luster
Creating Values

CONTINUOUS GROWTH, **SUSTAINABLY DRIVEN**

ANNUAL REPORT **2021**

Contents

Corporate Information

DIRECTORS

Liang Wooi Gee (Deputy Managing Director)
Chuah Chong Ewe (Executive Director)
Phuah Cheng Peng (Executive Director)
Wee Song He, Wilson (Executive Director)
Chuah Chong San (Executive Director)
Ahmad Kamal Bin S. Awab (Independent Non-Executive Director)
Dato' Mohamed Shukri Bin Mohamed Zain (Independent Non-Executive Director)
Dato' Yew Tian Tek (Independent Non-Executive Director)

Audit Committee

Ahmad Kamal Bin S. Awab (Chairman)
Dato' Mohamed Shukri Bin Mohamed Zain
Dato' Yew Tian Tek

Nominating Committee

Dato' Mohamed Shukri Bin Mohamed Zain (Chairman)
Ahmad Kamal Bin S. Awab
Dato' Yew Tian Tek

Remuneration Committee

Dato' Yew Tian Tek (Chairman)
Ahmad Kamal Bin S. Awab
Liang Wooi Gee

Risk Management Committee

Dato' Mohamed Shukri Bin Mohamed Zain (Chairman)
Ahmad Kamal Bin S. Awab
Dato' Yew Tian Tek
Chuah Chong Ewe
Wee Song He, Wilson

Secretaries

Wong Yee Lin (MIA15898)
SSM Practicing No : 201908001793
Hing Poe Pyng (MAICSA7053526)
SSM Practicing No : 202008001322

Registered Office

51-8-A Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang
Tel : 04-373 6616
Fax : 04-373 6615

Business Address

Plot 36 & 37
Jalan PKNK Utama
Kawasan Perusahaan Sungai Petani
08000 Sungai Petani
Kedah Darul Aman

Corporate website

https://www.lustergroup.com

Auditors

Grant Thornton Malaysia PLT (AF: 0737)
Level 5, Menara BHL
51, Jalan Sultan Ahmad Shah
10050 Penang

Solicitors

Messrs Y.C. Wong
Lot W17A1
17th Floor West Block
Wisma Selangor Dredging
No. 142C Jalan Ampang
50450 Kuala Lumpur

Bankers

Al-Rajhi Banking and Investment Corporation (Malaysia) Berhad
Alliance Bank Malaysia Berhad
Alliance Islamic Bank Berhad
AmIslamic Bank Berhad
Hong Leong Bank Berhad
Hong Leong Islamic Bank Berhad
Malayan Banking Berhad
OCBC Bank Berhad
Public Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

Share Registrar

AGRITEUM Share Registration Services Sdn. Bhd. 200201010810 (578473-T)
2nd Floor Wisma Penang Garden
42 Jalan Sultan Ahmad Shah
10050 Penang
Tel : 04-228 2321
Fax : 04-227 2391

Corporate Structure

Creating Values

LUSTER INDUSTRIES BHD
198601006973 (156148-P)

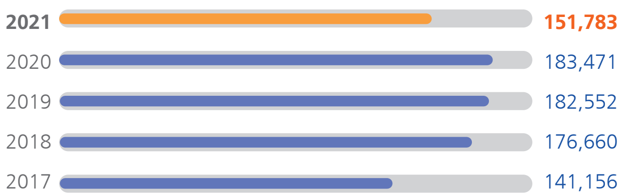
- 100% EXZONE PRECISION ENGINEERING SDN BHD 199201012251(243754-V)
  - 60% TSI ZONE (MALAYSIA) SDN BHD 201901038729 (1348059-V)
- 100% EXZONE PLASTICS MANUFACTURERS SDN BHD 198101005575 (71689-U)
  - 100% IMETRON (M) SDN BHD 198901013382 (190692-T)
- 54.55% PEMBINAAN LSP JAYA SDN BHD 201401005166 (1081245-U)
  - 45.45%
- 100% WINCO PRECISION ENGINEERING (MELAKA) SDN BHD 199301015050 (269790-D)
  - 20%
- 80% WINCO PRECISION TECHNOLOGIES SDN BHD 199301017165 (271905-X)
- 95% PAN CAMBODIAN LOTTERY CORPORATION LIMITED (Co.1054E/2010)
- 100% LUSTER PLASTIC INDUSTRIES SDN BHD 199201014192 (245695-U)
- 100% LUSTER MANUFACTURING SDN BHD 198901008103 (185405-D)
  - 100% LUSTER VENTURE SDN BHD 201701017933 (1232098-V)
  - 100% LUSTER HIJAUAN HOME SDN BHD 201701031052 (1245222-K)
- 100% LUSTER CONSTRUCTION SDN BHD 201701019204 (1233369-H)
- 51% JADE CLASSIC SDN BHD 201701036697 (1250868-X)
- 56% GLOVMASTER SDN BHD 202001034059 (1390380A)
  - 60% GLOVCONCEPT SDN BHD 202101004095 (1404394-H)
  - 100% LINPOWER RESOURCES SDN BHD 199301018317 (273055-X)
- 100% LUSTER TRADING SDN BHD 202101044245 (1444545-K)
- 50.1% LUSTER ARA SDN BHD 202101042305 (1442605-V)

Financial Highlights

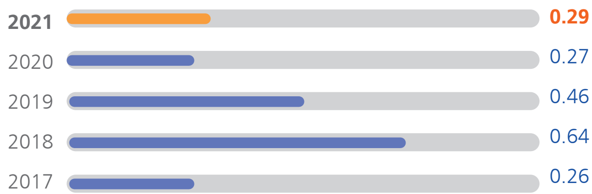
Five Years Financial Highlights

	2017 RM'000	(Restated) 2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Revenue	141,156	176,660	182,552	183,471	**151,783**
Profit Before Tax	6,886	10,700	12,746	9,592	**14,077**
Profit After Tax	5,091	12,703	9,255	5,889	**8,720**
Profit After Tax Attributable To Owners Of The Company	4,935	12,578	9,236	5,964	**8,470**
Paid-up Capital	201,529	201,529	207,829	299,299	**299,305**
Total Assets	188,131	208,735	243,877	354,838	**509,995**
Shareholders Fund	155,010	168,570	184,070	282,495	**294,127**
Basic Earnings Per Share (Sen)	0.26	0.64	0.46	0.27	**0.29**
Net Assets Per Share (RM)	0.08	0.09	0.09	0.10	**0.10**

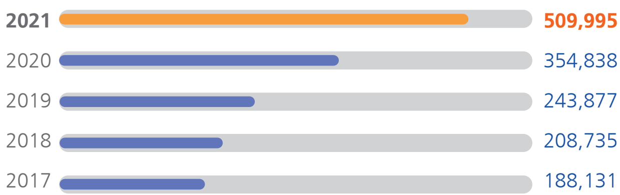
Revenue (RM'000)



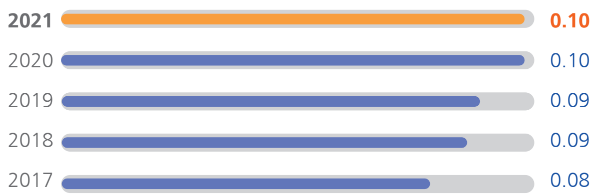
Basic Earnings Per Share (Sen)



Total Assets (RM'000)



Net Assets Per Share (RM)



Management Discussion And Analysis

Overview of Business and Operations

Luster Industries Bhd ("LIB" or "Luster") is an investment holding company whereby the activities of the subsidiaries can be segregated into the following:

Business Segments	Activities
Manufacturing	The manufacturing activities consist of: i. Manufacturing of precision plastic parts and components and sub-assembly of plastic parts and products; ii. Original Equipment Manufacturer ("OEM") manufacturing for hygiene and pests control products; iii. Precision engineering work and manufacturing of die-casting components; The companies operating under this segment are Exzone Precision Engineering Sdn Bhd and Winco Precision Engineering (Melaka) Sdn Bhd.
Glove & healthcare	The activities in this segment consist of: i. Manufacturing, sales and distribution of latex examination gloves; and ii. Provision of glove related system, technology, supply chain and operations best practices as one stop solutions. The companies operating under this segment are Glovmaster Sdn Bhd and Glovconcept Sdn Bhd.
Property development and construction	The companies operating under this segment are Pembinaan LSP Jaya Sdn Bhd, Luster Construction Sdn Bhd, Luster Hijauan Home Sdn Bhd, Luster Venture Sdn Bhd, Jade Classic Sdn Bhd and Luster Ara Sdn Bhd.
Gaming and leisure	Lottery operator in Cambodia. The company operating under this segment is Pan Cambodian Lottery Corporation Limited.

In 2021, the Government had gradually eased the control measures put in place for the Covid-19 pandemic and allowed to resume full operation for the Company and its subsidiaries (the "Group"). Subsequent to the restrictions being lifted, the Group should benefit from better demand, increased public and private sector expenditure as well as continued policy support. The Group will remain prudent in all its operations and look for new business opportunities to adapt with market changes and maintain its competitiveness.

During the global transition period from a pandemic to endemic phase, the manufacturing segment will continue to further improve on its productivity and cost structure in order to better position itself in the current competitive and uncertain market condition. All of the projects that we have embarked on will be on-going.

The Company had acquired 8.2% shares in Aimflex Berhad ("Aimflex") in Q1 2022. The acquisition is expected to allow potential synergies between the Group and Aimflex such as sharing customer bases, which will provide a platform for the Group to penetrate into the automation industry and the opportunity to expand its current market to Johor where a significant number of Multi-National Companies are located. Furthermore, the Group's manufacturing segment will be able to leverage on Aimflex's expertise and experience in the manufacturing and modification of automation machines and fabrication of precision parts and metal panels in order to create business opportunities and to promote and embrace the digital revolution in accordance to the introduction of Industry 4.0. Aimflex's automation and engineering solutions may help to streamline the Group's manufacturing and business processes.

As for the glove & healthcare segment, barring any unforeseen circumstances, the high speed double former dipping production lines is expected to commence within 2022.

Management Discussion And Analysis (Cont'd)

Overview of Business and Operations (cont'd)

For the Engineering, Procurement, Construction and Commissioning ("EPCC") contract and Glove Technology Solution Consulting in relation to gloves production line, the Group had started the delivery of certain parts of the 6 Double Former Glove Dipping Lines to the United States of America ("US") in year 2021. Installation on-site at US had been started and expected to be completed in Q4 2022.

There is potential to grow the property development and construction segment and the Group will focus in developing pocket housing development and/or affordable housing development.

Due to the impact of the Covid 19 pandemic in year 2021, there are no plans on expanding the gaming and leisure business in Cambodia.

The Board is optimistic and strongly believe that, with the Group's current diversification into the gloves manufacturing and the EPCC project in US together with the investment in Aimflex and the competence and commitment of its human capital, the Group will be able to strengthen and grow its financial performance.

Financial Performance

The Group recorded a revenue of RM151.8 million and RM183.5 million in financial year ended 31 December 2021 ("FYE2021") and financial year ended 31 December 2020 ("FYE2020") respectively. The revenue recorded was mainly contributed from manufacturing segment, RM128.3 million in FYE2021 as compared to RM126.3 million in FYE2020. The Group recorded a profit before tax ("PBT") of RM14.1 million in FYE2021 as compared to RM9.6 million in FYE2020. The higher sales in FYE2021 mainly contributed from hygiene and pest control products which yield a better margin. This has resulted higher PBT recorded in FYE2021. The lower profit recorded in FYE2020 was mainly due to the global outbreak of the pandemic which resulted in the delay in the shipment of customers' orders.

The Group's total assets had grown by RM155.2 million from RM354.8 million as at 31 December 2020 to RM510.0 million as at 31 December 2021. The Group's current assets was RM379.5 million as at 31 December 2021 as compared to RM278.4 million as at 31 December 2020, representing a growth of RM101.1 million. The accrual of the present value of the land related cost in the "Cyber South" project of RM75.7 million has also contributed increase in total assets and liabilities. The increase in total assets also due to the increase in contract costs. The increase in contract costs was mainly contributed from the cost to fulfil EPCC contract of RM33.0 million. The Group's fixed deposits and cash and bank balances as at 31 December 2021 was RM59.8 million as compared to RM101.2 million as at 31 December 2020 mainly due the proceeds from private placement of RM60.3 million received in December 2020. The proceed from the said private placement had been fully utilised in FYE2021. The Group's total liabilities increased by RM143.6 million from RM72.3 million as at 31 December 2020 to RM215.9 million as at 31 December 2021. This was mainly due to the increase in contract liabilities resulted from the deposits received from a customer pursuant to the EPCC contract in relation to the gloves production lines of RM53.8 million. The Group's borrowings had also increased by RM7.2 million from RM13.4 million as at 31 December 2020 to RM20.6 million as at 31 December 2021. This was mainly due to the term loan for the construction of the glove factory.

The Group's financial position remained strong and recorded the net asset value per share attributable to equity holders of the Group of RM0.10 for both financial year ended 31 December 2021 and 31 December 2020. The Group's gearing ratio remained within the manageable level at 0.07 times as at 31 December 2021 as compared to 0.05 times as at 31 December 2020.

The Group's cash and bank balances was RM58.0 million as at 31 December 2021 as compared to RM76.2 million as at 31 December 2020.

The capital expenditure spent in FYE2021 was mainly for the construction of the factory building and the glove production lines. This was financed mainly by the proceeds from the private placement received in December 2020.

Based on Bank Negara Malaysia's annual report 2021, the Malaysian economy saw a moderate recovery, with Gross Domestic Product ("GDP") growing by 3.1% in 2021 (2020: -5.6%). Headline inflation averaged higher at 2.5% (2020:-1.2%). The higher cost due to rising global oil prices and supply chain disruptions led to some upward price pressures for certain categories of consumer goods and services. Nevertheless, underlying inflation remained subdued for the year amid a gradual recovery in demand and weak labour market conditions. The Group will continue to observe a balanced and diversified business portfolio.

Management Discussion And Analysis (Cont'd)

Manufacturing Segment

The revenue for manufacturing segment had increased by RM2.0 million from RM126.3 million in FYE2020 to RM128.3 million in FYE2021 mainly due to the higher sales to the customers in the hygiene and pest control industry.

The segment results recorded in FYE2021 was RM3.7 million as compared to RM1.5 million in FYE2020. This was mainly due to global outbreak of pandemic which resulted in the delay in the shipment of customers' orders in FYE2020. The higher sales in hygiene and pest control products which yield a better margin has resulted higher PBT recorded in FYE2021.

Property Development and Construction Segment

The revenue and segment results recorded in property development and construction segment was RM19.1 million and RM6.3 million respectively in FYE2021 as compared to RM52.3 million and RM10.8 million respectively in FYE2020. This was mainly due to lower billing towards the completion stage of the on-going housing project in Daerah Seberang Perai Utara.

Glove and Healthcare

The Group had started the trading of gloves in FYE2021. The segment results recorded was RM5.0 million.

Gaming and Leisure Segment

The gaming and leisure segment had recorded a revenue of RM4.4 million in FYE2021 as compared to RM4.8 million in FYE2020. The segment results was RM0.8 million in FYE2021 as compared to RM0.7 million in FYE2020. Lower sales recorded for FYE2021 were mainly affected by the Covid-19 pandemic. The Group will adopt a status quo strategy for this segment.

Risks Assumed in Business Operations

The following are the main financial and non-financial risks that may have an impact on the Group's financial management and operations:

i) Business Risk

The Group's revenue and operating results could be adversely affected by many factors which include, amongst others, market demand, fluctuation in key raw material prices and labour costs.

The Group mitigates these risks by continuously monitoring the prices of key raw materials by establishing long-term business relationship with existing suppliers, expanding the pool of suppliers and striving to improve operational efficiency to drive down cost. There is no assurance that any of the change to the above factors will not materially affect the performance of the Group as a whole.

ii) Political, Economic and Regulatory Considerations

Adverse developments in the political, economic and regulatory conditions locally and overseas could materially and adversely affect the financial prospects of the Group. Political and economic uncertainties include, but are not limited to, risks of war, change in political leadership, global economic downturn, unfavourable changes in government policies which include interest rates, method and rate of taxation, currency exchange control or introduction of new regulations, import duties and tariffs.

Uncertainties in future prospects would affect consumer spending and overall demand and consequently, affect the Group's financial performance.

This is mitigated by the Group's diverse and wide customer base locally and overseas, and the Group will continue to adopt effective measures such as prudent management and efficient operating procedures to further mitigate these factors that may affect the Group's business. The Group will also continuously keep abreast with the latest development in the political, economic and regulatory in relation to its business.

iii) Foreign Exchange Risks

The Group operates its business internationally which exposes itself to foreign currency exchange risk, mainly from the fluctuation of United States Dollar. The Group manages its exposure to foreign currency exchange risk in the following manner:

- Foreign currency sales and purchases in the same currency provide natural hedge against the fluctuations in the foreign currency exchange rates; and
- Maintain part of its cash and bank balances in the foreign currency accounts to meet its future obligations in foreign currencies.

There is no assurance that significant changes in the exchange rates will not have a material adverse effect on the financial position and performance of the Group.

Management Discussion And Analysis (Cont'd)

Risks Assumed in Business Operations (cont'd)

iv) Liquidity Risks

Liquidity risk is the risk that the Group will not be able to meet their financial obligations as and when they fall due. The Group actively manages their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met and maintains sufficient levels of cash and cash equivalents to meet their working capital requirements.

v) COVID-19 Pandemic Outbreak Risk

The COVID-19 pandemic situation and the various implementation of MCO have partially affected the business operation of our Group, despite having implemented the necessary SOP. There can be no assurance that the COVID-19 outbreak, if prolonged, will not have a material adverse impact in the market conditions and/or the industry and environment in which we operate in. Potential risks arising therefrom may include but not limited to sudden interruption to construction activities, slowdown in securing construction projects, disruption in trade logistic, disruption or reduction in supply of major building materials, and increased operating cost to comply with the SOP imposed by the Malaysian Government, any of which may result in an adverse impact in our business and financial conditions.

Forward Looking Statement

Based on a report by World Bank in January 2022, after rebounding to an estimated 5.5 percent in 2021, global growth is expected to decelerate markedly to 4.1 percent in 2022, reflecting continued COVID-19 flare-ups, diminished fiscal support, and lingering supply bottlenecks.

The Board is cautiously optimistic on the outlook for 2022 while expecting the market to show gradual recovery as the country has achieved a high vaccination coverage, coupled with continued government support, accommodative policies and phased openings of international borders.

The revenue of manufacturing segment is expected to grow as the demand in the hygiene and pest control product is increasing. With the synergy between the Group and Aimflex, the revenue in manufacturing segment is expected to grow further in FYE2022.

The glove and healthcare segment, through the diversification into the glove manufacturing and the EPCC contract in relation to the gloves production lines, is expected to improve the profitability of the Group. The demand for gloves in 2022 and 2023 will be 10% to 15% higher than the pre-Covid 19 level, according to Malaysian Rubber Glove Manufacturers Association (MARGMA) president Dr Supramaniam Shanmugam.

For the property development and construction segment, the "Cyber South" project in Mukim Dengkil, Negeri Selangor is expected to launch in FYE2022. Luster Ara Sdn Bhd, the 50.1%-owned subsidiary of the Company, had on 01 March 2022 entered into a Sale and Purchase Agreement with Sime Darby Brunsfield Damansara Sdn Bhd and Sime Darby Property (Ara Damansara) Sdn Bhd, to acquire a piece of land in Mukim Damansara, Negeri Selangor with an area measuring approximately 9,544 sq metres. The acquisition would enable the Group to build its land bank in favourable areas (where the Group can leverage on its extensive experience in building mixed-use developments) given the opportunities available in the current market condition.

The Board continues to explore the opportunities present in the market place either locally or abroad, from within its core business or other business segments, to enhance its revenue and profitability. The Board believes that diversification would further contribute the Group's future earnings.

The Group will be involving itself internationally and domestically and continuously improving our infrastructure for a better financial standing going forward. Although we have no dividend or distribution policy in place currently, we look forward to reward our shareholders in future for their support and faith in us.

Directors' and Key Senior Management Profile

Liang Wooi Gee

Deputy Managing Director / Key Senior Management
Male | Malaysian | 50

Mr Liang Wooi Gee was appointed to the Board of Luster as an Executive Director on 30 September 2008, and subsequently redesignated as Deputy Managing Director on 28 June 2013.

Upon obtaining his diploma and completing the 3rd level of CIMA, he worked as an account officer in Sharp-Roxy Electronics Corporation (M) Sdn Bhd ("SRC"), an electronic manufacturing company for 2 years. In 1996, he left SRC to join Zenmax Sdn Bhd ("Zenmax"), a gold jewelry manufacturing company, as an account executive. He was with Zenmax for 4 years before joining Terachi Corporation Sdn Bhd ("Terachi"), a company involved in rubber wood manufacturing. He left Terachi in 2000 and joined Luster Industries Bhd as a Management Accountant. He was promoted to Assistant Financial Controller in 2002 and subsequently to Financial Controller in 2004 before being appointed as an Executive Director in 2008.

He is currently the Group Chief Financial Officer and Managing Director of Exzone Precision Engineering Sdn Bhd. He holds a Higher Diploma in Management Accounting and is currently a finalist of Chartered Institute of Management Accountant ("CIMA").

He is a member of the Remuneration Committee.

Chuah Chong Ewe

Executive Director / Key Senior Management
Male | Malaysian | 55

Mr Chuah Chong Ewe was appointed to the Board of Luster as an Executive Director on 21 September 2018.

He joined Seal Incorporated Berhad in year 2005 as an advisor before being promoted as group chief executive officer. He left Seal Incorporated Berhad in 2014 and joined Pentamaster Corporation Berhad. Mr Chuah through his leadership via various corporate entities had undertaken and completed sizeable mixed development with total Gross Development Value ("GDV") of almost RM1 billion in various parts of the country.

He graduated from University of Malaya with a degree in LLB (Hons). He was admitted to the Malaysian Bar Council in 1993 and has approximately 20 years of experience in legal practice.

He is a member of the Risk Management Committee.

Phuah Cheng Peng

Executive Director / Key Senior Management
Male | Malaysian | 46

Mr Phuah Cheng Peng was appointed to the Board of Luster as an Executive Director on 21 July 2017.

He started his career in the planning and designing of major infrastructural work for township development, construction and project management. In 2005, he ventured into property development mainly on landed development of affordable housing in the northern region. In 2010, he managed to procure several high potential land and lead a group of professionals to pursue on high-rise and landed development in Penang, Kedah, Kelantan and Klang Valley. He was appointed as managing director of GSD Group of Companies and its associate companies, which are involved in property development and construction, in 2010. He had successfully completed a number of iconic projects in Penang Island with a total gross development value of more than RM1.5 billion which consist of 1,600 units of mixed residential and commercial properties. Under his leadership, he had also completed a number of construction projects with value of more than RM650 million. He had also successfully completed 1,200 units of mixed development, mainly affordable housing and commercial units in Kedah, Penang and Kelantan with gross development value of more than RM 300 million. He left GSD Group of Companies and its associate companies in 2016 and appointed as an advisor to the Group.

