

Grow with us

ANNUAL REPORT 2023



TABLE OF CONTENTS

02	Group Financial Highlights
03	Corporate Information
04	Company Profile and Corporate Structure
07	Chairman Statement
08	Directors' Profile
10	Management Discussion and Analysis
13	Sustainability Statement
34	Notice Of Annual General Meeting
38	Statement on Risk Management and Internal Control
42	Other Information
43	Audit Committee Report
46	Corporate Governance Overview Statement
59	Financial Statements
108	Group Properties
109	Analysis of Shareholdings
	Proxy Form



GROUP FINANCIAL HIGHLIGHTS

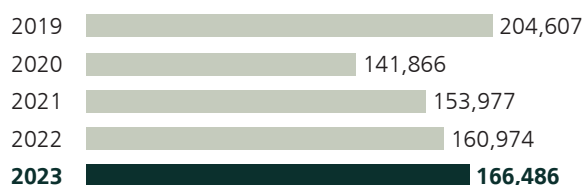
YEAR ENDED 31 DECEMBER

	2019	2020	2021	2022	2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	204,607	141,866	153,977	160,974	166,486
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	23,127	17,576	22,718	29,447	33,292
Profit Before Tax	17,622	12,793	18,229	25,162	28,272
Profit After Tax	15,687	11,270	14,453	21,838	24,611
Net profit Attributable to Equity	15,695	11,275	14,456	21,838	24,611
Total Assets	143,617	141,878	158,082	170,160	199,311
Total Borrowings	17,688	10,525	8,648	4,042	4,408
Shareholders Equity	105,822	113,392	126,388	143,253	169,302
Capital Expenditure	839	2,626	1,694	1,790	7,525
Earnings per share (sen)	28.73	20.64	26.47	39.98	45.06
Net Assets per share (RM)	1.94	2.08	2.31	2.62	3.10

REVENUE (RM' 000)

RM166,486

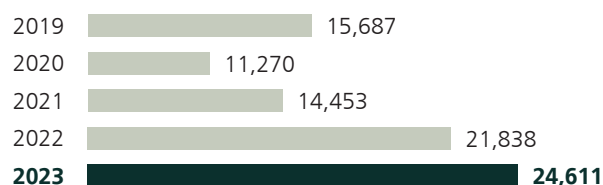
(RM' 000)



PROFIT AFTER TAX (RM' 000)

RM24,611

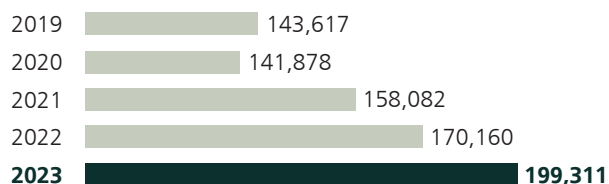
(RM' 000)



TOTAL ASSETS (RM' 000)

RM199,311

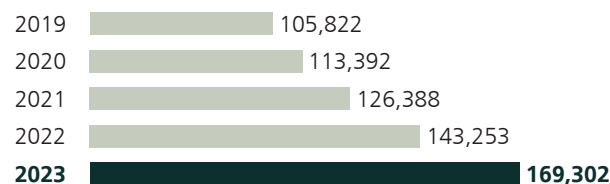
(RM' 000)



SHAREHOLDERS EQUITY (RM' 000)

RM169,302

(RM' 000)



CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' SERI SYED MOHAMAD BIN SYED MURTAZA

Executive Chairman

MR. CHEW HOCK LIN

Non-Independent and Non-Executive Director

MR. DHARMIK RAJKUMAR SHETH

Independent and Non-Executive Director

ENCIK RADHI BIN MOHAMAD

Independent and Non-Executive Director

PUAN FAZLINA BINTI YAHAYA

Non-Independent and Non-Executive Director

MADAM KHOR SAN LENG

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

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

Email : corporatenet21@gmail.com

PRINCIPAL BANKERS

Standard Chartered Bank Malaysia Berhad

Third Floor, Gurney Paragon Mall,

10250 Georgetown, Penang.

AmBank (M) Berhad/AmBank Islamic Berhad

37, Jalan Sultan Ahmad Shah, 10050 Penang

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

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad, Main Market

SHARE CAPITAL

No. of ordinary shares	: 54,620,150
Issued & Paid-Up	: RM55,338,465
Class of Share	: Ordinary shares
Voting Right	: One voting right for one ordinary share
Number of Shareholders	: 2,555

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 30 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)

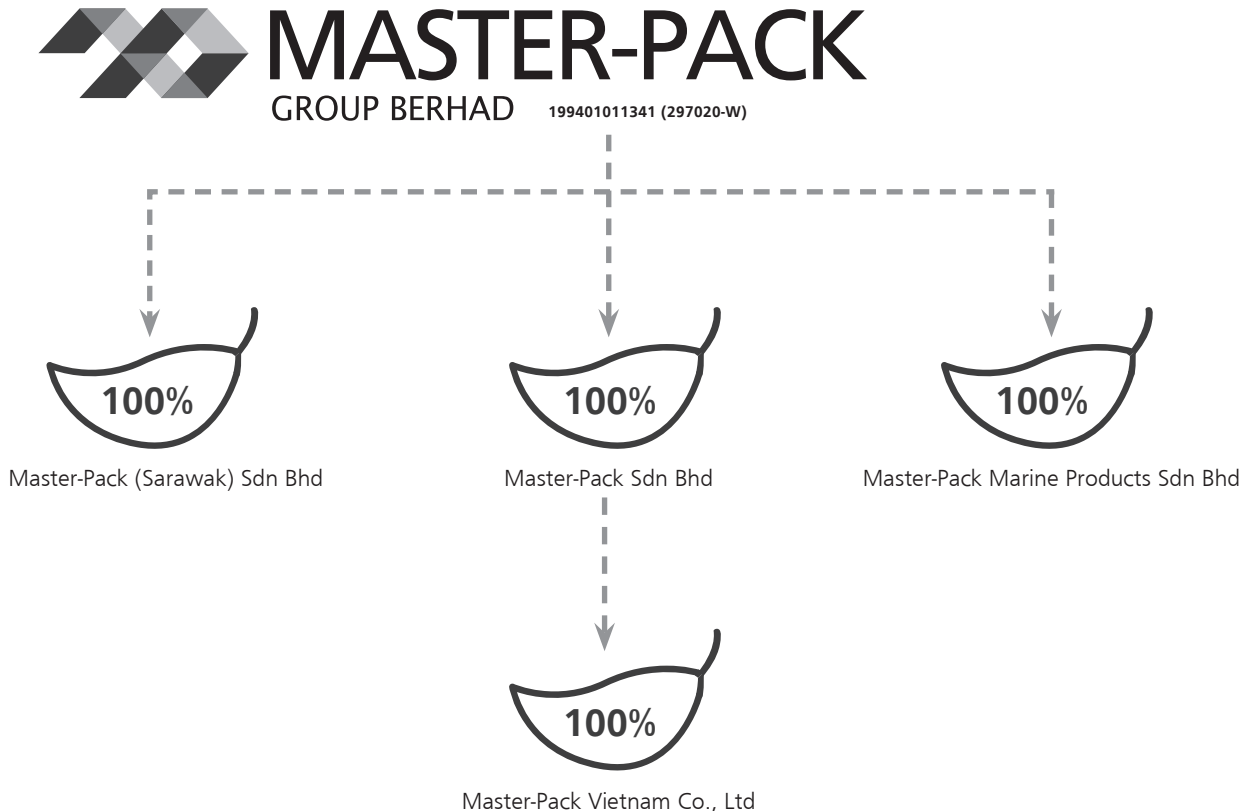
OPERATION AND FINANCIAL RISK

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



CHAIRMAN STATEMENT



Dato' Seri Syed Mohamad bin Syed Murtaza
Group Executive Chairman

I am pleased to announce that Master-Pack Group of companies concluded another successful Financial Year for 2023. Revenue continued to climb to RM166 million and Net Profit Attributable to Owners of the Company of RM24.6 million up by 13% from Financial Year 2022. This is the highest so far in the history of Master-Pack.

RESTRUCTURING OF THE BOARD

The past year saw a change in the Board of Directors in compliance with Bursa's requirement to limit Independent Directors tenure to a maximum of twelve-years. The Group welcomed four new board members, Mr. Dharmik Rajkumar Sheth, Encik Radhi bin Mohamad, Puan Fazlina binti Yahaya and Ms. Khor San Leng, each bringing a wealth of diverse backgrounds, skills and experiences to the Group. The restructuring of the Board members took into consideration and achieved the 30% female representation at board level.

As the three new directors were first time directors of public listed companies, they underwent the Mandated Accredited Program Part I within the 4 months as required. In addition, three of the new director's namely Mr. Dharmik, Ms. Khor and Puan Fazlina also completed Part II as at to-date. The rest of the other 3 directors shall attend the MAP Part II this year.

OPERATIONS

Our subsidiaries' performance throughout the Financial Year 2023 remained robust, and we continuously endeavored to deliver quality and timely services to our customers, ensuring their satisfaction and reinforcing our competitive advantage.

The new corrugated line which we invested last year in Kuching is fully operational and is ready to meet the expansion plans of our customers. Bearing in mind the slowing down of the business environments both locally and globally, the Group is taking a measured and prudent approach with regards to investing in future improvements to grow the business.

The new directors were provided with an induction into the Company's business operation in the Bukit Panchor in Penang plant by the Executive Director Mr. Sim. The new Board of Directors also visited Kuching operations at the beginning of this year to gain first-hand knowledge and to view the operations there.

DIVIDENDS

With a strong balance sheet, I am pleased that the Group was able to pay out dividend totaling 12 sen for the Financial Year 2023 up 2 sen from 10 sen in Financial Year 2022. This translated to 27% of the year's profit after tax. Rest assured that enhancing shareholders value through financial rewards in the form of dividends remain a priority.

We have announced in March this year, an interim dividend of 8 sen totaling RM4,369,612 and this will be paid for the Financial Year 2024 on 10 May 2024.

I am optimistic the Group will continue its growth path with the support of all stakeholders from our team comprising the Board, management staff and workers not to forget our esteem customers and suppliers and bankers.

SUSTAINABILITY

A total of 9 out of the 11 prescribed common sustainability matters per the Bursa's Listing requirements are mandatory for disclosures for the Group for the financial year ended 31 December 2023.

We brought together all the department heads from all subsidiaries for a half day training in December 2023 outlining the expected reporting standards mandated by Bursa. With clarity and understanding of what is expected, each department head was quick to grasp their responsibilities and contributions towards the data reporting requirements. I am proud of my dedicated team that within such a short period, we were able to collate the Sustainability Statement contained herewith in this 2023 Annual Report and had met all prescribed common sustainability matters.

I must also thank the newly established Sustainability Committee, placing the ESG material matters into clear focus thus providing transparent communication to all our stakeholders on the ESG matters in Master-Pack. The Sustainability Committee had set the framework and set the stage for stakeholders' engagement to obtain their feedback towards Master-Pack ESG objectives and I thank those that have participated in the Master-Pack ESG survey.

We are still at the very beginning stage in our sustainability journey and we intend to proceed with caution as it takes time to see which is best option in terms of ESG equipment that needs to be invested in order to reduce carbon emissions.

Master-Pack was selected in the first batch of 100 companies reviewed in November last year under the newly launch FTSE4GOOD Bursa Malaysia Index, which is designed to measure the performance of companies demonstrating specific Environment, Social and Governance practices. We achieved commendable progress in this index despite the relatively short time we had to establish the right ESG foundation and practices. However, I assure you that the management team will look into achieving a better rating in this year.

ACKNOWLEDGEMENT

I would like to acknowledge with thanks 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 has one way or another contributed to the success of Master-Pack Group Berhad.

Dato' Seri Syed Mohamad bin Syed Murtaza
Group Executive Chairman

DIRECTORS' PROFILE



DATO' SERI SYED MOHAMAD BIN SYED MURTAZA

Executive Chairman

Dato' Seri Syed Mohamad Bin Syed Murtaza, age 77, 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' Seri Syed has over 55 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' Seri Syed is experienced in a diverse range of businesses from automotive and manufacturing to exports, trading, property and oil and gas.

Dato' Seri Syed sits on the boards of Yayasan Bumiputra Pulau Pinang Bhd., MITTAS Bhd., 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' Seri 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 80, a Malaysian, was appointed to the Board of Directors as Independent & Non-Executive Director of MPGB on 27 December 2001. He is the Chairman of Remuneration Committees and also serves as a member of the Audit Committee and Nominating 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.



PUAN FAZLINA BINTI YAHAYA

Independent & Non-Executive Director

Puan Fazlina binti Yahaya age 59, a Malaysian, was appointed to the Board of Directors as an Independent & Non-Executive Director of MPGB on 1 July 2023. She is a member of the Nominating Committee.

With a Diploma in Stenography from University Mara Technology Malaysia (UiTM) in 1987, Puan Fazlina has worked her way up the corporate ladder in various industries including Malaysian Royal Air-Force, Education, Construction, Waste Management, Manufacturing, Sales and Marketing.

Her wealth of experience in business administration and management as well as diverse experience brings fresh perspective to the Board. Previously she had served as the Personal Assistant to the Deputy Chief Minister Pulau Pinang, Secretariat to Motorcycle and Scooters Assemblers and Distributors Association of Malaysia and currently she operates her own business.

Puan Fazlina does not have any conflict of interest with the Company and is not related to any director or major shareholders of the Company. She attended two out of two Board Meetings held in the financial year.

DIRECTORS' PROFILE (CONT'D)



MR. DHARMIK RAJKUMAR SHETH

Independent & Non-Executive Director

Mr. Dharmik Rajkumar Sheth, age 36, 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 Nominating and Sustainability Committees and also serves as a member of the Audit 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 attended four out of four Board Meetings held in the financial year.



ENCIK RADHI BIN MOHAMAD

Independent & Non-Executive Director

Encik Radhi Bin Mohamad, age 54, a Malaysian was appointed to the Board of Directors as an Independent & Non-Executive Director of MPGB on 1 July 2023. He is the Chairman of Audit Committee and also serves as a member of Remuneration and Sustainability Committees.

Encik Radhi graduated with a Bachelor of Accountancy from the University Putra Malaysia and has a Master in Business Administration majoring in Strategic Management from the University Technology Mara.

He is a qualified Chartered Accountant registered with the MIA with 29 years working experience in strategic management, corporate finance and corporate planning specifically in the areas of financial management, logistics and manufacturing sectors. He had held senior managerial positions with extensive exposures in business turnaround, corporate and financial restructuring, strategic planning, corporate finance and treasury including budgeting. He was the Chief Financial Officer of Penang Port Sdn. Bhd. before promoted to Chief Operating Officer, a position he held until 2021.

Encik Radhi currently works as a consultant specializing in strategic management, process improvement and data analytics. He serves as a senior officer in the Malaysian Army Reserve.

Encik Radhi 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 two out of two Board Meetings held in the financial year.



MADAM KHOR SAN LENG

Independent & Non-Executive Director

Mdm. Khor San Leng age 51, a Malaysian, was appointed to the Board of Directors as an Independent & Non-Executive Director of MPGB on 1 July 2023.

Mdm. Khor graduated from University of South Alabama with a Bachelor degree in Finance. She started her career in Corporate Planning Department of MPGB from 1996 to 2005. Since 2005, she has been an Executive Director of Hunza Properties Berhad ("HPB") which involves in property development and property investment businesses. HPB was a listed entity at Bursa Malaysia Securities Berhad until it was delisted in 2016. She also serves as a director in multiple subsidiaries of HPB.

Mdm. Khor does not have any conflict of interest with the Company and is not related to any director or major shareholders of the Company. She attended two out of two Board Meetings held in the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS

COMMENTARY ON THE FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2023

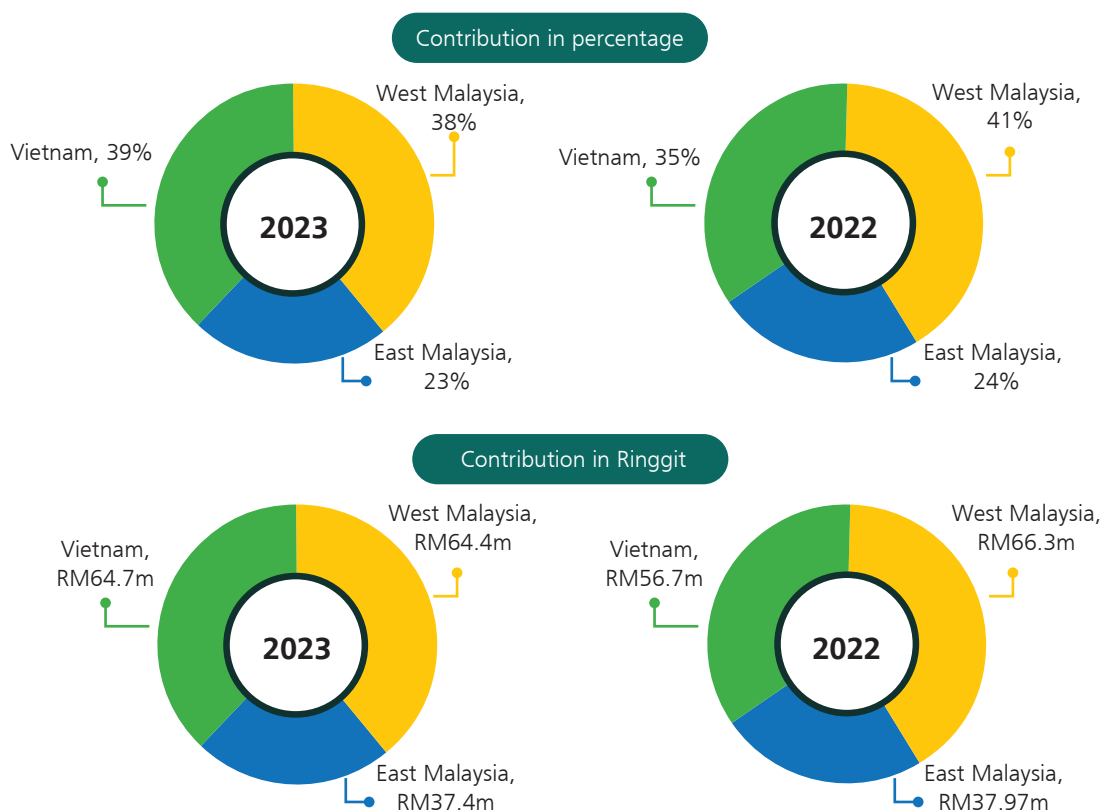
	2023 RM'000	2022 RM'000	Change RM'000	%
REVENUE	166,486	160,974	5,512	3.4%
Raw materials, consumables and related input cost	(99,121)	(101,532)	(2,411)	-2.4%
Employee benefits	(20,215)	(16,765)	3,450	20.6%
Other expenses	(17,813)	(16,170)	1,643	10.2%
Other income	3,955	2,940	1,015	34.5%
	(133,194)	(131,527)	1,667	
EBITDA	33,292	29,447	3,845	13.1%
Depreciation	(4,684)	(3,906)	778	19.9%
Finance Cost	(336)	(379)	(43)	-11.3%
	(5,020)	(4,285)	735	
Profit Before Tax	28,272	25,162	3,110	
Profit Before Tax Margin	17.0%	15.6%	1.4%	
Taxation	(3,661)	(3,324)	337	10.1%
Profit After Tax	24,611	21,838	(2,773)	12.7%
Profit After Tax Margin	14.8%	13.6%	1.2%	

REVENUE

In 2023, the Group's revenue reached RM166.5 million, marking a notable increase of RM5.5 million or 3.4% higher compared to that of the previous year. The growth was primarily driven by higher deliveries to the solar sector.

