, minutes of meeting are prepared and circulated to members within 14 days after the meeting for their perusal that the minutes reflect the accurate deliberations and decisions of the Board and Committee meetings held. Decisions of the Board are also obtained via circular resolutions, where appropriate.

The meetings calendar which provides the tentative dates for meetings of the Board, Audit Committee and Annual General Meeting was circulated to Directors on 19 November 2021 for the ensuing year to enable the Directors to plan ahead and co-ordinate their respective schedules.

The Chairman of the Board leads the meeting pace and discussion in an effective manner. He facilitates the Board Meetings to ensure no individual member dominates discussion and that all Board members are able to forward their views. He also acts as a conduit ensuring smooth discussions between the senior management and the Non-executive Board members.

Each Board member is entitled to obtain independent professional advice at the cost of the Company as per the Board Charter. They are given unrestricted access to the Group's management, Company Secretary, external and internal auditors.

Board and Board Committee Attendance

The attendance record of the Directors at the Board and Committees as shown below indicates the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. None of the Board members serves more than 5 listed companies.

	MEETING ATTENDANCE (attended / held)			
	Board Meetings	Audit Committee	Remuneration Committee	Nominating Committee
CEO /EXECUTIVE DIRECTOR				
Dato' Syed Mohamad bin Syed Murtaza	5/5			
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR				
Puan Nazriah binti Shaik Alawdin	5/5			1/1
INDEPENDENT NON-EXECUTIVE DIRECTORS				
Mr. Chew Hock Lin	5/5	5/5	2/2	1/1
Dato' Seri Khor Teng Tong	5/5			
Encik Aminuddin Bin Saad	5/5	5/5	2/2	1/1
Dr. Junid bin Abu Saham	5/5	5/5	2/2	

Gender Diversity

The Board have already fulfilled the requirement of at least 1 woman director on the Board. The Board also takes cognizance of the latest MCCG recommendation of having 30% women directors on the Board including a formal policy on gender diversity for board and senior management and shall review this matter accordingly.

The Company practices an unspoken corporate culture of emphasizing on the competencies of an employee rather than gender. The corporate culture also practices equal opportunities and non-discrimination. This is evidenced by a woman employee who had been promoted through the ranks and holds the position of Plant Manager in one of the subsidiaries for more than 10 years. The Company's migrant foreign workers have equal opportunity for promotion as some migrant workers have been promoted in recognition of their skills in manning and operating machinery. In the pipeline on succession planning, there are an equal number of female senior executives being groomed for the position of head of department of their respective functions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Board Committees

Composition of Board Committees

INDEPENDENT NON-EXECUTIVE DIRECTORS	Audit Committee	Remuneration Committee	Nominating Committee
Mr. Chew Hock Lin	Chairman	Chairman	Chairman
Encik Aminuddin Bin Saad	Member	Member	Member
Dr. Junid bin Abu Saham	Member	Member	
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR			
Puan Nazriah binti Shaik Alawdin			Member

The Board has delegated specific responsibilities to three Board Committees, namely the Audit Committee, Nominating Committee and Remuneration Committee. These Board Committees have clearly defined roles and responsibilities as set out in their respective Terms Of Reference.

The Terms Of Reference of the Audit Committee (updated 20 November 2020), Nominating Committee (updated 31 May 2020), Remuneration Committee (updated 19 November 2021) and the Business Code of Conduct & Whistleblowing policy (updated 28 February 2020) are available in the Company's website.

Nominating Committee (NC) Activities

Two weeks prior to the Nominating Committee Meeting held on 19 November 2021, several evaluation forms were sent out to all the directors. The duly completed evaluation forms received from all directors were then compiled by the Company Secretary into reports and tabled before the Nominating Committee for discussion and consideration.

Review on Independent Directors

Practice Note 5.3 of MCG provides that if the Board intends to retain an independent director beyond nine years, it should justify and seek the annual shareholders' approval through a two-tier voting process. Mr. Chew Hock Lin, Dato' Seri Khor Teng Tong, Encik Aminuddin bin Saad and Dr. Junid bin Abu Saham, all Independent Non-Executive Directors, were found to have exceeded the nine years.

In compliance with Practice Note 5.3, the Nominating Committee evaluated these directors who had served beyond nine years and recommended to the Board to seek the shareholders' approval at the forthcoming AGM based on the following justifications:

- i. Fulfills the criteria of Independent Director as defines in the Listing Requirements;
- ii. Continues to exercise sound independent judgments and demonstrates objectivity in the discharge of his fiduciary duties for effective check and balance at the Board and the Board Committee's meetings;
- iii. The different professions and understanding of the Group's business enable them to bring to the board meetings valuable insights;
- iv. Maintains a professional relationship with the Board members and is independent from Management;
- v. Does not have any business / other relationship which may interfere with his independent judgment or the ability to act in the best interest of the company.
- vi. These Independent Non-Executive Directors had also provided confirmations on their independence to the Board.

The board with the recommendation of the Nominating Committee supports the re-appointment of the Independent Directors who have served beyond the nine years.

During the 27th AGM held on 7 September 2021, the Company obtained the shareholders' approval via a two-tier voting process as advocated by the Malaysian Code of Corporate Governance to retain all the four Independent Directors who have served beyond the nine years.

The board take cognizance of the amendments to the Listing Requirements with regards to the tenure of the current board members who have served beyond the nine years and will take the appropriate action in the time interval as permitted by Bursa for refreshing the composition of the board.

The Board intends to put in place a formal policy on the tenure for Independent Directors in compliance with the latest amendments to the Listing Requirements limiting the tenure of Independent Directors to maximum of twelve years. This change shall be reflected in the Board Charter after the members of the Board have been refreshed and within the time frame for compliance allowed by the Listing Requirement which is on or after 1 June 2023.

Nominating Committee (NC) Activities (cont'd)

Review on performance of the Individual Directors

Nominating Committee has prepared a self and peer evaluation form to assess the contribution of each individual Board member's contribution to the Board in terms of personality and working relationship with peers, company secretary and management, bringing his/ her knowledge and experience to the agenda discussed at the quarterly meetings, devotes sufficient time to prepare for the Board meeting, able to voice his/ her opinion in non-confrontational and comprehensive manner and effectively communicates with the shareholders at the annual general meetings.

The directors were able to devote sufficient time commitment to their roles and responsibilities as directors as none holds more than 5 directorships in public listed companies as prescribed in the Bursa Listing Requirements.

As such, the NC recommended to the Board, the re-election and re-appointment of Directors for shareholders' approval at the Annual General Meeting (AGM).

The Constitution of Master-Pack Group Berhad provides that at every AGM, one-third of Directors for the time being and those appointed during the year shall retire from office and shall be eligible for re-election. The Constitution further provides that each director of the Company shall retire at least once every three years but shall be eligible for re-election. The Constitution of the company is available https://www.master.net.my/ir_AA_MA.htm

Review on the Board Committees

The Nominating Committee has prepared evaluation forms for Board and Board Committees covering the Board structure, Board operations, Board roles and responsibilities, Board Chairman's role and responsibilities and the performance of the Board Committees.

The NC was satisfied that the size and composition of Board are optimum with appropriate mix of knowledge, skills, attributes and core competencies. Therefore, no potential Board candidates were assessed during the year. The Board was able to discharge its duties professionally and effectively as well as uphold the governance standards.

The Chairman of the Board was also found to have fulfilled his role and responsibilities in leading the board as well as the setting the tone from the top in determining the strategic objectives, policies, values, culture and standard practices for the Group.

The evaluation form for the Performance of the Audit Committee as a whole assesses the understanding of the Audit Committee Terms Of Reference and the ability to objectively & responsibly perform their duties.

The results of the evaluation have shown that with the help of the external auditors and the out-source internal auditors; the Audit Committee was able to give the Board the assurance on risk management and internal control. NC also concluded that the Audit Committee as a whole and its members have carried out their duties as laid out by the Audit Committee Terms Of Reference.

Review on Trainings attended

The Board recognises the importance of attending and participating in training and development activities in order to broaden their perspectives and to keep abreast the developments in the market place, and new statutory and regulatory requirements which are required to fulfill their responsibilities.

During the year under the review, the Directors have attended relevant development and training programs according to their individual needs and enhanced their ability in discharging their duties and responsibilities.

The list of trainings attended by the directors (available at https://www.master.net.my/ab_bod.htm.) is reviewed and encouragements given to directors to attend topics where they require to further update their knowledge.

NC was satisfied that all Board members have devoted sufficient time to update their knowledge and skills including the latest change of the regulatory and statutory and professional requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Nominating Committee (NC) Activities (cont'd)

Review on Trainings attended

The NC is also responsible for assessing the suitability of any proposed candidate as a Board member and to submit their recommendations to the Board. In evaluating the suitability of candidates, the NC considers the following criteria:

- skills, knowledge, expertise and experience;
- professionalism;
- integrity;
- gender diversity;
- time commitment to at least attend not less than half the board meetings as well as competing time commitments if the candidate also holds other directorship;
- consideration as to the representation of the interest groups;
- assess the desirable numbers to balance Board membership, with due consideration to the structure, development and succession planning;
- in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidate's ability to discharge such responsibilities as expected from independent non-executive directors.

However, during the year the size and composition of the Board is optimum and therefore new potential candidates were not considered.

Remuneration Committee

The Remuneration Committee ('RC') is responsible for recommending to the Board a remuneration framework and package for the Executive Directors. There is no gender inequality in terms of remuneration package.

During the meeting, members of RC discussed the remuneration packages offered to the Executive Chairman and other Executive Directors in the Group. The annual performance review among others takes into consideration the business complexity, the heavier responsibilities due to changes in regulation, the achievement in business strategy and the challenges faced in a volatile business environment including the Covid-19 pandemic.

The RC also deliberated on the level of remuneration to be received by each Non-Executive Director. Generally, the extent of responsibilities undertaken by the respective Non-Executive Director determine the level of remuneration entitled. The Executive Director / Chairman did not participate in any way on the agenda in determining his remuneration during the Board Meeting.

The details of Executive Directors' and Non-Executive Directors' remuneration is stated in Practice Note 8.1 and 8.2 of the CG Report.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee and Risk Management & Sustainability

The Audit Committee comprises three members, all whom are Independent Non-Executive Directors. The primary objective is to assist the Board to review the adequacy and integrity of the Group's financial administration and reporting, internal control and risk management systems. The Audit Committee performs its functions and duties pursuant to its Terms of Reference.

The Chairman of the Audit Committee is Mr. Chew Hock Lin and not the Chairman of the Board which is held by Dato' Syed Mohamad bin Syed Murtaza. The Company had not appointed any officer, adviser, auditor, executive or transacting party of prescribed transactions of the group as a member of the Audit Committee and the practice of a cooling period of three years has been incorporated in the latest updated Audit Committee Terms of Reference before they can be invited to be appointed as Independent Non-Executive Director or an Audit Committee Member.

Collectively the Audit Committee members possess a wide range of necessary skills including the attributes of financial literacy to discharge their duties.

The Board through the Audit Committee maintains an appropriate, formal and transparent relationship with the Group's out-sourced internal and external auditors. The Audit Committee undertook an annual assessment on the suitability and independence of the auditors, namely Crowe Malaysia PLT to ensure their independence is not compromised. Being satisfied with Crowe's performance, technical competency and audit independence as well as fulfillment of criteria as set out in in paragraph 15.21 of the Listing Requirements, the Audit Committee recommended the re-appointment of Crowe Malaysia PLT, who has consented to act as external auditors for the next financial year.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

Audit Committee and Risk Management & Sustainability (cont'd)

The Board via the Nominating Committee had deliberated on the performance of the Audit Committee and each of its members as required by paragraph 15.20 of the Main Market Listing Requirements. At the recommendation from the Nominating Committee, the Board was satisfied that members of the Audit Committee were able to perform their duties according to the Audit Committee Terms Of Reference.