He obtained his Bachelor in Mechanical Engineering from Universiti Teknologi Malaysia.

He is the managing director of Luster Construction Sdn Bhd, Luster Venture Sdn Bhd, Luster Hijauan Sdn Bhd and Jade Classic Sdn Bhd.

Directors' and Key Senior Management Profile (Cont'd)

Wee Song He, Wilson

Executive Director / Key Senior Management
Male | Singaporean | 42

Mr Wee Song He, Wilson was appointed as an Executive Director of Luster Industries Bhd on 12 June 2012. He graduated with a Diploma in Digital Film Arts from School of Audio Engineering in 2005. He joined the private education sector for two years, where he was responsible in lecturing key programs and program coordination. In 2007, he joined Winco Precision Engineering (Melaka) Sdn Bhd ("WPESB") and Winco Precision Technologies Sdn Bhd ("WPTSB") as director. Apart from being actively involved in the overall coordination, execution and management of all projects undertaken by WPESB, he is responsible for leading the company in conceptualising, formalising and implementing corporate strategies.

He is the director of WPESB and WPTSB.

Mr Wee is a member of the Risk Management Committee.

Chuah Chong San

Executive Director / Key Senior Management
Male | Malaysian | 58

Mr Chuah Chong San was appointed to the Board of Luster as an Alternate Director on 22 September 2020; he resigned as an Alternate Director of Mr Chuah Chong Ewe and was appointed as an Executive Director of Luster on 5 July 2021.

Upon obtaining his degree in Electrical Engineering, he started his career in Motorola Solutions Malaysia Sdn Bhd (previously known as Motorola Malaysia Sdn Bhd) ("Motorola") as Test System Engineer. In 1998, he had transferred to the Internal Control function, focusing on Information Technology ("IT") and Information Security Protection & Compliance. He was promoted to perform engineering management roles in 2000. He led a team to digitise and transform key supply chain business processes. He was promoted to Penang IT lead in 2005 to manage simplification and consolidation of Enterprise Resource Planning ("ERP") system across multiple businesses within Motorola. During his IT career, he had the opportunities to play IT lead roles in multiple Merger, Acquisition and Divesture projects. He had also successfully migrated regional IT Business system to Global enterprise system in 2013. In 2016, he was promoted to be the Asia Pacific IT lead, focusing on modernising the IT Infrastructure, partnering with Third-Party Logistics ("3PL") and Electronics Manufacturing Services ("EMS") to deliver IT solution and supporting IT services in 12 Asia Pacific countries. He left Motorola Solutions in 2020.

He graduated from University Malaysia with degree in Electrical Engineering in 1989. In 1998, he obtained his Master of Business Administration from Universiti Sains Malaysia.

He is the director of Exzone Precision Engineering Sdn Bhd, Glovmaster Sdn Bhd ("GMSB"), Glovconcept Sdn Bhd, Luster Ara Sdn Bhd, Luster Trading Sdn Bhd and TSI Zone (Malaysia) Sdn Bhd.

Directors' and Key Senior Management Profile (Cont'd)

Ahmad Kamal Bin S. Awab

Independent Non-Executive Director
Male | Malaysian | 66

Encik Ahmad Kamal Bin S. Awab was appointed to the Board of Luster as an Independent Non-Executive Director on 21 July 2017. He holds a Master of Business Administration from Brunel University through Henley Management College.

He is a banking and business management veteran of more than 35 years plus and a well-known and recognised individual for his wide circuit in handling and managing relationships of global multi-national companies, financial institutions and local corporations as well as public sector state agencies and government-linked companies. He has a proven exemplary track record in areas of credit and risk management, global transaction services, capital markets, corporate finance, derivatives and treasury products in his years of services with global banking institutions such as Citibank, ABN-AMRO Bank and Deutsche Bank. He also served as a senior general manager of Malaysia Nasional Insurance for a period of one year before joining H2O Capital Sdn Bhd as its advisor and director where he served for 6 years before leaving the company in 2008 to take up the position as the Head of Global Corporate and Financial Institutions for the Commercial Bank of Qatar, (a Stock Company of Qatar) in Doha, Qatar. Apart from his role as Head of Global Corporate and Financial Institutions, he also oversaw the international syndication portfolios and corporate finance transactions which included remedial, recovery management primarily restructuring and reconstructing credit/debt defaults. In addition, he was also entrusted with the responsibility of overseeing audit, risk management, corporate governance and compliance where he was exposed to the aspects of another regional market covering the Middle East and North Africa.

He left Commercial Bank of Qatar in 2013. In 2014, he was made the advisor and ASEAN Regional Representative of Bridgeway Finance Limited, United Kingdom; and in the same year was also appointed as advisor to COGE Global Ventures Sdn Bhd (where he has since resigned from the two positions in December 2018). In August 2017, he was appointed as director of Leverage3 Consulting Sdn Bhd and director of business development of Premium Capital Partners Sdn Bhd, a nonbank lender pioneer in General Insurance Premium financing business of extending credit to policyholders ("insured") to pay insurance premium.

In August 2018, he was appointed as director and Responsible Person (RP) of Crowd Sense Sdn Bhd, a Recognised Market Operator (RMO) for Peer-to-Peer (P2P) Crowd Financing under its digital platform 'cofundr.com.my' which is supervised and governed by Securities Commission Malaysia.

He has constantly re-engineered and updated himself in the field of finance and risk management through interaction with industry experts and seminars attended in his personal capacity.

He is the Chairman of Audit Committee and a member of the Nominating Committee, Remuneration Committee and Risk Management Committee.

Dato' Mohamed Shukri Bin Mohamed Zain

Independent Non-Executive Director
Male | Malaysian | 57

Dato' Mohamed Shukri Bin Mohamed Zain was appointed as an Independent Non-Executive Director on 9 March 2010. He received his early education in King George V School in Seremban. Subsequently, he obtained his Bachelor of Science in Business Administration (Marketing and Finance) from Winthrop University, South Carolina, United States of America in 1987. He was conferred the Darjah Setia Bakti Negeri Sembilan on 14 January 2022, which carries the title "Dato".

Upon returning from the United States, he was employed by the Federal Land Development Authority Group where he first served as a purchasing officer in FELDA Trading Corporation. Thereafter, he was transferred to FELDA Marketing Corporation ("FELMA") in 1991. In 1993, he was put in charge of FELMA's London office, which served as Malaysia's main palm oil trading office for both the European and the American markets. In 1996, Dato' Mohamed Shukri together with some partners incorporated a logistics company, MayGlobe Logistics (M) Sdn Bhd. He was one of the major shareholders and served as the group managing director from the inception of the company until late 2006. He is the managing director of Nano Quest (M) Sdn Bhd, a company which treats palm oil mill effluent as well as a director of Greater Tampin Oto Sdn Bhd, operating a Honda distributorship in Negeri Sembilan.

He is the Chairman of Nominating Committee and Risk Management Committee and a member of the Audit Committee.

Directors' and Key Senior Management Profile (Cont'd)

Dato' Yew Tian Tek

Independent Non-Executive Director
Male | Malaysian | 65

Dato' Yew Tian Tek was appointed as an Independent Non-Executive Director on 29 May 2019. He obtained his Bachelor degree for Engineering (Honours) in Electrical Engineering from University of Malaya in 1982. In 1990, he obtained his Master in industrial Management from University of East Asia.

Dato' Yew has been working in Motorola Solutions Malaysia Sdn Bhd ("Motorola") for 32 years and was appointed as chairman of Motorola from September 2006 toJuly 2014. During this tenure, he also served as deputy chairman of the Penang Skill Development Centre (PSDC) for 7 years from 2006 to 2013. He was the deputy chairman of the Free Industrial Zone Penang Companies Association ("FREPENCA") for 6 years from 2008 to 2014. He was Amcham Young Enterprise Area's chairman in 2007 and 2008 which benefited 600 secondary school students annually. He was appointed as lead for the Penang Science Council from 2009 to 2013. His key contribution included the Lego Robotic club and the Penang Science Fair which achieved 30,000 attendances in 2013. In May 2013, he was appointed as an industry fellow in University Sains Malaysia (USM). He was a member of Malaysian Industrial Development Authority (MIDA) Advisory from 2006 to 2012 and lead local Small Medium Enterprise ("SME") development. He had successfully developed many local SMEs to be global suppliers. He has been a member of the Board of Governor in University of Wollonggong Malaysia KDU since 2016.

He is the Chairman of Remuneration Committee, member of Audit Committee, Nominating Committee and Risk Management Committee.

Yee Voon Hon

Key Senior Management
Male | Malaysian | 38

Mr. Yee Voon Hon is the director of GMSB responsible for manufacturing and operation management of GMSB.

Mr. Yee graduated with a Bachelor of Commerce (Marketing and Public Relations), a double major from Curtin University, Australia in 2005. Since his graduation, he started his career with his family business, which is involved in the manufacturing of textile and garments. In 2010, he left his family business and started a new business, which is involved in the manufacturing of natural (non-nitrile) rubber gloves through his own private company. With the experience in the manufacturing of gloves, Mr. Yee has, over the years, accumulated the required skillset, technical knowhow and vast knowledge in respect of the gloves dipping lines and the setting up of production lines.

Zaibidi Bin Mahamod

Key Senior Management
Male | Singaporean (Malaysian permanent resident) | 60

Encik Zaibidi Bin Mahamod is the managing director of WPESB. He graduated with a Master Craftman Certificate from Precision Institute Engineering. He has 15 years of experience in research and development and production with ordinance development and engineering with Singapore Technology Group before joining WPESB in 1996 as an assistant manager responsible to set-up Pattern Mould Machining Department and subsequently appointed as director of WPESB on 5 August 2004.

Directors' and Key Senior Management Profile (Cont'd)

Goh Khoon Hau

Group Financial Controller
Male | Malaysian | 51

Mr Goh Khoon Hau is the Group Financial Controller. He is a member of the Malaysian Institute of Accountants. He obtained his professional qualification in Association of Chartered Certified Accountants ("ACCA") in year 2000.

He started his career in an international accounting firm in 1996. He left the auditing sector in 1998 and held a position of internal auditor in a multinational company until 2000. In 2000, he left to join Exzone Precision Engineering Sdn Bhd as an assistant manager. He was promoted to manager in 2006 and subsequently to Group Financial Controller on 26 August 2008.

Notes:
1. Other than traffic offences, none of the Directors/Key Senior Management of the Company have any convictions for offences within the past 5 years or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.
2. None of our Directors/Key Senior Management hold or have held any directorship in other public companies and listed companies.
3. None of the Directors/Key Senior Management have any family relationship with any director of major shareholder, save for Mr Chuah Chong Ewe and Chuah Chong San, which are brothers.
4. None of the Directors/Key Senior Management have conflict of interest with the Company, or any business arrangement involving the Company other than as disclosed in the notes to the Financial Statements.

Sustainability Statement

INTRODUCTION

This Sustainability Statement ("Statement") is prepared as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and in accordance with the Sustainability Reporting Guide ("Guide") issued by Bursa Malaysia.

Luster Industries Bhd. ("Company" or "LIB") and its subsidiaries ("Group") have relied on the guidance provided under the Guide for its sustainability practices. The Guide provides guidance on how to embed sustainability in our organisation and helps us to identify, evaluate and manage our material economic, environmental and social ("EES") risk and opportunities. Our sustainability practices aim to generate long term benefits for our stakeholders in terms of business continuity and value creation and at the same time contribute to the advancement of the larger society while still retaining the fundamental purpose of our enterprise.

SCOPE OF REPORTING

This Statement covers the sustainability practices and initiatives of LIB and Exzone Precision Engineering Sdn Bhd ("EPE") for the financial year ended 31 December 2021 unless otherwise stated. Information disclosed in this Statement encompasses our activities related to manufacturing, assembly and sale of plastic moulded components and parts, which together contribute to about 56% of the Group's total revenue.

COMMITMENT TO SUSTAINABILITY

Sustainability practices should be embedded and integrated into the business operations of an organisation rather than on a standalone basis, to ensure continuity, relevance and sustainability of the practices. In order to embed sustainability effectively, our Board of Directors ("Board") has committed to lead the sustainability development efforts by establishing a Sustainability Working Group ("SWG") to be responsible for identifying material sustainability matters, formulating the related sustainability initiatives and practices and overseeing their implementation and performance. The SWG is headed by the Group Financial Controller ("GFC") and its members are represented by the head or a senior representative from each department namely finance, human resource, supply chain management, marketing and operation. The GFC reports to the Group Deputy Managing Director ("GDMD") who is overseeing the implementation of sustainability strategies set by the Board. The Board is ultimately responsible for setting up sustainability strategies.

Our GDMD provides strong stewardship towards the implementation of the sustainability initiatives within the Group.

GOVERNANCE STRUCTURE

The reporting governance structure is as follows:

The roles and responsibilities of the governance bodies are:

The Board
- Oversees the sustainability efforts and initiatives of the Group;
- Reviews and endorses the Group's material sustainability matters;
- Reviews and endorses the sustainability initiatives proposed by the SWG;
- Reviews and endorses the annual sustainability statement for inclusion in our annual report; and
- Sets strategies that support long-term value creation and includes strategies on EES considerations underpinning sustainability.

SWG
- Identifies material sustainability matters that are relevant to the Group's business operations;
- Proposes sustainability initiatives and measures to be implemented across the Group;
- Implements sustainability initiatives that have been approved by the Board;
- Conducts data gathering for sustainability reporting; and
- The Chairman reports the overall progress of the Group's sustainability efforts to the GDMD who in turn reports same to the Board.

Sustainability Statement (Cont'd)

GOVERNANCE STRUCTURE (CONT'D)

Sustainability Practices

In line with the Guide, sustainability is viewed in the context of EES, as good governance is regarded as one of the underlying foundations that underpin the focus on performance along the aforementioned dimensions. The terms economic, environmental and social can be explained as follows:

Economic	Environmental	Social
An organisation's impact on the economic conditions of its stakeholders and on economic systems at local, national, and global levels. It does not focus on the financial condition of the organisation. *Note: This may include the organisation's procurement practices or community investment.*	An organisation's impact on living and non-living natural systems, including land, air, water and ecosystems. *Note: This may include the organisation's usage of energy and water, discharge of emissions, or loss of biodiversity, etc*	The impact an organisation has on the social systems within which it operates. *Note: This may include the organisation's relationships with communities, employees, consumers, etc.*

(Source: Adapted from the Global Reporting Initiative ("GRI") Standards)

STAKEHOLDERS ENGAGEMENT

A stakeholder is essentially an individual or a group that has an effect on, or is affected by our Group and our activities. Naturally, our stakeholders influence the way we carry out our business activities and how we formulate our strategies to meet their expectations and to generate long term benefits for our stakeholders in terms of business sustainability and value creation.

The table below lists the needs of our different stakeholder groups and how we engaged and addressed their needs.

Stakeholder Groups	Areas of Interest	Engagement Platforms
Investors/shareholders	• Return on investment • Financial performance • Business prospects	• Engagement with shareholders during the Company's Annual General Meeting • Quarterly reporting • Dissemination of information through press release and the Company's website • Investors' briefing • Independent analysts' report
Customers	• Product quality • Manufacturing capacity • Reliability • Competitive prices • Collection within credit period	• Customers' feedback • Customer audits • After sales service • Sales and marketing visits • Manufacturing collaboration
Vendors	• Procurement policy and procedures • Prompt payments within credit period • Business prospects and financial stability	• Disseminate procurement policy and procedures • Assessment on suitability of vendors • Reinforcement of ethical business practices
Employees	• Competitive salary and benefits package • Clear line of reporting and proper communication channel • Work-life balance • Career path and opportunities	• Employees handbook • Survey on human resource ("HR") practices in the market • On-the-job, internal and external training • Engagement with employees • Sports and recreation programme • Occupational safety and health
Communities	• Impact of operations on surrounding environment • Corporate social responsibility	• Engagement with local communities • Provide job opportunities • Pay attention to polluting emissions and effluents
Regulatory authorities	• Compliance with existing laws • Standards and certification	• Updates on rules and regulations • Consultation with authorities • Attendance at relevant seminars and conferences

Sustainability Statement (Cont'd)

STAKEHOLDERS ENGAGEMENT (CONT'D)

Material Sustainability Matters

Sustainability matters are the risks and opportunities arising from the EES impacts of our organisation's operations and activities and sustainability matters are considered material if they (a) reflect our Group's significant EES impacts; or (b) substantively influence the assessments and decisions of our stakeholders.

Based on existing policies and practices, we have identified and prioritised the following material sustainability matters which have the greatest impacts on our business operations and stakeholders.

		Sustainability Pillars		
		Economic	Environmental	Social
Material Sustainability Matters	Customer Satisfaction	▲		
	Manufacturing	▲		
	Supply Chain Management	▲		
	Waste Management		●	
	Noise Pollution Control		●	
	Air Emissions		●	
	Occupational Safety and Health			■
	Corporate Social Responsibility			■
	Employees			■

Legend: ▲ **Economic** ● **Environmental** ■ **Social**

Economic

We have formulated sustainability practices which aim to generate long term benefits for all our stakeholders in terms of business continuity and value creation.

Depending on the financial performance of our Group, we are mindful of rewarding our shareholders with the appropriate returns on their investments in our Company. We always engage our shareholders during our annual general meeting which is a platform for them to air their views and to question management on matters of interest. In addition, we engage with analysts who cover our Group's financial performance to ensure they understand our business model and have access to correct and updated facts and data for their reporting. Such reports are uploaded to our website under the folio "Investor Relations". We have in place policies and practices which govern our business dealings and the conduct of our employees and the same have been disseminated to all concerned either through our website or made known to employees at their place of work.

- ***Marketplace***

  We are committed to conduct our business activities ethically and in a transparent manner so as to build a strong, trusting and lasting business relationship with all our stakeholders.

- ***Customer satisfaction***

  Our customers' satisfaction level is very much dependent on our product quality, competitive pricing, support services and reliability in delivery and effective attention to complaints. In this respect, the quality management system we have in place is designed to monitor and control the processes from planning and development to production and after-sales service in order to fulfil our customers' high demand for quality. We live up to our motto, "To do our best, give our best and be the best" and in this connection, our employees are required to attend training relating to manufacturing process, product knowledge and soft skills development in line with the Quality Policy commitment as required by ISO9001:2015 Quality Management System–Requirements.

Sustainability Statement (Cont'd)

STAKEHOLDERS ENGAGEMENT (CONT'D)

Material Sustainability Matters (cont'd)

Economic (cont'd)

- ***Customer satisfaction (cont'd)***

  We regularly gather customers' feedback through surveys, focusing on our products quality, punctual delivery, competitive costing, and cordial service.

  All of our esteemed customers are provided a survey form with 4 major category questions and their response are rated within the range of 1 to 5 (1 being the lowest rating).

  The annual average performance rating in 2021 is 3.8, while rating for 2020 is 3.8. Our management's target for overall customer satisfaction rating is 3.0 and above.

  Base on the survey, we have improved on the level of customer satisfaction over the years, and it is our top priority to better our rating year on year and to sustain high customer satisfaction level at all times.

Customer Performance Rating		
2021	**2020**	**Target**
3.8	3.8	3.0

Feedback Channel	Frequency	Categories
Customer Satisfaction Survey form	Annually	(1) Quality (2) Delivery (3) Cost (4) Service

- ***Manufacturing collaboration***

  We have established a strong research and development ("R&D") team to provide value added services to our customers. Our R&D team spent time and effort to improvise on our customers' product designs and types of material usage with a view of enhancing the product's efficiency as well as reducing cost of production for our customers. As we have the intimate knowledge of some of our customers' products and market demands and expectations, our R&D team has leveraged on this knowledge to take the initiative to work concurrently with our customers to develop new products for them. We strongly believe our initiatives will sustain our business for the long term besides creating values for our stakeholders.

- ***Lean manufacturing***

  We have implemented a Lean Manufacturing Program which focuses on reducing wasteful and inefficiency practices within our manufacturing systems while simultaneously improving quality and productivity.

  In this respect, we have implemented the 6S workplace organisation method i.e. Seiri (Sort), Seiton (Set in Order), Seiso (Shine), Seiketsu (Standardise), Shitsuke (Sustain) and Safety in our workplace in order to achieve enhanced working environment, human capabilities as well as productivity and sustain a safety culture environment. In our efforts to ensure constant observance of the 6S principles, monthly audits and inspections are performed on every department

Sustainability Statement (Cont'd)

STAKEHOLDERS ENGAGEMENT (CONT'D)

Material Sustainability Matters (cont'd)

Economic (cont'd)

- ***Lean manufacturing (cont'd)***

The table below summarises the results of the initiatives we have taken pursuant to the 6S implementation:

ACTION	IMPACTS
OBJECTIVE : Reduce operation cost	
Re-arrange assembly line process	Re-arranging of the assembly of some of the products from sub-assembly process into one main line assembly process. This has reduce the handling activities and reporting process.
OBJECTIVE : Reduce rejection due to crack	
Mould temperature	Control the temperature of the barrel and hot runner equipment in order to stabilise material heating. This will avoid material over heat and successfully reduce the rejection from 15% to 5%.

- ***Supply chain management***

We have various initiatives in place to work towards a more sustainable supply chain management. All supply chain management activities are monitored and managed by the Supply Chain Department.

We are engaged in responsible procurement practices whereby proper procedures are laid down to ensure that any procurement made is properly evaluated and approved by the relevant approving authority after considering the production needs and existing stock balance position. We only source our raw materials from approved vendors which meet acceptable and ethical business practices such as complying with our Corporate Social Responsibility ("CSR") principles and practices. As a tool in this respect, our vendors are required to submit a Supplier Declaration Form which encompasses: compliance with laws, improper payments, hospitality and expenses, conflict of interest, minimum employment age, forced labour, freedom of association and right to collective bargaining, working hours, minimum wage, employment practices, minority rights, environment, safety and health, selection of business partners, agents and other intermediaries, and standards towards own suppliers; all of which are in sync with our own practices.

Our officers are expected to conduct themselves ethically and are only allowed to accept non-cash gifts from vendors in relation to cultural/festive celebrations. We will not tolerate any corrupt practices in all business dealings and any breach of this policy will be dealt with severely.

- ***Certification and awards***

We have acquired the following certifications:
- ISO 9001:2015 – Quality Management Systems which sums up the high standard of management practices in our organisation. This certification ensures our customers consistently receive high quality product and services, which in turn brings many benefits to our customers and our organisation.
- ISO 14001:2015 – Environmental Management System – Requirements with Guidance for Use. This certification confirms our commitment towards improving our environmental performance through more efficient use of resources and reduction of waste.
- OHSAS 18001:2007 – Occupational Health and Safety Management System. This standard provides a framework to identify, control and decrease the risks associated with health and safety within the workplace. Implementing the standard shows that employee's health and safety is a priority within your organisation.
- ISO/TS 16949:2009 – Quality Management System Certificate of the Automotive Company. This system is based on the process approach and it provides an organized way to document and codify specific work practices in ways that best serve our automotive customers' needs.
- ISO 13485:2016 – Quality Management System. With this, we are certified as a medical device manufacturer that establish and maintain the effectiveness of our processes. It ensures the consistent design, development, production, installation, and delivery of medical devices that are safe for their intended purpose.