Revenue Contribution by Region

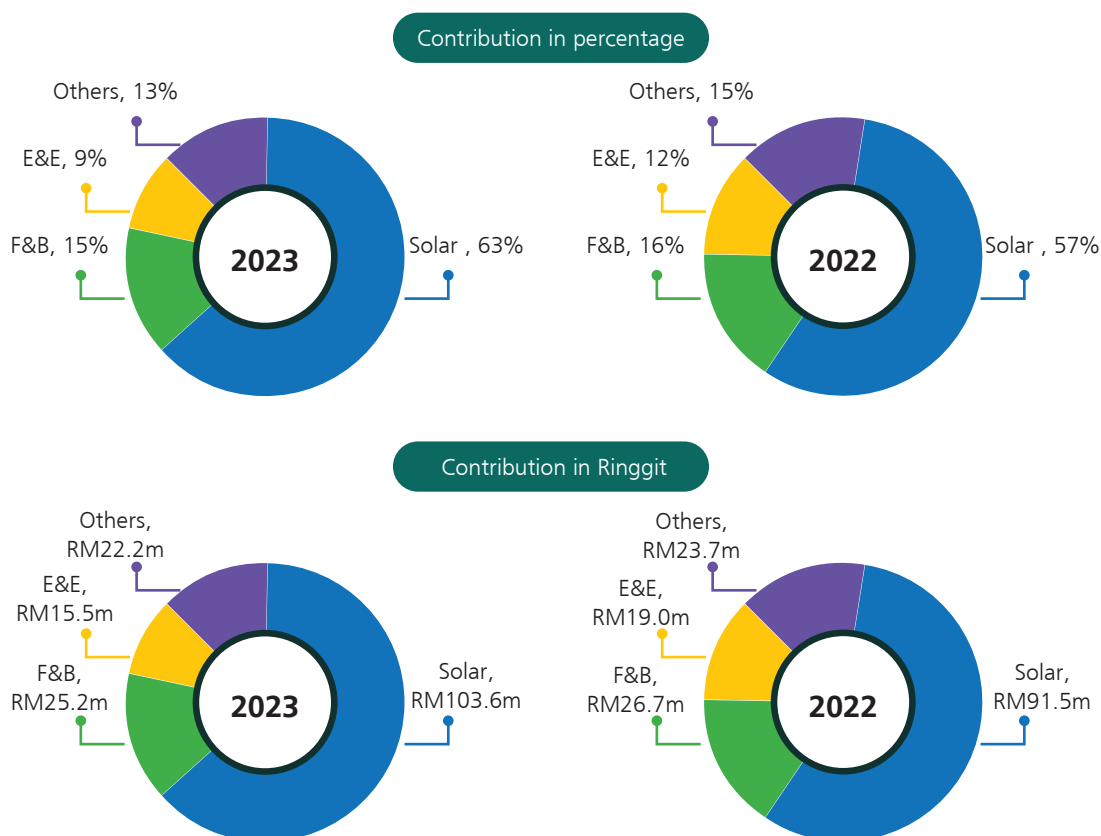
Revenue from Vietnam surged forward to RM64.7 million contributing 39% of total revenue. The revenue from West Malaysia was RM64.4 million (38%) while East Malaysia recorded RM37.4 million (23%). The increase in revenue in Vietnam was due to its capability to raise production to meet all required deliveries.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Revenue Contribution from different Industry

In terms of sectoral performance, the solar sector continued to dominate, representing 63% of total revenue for the year 2023 as compared to 57% in 2022. The Electronic and Electrical (E&E) sector fell from 12% to 9% of total revenue registering only RM15.5 million as compared to RM19.0 million in 2022. The lower demand for packaging materials from the E&E sector was due to softening of global demand for semiconductor products and the resulting inventory correction. As such demand for packaging materials from the multinational companies in Malaysia declined. The Food and Beverage sector witnessed a slight decline from RM26.7 million to RM25.2 million.



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

The cost of raw materials declined mainly due to sluggish global demand for paper and wood products.

Employee benefits increased 20.6% due to annual increments and higher incentives payout to reward our employees in line with the consistent good performance over the last few years.

Other expenses escalated due to the broader trend of rising prices for goods and services from inflationary pressures.

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

Depreciation saw an increase, attributed to the addition of new machinery over recent years.

Finance costs continued to decrease due to lower utilization of trade facilities since the Group has sufficient cash and bank balances to meet its working capital requirements without relying extensively on external financing.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Financial Position of the Group

	2023 RM'000	2022 RM'000	Change RM'000	%
Non-current Assets	75,148	62,097	13,051	21.0%
Current Assets	124,163	108,063	16,100	14.9%
Borrowings and Lease Liabilities	4,408	4,042	366	9.1%

Non-current Assets increased by RM13.0 million of which RM9.2 million was due to the surplus arising from the revaluation of the Group's properties in Malaysia. During the year, the Group invested RM7.5 million to upgrade its manufacturing facility in East Malaysia. Depreciation of the Group's Property, Plant and equipment and right-of-use assets was RM4.7 million.

The increase in **Current Assets** of RM16.1 million was due to a net increase in cash and cash equivalents of RM18.8 million. Trade and other receivables increase by RM2.4 million due to slow payment by certain customers near year-end but are fully paid-up after year-end. Inventories dropped by RM6.7 million due to lower stock-holding as well as lower raw material prices.

Borrowings for the Group remain low at RM4.5 million. This indicates the Group's strong financial position and has sufficient cash and bank balances to meet its working capital and reinvestment purposes.

Cash-flow

	2023 RM'000	2022 RM'000	Change RM'000	%
Net cash from operating activities	33,640	22,728	10,912	48.0%
Net cash used in investing activities	(5,669)	(765)	(4,904)	641.0%
Net cash used in financing activities	(9,476)	(12,285)	2,809	-22.9%
Net increase in cash and cash equivalents	18,757	10,160	8,597	84.6%

In 2023, the company generated RM34 million in net cash from operations.

Investment activities resulted in a cash outflow of RM5.7 million, with RM7.5 million was used for machinery upgrades offset by RM1.8 million gained from interest on term deposits.

Dividend payout was RM6.6 million in 2023 (up from RM5.5 million in 2022), net cash used in financing activities at RM9.5 million was lower than 2022. This was due to the reduction in total borrowing, decreasing from RM8.6 million in 2021 to RM4.0 million in 2022. Interest expenses for the year amounted to only RM0.3 million.

Prospect 2024

The Group will continue to expand its customer base to improve diversification and reduce dependency on any particular sector of customers. Efforts to diversify revenue streams will continue, although the solar sector is expected to maintain its dominance due to the global expansion of the solar industry. With solar power widely recognized as the most cost-effective method of electricity generation and the increasing emphasis on green energy initiatives worldwide, higher deliveries to our solar sector customers are expected in the year 2024.

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 economic, environment, social and governance 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 Statement should also be read alongside other sections in this Annual Report namely Management Discussion and Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Controls as sustainability efforts may be narrated in the respective sections.

Reporting Period

This report covers the period from 1 January to 31 December 2023. Where possible, information from previous years has been included to provide comparative data.

This Statement has been prepared in compliance with Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad ("Bursa") and refers to Bursa Malaysia's Sustainability Reporting Guide 3rd edition and toolkits.

In addition, Master-Pack was among the first 100 companies selected to be reviewed by FTSE Russell, the latest initiative by Bursa to measure the performance of all the public listed companies on the company's performance achieved on Environment, Social and Governance at a world class recognise index rating.

Targets

The Sustainability Committee have set preliminary Economic, Environment, Social and Governance ("EESG") mid-term and long-term targets as follows:

Economic

- Growth in Business
 - Revenue growth of 5% for Financial Year 2024
- Customer and Quality First
 - Sustain 80% and above customer satisfaction survey rating

Environment

- GHG Emission Reduction
 - Reduction of 6% of Scope 1 and Scope 2 emissions by 2026
 - Reduction of 8% of Scope 1 and Scope 2 emissions by 2028

Social

- People and Community
 - local job employment of 80% and above
 - i. where local is define as citizens and where possible local residents

Community

- i. providing job opportunities to single parents > 2%
- ii. providing employment to women >25%
- iii. first right of employment for local resident >75%
- iv. Grey population (above 60 years of age >3%)

Governance

- i. Anti-bribery and anti-corruption cases – NIL
- ii. Board governance
 - a. Meets the target 30% women on board
 - b. Majority of the Board consist of Independent members
 - c. Tenure of Independent Directors does not exceed the 9 years

Assurance

This Statement has not been audited externally. All the financial data disclosed in this report are presented on a best effort basis and have been reviewed by management team. However, key risks, processes and controls related to EMS14001 have been audited by SIRIM.

This Statement have been reviewed and approved by the Board.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE

To embed sustainability throughout Master-Pack has to be a commitment from the very top of the organization. Our sustainability governance is led by the Board of Directors who are responsible for considering economic, environment, social and governance matters in the Group's strategies. Our Board is supported by the newly established Sustainability Committee, on the restructuring of the Board, which oversees sustainability matters of the Group, identifying principal risks and business sustainability strategies alongside the Executive Director and General Manager.

Sustainability Committee		
Chairman	Mr. Dharmik Rajkumar Sheth	Independent Non-executive Director
Committee members	Encik Radhi bin Mohamad	Independent Non-executive Director
	Mr. Chew Hock Lin	Non-Independent Non-executive Director
	Mr. Sim Poh Lai	Executive Director
	Mr. Vincent Ting	General Manager
	Ms. Tan Poh Lin	Sustainability Executive

Governance Structure

Below is the sustainability governance structure along with their roles and responsibilities

Governance Structure	Roles & Responsibilities
Board of Directors	Oversight on corporate sustainability strategy and performance
Sustainability Committee	<ul style="list-style-type: none"> Identify, analyze the risks & sustainability management processes and sets strategies in alignment with the Group's strategic business objectives and direction; Sets strategic action to be taken, policies and procedures to be implemented across the Group; Review and oversee the entire risk & sustainability management performance processes, inclusive of mitigating action plans in an integrated manner
General Manager	Manage sustainability matters with the Working Committee with the support from the Sustainability Executive
Working Committee	<ul style="list-style-type: none"> Comprises management team and representatives from operations, procurement, human resources, management information system and finance Responsible for the materiality assessment, identification and monitoring actions plan, execution of actions and reporting Reports to the General Manager on sustainability matters

Since its inception, the Sustainability Committee had several meetings to identify the sustainability material matters, had established the platform to obtain stakeholders feedback on material matters, identify the risks and opportunities relating to sustainability and set the Sustainability Goals. The Sustainability Chairman had reported the progress of Sustainability matters discussed to the Board in the quarterly meetings.

The General Manager is responsible for driving the implementation of sustainability strategies; he reports to the Sustainability Committee and is accountable for managing material sustainability matters of the group. Hence, the Board is committed to accountability, transparency and sustainability performance of our business.

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 strategies taking into consideration the ESG values which brings positive impact on the community, economy and environment.

SUSTAINABILITY STATEMENT (CONT'D)






STAKEHOLDERS ENGAGEMENT

The Group recognizes the importance of 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.





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 Demonstration of good ESG adherence and practices 	<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 Safe and healthy working condition and employee welfare Employee Satisfaction Operation in compliance with applicable laws and standards Diversity an equal opportunity for career advancement 	<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 Environment, safety & health and Governance Social Governance matters on diversity, equity and human rights 	<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 Demonstration of good ESG adherence and practices Timely and accurate announcements and information on company's website 	<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 Good corporate governance practices 	<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

SUSTAINABILITY STATEMENT (CONT'D)

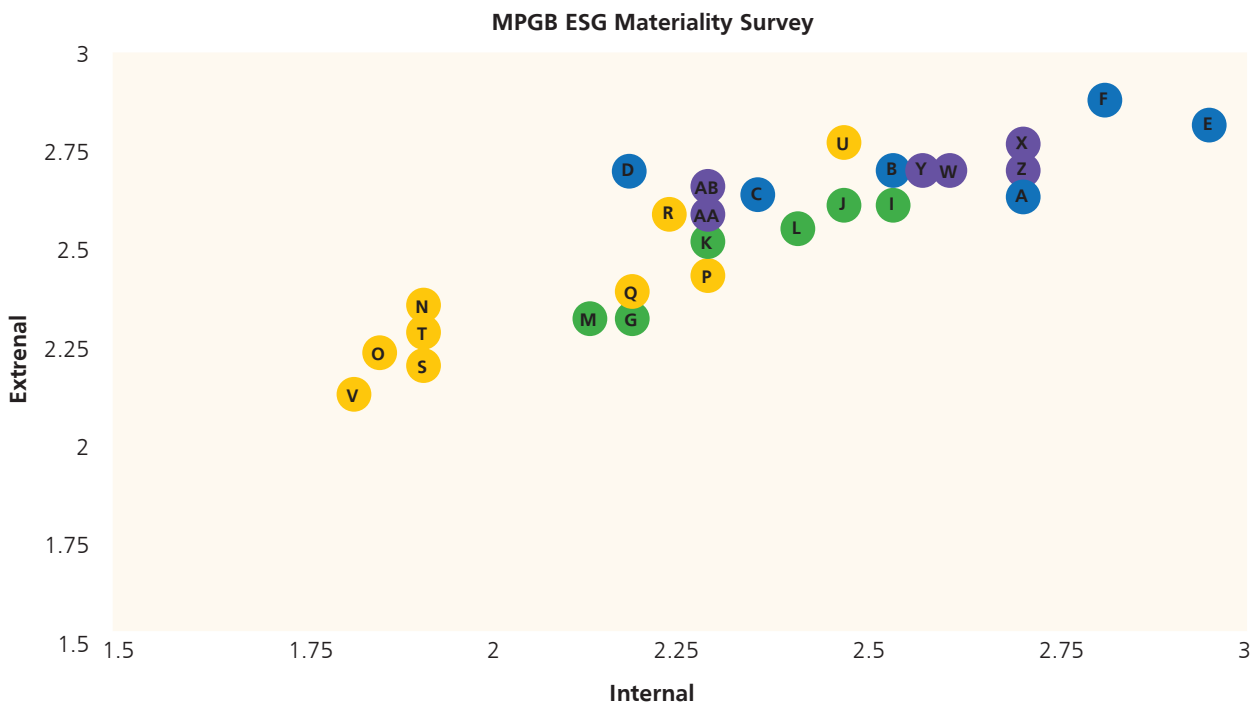
MATERIALITY ASSESSMENT

Our materiality assessment process enables us to identify and assess key risks and opportunities to ensure long term sustainable growth. The assessment involves evaluating the significance of each sustainability matter based on its severity of impact and frequency of occurrence to the Group. There are various factors taken into consideration including current economic, environment, social and governance trends both locally and globally.

 1. Understanding and identification	 2. Categorization and Prioritization	 3. Materiality Assessment and Validation	 4. Process review
<ul style="list-style-type: none"> Understand sustainability matters related to business operations 	<ul style="list-style-type: none"> Categorize and prioritize key sustainability matters 	<ul style="list-style-type: none"> Perform materiality matrix on the stakeholder's influence assessment against internal business sustainability assessment 	<ul style="list-style-type: none"> Evaluate the materiality assessment process against the outcomes
<ul style="list-style-type: none"> Determine key stakeholders and their concerns 	<ul style="list-style-type: none"> Plan possible actions and report on the key sustainability matters 	<ul style="list-style-type: none"> Validate the identified material matters base on materiality, perform monitoring and managing sustainability matters which have the most significant impact 	<ul style="list-style-type: none"> Re-assess and re-evaluate the process to achieve the desired outcomes, when necessary

The materiality assessment process generates the materiality matrix, a visual representation of the Group priorities. Each material sustainability matter reflects the concerns and interests of stakeholder groups.

We did a comprehensive materiality assessment to evaluate the significance of key identified sustainability matters to our group and our stakeholders mainly the customers and employees for the year under review. The inputs gathered were tabulated and plotted on a materiality matrix as shown below to illustrate the significance of each material matter base on the level of prioritization to our Group and our stakeholders.



SUSTAINABILITY STATEMENT (CONT'D)

MATERIALITY ASSESSMENT (cont'd)

	LEGENDS	POINTS	
ECONOMIC	Business growth	A	Sustainable business growth
	Strong Financials	B	Ensuring prudent cashflow management to meet the operating expenditures and capital investment
	Innovation	C	Developing innovative solutions to meet customer's specifications
	Patent	D	Creating and protecting intellectual property.
	Customer Service	E	Creating positive customer experience
	Quality product	F	Ensuring products are safe throughout its lifecycle
ENVIRONMENT	Environment Rights	G	Environment and animal rights protection in the community. Also ensuring basic amenities and utilities are not affected
	Community utilities	H	
	3Rs	I	Embedding the 3Rs into our operations processes
	Clean water	J	Efforts to improve water consumption efficiency to mitigate the impact on climate change
	Energy efficiency	K	Efforts to improve energy consumption efficiency to mitigate the impact on climate change
	Emissions	L	Implementing action plans and internal controls to better manage our carbon footprint
	Energy substitution	M	Affordable clean energy substitution
SOCIAL	Board Diversity	N	Board diversity and structure
	Gender equality	O	Recognizing and promoting gender, diversity and equity to create a harmonious work environment
	Pay equity	P	
	Diversity	Q	
	Employee engagement	R	Looking after the well-being of our employees through various engagement activities and surveys
	Community services	S	Improving the wellbeing of the surrounding communities through Corporate Social Responsibility sponsorship and programmes
	Community Education	T	
	Safety and Health	U	Safe guarding the health and safety of our employees with internal controls and standard operating procedures
Poverty	V	Play a role in the reduction of poverty by offering those living in the community of our operations the 1 st right of refusal to work.	
GOVERNANCE	Policies Standard Operating Procedure	W	Ensuring operations are carried out according to standardise procedures following established policies, internal controls and guidelines
	Transparency	X	Establishing trust and transparency with all stakeholders
	Code of Conduct	Y	Compliance with Company's Code of Conduct for responsible business ethics in operating the company
	Privacy and Data Protection	Z	Protecting private or privileged information for customers, employees through internal cybersecurity controls
	Corporate Governance	AA	Compliance with regulatory requirements and corporate values that business is conducted in an ethical and responsible manner
	Supply Chain	AB	Managing our relationships with supplier through fair procurement practices and ensuring they comply with the Vendor Code of Conduct, ESG requirements and responsibilities

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMICS

Financial Performance and Business Sustainability

Financial performance is significant to our internal and external stakeholders where our business growth as well as our financial statements and cashflow enable us to continue business without external parties curbing our credit limits. Financial institutions are very selective in providing new or renewing existing banking facilities as non-financial matters pertaining to Environment, Social and Governance (ESG) becomes an additional important item of consideration in giving out banking facility. Supply chain customers and vendors are forced to be selective in continuing business transactions as ESG becomes a standard requirement for assessment profiling in line with changing global regulations introducing carbon tax.

We understand that providing returns to shareholders is equally important to align with shareholders' expectation. A total of 12 sen per share is declared and paid during the year 2023 compared to a paid out of 10 sen and 4 sen per share in 2022 and 2021 respectively.

In summary, our key Financial Performance and Growth on a year-to-year basis is a testament that the Board and Management continue to strive relentlessly towards long term business profitability and growth whilst sustaining our presence as the Preferred Packaging Supplier within the niche packaging market.

Master-Pack creates sustainable value for its customer, the supply chain, shareholders and other stakeholders to whom derived economic value is distributed. The economic value distribution derive are taxes for the government, compensation and benefits for the employees, dividends for the shareholders, raw material and service prices for the suppliers and service providers. Part of the value earned is retained in the Group for capital investments and to maintain leverage against capital market fluctuations.

Please refer to the Management Discussion section of the 2023 Annual Report for the Synopsis of Master-Pack Group data facts on Financial Performance for 2023.

Commitment to Quality & Productivity

Having the latest revision of ISO 9001 :2015 certification is a testament that we continue to uphold a consistent quality standard of our products. All three subsidiaries are certified with ISO 9001:2015.

A comprehensive quality management system framework has been established to ensure customers that quality assurance policies and procedures are in place to address product quality and reliability on regular basis as well as improving work efficiency.