A summary of activities is set out in the Audit Committee report including the Internal Audit function during the year 2021 is set out on the Audit Committee Report of the Annual Report.

Risk Management & Sustainability and Internal Controls Framework

The Board of Directors of Master-Pack Group Berhad affirms its responsibility for maintaining a sound and effective system of risk management and sustainability framework and internal control system of the Group. The Group's system of risk management and internal control is designed to meet the Group's needs in order to manage the risks associated with financial, operational, governance and regulatory compliance.

The Risk Management & Sustainability Committee comprising Independent Directors assist the Audit Committee to focus on risk management and internal controls. The Risk Working Committee comprising heads of Department led by the Executive Director as tasked by the Risk Management & Sustainability Committee had comprehensively conducted an evaluation of all risks and recorded it in the Risks and Opportunity Register. The accompanying internal controls in place to manage, mitigate or avoid each identified risks were also tabulated in the Risk and Opportunity Register. During the year the Risk Working Committee had identified the key material sustainability matters, progressively implemented the action plans and comparison of actual vs previous year results were duly analyzed and where applicable improvements were made.

The Groups' internal control is embedded in the daily operational routine of processes and procedures. The standard operating procedures practice is in compliance with ISO 9001:2015 Quality Management System ("QMS") and ISO 14001:2015 Environment Management Systems ("EMS") which are audited by SIRIM on a yearly basis. The company also meets the high expectation of MNC customers by fulfilling their vendor profile criteria in ethical, environment and international regulatory practices in order to supply the customers Master-Pack products.

During the year 2021, the Risk Management and Sustainability Committee assessed and monitored efficacy of risk management process, internal controls and measures taken as well as reports arising from risk management activities. In addition, the Risk Management and Sustainability Committee also received and reviewed the reports on key material sustainability matters.

The adequacy and effectiveness of the internal controls are performed by the out-sourced internal auditors, external auditors and third-party auditors from SIRIM. The Internal Auditors report directly to the Audit Committee.

The Board is of the view that the system of internal control appears to be working adequately. Based on the work done by the Internal Auditors, there were no material weaknesses in the system of internal control that may affect the integrity of our financial statements.

The Statement of Risk Management and Internal Controls provide an overview on the state of risk management and internal control system within the Group. The details of the Risk Management and Internal Control are set out on page 26 to 29 of the Annual Report.

Sustainability Policy Statement

The Sustainability Statement explicitly provides a framework for sustainable and responsible operations, activities and practices throughout the Master-Pack Group. Please refer to the Company website https://www.master.net.my/ir_sustainability_policy_statement.htm

Sustainability Report

The Group's Sustainability Report is explained on https://www.master.net.my/ir_corporate_social.htm and page 12 to 21 of the 2021 Annual Report. Master-Pack Group, as a responsible corporate entity, is conscious of our obligations towards the economy, environment, and society in which we operate.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER

Communication with Stakeholders

Announcements on important matters and financial results of the Company are promptly released to Bursa so that the investing public is provided with an overview of the performance and operations of the Company. The Company has established a website at https://www.master.net.my/ir_announcements.htm where public announcements are also posted in addition to the mandatory requirements and postings at Bursa.

The Board supports and encourages active shareholders participation at its AGM and any other General Meetings. In accordance with the Company's Constitution, any shareholder may appoint up to a maximum of 2 proxies to attend and vote on his/her behalf in any General Meeting. The notes to the Notice of AGM also provide information to the shareholders regarding the details of the AGM, their entitlement to attend the AGM and their rights to appoint 2 proxies.

At the start of the AGM, shareholders are informed of their rights to exercise their decision making powers and the rules governing the voting procedures including the resolutions to be voted. Matters reserved for shareholders' approval were as tabulated in the Notice of AGM circulated to the shareholders.

Mr. Chew Hock Lin has been assigned as the Senior Independent & Non-Executive Director, to whom concerns in relation to the Company may be conveyed at the email mpgb@master.net.my. He is also available for shareholders to meet and view their concerns and opinions at the beginning of our AGM.

Conduct of General Meetings

Master-Pack Group Berhad's AGM acts as a principal forum for interactions with shareholders. The 27th Notice of AGM was dispatched and advertised in the News Straits Times newspaper on 6 of August 2021, 28 days before the AGM as recommended by MCCG best practice of at least 28 days.

In line with the recommendation to leverage on technology to enable remote shareholders' participation to general meetings and as per Guidance on the Conduct of General Meetings for Listed Issuers issued by Securities Commission Malaysia, the Company held its inaugural fully virtual 27th AGM on 7 September 2021. In attendance at the AGM virtually were all the Board members, the Company Secretary, external auditors and senior management.

The shareholders attending the AGM had their identification check against the Register of Depositors prior to be allowed to attend the AGM virtually.

The Chairman of the Board welcomed all shareholders and the meeting proceeded in an orderly manner. The meeting was presided over by the Chairman and the proceedings were carried out by the Company Secretary. The Chairman briefed the shareholders on the Group's financial and non-financial performance for the financial year which provides shareholders with clear understanding of the company's achievements as well as forecast outlook of the current year.

The Notice of General Meeting circulated to the shareholders clearly states that pre-submission of questions is allowed from 30 August until 5 September 2021 through the Agriteum portal. In addition, questions may be submitted to the Q&A platform in the ZOOM Cloud Meeting App at any time from 11 a.m. until the Chairman declares the closure of the Q&A session on the day of the AGM. This provides shareholders with sufficient time and opportunity to pose questions during the general meeting.

The engagement with shareholders with the board and senior management are interactive as answers to their questions are provided via the chat Q & A platform simultaneously during the live broadcast of the meeting. There is no limit to questions that may be posted by shareholders and all the questions raised by shareholders were answered within the live broadcast period by the management team.

The AGM was carried out smoothly and all resolutions were voted electronically and duly approved by the shareholders. An independent external party is appointed as scrutineer to verify the results of the electronic poll voting process and results of the polls were announced immediately before ending the virtual AGM.

Minutes of the 27th AGM held on 7 September 2021 was published in the Company's website https://master.net.my/ir_announcements.htm on 27 September 2021 within the prescribed 30 business days recommendations.

Financial Reporting

With the assistance of Audit Committee in reviewing the financial results, the Board aims to present quality financial reporting showing a balanced and understandable assessment of the Company's financial position and prospect via the Audited Financial Statements and quarterly financial reports on timely basis. In compliance with the Bursa Main Listing Requirements, the quarterly financial statements were announced to the public via the Bursa Link and the company's website not later than 2 months after the end of each quarter of the financial year. The Company's financial statements were prepared in accordance with applicable approved accounting standards pronounced by Malaysian Accounting Standards Board and other relevant or governing authorities.

Statements of Directors' Responsibility for Preparation of Audited Financial Statements

The directors are responsible for ensuring that a true and fair view of the state of affairs of the Company and the Group at the end of the financial year and of the results and cash flows of the Company and the Group for the financial year and these are reflected in the Audited Financial Statements, as set out in pages 44 to 95 of the 2021 Annual Report. The directors are required to ensure these Audited Financial Statements are prepared in accordance with applicable approved accounting standards in Malaysia, provisions of Companies Act, 2016 and Bursa Securities Listing Requirements. (Refer also to write-up on "Financial Reporting" above.)

Relationship with Auditors

The Board has always maintained formal and transparent relationships with the Company's auditors and the management is responsive to the auditors' enquiries and their recommendations. The Audit Committee meets up with the external auditors at least two times a year to discuss their audit plan, audit findings and the Group's financial statement. There were two meetings held without the presence of the Executive Directors and the management.

In addition, the external auditors also attended the AGM and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their report. The Audit Committee is responsible for yearly review of the auditors' performance and recommends for their re-appointment to the Board. The Audit Committee takes into consideration the importance of the external auditor's independence and objectivity and therefore adopts a strong view that all non-audit services shall be limited and approved, only when necessary. This is to ensure that the independence of the external auditors is not in any way impaired. The Group audit fee and non-audit fee paid to External Auditors for the financial year 2021 amounts to RM156,000 and RM2,000 respectively.

Compliance Statement

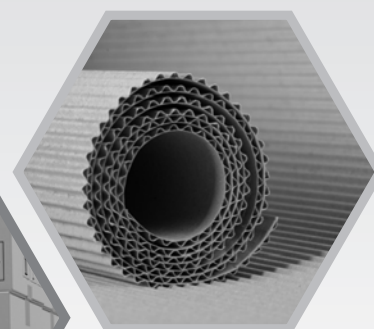
Save as disclosed above, the Board is satisfied that throughout the financial year ended 31 December 2021, the Company has applied the principles and recommendations of the corporate governance set out in the Code, where necessary and appropriate.

The Corporate Governance report can be viewed in the Company's website, <https://www.master.net.my>

This statement was approved by the Board of Directors on 31 March 2022.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2021. All values shown in this report are rounded to the nearest thousand ("RM'000") unless otherwise indicated.

Principal activities

The principal activity of the Company is that of investment holding. The principal activities and other details of the subsidiaries are disclosed in Note 7 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year attributable to:-		
- Owners of the Company	14,456	2,411
- Non-controlling interests	(3)	0
	<u>14,453</u>	<u>2,411</u>

Dividends

During the financial year, the Company paid the following dividends:-

	RM'000
In respect of financial year ended 31 December 2020:-	
- Special single tier dividend of 2.0 sen per share, declared in 2020	1,092
In respect of financial year ended 31 December 2021:-	
- First interim single tier dividend of 2.0 sen per share, declared in 2021	1,092
- Second interim single tier dividend of 2.0 sen per share, declared in 2021	1,093
	<u>3,277</u>

In March 2022, the Company declared an interim single tier dividend of 4.0 sen per share in respect of the financial year ending 31 December 2022. The dividend is payable in April 2022.

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

Issue of shares or debentures

The Company did not issue any shares or debentures during the financial year.

Share options

The Company did not grant any share options during the financial year.

DIRECTORS' REPORT (CONT'D)

Bad and doubtful debts

Before the financial statements were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent.

Current assets

Before the financial statements were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements misleading.

Valuation methods

At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing methods of valuation of assets or liabilities of the Group or the Company misleading or inappropriate.

Contingent and other liabilities

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

- (i) any charge on the assets of the Group or the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability which has arisen since the end of the financial year.

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

Change of circumstances

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.



DIRECTORS' REPORT (CONT'D)

Items of an unusual nature

The results of the operations of the Group and the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made.

Directors

The directors in office since the beginning of the financial year are:-

Directors of the Company

Dato' Syed Mohamad Bin Syed Murtaza
Aminuddin Bin Saad
Dato' Seri Khor Teng Tong
Chew Hock Lin
Dr. Junid Bin Abu Saham
Nazriah Binti Shaik Alawdin

Directors of subsidiaries (other than directors of the Company)

Sim Poh Lai
Ting Kee Hoe
Khor Chai Seang
Ong Kean Hong

Directors' interests

According to the register of directors' shareholdings, the interests in shares in the Company of the directors in office at the end of the financial year are as follows:-

Name of director	Number of ordinary shares					
	Direct interest				Deemed interest	
	Balance at 1.1.2021	Bought	Sold	Balance at 31.12.2021	Balance at 1.1.2021	Balance at 31.12.2021
Aminuddin Bin Saad	10,002	0	0	10,002	0	0
Dato' Seri Khor Teng Tong	450,000	27,500	(100,000)	377,500	1,127,000	1,127,000

DIRECTORS' REPORT (CONT'D)

Directors' benefits

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the directors' remuneration as disclosed in Note 20 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.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Indemnity and insurance for directors and officers

There was no indemnity given to any director or officer of the Group or the Company during the financial year. The Group maintains a liability insurance for its directors and officers and the insurance costs incurred during the financial year amounted to RM8,000.

Auditors

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 22 to the financial statements. There was no indemnity given to or liability insurance effected for the auditors during the financial year.