Over the years, we have been accorded recognition by our customers for our capabilities with awards such as best vendor, outstanding support vendor, value engineering, best business partner and outstanding supplier, just to name a few.

Sustainability Statement (Cont'd)

STAKEHOLDERS ENGAGEMENT (CONT'D)

Material Sustainability Matters (cont'd)

Environmental

As a responsible corporate citizen, we have the responsibility to protect the environment where we operate in. As such we are committed to sustainability development goals and we operate in a way that ensures the environment is clean and safe from harmful pollutants. We believe in preserving the environment for future generations whilst meeting the needs of our stakeholders.

- ***Waste management***

As a leading responsible manufacturer of plastic products in the region, we are aware of the importance of environmental management arising from the waste we generate from our manufacturing activities. Given the nature and size of our operations, our processes produce a significant amount of waste. We are committed to comply with applicable environmental laws and regulations. The fact that we have been certified with ISO 14001:2015 - Environmental Management System – Requirements with Guidance for Use, affirmed our commitment to such a material sustainability matter. In this regard, we have formed a 6S Committee with the objective to reduce our waste and to improve on waste management.

We have categorised wastes as scheduled and non-scheduled according to the regulations of the Department of Environment ("DOE"). Scheduled wastes are collected by the DOE approved contractors pursuant to the Environmental Quality (Scheduled Waste) Regulations, 2005 while non-scheduled wastes on the other hand are scrapped or collected by DOE approved contractor to be recycled or disposed of at landfills. The main non-scheduled wastes generated by our operation are paper, wood and plastic.

In our effort to reduce waste generation, we also practise the 3R principle of reducing, reusing and recycling of resources.

- ***Noise pollution control***

As noise is inevitable in some of our heavy machine processes we have implemented measures to mitigate the impact on our workers. In particular the location near crusher and cooling tower have been identified as the area most affected by the noise levels generated by these two types of machine and equipment as shown in the table below.

LOCATION	DAY TIME PERMISSIBLE SOUND LEVEL: 70dBA		NIGHT TIME PERMISSIBLE SOUND LEVEL: 60dBA	
	2021	2020	2021	2020
1) Near Bomba Tank	61.8	67.1	55.6	55.7
2) Near Motor Parking Area	57.5	59.5	53.8	49.5
3) Near First Aid Room	58.1	53.9	55.6	48.9
4) Near Scheduled Waste	57.7	65.9	53.2	54.5

An Environmental Management System Committee ("EMSC") is formed to co-ordinate and enforce environmental management activities. In order to mitigate employee noise exposure, we provide personal protective equipment such as hearing protection to those working in sections with higher noise exposure. Audiometry test is carried out periodically to monitor employee's risk of detrimental exposure to noise.

- ***Air emissions***

Though we do not generate significant air emissions but that does not preclude us from meeting regulatory standards set by the DOE pursuant to the Environmental Quality (Clean Air) Regulation (2014). The EMSC regularly conducts air emissions sampling checks in order to ensure adherence to DOE's limits.

2021 CHIMNEY	PARAMETER	REMARK
Chimney 1	Particulate matter / Non-methane volatile organic compounds("NMVOC") / Dark Smoke	Complied
Chimney 2	Particulate matter / Non-methane volatile organic compounds("NMVOC") / Dark Smoke	Complied
Chimney 4	Particulate matter / Non-methane volatile organic compounds ("NMVOC") / Dark Smoke	Complied

Sustainability Statement (Cont'd)

STAKEHOLDERS ENGAGEMENT (CONT'D)

Material Sustainability Matters (cont'd)

Social

- ***Occupational safety and health***

Our policy is to create a safe and healthy workplace for our employees where they have a peace of mind whenever they are working in our factory premises. We have complied to the best of our ability the existing laws and regulations relevant to our operations such as Occupational Safety and Health Act, 1994, Environmental Quality Act, 1974, Factories and Machinery Act, 1967 and Fire Services Act, 1988.

In this regard, we are certified with the ISO 18001:2007 - Occupational Health and Safety Management Systems – Requirements.

Together with our employees, we have strived to meet the following objectives:

- To provide and maintain a safe and healthy working environment, prevent injury or ill health and comply with safe working practices;
- To comply with legal requirement on safety and health, its regulations and standards and where adequate laws do not exist, adopt and apply standards that reflect our commitment to safety and health;
- To implement sufficient risk control measures such as to provide personal protective equipment to employees whose work nature is exposed to work injuries or occupational diseases;
- To investigate all accidents and near misses and take effective corrective and preventive measures to prevent job related injuries and illnesses;
- To educate, train, inform and instruct employees through environmental, safety and health awareness programmes; and
- To continually improve overall performance in occupational health and safety management systems.

In our effort to achieve the above objectives, the number of incidents is tracked, consolidated on a monthly basis and disclosed annually.

Year	**2021**	**2020**
Number of Incidents	5 cases	3 cases

An Occupational Safety and Health Committee ("OSHC") was formed to co-ordinate and enforce safety and health activities. This Committee undertakes appropriate reviews and evaluation of the operation from time to time for improvement.

In 2021, the safety and health events had been postponed due to the outbreak of Covid-19:

Event	**2021**	**2020**
Employee Health Screening Program	Not conducted	62 participants
Chinese Alternative Treatment Program	Not conducted	2 sessions
Medical Surveillance	Not conducted	50 participants

We acknowledged that safety and health activities are self-checks and can be improved through training and development. In order to continuously improve our safety culture, the following trainings have been conducted:

Training	**2021**	**2020**
ERP training	**20 participants**	Nil
Forklift & Stacker Safety Driving	**Nil**	12 participants
HAZARD Identification, RISK Assessment and Determining Control [HIRADC]	**Nil**	17 participants
RISK Assessment	**Nil**	17 participants
Compliance Of Regulations Under Employee's Minimum Standards Housing, Accommodations And Amenities Act 446	**1 participant**	1 participant
RBA Code Standards : Labour And Ethics	**Nil**	10 participants
RBA Code Standards : Health And Safety, Environmental And Management System	**Nil**	10 participants
Health Workshop	**Nil**	21 participants
Post Covid Prevention at the Workplace	**2 participants**	Nil
Chemical Hazard Communication -Chemical Classification, Labeling and Safety Data Sheet	**2 participants**	Nil
Taklimat Mengenai Langkah-langkah pencegahan kebakaran	**19 participants**	Nil

Sustainability Statement (Cont'd)

STAKEHOLDERS ENGAGEMENT (CONT'D)

Material Sustainability Matters (cont'd)

Social (cont'd)

- ***Workplace***

  Our employees are our greatest asset and managing them is our priority. We have in place our Employee Handbook which spelt out our HR policies and practices and comply with the Employment Act, 1955. In order to retain our talents, we have come out with competitive remuneration package which is comparable in the industry we operate, as well as creating a safe and healthy and conducive workplace. This strategy will provide us with a stable and productive workforce which will contribute to our sustainability efforts. Further, we have in place our code of conduct to govern the ethics and behaviour of our employees in the discharge of their duties in our workplace as well as in our business dealings with customers, vendors and service providers.

- ***Recruitment***

  We have implemented a standard recruitment procedure which will ensure the proper identification and recruitment of new talent to join our organisation to contribute to the growth of our business.

- ***Career path***

  In order to retain our talents, we provide opportunities for high-potential employees to develop and progress to senior positions in the Group. Priority is given to existing employees for promotions rather than getting fresh candidates from outside.

- ***Training***

  We believe in empowering our employees by having in place a standard operating procedure on training and personnel development. By providing appropriate training to our employees will result in up scaling their skills and competencies, providing better customer service, productivity improvements, better efficiency and better workplace safety practices.

  Besides on-the-job training, we also organise in-house structured training for our employees as well as sending selected employees to attend external recognised courses or seminars.

- ***Work-life balance***

  To promote a healthy working life, we believe in providing a balanced work-life environment to all our employees to enable them to have more time for their family and/or to pursue and advance their areas of interest. In this respect we do not encourage overtime work unless it is absolutely necessary such as to meet customer's order or regulatory deadlines. To promote a healthy lifestyle, the Company organises various activities for our employees.

- ***Work and business ethics and anti-corruption policy***

  Our work ethics require all our employees to discharge their duties and responsibilities in accordance to their job functions professionally, honestly, productively and efficiently. Likewise, for those conducting business on behalf of the Group are required to observe generally accepted business ethics such as engaging in fair negotiations with our customers and vendors and adopting a "win-win" strategy when closing business deals.

  Premised on the aforementioned, we will not tolerate bribery and corrupt practices among our employees irrespective of ranks and status. As bribery and corrupt practices fall under criminal, anyone caught will be dealt with severely like reporting to the police and brought to court.

- ***Employee welfare***

  We recognise that our employees are the driving force behind our growth and operational success. The Company organised activities such as sports and festivities celebrations for employees and management staff to participate and interact. By celebrating the various festivals among our employees, we have embraced diversities to promote understanding of each other's culture and thereby creating harmony, peace and joy in our organisation. However, all the celebrations had been put on hold in year 2021 as a precaution to stop the outbreak of Covid-19.

Sustainability Statement (Cont'd)

STAKEHOLDERS ENGAGEMENT (CONT'D)

Material Sustainability Matters (cont'd)

Social (cont'd)

Covid-19 Measures

We have put in all the necessary resources to ensure our employees' safety and well-being during the Covid-19 pandemic with work from home arrangements, providing free face masks and hand sanitizers and practising social distancing measures at our workplace. Many safety measures were put in place to ensure the utmost care for the safety of employees, especially for those whom we provide accommodation and transportation.

Employee's Accommodation

To ensure safe and conducive living environment:
- HR Department will carry out quarterly audit on hostels to ensure a proper condition exists in the accommodation provided.
- Weekly hostel sanitization and reporting.
- HR Department will regularly remind the employees to strictly adhere to the Covid-19 standard operating procedures as well as sharing of Covid-19 information on a daily basis

- ***Whistleblowing policy***

We are committed to conduct our affairs in an ethical, responsible and transparent manner. In this respect, we have a whistleblowing policy in place whereby our employees are encouraged to report any malpractices or wrongdoings including any illegal conduct in financial reporting to the Chairman of the Audit Committee and to the Human Resource Manager for any employment related concerns. The identity of a whistle blower is protected under this policy.

- ***Corporate social responsibility***

We believe in the philosophy of giving back to society to show our gratitude and appreciation for our success and in giving, we strengthen the local communities which will contribute to nation building and at the same time helps to create a culture of giving among our employees.

The Group has over the years contributed generously to Kuala Muda Badminton Association ("KMBA") to promote badminton sports in the Kuala Muda district. Many students in Northern Malaysia were trained under KMBA including Dato' Lee Chong Wei and Mr Chong Wei Feng.

Conclusion

Going forward, we will continue to strengthen our sustainability development efforts by revisiting and reassessing the identified material sustainability matters ("MSM") for recalibration if necessary, and to identify new MSM for action.

We are committed and serious in our sustainability practices to bring our Group to the next level of excellence giving assurance to our business continuity and value creation.

Corporate Governance Overview Statement

INTRODUCTION

The Board of Directors of Luster Industries Bhd. ("the Board") fully appreciates the importance of adopting high standards of corporate governance within Luster Industries Bhd. (the "Company") and its subsidiaries (the "Group") to ensure that the principles and recommendations of the Malaysian Code on Corporate Governance ("the Code") are practiced throughout the Group as a mean of conducting the business and affairs of the Group with honesty, integrity and professionalism so as to enhance business prosperity and corporate accountability with aim to protect the interest of shareholders, whilst ensuring at the same time the interest of other stakeholders are safeguarded.

The Board is thus committed to the maintenance of high standards of corporate governance by supporting and implementing, wherever applicable, the prescriptions of the principles set out in the Code.

The Board has also provided specific disclosures on the application of each Practices in its Corporate Governance Report ("CG Report"). Shareholders may obtain the CG Report of the Company by accessing the Company's website at https://www.lustergroup.com for further details.

Principle A: Board Leadership and Effectiveness

I BOARD RESPONSIBILITIES

1.1 Strategic Aims, Values and Standards

The Board is responsible for the overall corporate governance of the Group, including the strategic direction, risk management and establishes the vision and strategic objectives of the Group for development which includes management development, succession planning and policies to ensure all procedures within the Group are to be carried out in a systematic and orderly manner to ease the decision-making process.

The Chairman is responsible for ensuring the Board's effectiveness and conduct, whilst the Deputy Managing Director has overall responsibility for the operating units, organisational effectiveness and implementation of Board's policies and decisions.

The Board delegates and confers some of its authorities and discretion on the Chairman, Executive Directors, and Management as well as on properly constituted Board Committees comprising mainly Non-Executive Directors.

The Board Committees are made up of the Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC"); and are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference ("TOR").

The Senior Management carries out the role of managing the business of the Group under the direction and delegations of the Group Deputy Managing Director and Executive Directors.

Notwithstanding the delegation of specific powers, the Board retains full responsibility for the direction and control of the Company and of the Group.

Key matters reserved for the Board's approval include the annual business plan and budget, capital management and investment policies, authority limits/levels, risk management policies, declaration of dividends, business continuity plan, issuance of new securities, business restructuring, expenditure above a certain limit, material acquisitions and disposition of assets.

In discharging its stewardship, the Board is constantly mindful of safeguarding the interests of the Group's stakeholders and is ultimately responsible for the performance of the Group. The Board assumes the following core responsibilities:
- Reviewing and adopting strategic plans for the Group;
- Overseeing the conduct of the Group's business;
- Identifying principal risks and ensuring the implementation of appropriate internal control and mitigation measures;
- Succession planning;
- Overseeing development and implementation of shareholder communication policy; and
- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems of the Group.

Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (cont'd)

I BOARD RESPONSIBILITIES (CONT'D)

1.1 Strategic Aims, Values and Standards (cont'd)

The Board is scheduled to meet at least four (4) times a year, with additional meetings convened when urgent and important decisions need to be taken in between scheduled meetings. The Board will deliberate on variety of matters including the Group's financial results and risk management. The Directors are provided with agendas on matters which required for their consideration and approval, issued before each meeting.

During the financial year, the Board met four (4) times, where it deliberated upon and considered a variety of matters including the Group's financial results and risk management. The attendance of the Directors who held office during the financial year ended 31 December 2021 is set out below:

Name of Director	No. of meetings held and attended by Directors
Liang Wooi Gee (Deputy Managing Director)	4/4
Chuah Chong Ewe (Executive Director)	4/4
Phuah Cheng Peng (Executive Director)	4/4
Wee Song He, Wilson (Executive Director)	4/4
Ahmad Kamal Bin S. Awab (Independent Non-Executive Director)	4/4
Dato' Mohamed Shukri Bin Mohamed Zain (Independent Non-Executive Director)	4/4
Dato' Yew Tian Tek (Independent Non-Executive Director)	4/4

The Board is satisfied with the time commitment given by the Directors of the Company in discharging their duties for the financial year ended 31 December 2021.

The Board acknowledges the importance of continuous education and training to enable effective discharge of its duties and encourage Directors to attend talks, training programs and seminars to update themselves on new developments in the business environment. The Board will through the Nominating Committee evaluate and determine the training needs of its Directors on an annual basis.

During the financial year, the seminars and training programmes attended by various members of the Board included the followings: -

Date	Name of Director	Seminar / Training
7 October 2021	Dato' Yew Tian Tek & Ahmad Kamal Bin S.Awab	Board Governance Management 2021
12 November 2021	Liang Wooi Gee & Chuah Chong San	Webinar on Budget 2022 Budget highlights and recent tax developments

All Directors are encouraged to continue to identify and attend appropriate seminars, conferences and courses to keep abreast with the developments in the business environment as well as the current changes in laws and regulations to enhance their knowledge and skills.

Saved as disclosed above, Mr Chuah Chong Ewe, Mr Phuah Cheng Peng, Mr Wee Song He, Wilson, and Dato' Mohamed Shukri Bin Mohamed Zain were not able to attend any seminars and / or training programmes during the financial year due to their busy work schedule. However, they have kept themselves abreast on financial and business matters through readings and attending customers' and suppliers' meetings to enable them to contribute to the Board. They are also aware of their duties and responsibilities and will continue to undergo other relevant training programmes to keep abreast with new regulatory developments and requirements in compliance with the Main Market Listing Requirements on continuing education.

Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (cont'd)

I BOARD RESPONSIBILITIES (CONT'D)

1.1 Strategic Aims, Values and Standards (cont'd)

Throughout the year, updates and briefings, particularly on regulatory, industry, technology and legal developments was provided to the Board together with Board papers, to acquaint them with the latest developments in these areas.

1.2 Chairman of the Board

The Company has yet to identify a new Chairman to be appointed as at the date of this Statement.

The Nominating Committee is in the process of identifying a suitable candidate to fill the vacancy.

The Board had appointed one amongst the Independent Non-Executive Directors to chair the meetings. The Chairman will provide leadership and governance to the Board in their responsibilities for the business and affairs of the Company.

1.3 Separation of the position of Chairman and the Deputy Managing Director

There is a clear division of responsibilities between the Chairman and the Deputy Managing Director to ensure a balance of power and authority, as stated in the Company's Board Charter.

1.4 The Chairman of the Board should not be a member of Audit Committee, Nomination Committee and/or Remuneration Committee

The Company has yet identified the candidate to fill the vacancy of Chairman.

1.5 Qualified and competent Company Secretary

The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretaries support the Board by ensuring that all Board meetings are properly conducted and deliberations at the Board and Board Committee meetings are well captured and recorded. The Company Secretaries also keep the Board updated on changes in the Bursa Malaysia Securities Berhad ("Bursa Securities") LR and directives issued by the regulatory authorities, and the resultant implications to the Company and the Directors in relation to their duties and responsibilities.

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board.

1.6 Access to information and advice

The Board recognises that the decision-making process is highly dependent on the quality of information available. All the Directors have access to all information within the Group and may seek the advice of Management on matters under discussion or request further information on the Group's business activities.

The Chairman, with the assistance of the Company Secretaries, ensures that all Directors have full and timely access to information with Board papers distributed in advance for Board meetings. The Board, whether as full Board or in their personal capacity, may upon approval from the Board, seek independent professional advice, where necessary and under appropriate circumstances, in furtherance of their duties and to enable them to discharge their duties, at the Group's expense.

All Board and Board Committees are provided with an agenda and relevant board papers, reports including matters arising, financial, operational and regulatory compliance matter, at least 7 days prior to meetings to ensure that they have sufficient time to review and evaluate the matters to be deliberated and obtain further information, if needed, prior to meeting to expedite decision-making during meetings. However, ad-hoc meetings are called with less than 7 days notice with the consent of all Board and Board Committee members. Actions on all matters arising from any previous meeting are reported at the following meeting.

Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (cont'd)

I BOARD RESPONSIBILITIES (CONT'D)

2. Demarcation of Responsibilities

2.1 Board Charter

The Board has adopted a Board Charter which sets out the duties, responsibilities and function of the Board in accordance with the principles of good corporate governance. The Board Charter will be reviewed periodically in order to ensure consistency with the Board's strategic intent and relevant standards of corporate governance.

The Board reviewed its Charter on 28 February 2022 and the revised Board charter is available at its corporate website.

3. Good Business Conduct and Corporate Culture

3.1 Code of Conduct and Ethics

The Board has formalised a Code of Conduct and Ethics which spelled out the governance to the management, directors and officers of the Group, including dealing of confidential information and safeguarding of the Group's assets. The Code of Conduct and Ethics formulates the principles and commitments to be applied by the Directors of the Company such as immediate disclosure of all contractual interests whether directly or indirectly with the Company and at all times acts with utmost good faith for the best interest of the shareholders and the Company.

3.2 Whistleblowing Policy

In adhering to good corporate governance practices and with the introduction of the Whistle Blower Protection Act 2010, the Board has put in place a Whistleblowing Policy as an avenue for employees and stakeholders to report genuine concerns about unethical behaviour, malpractices and illegal acts on failure to comply with regulatory requirements without fear of reprisal. Multiple channels of reporting are set up to encourage stakeholders to report directly to the Head of Department or directly to the Chairman of Audit Committee.

3.3 Anti-Bribery & Corruption Policy

The Anti-Bribery & Corruption Policy had been established to prevent bribery and matters of corruption for. It is our policy to conduct all of our business in an honest and ethical manner, as well as complying with all applicable laws, which include compliance with the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and any of its amendments or re-enactments that may be made by the relevant authority from time to time. We take a zero-tolerance approach to Bribery and Corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter bribery.

4. Governing Sustainability

4.1 Setting the Company's sustainability strategies, priorities and targets

The Board is mindful to ensure sustainability is embedded in the strategic plan and operations of the Group.

4.2 Communicating the Company's sustainability strategies, priorities and targets to its internal and external stakeholders

The Company's sustainability strategies, priorities and targets are set out in the Company's Sustainability Report in this Annual Report.

4.3 Understand the sustainability issues relevant to the company and its business

The Board encourage the directors and senior managers to keep abreast with sustainability issues that relevant to the Company's business and operations

4.4 Board and Senior Management performance to link with capability to address the Company's material sustainability risks and opportunities

The Board would review the Board and Senior Management performance in addressing the Company's material sustainability risks and opportunities in next financial year.

Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (cont'd)

II BOARD COMPOSITION

5. Board Objectivity

5.1 Board Composition

The Board currently consists of eight (8) members, comprising five (5) Executive Directors and three (3) Independent Non-Executive Directors.

On 5 July 2021, Mr Chuah Chong San resigned as Alternate Director to Mr Chuah Chong Ewe. On the same day, the Board appointed Mr Chuah Chong San as an Executive Director of the Company.

For Board meetings held during the financial year ended 31 December 2021, the Board had appointed one amongst the Independent Non-Executive Directors to chair the meetings.

The Board has yet to formally appoint a Chairman of the Company. The number of Independent Non-Executive Directors is in compliance with the Main Market Listing Requirements of Bursa Securities, which requires the Board to have at least two (2) or one third (1/3) of the Board of Directors, whichever is higher, to be Independent Directors.

The Board comprises of, professionals drawn from varied backgrounds who bring with them in-depth and diversity in experience and expertise to the Group's operations. Together with Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who are committed to business integrity and professionalism in all its activities.

Brief profile of each Director is detailed under Profile of Directors and Key Senior Management in this Annual Report.

5.2 Half of the Board are independent directors

The Board is in the midst of identifying a suitable candidate as an additional independent director of the Company.

5.3 Policy on the tenure of an independent director

The Board is mindful of the recommendation of the Code for the tenure of an Independent Director not exceed a cumulative or consecutive term of nine (9) years. However, an Independent Director who had exceeded the prescribed nine (9) years may continue to serve the Board subject to re-designation as Non-Independent Non-Executive Director.

Following a review of the tenure of Independent Non-Executive Director, Dato' Mohamed Shukri Bin Mohamed Zain has served as Independent Non-Executive Director of the Company for a cumulative term of more than 9 years as at the end of the financial year, Dato' Mohamed Shukri Bin Mohamed Zain has been recommended by the Board to continue to act as Independent Non-Executive Director subject to shareholders' approval at the forthcoming AGM of the Company through two-tier voting process. Key justifications for his recommended continuance as Independent Non-Executive Director is as follows:

- he has fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements") and, therefore, are able to bring independent and objective judgment to the Board;
- his experience in the relevant industries enable him to provide the Board and the Audit Committee, as the case may be, with pertinent expertise, skills and competence; and
- he has been with the Company long enough to understand the Company's business operations which enable him to contribute actively during deliberations or discussions at the Audit Committee and Board Meeting.