All our products are subject to monitoring and quality control checks during different stages of production. Thereafter, our products are delivered on timely basis and met the customer's expectation in order to build customer's confidence and trust. The new corrugated line which we invested last year in Kuching is fully operational and is ready to meet the expansion plans of our customers.

Product and services responsibility

Basically, our products are manufactured customized to the requirements of our customers. Corrugated cartons and wooden packaging manufactured by our Company's plants are fully recyclable products. Our packaging is designed holistically with the product of our clients in mind in order to optimize overall environment performance. The packaging that we produce would be designed to be effective, beneficial and safe for users and communities throughout its life cycle.

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.

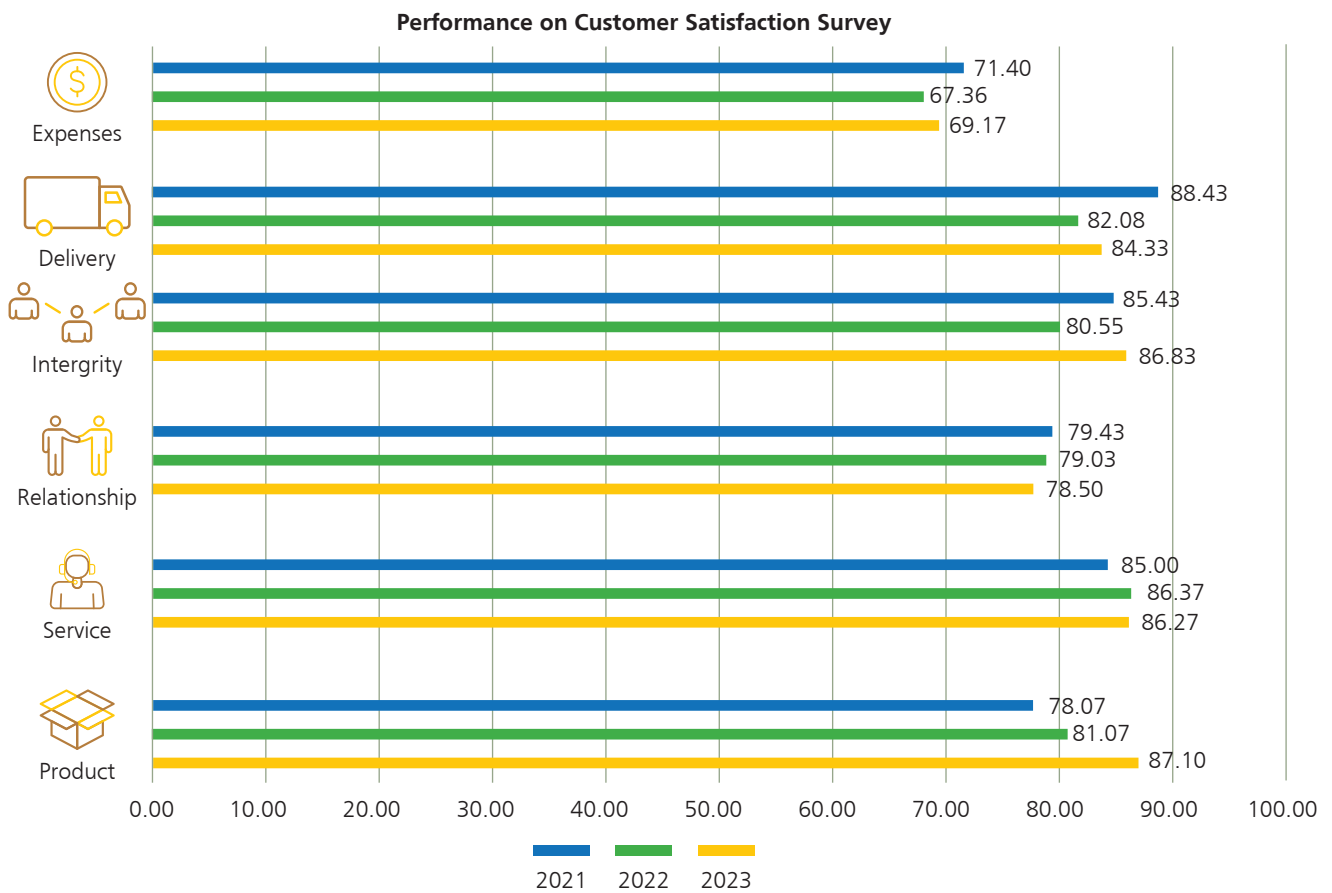
SUSTAINABILITY STATEMENT (CONT'D)

ECONOMICS (cont'd)

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.



Supply Chain Management

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. We are continually refining our procurement standards to respond to changes in the regulatory environment and new product requirement. As such in 2023, we have revised our Vendor Code of Conduct policy in which our expectations of our suppliers are laid down. This creates clarity around the standards to be met. We count on reliable supplier relationship and also support our suppliers in implementing our requirements.

Master-Pack Vendor Code of Conduct available on <https://master.net.my/investor-relations/vendor-supplier-code-of-conduct/> outlines our expectation and guidelines with respect to responsible sourcing including commitments to human rights, the environment, health and safety and business ethics. The Vendor Code of Conduct is also available in English and Vietnamese catering to our business operation in Malaysia and Vietnam. The intention of this Vendor Code of Conduct is to increase awareness and improve transparency, economic, environment, social and governance adherence and the integrity of Master-Pack’s supply chain. All our key material suppliers and contractors had agreed to adhere to our Vendor Code of Conduct by signing the letter of acknowledgement that they have read and understood the terms set forth and pledge a commitment to abide by the terms of the Master-Pack Vendor Code of Conduct.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMICS (cont'd)

The Group have not identified or received reports of any potential violations by suppliers on the Vendor Code of Conduct for the year under review.

Our procurement team encourages our business partners to make continuous improvements toward sustainable business conduct. We have also recently organized a one-day training session for our Vietnamese suppliers on the Responsible Business Alliance Code requirements.

Local Supply Chain

We emphasize our business needs for materials in 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. Our raw material purchases that we procure both locally and some overseas are customized for our major customers.

	2021	2022	2023
Local material purchases (excluding services)	47%	62%	59%

We are however unable to source certain materials locally, therefore the materials have to be imported in order to meet the specification and quality standards set by our customers. This is the main reason non-local purchases are significant to the Group.

Conflict-Free Minerals Policy & Raw Materials Sourcing

We do not procure or use in our production processes any of the supplies that contain the 3TG raw material. In other words, we are not part of the supply chain on raw material and products that could possibly benefit armed groups in the Democratic Republic of Congo and adjoining countries. We will continue to be vigilant in our raw material sourcing to ensure that conflict-free mineral remains not applicable to our Company.

ENVIRONMENT

The ongoing discussions globally and calls for companies to act on climate change has accelerated the transition to low carbon products and services. To this tune, responsible environment stewardship is no longer on voluntary basis but is now a critical to future proof any manufacturing business.

As an environmentally conscious company, Master-Pack is committed to protecting the environment and mitigating the impacts of climate change. The major environment impacts from Master-Pack's business operations are related to energy, waste production and logistics.

Environment Permits and Reporting

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

Pollution Prevention and Resource Reduction

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

Hazardous Substance

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

Wastewater and Solid Waste

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

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT (cont'd)

Wastewater and Solid Waste (cont'd)

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.

Air Emissions

Air emissions are tested per DOE requirements

Material Restrictions

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

Storm Water Management

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

Energy Management

Our operations sites primarily need energy in the form of electricity which we purchase directly from the local grid. In West Malaysia electricity is purchased from Tenaga Nasional Berhad, in East Malaysia from Sarawak Energy and in Vietnam from Vietnam Electricity.

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.

Total Energy Consumption

	Unit	2021	2022	2023
Electricity	MWh	1469	1533	1592
Energy intensity	(MWh/RM'000)	0.0305	0.0303	0.0318

	Unit	2021	2022	2023
Gas consumption	M3	227,451	215,429	192,030
Petrol	Litre	25,542	27,330	27,403
Diesel	Litre	255	257	237

High energy lightings in the workplace had already been changed to energy saving lightings for all production sites. During lunch breaks, we inculcate a habit of asking workers to switch off air-conditioners and lightings and non-operating machines to save energy. We have been able to recycle steam which is normally release during production back to operation process resulting in a reduction of energy and water consumption.

Water

	Unit	2021	2022	2023
Water Consume	Megalitres	12.31	13.19	9.81

Water is mainly used for cleaning and personnel hygiene and is not used during production thus not recycled for reuse. Water is supplied by the municipal district of each manufacturing operations sites.

Ongoing water saving action taken is to reduce the water in lavatory flushing system. Rain water harvesting for lavatory usage has been implemented in East and West Malaysia.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENT (cont'd)

GHG Emissions Management

Our operation GHG emissions are measured and disclosed as follows:-

Scope 1 refers to direct GHG emissions from the activities in our organization including mobile combustion such as petrol and diesel consume by Company's owned forklifts and company owned motor vehicle.

Scope 2 refers to indirect GHG emissions from consumption of electricity. The purchased electricity is primarily used to operate production machinery, facility equipment and office equipment.

We have not yet started on the process of collecting data on GHG emissions Scope 3 (indirect emissions) which relates to business travel and employees daily commuting to work.

GHG Emissions	Unit	2021	2022	2023
Scope 1	tCO2e	1,166	1,153	1,057
Scope 2	tCO2e	611.50	656.46	553.72
Scope 1 Intensity	tCO2e/RM'000	0.0261	0.0249	0.0232
Scope 2 Intensity	tCO2e/RM'000	0.0113	0.0115	0.0086

Note:

- GHG emissions Scope 2 covers consumption of electricity
- West Malaysia:- the emission scope is calculated using the emission factor obtained from TNB Annual Report Greenhouse Gas Emission Intensity of CO2 emissions
- East Malaysia :- the emission scope is calculated using the emission factor obtained from the Sarawak Energy Annual Report Greenhouse Gas Emission Intensity of CO2 emissions
- Vietnam:- the emission scope is calculated using the emission factor announcement from Vietnam Electricity.

In the year 2023, East Malaysia purchased a Renewable Energy Certificate to offset the scope 2 GHG emissions totaling 451 MWh of electricity generation from a Production Asset.

Master-Pack business operations do not produce any Nitrogen Oxides ("NOx") and Sulphur Oxides ("Sox") emissions as our business activities does not involve biomass combustion.

Waste Management

3Rs

The Group has incorporated the 3Rs(Reduce, Reuse and Recycle) principle into its manufacturing process, established energy and resources management system to better utilize the resources in its manufacturing process, aiming to reduce energy consumption, minimize waste production and recycling waste to ensure it does not end up in the landfills.

These commitments are embedded and set forth in our Environment Management System registered with ISO14001. The adoption of this standard underlies our commitment to safeguarding the environment which can be seen from our effort in obtaining the environment permits, pollution prevention, resource reduction of hazardous substances, minimize the energy consumption and greenhouses gas emissions.

Our operating sites in West and East Malaysia are fully certified with ISO14001 :2015 or 67% of our sites in the group are covered by environment management systems. The operating site in Vietnam have still yet to take the final step to obtain this certification. Corrugated cartons manufactured are fully recyclable products. Our factories endeavor to enhance ways corrugated paper can be utilized and had been successful in producing paper pallets and layer pads to replace wooden pallets and packing saw dust or plastic bubble pads. These paper pallets are ideally used in containerized shipment and are acceptable to countries inculcating ESG, as it is easily recycled. We continuously work with customers to best design corrugated carton boxes that minimized superfluous material/ over design. In addition, the Group's office and production departments proactively collect all scrap papers, production rejects and waste material for recycling.

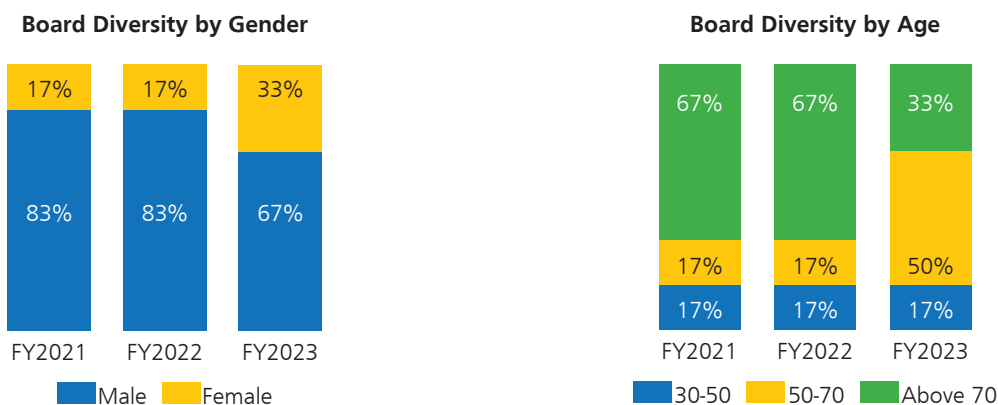
	Unit	2021	2022	2023
Paper recycled	tonnes	1,687	1,675	1,626
Wood recycled	tonnes	132	245	308

Paper is resold back to a waste collector where ultimately ends up at the paper mills for reprocessing to new paper. Wood is also resold back to the waste collector to be recycled into saw dust pellets used in boilers.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL

Board Diversity



The target of 30% women at the board level is achieved

Executive Director	Non-Independent Non-executive	Independent Non-executive
1	1	4

Group Diversity

Distribution by Gender	FY2021 %	FY2022 %	FY2023 %
Male	72%	70%	73%
Female	28%	30%	27%

Percentage of employee by gender for each employee category		Percentage %		
		2021	2022	2023
Male	Management	57	58	58
Female	Management	43	42	42
Male	Executive	59	58	56
Female	Executive	41	42	44
Male	Non-exempt	52	52	55
Female	Non-exempt	48	48	45
Male	General Worker	89	86	88
Female	General Worker	11	14	12

Percentage of employee by age for each employee category		Percentage %		
		2021	2022	2023
Management	Under 30 years	0	0	0
	Between 30-50	39	46	41
	Above 50 years	61	54	59
Executive	Under 30 years	5	2	5
	Between 30-50	67	68	67
	Above 50 years	28	30	28
Non-exempt	Under 30 years	7	5	4
	Between 30-50	78	73	69
	Above 50 years	15	22	27
General Worker	Under 30 years	53	46	46
	Between 30-50	34	43	44
	Above 50 years	13	11	10

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (cont'd)

Board Diversity (cont'd)

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.

In the financial year 2023 total workforce is 261 consisting of 190 permanent employees, 57 migrant workers employed on contract and 14 employees who are above 60 years of age on contract, all of whom work on a full-time basis. There are 21 contractors or 7.4% hired through a subcontractor working for the Group.

Total number of employee turnover by employee category	Headcount		
	2021	2022	2023
Management	0	0	0
Executive	1	1	1
Non-exempt	3	4	8
General Worker	76	62	44
Total	80	67	53

Turnover of general worker category mainly consist of migrant workers returning to their country after completion of 2 or 3 year contract. We also have a good track record of migrants workers continuing employment above 5 years.

Employee Welfare

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.

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

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

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 2023 and was presented during Annual Dinner. Amongst those receiving the service awards for the year 2023 are migrant workers with service awards for the 5th and 10th years. For the year 2023, 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. Photos of these events are made available in the company website.

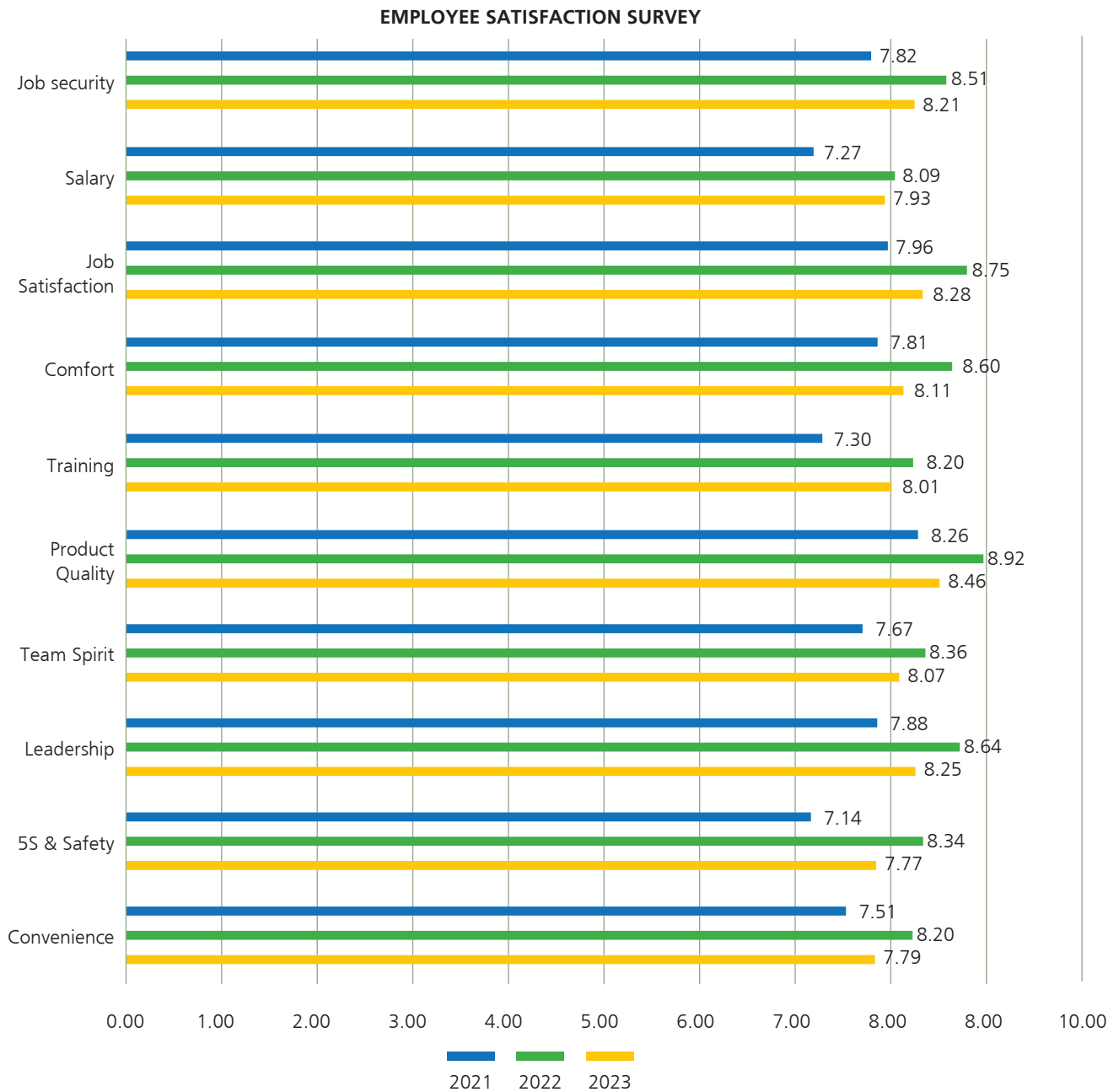
The internal audit performed an audit of the employee welfare and benefits for Master-Pack Vietnam in 2023 and reported directly to the Audit Committee that the company complied to authorities' requirements on employee rights, welfare and benefits.

The 2023 employee satisfaction survey indicates a slight drop in comparison to 2022 but is still higher than 2021. The high satisfaction rating for 2022 is contributed to the implementation of minimum wage in May 2022 to RM1500.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (cont'd)

Employee Welfare (cont'd)



Respect of Labour and Human Rights

The Group is committed to fostering an inclusive environment where everyone is treated with respect, trust and dignity. As such the management promotes a conducive working cultural environment; all employees are treated with equal conduct and values and not subject to any harsh or inhumane treatment. 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. Any other costs such as recruiting fees and related fees incurred at any stage of recruitment process whether by us or our agents in the receiving and sending countries shall not be charged to workers.








SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (cont'd)

Respect of Labour and Human Rights (cont'd)

Number of substantiated complaints concerning human rights violations	2021	2022	2023
Discrimination and harassment incidents reported	0	0	0
Grievance related incidents reported	0	0	0
Child labour incidents	0	0	0
Forced or compulsory labour incidents	0	0	0
Full time employees identify as differently abled employee	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. There are no unreasonable restrictions on workers freedom to enter or exit company premises including workers living quarters. 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 or ethnicity, religion, age, disability or sexual orientation or marital status unless specific laws or regulations expressly provide for selection according to specific criteria.</p>
<p>WORKING HOURS</p> 	<p>Working hours are in accordance with the Employment Act, Labour Ordinance and Labor Law of the state or country in which the business operations reside. Overtime is on voluntary basis. At the end of each wage period, employees are provided with a payslip or statement of wages</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, defamatory 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>

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (cont'd)

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.

The safety, health and environment committee is headed by the General Manager and members of the committee comprise 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.

	2021	2022	2023
Work Related Employee Fatalities	0	0	0
Lost Time Incident Rate only on site	101	138	528
Employees undergoing health surveillance*	40%	39%	22%

* Only employees who are expose to a long duration of high decibel noise level shall have to undergo health surveillance. Audio metric test for these employees is carried out on an alternate year basis.

Number of employees trained on health and safety standards	Number of Employees		
	2021	2022	2023
Management	0	4	16
Executive	49	41	52
Non-executive/Technical staff	55	40	47
General Worker	164	130	157
Total	268	215	272

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.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (cont'd)

Trainings (cont'd)

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 & environment, anti-corruption and anti-bribery policies, Master-Pack Code of Conduct 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.

Total hours of training by employee category	Number of Hours		
	2021	2022	2023
Management	319	588	740
Executive	437	577	656
Non-executive/Technical staff	328	270	568
General Worker	311	516	1078
Total	1,396	1,952	3,043

Community

The Group is very conscious of the need to contribute to the Community at large. As our manufacturing sites are located amongst low-medium income people, we are aware of our social responsibility to contribute to the community in which we operate. Our policy is to offer the local community living within 10km from our plants the first right of refusal to work for our production facilities. This practice has resulted in the stability of the local workforce as well as contributing to the reduction in local employee turnover. We also offer part time jobs to the local community around us when available. In 2023, Master-Pack Sdn. Bhd. also initiated a partnering program -Manufacturing Engineering Integrated Design course with the local university in the community to prepare a small group of students with the knowledge and aptitude fit and ready for entering into the industry and society.

We are aware of our social responsibility to the community and is committed to assisting the community surrounding our operation sites. For an initial start, we shall focus on children's education and welfare.

Total Amount invested in the community where the target beneficiaries are external to the listed issuer	2021	2022	2023
Children with slow learning disabilities, autism, cerebral palsy and orphanage	0	RM40,000	RM40,000

The recipients or non-profit organizations are located within 20km radius from our business operations sites in Nibong Tebal, Penang and Kuching, Sarawak. The beneficiaries who benefitted from the donations are estimated at 50 children per year.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE

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 bench mark to industry best practices to ensure that our corporate governance structure meets the challenges of changing business needs and stakeholders' expectation levels.

Master-Pack corporate governance framework and practices are elaborated in the Corporate Governance Overview Statement of this annual report and the Corporate Governance Report 2023 available in the company website.

Anti-Bribery and Anti-Corruption Policy ("ABC") and Whistle Blowing

The Group adopts zero tolerance approach to all forms of bribery and corruption. The ABC policy had been communicated to all our entities to ensure they are aligned within the Group. The ABC policy provides direction and guidance governing both Directors and employees on the way to recognise and deal with any act of corruption and bribery that may arise in the course of daily business activities.

The Master-Pack Group Anti-bribery and Anti-Corruption Policy ("ABC") was first adopted in 2020. In order to have a clearer understanding of this ABC policy in conducting daily business, it is best read together with Master-Pack Code of Business Conduct ("The Code").

The Code covers salient areas pertaining to gifts, entertainment, donations and sponsorships. Master-Pack's ethics in anti-bribery and anti-corruption is also stated in the Vendor Code of Conduct which has to be acknowledge by vendors who have business dealings with Master-Pack Group of companies.

Percentage of employees who have received training on anti-corruption cum the CODE by employee category	2021 %	2022 %	2023 %
Managers	1	2	4
Executives	1	2	16
Non-executive/ Technical staff	2	2	18
General Workers	0	3	44
	4	8	82

The ABC training was mainly carried out group wide in 2022 and repeated for the 2023 for new recruits as part of their induction programme. Training on the Code to employees is conducted in their own language especially for the migrant workers from Bangladesh and Nepalese. During the training, all attendees were briefed on the established whistle-blowing channels made available by the company and the procedures to report a case of potential bribery or corruption, if required.

The Company does not make charitable donations or contributions to political parties. Whilst employees and associated third parties acting in their personal capacity are not restricted to make any personal donations, Master-Pack will not make any reimbursement for these personal political contributions back to its employees or the associated third parties.

In addition, an audit on Anti-Bribery and Anti-Corruption policies and practices was also conducted in 2022 for the whole Group by the out-sourced internal auditor which reports directly to the Audit Committee.

A full scope Corruption Risk Assessment has been carried out across the Group based on present and potential corruption risk. The assessment process considers the potential impact and likelihood of occurrence, effectiveness of controls in place and actions plans taken to mitigate the corruption risk.

The internal audit performed a group wide audit review on the procedures and practices in accordance to the Anti-Bribery and Anti-Corruption policy in 2022. There were no significant findings and all recommendations were duly complied by the management. In addition, the external auditors also provide questionnaires on fraud and risks for the management and internal auditors to complete for their audit assessments.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE (cont'd)

Anti-Bribery and Anti-Corruption Policy ("ABC") and Whistle Blowing (cont'd)

Confirmed incidents of corruption and action taken	2021	2022	2023
Total number of confirmed incidents of corruption	0	0	0
Number of staff disciplined or dismissed due to non-compliance with ABC policy	0	0	0
Fines or penalties imposed in relation to corruption, bribery and anti-competitive business practices	0	0	0
Amount of political contributions made	0	0	0

Sexual Harassment

The latest update to the Employment Act includes an article to educate, communicate and provide the channel for reporting sexual harassment in the workplace. The topic of sexual harassment was also included in the training on Company's Code of Conduct communicated to employees during the year.

Our Chairman was invited to Majlis Pelancaran Jerayawara Advokasi Antigangguan Seksual held on 29 May 2023 representing the business community to pledge against sexual harassment.

	2021	2022	2023
Substantiated case on sexual harassment	0	0	0
Number of staff investigated, disciplined or dismissed due to sexual harassment	0	0	0

Code of Business Conduct

The Code was first introduced in 2012 and the latest update 2023 approved by the Board is available in the company's website. The Code which applies to the board and employees of the Group is not only available in English but in both Bahasa Melayu and Vietnamese for the comprehension of the employees. Our Code of Conduct outlines our expectations to all our employees and external stakeholders on our approach in human rights, misconduct, insider information and other matters including the Competition Act while conducting business with the Group.

Master-Pack Code of Business Conduct should be read together with the Anti-Bribery and Anti-Corruption policy as it clearly sets out Master-Pack's policy and practices on daily business conduct and ethics. 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.

All department heads and sales personnel are required to sign the declaration annually that they have read and understood the Code of Business Conduct and shall strictly abide to the procedures and guidelines stipulated therein.

Master-Pack Code of Conduct have been updated on August 2023 and is available in the company website <https://master.net.my/investor-relations/code-of-business-conduct/>

Whistle-blowing Policy and Procedures

In accordance with Open Communication culture, all employees are encouraged to ask and have a duty to report possible violations of the law, the Code and other company guidelines.

The Whistle-blowing policy is designed to support the company's values, ensure employees can raise concerns without fear of reprisals and provide a transparent and confidential process for dealing concerns.

This policy also outlines the reporting channels which include making a report to employee's immediate supervisor, the Group Executive Chairman, the Senior Independent Director and the Group Human Resource Manager. A report can be written or via email or via the whistle-blowing disclosures form as set out in the Company website.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE (cont'd)

Whistle-blowing Policy and Procedures (cont'd)

All grievance shall be treated with strict confidentiality and the employee shall be safeguarded from unwarranted retaliations. There is no repercussion or punitive action against the employee for reporting grievances.

Master-Pack Whistle-blowing policy have been update on August 2023 and is available in the Company website <https://master.net.my/investor-relations/whistle-blowing-policy/>

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.

It is important to build trust and accountability with customers, business partners and employees who expect their data to be kept private and that correct measures for protecting these private data have been implemented.

Our key internal controls to protect data privacy are as follows:-

- Protect our technology resources and assets with latest encryption, firewalls, antivirus and anti-malware software
- Use physical and security measures to protect the personal data
- Require all employees to understand and abide by the Master-Pack Code of Conduct
- Provide training and awareness on the risks of cyber crimes
- Sign Non-disclosure Agreements with customers, suppliers and contractors.
- Wi-Fi configurations limited to only authorize access

The company have continued to upgrade the servers and backup system for data safekeeping. In addition, the company have also installed the latest data protection software and comprehensive anti-virus solutions as part of the company's data security measures. Based on ongoing monitoring, there are no complaints concerning breaches of customer privacy and losses of customer /employee data incidents reported for the past 3 years.

Investor Relation

We are committed to provide accurate information and disclosures in transparent and timely manner to all our shareholders. We continue to work on timely delivery of the Annual Report and provide sufficient notice to shareholders to attend the Annual General Meeting.

The release of Master-Pack's Annual Report are as follows:-

Annual Report	Date of Release	Bursa Securities Deadline for the release	No. of days in advance
2022	19 April 2023	30 April 2023	11 days
2021	22 April 2022	30 April 2022	8 days
2020	27 April 2021	30 April 2021	3 days

The release of the Notice of Annual General Meeting is as follow:-

Date of Annual General Meeting	Date of Notice	At least 28 days' notice from the date of the AGM	Notice Period given
29 th AGM -22 June 2023	23 May 2023	28 days	31 days
28 th AGM -25 May 2022	22 April 2022	28 days	33 days
27 th AGM -27 May 2021	27 April 2021	28 days	30 days

SUSTAINABILITY STATEMENT (CONT'D)

Performance Data

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	4.00
Executive	Percentage	16.00
Non-executive/Technical Staff	Percentage	18.00
General Workers	Percentage	44.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Disclosure of total amount of political contributions made	MYR	0.00
Disclosure of number of staff disciplined or dismissed due to non-compliance with anti-corruption policy/policies	Number	0
Disclosure of cost of fines, penalties or settlements in relation to corruption	MYR	0.00
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	40,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	50
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	41.00
Management Above 50	Percentage	59.00
Executive Under 30	Percentage	5.00
Executive Between 30-50	Percentage	67.00
Executive Above 50	Percentage	28.00
Non-executive/Technical Staff Under 30	Percentage	4.00
Non-executive/Technical Staff Between 30-50	Percentage	69.00
Non-executive/Technical Staff Above 50	Percentage	27.00
General Workers Under 30	Percentage	46.00
General Workers Between 30-50	Percentage	44.00
General Workers Above 50	Percentage	10.00
Gender Group by Employee Category		
Management Male	Percentage	58.00
Management Female	Percentage	42.00
Executive Male	Percentage	56.00
Executive Female	Percentage	44.00
Non-executive/Technical Staff Male	Percentage	55.00
Non-executive/Technical Staff Female	Percentage	45.00
General Workers Male	Percentage	88.00
General Workers Female	Percentage	12.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	67.00
Female	Percentage	33.00
Under 30	Percentage	0.00
Between 30-50	Percentage	17.00
Above 50	Percentage	83.00
Number of Board Directors	Number	6
Number of independent Directors on the board	Number	4
Number of women on the board	Number	2
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	1,592.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	528.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	272
Number of work-related employee fatalities, over last 3 years	Number	0

Internal assurance External assurance No assurance

(*)Restated

SUSTAINABILITY STATEMENT (CONT'D)

Performance Data (cont'd)

Indicator	Measurement Unit	2023
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	740
Executive	Hours	656
Non-executive/Technical Staff	Hours	568
General Workers	Hours	1,078
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	7.40
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	0
Executive	Number	1
Non-executive/Technical Staff	Number	8
General Workers	Number	44
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Annual General Meeting: Number of days between the date of notice and date of meeting	Number	31
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	59.00
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	9.810000
Bursa (Waste management)		
Percentage of sites covered by recognized environmental management systems such as ISO14001 or EMAS	Percentage	67.00
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	1,057.00
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	553.72

Internal assurance External assurance No assurance

(*)Restated

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 30th Annual General Meeting (“AGM”) of Master-Pack Group Berhad (“the Company”) will be held at Bukit Jawi Golf Resort of Lot 414, Mukim 6, Jalan Paya Kemian Sempayi, 14200 Sungai Jawi, Pulau Pinang on Thursday, 23 May 2024 at 11.00 a.m. for the following purposes:-

AGENDA

ORDINARY BUSINESS

- | | | |
|----|--|-------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of Directors and Auditors thereon. | <i>Please refer to Note 8</i> |
| 2. | To re-elect Dato’ Seri Syed Mohamad Bin Syed Murtaza, a Director who retires by rotation in accordance with Article 111 of the Company’s Constitution and who, being eligible, offers himself for re-election. | Resolution 1 |
| 3. | To re-elect Encik Radhi Bin Mohamad, a Director who retires in accordance with Article 118 of the Company’s Constitution and who, being eligible, offers himself for re-election. | Resolution 2 |
| 4. | To re-elect Madam Khor San Leng, a Director who retires in accordance with Article 118 of the Company’s Constitution and who, being eligible, offers herself for re-election. | Resolution 3 |
| 5. | To re-elect Puan Fazlina Binti Yahaya, a Director who retires in accordance with Article 118 of the Company’s Constitution and who, being eligible, offers herself for re-election. | Resolution 4 |
| 6. | To approve the payment of Directors’ fees up to an amount not exceeding RM280,000.00 for the financial year ending 31 December 2024. | Resolution 5 |
| 7. | To approve the payment of Directors’ benefits up to an amount not exceeding RM160,000.00 from the conclusion of the 30 th AGM until the conclusion of the next AGM of the Company. | Resolution 6 |
| 8. | To re-appoint Messrs. Crowe Malaysia PLT as auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix their remuneration. | Resolution 7 |

SPECIAL BUSINESS

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

- | | | |
|----|---|---------------------|
| 9. | AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016
“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company.

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

AND THAT, such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company.” | Resolution 8 |
|----|---|---------------------|

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

- To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

By Order of the Board,

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

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

Penang

Date: 23 April 2024

NOTES ON APPOINTMENT OF PROXY

- For the purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 13 May 2024. Only Depositors whose name appears on the Record of Depositors as at 13 May 2024 shall be entitled to attend the AGM or appoint proxies to attend and/or vote on his behalf.
- A proxy may but need not be a member of the Company.
- For a proxy to be valid, the original Proxy Form, duly completed must be deposited at the Registered Office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. Proxy Forms sent by facsimile or electronic mail shall be treated as void unless the original Proxy Forms are received by the Company at the registration counter or to the Company Secretary or his authorised representative at least half one hour before the time appointed for holding the meeting or adjourned meeting.
- A member shall be entitled to appoint a maximum of 2 proxies to attend and vote instead of him at the same meeting and where a member appoints 2 proxies to vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("**SICDA**"), it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 2 proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- Where a member is an Exempt Authorized Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds. An Exempt Authorised Nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.
- In the case of a corporate member, the original Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

NOTES ON ORDINARY BUSINESS

- Agenda 1 – Audited Financial Statements**
The Audited Financial Statements for the financial year ended 31 December 2023 will be laid to shareholders at the forthcoming AGM of the Company pursuant to Section 340(1)(a) of the Companies Act 2016. Hence, the Agenda 1 is not put forward for voting.
- Agenda 2 to Agenda 5 – Re-election of Directors**
The Nominating Committee had assessed the performance and contribution of each of the retiring Directors seeking for re-election in accordance with the Directors' Fit & Proper Policy and was satisfied therewith. The Board had endorsed the Nominating Committee's recommendation to seek shareholders' approval for the re-election of the retiring Directors at the forthcoming AGM of the Company. The retiring Directors had abstained from deliberations and decisions on their respective re-election at the Nominating Committee and Board meetings. The profiles of the Directors who are standing for re-election at the forthcoming AGM are available in the 2023 Annual Report and on the Company's website <https://master.net.my/board-of-directors/>.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES ON ORDINARY BUSINESS (CONT'D)

(10) **Agenda 6 – Directors' Fees**

The Resolution 5, if passed, will enable the Company to pay Directors' fees to the Directors of the Company for the financial year ending 31 December 2024 in accordance with Section 230(1) of the Companies Act 2016. The Directors' fees shall be payable quarterly in arrears after each quarter of completed service of the Directors of the Company. The details are as follows:

- (i) Executive Chairman's fee of RM48,000.00 per annum;
- (ii) Each Non-Executive Director's fee of RM31,000 per annum;
- (iii) Each Board Committee Chairman's fee of RM10,000 per annum; and
- (iv) Each Board Committee Member's fee of RM4,000 per annum.

(11) **Agenda 7 – Directors' Benefits**

The Resolution 6, if passed, will enable the Company to pay benefits to the Directors of the Company in accordance with Section 230(1) of the Companies Act 2016 as summarised below:

Description	Actual (RM)	Proposed (RM)
a) Training & Development	38,300	60,000
b) Travelling & Accommodation	34,000	40,000
c) Plant Visit		20,000
d) Meeting Allowance	19,500	23,500
e) Group Personal Accident Insurance	6,700	8,000
	Sub-total	98,500
Group Directors and Officers Liability Insurance (not individual benefits)	8,490	8,500
	Total	106,990
	Approved limit	110,000

(12) **Agenda 8 – Re-appointment of Auditors**

The Audit Committee and the Board had considered the re-appointment of Messrs. Crowe Malaysia PLT as Auditors of the Company. The Audit Committee and the Board collectively agreed and are satisfied that Messrs. Crowe Malaysia PLT meets the relevant criteria prescribed in Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

NOTES ON SPECIAL BUSINESS

(13) **Agenda 9 - Authority to issue shares pursuant to Companies Act 2016**

The Resolution 8, if passed, will enable the Directors to allot and issue shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider will be in the best interest of the Company. This authority, unless revoked or varied by the shareholders of the Company in a general meeting will expire at the conclusion of the next AGM.

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

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

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

- 1) No individuals are standing for election as Directors at the forthcoming 30th Annual General Meeting of the Company.
- 2) The profiles of the Directors who are standing for re-election as in Agenda 2, 3, 4 and 5 of the Notice of the 30th Annual General Meeting of the Company are set out in the Company's website <https://master.net.my/board-of-directors/>.
- 3) None of the retiring Directors has shareholdings in Company.
- 4) The Resolution 9 tabled under Special Business as per the Notice of 30th Annual General Meeting of the Company dated 23 April 2024 is a renewal of general mandate granted by shareholders of the Company at the last Annual General Meeting held on 22 June 2023.

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

As at the date of notice of meeting, the Directors have not issued any shares pursuant to the general mandate granted at the last Annual General Meeting of the Company.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“the Board”) of Master-Pack Group Berhad is highly committed to maintain a sound and effective system of risk management and internal control to provide a platform for achieving the Group’s business objectives. The Board is pleased to present the following Statement of Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of the Group for the financial year ended 31 December 2023.

This statement is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Practice 10.2 of the Malaysian Code of Corporate Governance 2021. In preparing this Statement, guidance has been drawn from the Statement of Risk Management and Internal Control; Guidelines for Directors of Listed Issuers, a publication endorsed by Bursa Securities.

BOARD’S RESPONSIBILITY

The Board acknowledges its overall responsibility for maintaining a sound and effective system of risk management and internal control for Master-Pack Group Berhad group of companies (“the Group”). 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, environmental, governance and regulatory compliance on a continuous and systematic basis.