Signed in accordance with a resolution of the directors dated 31 March 2022

Dato' Syed Mohamad Bin Syed Murtaza

Aminuddin Bin Saad



STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 53 to 95 give a true and fair view of the financial position of the Group and the Company as at 31 December 2021 and of their financial performance and 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.

Signed in accordance with a resolution of the directors dated 31 March 2022

Dato' Syed Mohamad Bin Syed Murtaza

Aminuddin Bin Saad

STATUTORY DECLARATION

I, Dato' Syed Mohamad Bin Syed Murtaza, being the director primarily responsible for the financial management of Master-Pack Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 53 to 95 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed
Dato' Syed Mohamad Bin Syed Murtaza at George
Town in the State of Penang on this 31 March 2022

Dato' Syed Mohamad Bin Syed Murtaza

Before me

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MASTER-PACK GROUP BERHAD

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Master-Pack Group Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 95.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2021, and of their financial performance and 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 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 the Company of the current period. These matters were addressed in the context of our audit of the financial statements of the Group and the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><u>Valuation of inventories (Refer to Notes 3 and 10 to the financial statements)</u></p> <p>The Group carries significant inventories. The assessment of inventory write-downs due to excess quantities, obsolescence and decline in net realisable value below cost involves judgements and estimation uncertainty in forming expectations about future sales and demands.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> • Obtaining an understanding of:- <ul style="list-style-type: none"> • the Group's inventory management process; • how the Group identifies and assesses inventory write-downs; and • how the Group makes the accounting estimates for inventory write-downs. • Reviewing the ageing analysis of inventories and testing the reliability thereof. • Examining the perpetual records for inventory movements and to identify slow moving aged items. • Making inquiries of management regarding the action plans to clear slow moving aged and obsolete inventories. • Reviewing the net realisable value of major inventories. • Evaluating the reasonableness and adequacy of the allowance for inventories recognised for identified exposures.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MASTER-PACK GROUP BERHAD (CONT'D)

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><u>Impairment of receivables (Refer to Notes 3 and 11 to the financial statements)</u></p> <p>The Group carries significant receivables and is subject to major credit risk exposure. The Group recognises loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions.</p>	<p>Our audit procedures included, among others:-</p> <ul style="list-style-type: none"> • Obtaining an understanding of:- <ul style="list-style-type: none"> • the Group's control over the receivable collection process; • how the Group identifies and assesses the impairment of receivables; and • how the Group makes the accounting estimates for impairment. • Reviewing the ageing analysis and past due status of receivables and testing the reliability thereof. • Reviewing the subsequent cash collections for major receivables and overdue amounts. • Making inquiries of management regarding the action plans to recover overdue amounts. • Comparing and challenging management's view on the recoverability of overdue amounts to historical patterns of collections. • Reviewing the computation of historical observed default rates and adjustment for forward-looking estimates used to develop the provision matrix. • Evaluating the reasonableness and adequacy of the resulting loss allowance recognised.

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

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the directors' report (but does not include the financial statements of the Group and the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after that date.

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and request that a correction be made. If the directors refuse to make the correction, we shall take appropriate action considering our legal rights and obligations, to seek to have the uncorrected material misstatement appropriately brought to the attention of users for whom our auditors' report is prepared.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MASTER-PACK GROUP BERHAD (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 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 the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and 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 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and the Company, including the disclosures, and whether the financial statements of the Group and the Company 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.



INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MASTER-PACK GROUP BERHAD (CONT'D)

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

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that we have not acted as auditors of a subsidiary, Master-Pack Vietnam Co., Ltd.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Eddy Chan Wai Hun
02182/10/2021 J
Chartered Accountant

Date: 31 March 2022

Penang

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
Non-current assets			
Property, plant and equipment	4	35,955	35,723
Investment properties	5	14,640	15,145
Right-of-use assets	6	12,324	13,370
Goodwill on consolidation		196	196
Investment in associate	8	0	606
Other investments	9	265	287
		<u>63,380</u>	<u>65,327</u>
Current assets			
Inventories	10	17,377	11,803
Receivables	11	30,250	25,287
Prepayments		2,445	889
Current tax assets		312	584
Cash and cash equivalents	12	44,318	37,988
		<u>94,702</u>	<u>76,551</u>
Current liabilities			
Payables	13	17,100	11,490
Loans and borrowings - secured	14	5,674	7,182
Lease liabilities	15	1,457	2,132
Dividend payable		0	1,092
Current tax liabilities		744	6
		<u>24,975</u>	<u>21,902</u>
Net current assets		69,727	54,649
Non-current liabilities			
Lease liabilities	15	1,517	1,211
Deferred tax liabilities	16	5,195	5,363
		<u>6,712</u>	<u>6,574</u>
Net assets		<u>126,395</u>	<u>113,402</u>
Equity			
Share capital	17	55,339	55,339
Legal reserve		3,281	2,081
Revaluation surplus		13,721	14,340
Currency translation reserve		362	(363)
Retained profits		53,685	41,995
Equity attributable to owners of the Company		<u>126,388</u>	<u>113,392</u>
Non-controlling interests	18	7	10
Total equity		<u>126,395</u>	<u>113,402</u>

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
Revenue	19	153,977	141,866
Interest income		604	360
Other income		1,503	1,275
Changes in inventories of work-in-progress and finished goods		93	(620)
Purchase of finished goods		(13,702)	(13,916)
Raw materials and consumables used		(88,404)	(82,500)
Depreciation of property, plant and equipment		(2,593)	(2,602)
Depreciation of right-of-use assets		(1,454)	(1,529)
Employee benefits expense	20	(16,502)	(16,449)
Impairment (losses)/gains on financial assets	21	(58)	138
Loss on derecognition of financial assets measured at amortised cost		(28)	(10)
Finance costs		(442)	(652)
Other expenses		(14,765)	(12,629)
Share of associate's profit		0	61
Profit before tax	22	18,229	12,793
Tax expense	23	(3,776)	(1,523)
Profit for the financial year		14,453	11,270
Other comprehensive income:-			
<i>Item that may be reclassified subsequently to profit or loss:-</i>			
- Currency translation differences for foreign operation		725	(428)
Other comprehensive income for the financial year		725	(428)
Comprehensive income for the financial year		15,178	10,842

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

		2021	2020
	Note	RM'000	RM'000
Profit/(Loss) for the financial year attributable to:-			
- Owners of the Company		14,456	11,275
- Non-controlling interests	18	<u>(3)</u>	<u>(5)</u>
		<u>14,453</u>	<u>11,270</u>
Comprehensive income for the financial year attributable to:-			
- Owners of the Company		15,181	10,847
- Non-controlling interests		<u>(3)</u>	<u>(5)</u>
		<u>15,178</u>	<u>10,842</u>
Earnings per share:-	24		
- Basic (sen)		<u>26.47</u>	<u>20.64</u>
- Diluted (sen)		<u>26.47</u>	<u>20.64</u>

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Non-distributable				Distributable			Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Legal reserve* RM'000	Revaluation surplus RM'000	Currency translation reserve RM'000	Retained profits RM'000					
Balance at 1 January 2020	55,339	1,014	14,970	65	34,434	105,822	15	105,837		
Profit/(Loss) for the financial year	0	0	0	0	11,275	11,275	(5)	11,270		
Currency translation differences for foreign operation (representing other comprehensive income for the financial year)	0	0	0	(428)	0	(428)	0	(428)		
Comprehensive income for the financial year	0	0	0	(428)	11,275	10,847	(5)	10,842		
Dividends (representing total transactions with owners) (Note 25)	0	0	0	0	(3,277)	(3,277)	0	(3,277)		
Transfer of legal reserve	0	1,067	0	0	(1,067)	0	0	0		
Transfer of revaluation surplus	0	0	(630)	0	630	0	0	0		
Balance at 31 December 2020	55,339	2,081	14,340	(363)	41,995	113,392	10	113,402		

* This represents the cumulative amount transferred from the retained profits of a subsidiary under the statutory requirements of Vietnam.

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Non-distributable				Distributable			Total equity RM'000
	Share capital RM'000	Legal reserve* RM'000	Revaluation surplus RM'000	Currency translation reserve RM'000	Retained profits RM'000	Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	
Balance at 1 January 2021	55,339	2,081	14,340	(363)	41,995	113,392	10	113,402
Profit/(Loss) for the financial year	0	0	0	0	14,456	14,456	(3)	14,453
Currency translation differences for foreign operation (representing other comprehensive income for the financial year)	0	0	0	725	0	725	0	725
Comprehensive income for the financial year	0	0	0	725	14,456	15,181	(3)	15,178
Dividends (representing total transactions with owners) (Note 25)	0	0	0	0	(2,185)	(2,185)	0	(2,185)
Transfer of legal reserve	0	1,200	0	0	(1,200)	0	0	0
Transfer of revaluation surplus	0	0	(619)	0	619	0	0	0
Balance at 31 December 2021	55,339	3,281	13,721	362	53,685	126,388	7	126,395

* This represents the cumulative amount transferred from the retained profits of a subsidiary under the statutory requirements of Vietnam.

The annexed notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
Cash flows from operating activities			
Profit before tax		18,229	12,793
Adjustments for:-			
Depreciation		4,047	4,131
Dividend income		(5)	(4)
Fair value gains on financial instruments		(35)	(22)
Fair value gains on investment properties		0	(320)
Gain on disposal of property, plant and equipment		(20)	(5)
Impairment losses/(gains) on financial assets		58	(138)
Interest expense		442	652
Interest income		(604)	(360)
Inventories written down		85	240
Loss on derecognition of financial assets measured at amortised cost		28	10
Loss on disposal of associate		6	0
Loss on disposal of subsidiary		99	0
Reversal of inventories written down		0	(85)
Share of associate's profit		0	(61)
Operating profit before working capital changes		22,330	16,831
Changes in:-			
Inventories		(5,659)	614
Receivables		(5,052)	14,629
Prepayments		(1,556)	912
Payables		5,612	(2,600)
Cash generated from operations		15,675	30,386
Tax paid		(2,910)	(2,633)
Tax refunded		0	2
Net cash from operating activities		12,765	27,755
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,694)	(2,626)
Acquisition of right-of-use assets	26	(30)	0
Disposal of subsidiary, net of cash disposed of	7	380	0
Dividends received		5	4
Interest received		604	360
Proceeds from disposal of associate		600	0
Proceeds from disposal of other investments		57	0
Proceeds from disposal of property, plant and equipment		20	5
Net cash used in investing activities		(58)	(2,257)
Cash flows from financing activities			
Dividends paid		(3,277)	(2,185)
Interest paid		(449)	(708)
Net decrease in short-term loans and borrowings	26	(1,501)	(4,071)
Payment of lease liabilities	26	(1,870)	(1,956)
Net cash used in financing activities		(7,097)	(8,920)
Currency translation differences		720	(425)
Net increase in cash and cash equivalents		6,330	16,153
Cash and cash equivalents brought forward		37,988	21,835
Cash and cash equivalents carried forward		44,318	37,988

The annexed notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
Non-current assets			
Property, plant and equipment	4	10	8
Investment properties	5	3,640	3,640
Investments in subsidiaries	7	15,168	15,538
Other investments	9	265	287
Receivables	11	11,368	11,368
		<u>30,451</u>	<u>30,841</u>
Current assets			
Receivables	11	20	68
Dividend receivable		0	3,087
Current tax assets		6	8
Cash and cash equivalents	12	4,002	1,333
		<u>4,028</u>	<u>4,496</u>
Current liabilities			
Payables	13	308	300
Dividend payable		0	1,092
		<u>308</u>	<u>1,392</u>
Net current assets		3,720	3,104
Non-current liabilities			
Deferred tax liabilities	16	125	125
Net assets		<u>34,046</u>	<u>33,820</u>
Equity			
Share capital	17	55,339	55,339
Accumulated losses		(21,293)	(21,519)
Total equity		<u>34,046</u>	<u>33,820</u>

The annexed notes form an integral part of these financial statements.



STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
Revenue	19	2,942	3,988
Impairment gains on financial assets	21	0	500
Interest income		33	31
Other income		186	386
Depreciation of property, plant and equipment		(4)	(3)
Employee benefits expense	20	(291)	(272)
Impairment loss on investment in subsidiary		(90)	0
Loss on derecognition of financial assets measured at amortised cost		(23)	0
Other expenses		(326)	(263)
Profit before tax	22	<u>2,427</u>	<u>4,367</u>
Tax expense	23	(16)	(38)
Profit for the financial year		<u>2,411</u>	<u>4,329</u>
Other comprehensive income for the financial year		0	0
Comprehensive income for the financial year		<u>2,411</u>	<u>4,329</u>

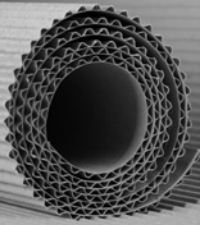
The annexed notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
Balance at 1 January 2020	55,339	(22,571)	32,768
Profit (representing comprehensive income) for the financial year	0	4,329	4,329
Dividends (representing total transactions with owners) (Note 25)	0	(3,277)	(3,277)
Balance at 31 December 2020	55,339	(21,519)	33,820
Profit (representing comprehensive income) for the financial year	0	2,411	2,411
Dividends (representing total transactions with owners) (Note 25)	0	(2,185)	(2,185)
Balance at 31 December 2021	<u>55,339</u>	<u>(21,293)</u>	<u>34,046</u>

The annexed notes form an integral part of these financial statements.



STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	2021	2020
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	2,427	4,367
Adjustments for:-		
Depreciation	4	3
Dividend income	(2,905)	(3,966)
Fair value gains on financial instruments	(35)	(22)
Fair value gains on investment properties	0	(320)
Gain on disposal of subsidiary	(100)	0
Impairment gains on financial assets	0	(500)
Impairment loss on investment in subsidiary	90	0
Interest income	(33)	(31)
Loss on derecognition of financial assets measured at amortised cost	23	0
Operating loss before working capital changes	(529)	(469)
Changes in:-		
Receivables	(2)	0
Payables	8	(2)
Cash absorbed by operations	(523)	(471)
Tax paid	(14)	(16)
Tax refunded	0	1
Net cash used in operating activities	(537)	(486)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(6)	(3)
Dividends received	5,992	1,754
Interest received	33	31
Net repayment from subsidiaries	27	753
Proceeds from disposal of other investments	57	0
Proceeds from disposal of subsidiary	380	0
Net cash from investing activities	6,483	2,535
Cash flows from financing activity		
Dividends paid	(3,277)	(2,185)
Net cash used in financing activity	(3,277)	(2,185)
Net increase/(decrease) in cash and cash equivalents	2,669	(136)
Cash and cash equivalents brought forward	1,333	1,469
Cash and cash equivalents carried forward	4,002	1,333

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. General information

The Company is a public company limited by shares, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 7.

The registered office of the Company is located at 51-21-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 George Town, Penang, Malaysia and its principal place of business is located at 1574, Jalan Bukit Panchor, 14300 Nibong Tebal, Seberang Perai Selatan, Penang, Malaysia.

The consolidated financial statements set out on pages 53 to 58 together with the notes thereto cover the Company and its subsidiaries ("Group") and the Group's interest in an associate. The separate financial statements of the Company set out on pages 18 to 21 together with the notes thereto cover the Company solely.

The presentation currency of the financial statements is Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") unless otherwise indicated.

The financial statements were authorised for issue in accordance with a resolution of the directors dated 31 March 2022.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements of the Group and the Company are prepared under the historical cost convention, modified to include other bases of measurement as disclosed in other sections of the significant accounting policies, and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

For the financial year under review, the Group and the Company have applied the Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform - Phase 2* which are effective for annual periods beginning on or after 1 January 2021. They have also early applied the Amendment to MFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021* which is effective for annual periods beginning on or after 1 April 2021.

The initial application of the above amendments did not have any significant impacts on the financial statements.

The Group and the Company have not applied the following MFRSs which have been issued as at the end of the reporting period but are not yet effective:-

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2020
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. Significant accounting policies (cont'd)

2.1 Basis of preparation of financial statements (cont'd)

MFRS (issued as at the end of the reporting period)	Effective for annual periods beginning on or after
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

Management foresees that the initial application of the above MFRSs will not have any significant impacts on the financial statements.

2.2 Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. A business is an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. If the assets acquired are not a business, the transaction or other event is accounted for as an asset acquisition.

Business combinations are accounted for using the acquisition method. Under the acquisition method, the consideration transferred, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The components of non-controlling interests that are present ownership interests are measured at the present ownership instruments' proportionate share in the recognised amounts of the identifiable net assets acquired. All other components of non-controlling interests are measured at their acquisition-date fair values. In a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. All acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss as incurred.

Goodwill at the acquisition date is measured as the excess of (a) over (b) below:-

- (a) the aggregate of:-
 - (i) the acquisition-date fair value of the consideration transferred;
 - (ii) the amount of any non-controlling interests; and
 - (iii) in a business combination achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree.
- (b) the net of the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed.

Goodwill is recognised as an asset at the aforementioned amount less accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

2.3 Basis of consolidation

A subsidiary is an entity that is controlled by another entity. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. Significant accounting policies (cont'd)

2.3 Basis of consolidation (cont'd)

A subsidiary is consolidated from the acquisition date, being the date on which control is obtained, and continues to be consolidated until the date when control is lost. Intragroup balances, transactions, income and expenses are eliminated in full on consolidation. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Upon loss of control of a subsidiary, the assets (including any goodwill) and liabilities of, and any non-controlling interests in the subsidiary are derecognised. All amounts recognised in other comprehensive income in relation to the subsidiary are accounted for on the same basis as would be required if the related assets or liabilities had been directly disposed of. Any consideration received and any investment retained in the former subsidiary are recognised at their fair values. The resulting difference is then recognised as a gain or loss in profit or loss.

2.4 Property, plant and equipment

Property, plant and equipment are stated at cost or at valuation less accumulated depreciation and accumulated impairment losses, if any. The impairment policy is disclosed in Note 2.9.

Revaluations of land and buildings are made with sufficient regularity at an interval of not more than five years such that the carrying amounts of the assets do not differ materially from their fair values at the end of the reporting period.

A revaluation increase is recognised in other comprehensive income and accumulated in equity as revaluation surplus or recognised in profit or loss to the extent that the increase reverses a revaluation decrease of the same asset previously recognised in profit or loss. A revaluation decrease is recognised in profit or loss or recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of the same asset.

Freehold land is not depreciated. Other property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets using the following annual rates:-

Buildings	2-3%
Plant and machinery	10-33%
Tools and equipment	10-33%
Furniture, fittings and office equipment	10-50%
Motor vehicles	17-25%

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and any changes in expectations from previous estimates are accounted for prospectively as changes in accounting estimates.

2.5 Investment properties

Investment property is property held (by the owner or the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both. Investment property is stated at fair value. Any gain or loss arising from a change in the fair value of investment property is recognised in profit or loss.

2.6 Leases

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. Significant accounting policies (cont'd)

2.6 Leases (cont'd)

Lessor accounting

When the Group or the Company acts as a lessor, it classifies each lease as either an operating lease or a finance lease. A finance lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, whereas an operating lease does not.

Lease payments from operating leases are recognised as income on a straight-line basis over the lease term. The Group and the Company have not entered into any finance lease.

Lessee accounting

Initial recognition and measurement

When the Group or the Company acts as a lessee, it recognises a right-of-use asset (representing its right to use the underlying leased asset) and a lease liability (representing its obligation to make lease payments) at the commencement date. The Group and the Company have elected not to apply such recognition principle to short-term leases (which have a lease term of 12 months or less) and leases of low-value assets. The lease payments associated with those leases are recognised as an expense on a straight-line basis over the lease term.

A right-of-use asset is initially recognised at cost, which comprises the initial amount of lease liability, any lease payments made at or before the commencement date (less any lease incentives), any initial direct costs and any estimated dismantling, removing and restoring costs.

A lease liability is initially recognised at the present value of the unpaid lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The unpaid lease payments included in the measurement of lease liability comprise fixed payments (less any lease incentives), variable lease payments linked to an index or a rate, expected amounts payable under residual value guarantees, the exercise price of a purchase option reasonably certain to be exercised and the penalties of a termination option reasonably certain to be exercised.

Subsequent measurement

A right-of-use asset that meets the definition of investment property is subsequently measured using the fair value model as disclosed in Note 2.5. Other right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liability. The impairment policy is disclosed in Note 2.9.

If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that a purchase option will be exercised, the right-of-use asset is depreciated on a straight-line basis from the commencement date to the end of its useful life. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of its useful life or the end of the lease term.

A lease liability is subsequently measured at amortised cost, and remeasured to reflect any reassessment (arising from changes to the lease payments) or lease modifications.

As a practical expedient, the Group and the Company have elected not to assess whether a rent concession occurring as a direct consequence of the covid-19 pandemic is a lease modification. Accordingly, any change in lease payments resulting from such rent concession is accounted for as a variable lease payment in profit or loss.

2.7 Investments in subsidiaries

As required by the Companies Act 2016, the Company prepares separate financial statements in addition to the consolidated financial statements. In the separate financial statements of the Company, investments in subsidiaries are stated at cost less impairment losses, if any. The impairment policy is disclosed in Note 2.9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. Significant accounting policies (cont'd)

2.8 Investment in associate

An associate is an entity over which an investor has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

In the consolidated financial statements, investment in associate is accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition changes in the investor's share of the investee's net assets. After application of the equity method, the investment is assessed for any objective evidence of impairment. If any such evidence exists, the carrying amount of the investment is tested for impairment in accordance with Note 2.9.

2.9 Impairment of non-financial assets

At the end of each reporting period, the Group and the Company assess whether there is any indication that a non-financial asset, other than investment properties stated at fair value and inventories, may be impaired. If any such indication exists, the recoverable amount of the asset, being the higher of its fair value less costs of disposal and its value in use, is estimated. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment annually. Any excess of the carrying amount of the asset over its recoverable amount represents an impairment loss and is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation decrease.

An impairment loss on an asset, other than goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount and it is reversed only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised. The reversal is recognised in profit or loss or, in respect of a revalued asset, treated as a revaluation increase. An impairment loss on goodwill is not reversed.

2.10 Inventories

Inventories are valued at the lower of cost (determined principally on the weighted average basis) and net realisable value. Cost consists of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

2.11 Financial assets

Financial assets of the Group and the Company consist of investments in equity instruments, receivables and cash and cash equivalents.

Initial recognition and measurement

A financial asset is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A regular way purchase or sale of financial assets is recognised or derecognised using settlement date accounting. Trade receivables that do not contain a significant financing component are initially recognised at their transaction price (as defined in Note 2.16). Other financial assets are initially recognised at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Subsequent measurement

Financial assets are subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss in accordance with their classification on the basis of both the business model within which they are held and their contractual cash flow characteristics.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. Significant accounting policies (cont'd)

2.11 Financial assets (cont'd)

Subsequent measurement (cont'd)

(i) Amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold financial assets to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. All receivables and cash and cash equivalents are classified under this category. Any gain or loss is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

(ii) Fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if it is held within a business model whose objective is to both collect contractual cash flows and sell financial assets and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group and the Company do not have any financial assets classified under this category.

(iii) Fair value through profit or loss

A financial asset is measured at fair value through profit or loss if it does not meet the criteria to be measured at amortised cost or fair value through other comprehensive income. All investments in equity instruments are classified under this category. Any gain or loss is recognised in profit or loss.

Impairment

At each reporting date, the Group and the Company recognise a loss allowance for expected credit losses on a financial asset measured at amortised cost. The loss allowance is measured at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the loss allowance is measured at an amount equal to 12-month expected credit losses. Any adjustment to the loss allowance is recognised in profit or loss as an impairment gain or loss.