5.4 Limit of tenure of independent director to 9 years

The Group has yet to adopt the policy to limit the tenure of independent directors to 9 years without further extension.

5.5 Diverse Board and Senior Management Team

The Board is supportive of diversity on the Board and in Senior Management team. Appointment of members of the Board and Senior Management team are based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background.

5.6 Diverse sources for new candidate(s) for Board appointment

The Company has in place, its procedures and criteria for identifying candidates for appointment of directors.

All candidates for appointment are first considered by the NC, taking into account the mix of skills, competencies, experience, professionalism and other relevant qualities to manage the Company.

Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (cont'd)

II BOARD COMPOSITION (CONT'D)

5. Board Objectivity (cont'd)

5.7 Information of independent directors who stand for appointment or re-appointment

The information of the independent director who stand for re-appointment as independent director is as stated in the notice of general meeting.

5.8 Nominating Committee

The NC comprises of three (3) Independent Directors and their attendance of meetings during the financial year 2021 is as follows:

Nominating Committee	Position in Nominating Committee	Directorate	Attendance
Dato' Mohamed Shukri Bin Mohamed Zain	Chairman	Independent Non-Executive Director	1/1
Ahmad Kamal Bin S. Awab	Member	Independent Non-Executive Director	1/1
Dato' Yew Tian Tek	Member	Independent Non-Executive Director	1/1

The NC would meet at least once annually with additional meetings convened on as and when needed basis.

The objectives of the NC are:

a) To recommend candidates to the Board of Directors. The NC shall be responsible in ensuring the appropriate Board balance and size, and that the Board has a required mix of skills, experience and other core competencies. Based on the process and procedures laid out and ensure proper documentation of all assessment and evaluation on the effectiveness of the Board, the Board Committees and the contribution of each individual Director.
b) To recommend to the Board, Directors who are retiring by rotation to be put forward for re-election.
c) To evaluate training needs for Directors annually.
d) To arrange induction programmes for newly appointed Directors to familiarize themselves with the operations of the Group though briefings by the Deputy Managing Director.

The NC had met 1 time during the financial year and its activities are summarised as follows:

- Reviewed the current composition of the Board Committee;
- Reviewed the current board structure, size and composition;
- Reviewed and assessed the Board of Directors mix of skills, experience and other qualities, including core competencies which directors should bring to the board;
- Assessed the effectiveness of the Board as a whole, the committees of the Board, and for assessing the contribution of each individual director;
- Assessed the performance of Independent Directors;
- Discussed the character, experience, integrity and competence of the Directors, Chief Executive or Chief Financial Officer and to ensure they have the time to discharge their respective roles;
- Reviewed the term of office and performance of Audit Committee and each of its members;
- Reviewed and recommended the re-election or re-appointment of Directors who were retiring and seeking for re-election or re-appointment at the 34th AGM; and
- Recommended the mandate for Dato' Mohamed Shukri Bin Mohamed Zain who have served as Independent Non-Executive Directors for a cumulative term of more than 9 years to continue to serve as Independent Non-Executive Director.

The TOR of the NC is published on the Company's corporate website.

Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (cont'd)

II BOARD COMPOSITION (CONT'D)

5. Board Objectivity (cont'd)

5.9 Gender diversity

At present, the Company maintains a gender diversity policy which encapsulates the objectives, principles and measures of the Group's diversity culture. The Board is supportive in upholding gender diversity within the boardroom and the Management with due consideration on merited factors, such as, skills, experience, attitude and suitability of any potential candidates.

Hence, as part of the Company's succession planning, gender diversity objectives will constantly be observed as a key consideration by the Company even without any specific targets determined. Additionally, the Board will look into the scope and measures of the policy on a regular basis, in ensuring its on-going effectiveness and applicability.

Notwithstanding the absence of female board member, the Group's female staff made up 36.7% of the total staff.

5.10 Women participation in senior management

The Group's female senior management staff made up 23.3% of the total senior management staff.

6. Board Assessment

6.1 Overall Effectiveness of the Board and Individual Director

It is the responsibility of the NC for the overall board effectiveness evaluation process, which includes an assessment of the Board, Board Committees and individual Directors. The appraisal which was carried out through documented questionnaires that comprises quantitative and qualitative performance criteria to evaluate the performance of each member of the Board as well as each Board Committee was being circulated at the Meeting for assessment.

The NC, upon conclusion of the exercise carried out on 28 February 2022, was satisfied that the Board and Board Committee composition had fulfilled the criteria required, possess a right blend of knowledge, experience and the appropriate mix of skills. Additionally, independent Directors were assessed to be objective in exercising their judgement.

III REMUNERATION

7. Level and composition of Remuneration

7.1 Remuneration Policy

It is vital for the Group to attract and retain Directors of the necessary calibre to run the Group successfully. The Group has established RC to develop remuneration strategies that drive performance and provide levels of reward which reflect the performance of the Executive Directors and key Management personnel.

A remuneration policy in stipulating guidance over the administration of matters related to remuneration within the Company is in place.

The current remuneration policy of the Group is summarised as follows:

a) The Directors' salary for Executive Directors are set at a competitive level for similar roles within comparable markets, reflects the performance of the director, skills and experience as well as responsibility undertaken.

b) Fees and benefits payable to Non-Executive Directors are subject to approval by its shareholders at the AGM.

c) Meeting allowance – All the Non-Executive Directors are entitled to a fixed amount of allowance paid in accordance with the number of meeting attended during the year.

d) The RC may obtain independent professional advice in formulating the remuneration package of its Directors.

Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (cont'd)

III REMUNERATION (CONT'D)

7. Level and composition of Remuneration (cont'd)

7.2 Remuneration Committee

The RC comprises of majority of independent directors and their attendance of meeting during the financial year 2021 is as follows:

Remuneration Committee	Position in Remuneration Committee	Directorate	Attendance
Dato' Yew Tian Tek	Chairman	Independent Non-Executive Director	1/1
Liang Wooi Gee	Member	Deputy Managing Director	1/1
Ahmad Kamal Bin S. Awab	Member	Independent Non-Executive Director	1/1

The RC is governed by its TOR and its primary function is responsible for recommending to the Board from time to time, the remuneration framework and package of the Executive Directors in all forms to commensurate with the respective responsibilities and contributions of the Executive Directors to the Group. The component parts of their remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. The Executive Directors are to abstain from deliberations and voting on the decision in respect of their own remuneration packages.

The Board as a whole decides on the remuneration of the Non-Executive Directors, including the Non-Executive Chairman.

The individual concerned should abstain from deliberations of their own remuneration packages. The Remuneration of Non-Executive Directors takes into account their level and quality of contribution and their respective responsibilities including attendance and time spent at Board and Board Committees meetings. Non-Executive Directors are paid a basic fee and additional fees for serving on any of the Board committees. Directors' fees are subject to shareholders' approval at the forthcoming AGM.

The Committee held one meeting during the financial year 2021 to review Directors' fees and remuneration package of Executive Directors. The Directors are satisfied with the current levels of remuneration, which are in line with the responsibilities expected by the Company. In general, the remuneration is structured so as to link reward to corporate and individual performance, as in the case of the Executive Directors and senior management. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular Non-Executive Directors concerned.

8. Remuneration of Directors and Senior Management

8.1 Details of Directors' remuneration

The details of the remuneration of Directors for the financial year ended 31 December 2021 are as follows:

	Fees RM'000		Salaries RM'000		Other emoluments RM'000		Total RM'000	
	Group	Company	Group	Company	Group	Company	Group	Company
Executive Directors								
Liang Wooi Gee	36	36	483	137	52	13	571	186
Chuah Chong Ewe	24	24	321	-	33	-	378	24
Phuah Cheng Peng	24	24	321	-	33	-	378	24
Wee Song He, Wilson	24	24	279	-	34	-	337	24
Chuah Chong San ^	-	-	306	235	34	26	340	261
Non-Executive Directors								
Ahmad Kamal Bin S. Awab	36	36	3	3	-	-	39	39
Dato' Mohamed Shukri Bin Mohamed Zain	36	36	3	3	-	-	39	39
Dato' Yew Tian Tek	36	36	3	3	-	-	39	39
Total	216	216	1,719	381	186	39	2,121	636

^ *Appointed on 5 July 2021.*

The TOR of RC is published on the Company's corporate website.

Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (cont'd)

III REMUNERATION(CONT'D)

8. Remuneration of Directors and Senior Management (cont'd)

8.2 Details of top 5 Senior Management's remuneration

8.3 Details of top five senior management's remuneration on name basis

Given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment and the importance of ensuring stability and continuity of business operations with a competent and experienced Management team in place, the Board takes the view that there is no necessity for the Group to disclose the remuneration of the Company's Senior Management personnel who are not Directors.

Principle B: Effective Audit and Risk Management

I. AUDIT COMMITTEE

9. Effective and independent Audit Committee

9.1 The Chairman of the AC is not the Chairman of the Board

The Chairman of the AC is Encik Ahmad Kamal Bin S. Awab who is an Independent Director and currently the Company has yet appointed a Chairman of the Board.

Presently, the AC is comprised solely of Independent Directors.

When considering the candidate to fill the vacancy of the Chairman of the Board, the NC will be mindful of this recommendation.

9.2 Policy requiring former key audit partner to observe 3-year cooling off period

As at to-date, the Company has not appointed any former audit partner as a member of the AC. Nevertheless, the Board has updated within its External Auditor Assessment Policy to stipulate that no former key audit partner shall be appointed as a member of the AC unless he/she has observed a cooling-off period of at least three (3) years before the appointment.

9.3 Policy and procedures to assess the suitability, objectivity and independence of the external auditor

The AC has formalised a policy which stipulates the procedures to assess the suitability, objectivity, and independence of external auditors which encompasses consideration of the nature and extent of non-audit services provided external auditors alongside the appropriateness of the level of fees.

During the year, the AC conducted an annual assessment of the external auditors based on the following conditions:-

- the quality of audit procedures and work provided;
- the adequacy of experience, technical support and resources;
- the independence and objectivity of external auditors;
- the internal communication quality of external auditors with the Board and/or AC; and
- any other criteria deemed fit by the AC and/or the Board.

Additionally, the said policy stipulated circumstances under which contracts for the provision of non-audit services could be entered into and procedures that must be followed by the external auditors. During the year, the external auditors reported the details of the non-audit services rendered which includes tax compliance and the review of the Statement on Risk Management and Internal Control. Furthermore, the external auditors provided a confirmation to the AC that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Corporate Governance Overview Statement (Cont'd)

Principle B: Effective Audit and Risk Management (cont'd)

I. AUDIT COMMITTEE (CONT'D)

9. Effective and independent Audit Committee (cont'd)

9.3 Policy and procedures to assess the suitability, objectivity and independence of the external auditor (cont'd)

On 28 February 2022, an annual assessment on the suitability and independence of external auditors was conducted by the AC. The AC, having assessed the independence of external auditors as well as reviewed the level of non-audit services rendered by them for financial year ended 2021, was satisfied with their competency, suitability and independence. The AC has recommended their re-appointment to the Board, upon which shareholders' approval will be sought at the forthcoming AGM.

In addition to the above, the AC meets with external auditors at least twice a year to discuss their audit plans, audit findings and the Company's financial statements. At least one of these meetings is held without the presence of the Executive Directors and the Management. Also, the AC meets with the external auditors additionally whenever the need arises. Two discussion sessions between the AC and the external auditors were held on 26 February 2021 and 26 November 2021 respectively. Furthermore, the external auditor attends every annual general meeting whereby the financial statements of the Company for a financial year are to be laid to respond according to his knowledge and ability to any question raised in regards to the financial statements' audit.

9.4 Composition of the Audit Committee

Although not required to observe this Step-Up, the AC comprised solely of Independent Directors as the Board observes and values the independence of the AC.

9.5 Diversity in skills of the AC

The members of the AC presently fulfil the requirement set out within the LR – Chapter 15 (Sub-Point 15.09), which stipulates the necessary skills and experiences required to be a member of the AC.

Within the current composition of the AC, majority of the AC members have the necessary financial, commercial expertise and capital markets skills, experience required to meet their responsibilities and provide an effective level of challenge to the Management. On an ongoing basis, the AC members will participate in training and development sessions in order to ensure that the members are educated with the latest developments in accounting and auditing standards, guidelines and practices.

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10. Effective risk management and internal control framework

10.1 The board should establish an effective risk management and internal control framework.

In order to be effective in discharging these responsibilities, the Board is assisted by the AC which functions as an oversight body to review controls and systems in general and to carry out on-going assessment over the adequacy and effectiveness of the risk management and internal control practices within the organisation.

In addition to the abovementioned, the Board is supported by the Management in developing, implementing and monitoring practices for identifying and managing risks. This is added with the role of the Management to provide assurance that the necessary control practices are adhered and carried out accordingly based on stipulated policies and framework.

10.2 Disclosure on the features of its risk management and internal control framework

The Board assumes responsibility for the effective stewardship and management of the Company with the strategic objective to build and deliver long term shareholder value whilst meeting the interests of shareholders and other stakeholders.

The Board provides strategic direction and formulates appropriate corporate policies to ensure the Group's resources and profitability are optimized. The Board is also responsible for assessing the integrity of the Group's financial information and the adequacy and effectiveness of the Group's internal control and risk management processes.

An overview of the state of internal controls and risk management within the Group is set out on pages 37 and 38 in this Annual Report under the Statement on Risk Management and Internal Control.

The key elements and overall state of the internal control and risk management framework of the Group have been disclosed accordingly within the Annual Report.

Corporate Governance Overview Statement (Cont'd)

Principle B: Effective Audit and Risk Management (cont'd)

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

10. Effective risk management and internal control framework (cont'd)

10.3 Establishment of a Risk Management Committee

The RMC comprises the following members:

Risk Management Committee	Position in Risk Management Committee	Directorate
Dato' Mohamed Shukri Bin Mohamed Zain	Chairman	Independent Non-Executive Director
Chuah Chong Ewe	Member	Executive Director
Wee Song He, Wilson	Member	Executive Director
Ahmad Kamal Bin S. Awab	Member	Independent Non-Executive Director
Dato' Yew Tian Tek	Member	Independent Non-Executive Director

The RMC has the overall responsibility for overseeing the risk management activities of the Group, approving appropriate risk management procedures and measurement methodologies across the organization as well as identification and management of strategic business risks of the Group. Its primary roles include ensuring the implementation of the objectives outlined in the Risk Management Policy and compliance with them, working with the Group Financial Controller and Internal Auditor in the preparation of the Statement on Risk Management and Internal Control for inclusion in the Company's Annual Report and to recommend the same for the approvals of the Audit Committee and Board.

Other ad hoc roles and responsibilities are proposing to the Board the monetary threshold and nature of proposed investments that require the RMC's evaluation and endorsement before submission to the Board, reviewing proposals/ feasibility studies prepared by project sponsor which meet the requisite threshold before recommending to the Board for final decision.

The TOR of RMC is published on the Company's corporate website.

11. Effective governance, risk management and internal control

11.1 Effective of internal audit function

As disclosed within the Terms of Reference of the AC, one of the primary responsibilities of the AC is to administer the review and assessment of the Company's internal audit function.

The internal audit function is currently outsourced to an external professional firm / service provider who reports directly to the AC by providing independent and objective reports on the state of internal control of the various operations within the Group and the extent of compliance on established policies and procedures.

On an annual basis, the AC carries out an assessment on the performance of the outsourced internal audit function and reports such assessment to the Board.

Details of the internal audit function and activities relevant to the discharge of the AC's responsibilities are set out in the Statement on Risk Management and Internal Control and the Audit Committee Report of the Company's Annual Report 2021.

11.2 Disclosure on the internal audit function

The internal audit function is independent of the operations of the Group and is outsourced to a competent consulting firm which is sufficiently resourced to provide the services that meet with the Group's required service level. The service provider has been able to provide reasonable assurance that the Group's system of internal control and risk management is satisfactory and operating effectively.

The internal auditors adopt a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group's approach in designing, implementing and monitoring its internal control system. The activities of the internal auditors during the financial year are set out in the AC Report in this Annual Report.

Corporate Governance Overview Statement (Cont'd)

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

I. COMMUNICATION WITH STAKEHOLDERS

12. Continuous Communication between the Company

12.1 Effective, transparent and regular communication with its stakeholders.
The Company values good communication with shareholders and investors. Its commitment, both in principle and practice, is to maximise transparency consistent with good governance except where commercial confidentiality dictates otherwise.

The Company also believes that timely and quality disclosure of significant or price sensitive information is an essential practice of good corporate governance. Hence, the Company gives full disclosure in all public announcements via Bursa Securities, press releases and annual reports.

12.2 Integrated Reporting
Integrated Reporting is not applicable to the Group presently as the Company does not fall within the definition of "Large Company".

II. CONDUCT OF GENERAL MEETINGS

13. Encourage Shareholder Participation at General Meetings

13.1 Notice for an Annual General Meeting
The notice to the upcoming AGM in 2021 will be provided with twenty-eight (28) days in advance to enable shareholders to make adequate preparation.

13.2 All directors to attend General Meetings
All the Directors of the Company attend General Meetings in order to engage directly with shareholders and to take up any relevant questions which are related to matters that fall under the purview of the Board Committees or Board, unless unforeseen circumstances preclude them from attending General Meetings.

All Directors had attended the Thirty-Fourth AGM of the Company held on 26 June 2021 ("2021 AGM").

The shareholders present at the 2021 AGM were invited to ask questions about the resolutions being proposed at the 2021 AGM before putting them to vote by poll.

13.3 Leveraging on technology for voting in absentia and remote shareholders' participation
The 2021 AGM of the Company was conducted on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting (RPV) Facilities either in person or by corporate representatives, proxies or attorneys.

The Company will try to continue to hold AGM on a virtual basis in the future and allow shareholders to actively participate and vote in absentia in the future AGMs.

Announcement of the detailed results of the poll voting had been made to the public via Bursa LINK on the same day for the benefit of all shareholders.

13.4 Engagement between Board, Senior Management and Shareholders
Questions for the 2021 AGM was submitted through the online portal at http://www.agriteum.com.my/ before commencement of that AGM. A question and answer session was also held during that AGM. Shareholders used the query box to submit their questions during that meeting in real time.

13.5 Real-time interaction with Shareholders
The Management had tried to respond to all questions posed before and during 2021 AGM. For questions not answered during that meeting due to time constraint, the Management responded to the respective shareholder via email.

13.6 Circulation of minutes of AGM
The minutes of 2021 AGM (including the questions raised at the meeting and the answers thereto) were also made available on the Company's website.

Corporate Governance Overview Statement (Cont'd)

Directors' Responsibility Statement in Respect of the Preparation of Audited Financial Statements

The Board is responsible for ensuring that the financial statements of the Group give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of their profit or loss and cash flows for the financial year. In preparing the financial statements, the Directors have ensured that Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 have been applied. In preparing the financial statements, the Directors have used and applied consistently appropriate accounting policies and made reasonable and prudent judgment and estimates. The Directors also have a general responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

COMPLIANCE WITH THE CODE

The Board is satisfied that, save as disclosed earlier, the Company has in all material aspects, complied with the principles and recommendation set out in The Code that were in place during the financial year ended 31 December 2021.

This Corporate Governance Statement is made in accordance with the resolution of the Board of Directors dated 22 April 2022.

Other Information

1) Audit and Non-Audit Fees

During the financial year, the audit fees payable to the external auditors by Luster Industries Bhd ("LIB") and its subsidiaries ("the Group") and LIB were RM178,000 and RM47,000 respectively.

The non-audit fees paid or payable by the Group and LIB to the external auditors and a company affiliated to the auditors were RM55,350 and RM8,000 respectively.

The non-audit fees are in relation to review of Statement on Risk Management and Internal Control and taxation services.

2) Recurrent Related Party Transactions of a Revenue or Trading Nature for the financial year ended 31 December 2021

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 29 to the Financial Statements.

3) Utilisation of Proceeds

On 29 December 2020, LIB had issued 482,150,000 new ordinary shares through private placement exercise. The placement shares were issued at an issue price of RM0.125 per ordinary share. The total proceeds of RM60,268,750.00 was received. The status of the utilisation of the total proceeds from private placement exercise as at 31 December 2021 is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance	Intended Timeframe for Utilisation
Investment in glove business	50,000	50,000	-	Within 12 months
General working capital	10,105	10,105	-	Within 12 months
Expenses for the corporate exercise	164	164	-	Within 2 weeks
	60,269	60,269	-	

LIB had on 2 March 2021 and 20 May 2021 issued 55,000 and 900 new ordinary shares respectively through exercise of warrants. The abovementioned ordinary shares were issued at an issue price of RM0.10 per ordinary share. The total proceeds of RM5,500.00 and RM90.00 were received respectively. The status of the utilisation of the total proceeds as at 31 December 2021 is as follows:

Purpose	Proposed Utilisation RM	Actual Utilisation RM	Balance	Intended Timeframe for Utilisation
Working capital	5,590	5,590	-	Within 12 months
	5,590	5,590	-	

4) Material Contracts involving Directors, Chief Executive or Major Shareholders' Interest

There were no material contracts entered by LIB and the Group, which involving Directors and Chief Executive who is not a director or major shareholders' interests either still subsisting at the end of the financial year or extend into since the end of the previous financial year.

Statement On Risk Management And Internal Control

The Board of Directors ("the Board") is pleased to provide the following Statement of Risk Management and Internal Control ("Statement"), which is made pursuant to the Main Market Listing Requirements and the Malaysian Code on Corporate Governance 2017 with regards to the nature and scope of risk management and internal control of the Group during the financial year.

Responsibility

The Board affirms that it is ultimately responsible in ensuring adequacy and integrity of the Group's systems of internal control, which includes the establishment of an appropriate control environment and reporting framework. Since there are limitations, which are inherent in any system of internal control, this system is designed to manage rather than eliminate the risk of failure to achieve the Group's corporate objectives. Accordingly, the system can only provide reasonable and not absolute assurance against material misstatement or loss. The system of internal control encompasses financial, organisational, operational and compliance controls and risk management.

The Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group. This process is reviewed by the Board and accords with the guidelines promulgated by the Statement on Risk Management and Internal Control – A Guidance for Directors of Public Listed Companies ("the Internal Control Guidance"), a publication of the industry task force on internal control.

Risk Management

Risk management is an integral part of the Group's management process. The Board recognises that risk management can become a strategic competitive advantage if it is used to identify specific actions that enhance performance and minimise risk. It can also influence business strategy by identifying potential adjustments related to previously unidentified opportunities and risks. As much as risks give rise to the need for controls, we consciously look out for opportunities for improvement arising from risks and uncertainties. Risk management has been adopted also as a strategic tool in strategy formulation, investment and resource allocation.