The Board recognizes that the risk management framework and internal control system are designed to manage the Group’s risk within tolerable, acceptable limit or “acceptable risk appetite”, rather than completely eliminate the risk of failure to achieve the business objectives of the Group. The system provides reasonable but not absolute assurance of the effectiveness against material misstatement of management and financial defalcations or against financial losses or fraud.

The Audit Committee (“AC”) and the Sustainability Committee (“SC”) have been entrusted with the responsibility of assisting the Board in discharging its fiduciary duties in relation to the management of risks and internal controls.

The AC comprising two independent directors and a non-independent director assist the Board in assessing and reviewing the adequacy, effectiveness and integrity of the Group’s internal control system arising from business activities relating to the financial, operational and governance aspects of the Group. The AC assisted by a Risks Working Committee on a yearly basis comprehensively conducts evaluation of all risks except sustainability risks and records the identified risks in the Risks and Opportunity Register which details the impacts and likelihood of such risks on the business, and corresponding action plans were put in place to manage and mitigate such risks. Additionally, the AC’s Terms of Reference has been revised to incorporate conflict of interest situations within the scope to be reviewed by the AC as per the amendments of the Listing Requirements.

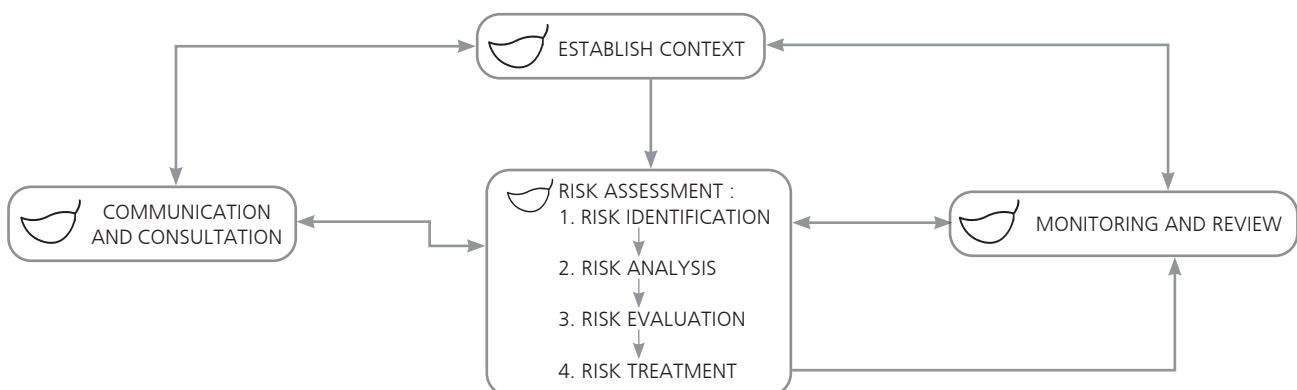
The SC comprising two independent directors, a non-independent director and two executive directors, was recently established this year to oversee risk management related to sustainability matters of the Group. The primary responsibilities of the SC are to assist the Board in identifying risks and its accompanying internal controls relating to sustainability matters as well as the adherence to risks mitigation strategies and sustainability efforts undertaken by the Group. The SC together with the Executive Director and General Manager provide the overall direction, lead the strategic decision making and review sustainability implementation, performance and risk management in an integrated manner.

Notwithstanding the delegated responsibilities, the Board acknowledges its ultimate responsibility for the establishment and oversight of the Group’s risk management and internal control system to safeguard the Group’s assets, shareholders’ investment and stakeholders’ interest.

RISK MANAGEMENT FRAMEWORK

The Risk Management Framework outline below is the methodical approach for identifying, analysing, evaluating and responding to risks encountered during the Group’s business operations.

RISK MANAGEMENT PROCESS



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

RISK MANAGEMENT POLICIES AND STANDARD OPERATING PROCEDURES

- i. Outlines the risk management framework
- ii. Guidelines to employees on risk management issues
- iii. Qualitative and quantitative parameters for risk impact and likelihood
- iv. Allow the group and the subsidiaries to gauge the acceptability of risk exposure

RISK GOVERNANCE STRUCTURE

- A. Board of Directors
- Provide oversight to ensure the maintenance of a sound and effective system of risk management and internal control
 - Approve risk management policy, framework and governance structures
 - Review AC , SC and Internal Audit reports on risks management and internal controls
- B. Audit Committee and Sustainability Committee
- Audit Committee provides oversight on risk management and internal control matters pertaining to financial, operating ,integrity and governance risks
 - Sustainability Committee oversees risk management and risk mitigation pertaining to sustainability in integrated manner.
 - Assisted by out-source Internal Audit that performs audits to assess the adequacy and effectiveness if the risk management and internal control system.
- C. Risk Working Committee and Heads of Department
- Manage identified risks and implement controls actions
 - Department Heads meeting to discuss key operational issues, business performance and mitigating controls
- D. Risk Owners in various departments
- Identify potential and emerging risks face in performance of work
 - Manage identified risks on a day-to day basis, as guided by standard operating procedures

The assessment process considered and assessed the potential impact and likelihood of occurrence, effectiveness of controls in place and action plans taken to manage the risks to the desired level. The department heads are delegated with the responsibility to manage identified risks within the defined parameters.

The Risk Working Committee reported to the Audit Committee on 25 November 2022, highlighting the revisions and additions in the risks and opportunity register to address new areas of concern and potential risk for the financial year 2023. Risk Working Committee also communicated to the Audit Committee Chairman the changes in risk profile prioritization and the controls implemented during year 2023 on 17 November 2023 which was later presented to the Board for further deliberation.

KEY INTERNAL CONTROLS PROCESSES

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

CONTROL ENVIRONMENT

1. Organisational Structures and Reporting

Board and Executive Committees

Various Committees such as Audit Committee, Nominating Committee, Remuneration Committee and Sustainability Committee had been established by the Board to assist the Board in its fiduciary duties. The objective, duties and responsibilities of these Committees are clearly defined in the Terms of Reference of each committee.

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.

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

CONTROL ENVIRONMENT (CONT'D)

1. Organisational Structures and Reporting (cont'd)

Limits of Authority and Financial Authority Limits

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

The Executive Director communicates and oversees the implementation of decisions, operational policies and procedures and manages the day-to-day affairs of the Group. The Executive Director is not a member of the Board. The Executive Chairman has oversight over the entire performance of the Group.

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

2. Performance Monitoring

The Directors and senior management conduct regular visits to the production floor of the various plants in Malaysia, overseas subsidiary, vendor sites and customer's offices to gain a better understanding and to facilitate informed decision-making.

The Executive Committee (EXCO) comprising Executive Chairman, Executive Director, General Manager and Senior Heads of Department 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 holds 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.

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

3. 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. During the financial year under review, the risk based internal audit plan covering identified areas were approved by the AC. Follow-up procedures were established to monitor and ensure the recommendations of the internal audit are implemented. For details of internal audit activities during the year please refer to Audit Committee Report.

Based on the work performed in 2023, there have been no significant material internal control issues which have resulted in material losses to the Company.

The External Auditors provides assurance in the form of their annual statutory audit of the financial statement and report to the Audit Committee that for the financial year 2023, there were no discrepancies or areas of improvement identified in their Audit Review Memorandum issued in March 2024. The External Auditors have provided assurance that they have complied with ethical requirements regarding independence in the audit the Master-Pack Group to the Audit Committee.

4. Quality Control and Assurance

The Group is committed to providing products and services that always meet and exceed the business objectives and customer requirements where possible.

The standard operating procedures practiced by the Group are 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 based on internationally recognised standards.

5. Integrity and ethical values

The updated Master-Pack Code of Business Conduct ("CODE") had been reviewed by the Board in 2023. The CODE encompasses acceptable standard practices and act as a guide to the ethical behaviour of Directors, Management and employees. On a yearly basis, the Board of Directors, Management and employees with interactions with third parties sign a letter to uphold the CODE established by the Group.

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

CONTROL ENVIRONMENT (CONT'D)

5. Integrity and ethical values (cont'd)

There is a Vendor Code of Conduct where the expected standards of integrity from our suppliers, contractors and service providers are expected to comply when doing business with the Group.

In addition there is an Anti-Bribery and Anti-Corruption Policy that enables the Group to communicate with all subsidiaries, providing guidance through the policy on ethical standards adopted by the Group to be complied by Directors, Management and employees. Accompanying the Anti-Bribery and Anti-Corruption policy is the Whistleblowing Policy and procedures which provides the methods for stakeholders to raise bona fide concerns relating to potential breaches of regulations as well as misconduct without fear of reprisals.

6. Policies and Standard Operating Procedure

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. The Quarterly Financial Statements are reviewed by the AC before being tabled for approval by the Board prior to being release via the Bursa link. The contents of the Annual Report together with the audited financial statement are also reviewed at AC and Board level prior to release.

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 subsidiaries and holding company levels.

There are other formalised and documented policies, standard operating procedures and work instructions on various functions beyond the scope defined by the QMS and EMS international guidelines such as human resources and management information system standard operating procedures. These standard operating procedures are established and implemented as an operational guide and controls to ensure compliance to applicable laws and regulations, and are subjected to review as and when necessary.

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 2023 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 29 March 2024.

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 penalty in the delay in renewing levy for a foreign worker amounting to RM1,000.

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 2023, 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 2023.

TERMS OF REFERENCE ("TOR")

The term of reference of the Audit Committee can be obtained from the Company's website at <https://master.net.my/investor-relations/audit-committees-terms-of-reference/>

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
Encik Radhi bin Mohamad (Chairman of Audit Committee) (Appointed on 1 July 2023)	Independent & Non-Executive Director	2/2
Dharmik Rajkumar Sheth (Appointed on 22 February 2023)	Independent & Non-Executive Director	4/4
Mr. Chew Hock Lin	Non-Independent & Non-Executive Director	5/5
En. Aminuddin Bin Saad (Resigned on 31 May 2023)	Independent & Non-Executive Director	3/3
Dr. Junid bin Abu Saham (Resigned on 31 May 2023)	Independent & Non-Executive Director	3/3

Composition Compliance

The current Audit Committee consists of three (3) members, two whom are Independent Non-Executive Directors and one Non-Independent Non-Executive. None of the appointed members is an alternate Director. This complies to Listing requirement 15.09(1) (a) and (b) that members of the Audit Committee must composed of not fewer than 3 members and all audit members must be non-executive directors, with a majority of them being independent directors. In addition the current composition adheres to Practice 1.4 of MCGG, as the Chairman of the Board does not serve as a member of the Audit Committee or any other Committees.

The current qualifications of the Audit Committee members also comply to Paragraph 15.09(1)(c)(i) of the Listing Requirement which mandates that at least one member of the Audit Committee must be a MIA member, of which two of the current Audit Committee members are members of MIA. The Audit Committee is chaired by Encik Radhi bin Mohamad distinct from the Chairman of the Board, again aligns with provisions of Practice 9.1 MCGG.

Overall, current composition of the Audit Committee not only meets the requirements of the Listing Requirement but also aligns with MCGG, indicating the commitment to corporate governance practices.

AUDIT COMMITTEE SUMMARY OF WORK

The performance of the Audit Committee for the year 2023 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 2023, the Audit Committee's five scheduled meetings were held on 22 February, 31 March, 26 May, 18 August and 17 November 2023. The following duties were performed to discharge its functions:

Terms of Reference

- The Terms of Reference of Audit Committee were revised recently to align with the latest changes in the Listing Requirements incorporating conflict of interest situation.

AUDIT COMMITTEE REPORT (CONT'D)

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 and recommended the Audit Committee Report and the Statement of Risk Management and Internal Control pursuant to paragraph 15.26(b) of the Listing Requirements for inclusion in the Annual report to the Board for approval;
- 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 29 February and 29 March 2024 pertaining to the 2023 financial statements and was duly noted.
- Reviewed the nature of recurring related party transactions as well as identified any new related party transactions and recommended them for the Board's approval;

Internal Audit

- Reviewed the adequacy of scope, functions, competency and resources of the internal audit functions;
- Evaluated the yearly performance of the out-sourced internal auditors and recommended their re-appointment;
- Met with the internal auditors once on 22 February 2023 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 ten audit findings for the audits field work carried out during the year;
- Reviewed the implementation status of recommendations for outstanding audit findings to ensure all key risks and controls issues are addressed based on the Internal Audit follow-up reports
- Discussed and reviewed the adequacy and effectiveness of the Group's internal control system to provide reasonable assurance on the Group's system of internal control with the internal auditors with the objective to minimise potential occurrence of fraud and material misstatement or error.

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 17 November 2023 without the presence of any executive Board members / management staff;
- Reviewed and evaluated the external auditor's audit plan on 17 November 2023, 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 2023 to the Board;
- Reviewed the provision on non-audit fee services by the external auditors include the review of the Statement on Risk Management and Internal Control.
- Discussed with the external auditors the adequacy and effectiveness on the Group's system of internal control base on their field audit 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;

AUDIT COMMITTEE REPORT (CONT'D)

External Audit (cont'd)

- Reviewed and noted the external Audit Review Memorandum key audit matters presented on 29 February and 29 March 2024 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

On 17 November 2023, the Group's Risk Working Committee reported to the Audit Committee that the working committee had comprehensively identified, analysed, and evaluated all business and operational risks excluding sustainability risks and records the identified risks in the Group's Risk & Opportunity Register. The register details the impacts and likelihood of identified risks and action plans or controls put in place to manage and mitigate such risks.

The Risk Working Committee highlighted to the Audit Committee the revisions and additions in the Risks and Opportunity Register to address new areas of concern and potential risk for the financial year 2024.

The Risk & Opportunity Register Summary report prepared by the Risk Working Committee was then tabled by the Audit Committee Chairman at the Board Meeting for Board's review, deliberations and approval.

INTERNAL AUDIT FUNCTION

During the financial year ended 31 December 2023, 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: -

- Inventory Management - Receipt and issuance/release of inventories, inventory storage, perpetual and physical records, inventory costing system and safeguarding of inventories.
- Repairs and Maintenance of Machinery - Maintenance of register, sourcing of spare parts and services, repairs and maintenance, calibration of equipment
- General Safety and Security – Emergency response procedures, fire safety measures, lighting and electrical workstations and storage areas of hazardous substances.

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 18 August 2023 and 29 February 2024 for the calendar year 2023 for its deliberations.

Based on the Internal Auditors' report for the financial year ended 31 December 2023, 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 RM22,110.

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 2023.

The 2023 Annual Report and the CG Report are available for reference at <https://master.net.my/wp-content/uploads/MPGB-AR2023.pdf>, <https://master.net.my/wp-content/uploads/MPGB-CGReport2023.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. In order to achieve a clearer understanding of the Group’s governance framework and practices, this CG Overview Statement should also be read in tandem with other statements in this Annual Report, namely, the Statement on Risk Management and Internal Control, Audit Committee Report, Sustainability Statement and Management Discussion and Analysis.

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.

The Board has continuously dedicated effort in ensuring that the Group’s corporate governance framework is aligned with the best practices, where possible and reflects the evolving packaging market dynamics as well as stakeholder expectations.

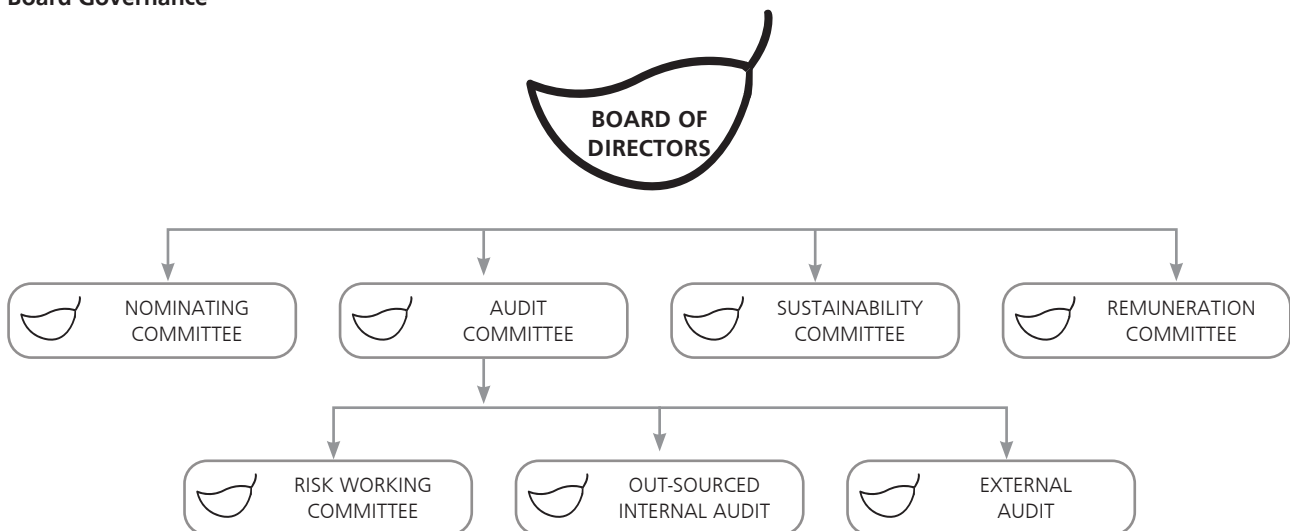
Significant changes in this year’s corporate governance are :-

- i.Meeting the ratio of at least 30% women as directors on the Board in line with MCCG Practice 5.9
- ii.Restructuring the role of the Audit Committee in order to focus on the Group’s ESG Sustainability journey.
- iii.None of our Independent Director’s tenure of service exceeds nine (9) years in line with MCCG Practice 5.3
- iv.Meets the criteria that majority of the Board are Independent Non-Executive Directors.

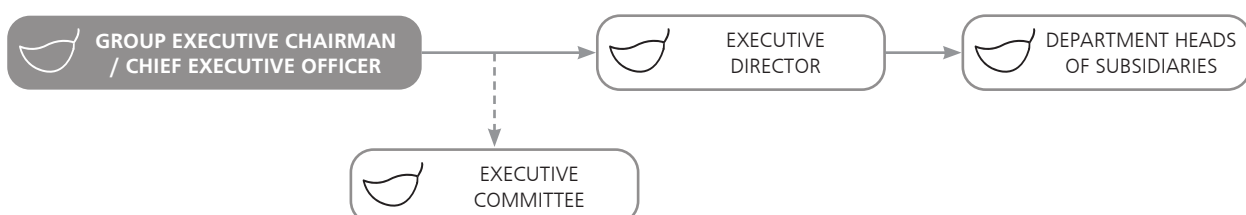
The Group recognises the importance of providing corporate governance disclosures that describes the Group’s practices to secure the confidence of stakeholders in the vision, mission and the overall strategic direction of the Group.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

Board Governance



Management Governance



CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (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://master.net.my/corporate-governance/>

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. Ensured that the Group adheres to high standards of ethics and corporate behaviour 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 adopt 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. Established four Board Committees namely the Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Sustainability Committee. The authorities and functions of these Board committees are properly set out in their respective Terms of Reference. The Board shall consider the recommendations of the respective Board Committees however the responsibility of decisions on all matters ultimately lies with the Board as a whole;
- g. Identified principal risks and ensured the implementation of appropriate internal control systems to manage these risks;
- h. 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
- i. Established succession planning including appointing, training, fixing the compensation, and, where appropriate, recruiting and replacing Management;
- j. 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;
- k. Ensured 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;
- l. Reviewed and updated the Code of Business Conduct, Whistle-blowing policy and the Diversity Policy to be in compliance with the latest regulation.
- m. Proper segregations of duties and responsibilities between the Board and the Management

The Board recognises the importance of separation of authority between the Group Chairman / CEO and Executive Director to promote accountability and facilitate division of responsibilities. This segregation of duties between the Group Chairman and Executive Director ensures an appropriate balance of role, responsibility and accountability at the Board level. The Chairman is responsible for providing leadership to the Board in overseeing Management and the Group's overall strategic functions, whereas the day-to-day management of the Group's business affairs is delegated to the Executive Director. The Executive Director 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. This approach not only safeguards the interest of our stakeholders but also facilitates effective governance within the organisation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Composition of the Board for 2023

EXECUTIVE DIRECTOR		
1	Dato' Seri Syed Mohamad bin Syed Murtaza	Chairman
INDEPENDENT NON-EXECUTIVE DIRECTORS		
2	Mr. Dharmik Rajkumar Sheth	Member appointed on 22 February 2023
3	Encik Radhi bin Mohamad	Member appointed on 1 July 2023
4	Puan Fazlina binti Yahaya	Member appointed on 1 July 2023
5	Mdm. Khor San Leng	Member appointed on 1 July 2023
6	Dato' Seri Khor Teng Tong	Member resigned on 31 May 2023
7	Encik Aminuddin Saad	Member resigned on 31 May 2023
8	Dr. Junid bin Abu Saham	Member resigned on 31 May 2023
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR		
9	Mr. Chew Hock Lin	Member redesignated
10	Puan Nazriah binti Shaik Alawdin	Member resigned on 31 May 2023

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' Seri 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://master.net.my/board-of-directors/>.

