



MASTER-PACK

GROUP BERHAD 199401011341 (297020-W)



**Annual Report
2022**

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GROUP FINANCIAL HIGHLIGHTS

YEAR ENDED 31 DECEMBER

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue	145,586	204,607	141,866	153,977	160,974
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	12,937	23,127	17,576	22,718	29,447
Profit Before Tax	8,231	17,622	12,793	18,229	25,162
Profit After Tax	5,748	15,687	11,270	14,453	21,838
Net Profit Attributable to Owners of the Company	5,748	15,695	11,275	14,456	21,838
Total Assets	132,946	143,617	141,878	158,082	170,160
Total Loans and Borrowings	21,350	17,688	10,525	8,648	4,042
Shareholders Equity	91,165	105,837	113,392	126,388	143,253
Capital Expenditure	2,080	839	2,626	1,694	1,790
Earnings per share	10.54 sen	28.73 sen	20.64 sen	26.47 sen	39.98 sen
Net assets per share	RM1.67	RM1.94	RM2.08	RM2.31	RM2.62

REVENUE (RM' 000)
RM160,974

(RM' 000)

2018	145,586
2019	204,607
2020	141,866
2021	153,977
2022	160,974

PROFIT AFTER TAX (RM' 000)
RM21,838

(RM' 000)

2018	5,748
2019	15,687
2020	11,270
2021	14,453
2022	21,838

TOTAL ASSETS (RM' 000)
RM170,160

(RM' 000)

2018	132,946
2019	143,617
2020	141,878
2021	158,082
2022	170,160

SHAREHOLDERS EQUITY (RM' 000)
RM143,253

(RM' 000)

2018	91,165
2019	105,837
2020	113,392
2021	126,388
2022	143,253

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' SYED MOHAMAD BIN SYED MURTAZA
Executive Chairman

MR. CHEW HOCK LIN
Non-Independent and Non-Executive Director

DATO' SERI KHOR TENG TONG
Independent and Non-Executive Director

EN. AMINUDDIN BIN SAAD
Independent and Non-Executive Director

PN NAZRIAH BINTI SHAIK ALAWDIN
Non-Independent and Non-Executive Director

DR. JUNID BIN ABU SAHAM
Independent and Non-Executive Director

MR. DHARMIK RAJKUMAR SHETH
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.

**AmBank (M) Berhad/
AmBank Islamic Berhad**
37, Jalan Sultan Ahmad Shah,
10050 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 : 2,836

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 29 years, made a name for itself as an innovative niche market player in the packaging industry.


The two main company subsidiaries’ 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 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. Subsequently in 2018, Master-Pack Vietnam Co., Ltd was established in the province of Long An, Vietnam to manufacture wooden pallets and packaging to serve the Vietnam market.

VISION AND MISSION



Vision

Our vision is to be the “Preferred Total Packaging Solutions Provider”.



Mission

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, which refers to focusing on 20% of its main customers that are responsible for 80% of its revenue. 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.

COMPANY PROFILE (CONT'D)

CORE VALUES (cont'd)

- CARE FOR THE WELFARE OF OUR EMPLOYEES (cont'd)

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.

- 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 shareholders’ value whilst recognizing 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 goods while transporting them from one point to another and also 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 lately has attracted much interest 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 alternative 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 paper cartons 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 corrugation 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.

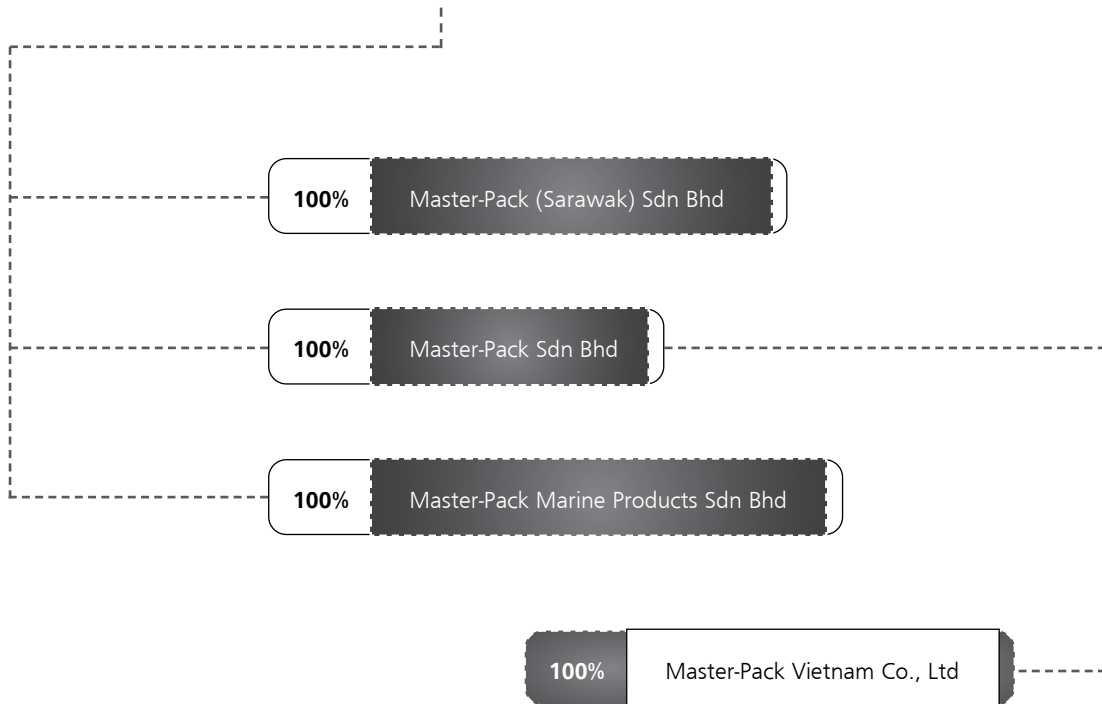
In keeping with the Company's Sustainable Policy and our Corporate Social Responsibility, our suppliers are assessed on price, quality, timely delivery and practical technical support. Most importantly, we are committed to ensure that our paper commodity sourcing is sustainable meaning our commodity paper purchases are made only from suppliers who fulfills the Forest Stewardship Council standards and other related legislations. 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 to rely less 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 our products manufactured by the company are patented, thus providing the added advantage to us over our competitors.

CORPORATE STRUCTURE



MASTER-PACK
GROUP BERHAD 199401011341 (297020-W)



CHAIRMAN STATEMENT

I am pleased to report to all stakeholders that the Group has triumphed over another challenging year with excellent results. Revenue climbed to RM161 million and Profit after tax was a record RM22 million at a double digit margin of 13% for the first time since I took over stewardship of this group of companies in 2004. I still remember the dire straits the group was in at that time and had to take the harsh decision to lay off workers and close down the underperforming marine operations.

Today, with just the packaging division being able to turn in such stellar results, I must congratulate all the directors and staff who have worked so strenuously with me all these years.

Having put in place the mechanics of running an efficient and productive facilities with the support of a loyal and faithful team of personnel to oversee the operations plus a strong financial foundation, I am all the more motivated and excited to lead the Group to achieve greater heights.

RESTRUCTURING OF THE BOARD

I am pleased to welcome a new member to the Board of Master-Pack Group Berhad, Mr. Dharmik Sheth, who with his youth and expertise will add further vibrance to the Board and its sub-committees. The Board have decided to retain Mr. Chew Hock Lin, the senior independent director for his knowledge and expertise and as per the Listing Requirements he will be re-designated to Non-Independent Non-Executive Director accordingly. We will continue to make the announcement of the new appointments of Independent Non-Executive Directors at the appropriate time as we hope to find the right skill set mix and fulfill the recommended 30% gender diversity.

DIVIDENDS

The Group paid a total of 10 sen in dividend for the financial year 2022 amounting to RM5.5million. This translated to 25% of the year's profit after tax.

The Board of Directors has also declared and will pay out 6 sen in April 2023 out of the first quarter of 2023. I am confident that the Group will be able to bring in positive results and we will not hesitate to reward its shareholders accordingly.

PLANS

Going forward, the Kuching facility will be installed with a brand new corrugator machine in replacement of a machine of more than 20 years. This capital expenditure will expand the existing capacity as it takes into consideration the new foreign investments in Sarawak as well as our existing customers approved expansion plans.

The forecast for West Malaysia will be much dependent on the performance of multi-national companies who are our customers as our packaging business is highly dependent on the business of its customers. However, the Group will continue to strengthen its customer base to cover a wider range of industries and geographical areas.



SUSTAINABILITY

Sustainability is a journey and there will be speed bumps as well as smooth highways along the way. My team from each facility with their busy schedules has setup small group activities to look into areas which needs sustainability improvements. Small teams comprising younger and older generation are paired as younger millennials provides the zeal to innovate and test out new or fresh ideas whilst the older generation are seen driving and pushing the implementation of the sustainability projects. Of course, the employees taking part in this small group activities must be recognized for their efforts and be rewarded to inspire the rest of the employees to follow suit. In this way, we will take a small step in the sustainability journey without setting up a new functional unit just for the implementation of sustainability.

ACKNOWLEDGEMENT

I would like to acknowledge all the associates of the group, from the customers to the suppliers and sub-contractors, the bankers and the consultants, the management and the staff and workers and my board of directors who had one way or another contributed to the success of Master-Pack Group Berhad.

To the retiring Independent Directors, Dato Seri Khor, Encik Aminuddin and Dr. Junid whose services have surpassed the maximum years allowed by Bursa's regulations and Puan Nazriah, a Non-Independent Director, I reluctantly release you from the Board and may I wish all of you all the best in your future undertakings.

Dato' Syed Mohamad bin Syed Murtaza
Group Executive Chairman

BOARD OF DIRECTORS

DATO' SYED MOHAMAD BIN SYED MURTAZA

Executive Chairman

Dato' Syed Mohamad Bin Syed Murtaza, age 76, a Malaysian, was appointed to the Board of Directors and the Executive Chairman of Master-Pack Group Berhad ("MPGB") and its group of companies on 17 December 2004. He represents Yayasan Bumiputra Pulau Pinang Bhd., one of the major shareholders of MPGB.

Dato' Syed has over 54 years of vast experience in the business, corporate and entrepreneurial exposures. After completing his education at Penang Free School, he joined Kah Motors and has since then been appointed to several key positions in various business and non-business organizations, both locally and internationally. He has served in reputable multinational companies such as Shell Malaysia and was the Chairman of Penang Port Commission. He is the former Chairman of DRB HICOM Berhad., former President of The Federation of Asian Motorcycle Industries and International Motorcycle Manufacturers Association, former director of Globetronics Technology Berhad, and former director of Usains Holdings Sdn Bhd, the corporate arm for Universiti Sains Malaysia. Dato' Syed is experienced in a diverse range of businesses from automotive and manufacturing to exports, trading, property and oil and gas.

Dato' Syed sits on the boards of Yayasan Bumiputra Pulau Pinang Bhd., MITTAS Bhd., Kuber Venture Berhad, Boon Siew Credit Bhd., Penang Tourists Centre Bhd., Tourism Entrepreneur Centre Bhd. and several private limited companies such as Armstrong Auto Parts Sdn. Bhd. and Penang Port Sdn. Bhd and most recently an advisor to Southern Reef Sdn. Bhd.

He also heads Penang Tourist Centre Bhd., MITTAS Bhd. and is the advisor to Motorcycle, Scooter Assembly & Distributor Association of Malaysia. In addition, he has held many other appointments at state and national levels.

Dato' Syed does not have any conflict of interest with the Company and is not related to any director of the Company. He attended all five Board Meetings held in the financial year.

MR. CHEW HOCK LIN

Non-Independent & Non-Executive Director

Mr. Chew Hock Lin, age 79, a Malaysian, was appointed to the Board of Directors as Independent & Non-Executive Director of MPGB on 27 December 2001. He is Chairman of Nominating, and Remuneration Committees and also serves as a member of the Audit Committee of the Company. He was a former director in GUH Holdings Berhad, a public listed company. Mr. Chew was redesignated to Non-independent Non-executive Director on 3 April 2023 as he had served as an Independent Non-executive Director for more than a cumulative term of 12 years.

He graduated from University of Western Australia with a Bachelor in Commerce Degree and has more than 30 years experience in audit and accountancy profession. He is a former partner of an international audit firm. Currently, he is a Certified Public Accountant (Malaysia), a Chartered Accountant (Malaysia) and a Fellow of Chartered Tax Institute of Malaysia.

He does not have any conflict of interest with the Company and is not related to any director or major shareholders of the Company. He attended all five Board Meetings held in the financial year.

BOARD OF DIRECTORS (CONT'D)

DATO' SERI KHOR TENG TONG

Independent & Non-Executive Director

Dato' Seri Khor Teng Tong, age 80, a Malaysian, is presently an Independent & Non-Executive Director of MPGB. He was re-designated from an Executive Chairman and founder of Master-Pack Group Berhad (previously known as Hunza Consolidation Berhad) upon disposal of all his shareholdings in MPGB on 17 December 2004.

Dato' Seri Khor has over 57 years of vast working experience. He completed his primary school education at Yew Chai Primary School, Perak before starting his business career in 1958, as a sole proprietor in fish trading for at least 12 years, trading under the name of Syarikat Soon Seng Fisheries. In the early 1970s, he established Soon Seng Frozen Foods Sdn. Bhd. (now known as Golden Frontier Bhd.) to start the business in processing and exporting of frozen, cooked and peeled shrimps. He maintained his substantial shareholdings in Golden Frontier Bhd. until prior to its listing in 1989. In the mid 1970s, Dato' Seri Khor undertook a business diversification programme. He was involved in the business projects of the first cocoa processing plant in Malaysia, oil palm plantation, supermarket chains and then in property development. During the mid 1980s, Malaysia faced its first serious economic recession and this affected Dato' Seri Khor's diversification plans. He decided then to dispose off those unprofitable businesses.