A Risk Management Committee ("RMC") was formed to assist the Board of Directors to manage the principal areas of risks. RMC is assisted by Risk Management Team ("RMT") in identifying, evaluating and managing the significant risks faced. The RMT comprises of various Heads of Divisions and Departments and Managing Director of the respective subsidiaries. RMT will report to the RMC for significant risks identified. The RMC meets from time to time to identify and manage risks to a manageable level. Both the Audit Committee and Board of Directors review the effectiveness of the risk management function and deliberate on the risk management and internal control framework, functions, processes and reports on a regular basis. The risks are being continually monitored and appropriate actions taken to address any change in existing risks or new risks identified as part of an on-going proactive control measure.

The Group has an established internal control structure to ensure effective control over the Group's business operations and to safeguard the value and security of the Group's assets. There is a clearly defined operating structure with lines of responsibilities and delegated authority in place to assist the Board to maintain a proper control environment. The internal control structure is supported by the following activities:

- An organisation structure with clearly defined lines of responsibility, authority and accountability;
- Documented policies, guidelines, procedures and manuals;
- Regular Board and management meetings on financial and operational performance;
- Training and development programme attended by the employee to continuously enhance their knowledge and competency; and
- Regular reviews on the internal control system by an independent professional firm.

Internal Audit Function

The Group outsources its internal audit function to an independent professional firm to assist the Audit Committee in discharging its duties and responsibilities. The internal audit function continues to independently monitor the compliance with policies and procedures and the effectiveness of the internal control systems and highlights significant findings and corrective measures in respect of any non-compliance. The internal audit function reviews the controls in the key activities of the Group's business based on the annual internal audit plan and report audit findings to the Audit Committee for review on a quarterly basis. The management is responsible for ensuring that corrective actions on reported weaknesses are addressed within a specific time frame.

In addition, the internal audit function also reviews the recurrent related party transactions ("RRPT") on a quarterly basis to ensure that such transactions are made on normal commercial terms that are not more favourable to the related parties than those generally available to the public and not detrimental to the Group or minority shareholders. The RRPT was reported to the Audit Committee during the quarterly meetings.

Statement On Risk Management And Internal Control (Cont'd)

Other Risks and Control Processes

The establishment of Board Charter, Code of Conduct and Code of Ethics including a Whistleblowing Policy and Anti-Bribery & Corruption policy will assist the Directors and employees of the Group in defining the minimal ethical standards and conducts in discharging their responsibilities. The Board Charter, Code of Conduct, Code of Ethics and Anti-Bribery & Corruption policy of the Group is available for reference on the Company's website at www.lustergroup.com.

The Group has also in place an organizational structure with defined line of responsibility and delegation of authority. A process of hierarchical reporting has been established, which provides for a documented and auditable trail of accountability. The procedures include the establishment of limits of authority and are relevant across the Group's operations and provide for continuous assurance to be given at increasingly higher levels of management, and finally to the Board. The process is now facilitated by internal audit, which also provides a degree of assurance as to validity of the systems of internal control. Planned corrective actions are independently monitored for timely completion.

The Deputy Managing Director reports to the Board on significant changes in the business and the external environment, if any. The Group Financial Controller provides the Board with quarterly financial information. This includes, among others, the monitoring of results against budget, with variances being followed up and management action taken, where necessary. Where areas of improvement in the system are identified, the Board considers the recommendation made by the Audit Committee and the Management.

Review of this Statement

Pursuant to paragraph 15.23 of the Main Market Listing Requirements, the external auditors have reviewed this Statement for inclusion in the 2021 Annual Report. This Statement is reviewed in accordance with Audit and Assurance Practice Guide (AAPG 3) issued by the Malaysian Institute of Accountants. The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal control.

Conclusion

The Board has received assurance from the Group Chief Financial Officer on the adequacy and effectiveness of the Group's Risk Management and Internal Control system. There has been no material loss incurred during the year as a result of weaknesses in internal control.

This statement on internal control is made in accordance with a resolution of the Board of Directors dated 22 April 2022.

Audit Committee Report

Objective

The principal objective of the Audit Committee is to assist the Board of Directors in discharging its duties and responsibilities in the areas of corporate governance and internal audit with particular reference to the public accountability of the Company and its subsidiaries.

Membership

The present members of the Audit Committee who are all independent and non-executive are:

Chairman	Ahmad Kamal Bin S. Awab
Member	Dato' Mohamed Shukri Bin Mohamed Zain
	Dato' Yew Tian Tek

Meetings

During the financial year, four (4) meetings were held and the attendance of the members are as follows:-

Name of Members	Attendance
Ahmad Kamal Bin S. Awab	4/4
Dato' Mohamed Shukri Bin Mohamed Zain	4/4
Dato' Yew Tian Tek	4/4

The meetings were appropriately scheduled with sufficient advanced notice and meeting papers attached thereto. The external auditors, internal auditors and the Group Financial Controller attended the meetings upon invitation.

Summary of Work of the Audit Committee

The Audit Committee carried out its duties in accordance with its terms of reference, with the following summary of work carried out for the financial year:

1. Financial Reporting

- Reviewed the quarterly unaudited financial results and recommended to the Board for approval and for announcement to Bursa Securities.
- Reviewed the annual audited financial statements with external auditors to ensure compliance with the provisions of the Companies Act 2016, Listing Requirements of Bursa Securities, applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and other legal and regulatory requirements prior to the submission to the Board for approval.

2. External Auditors

- Considered and adopted the audit planning report prepared by the external auditors for the financial year.
- Met with the external auditors twice during the financial year in February 2021 and November 2021 without the presence of executive Board members and management.
- Reviewed and discussed with external auditors on their audit findings and the management's response.
- Appraised and evaluated the performance of the external auditors as well as recommendation to the Board for reappointment.
- Reviewed and recommended to the Board the audit fee payable to the external auditors.

3. Internal Auditors

- Reviewed Internal Audit Plan for the financial year focusing on the areas selected for internal audit.
- Reviewed internal audit reports prepared by the internal auditor, the audit recommendations made and management's response to the recommendations. During the financial year, the areas audited are Sales transactions, Credit control and Compliance with the Guidelines on Adequate Procedures pursuant to S17A of MACC Act 2009.
- Appraised and evaluated the internal audit function.

Audit Committee Report (Cont'd)

Summary of Work of the Audit Committee (cont'd)

4. Recurrent Related Party Transaction ("RRPT") and Related Party Transactions ("RPT")

- Reviewed on quarterly basis, the RRPT entered into by the Group.
- Reviewed of the circular to shareholders on the renewal of shareholders' mandate for RRPT.
- Enquired and reviewed whether there are any RPT entered into with interested party and whether such transaction was made at arm's length basis and not to the disadvantage to the Group.

Internal Audit Function

The internal audit function is outsourced to an external consulting firm which is independent of the Company and Group. The principal role of the internal audit is to undertake regular and systematic reviews of the systems of internal control in order to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is ultimately the responsibility of the internal audit function to provide the Audit Committee with independent and objective reports on the state of internal controls of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements.

During the financial year, the internal auditors conducted the internal control reviews on the operating functions and procedures and recommended action plans for improvement by management. The final audit reports containing audit findings and recommendations together with management's responses thereto were circulated to all members of the Audit Committee. Areas of improvement identified were communicated to the management for further action. All internal audit reports were reviewed by the Audit Committee and discussed at Audit Committee meetings. Follow-up reviews would subsequently be performed to ascertain the extent of implementation of the recommended corrective action for improvements.

The total costs incurred for the internal audit function by the Group for the financial year amounted to RM19,000.

This Audit Committee Report is made in accordance with the resolution of your Board of Directors dated 22 April 2022.

Financial Statements

Directors' Report

For The Financial Year Ended 31 December 2021

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended **31 December 2021**.

PRINCIPAL ACTIVITIES

The principal activities of the Company in the course of the financial year remain unchanged and consist of investment holding and the provision of management services to its subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	GROUP RM	COMPANY RM
Profit for the financial year	**8,719,715**	**3,556,463**
Attributable to:		
Owners of the Company	**8,469,795**	**3,556,463**
Non-controlling interests	**249,920**	**-**
	8,719,715	**3,556,463**

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year ended **31 December 2021** have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

The directors do not recommend any final dividend payment for the financial year.

RESERVES AND PROVISIONS

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

SHARE CAPITAL AND DEBENTURE

During the financial year, the Company has increased its issued and fully paid up ordinary share capital by way of issuance of 55,900 new ordinary shares pursuant to the exercise of the warrants at an exercise price of RM0.10 per warrant.

The new ordinary shares rank *pari passu* in all respects with the existing ordinary shares of the Company.

Directors' Report (Cont'd)

For The Financial Year Ended 31 December 2021

WARRANTS

The salient features of the Warrants are disclosed in Note 19.2 to the financial statements.

The movement of the Warrants during the financial year are as follows:

		Number of warrants			
Grant date	**Exercise price (RM)**	**Balance at 1.1.21**	**Exercised**	**Lapsed**	**Balance at 31.12.21**
5 June 2012	**0.10**	**441,594,505**	**(55,900)**	**-**	**441,538,605**

DIRECTORS

The directors of the Company in office since the beginning of the financial year to date of this report are:

Directors of the Company:

*** Liang Wooi Gee**
*** Chuah Chong Ewe**
*** Chuah Chong San**
*** Phuah Cheng Peng**
*** Wee Song He, Wilson**
Ahmad Kamal Bin S. Awab
Dato' Yew Tian Tek
Dato' Mohamed Shukri Bin Mohamed Zain

Directors of the subsidiaries:

Ng Sock Ee
Zaibidi Bin Mahamod
Goh Khoon Hau
Chiang Chong Kooi
Lim Thean Ping
Khor Chong Hai
Cheung Wah Keung
Yee Voon Hon
Chelladhas Stalin (appointed on 3.3.21)

***** The directors are also directors of the Company's subsidiaries

Directors' Report (Cont'd)

For The Financial Year Ended 31 December 2021

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings, the interests of directors in office at the end of the financial year in shares and warrants in the Company during the financial year are as follows:

	Number of ordinary shares			
	Balance at 1.1.21	**Bought**	**Sold**	**Balance at 31.12.21**
Direct Interest:				
Liang Wooi Gee	64,272,857	-	(15,000,000)	49,272,857
Chuah Chong Ewe	176,545,000	25,000,000	-	201,545,000
Chuah Chong San	41,700,000	-	-	41,700,000
Phuah Cheng Peng	224,114,500	-	-	224,114,500
Wee Song He, Wilson	129,926,220	-	(65,000,000)	64,926,220
Dato' Mohamed Shukri Bin Mohamed Zain	100,000	-	-	100,000
Deemed Interest:				
[1] Liang Wooi Gee	400	-	-	400
[2] Chuah Chong Ewe	97,550,000	-	-	97,550,000
[1] Phuah Cheng Peng	500,000	-	-	500,000
[1] Dato' Yew Tian Tek	2,000,000	-	-	2,000,000

	Number of Warrants A			
	Balance at 1.1.21	**Bought**	**Sold**	**Balance at 31.12.21**
Direct Interest:				
Liang Wooi Gee	5,714	-	-	5,714
Phuah Cheng Peng	1,500,000	-	-	1,500,000
Chuah Chong San	1,500,000	-	-	1,500,000

Note:

[1] Deemed interest pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of shares held by his spouse.

[2] Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of shares held through Triumphant View Sdn. Bhd.

Directors' Report (Cont'd)

For The Financial Year Ended 31 December 2021

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the fees and other benefits received and receivable by the directors of the Company are as follows:

	COMPANY RM	SUBSIDIARIES RM	GROUP RM
Salaries, allowances and incentive	**380,495**	**1,337,184**	**1,717,679**
Defined contribution plan	**38,988**	**145,721**	**184,709**
Fees	**216,000**	**-**	**216,000**
	635,483	**1,482,905**	**2,118,388**

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown above) by reason of a contract made by the Company or a related corporation with a director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, other than those related party transactions disclosed in the notes to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the objects of enabling directors of the Company 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 OR OFFICERS

The amount of insurance premium paid for professional indemnity for the directors and officers of the Company during the financial year is RM7,430.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper 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 no provision for doubtful debts was required; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

(i) which would render it necessary to make any provision for doubtful debts in the financial statements of the Group and of the Company or the amount written off for bad debts inadequate to any substantial extent; or

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

(iii) which would render any amount stated in the financial statements of the Group and the Company misleading; or

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

Directors' Report (Cont'd)

For The Financial Year Ended 31 December 2021

OTHER STATUTORY INFORMATION (cont'd)

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

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

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

In the opinion of the directors:

(i) no contingent liability 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 will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and

(ii) 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 to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENT

The details of the significant event are disclosed in Note 34 to the financial statements.

EVENTS AFTER THE REPORTING PERIOD

The details of the events after the reporting period are disclosed in Note 35 to the financial statements.

AUDITORS

The total amount of fees paid to or receivable by the auditors, **Grant Thornton Malaysia PLT**, as remuneration for their services as auditors of the Group and of the Company for the financial year ended 31 December 2021 are RM178,000 and RM47,000 respectively.

The Group and the Company have agreed to indemnify the auditors, **Grant Thornton Malaysia PLT**, as permitted under the requirements of the Companies Act 2016 in Malaysia. No payment has been made to indemnify **Grant Thornton Malaysia PLT** for the financial year ended 31 December 2021.

The auditors, **Grant Thornton Malaysia PLT**, have expressed their willingness to continue in office.

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

....

Liang Wooi Gee **Chuah Chong Ewe**

Penang,

Date: 22 April 2022

Directors' Statement

In the opinion of the directors, the financial statements set out on pages 52 to 127 are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at **31 December 2021** and of their financial performance and cash flows for the financial year then ended.

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

....

Liang Wooi Gee

....

Chuah Chong Ewe

Date: 22 April 2022

Statutory Declaration

I, **Liang Wooi Gee**, the director primarily responsible for the financial management of **Luster Industries Bhd.** do solemnly and sincerely declare that the financial statements set out on pages 52 to 127 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Penang, this **22nd**)
day of **April 2022**.)

....

Liang Wooi Gee

Before me,

....

Liew Juan Leng (P162)
Commissioner for Oaths

Independent Auditors' Report

To The Members Of Luster Industries Bhd.
Company No. 198601006973 (156148-P)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Luster Industries Bhd.**, which comprise the statements of financial position as at **31 December 2021** of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of accounting policies, as set out on pages 52 to 127.

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

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 10.3 and Note 33 to the financial statements. In the financial year ended 31 December 2016, the Company had paid refundable earnest deposits amounting to RM6,000,000 ("Stakeholder Sum") to a legal firm acting as stakeholder for Citi-Champ International Ltd. ("Citi Champ") following the Company's intention to invest in a 10% equity interest in SS Ventures Ltd. ("SS Ventures"). Subsequently, the Company then decided to withdraw its interest in acquiring SS Ventures and demanded for a full refund of the Stakeholder Sum which Citi-Champ refused.

The Company had through its solicitors initiated legal action against Citi-Champ and four other Defendants ("2nd to 5th Defendants") to recover the Stakeholder's Sum as further disclosed in Note 33 to the financial statements. On 13 November 2019, judgment has been awarded by the High Court in favour to the Company. The 2nd to 5th Defendants, however, have appealed against the said judgment and the said appeal is fixed for hearing at the Court of Appeal on 5 July 2022.

The directors of the Company are confident that the Stakeholder Sum will be recovered as this relates to the refundable earnest deposits which the Company is entitled for a refund upon withdrawal of its interest in acquiring SS Ventures. However, we wish to highlight that the recoverability of such a significant amount would depend on the outcome of the appeal. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditors' Report (Cont'd)

To The Members Of Luster Industries Bhd.
Company No. 198601006973 (156148-P)
(Incorporated in Malaysia)

Key Audit Matters (cont'd)

<table>
<tr><th>Key Audit Matters</th><th>How our audit addressed the Key Audit Matters</th></tr>
<tr><td>Goodwill impairment assessment
(Note 7 to the financial statements)

As at 31 December 2021, the Group has goodwill amounting to RM6.45 million which has been allocated to its manufacturing segment as the cash generating unit ("CGU").

The management is required to perform annual impairment assessment for its goodwill. We focus on this area as management's assessment of the value in use of the CGU involves estimation uncertainty and judgements about the future results of the business and key assumptions applied to future cash flows projection.</td><td>Our audit procedures in relation to the goodwill impairment assessment included, amongst others, the following:
• Evaluating the model used in determining the value in use of the CGU as well as assessing the discount rate used;
• Challenging the reasonableness of key assumptions based on our knowledge of the business and industry;
• Comparing actual performance of the CGU to assumptions applied in prior years model and assessing accuracy of management's estimates;
• Performing sensitivity analysis on the key assumptions inputted to the model and understanding the impact on the overall carrying amount of goodwill with the alterations to the key assumptions; and
• Assessing the adequacy of disclosures in the financial statements.</td></tr>
<tr><td>Impairment of trade receivables
(Notes 9 to the financial statements)

The Group has significant trade receivables as at 31 December 2021 and it is subject to credit risk exposure.

We focus on this area as the assessment of the expected credit losses of trade receivables involves management's judgement and estimation uncertainty in determining the probability of default occurring by considering the ageing of trade receivables, historical loss experience and forward-looking information.</td><td>Our audit procedures in relation to impairment of trade receivables included, amongst others, the following:
• Obtaining an understanding of:
- the Group's control over the trade receivables' collection process;
- how the Group identifies and assesses the impairment of trade receivables; and
- how the Group makes the accounting estimates for impairment of trade receivables.
• Reviewing the application of the Group's policy for calculating expected credit losses and whether it complies with MFRS 9;
• Reviewing the ageing of the trade receivables and testing the reliability thereof;
• Reviewing subsequent collections for major customers and overdue amounts;
• Examining other evidence including customer correspondences; and
• Assessing the recoverability of balances and the adequacy of impairment loss for significant outstanding balances based on the expected credit loss model applied by the Group.</td></tr>
</table>

There is no key audit matter to be communicated in the audit of the separate financial statements of the Company.

Independent Auditors' Report (Cont'd)

To The Members Of Luster Industries Bhd.
Company No. 198601006973 (156148-P)
(Incorporated in Malaysia)

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 information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent Auditors' Report (Cont'd)

To The Members Of Luster Industries Bhd.
Company No. 198601006973 (156148-P)
(Incorporated in Malaysia)

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

Other Matter

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.

Grant Thornton Malaysia PLT
AF: 0737
201906003682 (LLP0022494-LCA)
Chartered Accountants

Penang

Date: 22 April 2022

Loo Wei Teng
No. 03487/03/2024 J
Chartered Accountant

Statements Of Financial Position

As At 31 December 2021

	NOTE	GROUP 2021 RM	GROUP 2020 RM	COMPANY 2021 RM	COMPANY 2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	**4**	**105,091,614**	51,664,135	**1**	1
Right-of-use assets	**5**	**1,443,670**	238,134	**-**	-
Investment in subsidiaries	**6**	**-**	-	**174,085,036**	160,704,466
Goodwill on consolidation	**7**	**6,445,959**	6,445,959	**-**	-
Deferred tax assets	**8**	**1,986,000**	3,039,000	**-**	-
Trade receivables	**9**	**2,778,781**	2,724,201	**-**	-
Other receivables, deposits and prepayments	**10**	**12,776,527**	12,374,062	**-**	-
		130,522,551	76,485,491	**174,085,037**	160,704,467
Current assets					
Inventory properties	**11**	**126,228,406**	43,691,282	**-**	-
Inventories	**12**	**26,008,210**	18,969,519	**-**	-
Trade receivables	**9**	**93,470,642**	91,209,375	**-**	-
Other receivables, deposits and prepayments	**10**	**36,708,237**	19,380,995	**6,316,041**	6,394,794
Contract assets	**13**	**2,341,738**	1,933,830	**-**	-
Contract costs	**14**	**34,584,132**	1,257,488	**-**	-
Amount due from subsidiaries	**15**	**-**	-	**67,432,946**	25,901,983
Current tax assets		**294,970**	740,368	**-**	139,430
Fixed deposits with licensed banks	**16**	**1,844,450**	24,922,279	**-**	20,000,000
Cash and bank balances	**17**	**57,992,033**	76,246,905	**5,333,815**	53,336,179
		379,472,818	278,352,041	**79,082,802**	105,772,386
TOTAL ASSETS		**509,995,369**	354,837,532	**253,167,839**	266,476,853

Statements Of Financial Position (Cont'd)

As At 31 December 2021

		GROUP		COMPANY	
		2021	2020	**2021**	2020
	NOTE	**RM**	RM	**RM**	RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	**18**	**299,304,752**	299,299,162	**299,304,752**	299,299,162
Other reserves	**19**	**(9,260,054)**	(17,888,454)	**(46,600,045)**	(50,156,508)
		290,044,698	281,410,708	**252,704,707**	249,142,654
Non-controlling interests		**4,082,625**	1,083,902	**-**	-
Total equity		**294,127,323**	282,494,610	**252,704,707**	249,142,654
Non-current liabilities					
Borrowings	**20**	**8,623,203**	1,836,798	**-**	-
Lease liabilities	**5**	**758,056**	83,443	**-**	-
Trade payables	**21**	**2,269,114**	2,262,311	**-**	-
Other payables and accruals	**22**	**76,015,297**	-	**-**	-
Deferred tax liabilities	**8**	**625,382**	1,238,784	**-**	-
		88,291,052	5,421,336	**-**	-
Current liabilities					
Trade payables	**21**	**36,759,718**	38,517,155	**-**	-
Other payables and accruals	**22**	**20,827,346**	15,168,274	**212,562**	121,699
Amount due to subsidiaries	**15**	**-**	-	**10,000**	17,212,500
Borrowings	**20**	**11,935,723**	11,554,049	**-**	-
Lease liabilities	**5**	**711,344**	166,653	**-**	-
Contract liabilities	**13**	**55,129,490**	1,176,621	**-**	-
Current tax liabilities		**2,213,373**	338,834	**240,570**	-
		127,576,994	66,921,586	**463,132**	17,334,199
Total liabilities		**215,868,046**	72,342,922	**463,132**	17,334,199
TOTAL EQUITY AND LIABILITIES		**509,995,369**	354,837,532	**253,167,839**	266,476,853

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

Statements Of Comprehensive Income

For The Financial Year Ended 31 December 2021

		GROUP		COMPANY	
		2021	2020	**2021**	2020
	NOTE	**RM**	RM	**RM**	RM
Revenue	**23**	**151,782,658**	183,470,839	**18,251,105**	295,000
Cost of sales		**(129,111,992)**	(157,608,041)	**-**	-
Gross profit		**22,670,666**	25,862,798	**18,251,105**	295,000
Other income		**8,815,407**	2,235,004	**7,931,219**	2,681,649
Administrative expenses		**(15,466,383)**	(15,668,742)	**(22,166,861)**	(3,328,739)
Selling and distribution expenses		**(1,268,193)**	(1,044,661)	**-**	-
Operating profit/(loss)		**14,751,497**	11,384,399	**4,015,463**	(352,090)
Finance costs		**(674,793)**	(1,792,206)	**-**	-
Profit/(Loss) before tax	**24**	**14,076,704**	9,592,193	**4,015,463**	(352,090)
Tax (expense)/income	**25**	**(5,356,989)**	(3,703,105)	**(459,000)**	86,555
Profit/(Loss) for the financial year		**8,719,715**	5,889,088	**3,556,463**	(265,535)
Total other comprehensive income/ (loss), net of tax:					
Item that will be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operation		**166,953**	(97,325)	**-**	-
Total comprehensive income/(loss) for the financial year		**8,886,668**	5,791,763	**3,556,463**	(265,535)
Profit/(Loss) attributable to:					
Owners of the Company		**8,469,795**	5,963,884	**3,556,463**	(265,535)
Non-controlling interests		**249,920**	(74,796)	**-**	-
		8,719,715	5,889,088	**3,556,463**	(265,535)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		**8,628,400**	5,871,425	**3,556,463**	(265,535)
Non-controlling interests		**258,268**	(79,662)	**-**	-
		8,886,668	5,791,763	**3,556,463**	(265,535)
Earnings per share attributable to owners of the Company (sen)	**26**				
- Basic		**0.29**	0.27		
- Diluted		**0.27**	0.26		