Irrespective of whether there is any significant increase in credit risk since initial recognition, the loss allowance for trade receivables is always measured at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9 *Financial Instruments*. Such lifetime expected credit losses are calculated using a provision matrix based on historical credit loss experience and adjusted for reasonable and supportable forward-looking information that is available without undue cost or effort.

The expected credit losses for a credit-impaired financial asset are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The gross carrying amount of a credit-impaired financial asset is directly written off when there is no reasonable expectation of recovery.

Derecognition

A financial asset is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or all the risks and rewards of ownership are substantially transferred. A direct write-off of gross carrying amount when there is no reasonable expectation of recovering a financial asset constitutes a derecognition event.

2.12 Financial liabilities

Financial liabilities of the Group and the Company consist of payables, loans and borrowings and financial guarantee contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. Significant accounting policies (cont'd)

2.12 Financial liabilities (cont'd)

Initial recognition and measurement

A financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. A financial liability is initially recognised at fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs.

Subsequent measurement

All payables and loans and borrowings are subsequently measured at amortised cost. Any gain or loss is recognised in profit or loss when the financial liability is derecognised and through the amortisation process.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance and the amount initially recognised less any cumulative income recognised.

Derecognition

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires.

2.13 Foreign currency transactions and translation

The consolidated financial statements and separate financial statements of the Company are presented in Ringgit Malaysia, which is also the Company's functional currency, being the currency of the primary economic environment in which the entity operates. Items included in the financial statements of each individual entity within the Group are measured using the individual entity's own functional currency.

A foreign currency transaction is recorded in the functional currency using the exchange rate at transaction date. At the end of the reporting period, foreign currency monetary items are translated into the functional currency using the closing rate. Foreign currency non-monetary items measured at cost are translated using the exchange rate at transaction date, whereas those measured at fair value are translated using the exchange rate at valuation date. Exchange differences arising from the settlement or translation of monetary items are recognised in profit or loss. Any exchange component of the gain or loss on a non-monetary item is recognised on the same basis as that of the gain or loss, i.e. in profit or loss or in other comprehensive income.

In translating the financial position and results of a foreign operation whose functional currency is not the presentation currency, i.e. Ringgit Malaysia, assets and liabilities are translated into the presentation currency using the closing rate, whereas income and expenses are translated using the exchange rates at transaction dates. All resulting exchange differences are recognised in other comprehensive income and accumulated in equity as currency translation reserve until the foreign operation is disposed of, at which time the cumulative exchange differences previously recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

Any goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation to be expressed in its functional currency and translated into the presentation currency using the closing rate.

2.14 Share capital

Ordinary shares are classified as equity. Transaction costs that relate to the issue of new shares are accounted for as a deduction from equity.

Dividends on shares declared and unpaid at the end of the reporting period are recognised as a liability, whereas dividends proposed or declared after the reporting period are disclosed in the notes to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. Significant accounting policies (cont'd)

2.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The valuation techniques used include the following or a combination thereof:-

- (i) Market approach - which uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- (ii) Cost approach - which reflects the amount that would be required currently to replace the service capacity of an asset.
- (iii) Income approach - which converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

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

Any transfers between the levels of fair value hierarchy are deemed to have occurred at the end of the reporting period.

Non-financial assets

The fair values of land and buildings are measured using the market comparison approach. Under this approach, the fair values are derived from observable market data such as prices per square foot for comparable properties in similar locations (i.e. Level 2).

Financial assets and financial liabilities

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

The fair values of quoted investments are directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

2.16 Revenue from contracts with customers

The Group recognises revenue (by applying the following steps) to depict the transfer of promised goods or services to customers at the transaction price.

- (i) Step 1: Identify contract - A contract is an agreement between two or more parties that creates enforceable rights and obligations.
- (ii) Step 2: Identify performance obligations - Each promise to transfer distinct goods or services is identified as a performance obligation and accounted for separately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. Significant accounting policies (cont'd)

2.16 Revenue from contracts with customers (cont'd)

- (iii) Step 3: Determine transaction price - The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. It is adjusted for the effects of variable consideration (e.g. discounts, rebates, incentives or penalties), significant financing component, non-cash consideration and consideration payable to customer.
- (iv) Step 4: Allocate transaction price to performance obligations - The transaction price is allocated to each performance obligation on the basis of the relative (estimated) stand-alone selling prices of each distinct good or service promised in the contract.
- (v) Step 5: Recognise revenue - Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). Revenue is recognised either over time or at a point in time depending on the timing of transfer of control.

The Group determines that the transfer of control of promised goods generally coincides with the transfer of risks and rewards of ownership. Accordingly, revenue from the sale of goods is recognised at a point in time when the significant risks and rewards of ownership have been transferred to the customer upon delivery.

2.17 Other income

Dividend income is recognised in profit or loss only when the entity's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably.

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

Operating lease income is recognised in profit or loss on a straight-line basis over the lease term.

2.18 Employee benefits

Short-term employee benefits

Short-term employee benefits such as wages, salaries, bonuses and social security contributions are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

Defined contribution plans

As required by law, employers in Malaysia make contributions to the statutory pension scheme, Employees Provident Fund ("EPF"). Contributions to defined contribution plans are recognised in profit or loss or included in the cost of an asset, where appropriate, in the period in which the associated services are rendered by the employee.

2.19 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of the asset, until such time as the asset is substantially ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

2. Significant accounting policies (cont'd)

2.20 Income taxes

Income taxes for the year comprise current tax and deferred tax.

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

Deferred tax is provided for under the liability method in respect of all temporary differences between the carrying amount of an asset or liability and its tax base except for those temporary differences associated with goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and affects neither accounting nor taxable results at the time of the transaction.

A deferred tax liability is recognised for all taxable temporary differences, whereas a deferred tax asset is recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.21 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, term deposits that are withdrawable on demand and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

3. Judgements and estimation uncertainty

Judgements made in applying accounting policies

In the process of applying the accounting policies of the Group and the Company, management is not aware of any judgements, apart from those involving estimations, that can significantly affect the amounts recognised in the financial statements.

Sources of estimation uncertainty

The key assumptions about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

Valuation of inventories

Reviews are made periodically by management on inventories for excess inventories, obsolescence and decline in net realisable value below cost. These reviews involve judgements and estimation uncertainty in forming expectations about future sales and demands. Any changes in these accounting estimates will result in revisions to the valuation of inventories (Note 10).

Impairment of receivables

The Group and the Company recognise loss allowance for expected credit losses on receivables based on an assessment of credit risk. Such assessment involves judgements and estimation uncertainty in analysing information about past events, current conditions and forecasts of future economic conditions. Any changes in these accounting estimates will affect the carrying amounts of receivables (Note 11).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. Property, plant and equipment

Group

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Plant and machinery* RM'000	Tools and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Motor vehicles* RM'000	Total RM'000
Cost/Valuation									
Balance at 1 January 2020	13,200	17,614	40,802	425	1,262	3,263	822	126	77,514
Additions	0	547	1,844	0	9	62	164	0	2,626
Transfer from right-of-use assets	0	0	0	0	0	0	68	0	68
Disposals/Write-offs	0	0	(4,340)	0	(54)	(89)	(42)	0	(4,525)
Reclassifications	0	0	(1,037)	1,037	0	0	(248)	248	0
Currency translation differences	0	0	(2)	0	0	(4)	(2)	0	(8)
Balance at 31 December 2020	13,200	18,161	37,267	1,462	1,217	3,232	762	374	75,675
Representing:-									
- Cost	0	561	37,267	1,462	1,217	3,232	762	374	44,875
- Valuation	13,200	17,600	0	0	0	0	0	0	30,800
	13,200	18,161	37,267	1,462	1,217	3,232	762	374	75,675
Balance at 1 January 2021	13,200	18,161	37,267	1,462	1,217	3,232	762	374	75,675
Additions	0	246	1,188	0	4	47	209	0	1,694
Transfer from right-of-use assets	0	0	1,091	1,299	0	0	0	0	2,390
Disposals/Write-offs	0	0	(2,891)	0	(119)	(62)	0	0	(3,072)
Currency translation differences	0	0	3	0	0	8	6	0	17
Balance at 31 December 2021	13,200	18,407	36,658	2,761	1,102	3,225	977	374	76,704
Representing:-									
- Cost	0	807	36,658	2,761	1,102	3,225	977	374	45,904
- Valuation	13,200	17,600	0	0	0	0	0	0	30,800
	13,200	18,407	36,658	2,761	1,102	3,225	977	374	76,704

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. Property, plant and equipment (cont'd)

Group

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Plant and machinery* RM'000	Tools and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Motor vehicles* RM'000	Total RM'000
Depreciation and impairment losses									
Balance at 1 January 2020	0	794	36,067	119	1,019	3,034	627	126	41,786
- Accumulated depreciation	0	0	26	0	0	0	0	0	26
- Accumulated impairment losses	0	794	36,093	119	1,019	3,034	627	126	41,812
Depreciation	0	833	1,414	42	77	138	98	0	2,602
Transfer from right-of-use assets	0	0	0	0	0	0	68	0	68
Disposals/Write-offs	0	0	(4,340)	0	(54)	(89)	(42)	0	(4,525)
Reclassifications	0	0	(52)	52	0	0	(163)	163	0
Currency translation differences	0	0	0	0	0	(4)	(1)	0	(5)
Balance at 31 December 2020	0	1,627	33,089	213	1,042	3,079	587	289	39,926
- Accumulated depreciation	0	0	26	0	0	0	0	0	26
- Accumulated impairment losses	0	1,627	33,115	213	1,042	3,079	587	289	39,952
Depreciation	0	825	1,251	244	57	99	92	25	2,593
Transfer from right-of-use assets	0	0	573	694	0	0	0	0	1,267
Disposals/Write-offs	0	0	(2,891)	0	(119)	(62)	0	0	(3,072)
Currency translation differences	0	0	1	0	0	6	2	0	9
Balance at 31 December 2021	0	2,452	32,023	1,151	980	3,122	681	314	40,723
- Accumulated depreciation	0	0	26	0	0	0	0	0	26
- Accumulated impairment losses	0	2,452	32,049	1,151	980	3,122	681	314	40,749

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. Property, plant and equipment (cont'd)

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Plant and machinery* RM'000	Tools and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Motor vehicles* RM'000	Total RM'000
Carrying amount									
Balance at 1 January 2020	13,200	16,820	4,709	306	243	229	195	0	35,702
Balance at 31 December 2020	13,200	16,534	4,152	1,249	175	153	175	85	35,723
Balance at 31 December 2021	13,200	15,955	4,609	1,610	122	103	296	60	35,955

* Subject to operating leases

The freehold land and buildings were revalued to fair values on 31 December 2018 based on appraisals performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e. Level 2). Had the land and buildings been carried under the cost model, the total carrying amounts of their entire classes that would have been recognised in the financial statements are as follows:-

	Group	
	2021 RM'000	2020 RM'000
Freehold land	1,904	1,904
Buildings	8,842	9,014
	<u>10,746</u>	<u>10,918</u>

The freehold land and buildings have been pledged as security for credit facilities granted to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

4. Property, plant and equipment (cont'd)

The Group leases certain plant and machinery, motor vehicles and a small portion of its buildings to a third party for 2 to 7 years. The undiscounted lease payments to be received are as follows:-

	Group	
	2021	2020
	RM'000	RM'000
Within 1 year	475	561
1 to 2 years	322	450
2 to 3 years	271	271
3 to 4 years	163	271
4 to 5 years	12	163
After 5 years	7	19
	1,250	1,735
Company		
		Furniture, fittings and office equipment RM'000
Cost		
Balance at 1 January 2020		1,009
Additions		3
Balance at 31 December 2020		1,012
Additions		6
Disposals/Write-offs		(38)
Balance at 31 December 2021		980
Accumulated depreciation		
Balance at 1 January 2020		1,001
Depreciation		3
Balance at 31 December 2020		1,004
Depreciation		4
Disposals/Write-offs		(38)
Balance at 31 December 2021		970
Carrying amount		
Balance at 1 January 2020		8
Balance at 31 December 2020		8
Balance at 31 December 2021		10

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

5. Investment properties

Group

	Freehold land RM'000	Buildings RM'000	Office lots RM'000	Total RM'000
Fair value				
Balance at 1 January 2020	3,440	8,065	3,320	14,825
Fair value gains	0	0	320	320
Balance at 31 December 2020	3,440	8,065	3,640	15,145
Disposal of subsidiary	(390)	(115)	0	(505)
Fair value gains / (losses)	100	(100)	0	0
Balance at 31 December 2021	<u>3,150</u>	<u>7,850</u>	<u>3,640</u>	<u>14,640</u>

Company

	Office lots RM'000
Fair value	
Balance at 1 January 2020	3,320
Fair value gains	320
Balance at 31 December 2020 / 31 December 2021	<u>3,640</u>

The fair values of investment properties were measured based on appraisals performed by independent professional valuers using the market comparison approach. The appraised values were derived from observable prices per square foot for comparable properties in similar locations (i.e. Level 2).