Board Restructuring

During the financial year 2023, the board appointed four new directors namely Mr. Dharmik Rajkumar Sheth, Encik Radhi bin Mohamad, Puan Fazlina binti Yahaya and Mdm. Khor San Leng.

The Nominating Committee on 25 November 2022 had assessed and recommended to the Board, the appointment of Mr. Dharmik Rajkumar Sheth as a Director of the Company subject to Mr. Dharmik Rajkumar 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. Mr. Dharmik's appointment was approved by the Board on 22 February 2023 and the announcements were made forthwith.

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 took effect from 1 June 2023, Mr. Chew was re-designated 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.

With due respect to the retiring directors Dato' Seri Khor Teng Tong, Encik Aminuddin and Dr. Junid 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 Requirements which is 31 May 2023.

The Nominating Committee had again on 26 May 2023 assessed and recommended to the Board, the appointment of Encik Radhi bin Mohamad, Puan Fazlina binti Yahaya and Mdm. Khor San Leng as Directors of the Company subject to their consent to act as a Director and the execution of the Declaration by Person before Appointment as Director in compliance with Section 201 of the Companies Act. 2016. The three new directors' appointments were approved vide a circular resolution upon receipt of the appropriate documents and the announcements were made accordingly.

On completion of the board restructuring, none of our Independent Director's tenure of service exceeds nine (9) years limit.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Meetings

The Chairman of the Board is not the Chairman or a member of the Audit Committee, Nominating Committee, Sustainability Committee and Remuneration Committee. The Chairman of the Board does not attend any of the Audit Committee, Nominating Committee, Remuneration Committee meetings nor did he attend by invitation. However, the Chairman is invited to attend the Sustainability Committee to share his insight in the discussions. The deliberations of the Board are not impaired in anyway as there is check and balance as well as objectivity in reviews and decisions.

The 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 except Sustainability Committee meetings and ensures that meetings are properly convened, proceedings including resolutions are properly and accurately recorded.

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, Committee meetings and Annual General Meeting was circulated to Directors on 17 November 2023 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

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	Sustainability Committee	Nominating Committee
CEO / EXECUTIVE DIRECTOR					
Dato' Seri Syed Mohamad bin Syed Murtaza	5/5				
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR					
Chew Hock Lin redesignated	5/5	5/5	2/2	3/3	2/2
Puan Nazriah binti Shaik Alawdin	3/3				1/1
INDEPENDENT NON-EXECUTIVE DIRECTORS					
Mr. Dharmik Rajkumar Sheth	4/4	4/4	1/1	3/3	2/2
Encik Radhi bin Mohamad	2/2	2/2	1/1	3/3	
Puan Fazlina binti Yahaya	2/2				1/1
Mdm. Khor San Leng	2/2				
Dato' Seri Khor Teng Tong	2/3				
Encik Aminuddin Saad	3/3	3/3	1/1		1/1
Dr. Junid bin Abu Saham	3/3	3/3	1/1		

Gender Diversity

The Board has taken cognizance of the MCCG recommendation of having at least 30% women directors on the Board including a formal policy on gender diversity. With the appointment of two women directors namely Puan Fazlina binti Yahaya and Madam Khor San Leng, the Board composition of 2 out of 6 board members meets the 30% of women directors' criteria on Board.

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.

The skillsets matrix of the Board are as follows:

	NAME OF DIRECTOR	Dato' Seri Syed Mohamad bin Syed Murtaza	Chew Hock Lin	Dharmik Rajkumar Sheth	Radhi bin Mohamad	Khor San Leng	Fazlina binti Yahaya
	DIRECTORATE	Non-Independent Executive Director	Non-Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
1.	Industry Experience – Packaging	Expert (recognised Authority)	Advanced (Applied Theory)	Advanced (Applied Theory)	Expert (recognised Authority)	Advanced (Applied Theory)	Intermediate (practical application)
2.	Regional/ Global Exposure	Expert (recognised Authority)	Advanced (Applied Theory)	Advanced (Applied Theory)	Expert (recognised Authority)	Advanced (Applied Theory)	Intermediate (practical application)
3.	Former Chief Executive Director	None of the above	None of the above	None of the above	None of the above	None of the above	None of the above

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board and Board Committee Attendance (cont'd)

Gender Diversity (cont'd)

	NAME OF DIRECTOR	Dato' Seri Syed Mohamad bin Syed Murtaza	Chew Hock Lin	Dharmik Rajkumar Sheth	Radhi bin Mohamad	Khor San Leng	Fazlina binti Yahaya
4.	Accounting / Finance	Advanced (Applied Theory)	Expert (recognised Authority)	Expert (recognised Authority)	Expert (recognised Authority)	Expert (recognised Authority)	Intermediate (practical application)
5.	Corporate Governance, Risk Management & Internal Controls	Expert (recognised Authority)	Expert (recognised Authority)	Advanced (Applied Theory)	Expert (recognised Authority)	Expert (recognised Authority)	Advanced (Applied Theory)
6.	Human Capital & Talent Management	Advanced (Applied Theory)	Advanced (Applied Theory)	Expert (recognised Authority)	Expert (recognised Authority)	Expert (recognised Authority)	Expert (recognised Authority)
7.	Information Technology or Digital Strategy	Intermediate (practical application)	Fundamental Awareness (basic knowledge)	Expert (recognised Authority)	Advanced (Applied Theory)	Fundamental Awareness (basic knowledge)	Fundamental Awareness (basic knowledge)
8.	Public Sector or Government Body Experience	Advanced (Applied Theory)	Advanced (Applied Theory)	Advanced (Applied Theory)	Expert (recognised Authority)	Advanced (Applied Theory)	Advanced (Applied Theory)
9.	ESG or Sustainability	Advanced (Applied Theory)	Intermediate (practical application)	Advanced (Applied Theory)	Advanced (Applied Theory)	Fundamental Awareness (basic knowledge)	Fundamental Awareness (basic knowledge)
10.	Legal & Regulatory	Advanced (Applied Theory)	Advanced (Applied Theory)	Intermediate (practical application)	Intermediate (practical application)	Advanced (Applied Theory)	Advanced (Applied Theory)
11.	General Business & Economics	Powerhouse Industry expert	Advanced (Applied Theory)	Expert (recognised Authority)	Expert (recognised Authority)	Advanced (Applied Theory)	Advanced (Applied Theory)

Board Committees

Composition of Board Committees

The current composition of Board Committees members are as follows:

INDEPENDENT NON-EXECUTIVE DIRECTORS	Audit Committee	Remuneration Committee	Sustainability Committee	Nominating Committee
Encik Radhi bin Mohamad	Chairman	Member	Member	
Mr. Dharmik Rajkumar Sheth	Member	Member	Chairman	Chairman
Puan Fazlina binti Yahaya				Member
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR				
Mr. Chew Hock Lin	Member	Chairman	Member	Member

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Composition of Board Committees (cont'd)

The Terms Of Reference of the Audit Committee (updated 31 March 2023), Nominating Committee (updated 31 March 2023), Fit and Proper Policy (30 June 2022), Remuneration Committee (updated 19 November 2021), the Business Code of Conduct & Whistle-blowing Policy (updated 18 August 2023) and the Diversity Policy (31 March 2023)are available in the Company's website.

Nominating Committee (NC) Activities

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 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 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

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. Again, on 26 May 2023, two more potential candidates' profiles were assessed.

Based on the recommendation by the NC, four from the five potential candidates' profiles were approved for appointment in the board meeting or via circular resolution including the appropriate date for the appointment subject to their consent to act as a Director and execution of the Declaration by Person before Appointment as Director in compliance with Section 201 of the Companies Act. 2016. The announcement to Bursa was made accordingly at the appropriate dates. Board also approved the appointments to relevant committees, where appropriate.

The profile of the Board of Directors are available <https://master.net.my/board-of-directors/>

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Nominating Committee (NC) Activities (cont'd)

Review on performance of the Individual Directors

The Board has established a Directors' Fit and Proper Policy to ensure that any individuals to be appointed as Directors and the existing Board members of Master-Pack Group possess the character as well as integrity, experience, competency and commitment to be able to discharge their duties and responsibilities required of the position. The Directors' Fit and Proper Policy is available on the Company's website at <https://master.net.my/investor-relations/directors-fit-and-proper-policy/>. The Policy serves as a guide for the Board and NC in their review and assessment of candidates that are to be appointed to the Board as well as Directors who are seeking for re-election.

Two weeks prior to the Nominating Committee Meeting held on 17 November 2023, NC prepared a peer evaluation form to assess the contribution profile 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 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.

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 Board and NC having assessed the performance and contribution of the retiring Directors, collectively agreed that they meet the criteria regarding character, experience, integrity, competence and time commitment to effectively discharge their duties and responsibilities as Directors as prescribed under Paragraph 2.20A of MMLR and Directors' Fit and Proper Policy. The Board is satisfied with their performance during the financial year and concluded that their continued service would benefit the Company and its stakeholders. Hence, the Board has recommended their re-election for shareholders' approval at the 30th AGM. The ordinary resolutions to approve their re-election will be voted individually. The details of the Directors seeking for re-election are disclosed in the Profile of the Board of Directors.

Review on the Board Committees

In line with Practice 6.1 of MCCG, the Board, via the NC, performed an internal Board effectiveness evaluation of its own performance, comprising the Board as a whole, the Board Committees, each individual Director as well as the independence of Independent Directors for FY2023.

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 based on peer-ratings.

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 Director's peer review indicated that all the Directors are efficient in their respective roles and function and discharge their duties and responsibilities satisfactorily in accordance with the Board Charter and the respective Board Committee's Terms of Reference.

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-sourced 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Nominating Committee (NC) Activities (cont'd)

Review on Trainings attended (cont'd)

All the four newly appointed directors undergo the Group's Induction Programme conducted by Executive Director and Personnel Assistant to Group Executive Chairman. In addition to the plant tour in Bukit Panchor, Penang, the directors also visited the plant in Kuching, Sarawak to observe first-hand the operations on site. A briefing on the scope of coverage in the 'The Directors and Officers Liability' insurance was also included as part of the Induction Programme.

As three appointed Independent Directors are all first-time director, he/she had registered and attended the Mandatory Accreditation Programme ('MAP') Part I designated for directors of public listed issuers in Malaysia within the four months timeframe requirement. As at to-date, Mr. Dharmik Rajkumar Sheth, Puan Fazlina and Mdm Khor San Leng had already attended MAP Part II and the remaining directors had registered for the training.

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://master.net.my/investor-relations/directors-training/>) 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.

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 17 November 2023, 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 demands, business complexity, the heavier responsibilities due to changes in both the Malaysian and Vietnam regulation, managing the company's business performance to achieve the budget targets, the challenge to adapt process to the economic, environment, social and governance in compliance with Listing Requirements, the achievement in implementing business strategy, 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

The current Audit Committee comprises three members, majority 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.

During the Board restructuring transition period, the Audit Committee was chaired once by Mr. Dharmik Rajkumar Sheth and later in July 2023, changed to Encik Radhi bin Mohamad upon his appointment. As such the Chairman of the Audit Committee is not the Chairman of the Board which is held by Dato' Seri 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 updated Audit Committee Terms of Reference before they can be invited to be appointed as Independent Non-Executive Director or an Audit Committee Member.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

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 visited Branch of Chuan Viet Audit & Consulting Co., Ltd in Hanoi, Vietnam and reviewed the audit work done by 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 2023.

Business Operational Risk Management 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, environment, social, governance and regulatory compliance on a continuous and systematic basis.

The scope of work of the Risk Management & Sustainability Committee was restructured during the year in order to meet the additional work load in line with changing world regulatory trends placing emphasize on environment, social and governance or "ESG".

The Audit Committee is assisted by a Risk Working Committee comprising heads of Department led by the Executive Director. On a yearly basis, the Risk Working Committee comprehensively conducts an evaluation of business and operational risks except sustainability risks and records the identified risks in the Risks and Opportunity Register which details the impacts and likelihood of such risks and action plans put in place to manage and mitigate such risks. 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 2023, the Risk Working Committee identified, assessed the key business operational risk material matters and monitored efficacy of risk management process, internal controls and measures taken. Comparison of actual vs previous year results were duly analyzed and where applicable improvements were made. On 17 November 2023, the Working Committee reported the risk management activities to the Audit Committee.

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.

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 38 to 41 of the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Code of Business Conduct ("COC")

The Board acknowledges its role in setting and practicing the ethical standards and values across the different levels of the Group. As such, the Master-Pack Code of Business Conduct was formalized and translated from English to Bahasa Melayu and Vietnamese for the employees to comprehend in their native language.

The COC serves as a policy to provide direction and guidance governing both Directors and employees in their day-to-day professional conduct and decision-making process. The COC is an extensive policy that provides guidance on matters from labour standards to corruption and money laundering. This Code has been communicated to all Directors and employees to ensure they uphold and are aligned with Master-Pack ethical standards.

Directors and key management employees shall make a voluntary declaration to strictly abide by the procedures and guidelines set in the COC on a yearly basis.

During the financial year 2023, there was no misconduct cases being reported. The Code of Business Conduct and Ethics is available on the Company's website at <https://master.net.my/investor-relations/code-of-business-conduct/>.

Anti-bribery and Anti-corruption Policy

The Board has put in place an Anti-bribery and Anti-corruption Policy that outlines the Group's commitment to conduct business ethically as well as complying with all applicable laws, including compliance with the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018).

The Group emphasizes its position in taking a zero-tolerance approach to corruption and bribery, and the Group is committed to conducting all of its business in an honest and ethical manner.

The Anti-bribery and Anti-corruption Policy must be read in tandem with the COC as it covers salient areas pertaining to gifts, entertainment, donations and sponsorships. Master-Pack's ethics in anti-bribery and Anti-corruption is also stated in the Vendor Code of Conduct which has to be acknowledged by vendors who have business dealings with Master-Pack Group of companies.

The Company does not make charitable donations or contributions to political parties. Whilst employees and associated third parties acting in their personal capacity are not restricted to make any personal donations, Master-Pack will not make any reimbursement for these personal political contributions back to its employees or the associated third parties.

Anti-bribery and Anti-corruption training were conducted to employees of the Group in the year 2022 followed by Code of Conduct training in the year 2023. All new employees undergoing induction shall also be provided training on anti-bribery and anti-corruption policy.

Anti-bribery and Anti-corruption policy is available <https://master.net.my/investor-relations/anti-bribery-anti-corruption-policy/>.

Whistleblowing Policy and Procedures

The Board has adopted a Whistle-blowing Policy and Procedures to allow employees and other stakeholders to report legitimate ethical concerns. The Group's Whistle-blowing Policy and Procedures outline the reporting channels for Directors, employees and external stakeholders who have a business relationship with the Group to report suspected wrongdoings that may adversely impact the Group. The whistleblowing reporting channels include making a report directly to the employees' immediate superior or to the designated officers of the Group Executive Chairman or the Senior Independent Director.

A report can be made in writing or via email or by the whistleblowing disclosure form available in the Company website <https://master.net.my/investor-relations/whistle-blowing-policy/>.

Alternatively, employees may make report via the designated mail box for suggestions. The Group treats all reports in a confidential manner and at the same time the whistleblower shall be accorded with the protection of confidentiality of identity to the extent reasonably practicable and protection against any adverse and detrimental actions and retaliations of all forms. Any whistleblowing cases, findings and appropriate course of action will be reported to the Board. For FY2023, there were no whistleblowing cases reported via the established reporting channels.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

Sustainability

The Board assisted by Sustainability Committee takes responsibility for the sustainability risks and material matters including the accompanying controls in the Group. The Sustainability Committee continuously align environmental, social and governance ("ESG") initiatives with the strategic direction of the Group in order to create long term and sustainable value for its shareholders and other stakeholders.

The Sustainability Committee comprising Mr. Dharmik Rajkumar Sheth, Encik Radhi bin Mohamad and Mr. Chew Hock Lin assisted by Executive Director, Managing Director and Sustainability Executive are entrusted with the responsibility of overseeing risk management relating to sustainability matters in the Group. A comprehensive account of the Group's sustainability initiatives and practices are set out in the Sustainability Statement on pages 13 to 33 of this Annual Report.

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://master.net.my/investor-relations/announcements/> where public announcements are also posted in addition to the mandatory requirements and postings at Bursa.

The Board supports and encourages active shareholders participation at its 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 29th Notice of AGM was dispatched and advertised in the News Straits Times newspaper on 23 of May 2023, 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.

The full Board attended the 29th Annual General Meeting held on 22th June 2023. 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. She 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTERGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER (CONT'D)

Conduct of General Meetings (cont'd)

Pre-submission of questions are allowed from the date the shareholder receives the Notice of AGM until 21 June 2023 to the provided Company Secretary's email. 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 29th Annual General Meeting held on 22 June 2023 was published in the Company's website <https://master.net.my/investor-relations/announcements/> within the prescribed of 30 business days as recommended.

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 Board has also entrusted the AC which consists of members who possess the required and relevant financial expertise to review the Group's financial reports to ensure conformity with applicable MFRSs, International Financial Reporting Standards and the requirements of the Companies Act 2016 before the financial statements are recommended to the Board for consideration and approval for release to the public.

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 59 to 107 of the 2023 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 2023 amounts to RM170,000 and RM2,000 respectively.

Compliance Statement

Save as disclosed above, the Board is satisfied that throughout the financial year ended 31 December 2023, 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://master.net.my/investor-relations/announcements/>. This statement was approved by the Board of Directors on 29 March 2024.

FINANCIAL STATEMENTS

- 60** Directors' Report
- 63** Statement by Directors
- 63** Statutory Declaration
- 64** Independent Auditors' Report
- 68** Consolidated Statement of Financial Position
- 69** Consolidated Statement of Comprehensive Income
- 70** Consolidated Statement of Changes in Equity
- 72** Consolidated Statement of Cash Flows
- 73** Statement of Financial Position
- 74** Statement of Comprehensive Income
- 75** Statement of Changes in Equity
- 76** Statement of Cash Flows
- 77** Notes to the Financial Statements

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 2023. 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>24,611</u>	<u>7,830</u>

Dividends

During the financial year, the Company declared and paid the following dividends in respect of the financial year ended 31 December 2023:

	RM'000
First interim single tier dividend of 6 sen per share	3,277
Second interim single tier dividend of 6 sen per share	<u>3,277</u>
	<u>6,554</u>

On 29 March 2024, the Company declared an interim single tier dividend of 8 sen per share in respect of the financial year ending 31 December 2024. The dividend will be paid on 10 May 2024.