Dato' Seri Khor does not have any conflict of interest with the Company and is not related to any director or major shareholders of the Company. He attended all five Board Meetings held in the financial year.

PUAN NAZRIAH BINTI SHAIK ALAWDIN

Non-Independent & Non-Executive Director

Puan Nazriah Binti Shaik Alawdin, age 53, a Malaysian, was appointed to the Board of Directors as Independent & Non-Executive Director of MPGB on 23 November 2007. She is a member of the Nominating Committee. Puan Nazriah remains as Non-Independent & Non-Executive Director of MPGB although she has resigned on 24 September 2021 from her appointment as a trustee in Yayasan Bumiputra Pulau Pinang Bhd, a major shareholder of MPGB. Puan Nazriah has since then been appointed as an Independent Non-Executive Director of Oriental Holdings Berhad, a public listed company.

Puan Nazriah graduated from the University of Malaya with LL.B (Hons) in 1994 and was called to the Malaysian Bar as an Advocate and Solicitor in February 1995. She is now a partner of a reputable law firm based in Penang, with branch offices in Butterworth and Kuala Lumpur. She has extensive experience in various aspects of the legal practice. Puan Nazriah has also served in the management committee of the Bar Council Legal Aid Centre, Penang as well as the sub-committees of the Penang Bar and the Bar Council respectively. She is currently also serving as a member of the Property Development Construction & Management Committee of the Penang Chinese Chambers of Commerce.

Puan Nazriah does not have any conflict of interest with the Company and is not related to any director of the Company. She attended all five Board Meetings held in the financial year.

BOARD OF DIRECTORS (CONT'D)

ENCIK AMINUDDIN BIN SAAD Independent & Non-Executive Director

En. Aminuddin Bin Saad, age 64, a Malaysian, was appointed to the Board of Directors as Independent & Non-Executive Director of MPGB on 26 March 1994. He serves as a member of the Audit, Nominating and Remuneration Committees.

He graduated from Mara Institute of Technology with a Diploma in Mass Communication in 1983. He served in the public sector upon graduation with the Information Office and with several Government Departments including the Information Department, Public Services Department and Immigration Department. He resigned in 1991 after serving 8 years of public service to join the private sector. He joined the Seng Seng Group of Companies, which are involved in property development as a project manager of Seng Seng Lite-On Sdn. Bhd. from 1991 to 1992 and later as the Director of Ausma Sdn. Bhd., a property development company from 1992 to 1995. Currently, he also sits on the Board of Directors of various other private limited companies.

He does not have any conflict of interest with the Company and is not related to any director or major shareholders of the Company. He attended all five Board Meetings held in the financial year.

DR. JUNID BIN ABU SAHAM Independent & Non-Executive Director

Dr. Junid Bin Abu Saham, age 81, a Malaysian, was appointed to the Board of Directors as a Non-Independent & Non-Executive Director of MPGB on 10 March 2006. He was a nominee director of Permodalan Nasional Bhd., once a major shareholder of MPGB. He serves as a member of the Audit and Remuneration Committee. On 26 April 2012, Dr. Junid was re-designated as Independent and Non-Executive Director as he no longer represented Permodalan Nasional Bhd.

He graduated from the University of Canterbury, New Zealand with both a Bachelor and a Master of Arts in Economics and subsequently obtained his PhD in Economics from the University of Hull, United Kingdom. He had been a tutor and lecturer in Economics and Business Administration in several institutions of higher learning before working in the corporate sector. Prior to his academic appointments, he worked in international accounting and audit firms in Sydney and in London from 1969 to 1972.

His career in the corporate world started in the early 1970's when he was appointed as an Investment Manager in Bank Rakyat. Since then Dr. Junid has accumulated vast working experience in auditing, corporate banking, corporate finance and business consulting with AmInvestment Bank Bhd. (formerly known as Arab-Malaysian Merchant Bank Bhd.) He was the General Manager of Arab-Malaysian Merchant Bank Bhd. before he left in 1992 for private business.

Since 1993, Dr. Junid has been involved as Corporate Adviser, Financial Adviser and Corporate Affairs Adviser and Board member to a number of corporations, namely in Shapadu Group of Companies, Sunrise Group, Indah Water Konsortium, Pernec Group of Companies, Industronics Berhad as well as Dialog Group of Companies. In all the public companies he served as director, he had also been a member in the Audit, Nominating, Remuneration and Risk Management Committees.

Dr. Junid sits on the Board of Areca Capital Sdn Bhd, a licensed fund management company as well as in the Audit Committee of the Malaysian Timber Board.

He does not have any conflict of interest with the Company and is not related to any director or major shareholders of the Company. He attended all five Board Meetings held in the financial year.

BOARD OF DIRECTORS (CONT'D)

MR. DHARMIK RAJKUMAR SHETH Independent & Non-Executive Director

Mr. Dharmik Rajkumar Sheth, age 35, a Malaysian, was appointed to the Board of Directors as Independent & Non-Executive Director of MPGB on 22 February 2023. He is the Chairman of the Audit Committee and also serves as a member of the Nominating and Remuneration Committees.

He graduated from University of Melbourne Australia with a Bachelor of Commerce majoring in Finance & Management. He has continued to expand his expertise in various fields such as Digital Transformation, Data Analytics, Portfolio Management and Corporate Restructuring. In addition, he is a Ministry of Finance Malaysia registered management consultant for Organisational Assessment and Human Resource Development.

Mr. Dharmik is a partner and lead consultant of his own Management Consultancy and Big Data Analytics Firm with branches in Kuala Lumpur, Kota Kinabalu and Brunei Darussalam, and had formerly worked as a management consultant in an international Audit and Advisory Firm.

He does not have any conflict of interest with the Company and is not related to any director or major shareholders of the Company. He has just been appointed in 22 February 2023 and has not attended any board meetings in the financial year 2022.

SENIOR MANAGEMENT PROFILE

Mr. Sim Poh Lai, age 68, a Malaysian, is the Executive Director to the Packaging Division of Master-Pack Group Berhad since 2001.

Mr. Sim's career in the packaging industry matures from over 50 years of expertise encompassing the full spectrum in corrugated carton manufacturing. He started as a designer and move on to sales where he was promoted to Sales Manager and subsequently to Marketing Manager in 1992 with the Hong Leong Group Malaysia packaging division. In 1995, Mr. Sim was transferred to Guolene Paper Products (Kuching) Sdn Bhd as Operations Manager and was again promoted to General Manager in 1997.

Master-Pack Group Berhad then known as Hunza Consolidation Berhad purchased Goulene Paper Products (Kuching) Sdn. Bhd. in the year 2000 in which Mr. Sim services as General Manager was retained.

Under Mr. Sim's capable leadership Master-Pack Sdn. Bhd. and Master-Pack (Sarawak) Sdn. Bhd. have won many awards and recognition such Federation Malaysian Manufacturers Silver Award 2015, Best Supplier Award globally for its palletized shipping container, Best Vendor Award for Achieving Quality, Cost & Delivery Targets. In addition, Master-Pack Sdn. Bhd. also holds the trade mark for "Quadwall" and patents in various countries for the "Quadruple-wall Corrugated Paperboard and Method of Manufacture".

Mr. Sim is not a board member and has no relationship to any board member or major shareholder of the company. He does not have any conflicts of interest with the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

COMMENTARY ON THE FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2022

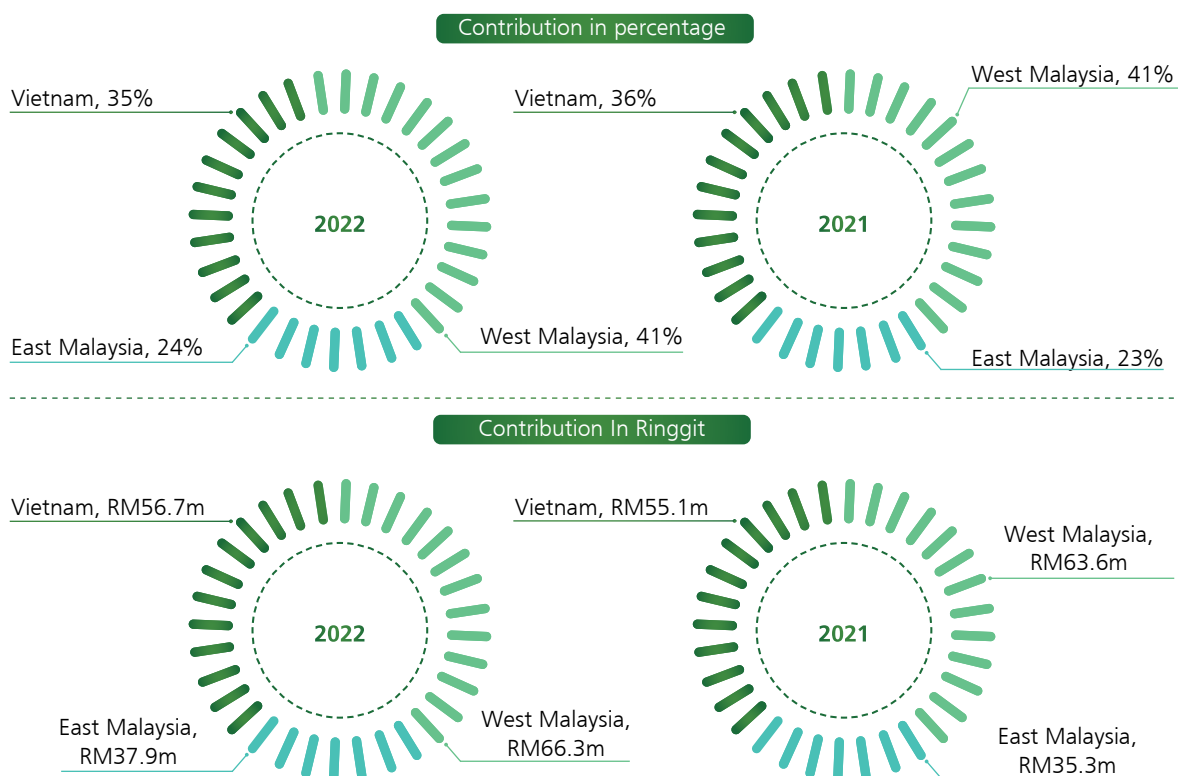
	2022 RM'000	2021 RM'000	Change RM'000	%
REVENUE	160,974	153,977	6,997	4.5%
Raw materials, consumables and related input cost	(101,532)	(102,013)	481	-0.5%
Employee benefits	(16,765)	(16,502)	(263)	1.6%
Other expenses	(16,170)	(14,851)	(1,923)	13.5%
Other income	2,940	2,107	1,437	95.6%
	(131,527)	(131,259)	(268)	
EBITDA	29,447	22,718	6,729	29.6%
Depreciation	(3,906)	(4,047)	141	-3.5%
Finance Cost	(379)	(442)	63	-14.3%
	(4,285)	(4,489)	204	
Profit Before Tax	25,162	18,229	6,933	
<i>Profit Before Tax Margin</i>	15.6%	11.8%	3.8%	
Taxation	(3,324)	(3,776)	452	-12.0%
Profit After Tax	21,838	14,453	7,385	51.1%
<i>Profit After Tax Margin</i>	13.6%	9.4%	4.2%	

REVENUE

The Group recorded a modest increase in revenue of RM7 million ringgit for the year 2022 compared to 2021.

Revenue Contribution by Region

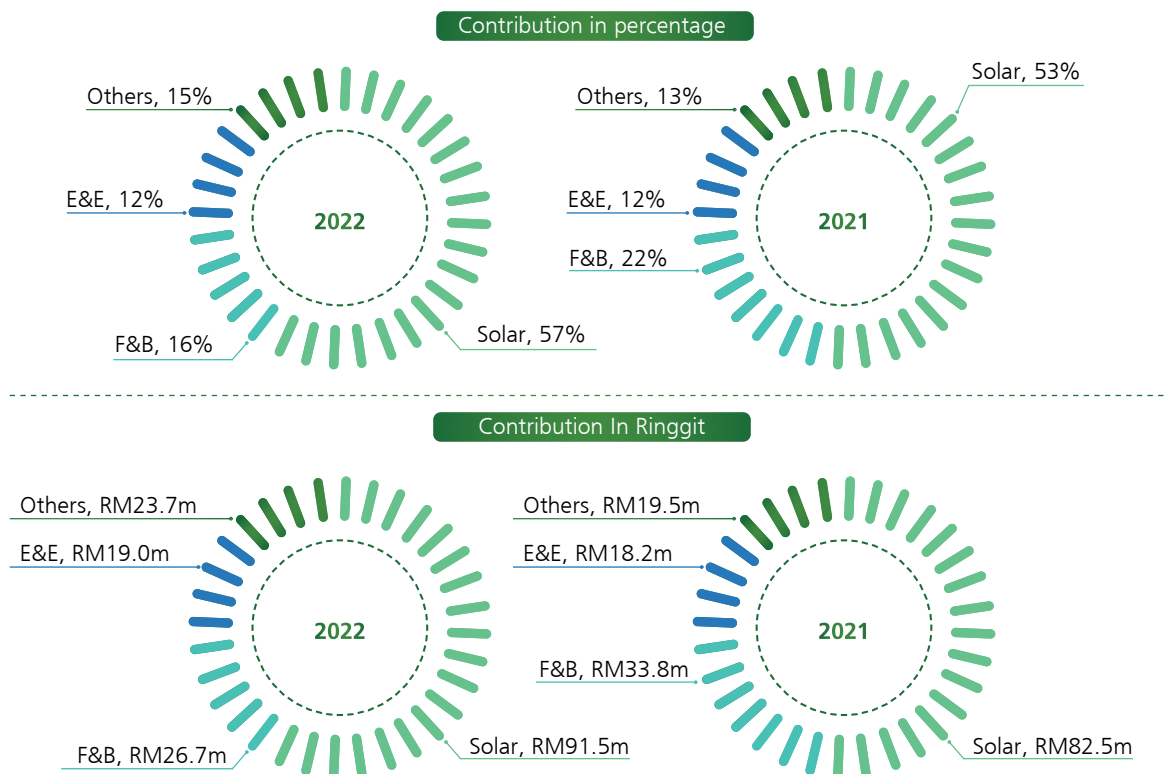
The increase in revenue was contributed by all three operations located in West Malaysia, East Malaysia and Vietnam with each contributing positively two to three million ringgit each to the total increase of RM7 million in revenue for the year 2022. The share of contribution from each location remains about the same as the previous year.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Revenue Contribution from different Industry

The revenue generated from the solar sector experienced notable growth, increasing by RM9 million or 11% compared to the previous year. The Electrical and Electronic sectors also demonstrated a modest growth of 4%, the food and beverage sectors reported a decline of RM7million. However, the Group's proactive efforts in attracting new customers yielded positive results, as the revenue from the other sectors increased from 13% to 15%.