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

Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2021

	Attributable to Owners of the Company								
		Non-distributable							
	Share Capital RM	Foreign Currency Translation Reserve RM	Warrants Reserve RM	Discount on Shares RM	Capital Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interests RM	Total Equity RM
2021									
Balance at beginning	299,299,162	(71,770)	22,618,076	(22,618,076)	8,419,642	(26,236,326)	281,410,708	1,083,902	282,494,610
Total comprehensive income for the financial year	-	158,605	-	-	-	8,469,795	8,628,400	258,268	8,886,668
Transactions with owners of the Company:									
Issuance of shares pursuant to the exercise of warrants	5,590	-	-	-	-	-	5,590	-	5,590
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	2,740,455	2,740,455
Transfer of warrants reserve upon exercised	-	-	(1,582)	1,582	-	-	-	-	-
Total transactions with owners	5,590	-	(1,582)	1,582	-	-	5,590	2,740,455	2,746,045
Balance at end	299,304,752	86,835	22,616,494	(22,616,494)	8,419,642	(17,766,531)	290,044,698	4,082,625	294,127,323

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

Consolidated Statement Of Changes In Equity (Cont'd)

For The Financial Year Ended 31 December 2021

	Attributable to Owners of the Company								
		Non-distributable							
	Share Capital RM	Foreign Currency Translation Reserve RM	Warrants Reserve RM	Discount on Shares RM	Capital Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interests RM	Total Equity RM
2020									
Balance at beginning	207,829,450	20,689	22,618,076	(22,618,076)	8,419,642	(32,200,210)	184,069,571	158,159	184,227,730
Total comprehensive income for the financial year	-	(92,459)	-	-	-	5,963,884	5,871,425	(79,662)	5,791,763
Transactions with owners of the Company:									
Issuance of shares	91,469,712	-	-	-	-	-	91,469,712	-	91,469,712
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	1,005,405	1,005,405
Total transactions with owners	91,469,712	-	-	-	-	-	91,469,712	1,005,405	92,475,117
Balance at end	299,299,162	(71,770)	22,618,076	(22,618,076)	8,419,642	(26,236,326)	281,410,708	1,083,902	282,494,610

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

Statement Of Changes In Equity

For The Financial Year Ended 31 December 2021

	Attributable to Owners of the Company				
		Non-distributable			
	Share Capital RM	**Warrants Reserve RM**	**Discount on Shares RM**	**Accumulated Losses RM**	**Total Equity RM**
2021					
Balance at beginning	**299,299,162**	**22,618,076**	**(22,618,076)**	**(50,156,508)**	**249,142,654**
Total comprehensive income for the financial year	**-**	**-**	**-**	**3,556,463**	**3,556,463**
Transactions with owners of the Company:					
Issuance of shares pursuant to the exercise of warrants	**5,590**	**-**	**-**	**-**	**5,590**
Transfer of warrants reserve upon exercised	**-**	**(1,582)**	**1,582**	**-**	**-**
Total transactions with owners	**5,590**	**(1,582)**	**1,582**	**-**	**5,590**
Balance at end	**299,304,752**	**22,616,494**	**(22,616,494)**	**(46,600,045)**	**252,704,707**
2020					
Balance at beginning	207,829,450	22,618,076	(22,618,076)	(49,890,973)	157,938,477
Total comprehensive loss for the financial year	-	-	-	(265,535)	(265,535)
Transaction with owners of the Company:					
Issuance of shares	91,469,712	-	-	-	91,469,712
Balance at end	299,299,162	22,618,076	(22,618,076)	(50,156,508)	249,142,654

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

Statements Of Cash Flows

For The Financial Year Ended 31 December 2021

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	RM	RM	**RM**	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax	**14,076,704**	9,592,193	**4,015,463**	(352,090)
Adjustments for:				
Accretion of interest on lease liabilities	**75,162**	25,797	**-**	-
Allowance for expected credit losses on amount due from subsidiaries	**-**	-	**-**	255,000
Bad debts written off	**35,618**	-	**-**	-
Depreciation of property, plant and equipment	**4,654,271**	4,457,725	**-**	9,938
Depreciation of right-of-use assets	**632,975**	295,395	**-**	-
Dividend income	**-**	-	**(17,981,105)**	-
Gain on disposal of property, plant and equipment	**(6,001)**	(75,599)	**-**	(8,599)
Impairment loss on investment in subsidiaries	**-**	-	**20,593,745**	1,123,848
Interest expenses	**599,631**	669,292	**-**	-
Interest income	**(850,891)**	(419,943)	**(1,768,733)**	(40,881)
Inventories written down	**478,298**	296,408	**-**	-
Property, plant and equipment written off	**699,940**	-	**-**	-
Reversal of allowance for expected credit losses on amount due from subsidiaries	**-**	-	**(4,317,615)**	-
Reversal of impairment loss on investment in subsidiaries	**-**	-	**(1,844,871)**	(2,625,826)
Unrealised (gain)/loss on foreign exchange,net	**(477,872)**	63,097	**-**	(1,890)
Unwinding discount on other receivables	**(333,165)**	1,097,117	**-**	-
Operating profit/(loss) before working capital changes	**19,584,670**	16,001,482	**(1,303,116)**	(1,640,500)
Changes in:				
Inventory properties	**(6,817,270)**	(6,625,462)	**-**	-
Inventories	**(7,516,989)**	(1,106,703)	**-**	-
Receivables	**(19,553,619)**	(33,412,115)	**78,753**	49,894
Contract assets	**(407,908)**	5,200,631	**-**	-
Contract costs	**(33,326,644)**	1,539,989	**-**	-
Payables	**4,001,483**	8,882,881	**90,863**	(6,522,558)
Contract liabilities	**53,952,869**	393,086	**-**	-
Cash generated from/(used in) operations	**9,916,592**	(9,126,211)	**(1,133,500)**	(8,113,164)
Income tax paid	**(2,839,738)**	(4,269,485)	**(79,000)**	(79,000)
Income tax refunded	**242,284**	460,518	**-**	-
Interest paid	**(599,631)**	(669,292)	**-**	-
Net cash from/(used in) operating activities	**6,719,507**	(13,604,470)	**(1,212,500)**	(8,192,164)

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

Statements Of Cash Flows (Cont'd)

For The Financial Year Ended 31 December 2021

		GROUP		COMPANY	
		2021	2020	**2021**	2020
	NOTE	**RM**	RM	**RM**	RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		**850,891**	419,943	**366,014**	40,881
Investment in subsidiaries		**-**	-	**(1,410,445)**	(56)
Proceeds from disposal of a subsidiary		**-**	-	**1**	-
Proceeds from disposal of property, plant and equipment		**6,002**	75,600	**-**	8,600
Proceeds from issuance of shares to non-controlling interests		**2,740,455**	1,005,405	**-**	-
Acquisition of property, plant and equipment	A	**(58,462,937)**	(4,790,795)	**-**	-
(Placement)/Withdrawal of fixed deposits with licensed banks		**(1,045,892)**	3,687	**-**	-
Net cash (used in)/from investing activities		**(55,911,481)**	(3,286,160)	**(1,044,430)**	49,425
CASH FLOWS FROM FINANCING ACTIVITIES					
Net changes in bankers' acceptance	B	**1,693,881**	2,314,118	**-**	-
Net changes in revolving credit	B	**(2,000,000)**	2,000,000	**-**	-
Repayment of finance lease liabilities	B	**(260,395)**	(449,552)	**-**	-
Drawdown of term loans	B	**8,265,000**	-	**-**	-
Repayment of term loans	B	**(846,407)**	(95,229)	**-**	-
Net changes in subsidiaries' balances		**-**	-	**(65,751,024)**	(10,151,690)
Repayment of lease liabilities	B	**(694,502)**	(325,674)	**-**	-
Issuance of shares pursuant to the exercise of warrants		**5,590**	-	**5,590**	-
Issuance of shares		**-**	91,469,712	**-**	91,469,712
Net cash from/(used in) financing activities		**6,163,167**	94,913,375	**(65,745,434)**	81,318,022
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(43,028,807)**	78,022,745	**(68,002,364)**	73,175,283
Effects of foreign exchange rates changes		**650,214**	(209,511)	**-**	-
CASH AND CASH EQUIVALENTS AT BEGINNING		**100,370,626**	22,557,392	**73,336,179**	160,896
CASH AND CASH EQUIVALENTS AT END		**57,992,033**	100,370,626	**5,333,815**	73,336,179
Represented by:					
Fixed deposits with licensed banks		**1,844,450**	24,922,279	**-**	20,000,000
Cash and bank balances		**57,992,033**	76,246,905	**5,333,815**	53,336,179
Less: Fixed deposits pledged to licensed banks		**(532,566)**	(532,566)	**-**	-
Fixed deposits with maturity more than three months		**(1,311,884)**	(265,992)	**-**	-
		57,992,033	100,370,626	**5,333,815**	73,336,179

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

Statements Of Cash Flows (Cont'd)

For The Financial Year Ended 31 December 2021

A. Acquisition of property, plant and equipment

	NOTE	GROUP 2021 RM	GROUP 2020 RM	COMPANY 2021 RM	COMPANY 2020 RM
Total acquisition cost		**58,778,937**	4,790,795	**-**	-
Acquired under finance lease liabilities	**B**	**(316,000)**	-	**-**	-
Total cash acquisition		**58,462,937**	4,790,795	**-**	-

B. Liabilities arising from financing activities

Reconciliation between the opening and closing balances in the statements of financial position for liabilities arising from financing activities is as follows:

	Balance at beginning RM	Cash flows RM	Others RM	Balance at end RM
GROUP				
2021				
Borrowings	13,390,847	(104,654,883)	-	(91,264,036)
Lease liabilities	250,096	(694,502)	1,913,806[1]	1,469,400
Total liabilities arising from financing activities	13,640,943	(105,349,385)	1,913,806	(89,794,636)
2020				
Borrowings	9,621,510	3,769,337	-	13,390,847
Lease liabilities	274,816	(325,674)	300,954[1]	250,096
Total liabilities arising from financing activities	9,896,326	3,443,663	300,954	13,640,943

[1]Others consist of non-cash movement as follows:

	GROUP 2021 RM	GROUP 2020 RM
Accretion of interest on lease liabilities	**75,162**	25,797
Additions of lease liabilities	**1,837,938**	271,792
Foreign currency translation	**706**	3,365
	1,913,806	300,954

Notes To The Financial Statements

31 December 2021

1. **CORPORATE INFORMATION**

General

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

The registered office of the Company is located at 51-8-A Menara BHL, Jalan Sultan Ahmad Shah, 10050 Penang.

The principal place of business of the Company is located at Plot 36 & 37, Jalan PKNK Utama, Kawasan Perusahaan Sungai Petani, 08000 Sungai Petani, Kedah Darul Aman.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 April 2022.

Principal Activities

The principal activities of the Company in the course of the financial year remain unchanged and consist of investment holding and the provision of management services to its subsidiaries.

The principal activities of the subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. **BASIS OF PREPARATION**

2.1 **Statement of Compliance**

The financial statements of the Group and of the Company have been prepared in accordance with applicable Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

2.2 **Basis of Measurement**

The financial statements of the Group and of the Company are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies as set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

Notes To The Financial Statements (Cont'd)

31 December 2021

2. **BASIS OF PREPARATION (cont'd)**

2.2 **Basis of Measurement (cont'd)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2.3 **Functional and Presentation Currency**

Ringgit Malaysia ("RM") is the presentation currency of the Group and of the Company.

RM is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operation has different functional currency.

2.4 **Adoption of Amendments to MFRSs**

The accounting policies adopted by the Group and by the Company are consistent with those of the previous financial years except for the adoption of the following amendments to MFRSs that are mandatory for the current financial year:

Effective for annual period beginning on or after 1 June 2020
Amendment to MFRS 16 Leases: Covid-19 - Related Rent Concessions

Effective for annual period beginning on or after 1 January 2021
Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases: Interest Rate Benchmark Reform - Phase 2

Initial application for the above amendments to MFRSs did not have any material impact to the financial statements of the Group and of the Company upon adoption.

2.5 **Standards Issued But Not Yet Effective**

The following are accounting standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Effective for annual period beginning on or after 1 April 2021
Amendment to MFRS 16 Leases: Covid-19 - Related Rent Concessions beyond 30 June 2021

Effective for annual period beginning on or after 1 January 2022
Amendments to MFRS 3 Business Combination: Reference to the Conceptual Framework
Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020

Notes To The Financial Statements (Cont'd)

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2. **BASIS OF PREPARATION (cont'd)**

2.5 **Standards Issued But Not Yet Effective (cont'd)**

Effective for annual period beginning on or after 1 January 2023
MFRS 17 Insurance Contracts
Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 17 Insurance Contracts: Initial application of MFRS 17 and MFRS 9 - Comparative Information
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date yet to be confirmed
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group and of the Company upon adoption.

2.6 **Significant Accounting Estimates and Judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2.6.1 **Judgements made in applying accounting policies**

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group has not included the extension options period as part of the lease term for leases of factory warehouse, hostels, motor vehicles and offices as it is not reasonably certain that the extension options will be exercised. The periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Notes To The Financial Statements (Cont'd)

31 December 2021

2. **BASIS OF PREPARATION (cont'd)**

2.6 **Significant Accounting Estimates and Judgements (cont'd)**

2.6.2 **Key sources of estimation uncertainty**

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

(i) **Impairment of goodwill**

The Group determines for impairment indication of goodwill at least once on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying amount, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in assumptions are disclosed in Note 7 to the financial statements.

(ii) **Inventories**

The management reviews for damage, slow-moving and obsolete inventories. This review requires judgements and estimates. Possible changes in these estimates could result in revision to the valuation of inventories.

The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 12 to the financial statements.

(iii) **Deferred tax assets**

Deferred tax assets are recognised for all unabsorbed capital allowances, allowance for increase exports and reinvestment allowance and unused tax losses ("tax credits") to the extent that it is probable that future taxable profit will be available against which those tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits would depend on the achievability of projected profits and this requires judgement of the management. These assumptions and judgement are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact on the amount of deferred tax assets recognised.

The carrying amount of deferred tax assets of the Group as at the end of the reporting period is disclosed in Note 8 to the financial statements.

(iv) **Impairment in investment in subsidiaries**

Investment in subsidiaries is tested for impairment whenever there is objective evidence or indication that these assets may be impaired. Judgment is required to determine if any such indication exists, based on the evaluation of both internal and external sources of information. If any such indication exists, management assesses the recoverable amount of the investment in subsidiaries based on the fair value less cost to sell which approximates the extent of the net assets held by the subsidiaries at the end of the reporting period. If the recoverable amount of the investment in subsidiaries is less than its carrying amount, an impairment loss is recognised in profit or loss to reduce the carrying amount of the investment in subsidiaries. An impairment loss of **RM20,593,745** (2020: RM1,123,848) was recognised in profit or loss to write down the subsidiaries to their recoverable amount.

Notes To The Financial Statements (Cont'd)

31 December 2021

2. **BASIS OF PREPARATION (cont'd)**

2.6 **Significant Accounting Estimates and Judgements (cont'd)**

2.6.2 **Key sources of estimation uncertainty (cont'd)**

(iv) **Impairment in investment in subsidiaries (cont'd)**

An assessment is also made at each end of the reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A reversal of impairment loss in relation to certain subsidiaries which amounted to **RM1,844,871** (2020: RM2,625,826) was recognised in profit or loss.

(v) **Provision for expected credit losses ("ECL") of trade receivables**

The Group uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing and construction sectors, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECL on the Group's trade receivables is disclosed in Note 30.3.1 to the financial statements.

(vi) **Leases – Estimating the incremental borrowing rate**

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. **ACCOUNTING POLICIES**

The following accounting policies adopted by the Group and by the Company are consistent with those adopted in the previous financial years unless otherwise indicated below:

3.1 **Consolidation**

(i) **Subsidiaries**

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Notes To The Financial Statements (Cont'd)

31 December 2021

3. **ACCOUNTING POLICIES (cont'd)**

3.1 **Consolidation (cont'd)**

(i) **Subsidiaries (cont'd)**

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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

Upon disposal of an investment in a subsidiary, the difference between the net disposal proceed and its carrying amount is recognised in profit or loss.

(ii) **Basis of consolidation**

The Group financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in asset, such as inventory and property, plant and equipment) are eliminated in full in preparing the consolidated financial statements. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Temporary differences arising from the elimination of profits and losses resulting from intragroup transactions will be treated in accordance to Note 3.14 to the financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(iii) **Business combination**

Business combinations are accounted for using the acquisition method from the acquisition date which is the date on which control is transferred to the Group.

The Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred, plus
- the recognised amount of any non-controlling interest in the acquiree, plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree, less
- the net recognised amount at fair value of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised in profit or loss.

For each business combination, the Group elects whether to recognise non-controlling interest in the acquiree at fair value, or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Notes To The Financial Statements (Cont'd)

31 December 2021

3. **ACCOUNTING POLICIES (cont'd)**

3.1 **Consolidation (cont'd)**

(iii) **Business combination (cont'd)**

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iv) **Acquisitions of non-controlling interests**

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserve.

(v) **Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a fair value through other comprehensive income depending on the level of influence retained.

(vi) **Non-controlling interests**

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

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised profits arising on transactions between the Group and its associate which are included in the carrying amount of the related assets and liabilities are eliminated to the extent of the Group's interest in the associate. Unrealised losses on such transactions are also eliminated unless cost cannot be recovered.

3.2 **Goodwill**

Goodwill acquired through business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised but instead is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Notes To The Financial Statements (Cont'd)

31 December 2021

3. **ACCOUNTING POLICIES (cont'd)**

3.3 **Property, Plant and Equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Property, plant and equipment are depreciated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life, at the following annual rates:

Leasehold land	Amortise over its lease period of 34 - 86 years
Buildings	2%
Plant, machinery and moulds	10% - 50%
Furniture, fittings and office equipment	10% - 20%
Electrical installation	10%
Motor vehicles	20%
Renovation	2% - 10%

Freehold land is not depreciated as it has an infinite life.

Capital work-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital work-in-progress is stated at cost, and is transferred to the relevant category of assets and depreciated accordingly when the assets are completed and ready for commercial use. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the disposed assets and are recognised in profit or loss in the financial year in which the assets are derecognised.

3.4 **Leases**

The Group assesses at contract inception whether a contract is, or contains, a lease. It is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

3.4.1 **As a lessee**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes To The Financial Statements (Cont'd)

31 December 2021

3. **ACCOUNTING POLICIES (cont'd)**

3.4 **Leases (cont'd)**

3.4.1 **As a lessee (cont'd)**

3.4.1.1 **Right-of-use assets**

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Factory warehouse	3 years
Hostels	1 to 2 years
Motor vehicles	4 years
Offices	3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

3.4.1.2 **Lease liabilities**

At the commencement date of the lease, lease liabilities are recognised and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

3.4.1.3 **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of hostel and office (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

3.4.2 **As a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statements of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes To The Financial Statements (Cont'd)

31 December 2021

3. **ACCOUNTING POLICIES (cont'd)**

3.5 **Impairment of Non-Financial Assets**

The carrying amounts of non-financial assets, other than inventory properties and inventories are reviewed at each reporting date to determine whether there is an indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, the recoverable amount is estimated at each reporting date or more frequently when there are indications of impairment.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGU to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset of CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

Impairment loss recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (groups of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

3.6 **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.6.1 **Financial assets**

(i) **Initial recognition and measurement**

Financial assets are measured at initial recognition at fair value and subsequently measured at amortised cost ("AC"), fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exceptions of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, at its transaction costs.

In order for a financial asset to be classified and measured at AC or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

Notes To The Financial Statements (Cont'd)

31 December 2021

3. **ACCOUNTING POLICIES (cont'd)**

3.6 **Financial Instruments (cont'd)**

3.6.1 **Financial assets (cont'd)**

(i) **Initial recognition and measurement (cont'd)**

The Group and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at AC are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

(ii) **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group and the Company do not have any FVOCI and FVTPL as at the end of the reporting period.

Financial assets at amortised cost ("AC")

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost include cash and cash equivalents, trade and other receivables and amount due from subsidiaries.

(iii) **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's and the Company's statements of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

Notes To The Financial Statements (Cont'd)

31 December 2021

3. **ACCOUNTING POLICIES (cont'd)**

3.6 **Financial Instruments (cont'd)**

3.6.1 **Financial assets (cont'd)**

(iii) **Derecognition (cont'd)**

When the Group and the Company have transferred their rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(iv) **Impairment**

The Group and the Company recognise allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets, and lease receivables. ECLs are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

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

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

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

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

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

Notes To The Financial Statements (Cont'd)

31 December 2021

3. **ACCOUNTING POLICIES (cont'd)**

3.6 **Financial Instruments (cont'd)**

3.6.1 **Financial assets (cont'd)**

(iv) **Impairment (cont'd)**

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

3.6.2 **Financial liabilities**

(i) **Initial recognition and measurement**

All financial liabilities are recognised initially at fair value, and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, amount due to subsidiaries and borrowings.

(ii) **Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

The Group and the Company do not have any financial liabilities measured at fair value through profit or loss as at the end of the reporting period.

Financial liabilities at amortised cost

This is the category most relevant to the Group and to the Company. After initial recognition, trade and other payables, amount due to subsidiaries and interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of comprehensive income.

(iii) **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of comprehensive income.

3.6.3 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes To The Financial Statements (Cont'd)

31 December 2021

3. **ACCOUNTING POLICIES (cont'd)**

3.6 **Financial Instruments (cont'd)**

3.6.4 **Financial guarantee contracts**

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in statements of comprehensive income over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

3.7 **Inventory properties**

Inventory properties comprise property development costs and completed development units.

Inventory properties are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less any estimated costs necessary to make the sale.

3.7.1 **Property development costs**

Property development costs comprise the cost of land, related development costs common to the project and direct building costs less cumulative amounts recognised as expense in the profit or loss. The inventory properties cost is subsequently recognised as an expense in profit or loss as and when the control of the inventory is transferred to the customer.

Property development cost of unsold unit is transferred to completed development unit once the development is completed.

3.7.2 **Completed development units**

Completed development units represent completed residential properties. Cost is determined on the specific identification basis and includes costs of acquisition of land, related development costs to the project and direct building costs.