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' Seri Syed Mohamad Bin Syed Murtaza

Chew Hock Lin

Aminuddin Bin Saad (Resigned on 31.5.2023)

Dato' Seri Khor Teng Tong (Resigned on 31.5.2023)

Dr. Junid Bin Abu Saham (Resigned on 31.5.2023)

Nazriah Binti Shaik Alawdin (Resigned on 31.5.2023)

Dharmik Rajkumar Sheth (Appointed on 22.2.2023)

Radhi Bin Mohamad (Appointed on 1.7.2023)

Fazlina Binti Yahaya (Appointed on 1.7.2023)

Khor San Leng (Appointed on 1.7.2023)

DIRECTORS' REPORT (CONT'D)

Directors of subsidiaries (other than directors of the Company)

Sim Poh Lai
Ting Kee Hoe
Khor Chai Seang
Ong Kean Hong (Resigned on 30.6.2023)

Directors' interests

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year held any interests in shares in the Company or its related corporations during the financial year.

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 18 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 RM8,000.

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 29 March 2024

Dato' Seri Syed Mohamad Bin Syed Murtaza

Dharmik Rajkumar Sheth

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 68 to 107 give a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed in accordance with a resolution of the directors dated 29 March 2024

Dato' Seri Syed Mohamad Bin Syed Murtaza

Dharmik Rajkumar Sheth

STATUTORY DECLARATION

I, Dato' Seri 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 68 to 107 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' Seri Syed Mohamad Bin Syed Murtaza at George Town in the State of Penang on this

Dato' Seri 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 2023 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 material accounting policy information, as set out on pages 68 to 107.

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 2023, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting 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.

Key audit matter	How our audit addressed the key audit matter
<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:• 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: • 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, IFRS Accounting 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.

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.

INDEPENDENT AUDITORS' REPORT

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

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: 29 March 2024

Penang

Chan Kheng Hoe

02979/03/2026 J

Chartered Accountant

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
Non-current assets			
Property, plant and equipment	4	52,539	37,399
Investment properties	5	14,640	14,640
Right-of-use assets	6	7,416	9,592
Goodwill on consolidation		196	196
Other investments	8	271	269
Deferred tax assets	9	86	1
		<u>75,148</u>	<u>62,097</u>
Current assets			
Inventories	10	12,123	18,897
Receivables	11	33,253	31,052
Prepayments		1,593	2,157
Current tax assets		914	479
Cash and cash equivalents	12	76,280	55,478
		<u>124,163</u>	<u>108,063</u>
Current liabilities			
Payables	13	18,252	17,229
Loans and borrowings	14	2,212	1,776
Lease liabilities	15	760	906
Current tax liabilities		511	340
		<u>21,735</u>	<u>20,251</u>
Net current assets		102,428	87,812
Non-current liabilities			
Deferred tax liabilities	9	6,838	5,296
Lease liabilities	15	1,436	1,360
		<u>8,274</u>	<u>6,656</u>
Net assets		<u>169,302</u>	<u>143,253</u>
Equity			
Share capital	16	55,339	55,339
Legal reserve		7,426	5,225
Revaluation surplus		20,214	13,109
Currency translation reserve		1,113	851
Retained profits		85,210	68,729
Total equity		<u>169,302</u>	<u>143,253</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
Revenue	17	166,486	160,974
Other income		3,955	2,858
Changes in inventories of work-in-progress and finished goods		148	301
Purchase of finished goods		(11,205)	(11,481)
Raw materials and consumables used		(88,064)	(90,352)
Depreciation of property, plant and equipment		(3,519)	(2,611)
Depreciation of right-of-use assets		(1,165)	(1,295)
Employee benefits expense	18	(20,215)	(16,765)
Impairment (losses)/gains on financial assets	19	(61)	82
Loss on derecognition of financial assets measured at amortised cost		(145)	(4)
Finance costs		(336)	(379)
Other expenses		(17,607)	(16,166)
Profit before tax	20	28,272	25,162
Tax expense	21	(3,661)	(3,324)
Profit for the financial year		24,611	21,838
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss:</i>			
- Gross revaluation increase of properties		9,204	0
- Deferred tax effect thereof		(1,474)	0
<i>Item that may be reclassified subsequently to profit or loss:</i>			
- Currency translation differences for foreign operation		262	489
Total other comprehensive income for the financial year		7,992	489
Comprehensive income for the financial year		32,603	22,327
Earnings per share:	22		
- Basic (sen)		45.06	39.98
- Diluted (sen)		45.06	39.98

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

	Non-distributable			Distributable			Equity attributable to owners of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Legal reserve* RM'000	Revaluation surplus RM'000	Currency translation reserve RM'000	Retained profits RM'000				
Balance at 1 January 2023	55,339	5,225	13,109	851	68,729	143,253	0	143,253	
Dividends (representing total transactions with owners) (Note 23)	0	0	0	0	(6,554)	(6,554)	0	(6,554)	
Gross revaluation increase of properties	0	0	9,204	0	0	9,204	0	9,204	
Deferred tax effect thereof	0	0	(1,474)	0	0	(1,474)	0	(1,474)	
Currency translation differences for foreign operation	0	0	0	262	0	262	0	262	
Total other comprehensive income for the financial year	0	0	7,730	262	0	7,992	0	7,992	
Profit for the financial year	0	0	0	0	24,611	24,611	0	24,611	
Comprehensive income for the financial year	0	0	7,730	262	24,611	32,603	0	32,603	
Transfer of legal reserve	0	2,201	0	0	(2,201)	0	0	0	
Transfer of revaluation surplus	0	0	(625)	0	625	0	0	0	
Balance at 31 December 2023	55,339	7,426	20,214	1,113	85,210	169,302	0	169,302	

* 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 2023

	Note	2023 RM'000	2022 RM'000
Cash flows from operating activities			
Profit before tax		28,272	25,162
Adjustments for:			
Depreciation		4,684	3,906
Dividend income		(22)	(8)
Fair value gains on financial instruments		(214)	(137)
Gain on disposal of property, plant and equipment		(5)	0
Impairment losses/(gains) on financial assets		61	(82)
Interest expense		336	379
Interest income		(1,626)	(910)
Inventories written down		6	20
Inventories written off		16	0
Loss on derecognition of financial assets measured at amortised cost		145	4
Property, plant and equipment written off		0	33
Operating profit before working capital changes		<u>31,653</u>	<u>28,367</u>
Changes in:			
Inventories		6,752	(1,540)
Receivables		(2,407)	(724)
Prepayments		564	288
Payables		<u>1,023</u>	<u>129</u>
Cash generated from operations		37,585	26,520
Tax paid		(4,621)	(3,792)
Tax refunded		<u>676</u>	<u>0</u>
Net cash from operating activities		33,640	22,728
Cash flows from investing activities			
Acquisition of property, plant and equipment		(7,525)	(1,790)
Acquisition of right-of-use assets	24	(9)	(26)
Dividends received		22	8
Interest and fund distributions received		1,838	1,043
Proceeds from disposal of property, plant and equipment		<u>5</u>	<u>0</u>
Net cash used in investing activities		(5,669)	(765)
Cash flows from financing activities			
Capital distribution to non-controlling interests		0	(7)
Dividends paid		(6,554)	(5,462)
Interest paid		(336)	(384)
Net increase/(decrease) in short-term loans and borrowings	24	436	(3,893)
Payment of lease liabilities	24	(977)	(1,539)
Placement of term deposits pledged as security		<u>(2,045)</u>	<u>(1,000)</u>
Net cash used in financing activities		(9,476)	(12,285)
Currency translation differences		262	482
Net increase in cash and cash equivalents		18,757	10,160
Cash and cash equivalents brought forward		54,478	44,318
Cash and cash equivalents carried forward	12	<u>73,235</u>	<u>54,478</u>

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	2023	2022
Note	RM'000	RM'000
Non-current assets		
Property, plant and equipment	4	14
Investment properties	5	3,640
Investments in subsidiaries	7	15,168
Other investments	8	271
Receivables	11	11,368
	<u>30,461</u>	<u>30,461</u>
Current assets		
Receivables	11	22
Dividend receivable		1,600
Cash and cash equivalents	12	3,623
	<u>5,245</u>	<u>4,048</u>
Current liabilities		
Payables	13	66
Current tax liabilities		9
	<u>75</u>	<u>134</u>
Net current assets	5,170	3,895
Non-current liabilities		
Deferred tax liabilities	9	125
	<u>35,506</u>	<u>34,230</u>
Net assets		
Equity		
Share capital	16	55,339
Accumulated losses		(19,833)
Total equity	<u>35,506</u>	<u>34,230</u>

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
Revenue	17	8,500	6,230
Other income		100	89
Depreciation of property, plant and equipment		(8)	(7)
Employee benefits expense	18	(365)	(294)
Other expenses		(364)	(323)
Profit before tax	20	<u>7,863</u>	<u>5,695</u>
Tax expense	21	(33)	(49)
Profit for the financial year		<u>7,830</u>	<u>5,646</u>
Other comprehensive income for the financial year		0	0
Comprehensive income for the financial year		<u>7,830</u>	<u>5,646</u>

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Share capital	Accumulated losses	Total equity
	RM'000	RM'000	RM'000
Balance at 1 January 2022	55,339	(21,293)	34,046
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>
Dividends (representing total transactions with owners) (Note 23)	0	(6,554)	(6,554)
Profit (representing comprehensive income) for the financial year	0	7,830	7,830
Balance at 31 December 2023	<u>55,339</u>	<u>(19,833)</u>	<u>35,506</u>

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023	2022
Note	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	7,863	5,695
Adjustments for:		
Depreciation	8	7
Dividend income	(8,422)	(6,158)
Fair value gains on financial instruments	(2)	(4)
Interest income	(51)	(39)
Operating loss before working capital changes	(604)	(499)
Changes in:		
Receivables	8	(10)
Payables	(68)	(174)
Cash absorbed by operations	(664)	(683)
Tax paid	(44)	(23)
Net cash used in operating activities	(708)	(706)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(6)	(13)
Dividends received	8,422	4,558
Interest received	51	39
Net cash from investing activities	8,467	4,584
Cash flows from financing activity		
Dividends paid	(6,554)	(5,462)
Net cash used in financing activity	(6,554)	(5,462)
Net increase/(decrease) in cash and cash equivalents	1,205	(1,584)
Cash and cash equivalents brought forward	2,418	4,002
Cash and cash equivalents carried forward	12 <u>3,623</u>	<u>2,418</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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 68 to 72 together with the notes thereto cover the Company and its subsidiaries ("Group"). The separate financial statements of the Company set out on pages 73 to 76 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 29 March 2024.

2. Material accounting policy information

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 material accounting policy information, and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting 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
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	1 January 2023

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 2023 (CONT'D)

2. Material accounting policy information (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
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 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Material accounting policy information (cont'd)

2.2 Business combinations (cont'd)

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.

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 and capital work-in-progress are 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Material accounting policy information (cont'd)

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.

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 2023 (CONT'D)

2. Material accounting policy information (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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Material accounting policy information (cont'd)

2.10 Financial assets (cont'd)

Subsequent measurement (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Material accounting policy information (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Material accounting policy information (cont'd)

2.14 Fair value measurement (cont'd)

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.
- (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

2. Material accounting policy information (cont'd)

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.

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, at the time of the transaction, affects neither accounting nor taxable results and does not give rise to equal taxable and deductible temporary differences.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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 2023 (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	Capital work-in-progress RM'000	Total RM'000
Cost/Valuation										
Balance at 1 January 2022	13,200	18,407	36,658	2,761	1,102	3,225	977	374	0	76,704
Additions	0	144	774	803	6	63	0	0	0	1,790
Transfer from right-of-use assets	0	0	4,419	0	0	0	72	0	0	4,491
Disposals/Write-offs	0	0	(939)	0	(14)	(314)	(57)	0	0	(1,324)
Currency translation differences	0	0	1	0	0	5	3	0	0	9
Balance at 31 December 2022	13,200	18,551	40,913	3,564	1,094	2,979	995	374	0	81,670
Representing:										
- Cost	0	951	40,913	3,564	1,094	2,979	995	374	0	50,870
- Valuation	13,200	17,600	0	0	0	0	0	0	0	30,800
	13,200	18,551	40,913	3,564	1,094	2,979	995	374	0	81,670
Balance at 1 January 2023	13,200	18,551	40,913	3,564	1,094	2,979	995	374	0	81,670
Additions	0	249	6,093	0	23	272	176	0	712	7,525
Transfer from right-of-use assets	0	0	3,856	0	0	0	0	0	0	3,856
Disposals/Write-offs	0	0	(898)	0	(23)	(125)	(28)	0	0	(1,074)
Reclassifications	0	0	213	(213)	0	0	292	(292)	0	0
Revaluation	5,250	(200)	0	0	0	0	0	0	0	5,050
Currency translation differences	0	0	1	0	0	4	2	0	0	7
Balance at 31 December 2023	18,450	18,600	50,178	3,351	1,094	3,130	1,437	82	712	97,034
Representing:										
- Cost	0	0	50,178	3,351	1,094	3,130	1,437	82	712	59,984
- Valuation	18,450	18,600	0	0	0	0	0	0	0	37,050
	18,450	18,600	50,178	3,351	1,094	3,130	1,437	82	712	97,034

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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	Capital work-in- progress RM'000	Total RM'000
Depreciation and impairment losses										
Balance at 1 January 2022	0	2,452	32,017	1,151	980	3,122	687	314	0	40,723
- Accumulated depreciation	0	0	26	0	0	0	0	0	0	26
- Accumulated impairment losses	0	2,452	32,043	1,151	980	3,122	687	314	0	40,749
Depreciation	0	819	1,467	111	31	73	92	18	0	2,611
Transfer from right-of-use assets	0	0	2,157	0	0	0	40	0	0	2,197
Disposals/Write-offs	0	0	(906)	0	(14)	(314)	(57)	0	0	(1,291)
Currency translation differences	0	0	0	0	0	4	1	0	0	5
Balance at 31 December 2022	0	3,271	34,735	1,262	997	2,885	763	332	0	44,245
- Accumulated depreciation	0	0	26	0	0	0	0	0	0	26
- Accumulated impairment losses	0	3,271	34,761	1,262	997	2,885	763	332	0	44,271
Depreciation	0	883	2,050	356	31	70	113	16	0	3,519
Transfer from right-of-use assets	0	0	1,928	0	0	0	0	0	0	1,928
Disposals/Write-offs	0	0	(898)	0	(23)	(125)	(28)	0	0	(1,074)
Reclassifications	0	0	(33)	33	0	0	292	(292)	0	0
Revaluation	0	(4,154)	0	0	0	0	0	0	0	(4,154)
Currency translation differences	0	0	1	0	0	3	1	0	0	5
Balance at 31 December 2023	0	0	37,783	1,651	1,005	2,833	1,141	56	0	44,469
- Accumulated depreciation	0	0	26	0	0	0	0	0	0	26
- Accumulated impairment losses	0	0	37,809	1,651	1,005	2,833	1,141	56	0	44,495

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

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

Group

Carrying amount	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	Capital work-in-progress RM'000	Total RM'000
Balance at 1 January 2022	13,200	15,955	4,615	1,610	122	103	290	60	0	35,955
Balance at 31 December 2022	13,200	15,280	6,152	2,302	97	94	232	42	0	37,399
Balance at 31 December 2023	18,450	18,600	12,369	1,700	89	297	296	26	712	52,539

The freehold land and buildings were revalued to fair values on 31 December 2023 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	
	2023 RM'000	2022 RM'000
Freehold land	1,904	1,904
Buildings	8,351	8,564
	<u>10,255</u>	<u>10,468</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 2023 (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 under operating leases for 1 to 7 years. The undiscounted lease payments to be received are as follows:

	Group	
	2023 RM'000	2022 RM'000
Within 1 year	629	680
1 to 2 years	367	480
2 to 3 years	216	367
3 to 4 years	149	216
4 to 5 years	0	149
	1,361	1,892
Company		
		Furniture, fittings and office equipment RM'000
Cost		
Balance at 1 January 2022		980
Additions		13
Disposals/Write-offs		(296)
Balance at 31 December 2022		697
Additions		6
Disposals/Write-offs		(77)
Balance at 31 December 2023		626
Accumulated depreciation		
Balance at 1 January 2022		970
Depreciation		7
Disposals/Write-offs		(296)
Balance at 31 December 2022		681
Depreciation		8
Disposals/Write-offs		(77)
Balance at 31 December 2023		612
Carrying amount		
Balance at 1 January 2022		10
Balance at 31 December 2022		16
Balance at 31 December 2023		14

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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 2022	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
Fair value gains/(losses)	150	(150)	0	0
Balance at 31 December 2023	3,400	7,600	3,640	14,640

Company

	Office lots RM'000
Fair value	
Balance at 1 January 2022 / 31 December 2022 / 31 December 2023	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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Freehold land	3,400	3,250	0	0
Buildings	7,600	7,750	0	0
Office lots	2,280	2,280	2,280	2,280
	13,280	13,280	2,280	2,280

The Group and the Company lease some investment properties under operating leases for 1 year. The undiscounted lease payments to be received within 1 year from 31 December 2023 amounted to RM55,000 (2022 : RM43,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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 2022	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
Additions	0	912	0	0	912
Depreciation	(443)	(388)	(334)	0	(1,165)
Transfer to property, plant and equipment	0	0	(1,928)	0	(1,928)
Currency translation differences	0	5	0	0	5
Balance at 31 December 2023	4,985	1,270	1,161	0	7,416

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 to 5 years. The rights to use the plant and machinery were acquired under hire purchase financing whereby ownership will be transferred by the end of the lease term of 5 years.

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

7. Investments in subsidiaries

Company

	2023 RM'000	2022 RM'000
Unquoted shares - at cost	20,168	20,168
Impairment losses	(5,000)	(5,000)
	<u>15,168</u>	<u>15,168</u>

Impairment losses have been recognised for investment in a loss-making subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

7. Investments in subsidiaries (cont'd)

The details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Effective ownership interest		Principal activity
		2023	2022	
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 Vietnam Co., Ltd.	Vietnam	*100%	*100%	Manufacture and sale of wooden packaging boxes

* Interest held through Master-Pack Sdn. Bhd.