The carrying amounts of investment properties pledged as security for credit facilities granted to the Group are as follows:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Freehold land	3,150	3,050	0	0
Buildings	7,850	7,950	0	0
Office lots	2,280	2,280	2,280	2,280
	<u>13,280</u>	<u>13,280</u>	<u>2,280</u>	<u>2,280</u>

The Group and the Company lease some investment properties to third parties for 1 year. The undiscounted lease payments to be received are as follows:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Within 1 year	10	121	10	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

6. Right-of-use assets

Group

	Leasehold land RM'000	Warehouse RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Balance at 1 January 2020	6,757	4	8,073	65	14,899
Depreciation	(443)	(4)	(1,067)	(15)	(1,529)
Balance at 31 December 2020	6,314	0	7,006	50	13,370
Additions	0	0	1,531	0	1,531
Depreciation	(443)	0	(995)	(16)	(1,454)
Transfer to property, plant and equipment	0	0	(1,123)	0	(1,123)
Balance at 31 December 2021	5,871	0	6,419	34	12,324

The Group acquired the right to use the leasehold land as a principal place of business for 43 years. The rights to use the plant and machinery and motor vehicles were acquired under hire purchase financing whereby ownership will be transferred by the end of the lease terms of 3 to 5 years.

The leasehold land has been pledged as security for credit facilities granted to the Group.

7. Investments in subsidiaries

Company

	2021 RM'000	2020 RM'000
Unquoted shares - at cost	20,363	26,363
Impairment losses	(5,195)	(10,825)
	<u>15,168</u>	<u>15,538</u>

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2021	2020	
Direct subsidiaries				
Master-Pack Sdn. Bhd.	Malaysia	100%	100%	Manufacture of corrugated cartons, wooden packaging and distribution of packaging materials
Master-Pack (Sarawak) Sdn. Bhd.	Malaysia	100%	100%	Manufacture and sale of corrugated fibreboard cartons
Master-Pack Marine Products Sdn. Bhd.	Malaysia	100%	100%	Property letting
Master-Pack Energy Sdn. Bhd.	Malaysia	60%	60%	Inactive
Sin Wan Fatt Marine Products Sdn. Bhd.	Malaysia	0%	100%	Inactive

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

7. Investments in subsidiaries (cont'd)

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2021	2020	
Indirect subsidiary				
Master-Pack Vietnam Co., Ltd.	Vietnam	100%	100%	Manufacture and trading of wood packaging boxes

Disposal of subsidiary

In September 2021, the Company disposed of its entire equity interest in Sin Wan Fatt Marine Products Sdn. Bhd. for cash consideration of RM380,000. The effects of the disposal on the consolidated statement of cash flows are as follows:-

	Group RM'000
Investment properties	505
Receivables	3
Payables	(2)
Deferred tax liabilities	(27)
Net assets disposed of	479
Loss on disposal	(99)
Disposal of subsidiary, net of cash disposed of	380

8. Investment in associate

Group	2021 RM'000	2020 RM'000
Unquoted shares - at cost	0	100
Share of post-acquisition changes in net assets	0	506
	0	606

The details of the associate are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2021	2020	
Richmond Technology Sdn. Bhd.	Malaysia	0%	20%	Manufacture of packaging materials

In January 2021, the Group disposed of its entire equity interest in the associate for cash consideration of RM600,000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

9. Other investments

Group and Company

	2021 RM'000	2020 RM'000
Quoted shares - at fair value	265	287

The fair values of quoted investments were directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

10. Inventories

Group

	2021 RM'000	2020 RM'000
Raw materials	12,405	9,321
Work-in-progress	144	173
Finished goods	1,458	1,307
Goods-in-transit	3,370	1,002
	<u>17,377</u>	<u>11,803</u>

11. Receivables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current assets				
Amount due from subsidiary	0	0	27,868	27,868
Loss allowance	0	0	(16,500)	(16,500)
	<u>0</u>	<u>0</u>	<u>11,368</u>	<u>11,368</u>
Current assets				
Trade receivables:-				
- Associate	0	67	0	0
- Unrelated parties	28,549	23,883	0	0
	28,549	23,950	0	0
- Loss allowance	(125)	(651)	0	0
	<u>28,424</u>	<u>23,299</u>	<u>0</u>	<u>0</u>
Other receivables	1,826	1,988	20	18
Amount due from subsidiary	0	0	0	50
	<u>30,250</u>	<u>25,287</u>	<u>20</u>	<u>68</u>
Total receivables	<u>30,250</u>	<u>25,287</u>	<u>11,388</u>	<u>11,436</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

11. Receivables (cont'd)

Trade receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2021, there were 2 (2020 : 2) major groups of customers that individually accounted for 10% or more of the Group's trade receivables and the total outstanding balances due from these major groups amounted to RM12,092,000 (2020 : RM9,605,000). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2021 RM'000	2020 RM'000
Malaysia	23,087	18,301
Vietnam	5,218	5,378
Others	244	271
	<u>28,549</u>	<u>23,950</u>

The credit terms of trade receivables range from 30 to 90 days. The Group uses past due information to assess the credit risk of trade receivables. The analysis by past due status is as follows:-

	Group	
	2021 RM'000	2020 RM'000
Not past due	22,445	18,086
1 to 30 days past due	4,156	3,485
31 to 60 days past due	1,330	856
61 to 90 days past due	253	415
More than 90 days past due	365	1,108
	<u>28,549</u>	<u>23,950</u>

The Group determines that a trade receivable is credit-impaired when the customer is experiencing significant financial difficulty and has defaulted in payments. Unless otherwise demonstrated, the Group generally considers a default to have occurred when the trade receivable is more than 90 days past due. The gross carrying amount of a credit-impaired trade receivable is directly written off when there is no reasonable expectation of recovery. This normally occurs when there is reasonable proof of customer insolvency.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses using the simplified approach in accordance with MFRS 9. Such lifetime expected credit losses are calculated using a provision matrix based on historical observed default rates (adjusted for forward-looking estimates). The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished among the diversity of customer base.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

11. Receivables (cont'd)

Trade receivables (cont'd)

Group

	Not past due RM'000	1 to 30 days past due RM'000	31 to 60 days past due RM'000	61 to 90 days past due RM'000	More than 90 days past due RM'000	Credit- impaired RM'000	Total RM'000
2021							
Gross carrying amount	22,445	4,156	1,330	253	359	6	28,549
Average credit loss rate	0.25%	0.43%	1.13%	2.37%	6.96%	100.00%	0.44%
Loss allowance	55	18	15	6	25	6	125
2020							
Gross carrying amount	18,086	3,485	856	415	488	620	23,950
Average credit loss rate	0.08%	0.11%	0.35%	0.48%	1.43%	100.00%	2.72%
Loss allowance	15	4	3	2	7	620	651

The average credit loss rates were based on the payment profile of revenue over a period of 36 (2020 : 36) months and the corresponding historical credit losses experienced during the period. The rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The changes in the loss allowance are as follows:-

	Group	
	2021 RM'000	2020 RM'000
Balance at 1 January	651	795
Impairment losses/(gains)	58	(138)
Write-offs	(584)	(6)
Balance at 31 December	125	651

Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

11. Receivables (cont'd)

Amounts due from subsidiaries (cont'd)

The Company measures the loss allowance at an amount equal to lifetime expected credit losses. The gross carrying amounts and the related loss allowance changes are as follows:-

Company

	Not credit- impaired RM'000	Credit- impaired RM'000	Total RM'000
2021			
Gross carrying amount	0	27,868	27,868
Loss allowance:-			
- Balance at 1 January / 31 December	0	(16,500)	(16,500)
	0	11,368	11,368
Disclosed as:-			
- Non-current assets	0	11,368	11,368
2020			
Gross carrying amount	50	27,868	27,918
Loss allowance:-			
- Balance at 1 January	0	(17,000)	(17,000)
- Impairment gains	0	500	500
- Balance at 31 December	0	(16,500)	(16,500)
	50	11,368	11,418
Disclosed as:-			
- Non-current assets	0	11,368	11,368
- Current assets	50	0	50
	50	11,368	11,418

The Company determines that an amount due from subsidiary is credit-impaired when the subsidiary is in negative equity position.

12. Cash and cash equivalents

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Highly liquid investments in money market funds	8,096	7,966	0	0
Term deposits	13,650	7,830	0	0
Cash and bank balances	22,572	22,192	4,002	1,333
	44,318	37,988	4,002	1,333

Cash and cash equivalents are placed with reputable financial institutions with low credit risk. Accordingly, their expected credit losses are not considered to be material and hence, have not been recognised.

The effective interest rates of term deposits as at 31 December 2021 ranged from 3.30% to 4.80% (2020 : 3.30% to 4.80%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

13. Payables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables	8,526	4,572	0	0
Other payables	8,574	6,918	308	300
	17,100	11,490	308	300

Payables are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

The credit terms of trade and other payables range from 30 to 90 days.

14. Loans and borrowings - secured

Group	2021 RM'000	2020 RM'000
Banker acceptances	5,674	7,182

Loans and borrowings are secured against certain property, plant and equipment (Note 4), investment properties (Note 5) and right-of-use assets (Note 6).

The effective interest rates of loans and borrowings as at 31 December 2021 ranged from 1.77% to 3.47% (2020 : 1.98% to 3.45%) per annum.

Loans and borrowings are generally short-term in nature or repayable on demand and their carrying amounts will approximate to the remaining contractual undiscounted cash flows.

15. Lease liabilities

Group	2021 RM'000	2020 RM'000
Gross lease liabilities:-		
- Within 1 year	1,591	2,286
- 1 to 5 years	1,656	1,259
Total contractual undiscounted cash flows	3,247	3,545
Future finance charges	(273)	(202)
Present value of lease liabilities	2,974	3,343
Disclosed as:-		
- Current liabilities	1,457	2,132
- Non-current liabilities	1,517	1,211
	2,974	3,343

The incremental borrowing rates applied to lease liabilities as at 31 December 2021 ranged from 5.64% to 6.32% (2020 : 5.30% to 7.07%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

16. Deferred tax liabilities

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balance at 1 January	5,363	5,399	125	93
Deferred tax (income)/ expense relating to origination and reversal of temporary differences	(137)	(24)	0	32
Deferred tax liabilities overprovided in prior year	(4)	(12)	0	0
Disposal of subsidiary	(27)	0	0	0
Balance at 31 December	5,195	5,363	125	125
In respect of:-				
- Taxable/(Deductible) temporary differences of:-				
- Property, plant and equipment	3,880	3,885	1	1
- Right-of-use assets	2,139	2,293	0	0
- Investment properties	296	314	124	124
- Inventories	(229)	(209)	0	0
- Financial instruments	(177)	(106)	0	0
- Lease liabilities	(714)	(802)	0	0
- Unused capital allowances	0	(12)	0	0
	5,195	5,363	125	125

Save as disclosed above, as at 31 December 2021, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group to the extent of RM1,005,000 (2020 : RM955,000). No further deferred tax assets have been recognised for the following excess of unused capital allowances and tax losses over taxable temporary differences:-

	Group	
	2021 RM'000	2020 RM'000
Unused capital allowances	4,169	4,062
Unused tax losses	15,627	20,176
Taxable temporary differences of investment properties	(4,188)	(3,981)
	15,608	20,257

The unused capital allowances have no expiry date, whereas the unused tax losses can be carried forward until the year of assessment 2028.