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

Cost of raw materials, consumables and related input came down due to prudent and strategic management on the procurement process over the last two years. The readily available cash in hand allowed a strong negotiation power to purchase materials at a lower price.

Labour cost increased just 1.6% in spite of the implementation of the minimum wage to RM1,500 per month because majority of our staff and workers were already enjoying above the minimum wage level even before the mandatory date of implementation. In addition, the continuing upgrading of our workers' skills has improved efficiency and productivity, thus reducing overall cost.

Other expenses increased because of higher prices for all kinds of goods and services due to inflation.

Increase in other income is mainly from interest on surplus cash available placed with financial institutions.

Finance cost continued to decrease due to lower utilization of trade facilities since the Group has sufficient cash and bank balances for its working capital.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Financial Position of the Group

	2022 RM'000	2021 RM'000	Change RM'000	%
Non-current Assets	62,097	63,380	(1,283)	-2.0%
Current Assets	108,063	94,702	13,361	14.1%
Borrowings and Lease Liabilities	4,042	8,648	(4,606)	-53.3%

The decrease in Non-current Assets was due to depreciation of property, plant and equipment off-set by addition of plant and machinery.

The increase in Current Assets is the higher level of Inventories held, increase in Trade Receivables and Cash and Bank balances, all of which increased due to expansion of business activities.

Borrowings and Lease Liabilities continue to drop due to lower usage of trade facilities and repayment of lease liabilities. There was no new lease agreement entered into during the year and acquisition of new plant and machinery was paid in cash.

Cash-flow

	2022 RM'000	2021 RM'000	Change RM'000	%
Net cash from operating activities	22,728	12,765	9,963	78.0%
Net cash used in investing activities	(765)	(58)	(707)	1219.0%
Net cash used in financing activities	(12,285)	(7,097)	(5,188)	73.1%
Net increase in cash and cash equivalents	10,160	6,330	3,830	60.5%

Net cash generated from operations for the year 2022 was RM23 million due to an efficient management of its working capital resulting in a very strong cash balance.

For the year 2022, RM1.8 million was spent on new plant and machinery off-set by interest received of RM1 million from term deposits with financial institutions.

Net cash used in financing activities totaled RM12.3 million, RM5.8 million was to reduce its bank borrowings and lease commitments and paid out a total dividend of RM5.5 million.

Outlook

As a packaging provider, our success is closely tied to the performance of our existing customers. However, with a diverse customer base spanning various industries, we strive to constantly expand our reach and mitigate any potential risks that may arise in a particular industry. Through ongoing operational improvements and prudent cash management of our cash flow, we are confident in our ability to stay resilient.

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.

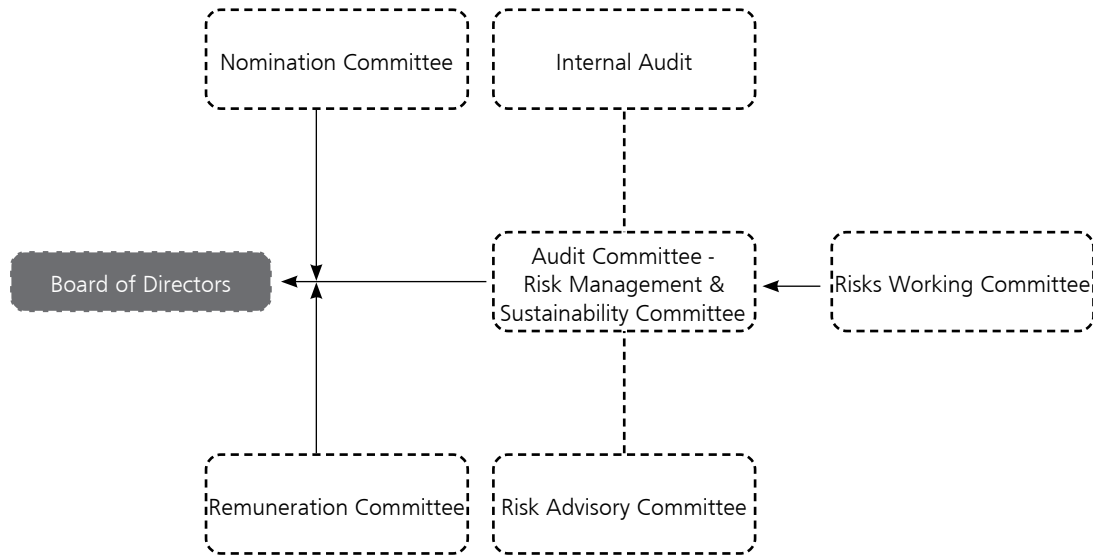
Basis of Scope

For the purpose of this report, Master-Pack consolidates data from three operating subsidiaries; two located in Malaysia and one located in Vietnam. This is the first time the operation in Vietnam is included and preceding year's comparison data is included, where available.

Reporting Period

This report covers the period from 1 January to 31 December 2022 in comparison with the preceding calendar year 2021 and 2020 where available. The preceding year's data have incorporated the Vietnam operation. 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



The Risk Working Committee reported to the Risk Management & Sustainability Committee on 19 November 2021 and again on 25 November 2022, highlighting the revisions and additions to address new areas of concerns and potential risk for the financial year 2022 and 2023 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.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE STRUCTURE (cont'd)

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.

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 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 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.

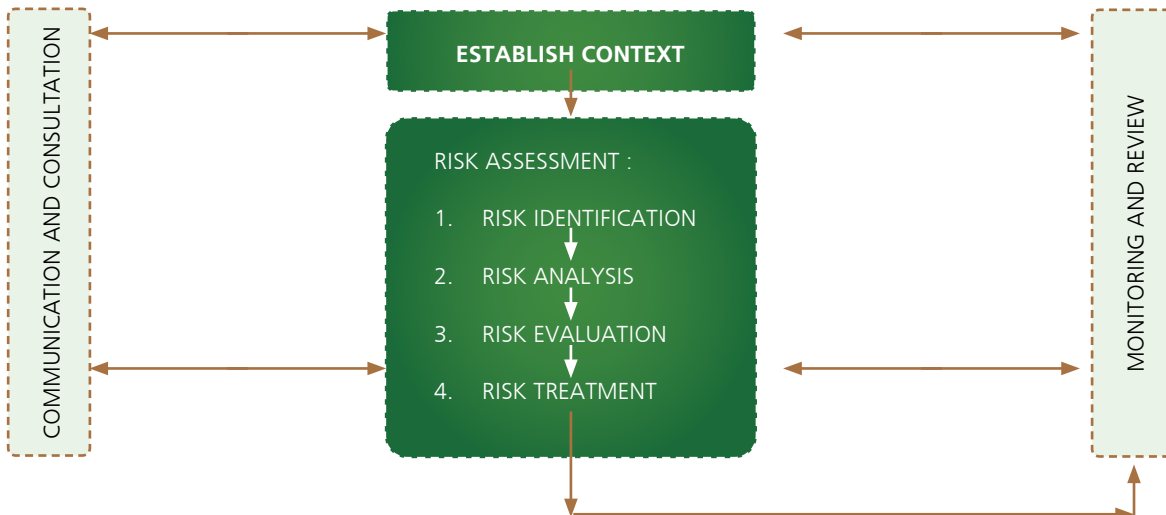
SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDERS ENGAGEMENT (cont'd)

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 Production, service & quality Improvements Timely delivery 	<ul style="list-style-type: none"> Performance Review Virtual / physical customer audits at our premises Virtual networking session Master-Pack website Customer Satisfaction 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 Working condition and employee welfare Health and Safety Employee Satisfaction Operation in compliance with applicable laws and standards 	<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 Social event- physically 	<ul style="list-style-type: none"> On-going Annually Quarterly On-going Annually Annually 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 Acknowledgement from supplier to adhere to Master-Pack Supplier Code of Conduct 	<ul style="list-style-type: none"> On-going On-going Annually On-going As required
 Investors / Financiers / Shareholders	<ul style="list-style-type: none"> Financial Performance Operations, business outlook in compliance with the market and applicable laws and regulations Corporate Governance and social responsibility practices 	<ul style="list-style-type: none"> Annual Report and Quarterly Results Announcements Annual General Meetings Master-Pack Website 	<ul style="list-style-type: none"> Quarterly/ Annually Annually Ongoing
 Government & Regulators	<ul style="list-style-type: none"> Regulatory Compliance 	<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

ASSESSMENT METHOD



SUSTAINABILITY STATEMENT (CONT'D)

ASSESSMENT METHOD (cont'd)

A structured assessment approach had been adopted and the Risk Working Committee comprising senior management and department heads had meetings to further update the Risk and Opportunity register taking into consideration the inputs gathered from the interactions from various stakeholders i.e., customers, employees, suppliers, regulators and external stakeholders. Materiality is then prioritized balancing our strategy in pursuit of our sustainable growth with the expectations from various stakeholders.

Similar with most companies in the manufacturing industry, the key to sustainability starts with running a safe, efficient, responsible and profitable business. Sustainability is link to our ability to deliver long-term value and growth to all our stakeholders. As such, the key material matters identified under the basic 5 strategies from the perspectives of Economics, Environment, Social and Corporate Governance are presented as below.

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 non-financial matters pertaining to Environment, Social and Governance (ESG) become the hot topic and a standard requirement to have in both customer and vendors assessment profiling.

We continuously monitor our financial and operational procedures, cash flow requirements, cost optimization efforts and these efforts sustained us when the Russia-Ukraine war erupted putting pressure on the money markets foreign currency exchange rates and a tail spin on the material supplies causing world-wide shortage of commodities resulting in inflation cost of materials. However, as Malaysia transition to endemicity, more industries were allowed to operate in the financial year 2022 and this has improved revenue for the group.

A total of 10 sen per share is declared and paid during the year 2022 compared to a paid out of 6 sen per share in the year 2021.

Please refer to the Management Discussion section of the 2022 Annual Report for the Synopsis of Master-Pack Group data facts on Financial Performance for 2022

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 three subsidiaries are certified with ISO 9001:2015, the most recent certification in 2022 is the Vietnam site.

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.

Annually we conduct customer survey to assess customer satisfaction with the aim of improving quality service and concerns.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMICS (cont'd)

Customer Satisfaction (cont'd)



Product and services responsibility

Basically our products are manufactured customised to the requirements of our customers. We do not sell direct to consumers nor are the products sold on retail basis. Carton boxes made from paper are fully recyclable. The product lifespan will be much dependent on conditions during use and storage of the product which is not within the company's control once the product is delivered into the hands of the customers. As a general rule, the company's product responsibility ends once the products are delivered and received by the customers.

Procurement Standards

Master-Pack understands that ethical sourcing and responsible supply management is important to procurement decisions.

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. Our suppliers are required to read, understand the terms set forth in our Supplier Code of Conduct and Master-Pack's Anti-bribery and Anti-corruption policy and pledge a commitment to abide by the Supplier Code of Conduct once they pass the selection to be an approved supplier.

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.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMICS (cont'd)

Corporate Governance

The Group believes that good corporate governance is essential to operate any business.

Our policies and standard operating procedures are reviewed and updated regularly to be in line with the latest change in laws and regulations and benchmark 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.

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

The Group adopts zero tolerance approach to all forms of bribery and corruption. We have communicated the Anti-bribery and Anti-corruption policy to all our entities to ensure they are aligned within the Group.

All department heads and sales personnel are required to sign the declaration annually that they have read and understood the Anti-bribery and Anti-corruption policy and will commit and adhere to the company policy.

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 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 2021 to 2022.

Data Privacy and Security

The management understands the importance of data privacy and security which entail the proper use and handling of data with sensitive information. This data includes personal, financial information including customer plans, drawings and any sensitive information that is provided during the course of business. The Company is bound by Non-Disclosure Agreements from various customers and duly respect that information provided shall be kept secured and confidential.


The company also installed data protection software and comprehensive anti-virus solutions as part of the company's data security measures. Based on ongoing monitoring, there are no breaches or incidents reported in 2022 and 2021.

Community

During the year, as part of our contribution to the community where the Malaysian plants are located, a small token sum of RM20,000 each had been donated to Non-government organization supporting children with slow learning disabilities or autism.

SUSTAINABILITY STATEMENT (CONT'D)

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.




Material Restrictions

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




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.




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.




Hazardous Substance

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



Energy Consumption and Greenhouse Gas Emissions

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



Wastewater and Solid Waste

Wastewater and solid waste generated from operations such as ink flakes and sanitation facilities are monitored, controlled and treated.