8. Other investments

Group and Company

	2023 RM'000	2022 RM'000
Quoted shares - at fair value	271	269

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

9. Deferred tax assets and deferred tax liabilities

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Balance at 1 January	(5,295)	(5,195)	(126)	(125)
Deferred tax (expense)/ income relating to origination and reversal of temporary differences recognised in:				
- Profit or loss	(102)	12	2	0
- Other comprehensive income	(1,474)	0	0	0
Deferred tax liabilities over/(under) provided in prior year	119	(112)	(1)	(1)
Balance at 31 December	<u>(6,752)</u>	<u>(5,295)</u>	<u>(125)</u>	<u>(126)</u>
Disclosed as:				
- Deferred tax assets	86	1	0	0
- Deferred tax liabilities	<u>(6,838)</u>	<u>(5,296)</u>	<u>(125)</u>	<u>(126)</u>
	<u>(6,752)</u>	<u>(5,295)</u>	<u>(125)</u>	<u>(126)</u>
In respect of (taxable)/ deductible temporary differences of:				
- Property, plant and equipment	(6,106)	(4,177)	(1)	(2)
- Investment properties	(169)	(306)	(124)	(124)
- Right-of-use assets	(1,559)	(1,830)	0	0
- Inventories	235	234	0	0
- Financial instruments	359	249	0	0
- Lease liabilities	488	535	0	0
	<u>(6,752)</u>	<u>(5,295)</u>	<u>(125)</u>	<u>(126)</u>

Save as disclosed above, as at 31 December 2023, deferred tax liabilities and deferred tax assets have also effectively been recognised and offset against each other by the Group to the extent of RM1,096,000 (2022 : RM1,093,000). No further deferred tax assets have been recognised for the following excess of unused capital allowances and tax losses over taxable temporary differences:

	Group	
	2023 RM'000	2022 RM'000
Unused capital allowances	4,054	4,054
Unused tax losses	15,496	15,496
Taxable temporary differences of investment properties	<u>(4,566)</u>	<u>(4,553)</u>
	<u>14,984</u>	<u>14,997</u>

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 2023 (CONT'D)

10. Inventories

Group

	2023	2022
	RM'000	RM'000
Raw materials	8,353	15,125
Work-in-progress	279	35
Finished goods	1,805	1,888
Goods-in-transit	1,686	1,849
	<u>12,123</u>	<u>18,897</u>

11. Receivables

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Amount due from subsidiary	0	0	27,868	27,868
Loss allowance	0	0	(16,500)	(16,500)
	<u>0</u>	<u>0</u>	<u>11,368</u>	<u>11,368</u>
Current assets				
Trade receivables	30,503	29,573	0	0
Loss allowance	(104)	(43)	0	0
	<u>30,399</u>	<u>29,530</u>	<u>0</u>	<u>0</u>
Other receivables	2,854	1,522	22	30
	<u>33,253</u>	<u>31,052</u>	<u>22</u>	<u>30</u>
Total receivables	<u>33,253</u>	<u>31,052</u>	<u>11,390</u>	<u>11,398</u>

Trade receivables

The Group determines credit risk concentrations in terms of counterparties and geographical areas. As at 31 December 2023, there was 1 (2022 : 1) 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 RM15,572,000 (2022 : RM9,807,000). The credit risk concentration profile by geographical areas of trade receivables is as follows:

	Group	
	2023	2022
	RM'000	RM'000
Malaysia	20,904	24,040
Vietnam	9,040	5,194
Others	559	339
	<u>30,503</u>	<u>29,573</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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	
	2023 RM'000	2022 RM'000
Not past due	21,821	22,685
1 to 30 days past due	5,317	4,466
31 to 60 days past due	1,378	1,631
61 to 90 days past due	803	320
More than 90 days past due	1,184	471
	30,503	29,573

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	Total RM'000
2023						
Gross carrying amount	21,821	5,317	1,378	803	1,184	30,503
Average credit loss rate	0.10%	0.28%	0.65%	2.24%	3.46%	0.34%
Loss allowance	21	15	9	18	41	104
2022						
Gross carrying amount	22,685	4,466	1,631	320	471	29,573
Average credit loss rate	0.06%	0.11%	0.37%	0.94%	3.40%	0.15%
Loss allowance	13	5	6	3	16	43

The average credit loss rates were based on the payment profile of revenue over a period of 36 (2022 : 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

11. Receivables (cont'd)

Trade receivables (cont'd)

The changes in the loss allowance are as follows:

	Group	
	2023 RM'000	2022 RM'000
Balance at 1 January	43	125
Impairment losses/(gains)	61	(82)
Balance at 31 December	104	43

Amount due from subsidiary

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

12. Cash and cash equivalents

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	38,333	23,928	3,623	2,418
Term deposits	29,505	23,320	0	0
Short-term funds - at fair value	8,442	8,230	0	0
	76,280	55,478	3,623	2,418

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 totalling RM3,045,000 (2022 : RM1,000,000) 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 2023 ranged from 2.75% to 6.50% (2022 : 2.25% to 7.50%) 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and cash equivalents	76,280	55,478	3,623	2,418
Term deposits pledged as security	(3,045)	(1,000)	0	0
	73,235	54,478	3,623	2,418

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

13. Payables

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Trade payables	5,572	6,357	0	0
Other payables	12,680	10,872	66	134
	<u>18,252</u>	<u>17,229</u>	<u>66</u>	<u>134</u>

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

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

14. Loans and borrowings

Group

	2023	2022
	RM'000	RM'000
Banker acceptances	<u>2,212</u>	<u>1,776</u>

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 2023 ranged from 6.25% to 7.28% (2022 : 4.26% to 4.88%) 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

	2023	2022
	RM'000	RM'000
Gross lease liabilities:		
- Within 1 year	887	1,015
- 1 to 5 years	1,569	1,458
Total contractual undiscounted cash flows	2,456	2,473
Future finance charges	(260)	(207)
Present value of lease liabilities	<u>2,196</u>	<u>2,266</u>
Disclosed as:		
- Current liabilities	760	906
- Non-current liabilities	1,436	1,360
	<u>2,196</u>	<u>2,266</u>

The incremental borrowing rates applied to lease liabilities as at 31 December 2023 ranged from 5.00% to 11.00% (2022 : 5.00% to 11.00%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

16. Share capital

	2023 RM'000	2022 RM'000
Issued and fully paid		
54,620,150 ordinary shares with no par value	55,339	55,339

17. Revenue

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers:				
- Sale of goods	166,386	160,894	0	0
Other sources of revenue:				
- Dividend income	22	8	8,422	6,158
- Operating lease income	78	72	78	72
	100	80	8,500	6,230
	166,486	160,974	8,500	6,230

The disaggregation of revenue by geographical areas is disclosed in Note 26. Information about other disaggregation of revenue from contracts with customers has not been disclosed as the Group generates the revenue principally from selling corrugated cartons and packaging materials.

18. Employee benefits expense (including directors' remuneration)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Company:				
- Fees	262	261	262	261
- Other short-term employee benefits:				
- Current year	4,973	3,700	17	15
- Prior year	546	0	0	0
- Defined contribution plans	45	117	0	0
	5,826	4,078	279	276
Directors of subsidiaries:				
- Fees	17	17	0	0
- Other short-term employee benefits:				
- Current year	2,381	1,834	0	0
- Prior year	205	0	0	0
- Defined contribution plans	108	99	0	0
	2,711	1,950	0	0
Other employees:				
- Short-term employee benefits	10,762	9,914	86	18
- Defined contribution plans	916	823	0	0
	11,678	10,737	86	18
	20,215	16,765	365	294

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

19. Impairment (losses)/gains on financial assets

Group

	2023 RM'000	2022 RM'000
Trade receivables from contracts with customers	(61)	82

20. Profit before tax

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax is arrived at after charging:				
Auditors' remuneration:				
- Current year	170	158	52	47
- Prior year	5	0	5	0
Direct operating expenditure for investment properties:				
- Generating rental income	37	39	37	39
- Not generating rental income	306	30	0	0
Fee expense for financial instruments not measured at fair value through profit or loss	81	90	2	2
Interest expense for financial liabilities not measured at fair value through profit or loss	185	222	0	0
Interest expense for lease liabilities	151	157	0	0
Inventories written down	6	20	0	0
Inventories written off	16	0	0	0
Lease expense relating to:				
- Short-term leases	442	675	0	0
- Leases of low-value assets (other than short-term leases)	8	9	0	0
Property, plant and equipment written off	0	33	0	0
and crediting:				
Fair value gains on financial instruments mandatorily measured at fair value through profit or loss	214	137	2	4
Gain on disposal of property, plant and equipment	5	0	0	0
Interest income for financial assets measured at amortised cost	1,626	910	51	39
Operating lease income from:				
- Investment properties	78	72	78	72
- Others	885	850	0	0
Realised gain on foreign exchange	717	275	0	0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

21. Tax expense

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Tax based on results for the year:				
- Current tax	3,732	4,150	41	36
- Deferred tax	102	(12)	(2)	0
	<u>3,834</u>	<u>4,138</u>	<u>39</u>	<u>36</u>
Tax (over)/under provided in prior year:				
- Current tax	(54)	(926)	(7)	12
- Deferred tax	(119)	112	1	1
	<u>3,661</u>	<u>3,324</u>	<u>33</u>	<u>49</u>

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax	<u>28,272</u>	<u>25,162</u>	<u>7,863</u>	<u>5,695</u>
Tax at applicable tax rate of 24%	6,785	6,039	1,887	1,367
Non-deductible expenses	982	701	173	148
Non-taxable income	(289)	(101)	(2,021)	(1,479)
Tax incentive claimed	(759)	0	0	0
Effect of differential tax rates	(2,882)	(2,486)	0	0
Decrease in unrecognised deferred tax assets	(3)	(15)	0	0
Tax (over)/under provided in prior year	(173)	(814)	(6)	13
Tax expense	<u>3,661</u>	<u>3,324</u>	<u>33</u>	<u>49</u>

22. Earnings per share

Group

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

	2023	2022
Profit for the financial year (RM'000)	<u>24,611</u>	<u>21,838</u>
Weighted average number of shares in issue ('000)	<u>54,620</u>	<u>54,620</u>
Basic earnings per share (sen)	<u>45.06</u>	<u>39.98</u>

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 2023 (CONT'D)

23. Dividends

Group and Company

	2023 RM'000	2022 RM'000
In respect of the financial year ended 31 December 2022:		
- First interim single tier dividend of 4 sen per share	0	2,185
- Second interim single tier dividend of 6 sen per share	0	3,277
In respect of the financial year ended 31 December 2023:		
- First interim single tier dividend of 6 sen per share	3,277	0
- Second interim single tier dividend of 6 sen per share	3,277	0
	<u>6,554</u>	<u>5,462</u>

On 29 March 2024, the Company declared an interim single tier dividend of 8 sen per share in respect of the financial year ending 31 December 2024. The dividend will be paid on 10 May 2024.

24. Notes to consolidated statement of cash flows

Group

Acquisition of right-of-use assets

	2023 RM'000	2022 RM'000
Cost of right-of-use assets acquired	912	857
Acquisition by means of leases	(903)	(831)
Net cash disbursed	<u>9</u>	<u>26</u>

Short-term loans and borrowings

	2023 RM'000	2022 RM'000
Balance at 1 January	1,776	5,674
Net cash flow changes	436	(3,893)
Other changes	0	(5)
Balance at 31 December (Note 14)	<u>2,212</u>	<u>1,776</u>

Lease liabilities

	2023 RM'000	2022 RM'000
Balance at 1 January	2,266	2,974
Acquisition of right-of-use assets	903	831
Payments	(977)	(1,539)
Currency translation differences	4	0
Balance at 31 December (Note 15)	<u>2,196</u>	<u>2,266</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (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:

	2023 RM'000	2022 RM'000
Operating activities		
Lease expense recognised in profit or loss (Note 20)	450	684
Investing activities		
Acquisition of right-of-use assets	9	26
Financing activities		
Interest portion of lease liabilities (Note 20)	151	157
Principal portion of lease liabilities	977	1,539
	1,587	2,406

25. Related party disclosures

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Key management personnel compensation:				
-Short-term employee benefits:				
-Current year	7,827	5,950	279	276
-Prior year	781	0	0	0
-Defined contribution plans	166	216	0	0
	8,774	6,166	279	276
Dividends declared from subsidiaries	0	0	8,400	6,150

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

26. Segment reporting (cont'd)

Geographical information

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

	External revenue		Non-current assets	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	100,092	102,444	73,801	61,533
Vietnam	64,715	56,754	990	294
Others	1,679	1,776	0	0
	<u>166,486</u>	<u>160,974</u>	<u>74,791</u>	<u>61,827</u>

Major customers

For the financial year ended 31 December 2023, there was 1 (2022 : 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 RM94,238,000 (2022 : RM85,148,000).

27. Contractual commitments

Group

	2023	2022
	RM'000	RM'000
Acquisition of property, plant and equipment	<u>1,668</u>	<u>3,825</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 RM48,500,000 (2022 : RM48,851,000). The total utilisation of these credit facilities as at 31 December 2023 amounted to RM4,317,000 (2022 : RM4,002,000). 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 2023 (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	
	2023	2022
	RM'000	RM'000
Receivables	6,508	4,603
Cash and cash equivalents	11,239	2,307
Payables	(709)	(1,044)
	<u>17,038</u>	<u>5,866</u>

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

29. Financial risk management (cont'd)

Currency risk (cont'd)

	Group	
	Profit/(Loss) and equity	
	2023	2022
	RM'000	RM'000
Appreciation of USD against RM by 3% (2022 : 4%)	388	178
Depreciation of USD against RM by 3% (2022 : 4%)	(388)	(178)

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, all of which are fixed rate instruments.

The Group observes the movements in interest rates and always strives to obtain the most favourable rates available for new financing or during repricing.

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	
	Profit/(Loss) and equity	
	2023	2022
	RM'000	RM'000
Increase in FBMKLCI by 2% (2022 : 4%)	5	11
Decrease in FBMKLCI by 2% (2022 : 4%)	(5)	(11)

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:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

30. Capital management (cont'd)

	Group	
	2023 RM'000	2022 RM'000
Loans and borrowings	2,212	1,776
Lease liabilities	2,196	2,266
Total interest-bearing debts	<u>4,408</u>	<u>4,042</u>
Total equity	<u>169,302</u>	<u>143,253</u>
Total capital	<u>173,710</u>	<u>147,295</u>
Debt-to-equity ratio (times)	<u>0.03</u>	<u>0.03</u>

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

GROUP PROPERTIES

AS AT 31 DECEMBER 2023

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	28	L:RM14,100,000 B:RM9,000,000	31-Dec-23
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	23	L:RM4,350,000 B:RM5,000,000	31-Dec-23
3	Lot 1270, Section 66, Kuching Town Land District, Kuching, Sarawak.	Industrial Land & Factory Building	83699 sq ft	4.05 acres	Factory for manufacturing	Leasehold land Expiring in 2035	31	L:RM4,985,000 B:RM4,600,000	31-Dec-23
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 purposes	Freehold	26	L:RM3,400,000 B:RM7,600,000	31-Dec-23
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	28	B:RM3,640,000	31-Dec-23

L: Land

B: Building

ANALYSIS OF SHAREHOLDINGS

AS AT 29 March 2024

DISTRIBUTION OF SHAREHOLDER AS AT 29 March 2024

No. of Holders	Holdings	Total Holdings	%
330	Less Than 100	13,929	0.03
429	100 - 1,000	259,958	0.47
1,480	1,001 - 10,000	4,940,158	9.05
281	10,001 – 100,000	8,139,755	14.90
33	100,001 and below 5% of issued shares	19,485,650	35.67
2	5% and above of issued shares	21,780,700	39.88
2,555	TOTAL	54,620,150	100

DIRECTORS' SHAREHOLDINGS AS AT 29 MARCH 2024

Name of Director	Direct interest	%	Deemed interest	%
Dato' Seri Syed Mohamad Bin Syed Murtaza	-	-	-	-
Chew Hock Lin	-	-	-	-
Dharmik Rajkumar Sheth	-	-	-	-
Radhi Bin Mohamad	-	-	-	-
Khor San Leng	-	-	-	-
Fazlina Binti Yahaya	-	-	-	-

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 29 MARCH 2024

Name of Director	Direct interest	%	Deemed interest	%
Yayasan Bumiputera Pulau Pinang Berhad	17,435,000	31.92	-	-
ITS Konsortium Sdn Bhd	4,345,700	7.96	-	-
Muhibah 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 interest by virtue of Section 8 of the Companies Act, 2016.

ANALYSIS OF SHAREHOLDINGS

AS AT 29 March 2024 (CONT'D)

LIST OF TOP 30 SHAREHOLDERS

NO	NAME OF SHAREHOLDERS	SHAREHOLDINGS	%
1	YAYASAN BUMIPUTRA PULAU PINANG BHD.	17,435,000	31.92
2	ITS KONSORTIUM SDN. BHD.	4,345,700	7.96
3	TEO CHANG HOCK	2,697,500	4.94
4	TRANSASIA ASSETS SDN. BHD.	2,318,400	4.24
5	AMINAH BINTI MOHD TAIB	1,556,000	2.85
6	CH'NG ENG SEONG	1,500,000	2.75
7	HARMONY EFFECTIVE SDN. BHD.	1,480,000	2.71
8	HARMONY EFFECTIVE SDN. BHD.	1,235,000	2.26
9	KHOR TENG TONG HOLDINGS SDN. BHD	1,127,000	2.06
10	NORiyATI BINTI HASSAN	873,200	1.60
11	AMINAH BINTI MOHD TAIB	740,600	1.36
12	LIM SEN OON	740,100	1.35
13	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. FOR NORiyATI BINTI HASSAN	586,800	1.07
14	HLB NOMINEES (TEMPATAN) SDN. BHD. FOR LEE POH KWEE	489,200	0.90
15	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN. BHD. FOR YOONG KAH YIN	440,000	0.81
16	LEE KOK HIN	382,900	0.70
17	CHONG WEE BENG	336,800	0.62
18	MOHD. NAZRIN BIN SAAD	318,700	0.58
19	ELEBEST ENGINEERING SDN. BHD.	300,000	0.55
20	YEO KHEE HUAT	280,000	0.51
21	RONNIE TAN CHOO SENG	200,000	0.37
22	SIM POH LAI	161,800	0.30
23	CARTABAN NOMINEES (ASING) SDN. BHD. FOR THE BANK OF NEW YORK MELLON FOR ACADIAN EMERGING MARKETS MICRO-CAP EQUITY MASTER FUND	157,700	0.29
24	ALVINA CHUA MEI NA	155,000	0.28
25	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. FOR CHEN HUI YANG	150,000	0.27
26	LOW TIONG LEK	143,050	0.26
27	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. FOR DOH JEE MING	139,900	0.26
28	RHB CAPITAL NOMINEES (TEMPATAN) SDN. BHD. FOR LEE POH KWEE	135,000	0.25
29	SIK GIM KEAT	133,000	0.24
30	LIM BUN CHOON	130,800	0.24

PROXY FORM**MASTER-PACK**

GROUP BERHAD 199401011341 (297020-W)

Number of Shares Held		CDS Account No.	
-----------------------	--	-----------------	--

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

of
 (Address)

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

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

*and/or

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

or failing whom, the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 30th Annual General Meeting ("AGM") of the Company will be held at Bukit Jawi Golf Resort of Lot 414, Mukim 6, Jalan Paya Kemian Sempayi, 14200 Sungai Jawi, Pulau Pinang on Thursday, 23 May 2024 at 11.00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	For	Against
1.	To re-elect Dato' Seri Syed Mohamad Bin Syed Murtaza as a Director of the Company.		
2.	To re-elect Encik Radhi Bin Mohamad as a Director of the Company.		
3.	To re-elect Madam Khor San Leng as a Director of the Company.		
4.	To re-elect Puan Fazlina Binti Yahaya as a Director of the Company.		
5.	To approve the payment of Directors' fees.		
6.	To approve the payment of Directors' benefits.		
7.	To re-appoint Crowe Malaysia PLT as Auditors of the Company.		
8.	To authorize the Directors to allot and issue new shares in the Company.		

Signed thisday of, 2024.

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

Notes:

- For the purpose of determining a member who shall be entitled to attend the AGM, the Company shall be requesting the Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 13 May 2024. Only Depositors whose name appears on the Record of Depositors as at 13 May 2024 shall be entitled to attend the AGM or appoint proxies to attend and/or vote on his behalf.
- A proxy may but need not be a member of the Company.
- For a proxy to be valid, the original Proxy Form, duly completed must be deposited at the Registered Office of the Company at 51-21-A Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Penang not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof, or in the case of a poll not less than 24 hours before the time appointed for the taking of the poll. Proxy Forms sent by facsimile or electronic mail shall be treated as void unless the original Proxy Forms are received by the Company at the registration counter or to the Company Secretary or his authorised representative at least half one hour before the time appointed for holding the meeting or adjourned meeting.
- A member shall be entitled to appoint a maximum of 2 proxies to attend and vote instead of him at the same meeting and where a member appoints 2 proxies to vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholding to be represented by each proxy.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with the shares of the Company. The appointment of 2 proxies in respect of a particular securities account shall be invalid unless the authorised nominee specifies the proportion of its shareholding to be represented by each proxy.
- Where a member is an Exempt Authorized Nominee which holds ordinary shares of the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies it may appoint in respect of each omnibus account it holds. An Exempt Authorised Nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provision of subsection 25A(1) of SICDA.

7. In the case of a corporate member, the original Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.

* Strike out whichever is not desired.



Fold this flag sealing


Then fold here

Stamp

Company Secretaries
Master-Pack Group Berhad
51-21-A, Menara BHL Bank,
Jalan Sultan Ahmad Shah,
10050 Penang

First fold here

www.master.net.my

 **MASTER-PACK GROUP BERHAD**
199401011341 (297020-W)
1574, Jalan Bukit Panchor,
14300 Nibong Tebal, S.P.S. Penang.

 (04)-593 1550  (04)-593 9034