17. Share capital

	2021 RM'000	2020 RM'000
Issued and fully paid		
54,620,150 ordinary shares with no par value	55,339	55,339

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

18. Non-controlling interests ("NCI")

Group

	Accumulated NCI		Loss allocated to NCI	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Master-Pack Energy Sdn. Bhd.	7	10	(3)	(5)

The details of the subsidiary that has NCI are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest held by NCI		Principal activity
		2021	2020	
Master-Pack Energy Sdn. Bhd.	Malaysia	40%	40%	Inactive

The summarised financial information of the above subsidiary has not been disclosed as its NCI are not material to the Group.

19. Revenue

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:-				
- Sale of goods	153,815	141,421	0	0
Other sources of revenue:-				
- Dividend income	5	4	2,905	3,966
- Operating lease income	157	441	37	22
	162	445	2,942	3,988
	153,977	141,866	2,942	3,988

Disaggregation of revenue from contracts with customers

	Group	
	2021	2020
	RM'000	RM'000
Geographical areas:-		
- Malaysia	97,392	86,729
- Vietnam	55,107	53,100
- Others	1,316	1,592
	153,815	141,421

Information about other disaggregation of revenue has not been disclosed as the Group generates revenue principally from selling corrugated fibreboard cartons, wooden packaging and packaging materials.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

20. Employee benefits expense (including directors' remuneration)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Company:-				
- Fees	249	249	249	249
- Other short-term employee benefits	4,189	3,143	18	15
- Defined contribution plans	113	104	0	0
	4,551	3,496	267	264
Directors of subsidiaries:-				
- Fees	17	16	0	0
- Other short-term employee benefits	2,026	1,621	0	0
- Defined contribution plans	94	87	0	0
	2,137	1,724	0	0
Other employees:-				
- Short-term employee benefits	9,049	10,514	24	8
- Defined contribution plans	765	715	0	0
	9,814	11,229	24	8
	<u>16,502</u>	<u>16,449</u>	<u>291</u>	<u>272</u>

21. Impairment (losses)/gains on financial assets

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade receivables from contracts with customers	(58)	138	0	0
Amount due from subsidiary	0	0	0	500
	<u>(58)</u>	<u>138</u>	<u>0</u>	<u>500</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

22. Profit before tax

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax is arrived at after charging:-				
Auditors' remuneration	156	140	47	45
Direct operating expenditure for investment properties:-				
- Generating rental income	74	144	12	12
- Not generating rental income	0	3	0	0
Fee expense for financial instruments not measured at fair value through profit or loss	184	193	3	2
Interest expense for financial liabilities not measured at fair value through profit or loss	274	388	0	0
Interest expense for lease liabilities	168	264	0	0
Inventories written down	85	240	0	0
Lease expense relating to:-				
- Short-term leases	834	711	0	0
- Leases of low-value assets (other than short-term leases)	8	9	0	0
Loss on disposal of associate	6	0	0	0
Loss on disposal of subsidiary	99	0	0	0
Realised loss on foreign exchange	220	94	0	0
and crediting:-				
Fair value gains on financial instruments mandatorily measured at fair value through profit or loss	35	22	35	22
Fair value gains on investment properties	0	320	0	320
Gain on disposal of property, plant and equipment	20	5	0	0
Gain on disposal of subsidiary	0	0	100	0
Interest income for financial assets measured at amortised cost	604	360	33	31
Operating lease income from:-				
- Investment properties	157	441	37	22
- Subleasing right-of-use assets	82	328	0	0
- Others	748	299	0	0
Reversal of inventories written down	0	85	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

23. Tax expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Tax based on results for the year:-				
- Current tax	3,824	1,413	7	7
- Deferred tax	(137)	(24)	0	32
	3,687	1,389	7	39
Tax under/(over) provided in prior year:-				
- Current tax	93	146	9	(1)
- Deferred tax	(4)	(12)	0	0
	3,776	1,523	16	38

The numerical reconciliation between the product of profit before tax multiplied by the applicable tax rate, which is the statutory income tax rate, and the tax expense is as follows:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	18,229	12,793	2,427	4,367
Tax at applicable tax rate of 24%	4,375	3,070	582	1,048
Non-deductible expenses	718	266	64	29
Non-taxable income	(8)	(14)	(639)	(993)
Tax incentives claimed	(1,011)	(1,539)	0	0
Effect of differential tax rates	(398)	(352)	0	(45)
Increase/(Decrease) in unrecognised deferred tax assets	11	(42)	0	0
Tax under/(over) provided in prior year	89	134	9	(1)
Tax expense	3,776	1,523	16	38

24. Earnings per share

Group

The basic earnings per share is calculated by dividing the Group's profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year as follows:-

	2021	2020
Profit for the financial year attributable to owners of the Company (RM'000)	14,456	11,275
Weighted average number of shares in issue ('000)	54,620	54,620
Basic earnings per share (sen)	26.47	20.64

The diluted earnings per share equals the basic earnings per share as the Company did not have any dilutive potential ordinary shares during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

25. Dividends

Group and Company

	2021	2020
	RM'000	RM'000
In respect of the financial year ended 31 December 2020:-		
- Interim single tier dividend of 4.0 sen per share	0	2,185
- Special single tier dividend of 2.0 sen per share	0	1,092
In respect of the financial year ended 31 December 2021:-		
- First interim single tier dividend of 2.0 sen per share	1,092	0
- Second interim single tier dividend of 2.0 sen per share	1,093	0
	2,185	3,277

In March 2022, the Company declared an interim single tier dividend of 4.0 sen per share in respect of the financial year ending 31 December 2022. The dividend is payable in April 2022.

26. Notes to consolidated statement of cash flows

Group

Acquisition of right-of-use assets

	2021	2020
	RM'000	RM'000
Cost of right-of-use assets acquired	1,531	0
Acquisition by means of leases	(1,501)	0
Net cash disbursed	30	0

Short-term loans and borrowings

	2021	2020
	RM'000	RM'000
Balance at 1 January	7,182	11,309
Net cash flow changes	(1,501)	(4,071)
Other changes	(7)	(56)
Balance at 31 December (Note 14)	5,674	7,182

Lease liabilities

	2021	2020
	RM'000	RM'000
Balance at 1 January	3,343	5,299
Acquisition of right-of-use assets	1,501	0
Payments	(1,870)	(1,956)
Balance at 31 December (Note 15)	2,974	3,343

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

26. Notes to consolidated statement of cash flows (cont'd)

Lease liabilities (cont'd)

The total cash outflow for leases is as follows:-

	2021 RM'000	2020 RM'000
Operating activities		
Lease expense recognised in profit or loss (Note 22)	842	720
Investing activities		
Acquisition of right-of-use assets	30	0
Financing activities		
Interest portion of lease liabilities (Note 22)	168	264
Principal portion of lease liabilities	1,870	1,956
	2,910	2,940

27. Related party disclosures

Other than the directors' remuneration as disclosed in Note 20, transactions with related parties during the financial year are as follows:-

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Dividends declared from subsidiaries	0	0	2,900	3,962
Interest charged to subsidiary	0	0	0	8
Sale of goods to associate	0	561	0	0
	0	561	0	0

28. Segment reporting

Group

Operating segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacture and sale of corrugated fibreboard cartons, wooden packaging and packaging materials.

Geographical information

In presenting information about geographical areas, segment revenue is based on the geographical location of customers, whereas segment assets are based on the geographical location of assets.

	External revenue		Non-current assets	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	97,554	87,174	62,980	64,238
Vietnam	55,107	53,100	135	196
Others	1,316	1,592	0	0
	153,977	141,866	63,115	64,434



NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

28. Segment reporting (cont'd)

Major customers

For the financial year ended 31 December 2021, there was 1 (2020 : 1) major group of customers that contributed 10% or more of the Group's total revenue and the total revenue generated from this major group amounted to RM76,397,000 (2020 : RM71,507,000).

29. Financial guarantee contracts

Company

The Company has entered into financial guarantee contracts to provide financial guarantees to financial institutions for credit facilities granted to certain subsidiaries up to a total limit of RM49,752,000 (2020 : RM50,686,000). The total utilisation of these credit facilities as at 31 December 2021 amounted to RM11,132,000 (2020 : RM13,345,000). No maturity analysis is presented for the financial guarantee contracts as the entire amount could be called at any time in the event of default by the subsidiaries.

The aforementioned financial guarantee contracts should have been recognised in the statement of financial position in accordance with the recognition and measurement policies as stated in Note 2.12. After considering that the probability of the subsidiaries defaulting on the credit lines is remote, the financial guarantee contracts have not been recognised as the fair values on initial recognition are not expected to be material.

30. Financial risk management

The activities of the Group expose it to certain financial risks, including credit risk, liquidity risk, currency risk, interest rate risk and other price risk. The overall financial risk management objective of the Group is to ensure that adequate financial resources are available for business development whilst minimising the potential adverse impacts of financial risks on its financial position, performance and cash flows.

The aforementioned financial risk management objective and its related policies and processes explained below have remained unchanged from the previous financial year.

Credit risk

The Group's exposure to credit risk arises mainly from receivables and deposits placed with financial institutions. The maximum credit risk exposure of these financial assets is best represented by their respective carrying amounts in the statement of financial position. The Company is also exposed to credit risk in respect of its financial guarantees provided for credit facilities granted to certain subsidiaries. The maximum credit risk exposure of these financial guarantees is the total utilisation of the credit facilities granted as disclosed in Note 29.

The Group manages its credit risk exposure of receivables by assessing counterparties' financial standings on an ongoing basis, setting and monitoring counterparties' limits and credit terms. The quantitative information about such credit risk exposure is disclosed in Note 11. As the Group only deals with reputable financial institutions, the credit risk associated with deposits placed with them is low.

Liquidity risk

The Group's exposure to liquidity risk relates to its ability to meet obligations associated with financial liabilities as and when they fall due. The remaining contractual maturities of financial liabilities are disclosed in their respective notes.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

30. Financial risk management (cont'd)

Currency risk

The Group's exposure to currency risk arises mainly from transactions entered into by individual entities within the Group in currencies other than their functional currencies. The major functional currencies within the Group are Ringgit Malaysia ("RM") and Vietnamese Dong ("VND"), whereas the major foreign currency transacted is US Dollar ("USD"). The gross carrying amounts of foreign currency denominated monetary items at the end of the reporting period are as follows:-

	Group	
	Denominated in USD	
	2021	2020
	RM'000	RM'000
Receivables	5	0
Cash and cash equivalents	642	5,879
Payables	(1,384)	(39)
	<u>(737)</u>	<u>5,840</u>

The Group observes the movements in exchange rates and acts accordingly to minimise its exposure to currency risk. Where necessary, the Group enters into derivative contracts to hedge the exposure. Such exposure is also partly mitigated in the following ways:-

- (i) The Group's foreign currency sales and purchases provide a natural hedge against fluctuations in foreign currencies.
- (ii) The Group maintains part of its cash and cash equivalents in foreign currency accounts to meet future obligations in foreign currencies.