Licensed waste collectors are engaged by the company to ensure waste undergo proper disposal and appropriate recycling. Paper core and scraps form the major bulk of waste generated and these scraps are fully recycled as they are collected and ultimately sold back to paper mills.

Electricity kWhr consume


	2022	2021
West Malaysia	709,236	722,688
East Malaysia	601,304	600,989
Vietnam	145,042	139,801

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 consume

	2022	2021
West Malaysia	5,274	6,693
East Malaysia	3,167	4,406
Vietnam	972	1,127

Water is mainly used for cleaning and personnel hygiene and is not used during production thus not recycled for reuse. Ongoing water saving action taken is to reduce the water in lavatory flushing system and rain water harvesting for production lavatory usage in West Malaysia.



Air Emissions

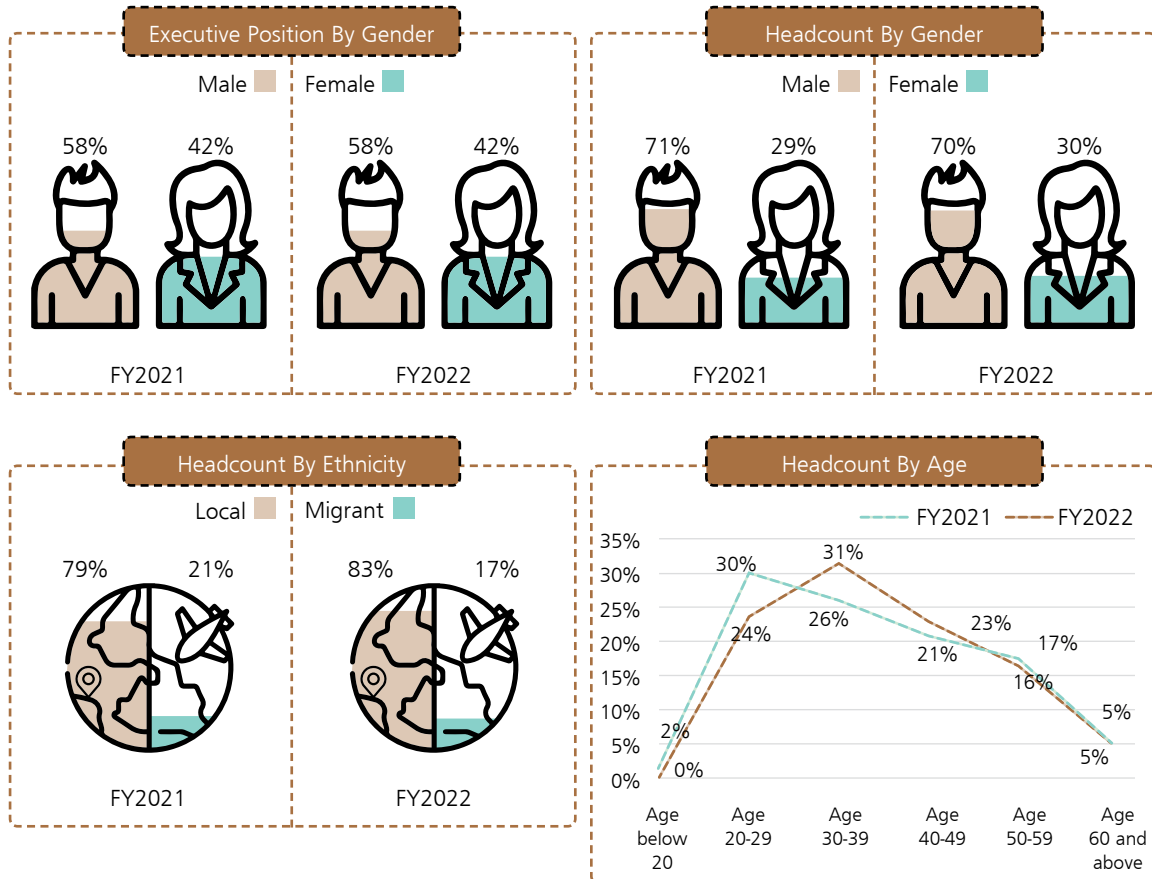
Air emissions are tested per DOE requirements

SUSTAINABILITY STATEMENT (CONT'D)

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 workforce including Vietnam is 201 permanent employees and 39 contract migrant workers, all of whom work on a full-time basis. The group has been able to attain the recommended 30% women in the workforce both on an overall basis and executive management levels. The board will endeavor to meet the target of 30% women at the board level when the membership of the board is restructured within the timeframe given by Bursa.



The Boardroom Gender, Ethnicity and Age remain the same for 2022 and 2021:

	Age Group				Gender	
	40 -50	50 -60	60 -70	> 70	Male	Female
Bumiputra		1	1	2	3	1
Chinese				2	2	

Our workforce comprises a healthy mix of young and older generation with a majority millennials. This wide age range creates a dynamic, multi-generational team with a diverse range of skill sets.

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.

	FY2022	FY2021
Employee turnover rate	2.34%	2.56%

Migrant workers returning to their country after completion of contract account for 1% of the turnover rate.

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.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (cont'd)

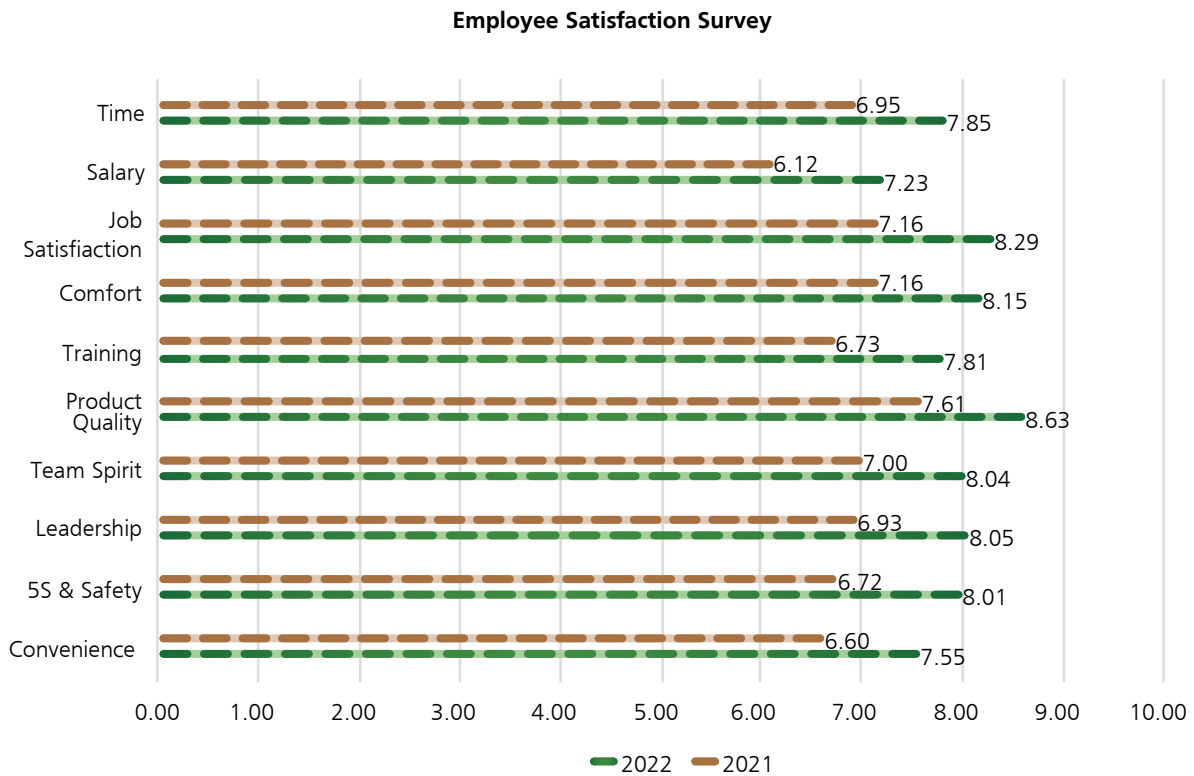
During the year 2022, there were two wage increment, once in January 2022 which was the normal yearly increment and again in May in compliance with the RM1500 minimum wage order. On top of that, all full-time employees are entitled to medical benefits, personal accident insurance, uniforms, personal protective equipment, a gift on the employee's birthday month and takeaway food pack every time an Employee Assembly is held.

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.

Employees who are deserving shall be promoted because they have acquired the correct skills and performed well consistently. Career progression or promotion is recognised regardless of their service tenure, gender, race, nationality, disability and shall not be based on seniority.

The tradition to recognize employee's loyalty and contribution to company by employee service awards every 5th year of service continued for the year 2022 and was presented during Employee Assembly. Amongst those receiving the service awards for the year 2022 are migrant workers with service awards for the 5th and 10th years. For the year 2022, we continued with the tradition of hosting an employee annual dinner in a hotel banquet hall for the plants in Malaysia and a restaurant for the plant in Vietnam.

The employee satisfaction survey for the year 2022 indicates an improvement in all areas



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. We have zero tolerance for discrimination, workplace bullying and harassment and are committed to creating a respectful and harmonious workplace for everyone.

The recruitment practices adopted by the group ensures that all newly recruited employees must be of age 18 years or above. The Group practices a "No Recruitment Fee" in recruiting migrant workers and the company policy are made known at the initial stage of pre-employment.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (cont'd)

Respect of Labour and Human Rights (cont'd)

Number of cases as at end of the financial year	2022	2021
Full time employees identify as differently abled employee	*	0
Discrimination and harassment incidents reported	0	0
Grievance related incidents reported	0	0
Child labour incidents	0	0
Forced or compulsory labour incidents	0	0

* During the year 2022, a differently abled employee was hired from the PERKESO employment database. Light duties were allocated and slight adjustments were made to the workstation and walkways to make the environment conducive, however the employee decided not to continue working after a three-month duration.

<p>FREELY CHOSEN EMPLOYMENT</p> 	<p>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 and they have free access to their passports at all times.</p>
<p>YOUNG WORKERS</p> 	<p>The Group prohibits the hiring of child labour in all of its company sites. Recruitment procedure requires age verification prior to hiring adhering strictly to the minimum age of eighteen (18) years of age as imposed by local and international regulations.</p>
<p>EQUAL OPPORTUNITIES AND NON-DISCRIMINATION</p> 	<p>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. We do not discriminate on the basis of gender, race, nationality, ethnicity, religion, age, disability or sexual orientation unless specific laws or regulations expressly provide for selection according to specific criteria.</p>
<p>WORKING HOURS</p> 	<p>Workweeks are not to exceed the maximum set by local law. We encourage reasonable hours, including overtime, except in emergency or unusual situations. Overtime is on voluntary basis.</p>
<p>WAGES AND BENEFITS</p> 	<p>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.</p>
<p>HUMANE TREATMENT</p> 	<p>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.</p>
<p>FREEDOM OF ASSOCIATION</p> 	<p>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. We also respect the rights of workers to associate freely, seek representation and join workers' council in accordance with the local laws.</p>

Safety and Health

At Master-Pack the individual subsidiaries have their own Safety, Health and Environment committee to safeguard, manage, discuss and report areas related to Master-Pack's safety, health and environment performance.

It is essential that employees at all levels commit to put into practice as part of their daily work routine safety and health steps put in place.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (cont'd)

Safety and Health (cont'd)

The safety, health and environment committee is headed by the General Manager and members of the committee comprise of department heads and workers representative of both office and production departments.

Some of the ongoing activities during the year are as follows:

- Conducting health surveillance and audiometric test;
- Conduct hazard identification, risk assessment and risk control on a yearly basis and take actions to remedy as necessary;
- Equip employees with the necessary Personal Protective Equipment and providing training to ensure employees used it correctly;
- Maintain and inspect firefighting system and equipment as per schedule to ensure in good working condition;
- Investigate occupational accidents to determine root cause and ensure preventive and corrective actions are implemented to prevent reoccurrence.
- Provide information, instruction, and trainings on safety and health workplace hazards and the preventive controls of those hazards.
- Fire drill is conducted yearly.

	2022	2021
Work Related Employee Fatalities	Zero	Zero
Lost Time Injury Rate only on site	6.68%	5.11%
Loss Time Injury Frequency Rate	6.68	6.38
Employees undergoing health surveillance	41.3%	41.0%

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.

The types of training programmes conducted are summarised as follows:-

Types of training	Description
Induction/ Orientation	Induction is conducted by Human Resources personnel by new employee batch and completed within the 1 st week of work. Basically it covers new employee's responsibilities, organization overview, compensation benefits, attendance, leave system application and various quality and environment policies in place. Orientation for executive level and above is conducted on a one to one basis.
On-job training	This is the training prepared by the section supervisors to help the employees learn and gain hands-on knowledge at the work station of that specific production section. The employees are to grasp the technics to handle the machines and perform their allocated daily work routine. Department heads are usually required to conduct internal training for their individual section on the standard operating procedures relating to Quality Management System and Environment Management System.
Technical skills	Technical skills refer to knowledge required to accomplished complex actions, tasks relating to the employee's work function and usually is identified in the Training Needs Analysis.
Mandatory training	Relates to training required to gain the knowledge or update the employee's knowledge on the latest regulations or the changes in the procedures enforced by government authorities.

	2022 No. of hours	2021 No. of hours
Internal Training	1097	552
External Training	670	694
Total number of hours training	1767	1246
Investment of hours per employee	7.36	4.96

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 2022 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 25 November 2022, highlighting the revisions and additions to address new areas of concern and potential risk for the financial year 2023. Risk Working Committee also communicated to the Risk Management & Sustainability Committee Chairman the changes in risk profile prioritization and the controls implemented during year 2022.