3.8 **Inventories**

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials and consumables comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition and is determined on the first-in, first-out basis.

Cost of work-in-progress and finished goods include raw materials, direct labour and attributable production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes To The Financial Statements (Cont'd)

31 December 2021

3. **ACCOUNTING POLICIES (cont'd)**

3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, against which bank overdraft balances, if any, are deducted.

3.10 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

3.11 Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and undertakes activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

3.12 Revenue

The Group is in the business of:

(a) manufacturing of precision plastic parts, sub-assembly, die-casting components and precision engineering works,
(b) construction and property development,
(c) glove manufacturing and EPCC Contract, and
(d) gaming and leisure

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The performance obligations to recognise revenue are as follows:

(i) **Sale of goods**

Revenue from sale of goods is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods.

Notes To The Financial Statements (Cont'd)

31 December 2021

3. **ACCOUNTING POLICIES (cont'd)**

3.12 **Revenue (cont'd)**

(ii) **Construction contract revenue**

The Group constructs residential properties under long-term contracts with customers. Such contracts are entered into before construction of the residential properties begins. Under the terms of the contracts, the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue from construction of residential properties is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The directors consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under *MFRS 15*.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(iii) **Lottery betting**

Revenue from lottery betting is recognised at a point in time when the lottery ticket is sold to the customers.

(iv) **Mould income**

Revenue from mould income is recognised at a point in time when control of the mould is transferred to the customer, generally on delivery of the mould.

(v) **Commission income**

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(vi) **Management fee**

Management fee is recognised when services are rendered.

(vii) **Rental income**

Rental income is accounted for on a straight-line basis over the lease terms. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(viii) **Interest income**

Interest income is recognised as it accrues using the effective interest rate method in profit or loss.

(ix) **Dividend income**

Dividend income is recognised when the Group's right to receive payment is established.

(x) **Contract balances**

Contract balances consist of the closing balances of the trade receivables, contract assets and contract liabilities as at the end of the reporting period.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Notes To The Financial Statements (Cont'd)

31 December 2021

3. **ACCOUNTING POLICIES (cont'd)**

3.12 **Revenue (cont'd)**

(x) **Contract balances (cont'd)**

Contract assets

A contract asset is the right to consideration for goods or services transferred to the customer. In the case of property development and construction contracts, a contract asset is the excess of cumulative revenue earned over the billings to-date.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(xi) **Contract cost**

Incremental cost of obtaining a contract

The Group recognises incremental costs of obtaining contracts when the Group expects to recover these costs.

Costs to fulfil a contract

The Group recognises a contract cost that relates directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contracts costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the assets relate. An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contracts cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

3.13 **Employee Benefits**

Short term benefits

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

Defined contribution plans

As required by law, companies in Malaysia make contributions to the national pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense as incurred.

3.14 **Income Tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Notes To The Financial Statements (Cont'd)

31 December 2021

3. **ACCOUNTING POLICIES (cont'd)**

3.14 **Income Tax (cont'd)**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for temporary differences in respect of the initial recognition of goodwill and/or the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance being tax incentive that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised reinvestment allowance can be utilised.

3.15 **Sales Tax**

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax payable to the taxation authority is included as part of payables in the statements of financial position.

3.16 **Foreign Currency Translations**

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities measured at historical cost in a foreign currency at the end of the reporting period are translated to the functional currency at the exchange rate at the date of the transaction except for those measured at fair value shall be translated at the exchange rate at the date when the fair value was determined.

Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in profit or loss.

Notes To The Financial Statements (Cont'd)

31 December 2021

3. **ACCOUNTING POLICIES (cont'd)**

3.16 **Foreign Currency Translations (cont'd)**

Foreign currency transactions (cont'd)

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains or losses are recognised directly in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FTR") in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the exchange difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, the significant influence or joint control is lost, the cumulative amount in the FTR related to the foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FTR in equity.

3.17 **Warrants**

Warrants are classified as equity instrument and its value is allocated based on the market prices on their first day of quotation in the stock exchange. The issuance of the ordinary shares upon exercise of the warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Upon exercise of warrants, the proceeds are credited to share capital. The warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be reversed.

3.18 **Operating segments**

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

3.19 **Share Capital, Share Issuance Costs and Dividends**

Classification

Ordinary shares are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Notes To The Financial Statements (Cont'd)

31 December 2021

3. **ACCOUNTING POLICIES (cont'd)**

3.19 **Share Capital, Share Issuance Costs and Dividends (cont'd)**

Share issuance costs

Incremental external costs directly attributable to the issuance of new shares are deducted against equity.

Dividends

Dividends on ordinary shares are accounted for in shareholder's equity as an appropriation of retained profits and recognised as a liability in the period in which they are declared or approved.

3.20 **Contingencies**

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

3.21 **Related Parties**

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group.
- (ii) One entity is an associate or joint venture of the other entity.
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
- (vii) A person identified in (a) (i) above has significant influence over the Group or is a member of the key management personnel of the entity.
- (viii) The entity, or any member of a group of which it is a party, provides key management personnel services to the Group.

Notes To The Financial Statements (Cont'd)

31 December 2021

4. PROPERTY, PLANT AND EQUIPMENT

GROUP

	Freehold land	Leasehold land	Buildings	Plant, machinery and moulds	Furniture, fittings and office equipment	Electrical installation	Motor vehicles	Renovation	Capital expenditure in progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2021										
At cost										
Balance at beginning	1,704,146	5,246,718	41,495,604	57,203,293	4,262,738	3,612,611	2,051,344	1,757,786	1,412,023	118,746,263
Additions	-	4,157,444	493,022	646,700	853,872	1,500	53,051	114,041	52,459,307	58,778,937
Disposals	-	-	-	-	(42,500)	-	-	-	-	(42,500)
Written offs	-	-	-	-	-	-	-	(784,251)	-	(784,251)
Foreign currency translation	-	-	-	-	12,235	-	1,569	4,702	-	18,506
Balance at end	1,704,146	9,404,162	41,988,626	57,849,993	5,086,345	3,614,111	2,105,964	1,092,278	53,871,330	176,716,955
Accumulated depreciation										
Balance at beginning	-	1,172,912	8,699,039	45,723,898	2,810,154	2,969,616	1,831,107	852,418	-	64,059,144
Current charge	-	106,297	720,037	3,110,058	367,720	118,316	104,078	127,765	-	4,654,271
Disposals	-	-	-	-	(42,499)	-	-	-	-	(42,499)
Written offs	-	-	-	-	-	-	-	(84,311)	-	(84,311)
Foreign currency translation	-	-	-	-	11,526	-	174	4,052	-	15,752
Balance at end	-	1,279,209	9,419,076	48,833,956	3,146,901	3,087,932	1,935,359	899,924	-	68,602,357
Accumulated impairment loss	-	-	-	1,811,355	-	252,073	-	-	959,556	3,022,984
Carrying amount	1,704,146	8,124,953	32,569,550	7,204,682	1,939,444	274,106	170,605	192,354	52,911,774	105,091,614

Notes To The Financial Statements (Cont'd)

31 December 2021

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

GROUP

	Freehold land	Leasehold land	Buildings	Plant, machinery and moulds	Furniture, fittings and office equipment	Electrical installation	Motor vehicles	Renovation	Capital expenditure in progress	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
2020										
At cost										
Balance at beginning	1,704,146	5,246,718	39,603,076	56,022,933	3,679,310	3,563,991	2,573,469	964,016	1,273,556	114,631,215
Additions	-	-	1,892,528	1,207,757	589,754	111,025	55,033	796,231	138,467	4,790,795
Disposals	-	-	-	-	-	-	(577,158)	-	-	(577,158)
Written offs	-	-	-	(27,397)	-	(62,405)	-	-	-	(89,802)
Foreign currency translation	-	-	-	-	(6,326)	-	-	(2,461)	-	(8,787)
Balance at end	1,704,146	5,246,718	41,495,604	57,203,293	4,262,738	3,612,611	2,051,344	1,757,786	1,412,023	118,746,263
Accumulated depreciation										
Balance at beginning	-	1,082,169	7,861,722	42,817,256	2,496,099	2,919,027	2,323,955	778,208	-	60,278,436
Current charge	-	90,743	837,317	2,934,039	320,695	112,994	84,457	77,480	-	4,457,725
Disposals	-	-	-	-	-	-	(577,157)	-	-	(577,157)
Written offs	-	-	-	(27,397)	-	(62,405)	-	-	-	(89,802)
Foreign currency translation	-	-	-	-	(6,640)	-	(148)	(3,270)	-	(10,058)
Balance at end	-	1,172,912	8,699,039	45,723,898	2,810,154	2,969,616	1,831,107	852,418	-	64,059,144
Accumulated impairment loss	-	-	-	1,811,355	-	252,073	-	-	959,556	3,022,984
Carrying amount	1,704,146	4,073,806	32,796,565	9,668,040	1,452,584	390,922	220,237	905,368	452,467	51,664,135

Notes To The Financial Statements (Cont'd)

31 December 2021

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

COMPANY

	Leasehold land RM	Buildings RM	Electrical installation RM	Motor vehicles RM	Total RM
2021					
At cost	**-**	**-**	**-**	**36,993**	**36,993**
Accumulated depreciation	**-**	**-**	**-**	**36,992**	**36,992**
Carrying amount	**-**	**-**	**-**	**1**	**1**
2020					
Balance at beginning	800,000	5,296,357	422,728	82,076	6,601,161
Disposal	-	-	-	(45,083)	(45,083)
Transfer out to a subsidiary	(800,000)	(5,296,357)	(422,728)	-	(6,519,085)
Balance at end	-	-	-	36,993	36,993
Accumulated depreciation					
Balance at beginning	272,297	1,827,738	417,800	82,074	2,599,909
Current charge	1,111	8,827	-	-	9,938
Disposal	-	-	-	(45,082)	(45,082)
Transfer out to a subsidiary	(273,408)	(1,836,565)	(417,800)	-	(2,527,773)
Balance at end	-	-	-	36,992	36,992
Accumulated impairment loss					
Balance at beginning	-	-	4,910	-	4,910
Transfer out to a subsidiary	-	-	(4,910)	-	(4,910)
Balance at end	-	-	-	-	-
Carrying amount	-	-	-	1	1

Notes To The Financial Statements (Cont'd)

31 December 2021

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(i) The carrying amount of property, plant and equipment which are pledged to licensed banks as securities for banking facilities granted to certain subsidiaries as disclosed in Note 20 to the financial statements are as follows:

	GROUP	
	2021	2020
	RM	RM
Leasehold land	**8,057,697**	4,073,806
Buildings	**32,290,610**	32,599,362
	40,348,307	36,673,168

(ii) The carrying amount of leased assets which are pledged to licensed banks as securities for the finance lease liabilities as disclosed in Note 20 to the financial statements are as follows:

	GROUP	
	2021	2020
	RM	RM
Plant and machinery	**575,234**	326,667
Motor vehicles	**55,659**	112,077
	630,893	438,744

(iii) On 26 February 2021, the Group has entered into a Sale and Purchase Agreement with a company in which a director of a subsidiary has substantial financial interests to acquire a leasehold land for a cash consideration of RM3,845,000. The acquisition transaction has been completed during the financial year.

(iv) The information of right-of-use assets which are included in the property, plant and equipment is as follows:

GROUP

	Carrying amount	**Addition**	**Current depreciation**
	RM	**RM**	**RM**
2021			
Leasehold land	**8,124,953**	**4,157,444**	**106,297**
Plant and machinery	**575,234**	**316,000**	**67,433**
Motor vehicles	**55,659**	**-**	**56,418**
2020			
Leasehold land	4,073,806	-	90,743
Plant and machinery	326,667	-	49,000
Motor vehicles	112,077	-	56,417

Notes To The Financial Statements (Cont'd)

31 December 2021

5. **RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**

Group as a lessee

The Group has lease contracts for factory warehouse, hostels, motor vehicles and offices used in its operations that have lease terms between 1 to 4 years. Generally, the Group is restricted from assigning and subleasing the leased assets.

The Group also has certain leases of premise with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the financial year:

GROUP

	Factory warehouse RM	Hostels RM	Motor vehicles RM	Offices RM	Total RM
2021					
Balance at beginning	**-**	**156,508**	**81,626**	**-**	**238,134**
Additions	**1,027,229**	**36,128**	**233,343**	**541,238**	**1,837,938**
Depreciation	**(228,273)**	**(101,068)**	**(140,635)**	**(162,999)**	**(632,975)**
Foreign currency translation	**-**	**-**	**1,341**	**(768)**	**573**
Balance at end	**798,956**	**91,568**	**175,675**	**377,471**	**1,443,670**
2020					
Balance at beginning	-	82,798	62,871	118,038	263,707
Additions	-	188,976	82,816	-	271,792
Depreciation	-	(115,266)	(65,113)	(115,016)	(295,395)
Foreign currency translation	-	-	1,052	(3,022)	(1,970)
Balance at end	-	156,508	81,626	-	238,134

Lease liabilities

Set out below are the carrying amounts of lease liabilities recognised and the movements during the financial year:

	GROUP	
	2021	2020
	RM	RM
Balance at beginning	**250,096**	274,816
Additions	**1,837,938**	271,792
Accretion of interest	**75,162**	25,797
Payments	**(694,502)**	(325,674)
Foreign currency translation	**706**	3,365
Balance at end	**1,469,400**	250,096

Notes To The Financial Statements (Cont'd)

31 December 2021

5. **RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (cont'd)**

Lease liabilities (cont'd)

	GROUP	
	2021	2020
	RM	RM
Analysed as:		
Current	**711,344**	166,653
Non-current	**758,056**	83,443
	1,469,400	250,096

The maturity analysis of lease liabilities is disclosed in Note 30.4 to the financial statements.

The following are the amounts recognised in profit or loss:

	GROUP	
	2021	2020
	RM	RM
Depreciation of right-of-use assets	**632,975**	295,395
Accretion of interest on lease liabilities	**75,162**	25,797
Expense relating to lease of low value assets on equipment	**112,650**	47,950
Expense relating to short-term leases on premises	**282,000**	343,250
Total amount recognised in profit or loss	**1,102,787**	712,392

6. **INVESTMENT IN SUBSIDIARIES**

	COMPANY	
	2021	2020
	RM	RM
Unquoted shares, at cost	**153,828,690**	152,786,025
Unquoted redeemable preference shares, at cost	**106,920,000**	76,800,000
	260,748,690	229,586,025
Less: Allowance for impairment		
Balance at beginning	**(68,881,559)**	(70,383,537)
Current year	**(20,593,745)**	(1,123,848)
Reversal	**1,844,871**	2,625,826
Written off	**966,779**	-
Balance at end	**(86,663,654)**	(68,881,559)
	174,085,036	160,704,466

Notes To The Financial Statements (Cont'd)

31 December 2021

6. **INVESTMENT IN SUBSIDIARIES (cont'd)**

The details of the subsidiaries, all of which were incorporated in Malaysia, except where indicated are as follows:

Name of entities	**Effective equity interest held by the Group** **2021** %	2020 %	**Principal activities**
Exzone Precision Engineering Sdn. Bhd. ("EPE")	**100**	100	Manufacturing of precision plastic parts and components and sub-assembly of plastic parts and products.
Luster Plastic Industries Sdn. Bhd. ("LPI")	**100**	100	Dormant.
Luster Manufacturing Sdn. Bhd. ("LM")	**100**	100	Investment holding.
Luster Chi Wo Sdn. Bhd.[4]	**-**	51	Dormant.
Winco Precision Engineering (Melaka) Sdn. Bhd.	**100**	100	Precision engineering work and manufacturing of die-casting components.
Winco Precision Technologies Sdn. Bhd.[1]	**80**	80	Dormant.
Exzone Plastics Manufacturers Sdn. Bhd. ("EPM")	**100**	100	Dormant.
Luster Construction Sdn. Bhd.	**100**	100	Construction of properties.
Jade Classic Sdn. Bhd. ("JCSB")	**51**	51	Property development.
Pembinaan LSP Jaya Sdn. Bhd. ("PLSP")[2]	**54.55**	54.55	Property construction and development.
Pan Cambodian Lottery Corporation Limited ("PCL") (Incorporated in Cambodia)[3]	**95**	95	Lottery operator in Cambodia.
Glovmaster Sdn. Bhd. ("GM")	**56**	56	Manufacturing, sales and distribution of latex examination gloves
Luster Trading Sdn. Bhd. ("LT")	**100**	-	Dormant.
Luster Ara Sdn. Bhd. ("LA")	**50.1**	-	Dormant.
Indirect - held through Luster Plastic Industries Sdn. Bhd.			
Linpower Resources Sdn. Bhd. ("LPR")	**-**	100	Dormant.

Notes To The Financial Statements (Cont'd)

31 December 2021

6. **INVESTMENT IN SUBSIDIARIES (cont'd)**

Name of entities	Effective equity interest held by the Group		Principal activities
	2021	2020	
	%	%	
Indirect - held through Glovmaster Sdn. Bhd.			
Linpower Resources Sdn. Bhd. ("LPR")	**100**	-	Dormant.
Glovconcept Sdn. Bhd. ("GC")	**60**	-	Provision of engineering, procurement, construction and commissioning of glove related system
Indirect - held through Exzone Plastics Manufacturers Sdn. Bhd.			
Imetron (M) Sdn. Bhd.	**100**	100	Dormant.
Indirect - held through Winco Precision Engineering (Melaka) Sdn. Bhd.			
Winco Precision Technologies Sdn. Bhd.[(1)]	**20**	20	Dormant.
Pembinaan LSP Jaya Sdn. Bhd. ("PLSP")[(2)]	**45.45**	45.45	Property construction and development.
Indirect - held through Luster Manufacturing Sdn. Bhd.			
Luster Venture Sdn. Bhd.	**100**	100	Property construction.
Luster Hijauan Home Sdn. Bhd.	**100**	100	Property development and real estate activities.
Indirect - held through Exzone Precision Engineering Sdn. Bhd.			
TSI Zone (Malaysia) Sdn. Bhd. ("TSI")	**60**	60	Manufacture of acoustic products and consumer's electronic products

(1) *The Company has a direct interest of 80% and an indirect interest of 20% via another subsidiary, Winco Precision Engineering (Melaka) Sdn. Bhd.*

(2) *The Company has a direct interest of 54.55% and an indirect interest of 45.45% via another subsidiary, Winco Precision Engineering (Melaka) Sdn. Bhd.*

(3) *Not audited by Grant Thornton Malaysia PLT.*

(4) *The Company had been successfully struck off during the financial year.*

Notes To The Financial Statements (Cont'd)

31 December 2021

6. **INVESTMENT IN SUBSIDIARIES (cont'd)**

6.1 **Acquisition of subsidiaries**

2021

(a) On 3 February 2021 and 1 July 2021, GM, a subsidiary of the Company, has subscribed 600 and 59,400 ordinary shares respectively in GC representing 60% equity interest in GC for cash.

(b) On 13 December 2021, the Company has subscribed 501 ordinary shares in LA representing 50.1% equity interest in LA at RM501 for cash.

(c) On 24 December 2021, the Company has subscribed 10,000 ordinary shares in LT representing 100% equity interest in LT at RM10,000 for cash.

2020

(a) On 30 September 2020, EPE, a wholly-owned subsidiary of the Company, had acquired additional 20% equity interest in TSI by way of converting amount due from TSI of RM599,996.

(b) On 3 December 2020, the Company had subscribed 56 ordinary shares in GM representing 56% equity interest in GM at RM56 for cash.

6.2 **Disposal of a subsidiary**

On 1 April 2021, LPI, a wholly-owned subsidiary of the Company, has disposed of its 100% equity interest in LPR to GM at RM1 for cash. Subsequent to the disposal, the indirect controlling interest by the Company in LPR has reduced from 100% to 56% at the end of the reporting period.

6.3 **Subscription of redeemable preference shares ("RPS") and ordinary shares in subsidiaries**

(a) During the financial year, the Company has subscribed for 20,000, 5,000, 1,400 and 3,720 RPS in EPE, PLSP, LM and LPR respectively by way of converting amount due from EPE, PLSP, LM and LPR of RM20,000,000, RM5,000,000, RM1,400,000 and RM3,720,000 respectively.

(b) On 7 January 2021, EPE, a wholly-owned subsidiary of the Company, has subscribed additional 2,400,000 ordinary shares in TSI by way of converting amount due from TSI of RM2,400,000. No changes in the equity interest subsequent to the subscription of ordinary shares.

(c) On 2 February 2021, the Company has subscribed additional 1,399,944 ordinary shares in GM for cash. No changes in the equity interest subsequent to the subscription of ordinary shares.

(d) On 31 December 2021, the Company has subscribed additional 599,000 ordinary shares in LPI by way of converting amount due from LPI of RM599,000. No changes in the equity interest subsequent to the subscription of ordinary shares.

6.4 **Impairment on investment in subsidiaries**

The Company reviews the investment in subsidiaries for impairment annually. The recoverable amounts of the investment in subsidiaries are assessed by reference to their fair value less cost to sell, which approximate the net assets of the subsidiaries at the end of the reporting period. Accordingly, an impairment loss of **RM20,593,745** (2020: RM1,123,848) was recognised in respect of investment in LM, LPI, PLSP, LPR and EPM during the financial year, while a reversal of impairment loss of **RM1,844,871** (2020: RM2,625,826) was recognised in respect of investment in EPE and PCL during the financial year.