Based on a symmetric basis which uses the foreign currency as a stable denominator, the following table demonstrates the sensitivity of profit or loss (and equity) to changes in exchange rates that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group	
	Increase/ (Decrease) in profit	Increase/ (Decrease) in profit
	2021	2020
	RM'000	RM'000
Appreciation of USD against RM by 1% (2020 : 3%)	(5)	116
Depreciation of USD against RM by 1% (2020 : 3%)	<u>5</u>	<u>(116)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

30. Financial risk management (cont'd)

Interest rate risk

The Group's exposure to interest rate risk arises mainly from interest-bearing financial instruments, namely term deposits, loans and borrowings and lease liabilities.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing. It is also the Group's policy to maintain a mix of fixed and floating rate financial instruments as follows:-

	Group	
	2021 RM'000	2020 RM'000
Fixed rate instruments		
Financial assets	13,650	7,830
Financial liabilities	<u>8,648</u>	<u>10,525</u>

As the Group does not account for its fixed rate financial instruments at fair value through profit or loss, any change in interest rates at the end of the reporting period would not affect its profit or loss (and equity).

Other price risk

The Group's exposure to other price risk arises mainly from quoted investments.

The Group manages its investments on an individual basis by continuously evaluating the share price movements, investment returns and the general industrial conditions relevant to the investees.

The Group's quoted investments are listed on Bursa Malaysia Securities Berhad. Based on the assumption that the share prices of these investments moved in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI"), the following table demonstrates the sensitivity of profit or loss (and equity) to changes in FBMKLCI that were reasonably possible at the end of the reporting period, with all other variables held constant:-

	Group and Company	
	Increase/ (Decrease) in profit 2021 RM'000	Increase/ (Decrease) in profit 2020 RM'000
Increase in FBMKLCI by 2% (2020 : 5%)	5	14
Decrease in FBMKLCI by 2% (2020 : 5%)	<u>(5)</u>	<u>(14)</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

31. Capital management

The overall capital management objective of the Group is to safeguard its ability to continue as a going concern so as to provide fair returns to owners and benefits to other stakeholders. In order to meet this objective, the Group always strives to maintain an optimal capital structure to reduce the cost of capital and sustain its business development.

The Group considers its total equity and total interest-bearing debts to be the key components of its capital structure and may, from time to time, adjust the dividend payouts, purchase own shares, issue new shares, sell assets, raise or redeem debts, where necessary, to maintain an optimal capital structure. The Group monitors capital using a debt-to-equity ratio, which is calculated as total interest-bearing debts divided by total equity as follows:-

	Group	
	2021 RM'000	2020 RM'000
Loans and borrowings	5,674	7,182
Lease liabilities	2,974	3,343
Total interest-bearing debts	8,648	10,525
Total equity	126,395	113,402
Total capital	135,043	123,927
Debt-to-equity ratio	7%	9%

The aforementioned capital management objective, policies and processes have remained unchanged from the previous financial year.

GROUP PROPERTIES

AS AT 31 DECEMBER 2021

No.	Location	Description Of Property	Build-up Area	Land Area	Existing Use	Tenure	Approx. Age Of Buiding (years)	Fair Value/ Net Book Value	Date Of Last Revaluation/ Date Of Acquisition
Properties									
1	Lot No. 408, Mukim 7, S.P.S., Penang.	Industrial Land & Factory Building	125,855 sq ft	7.17 acres	Factory for manufacturing facilities	Freehold	26	L:RM10,000,000 B:RM7,499,000	31-Dec-18
2	Plot No. 13 and 14, Mukim 5, S.P.S., Penang.	Industrial Land & Factory Building	72,174 sq ft	2.5 acres	Factory for manufacturing facilities	Freehold	21	L:RM3,200,000 B:RM4,333,000	31-Dec-18
3	Lot 1270, Section 66, Kuching Town Land District, Kuching, Sarawak.	Industrial Land & Factory Building	83,699 sq ft	4.05 acres	Factory for manufacturing facilities	Leasehold land Expiring in 2035	29	L:RM5,871,000 B:RM4,123,000	31-Dec-18
Investment Properties									
4	Lot 10056 to 10063, Mukim of Parit Buntar, Daerah Krian, Perak.	Industrial Land & Factory Building	99,832 sq ft	133,291 sq ft	Vacant and for investment purpose	Freehold	24	L:RM3,150,000 B:RM7,850,000	31-Dec-21
5	Office units 5-3-1 to Office units 5-3-6, Hunza Complex, Greenlane Heights, Jalan Gangsa, 11600 Penang. Parent Lot: 4744, Section 5, Town of Georgetown, North East District, Penang.	Commercial Lots	8,530 sq ft	Not Applicable	Rental for investment purpose	Freehold	26	B:RM3,640,000	31-Dec-21

L: Land

B: Building

ANALYSIS OF SHAREHOLDINGS

AS AT 6 APRIL 2022

DISTRIBUTION OF SHAREHOLDER AS AT 6 APRIL 2022

No. of Holders	Holdings	Total Holdings	%
329	Less Than 100	14,155	0.03
559	100 - 1,000	376,782	0.69
2,221	1,001 - 10,000	8,449,108	15.47
493	10,001 – 100,000	13,561,755	24.83
49	100,001 and below 5% of issued shares	16,346,350	29.93
2	5% and above of issued shares	15,872,000	29.06
3,653	TOTAL	54,620,150	100

DIRECTORS' SHAREHOLDINGS AS AT 6 APRIL 2022

Name of Director	Direct interest	%	Deemed interest	%
Dato' Syed Mohamad Bin Syed Murtaza	-	-	-	-
Dato' Seri Khor Teng Tong	377,500	0.69	1,127,000 ^[1]	2.06
Aminuddin Bin Saad	10,002	0.02	-	-
Chew Hock Lin	-	-	-	-
Dr. Junid Bin Abu Saham	-	-	-	-
Nazriah Bin Shaik Alawdin	-	-	-	-

Note:

^[1] Deemed interest by virtue of his shareholding in Khor Teng Tong Holdings Sdn. Bhd.

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 6 APRIL 2022

Name of Director	Direct interest	%	Deemed interest	%
Yayasan Bumiputera Pulau Pinang Berhad	15,872,000	29.06	-	-

ANALYSIS OF SHAREHOLDINGS

AS AT 6 APRIL 2022 (CONT'D)

LIST OF TOP 30 SHAREHOLDERS

NO	NAME OF SHAREHOLDERS	SHAREHOLDINGS	%
1	YAYASAN BUMIPUTRA PULAU PINANG BHD.	9,500,000	17.39
2	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : HDM CAPITAL SDN. BHD. FOR YAYASAN BUMIPUTRA PULAU PINANG BHD.	6,372,000	11.67
3	ITS KONSORTIUM SDN. BHD.	2,553,100	4.67
4	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : HDM CAPITAL SDN. BHD. FOR CH'NG ENG SEONG	1,500,000	2.75
5	KHOR TENG TONG HOLDINGS SDN. BHD	1,127,000	2.06
6	ONG BENG KEE	1,000,000	1.83
7	CHONG CHIEW TSHUNG	832,000	1.52
8	LIM SEN OON	563,100	1.03
9	LEE KOK HIN	533,400	0.98
10	HLB NOMINEES (TEMPATAN) SDN. BHD. FOR LEE POH KWEE	489,200	0.90
11	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD FOR YOONG KAH YIN	440,000	0.81
12	KHOR TENG TONG	337,500	0.69
13	MOHD. NAZRIN BIN SAAD	354,600	0.65
14	YEO KHEE HUAT	320,000	0.59
15	ELEBEST ENGINEERING SDN. BHD.	300,000	0.55
16	CHONG WEE BENG	265,000	0.49
17	CGS-CIMB NOMINESS (TEMPATAN) SDN. BHD. FOR GOALKEY SYSTEM SDN. BHD.	263,000	0.48
18	CGS-CIMB NOMINEES (TEMPATAN)SDN. BHD. FOR HO YIT FATT	260,000	0.48
19	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. FOR LOW HENG NAM	256,000	0.47
20	SIEOW CHONG SENG	250,000	0.46
21	STARVIEW RESTORAN SDN. BHD.	220,000	0.40
22	TOH YEW KEONG	211,000	0.39
23	TA NOMINESS (TEMPATAN) SDN. BHD. FOR ANITHA BINTI MOHAMED HANIFFA	200,000	0.37
24	TAN SENG CHONG @ TAN AH TEE	196,000	0.36
25	OH TEK HAN	187,700	0.34
26	CHONG SIEW TATT	185,000	0.34
27	TAN AH PAN	179,000	0.33
28	CGS-CIMB NOMINEES (ASING) SDN. BHD. FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	165,000	0.30
29	MAYBANK NOMINESS (TEMPATAN) SDN. BHD. FOR TAN CHOO TEIK	165,000	0.30
30	DB (MALAYSIA) NOMINEES (ASING) SDN. BHD. FOR ACADIAN EMERGING MARKETS MICRO-CAP EQUITY MASTER FUND	157,500	0.29

PROXY FORM



MASTER-PACK

GROUP BERHAD 199401011341 (297020-W)
(Incorporated in Malaysia)

Number of Shares Held		CDS Account No.	
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* I /We.....(*NRIC/Passport/Company No.)
(Full Name in Block Letters)

of
(Address)

being a * member / members of the above named Company, hereby appoint:

Full Name in Block Letters	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

*and/or

Full Name in Block Letters	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
Email Address			
Telephone No.			

or failing whom, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 28th Annual General Meeting ("**AGM**") of the Company will be held at City Bayview Hotel of 25-A, Farquhar Street, 10200 Georgetown, Penang on Thursday, 26 May 2022 at 10.00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	For	Against
1.	To re-elect Dato' Seri Khor Teng Tong as a Director of the Company.		
2.	To re-elect Dr. Junid Bin Abu Saham as a Director of the Company.		
3.	To approve the payment of Directors' fees for the financial year ended 31 December 2021.		
4.	To approve the payment of Directors' fees for the financial year ending 31 December 2022.		
5.	To approve the payment of Directors' benefits.		
6.	To re-appoint Crowe Malaysia PLT as auditors of the Company.		
7.	To authorize the Directors to allot and issue new shares in the Company.		
8.	To retain Dr. Junid Bin Abu Saham as an Independent Director.		
9.	To retain Dato' Seri Khor Teng Tong as an Independent Director.		
10.	To retain Mr. Chew Hock Lin as an Independent Director.		
11.	To retain Encik Aminuddin Bin Saad as an Independent Director.		

Please indicate with an "x" in the appropriate spaces provided above on how you wish your vote to be cast. If no specific direction as to voting is given, the proxy may vote as he thinks fit.

Signed thisday of, 2022.

.....
Signature of Member(s)/Common Seal

Notes:

- For the purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 17 May 2022. Only Depositors whose name appears on the Record of Depositors as at 17 May 2022 shall be entitled to attend the AGM or appoint proxies to attend and/or vote on his behalf.
- A proxy may but need not be a member of the Company.
- For a proxy to be valid, the original Proxy Form, duly completed must be deposited at the Registered Office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time appointed for holding the meeting or adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. Proxy Forms sent by facsimile or electronic mail shall be treated as void unless the original Proxy Forms are received by the Company one (1) hour before the time appointed for holding the meeting or adjourned meeting.
- A member shall be entitled to appoint of up to a maximum of two (2) proxies to attend and vote instead of him at the same meeting and where a member appoints two (2) proxies to vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of two (2) proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- Where a member is an Exempt Authorized Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds. An Exempt Authorized Nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.
- In the case of a corporate member, the original Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

* Strike out whichever is not desired.

Fold this flag sealing

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The Company Secretary
Master-Pack Group Berhad
199401011341 (297020-W)
51-21-A Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Penang.

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MASTER-PACK GROUP BERHAD

199401011341 (297020-W)

1574, Jalan Bukit Panchor,
14300 Nibong Tebal, S.P.S. Penang.

Tel : (04)-593 1550

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