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.

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 2022, 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

Board and Sub-Committee Meetings

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Group Financial Controller will brief members of the Board on the financial performance of the group. Operational issues, matters highlighted by the internal auditors, risk management and its accompanying internal controls and business prospects are explained by the Executive Director to members of the board during these meetings. Any recommendation by the Management, shall be thoroughly deliberated by the committee and the board members before a decision is made.

Executive Committee and Department Head Meeting

Moving into endemic phase in April 2022, the management adapted procedures and measures to suit the changes to the business environment. Continuous close communication and co-ordination were executed smoothly by management team enabling business operations to move continuously forward during 2022. 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 2022.

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"> Health, Safety & Environment ("HSE") practices to ensure the safety of our employees, stakeholders and assets, as well as the surrounding environment in which we operate. 	<ul style="list-style-type: none"> Non-compliance or a major HSE incident would affect the Group's business, its stakeholders and its reputation. 	<ul style="list-style-type: none"> Implementation of, and adherence to relevant Standard Operating Procedures ("SOP") and Guidelines in managing and minimising the impact of COVID-19 infection at factory sites. <ul style="list-style-type: none"> Regular communication with employees on health awareness, latest COVID-19 information, SOPs and guidelines. Business Continuity Plan in place, inclusive of IT infrastructure plans, to ensure that the Group's critical business functions continue to function effectively with minimal disruption.
MARKET AND BUSINESS ENVIRONMENT	<ul style="list-style-type: none"> The global market's economic, political and social factors remain beyond the Group's control. Market uncertainty due to geopolitical conflicts and fears of global slowdown which may impact the global supply and demand equilibrium. Sectorial sales contribution 	<ul style="list-style-type: none"> Uncertain global economic outlook, oil price and currency volatility could adversely impact the Group's business performance 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.
OPERATIONS	<ul style="list-style-type: none"> Ability to meet the requirements of customers in quality, delivery and cost Increase in raw material prices used 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 Major fluctuations in prices of commodities and materials will have a significant impact to our bottom line. 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 On-going engagement with customers on price adjustment 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 approve 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.

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

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 2022 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 2023.

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 except for Monthly Tax Deduction Audit amounting to RM1000.00.

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 2022, 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 2022.

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 2022 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 2022, the Audit Committee's five scheduled meetings were held on 25 February, 31 March, 26 May, 19 August and 25 November 2022. 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 19 November 2021 in respect of financial year 2022 and again on 25 November 2022 for the financial year 2023;
- 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 22 February and 31 March 2023 pertaining to the 2022 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;

AUDIT COMMITTEE REPORT (CONT'D)

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 25 February 2022 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 25 November 2022 without the presence of any executive Board members / management staff;
- Reviewed and evaluated the external auditor's audit plan on 25 November 2022, 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 2022 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 25 February and 31 March 2022 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 25 November 2022, 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 2023 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.

AUDIT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

During the financial year ended 31 December 2022, 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: -

- Procurement – purchase planning, sourcing of supply, managing and processing of purchases, incoming quality control, supplier selection and performance review, supplier database and relation management.
- Anti-Bribery and Anti-Corruption Policy and Practices Review of the procedures and practices in accordance to the Anti-Bribery and Anti-Corruption Policy
- Sales & Marketing - Sales forecasting, managing and processing of sales, product pricing, delivery /shipping arrangement, out-going quality control, customer database and relation management
- Property, Plant and Equipment Management - Maintenance of register, capitalisation and depreciation policies, identification and maintenance of assets, acquisition, disposal and transfer of assets, safeguarding of assets.

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 19 August 2022 and 22 February 2023 for the calendar year 2022 for its deliberations.

Based on the Internal Auditors' report for the financial year ended 31 December 2022, 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 RM22,707.

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 2022.

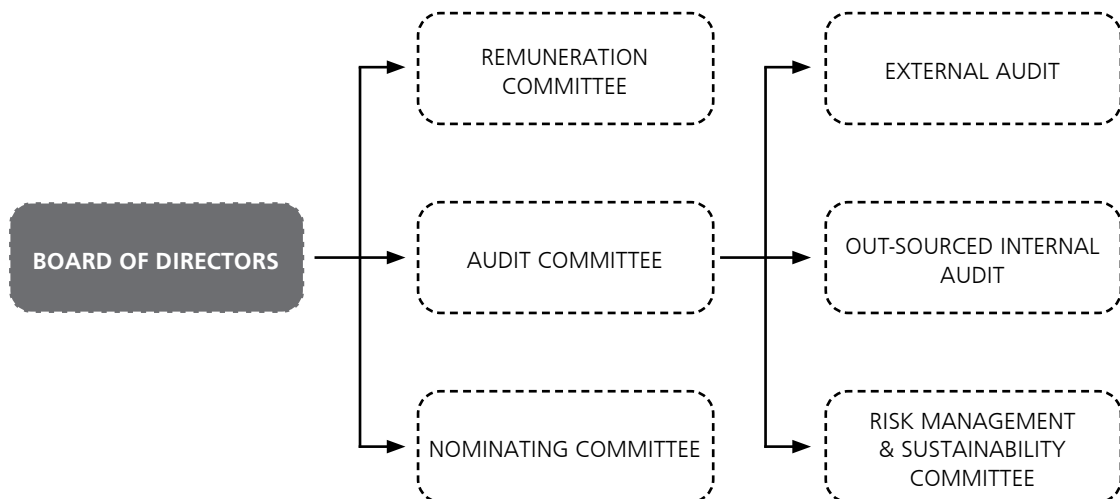
The 2022 Annual Report and the CG Report are available for reference at <http://www.master.net.my/pdf/Master-PackGroupBerhad2022.pdf>, <http://www.master.net.my/pdf/Master-PackGroupCGReport2022.pdf> and Bursa Malaysia Berhad’s website <https://www.bursamalaysia.com>

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.

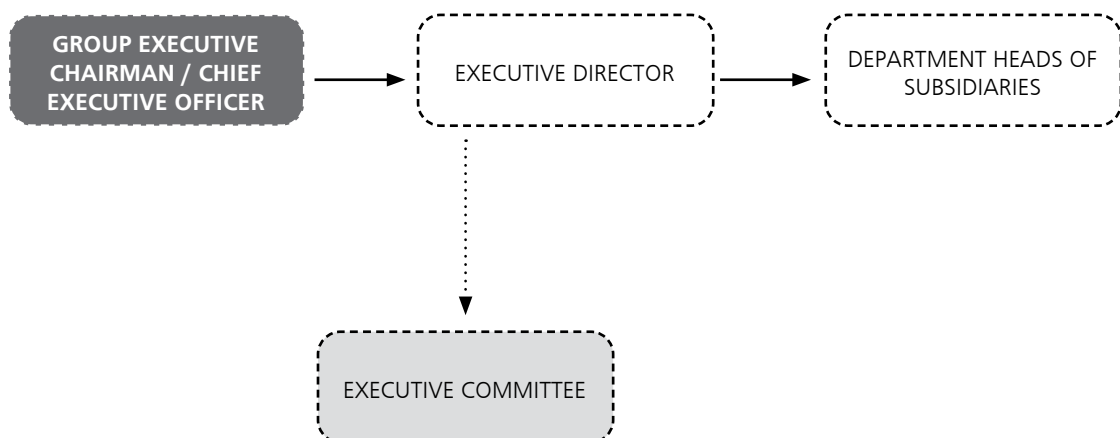
Master-Pack Group Berhad intends to create long-term value through its core business to generate sustainable shareholder value and to protect the stakeholders’ interests. In pursuing this corporate objective, the Board of Directors of Master-Pack believes in having strong corporate governance frameworks 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 updated on 25 February 2022 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 and has assumed the following core responsibilities in discharging its fiduciary and leadership functions during the year under review:

- a. Set the vision and mission for the Company;
- b. Established good corporate governance and culture for the Group;
- c. To ensure that the Group adheres to high standards of ethics and corporate behavior including transparency in the conduct of business. In this regard, the Directors are required to comply with the Master-Pack Group Code of Business Conduct which amongst others includes the declaration of any personal, professional or business interests, direct or indirect which may conflict with directors' responsibilities as a Board Member and to refrain from voting on such transaction with the Group;
- d. Reviewed and adopted strategic plan for the Group taking into consideration long-term value creation which includes strategies on economic, environmental, social and governance consideration underpinning sustainability;
- e. Oversight on performance of the Group's business and to evaluate whether the business is being properly managed;
- f. To establish written policies (such as Constitution of the Company, Terms of Reference of relevant Board Committees, Risk and Sustainability policies, Directors Fit and Proper Policy, Code of Business Conduct, Whistle Blowing policy and other documents) in determining which issues required decision of the Board and which issues can be delegated to relevant Board Committees or to the Management;
- g. Established three Board Committees and ensure their effectiveness to address specific issues, by considering recommendations of the respective Board Committees and acting on their reports;
- h. Identified principal risks and ensure the implementation of appropriate internal control systems to manage these risks;
- i. To set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks including understanding the sustainability issues relevant to the Group's business;
- j. Established succession planning including appointing, training, fixing the compensation, and, where appropriate, recruiting and replacing Management;
- k. Reviewed the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- l. To ensure that the financial statements of the Group and the Company are fairly stated and conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;
- m. Reviewed and updated the Board Charter, Code of Business Conduct, Whistle blowing policy and the Anti-bribery and Anti-Corruption policy to be in compliance with the latest regulation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Composition of the Board for 2022

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 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 are 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 Restructuring

During the financial year 2022, the board did not appoint any new director. The Nominating Committee however on 25 November 2022 assessed and recommended to the Board, the appointment of Mr. Dharmik Sheth as a Director of the Company subject to Mr. Dharmik Sheth having consented to act as a Director and having declared that he is not disqualified from being appointed or holding office as a Director under the Companies Act 2016.

During the Board meeting held on 22 February 2023, the board approved the appointment of Mr. Dharmik Sheth and the appropriate announcements were made.

During the review on the board skill set matrix, Mr. Chew Hock Lin, the senior independent director was requested to be retained for his knowledge and expertise. To be in line with the recent amendments to the Main market Listing Requirements which shall take effect from 1 June 2023, Mr. Chew was re-designated to Non-Independent Non-Executive Director accordingly on 3 April 2023 as he had served as an Independent Non-Executive Director for more than a cumulative term of 12 years. We will continue to make the announcement of the new appointments of Independent Non-Executive Directors at the appropriate time as we hope to find the right skill set mix and fulfill the recommended 30% women directors on the board.

With due respect to the retiring directors who have contributed to the board all these years, the board had decided they will only retire on the last date allowed by the Listing Requirement which is 31 May 2023.

Board Meetings

The Chairman of the Board is not the Chairman or a member of the Audit Committee, Nominating Committee and Remuneration Committee. The Chairman of the Board does not attend any of the Committee meetings nor did he attend by invitation. 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.

The Company Secretary emails notices of committee and Board meetings and updates the Board members on the circulars received from Bursa Malaysia Securities Berhad and Securities Commission promptly. The Company Secretary attends all Board and Committee meetings and ensures that meetings are properly convened, proceedings including resolutions are properly and accurately recorded.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Board Meetings (cont'd)

Materials for the Board meetings comprising agenda, minutes of meeting, quarterly unaudited financial statements, annual budget and reviews the financial results compared to budget, risk assessment and its accompanying internal controls, internal and external audit report, recurrent related party transactions, progress report on key sustainability matters, circulars by Bursa Malaysia and Securities Commission, revision of group policies to be aligned with 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 25 November 2022 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 put forward their views. He also acts as a conduit ensuring smooth discussions between the senior management and the Non-executive Board members.

The Directors may also interact directly with the Management, Company Secretary, external and internal auditors to request further explanation, information or updates on any aspect of the Company's operations or business concerns. In addition, independent professional advice may be obtained at the Company's expense on specific issues to enable the Board to discharge its duties in relation to matters being deliberated.

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 Saad	5/5	5/5	2/2	1/1
Dr. Junid bin Abu Saham	5/5	5/5	2/2	

Gender Diversity

The Board has already fulfilled the requirement of at least 1 woman director on the Board.

The gender, ethnicity and age of the board is stated in Practice Note 5.5.

The Board also takes cognizance of the latest MCGG 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 when the composition of the board members is refreshed in compliance with the mandatory 12-year tenure limit for independent directors introduced via the latest amendment in the Main Listing Requirement.

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. 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 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 31 March 2023), Nominating Committee (updated 31 March 2023), Remuneration Committee (updated 19 November 2021), Fit and Proper Policy (30 June 2022), the Business Code of Conduct & Whistleblowing policy (updated 19 August 2022) and the Diversity Policy (31 March 2023) are available in the Company's website.

Nominating Committee (NC) Activities

Two weeks prior to the Nominating Committee Meeting held on 25 November 2022, 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 MCCG 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 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 28th AGM held on 26 May 2022 based on the following justifications:

- i. Fulfills the criteria of Independent Director as defined 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 28th AGM held on 26 May 2022, 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Nominating Committee (NC) Activities (cont'd)

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.

The Board Charter had been updated on 25 February 2022, limiting the tenure of Independent Directors to maximum of twelve years, aligns with the latest amendments to the Listing Requirements.

The process of selection and appointment of a new Independent Director are set out below:-

a. Search

Identify the criteria that the potential candidate should possess; age group, gender, ethnicity, qualifications, experience, professionalism, personal attributes, skills and integrity. Different approaches and resources maybe used to search for the most suitable candidate;

b. Selection

A curriculum vitae shall be obtained from the potential candidate and a verification check made in compliance with the Company's Fit and Proper policy. NC shall look into the background, skill sets, career experience and professional qualifications of a candidate to determine whether he or she has the right skill sets which will complement the Board Skill Matrix or fill the gaps of the of Board Skill Matrix identified by the board in order to contribute to the board as a whole. His or her past achievements and expertise to determine whether he or she can enhance the quality and robustness of the decisions-making process of the Board are considered.

Where necessary, short-listed candidates will be interviewed by the NC to assess suitability and to ensure that the candidates are aware of the expectations, time and level of commitment required especially in the case of Independent Director.

c. Nomination

Recommend to the Board the successful candidate

d. Appointment

Based on the recommendation by the NC, the Board approves the appointment in the board meeting or via circular resolution and the announcement to Bursa shall be made accordingly at the appropriate date.

Board shall also approve any other appointments to sub-committees, if appropriate.

All newly appointed directors will undergo the Group's induction programme. In addition, for first-time director, he/she is required to attend the Mandatory Accreditation Programme ('MAP') designated for directors of public listed issuers in Malaysia.

In accordance with the Company's Constitution, he/she will have to stand for election at the next AGM.

NC have identified four (4) directors will be replaced in order to maintain the existing board size of six members within the time line set by Bursa Malaysia. The NC meeting held on 25 November 2022 assessed three potential candidates' profile and recommended two candidates to the Board. During the financial year 2022, the board did not appoint any new independent director but will do the appointment at an appropriate time.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Nominating Committee (NC) Activities (cont'd)

Review on performance of the Individual Directors

NC 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.

The Constitution of Master-Pack Group Berhad provides that at every annual general meeting, 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

The NC based on the results of the performance assessment of the directors recommended to the Board that Mr. Chew Hock Lin be eligible for re-election and re-appointment to the board at the next Annual General Meeting.

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 during the year under review. 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 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)

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 on 25 November 2022, 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 budget targets and the business strategy with the accompanying implementation of action plans to meet the challenges faced in a volatile business environment.

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 remuneration for Non-Executive Directors is based on a standard range of fixed fee, with the Chairman of each sub-committee receiving a higher amount in recognition of his/her additional responsibilities. A meeting allowance is paid for attendance at meetings of the Board and Board Committees as well as general meetings. A Directors and Officers Insurance Policy essentially covering the acts of the Directors and Officers are renewed on a yearly basis.

The Executive Director / Chairman did not participate in any way on the agenda in determining his remuneration during the Board Meeting. The Executive Director / Chairman is not a member of the RC and does not attend by invitation.

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 of 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 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. For the financial year under review, Crowe Malaysia PLT had also reviewed the audit work done by Branch of Chuan Viet Audit & Consulting Co., Ltd, the auditors for Master-Pack Vietnam Co., Ltd.

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 which includes the Internal Audit function during the year 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

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 2022, 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 15 to 25 of the 2022 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER (cont'd)

Communication with Stakeholders (cont'd)

The Board supports and encourages active shareholders participation at its Annual General Meeting (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 Annual General Meeting, 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 Annual General Meeting 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 SrIndependentDir@master.net.my. He is also available for shareholders to meet and view their concerns and opinions at the beginning of our Annual General Meeting.

Conduct of General Meetings

Master-Pack Group Berhad's AGM acts as a principal forum for interactions with shareholders. The 28th Notice of AGM was dispatched and advertised in the News Straits Times newspaper on 22 of April 2022, more than 28 days before the AGM as recommended by MCCG best practice of at least 28 days.

Despite the recommendation of Practice 13.3 that the Company should leverage on technology to facilitate voting including voting in absentia and remote shareholders' participation at the General Meeting, the Board has assessed and made comparisons to the fully virtual 27th Annual General Meeting and was of the opinion that it is not necessary to have fully virtual meetings as it is deemed not cost effective in view of the numbers of COVID-19 infection cases in Penang, the relaxation of restrictions to hold public events and spread of shareholders of the Company.

The full Board attended the 28th Annual General Meeting held on 26th May 2022. Also in attendance were the internal, external auditors, company secretaries, scrutineers and poll registrar.

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

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 Company Secretary confirmed the presence of the requisite quorum. He then explained to all shareholders in attendance the polling method and procedure of the AGM meeting.

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.

Pre-submission of questions is allowed from the date the shareholder receives the Notice of AGM until 23 May 2022 to the email provided for pre-registration of attendance or to the Company Secretary. Shareholders may also pose their questions during the AGM itself. This provides shareholders with sufficient time and opportunity to pose questions in support of meaningful engagement between the board, senior management and shareholders.

The engagement of shareholders with the Board and senior management are interactive as answers to their questions are provided on the spot by the Chairman. There is no limit to questions that may be asked by shareholders.

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 of the physical annual general meeting.

Minutes of the 28th Annual General Meeting held on 26 May 2022 was published in the Company's website https://master.net.my/ir_announcements.htm on 21 June 2022 within the prescribed 30 business days recommendations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER (cont'd)

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 45 to 93 of the 2022 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 three 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 Annual General Meeting 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 2022 amounts to RM158,000 and RM2,000 respectively.

Compliance Statement

Save as disclosed above, the Board is satisfied that throughout the financial year ended 31 December 2022, 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 2023.



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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 2022. 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 for the financial year	<u>21,838</u>	<u>5,646</u>

Dividends

During the financial year, the Company declared and paid the following dividends in respect of the financial year ended 31 December 2022:-

	RM'000
First interim single tier dividend of 4 sen per share	2,185
Second interim single tier dividend of 6 sen per share	<u>3,277</u>
	<u>5,462</u>

In March 2023, the Company declared an interim single tier dividend of 6 sen per share in respect of the financial year ending 31 December 2023. The dividend is payable in April 2023.

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.

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.

DIRECTORS' REPORT (CONT'D)

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.

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
Dharmik Rajkumar Sheth (Appointed on 22.2.2023)

Directors of subsidiaries (other than directors of the Company)

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

DIRECTORS' REPORT (CONT'D)

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 1.1.2022	Bought	Sold	Balance at 31.12.2022	Balance at 1.1.2022	Balance at 31.12.2022
Aminuddin Bin Saad	10,002	0	0	10,002	0	0
Dato' Seri Khor Teng Tong	377,500	0	(100,000)	277,500	1,127,000	1,127,000

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 19 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 certain directors and officers and the insurance costs incurred during the financial year amounted to RM7,000.

Auditors

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office. The auditors' remuneration is disclosed in Note 20 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 2023

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 54 to 93 give a true and fair view of the financial position of the Group and the Company as at 31 December 2022 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 2023

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 54 to 93 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

Dato' Syed Mohamad Bin Syed Murtaza

Before me

Shamini A/P M Shanmugam
No. P157
Commissioner for Oaths

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 2022 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 54 to 93.

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 2022, 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. Management periodically reviews the inventories for potential write-downs by considering their aging profile, estimation of market price fluctuations and net realisable value. These reviews involve judgements and estimation uncertainty in forming expectations about future consumptions, 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 resulting inventory write-downs recognised.

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. • 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.

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.

INDEPENDENT AUDITORS' REPORT

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

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.

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.

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

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

Date: 31 March 2023

Penang

Chan Kheng Hoe

02979/03/2024 J

Chartered Accountant

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		2022	2021
	Note	RM'000	RM'000
Non-current assets			
Property, plant and equipment	4	37,399	35,955
Investment properties	5	14,640	14,640
Right-of-use assets	6	9,592	12,324
Goodwill on consolidation		196	196
Other investments	8	269	265
Deferred tax assets	9	1	0
		62,097	63,380
Current assets			
Inventories	10	18,897	17,377
Receivables	11	31,052	30,250
Prepayments		2,157	2,445
Current tax assets		479	312
Cash and cash equivalents	12	55,478	44,318
		108,063	94,702
Current liabilities			
Payables	13	17,229	17,100
Loans and borrowings	14	1,776	5,674
Lease liabilities	15	906	1,457
Current tax liabilities		340	744
		20,251	24,975
Net current assets		87,812	69,727
Non-current liabilities			
Deferred tax liabilities	9	5,296	5,195
Lease liabilities	15	1,360	1,517
		6,656	6,712
Net assets		143,253	126,395
Equity			
Share capital	16	55,339	55,339
Legal reserve		5,225	3,281
Revaluation surplus		13,109	13,721
Currency translation reserve		851	362
Retained profits		68,729	53,685
Equity attributable to owners of the Company		143,253	126,388
Non-controlling interests		0	7
Total equity		143,253	126,395

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Revenue	17	160,974	153,977
Interest income		910	473
Impairment gains/(losses) on financial assets	18	82	(58)
Other income		1,948	1,634
Changes in inventories of work-in-progress and finished goods		301	93
Purchase of finished goods		(11,481)	(13,702)
Raw materials and consumables used		(90,352)	(88,404)
Depreciation of property, plant and equipment		(2,611)	(2,593)
Depreciation of right-of-use assets		(1,295)	(1,454)
Employee benefits expense	19	(16,765)	(16,502)
Loss on derecognition of financial assets measured at amortised cost		(4)	(28)
Finance costs		(379)	(442)
Other expenses		(16,166)	(14,765)
Profit before tax	20	25,162	18,229
Tax expense	21	(3,324)	(3,776)
Profit for the financial year		21,838	14,453
Other comprehensive income:-			
<i>Item that may be reclassified subsequently to profit or loss:-</i>			
- Currency translation differences for foreign operation		489	725
Other comprehensive income for the financial year		489	725
Comprehensive income for the financial year		22,327	15,178

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Note	2022 RM'000	2021 RM'000
Profit/(Loss) for the financial year attributable to:-			
- Owners of the Company		21,838	14,456
- Non-controlling interests		<u>0</u>	<u>(3)</u>
		<u>21,838</u>	<u>14,453</u>
Comprehensive income for the financial year attributable to:-			
- Owners of the Company		22,327	15,181
- Non-controlling interests		<u>0</u>	<u>(3)</u>
		<u>22,327</u>	<u>15,178</u>
Earnings per share:-	22		
- Basic (sen)		<u>39.98</u>	<u>26.47</u>
- Diluted (sen)		<u>39.98</u>	<u>26.47</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 2022

	Non-distributable			Distributable			Equity	
	Share capital RM'000	Legal reserve* RM'000	Revaluation surplus RM'000	Currency translation reserve RM'000	Retained profits RM'000	attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
Balance at 1 January 2021	55,339	2,081	14,340	(363)	41,995	113,392	10	113,402
Dividends (representing total transactions with owners) (Note 23)	0	0	0	0	(2,185)	(2,185)	0	(2,185)
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
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 CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Non-distributable			Distributable			Equity attributable to owners of the Company		Non-controlling interests	Total equity
	Share capital	Legal reserve*	Revaluation surplus	Currency translation reserve	Retained profits	Equity attributable to owners of the Company	Non-controlling interests	Total equity		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2022	55,339	3,281	13,721	362	53,685	126,388	7	126,395		
Capital distribution to non-controlling interests	0	0	0	0	0	0	(7)	(7)		(7)
Dividends (Note 23)	0	0	0	0	(5,462)	(5,462)	0	(5,462)		(5,462)
Total transactions with owners	0	0	0	0	(5,462)	(5,462)	(7)	(5,469)		(5,469)
Profit for the financial year	0	0	0	0	21,838	21,838	0	21,838		21,838
Currency translation differences for foreign operation (representing other comprehensive income for the financial year)	0	0	0	489	0	489	0	489		489
Comprehensive income for the financial year	0	0	0	489	21,838	22,327	0	22,327		22,327
Transfer of legal reserve	0	1,944	0	0	(1,944)	0	0	0		0
Transfer of revaluation surplus	0	0	(612)	0	612	0	0	0		0
Balance at 31 December 2022	55,339	5,225	13,109	851	68,729	143,253	0	143,253		143,253

* 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 2022

	Note	2022 RM'000	2021 RM'000
Cash flows from operating activities			
Profit before tax		25,162	18,229
Adjustments for:-			
Depreciation		3,906	4,047
Dividend income		(8)	(5)
Fair value gains on financial instruments		(137)	(166)
Gain on disposal of property, plant and equipment		0	(20)
Impairment (gains)/losses on financial assets		(82)	58
Interest expense		379	442
Interest income		(910)	(473)
Inventories written down		20	85
Loss on derecognition of financial assets measured at amortised cost		4	28
Loss on disposal of associate		0	6
Loss on disposal of subsidiary		0	99
Property, plant and equipment written off		33	0
Operating profit before working capital changes		<u>28,367</u>	<u>22,330</u>
Changes in:-			
Inventories		(1,540)	(5,659)
Receivables		(724)	(5,052)
Prepayments		288	(1,556)
Payables		<u>129</u>	<u>5,612</u>
Cash generated from operations		26,520	15,675
Tax paid		<u>(3,792)</u>	<u>(2,910)</u>
Net cash from operating activities		22,728	12,765
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,790)	(1,694)
Acquisition of right-of-use assets	24	(26)	(30)
Disposal of subsidiary, net of cash disposed of		0	380
Dividends received		8	5
Interest and fund distributions received		1,043	604
Proceeds from disposal of associate		0	600
Proceeds from disposal of other investments		0	57
Proceeds from disposal of property, plant and equipment		<u>0</u>	<u>20</u>
Net cash used in investing activities		(765)	(58)
Cash flows from financing activities			
Capital distribution to non-controlling interests		(7)	0
Dividends paid		(5,462)	(3,277)
Interest paid		(394)	(449)
Net decrease in short-term loans and borrowings	24	(3,883)	(1,501)
Payment of lease liabilities	24	(1,539)	(1,870)
Placement of term deposits pledged as security		<u>(1,000)</u>	<u>0</u>
Net cash used in financing activities		(12,285)	(7,097)
Currency translation differences		482	720
Net increase in cash and cash equivalents		10,160	6,330
Cash and cash equivalents brought forward		44,318	37,988
Cash and cash equivalents carried forward	12	<u>54,478</u>	<u>44,318</u>

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		2022	2021
	Note	RM'000	RM'000
Non-current assets			
Property, plant and equipment	4	16	10
Investment properties	5	3,640	3,640
Investments in subsidiaries	7	15,168	15,168
Other investments	8	269	265
Receivables	11	11,368	11,368
		30,461	30,451
Current assets			
Receivables	11	30	20
Dividend receivable		1,600	0
Current tax assets		0	6
Cash and cash equivalents	12	2,418	4,002
		4,048	4,028
Current liabilities			
Payables	13	134	308
Current tax liabilities		19	0
		153	308
Net current assets		3,895	3,720
Non-current liabilities			
Deferred tax liabilities	9	126	125
Net assets		34,230	34,046
Equity			
Share capital	16	55,339	55,339
Accumulated losses		(21,109)	(21,293)
Total equity		34,230	34,046

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Revenue	17	6,230	2,942
Interest income		39	33
Other income		50	186
Depreciation of property, plant and equipment		(7)	(4)
Employee benefits expense	19	(294)	(291)
Impairment loss on investment in subsidiary		0	(90)
Loss on derecognition of financial assets measured at amortised cost		0	(23)
Other expenses		(323)	(326)
Profit before tax	20	<u>5,695</u>	<u>2,427</u>
Tax expense	21	(49)	(16)
Profit for the financial year		<u>5,646</u>	<u>2,411</u>
Other comprehensive income for the financial year		0	0
Comprehensive income for the financial year		<u>5,646</u>	<u>2,411</u>

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share capital RM'000	Accumulated losses RM'000	Total equity RM'000
Balance at 1 January 2021	55,339	(21,519)	33,820
Dividends (representing total transactions with owners) (Note 23)	0	(2,185)	(2,185)
Profit (representing comprehensive income) for the financial year	0	2,411	2,411
Balance at 31 December 2021	<u>55,339</u>	<u>(21,293)</u>	<u>34,046</u>
Dividends (representing total transactions with owners) (Note 23)	0	(5,462)	(5,462)
Profit (representing comprehensive income) for the financial year	0	5,646	5,646
Balance at 31 December 2022	<u>55,339</u>	<u>(21,109)</u>	<u>34,230</u>

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Cash flows from operating activities			
Profit before tax		5,695	2,427
Adjustments for:-			
Depreciation		7	4
Dividend income		(6,158)	(2,905)
Fair value gains on financial instruments		(4)	(35)
Gain on disposal of subsidiary		0	(100)
Impairment loss on investment in subsidiary		0	90
Interest income		(39)	(33)
Loss on derecognition of financial assets measured at amortised cost		0	23
Operating loss before working capital changes		(499)	(529)
Changes in:-			
Receivables		(10)	(2)
Payables		(174)	8
Cash absorbed by operations		(683)	(523)
Tax paid		(23)	(14)
Net cash used in operating activities		(706)	(537)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(13)	(6)
Dividends received		4,558	5,992
Interest received		39	33
Net repayment from subsidiaries		0	27
Proceeds from disposal of other investments		0	57
Proceeds from disposal of subsidiary		0	380
Net cash from investing activities		4,584	6,483
Cash flows from financing activity			
Dividends paid		(5,462)	(3,277)
Net cash used in financing activity		(5,462)	(3,277)
Net (decrease)/increase in cash and cash equivalents		(1,584)	2,669
Cash and cash equivalents brought forward		4,002	1,333
Cash and cash equivalents carried forward	12	2,418	4,002

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 54 to 59 together with the notes thereto cover the Company and its subsidiaries ("Group"). The separate financial statements of the Company set out on pages 60 to 63 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 2023.

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.

The following MFRSs became effective for the financial year under review:-

MFRS	Effective for annual periods beginning on or after
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Significant accounting policies (cont'd)

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

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 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
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
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
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

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 2.8. When the above (b) exceeds (a), the excess represents a bargain purchase gain and, after reassessment, is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Significant accounting policies (cont'd)

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.

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 2.8.

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 2022 (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 2.8.

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.

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 2.8.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Significant accounting policies (cont'd)

2.8 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, deferred tax assets 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.

2.9 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.

2.10 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 2.15). 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.

(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, cash and bank balances and term deposits 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Significant accounting policies (cont'd)

2.10 Financial assets (cont'd)

Subsequent measurement (cont'd)

(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 and short-term funds 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.

2.11 Financial liabilities

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Significant accounting policies (cont'd)

2.11 Financial liabilities (cont'd)

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.

2.12 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.

2.13 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.

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2. Significant accounting policies (cont'd)

2.14 Fair value measurement (cont'd)

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 bank balances, term deposits, 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 quoted investments are directly measured using their unadjusted closing prices in active markets (i.e. Level 1).

The fair values of short-term funds are directly measured using their unadjusted market values quoted by financial institutions (i.e. Level 1).

2.15 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 2022 (CONT'D)

2. Significant accounting policies (cont'd)

2.15 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.

2.16 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 for financial assets measured at amortised cost is recognised in profit or loss using the effective interest method. Interest or fund distribution income for financial assets measured at fair value through profit or loss is included in their net fair value gains or losses.

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

2.17 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.

2.18 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 2022 (CONT'D)

2. Significant accounting policies (cont'd)

2.19 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.

2.20 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 2022 (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 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
Balance at 1 January 2022	13,200	18,407	36,658	2,761	1,102	3,225	977	374	76,704
Additions	0	144	774	803	6	63	0	0	1,790
Transfer from right-of-use assets	0	0	4,419	0	0	0	72	0	4,491
Disposals/Write-offs	0	0	(939)	0	(14)	(314)	(57)	0	(1,324)
Currency translation differences	0	0	1	0	0	5	3	0	9
Balance at 31 December 2022	13,200	18,551	40,913	3,564	1,094	2,979	995	374	81,670
Representing:-									
- Cost	0	951	40,913	3,564	1,094	2,979	995	374	50,870
- Valuation	13,200	17,600	0	0	0	0	0	0	30,800
	13,200	18,551	40,913	3,564	1,094	2,979	995	374	81,670

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 2021	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
Depreciation	0	819	1,473	111	31	73	86	18	2,611
Transfer from right-of-use assets	0	0	2,157	0	0	0	40	0	2,197
Disposals/Write-offs	0	0	(906)	0	(14)	(314)	(57)	0	(1,291)
Currency translation differences	0	0	0	0	0	4	1	0	5
Balance at 31 December 2022	0	3,271	34,747	1,262	997	2,885	751	332	44,245
- Accumulated depreciation	0	0	26	0	0	0	0	0	26
- Accumulated impairment losses	0	3,271	34,773	1,262	997	2,885	751	332	44,271

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 2021	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
Balance at 31 December 2022	13,200	15,280	6,140	2,302	97	94	244	42	37,399

* 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	
	2022 RM'000	2021 RM'000
Freehold land	1,904	1,904
Buildings	8,565	8,842
	<u>10,469</u>	<u>10,746</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 2022 (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	
	2022 RM'000	2021 RM'000
Within 1 year	680	475
1 to 2 years	480	322
2 to 3 years	367	271
3 to 4 years	216	163
4 to 5 years	149	12
After 5 years	0	7
	1,892	1,250

Company

	Furniture, fittings and office equipment RM'000
Cost	
Balance at 1 January 2021	1,012
Additions	6
Disposals/Write-offs	(38)
Balance at 31 December 2021	980
Additions	13
Disposals/Write-offs	(296)
Balance at 31 December 2022	697
Accumulated depreciation	
Balance at 1 January 2021	1,004
Depreciation	4
Disposals/Write-offs	(38)
Balance at 31 December 2021	970
Depreciation	7
Disposals/Write-offs	(296)
Balance at 31 December 2022	681
Carrying amount	
Balance at 1 January 2021	8
Balance at 31 December 2021	10
Balance at 31 December 2022	16

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (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 2021	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	3,150	7,850	3,640	14,640
Fair value gains/(losses)	100	(100)	0	0
Balance at 31 December 2022	3,250	7,750	3,640	14,640

Company

	Office lots RM'000
Fair value	
Balance at 1 January 2021 / 31 December 2021 / 31 December 2022	3,640

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Freehold land	3,250	3,150	0	0
Buildings	7,750	7,850	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 and Company	
	2022 RM'000	2021 RM'000
Within 1 year	43	10

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

6. Right-of-use assets

Group

	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
Balance at 1 January 2021	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
Additions	0	857	0	0	857
Depreciation	(443)	(116)	(734)	(2)	(1,295)
Transfer to property, plant and equipment	0	0	(2,262)	(32)	(2,294)
Balance at 31 December 2022	5,428	741	3,423	0	9,592

The Group acquired the right to use the leasehold land as a principal place of business for 43 years since 1992. It also leases the buildings for business operations for 3 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

	2022 RM'000	2021 RM'000
Unquoted shares - at cost	20,168	20,363
Impairment losses	(5,000)	(5,195)
	<u>15,168</u>	<u>15,168</u>

The details of the subsidiaries are as follows:-

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2022	2021	
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 cartons
Master-Pack Marine Products Sdn. Bhd.	Malaysia	100%	100%	Property letting
Master-Pack Energy Sdn. Bhd.	Malaysia	0%	60%	Dissolved in December 2022
Master-Pack Vietnam Co., Ltd.	Vietnam	*100%	*100%	Manufacture and sale of wooden packaging boxes

* Interest held through Master-Pack Sdn. Bhd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

8. Other investments

Group and Company

	2022	2021
	RM'000	RM'000
Quoted shares - at fair value	269	265

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

9. Deferred tax assets and deferred tax liabilities

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Balance at 1 January	(5,195)	(5,363)	(125)	(125)
Deferred tax income relating to origination and reversal of temporary differences	12	137	0	0
Deferred tax liabilities (under)/over provided in prior year	(112)	4	(1)	0
Disposal of subsidiary	0	27	0	0
Balance at 31 December	(5,295)	(5,195)	(126)	(125)
Disclosed as:-				
- Deferred tax assets	1	0	0	0
- Deferred tax liabilities	(5,296)	(5,195)	(126)	(125)
	(5,295)	(5,195)	(126)	(125)
In respect of (taxable)/ deductible temporary differences of:-				
- Property, plant and equipment	(4,177)	(3,880)	(2)	(1)
- Investment properties	(306)	(296)	(124)	(124)
- Right-of-use assets	(1,830)	(2,139)	0	0
- Inventories	234	229	0	0
- Financial instruments	249	177	0	0
- Lease liabilities	535	714	0	0
	(5,295)	(5,195)	(126)	(125)

Save as disclosed above, as at 31 December 2022, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group to the extent of RM1,020,000 (2021 : RM1,005,000). No further deferred tax assets have been recognised for the following excess of unused capital allowances and tax losses over taxable temporary differences:-

	Group	
	2022	2021
	RM'000	RM'000
Unused capital allowances	4,055	4,055
Unused tax losses	15,496	15,496
Taxable temporary differences of investment properties	(4,250)	(4,188)
	15,301	15,363

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

10. Inventories

Group	2022 RM'000	2021 RM'000
Raw materials	15,125	12,405
Work-in-progress	35	144
Finished goods	1,888	1,458
Goods-in-transit	1,849	3,370
	18,897	17,377

11. Receivables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current assets				
Amount due from subsidiary	0	0	27,868	27,868
Loss allowance	0	0	(16,500)	(16,500)
	0	0	11,368	11,368
Current assets				
Trade receivables	29,573	28,549	0	0
Loss allowance	(43)	(125)	0	0
	29,530	28,424	0	0
Other receivables	1,522	1,826	30	20
	31,052	30,250	30	20
Total receivables	31,052	30,250	11,398	11,388

Trade receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2022, there was 1 (2021 : 2) major group of customers that individually accounted for 10% or more of the Group's trade receivables and the total outstanding balance due from this major group amounted to RM9,807,000 (2021 : RM12,092,000). The credit risk concentration profile by geographical areas of trade receivables is as follows:-

	Group	
	2022 RM'000	2021 RM'000
Malaysia	24,040	23,087
Vietnam	5,194	5,218
Others	339	244
	29,573	28,549

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

11. Receivables (cont'd)

Trade receivables (cont'd)

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	
	2022 RM'000	2021 RM'000
Not past due	22,685	22,445
1 to 30 days past due	4,466	4,156
31 to 60 days past due	1,631	1,330
61 to 90 days past due	320	253
More than 90 days past due	471	365
	29,573	28,549

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.

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
2022							
Gross carrying amount	22,685	4,466	1,631	320	471	0	29,573
Average credit loss rate	0.06%	0.11%	0.37%	0.94%	3.40%	100.00%	0.15%
Loss allowance	13	5	6	3	16	0	43
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

The average credit loss rates were based on the payment profile of revenue over a period of 36 (2021 : 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	
	2022 RM'000	2021 RM'000
Balance at 1 January	125	651
Impairment (gains)/losses	(82)	58
Write-offs	0	(584)
Balance at 31 December	43	125

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

11. Receivables (cont'd)

Amount due from subsidiary

The amount due from subsidiary is unsecured, interest free and repayable on demand.

12. Cash and cash equivalents

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	23,928	22,572	2,418	4,002
Term deposits	23,320	13,650	0	0
Short-term funds - at fair value	8,230	8,096	0	0
	55,478	44,318	2,418	4,002

Cash and bank balances and term deposits 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.

Certain term deposits amounting to RM1,000,000 (2021 : nil) have been pledged as security for credit facilities granted to the Group. Accordingly, they are not freely available for use.

The effective interest rates of term deposits as at 31 December 2022 ranged from 2.25% to 7.50% (2021 : 3.30% to 4.80%) per annum.

Short-term funds represent highly liquid investments in money market funds managed by financial institutions that invest in low-risk instruments, and are readily redeemable with insignificant risk of changes in value. Their fair values were directly measured using the unadjusted market values quoted by the financial institutions (i.e. Level 1).

For the purpose of statement of cash flows, cash and cash equivalents are presented net of pledged deposits as follows:-

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and cash equivalents	55,478	44,318	2,418	4,002
Term deposits pledged as security	(1,000)	0	0	0
	54,478	44,318	2,418	4,002

13. Payables

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables	6,357	8,526	0	0
Other payables	10,872	8,574	134	308
	17,229	17,100	134	308

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

14. Loans and borrowings

Group

	2022	2021
	RM'000	RM'000
Banker acceptances	1,776	5,674

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 2022 ranged from 4.26% to 4.88% (2021 : 1.77% to 3.47%) 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

	2022	2021
	RM'000	RM'000
Gross lease liabilities:-		
- Within 1 year	1,015	1,591
- 1 to 5 years	1,458	1,656
Total contractual undiscounted cash flows	2,473	3,247
Future finance charges	(207)	(273)
Present value of lease liabilities	2,266	2,974
Disclosed as:-		
- Current liabilities	906	1,457
- Non-current liabilities	1,360	1,517
	2,266	2,974

The incremental borrowing rates applied to lease liabilities as at 31 December 2022 ranged from 5.00% to 11.00% (2021 : 5.64% to 6.32%) per annum.

16. Share capital

	2022	2021
	RM'000	RM'000
Issued and fully paid		
54,620,150 ordinary shares with no par value	55,339	55,339

17. Revenue

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers:-				
- Sale of goods	160,894	153,815	0	0
Other sources of revenue:-				
- Dividend income	8	5	6,158	2,905
- Operating lease income	72	157	72	37
	80	162	6,230	2,942
	160,974	153,977	6,230	2,942

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

17. Revenue (cont'd)

Disaggregation of revenue from contracts with customers

	Group	
	2022 RM'000	2021 RM'000
Geographical areas:-		
- Malaysia	102,364	97,392
- Vietnam	56,754	55,107
- Others	1,776	1,316
	160,894	153,815

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

18. Impairment gains/(losses) on financial assets

Group

	2022 RM'000	2021 RM'000
Trade receivables from contracts with customers	82	(58)

19. Employee benefits expense (including directors' remuneration)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors of the Company:-				
- Fees	261	249	261	249
- Other short-term employee benefits	3,700	4,189	15	18
- Defined contribution plans	117	113	0	0
	4,078	4,551	276	267
Directors of subsidiaries:-				
- Fees	17	17	0	0
- Other short-term employee benefits	1,834	2,026	0	0
- Defined contribution plans	99	94	0	0
	1,950	2,137	0	0
Other employees:-				
- Short-term employee benefits	9,914	9,049	18	24
- Defined contribution plans	823	765	0	0
	10,737	9,814	18	24
	16,765	16,502	294	291

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

20. Profit before tax

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax is arrived at after charging:-				
Auditors' remuneration	158	156	47	47
Direct operating expenditure for investment properties:-				
- Generating rental income	39	102	39	40
- Not generating rental income	30	0	0	0
Fee expense for financial instruments not measured at fair value through profit or loss	90	184	2	3
Interest expense for financial liabilities not measured at fair value through profit or loss	222	274	0	0
Interest expense for lease liabilities	157	168	0	0
Inventories written down	20	85	0	0
Lease expense relating to:-				
- Short-term leases	675	834	0	0
- Leases of low-value assets (other than short-term leases)	9	8	0	0
Loss on disposal of associate	0	6	0	0
Loss on disposal of subsidiary	0	99	0	0
Property, plant and equipment written off	33	0	0	0
Realised loss on foreign exchange	0	220	0	0
and crediting:-				
Fair value gains on financial instruments mandatorily measured at fair value through profit or loss	137	166	4	35
Gain on disposal of property, plant and equipment	0	20	0	0
Gain on disposal of subsidiary	0	0	0	100
Interest income for financial assets measured at amortised cost	910	473	39	33
Operating lease income from:-				
- Investment properties	72	157	72	37
- Others	850	830	0	0
Realised gain on foreign exchange	275	0	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

21. Tax expense

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Tax based on results for the year:-				
- Current tax	4,150	3,824	36	7
- Deferred tax	(12)	(137)	0	0
	4,138	3,687	36	7
Tax (over)/under provided in prior year:-				
- Current tax	(926)	93	12	9
- Deferred tax	112	(4)	1	0
	3,324	3,776	49	16

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before tax	25,162	18,229	5,695	2,427
Tax at applicable tax rate of 24%	6,039	4,375	1,367	582
Non-deductible expenses	2,014	718	148	64
Non-taxable income	(312)	(8)	(1,479)	(639)
Tax incentives claimed	(2,994)	(1,011)	0	0
Effect of differential tax rates	(594)	(398)	0	0
(Decrease)/Increase in unrecognised deferred tax assets	(15)	11	0	0
Tax (over)/under provided in prior year	(814)	89	13	9
Tax expense	3,324	3,776	49	16

22. 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:-

	2022	2021
Profit for the financial year attributable to owners of the Company (RM'000)	21,838	14,456
Weighted average number of shares in issue ('000)	54,620	54,620
Basic earnings per share (sen)	39.98	26.47

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 2022 (CONT'D)

23. Dividends

Group and Company

	2022	2021
	RM'000	RM'000
In respect of the financial year ended 31 December 2021:-		
- First interim single tier dividend of 2 sen per share	0	1,092
- Second interim single tier dividend of 2 sen per share	0	1,093
In respect of the financial year ended 31 December 2022:-		
- First interim single tier dividend of 4 sen per share	2,185	0
- Second interim single tier dividend of 6 sen per share	3,277	0
	5,462	2,185

In March 2023, the Company declared an interim single tier dividend of 6 sen per share in respect of the financial year ending 31 December 2023. The dividend is payable in April 2023.

24. Notes to consolidated statement of cash flows

Group

Acquisition of right-of-use assets

	2022	2021
	RM'000	RM'000
Cost of right-of-use assets acquired	857	1,531
Acquisition by means of leases	(831)	(1,501)
Net cash disbursed	26	30

Short-term loans and borrowings

	2022	2021
	RM'000	RM'000
Balance at 1 January	5,674	7,182
Net cash flow changes	(3,883)	(1,501)
Other changes	(15)	(7)
Balance at 31 December (Note 14)	1,776	5,674

Lease liabilities

	2022	2021
	RM'000	RM'000
Balance at 1 January	2,974	3,343
Acquisition of right-of-use assets	831	1,501
Payments	(1,539)	(1,870)
Balance at 31 December (Note 15)	2,266	2,974

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

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

Lease liabilities (cont'd)

The total cash outflow for leases is as follows:-

	2022	2021
	RM'000	RM'000
Operating activities		
Lease expense recognised in profit or loss (Note 20)	684	842
Investing activities		
Acquisition of right-of-use assets	26	30
Financing activities		
Interest portion of lease liabilities (Note 20)	157	168
Principal portion of lease liabilities	1,539	1,870
	2,406	2,910

25. Related party disclosures

Transactions with related parties during the financial year are as follows:-

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Key management personnel compensation:-				
- Short-term employee benefits	5,950	6,592	276	267
- Defined contribution plans	216	207	0	0
	6,166	6,799	276	267
Dividends declared from subsidiaries	0	0	6,150	2,900

26. 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 cartons 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

26. Segment reporting (cont'd)

Geographical information (cont'd)

	External revenue		Non-current assets	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	102,444	97,554	61,533	62,980
Vietnam	56,754	55,107	294	135
Others	1,776	1,316	0	0
	<u>160,974</u>	<u>153,977</u>	<u>61,827</u>	<u>63,115</u>

Major customers

For the financial year ended 31 December 2022, there was 1 (2021 : 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 RM85,148,000 (2021 : RM76,397,000).

27. Contractual commitments

Group

	2022	2021
	RM'000	RM'000
Acquisition of property, plant and equipment	<u>3,825</u>	<u>0</u>

28. 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 RM48,851,000 (2021 : RM49,752,000). The total utilisation of these credit facilities as at 31 December 2022 amounted to RM4,002,000 (2021 : RM11,132,000). 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 2.11. 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.

29. 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

29. Financial risk management (cont'd)

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 28.

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.

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	
	2022	2021
	RM'000	RM'000
Receivables	4,603	5
Cash and cash equivalents	2,307	642
Payables	(1,044)	(1,384)
	<u>5,866</u>	<u>(737)</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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

29. Financial risk management (cont'd)

Currency risk (cont'd)

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	
	2022	2021
	RM'000	RM'000
Appreciation of USD against RM by 4% (2021 : 1%)	178	(5)
Depreciation of USD against RM by 4% (2021 : 1%)	(178)	5

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	
	2022	2021
	RM'000	RM'000
Fixed rate instruments		
Financial assets	23,320	13,650
Financial liabilities	4,042	8,648

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	
	2022	2021
	RM'000	RM'000
Increase in FBMKLCI by 4% (2021 : 2%)	11	5
Decrease in FBMKLCI by 4% (2021 : 2%)	(11)	(5)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

30. 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	
	2022 RM'000	2021 RM'000
Loans and borrowings	1,776	5,674
Lease liabilities	2,266	2,974
Total interest-bearing debts	4,042	8,648
Total equity	143,253	126,395
Total capital	147,295	135,043
Debt-to-equity ratio	3%	7%

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

GROUP PROPERTIES

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	27	L:RM10,000,000 B:RM7,145,000	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	22	L:RM3,200,000 B:RM4,276,000	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	30	L:RM5,428,000 B:RM3,858,000	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	25	L:RM3,250,000 B:RM7,750,000	31-Dec-22
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	27	B:RM3,640,000	31-Dec-22

L: Land
B: Building

ANALYSIS OF SHAREHOLDINGS

AS AT 31 March 2023

DISTRIBUTION OF SHAREHOLDER AS AT 31 MARCH 2023

No. of Holders	Holdings	Total Holdings	%
331	Less Than 100	14,119	0.03
450	100 - 1,000	283,967	0.51
1,670	1,001 - 10,000	5,777,358	10.58
345	10,001 – 100,000	9,907,856	18.14
38	100,001 and below 5% of issued shares	18,291,150	33.49
2	5% and above of issued shares	20,345,700	37.25
2,836	TOTAL	54,620,150	100

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2023

Name of Director	Direct interest	%	Deemed interest	%
Dato' Syed Mohamad Bin Syed Murtaza	-	-	-	-
Dato' Seri Khor Teng Tong	277,500	0.51	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 31 MARCH 2023

Name of Director	Direct interest	%	Deemed interest	%
Yayasan Bumiputera Pulau Pinang Berhad	16,000,000	29.29	-	-
ITS Konsortium Sdn Bhd	4,345,700	7.96	-	-
Muhibbah Engineering (M) Berhad	68,100	0.12	4,345,700 ^[1]	7.96
Mac Ngan Boon @ Mac Yin Boon	-	-	4,413,800 ^[1]	8.08

Note :

^[1] Deemed interested by virtue of Section 8 of the Companies Act, 2016.

ANALYSIS OF SHAREHOLDINGS

AS AT 31 March 2023 (CONT'D)

LIST OF TOP 30 SHAREHOLDERS

NO	NAME OF SHAREHOLDERS	SHAREHOLDINGS	%
1	YAYASAN BUMIPUTRA PULAU PINANG BHD.	16,000,000	29.29
2	ITS KONSORTIUM SDN. BHD.	4,345,700	7.96
3	TEO CHANG HOCK	2,704,100	4.95
4	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : HDM CAPITAL SDN. BHD. FOR CH'NG ENG SEONG	1,500,000	2.75
5	AMINAH BINTI MOHD TAIB	1,460,800	2.67
6	NORiyATI BINTI HASSAN	1,354,200	2.48
7	KHOR TENG TONG HOLDINGS SDN. BHD	1,127,000	2.06
8	TRANSASIA ASSETS SDN BHD	1,080,700	1.98
9	ONG BENG KEE	1,000,000	1.83
10	RHB CAPITAL NOMINEES TEMPATAN SDN BHD FOR NORiyATI BINTI HASSAN	977,700	1.79
11	LIM SEN OON	630,000	1.15
12	CHONG CHIEW TSHUNG	569,000	1.04
13	HLB NOMINEES (TEMPATAN) SDN. BHD. FOR LEE POH KWEE	489,200	0.90
14	LEE KOK HIN	461,400	0.84
15	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD FOR YOONG KAH YIN	440,000	0.81
16	YEO KHEE HUAT	320,000	0.59
17	MOHD. NAZRIN BIN SAAD	318,700	0.58
18	ELEBEST ENGINEERING SDN. BHD.	300,000	0.55
19	KHOR TENG TONG	277,500	0.51
20	CHONG WEE BENG	255,000	0.47
21	AMINAH BINTI MOHD TAIB	236,000	0.43
22	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. FOR LOW HENG NAM	200,000	0.37
23	RONNIE TAN CHOO SENG	200,000	0.37
24	CGS-CIMB NOMINESS (TEMPATAN) SDN. BHD. FOR GOALKEY SYSTEM SDN. BHD.	184,000	0.34
25	TEOH CHIEW HONG	170,000	0.31
26	CHONG SIEW TATT	165,000	0.30
27	ALIAS BIN ABDULLAH	164,000	0.30
28	SIM POH LAI	161,800	0.30
29	CARTABAN NOMINEES ASING SDN BHD FOR THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS MICRO-CAP EQUITY MASTER FUND	157,500	0.29
30	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD FOR CHEN HUI YANG	150,000	0.27



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