Notes To The Financial Statements (Cont'd)

31 December 2021

6. **INVESTMENT IN SUBSIDIARIES (cont'd)**

6.5 **Subsidiaries with material non-controlling interests ("NCI")**

The details of the material NCI are as follows:

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	PCL	JCSB	TSI	GM	GC	Total
2021						
NCI percentage of ownership interest and voting interest (%)	**5%**	**49%**	**40%**	**44%**	**66.4%**	
Carrying amount of NCI (RM)	**310,681**	**472,113**	**1,002,267**	**2,286,815**	**10,252**	**4,082,128**
Profit allocated to NCI (RM)	**11,966**	**(5,587)**	**(927,789)**	**1,194,999**	**(56,148)**	**217,441**
2020						
NCI percentage of ownership interest and voting interest (%)	5%	49%	40%	44%	-	
Carrying amount of NCI (RM)	290,368	477,700	330,056	(8,140)	-	1,089,984
Profit allocated to NCI (RM)	8,619	(2,842)	(69,811)	(8,184)	-	(72,218)

Notes To The Financial Statements (Cont'd)

31 December 2021

6. **INVESTMENT IN SUBSIDIARIES (cont'd)**

6.5 **Subsidiaries with material non-controlling interests ("NCI") (cont'd)**

The summarised financial information of material NCI presented below is the amount before inter-company elimination:

	PCL RM	JCSB RM	TSI RM	GM RM	GC RM
2021					
Assets and liabilities					
Non-current assets	**2,892,984**	**-**	**-**	**56,859,984**	**-**
Current assets	**4,017,842**	**92,278,436**	**3,595,152**	**10,830,868**	**56,844,682**
Non-current liabilities	**(146,361)**	**(75,918,766)**	**-**	**(7,430,703)**	**-**
Current liabilities	**(550,839)**	**(15,396,174)**	**(1,089,484)**	**(55,062,843)**	**(56,829,242)**
Net assets	**6,213,626**	**963,496**	**2,505,668**	**5,197,306**	**15,440**
Results					
Revenue	**4,372,337**	**-**	**1,587,699**	**6,549,973**	**-**
Net profit/(loss), representing total comprehensive income/(loss) for the financial year	**239,321**	**(11,402)**	**(2,319,472)**	**2,715,906**	**(84,560)**
Net cash generated from/(used in):					
Operating activities	**285,982**	**(4,798,323)**	**(4,255,788)**	**7,220,659**	**18,132,194**
Investing activities	**(1,102,706)**	**447**	**435,872**	**(56,772,434)**	**195,659**
Financing activities	**(216,911)**	**5,069,299**	**1,489,732**	**54,397,591**	**127,782**
Net change in cash and cash equivalents	**(1,033,635)**	**271,423**	**(2,330,184)**	**4,845,816**	**18,455,635**
2020					
Assets and liabilities					
Non-current assets	2,589,279	-	1,182,801	138,467	-
Current assets	3,660,404	8,828,720	4,244,232	3,062,940	-
Non-current liabilities	(14,829)	-	-	-	-
Current liabilities	(427,502)	(7,853,822)	(4,601,893)	(3,219,907)	-
Net assets	5,807,352	974,898	825,140	(18,500)	-
Results					
Revenue	4,807,029	-	-	-	-
Net profit/(loss), representing total comprehensive income/(loss) for the financial year	172,374	(5,799)	(174,528)	(18,600)	-
Net cash generated from/(used in):					
Operating activities	360,312	(2,502,792)	4,192,600	18,132,194	-
Investing activities	(59,087)	425	(1,192,758)	195,659	-
Financing activities	(151,333)	2,502,197	999,990	127,782	-
Net change in cash and cash equivalents	149,892	(170)	3,999,832	18,455,635	-

Notes To The Financial Statements (Cont'd)

31 December 2021

7. GOODWILL ON CONSOLIDATION

The goodwill is allocated to the Group's cash-generating unit ("CGU") identified as follows:

	GROUP	
	2021	2020
	RM	RM
At cost:		
Manufacturing	**8,591,870**	8,591,870
Less: Allowance for impairment	**(2,145,911)**	(2,145,911)
	6,445,959	6,445,959

The goodwill arising from the business acquisition has been allocated to the Group's manufacturing segment as the CGU.

For annual impairment testing purposes, the recoverable amount of the CGU are determined based on their value-in-use, which apply a discounted cash flow model using cash flow projections based on approved financial budget and projections covering a five (5)-year period.

Key assumptions used in value-in-use calculations

The key assumptions on which the management has based on for the computation of value-in-use are as follows:

(i) Cash flow projections and growth rate

The 5-year cash flow projections are prepared based on management's past experience. The revenue for the first year of the 5-year cash flow projections is prepared based on the most recent approved financial budget by the Board of Directors. Thereafter, a **1%** (2020: 2%) annual growth rate is applied to the remaining years of the cash flow projections.

(ii) Discount rate

Pre-tax discount rate at **9.17%** (2020: 13.30%) was applied to the calculations in determining the recoverable amount of the CGUs. The discount rate is estimated based on the weighted average cost of capital of the Group for the financial year.

Sensitivity to changes in key assumptions

The management believes that any reasonable change in the key assumptions would not cause the recoverable amounts of the CGUs to differ materially from their carrying amounts.

8. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	RM	RM	**RM**	RM
Balance at beginning	**1,800,216**	2,567,533	**-**	(85,000)
Recognised in profit or loss	**(1,319,122)**	(577,370)	**-**	(85,000)
	481,094	1,990,163	**-**	-
Under/(Over) provision in prior year	**879,524**	(189,947)	**-**	-
Balance at end	**1,360,618**	1,800,216	**-**	-

Notes To The Financial Statements (Cont'd)

31 December 2021

8. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

The recognised deferred tax assets/(liabilities), after appropriate offsetting, are as follows:

	GROUP	
	2021	2020
	RM	RM
Deferred tax assets	**1,986,000**	3,039,000
Deferred tax liabilities	**(625,382)**	(1,238,784)
	1,360,618	1,800,216

The deferred tax assets/(liabilities) at the end of the reporting period are made up of the temporary difference arising from:

	GROUP	
	2021	2020
	RM	RM
Property, plant and equipment	**(2,044,337)**	(2,019,668)
Unused tax losses	**2,415,000**	2,593,000
Unabsorbed capital allowances	**-**	710,000
Unabsorbed reinvestment allowance	**724,000**	1,139,000
Unabsorbed allowance for increase exports	**121,000**	121,000
Provisions	**42,807**	32,884
Others	**102,148**	(776,000)
	1,360,618	1,800,216

The following deferred tax assets have not been recognised as at the end of the reporting period as it is not probable that future taxable profit will be available against which they may be utilised:

	GROUP	
	2021	2020
	RM	RM
Unused tax losses	**13,651,311**	12,300,935
Unabsorbed capital allowances	**1,502,923**	1,230,446
Unabsorbed reinvestment allowance	**10,646,228**	10,646,229
Unabsorbed prospecting allowance	**528,000**	528,000
Other deductible temporary difference	**593,033**	478,064
	26,921,495	25,183,674

Notes To The Financial Statements (Cont'd)

31 December 2021

8. **DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)**

The gross amount and future availability of unused tax losses and unabsorbed allowances which are available to be carried forward for set-off against future taxable income are estimated as follows:

	GROUP	
	2021	2020
	RM	RM
Unused tax losses	**23,713,893**	23,049,237
Unabsorbed capital allowances	**1,502,923**	3,890,485
Unabsorbed reinvestment allowance	**13,662,813**	15,682,650
Unabsorbed prospecting allowance	**528,000**	528,000
Unabsorbed allowance for increase exports	**504,000**	504,000

The unused tax losses can be carried forward for **ten** (2020: seven) consecutive years of assessment immediately following that year of assessment ("YA") of which tax losses was incurred and this is effective from YA 2018. Unabsorbed reinvestment allowance at the end of the qualifying reinvestment allowance period of fifteen years can be carried forward for seven consecutive years of assessment. However, unabsorbed capital allowance can be carried forward indefinitely.

The unabsorbed reinvestment allowance will expire in the YA 2025, while the unused tax losses will expire in the following YAs:

	GROUP	
	2021	2020
	RM	RM
YA 2025	**-**	23,049,237
YA 2028	**22,306,929**	-
YA 2031	**1,406,964**	-
	23,713,893	23,049,237

9. **TRADE RECEIVABLES**

	GROUP	
	2021	2020
	RM	RM
Non-current asset		
Retention sum receivables	**2,778,781**	2,724,201
Current assets		
Trade receivables	**90,193,318**	86,578,057
Less: Allowance for expected credit losses	**-**	(122,837)
	90,193,318	86,455,220
Retention sum receivables	**3,277,324**	4,754,155
	93,470,642	91,209,375
Total trade receivables	**96,249,423**	93,933,576

Notes To The Financial Statements (Cont'd)

31 December 2021

9. **TRADE RECEIVABLES (cont'd)**

The normal credit terms granted to trade receivables range from **30 to 75 days** (2020: 30 to 75 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in the Group's trade receivables is an amount of:

(i) **RM Nil** (2020: RM34,766) due from a company in which persons connected to a former director of certain subsidiaries have substantial financial interests; and

(ii) **RM49,926,874** (2020: RM47,479,074) due from a company in which a director of the Company has substantial financial interests.

The movement of the allowance for expected credit losses is as follows:

	GROUP	
	2021	2020
	RM	RM
Balance at beginning	**122,837**	122,837
Written off	**(122,837)**	-
Balance at end	**-**	122,837

The currency profile of trade receivables is as follows:

	GROUP	
	2021	2020
	RM	RM
Ringgit Malaysia	**70,769,370**	70,340,074
United States Dollar	**24,478,934**	23,024,790
Singapore Dollar	**954,386**	554,924
Cambodian Riel	**45,219**	13,258
Euro	**1,514**	530
	96,249,423	93,933,576

Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set off for presentation purpose:

	Gross amount RM	**Balance that is set off RM**	**Net carrying amount RM**
2021			
Trade receivables	**96,969,346**	**(719,923)**	**96,249,423**
Trade payables	**(39,748,755)**	**719,923**	**(39,028,832)**
2020			
Trade receivables	94,683,620	(750,044)	93,933,576
Trade payables	(41,529,510)	750,044	(40,779,466)

Certain trade receivables and trade payables were set off for presentation purpose because they have enforceable right to set off and they intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes To The Financial Statements (Cont'd)

31 December 2021

10. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

		GROUP		COMPANY	
		2021	2020	**2021**	2020
	NOTE	**RM**	RM	**RM**	RM
Non-current assets					
Other receivables	**10.1**	**10,277,527**	9,944,362	**-**	-
Refundable deposits	**10.2**	**2,499,000**	2,429,700	**-**	-
		12,776,527	12,374,062	**-**	-
Current assets					
Other receivables	**10.1**	**17,707,732**	7,895,694	**256,413**	256,408
Stakeholder sum	**10.3**	**5,995,578**	5,999,312	**5,995,578**	5,999,312
Refundable deposits	**10.2**	**7,620,167**	3,505,811	**64,050**	66,750
Prepayments		**5,366,529**	1,961,689	**-**	72,324
GST recoverable		**18,231**	18,489	**-**	-
		36,708,237	19,380,995	**6,316,041**	6,394,794
Total other receivables, deposits and prepayments		**49,484,764**	31,755,057	**6,316,041**	6,394,794

The currency profile of other receivables, deposits and prepayments is as follows:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	RM	RM	**RM**	RM
Ringgit Malaysia	**43,722,056**	26,982,095	**6,316,041**	6,394,794
United States Dollar	**3,673,166**	2,736,504	**-**	-
Cambodian Riel	**2,082,500**	2,024,750	**-**	-
Australian Dollar	**-**	11,708	**-**	-
Others	**7,042**	-	**-**	-
	49,484,764	31,755,057	**6,316,041**	6,394,794

10.1 Other receivables

Included in the other receivables under non-current assets of the Group is an amount due from a joint venture partner subsequent to the rescission of the Joint Venture Agreement ("JVA") between the Group and the joint venture partner in relation to develop a land into commercial and residential or mixed commercial and residential estates. On 30 November 2020, the Company had entered into a Deed of Rescission with the joint venture partner to rescind the JVA in view of current weak market condition in high rise development. Joint venture partner shall refund the land entitlement cost of RM10,000,000 and development costs of RM1,041,479 within 3 years from the date of rescission with extension of 2 years subject to mutual agreements of the parties. Accordingly, the amount due from the joint venture partner will be recovered within 3 years from the date of rescission with extension of 2 years subject to mutual agreements of the parties.

Notes To The Financial Statements (Cont'd)

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10. **OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)**

10.1 **Other receivables (cont'd)**

Included in the other receivables under current assets of the Group are an amount of:

(i) **RM1,200,000** (2020: RM1,200,000) being performance bond paid to Koperasi Hartanah Malaysia Berhad ("KOHAMA") which will be refunded upon completion of the development project in Pengkalan Hulu, Perak;

(ii) **RM5,666,445** (2020: RM5,666,445) being performance bond paid to a company in which a director of the Company has substantial financial interests pursuant to the Project Financing, Management and Construction Agreement ("PFMCC Agreement") in relation to the development of a land in Tasek Gelugor, Pulau Pinang; and

(iii) **RM5,000,000** (2020: RM Nil) being performance bond paid to a corporate shareholder of a subsidiary, GC, to guarantee the due performance of GC in Engineering, Procurement, Construction and Commissioning and Glove Technology Solution Consulting ("EPCC Contract") in relation to gloves production lines as disclosed in Note 34 to the financial statements.

10.2 **Refundable deposits**

Included in the refundable deposits of the Group are an amount of:

(i) **RM2,499,000** (2020: RM2,429,700) being statutory deposit placed with the National Bank of Cambodia upon issuance of the gaming license by the Ministry of Economy and Finance Cambodia to a subsidiary, PCL; and

(ii) **RM3,500,000** (2020: RM Nil) being deposit paid to third parties to acquire a freehold land as disclosed in Note 35(iii) to the financial statements.

10.3 **Stakeholder sum**

The stakeholder sum was paid to a legal firm and is under the material litigation as disclosed in Note 33 to the financial statements.

11. **INVENTORY PROPERTIES**

	GROUP	
	2021	2020
	RM	RM
Property development costs		
- Land related costs	**94,526,960**	17,857,917
- Development costs	**18,070,386**	12,202,305
Completed development units	**13,631,060**	13,631,060
	126,228,406	43,691,282

During the financial year, JCSB, a subsidiary of the Company, had accrued the present value of the land related costs of RM75,719,854 pursuant to the Joint Venture Agreement entered between JCSB and the landowner.

Notes To The Financial Statements (Cont'd)

31 December 2021

12. INVENTORIES

	GROUP 2021 RM	GROUP 2020 RM
At cost		
Raw materials	**15,096,450**	8,205,013
Work-in-progress	**3,911,497**	2,744,035
Finished goods	**6,917,459**	7,911,605
Consumables	**82,804**	108,866
	26,008,210	18,969,519
Cost of inventories recognised in profit or loss:		
Inventories recognised as cost of sales	**115,774,808**	116,169,233
Inventories written down	**478,298**	296,408

13. CONTRACT ASSETS/(LIABILITIES)

	NOTE	GROUP 2021 RM	GROUP 2020 RM
Contract assets			
- Construction contracts	**13.1**	**2,341,738**	1,933,830
Contract liabilities			
- Construction contracts	**13.2**	**-**	(528,105)
- Deposits received from customers	**13.3**	**(55,129,490)**	(648,516)
		(55,129,490)	(1,176,621)
		(52,787,752)	757,209

13.1 Contract assets - construction contracts

	GROUP 2021 RM	GROUP 2020 RM
Balance at beginning	**1,933,830**	7,134,461
Revenue recognised during the year	**18,540,771**	33,769,160
Progress billings during the year	**(18,132,863)**	(38,969,791)
Balance at end	**2,341,738**	1,933,830

Notes To The Financial Statements (Cont'd)

31 December 2021

13. **CONTRACT ASSETS/(LIABILITIES) (cont'd)**

13.2 **Contract liabilities - construction contracts**

	GROUP	
	2021	2020
	RM	RM
Balance at beginning	**(528,105)**	-
Revenue recognised during the year	**528,105**	18,570,257
Progress billings during the year	**-**	(19,098,362)
Balance at end	**-**	(528,105)

13.3 **Contract liabilities - deposits received from customers**

	GROUP	
	2021	2020
	RM	RM
Balance at beginning	**(648,516)**	(783,535)
Revenue recognised during the year	**4,570,893**	2,183,931
Deposits received during the year	**(59,051,867)**	(2,048,912)
Balance at end	**(55,129,490)**	(648,516)

Included in the contract liabilities of the Group are an amount of:

(i) **RM1,291,899** (2020: RM648,516) being deposits received from customers in advance to manufacture moulds; and

(ii) **RM53,837,591** (2020: RM Nil) being deposits received from a customer pursuant to the EPCC Contract in relation to gloves production lines as disclosed in Note 34 to the financial statements.

14. **CONTRACT COSTS**

		GROUP	
		2021	2020
	NOTE	**RM**	RM
Cost to obtain contract			
- Construction contracts	**14.1**	**570,000**	1,257,488
Cost to fulfill contract			
- Manufacturing of moulds	**14.2**	**1,011,548**	-
- EPCC Contract	**14.3**	**33,002,584**	-
		34,014,132	-
		34,584,132	1,257,488

14.1 **Cost to obtain contract – construction contracts**

Cost to obtain contract in relation to the construction contracts primarily comprises compensation paid to the former contractor.

Capitalised compensation to the former contractor is amortised over the period in which the related revenue is recognised. During the financial year, the amount of amortisation was **RM687,488** (2020: RM1,417,704).

Notes To The Financial Statements (Cont'd)

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14. **CONTRACT COSTS (cont'd)**

14.2 **Cost to fulfil contract – manufacturing of moulds**

Cost to fulfil contract in relation to the manufacturing of moulds comprises costs incurred to manufacture moulds which the related mould income has yet to be recognised as revenue.

These costs are amortised to profit or loss when the related mould income is recognised. During the financial year, the amount of amortisation is **RM3,340,514** (2020: RM1,455,940).

14.3 **Cost to fulfil contract – EPCC Contract**

Cost to fulfill contract in relation to the EPCC Contract comprises cost incurred to manufacture machine parts for gloves production lines as disclosed in Note 34 to the financial statements, which the related EPCC Contract revenue has yet to be recognised as revenue.

These costs are amortised over the period to profit or loss when the related revenue in relation to EPCC Contract are recognised. During the financial year, nil amount being amortised to profit or loss.

15. **AMOUNT DUE FROM/(TO) SUBSIDIARIES**

	COMPANY	
	2021	2020
	RM	RM
Amount due from subsidiaries:		
Total amount	**67,432,946**	30,219,598
Less: Allowance for expected credit losses	**-**	(4,317,615)
	67,432,946	25,901,983
Amount due to subsidiaries:		
Total amount	**(10,000)**	(17,212,500)

The amount due from subsidiaries is non-trade related, unsecured, non-interest bearing and classified based on the expected timing of realisation except for **RM63,868,608** (2020: RM Nil) on which interest is charged at **3.45%** (2020: Nil) per annum.

The amount due to subsidiaries is non-trade related, unsecured, non-interest bearing and repayment on demand.

The movement of the allowance for expected credit losses is as follows:

	COMPANY	
	2021	2020
	RM	RM
Balance at beginning	**4,317,615**	4,062,615
Charge for the year	**-**	255,000
Reversal	**(4,317,615)**	-
Balance at end	**-**	4,317,615

Notes To The Financial Statements (Cont'd)

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16. FIXED DEPOSITS WITH LICENSED BANKS

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	RM	RM	**RM**	RM
Unencumbered	**1,311,884**	24,389,713	**-**	20,000,000
Encumbered	**532,566**	532,566	**-**	-
	1,844,450	24,922,279	**-**	20,000,000

The encumbered fixed deposits are pledged to licensed banks for banking facilities granted to certain subsidiaries as disclosed in Note 20 to the financial statements.

The effective interest rates per annum and maturity of the fixed deposits with licensed banks of the Group as at the end of the reporting period ranged from **1.55% to 5.80%** (2020: 1.70% to 3.06%) per annum and **12 months** (2020: 2 month to 12 months) respectively.

The effective interest rates per annum and maturity of the fixed deposits with licensed banks of the Company as at the end of the reporting period is **Nil** (2020: 1.70%) per annum and **Nil** (2020: 2 months) respectively.

17. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	RM	RM	**RM**	RM
Short term funds with licensed financial institutions	**4,285,657**	237,367	**-**	-
Cash in hand and at banks	**53,706,376**	76,009,538	**5,333,815**	53,336,179
	57,992,033	76,246,905	**5,333,815**	53,336,179

Short term funds with licensed financial institutions are funds that invest in a mixture of money market instruments and fixed deposits with different maturity profile. The funds can be redeemed at any point in time upon request.

The currency profile of cash and bank balances is as follows:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	RM	RM	**RM**	RM
Ringgit Malaysia	**40,798,790**	71,481,974	**5,333,815**	53,336,179
United States Dollar	**12,424,845**	2,543,649	**-**	-
Singapore Dollar	**4,761,010**	2,213,892	**-**	-
Others	**7,388**	7,390	**-**	-
	57,992,033	76,246,905	**5,333,815**	53,336,179

Notes To The Financial Statements (Cont'd)

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18. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2021	2020	**2021**	2020
			RM	RM
Issued and fully paid:				
Balance at beginning	**2,892,912,712**	2,076,035,010	**299,299,162**	207,829,450
Issuance of shares pursuant to:				
- private placements	**-**	816,877,702	**-**	91,469,712
- exercise of warrants	**55,900**	-	**5,590**	-
Balance at end	**2,892,968,612**	2,892,912,712	**299,304,752**	299,299,162

During the financial year, the Company has increased its issued and fully paid up ordinary share capital by way of issuance of 55,900 new ordinary shares pursuant to the exercise of the warrants at an exercise price of RM0.10 per warrant.

The new ordinary shares rank *pari passu* in all respects with the existing ordinary shares of the Company.

19. OTHER RESERVES

		GROUP		COMPANY	
		2021	2020	**2021**	2020
	NOTE	**RM**	RM	**RM**	RM
Foreign currency translation reserve	**19.1**	**86,835**	(71,770)	**-**	-
Warrants reserve	**19.2**	**22,616,494**	22,618,076	**22,616,494**	22,618,076
Discount on shares	**19.2**	**(22,616,494)**	(22,618,076)	**(22,616,494)**	(22,618,076)
Capital reserve	**19.3**	**8,419,642**	8,419,642	**-**	-
		8,506,477	8,347,872	**-**	-
Accumulated losses		**(17,766,531)**	(26,236,326)	**(46,600,045)**	(50,156,508)
		(9,260,054)	(17,888,454)	**(46,600,045)**	(50,156,508)

19.1 Foreign currency translation reserve

The foreign currency translation reserve is in respect of foreign exchange differences on translation of the financial statements of foreign operation whose functional currency is different from that of the Group's presentation currency.

19.2 Warrants reserve and discount on shares

The warrants reserve comprises the fair values of the following Warrants:

		GROUP AND COMPANY	
		2021	2020
	NOTE	**RM**	RM
Warrants A expiring 3 June 2022	**(i)**	**12,491,494**	12,493,076
Warrants B expiring 26 May 2023	**(ii)**	**10,125,000**	10,125,000
		22,616,494	22,618,076

Notes To The Financial Statements (Cont'd)

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19. **OTHER RESERVES (cont'd)**

19.2 **Warrants reserve and discount on shares (cont'd)**

(i) On 5 June 2012, the Company issued 441,594,505 10-year free detachable warrants 2012/2022 ("Warrants A") pursuant to the Company's restructuring exercise. The Warrants A are constituted by a deed poll dated 23 April 2012. The Warrants A are listed on Bursa Malaysia on 12 June 2012. During the financial year, **55,900** (2020: Nil) Warrants A were exercised during the financial year. As at the end of the reporting period, there is a total of **441,538,605** (2020: 441,594,505) unexercised Warrants A.

The main features of the Warrants A are as follows:

- Each Warrant A entitles the registered holder at any time during the exercise period to subscribe for one new ordinary share in the Company at an exercise price of RM0.10 per ordinary share.

- The exercise price and the number of Warrants A are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions set out in the deed poll.

- The Warrants A shall be exercisable at any time within the period commencing on and including the date of issue of the Warrants A until the last market day prior to the tenth anniversary of the date of issue of the Warrants A.

- All new ordinary shares to be issued arising from the exercise of the Warrants A shall rank *pari passu* in all respects with the then existing ordinary shares of the Company except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and other distributions on or prior to the date of allotment of the new ordinary shares arising from the exercise of the Warrants A.

- At the expiry of the exercise period, any Warrants A which have not been exercised will lapse and cease to be valid for any purpose.

(ii) On 27 May 2013, the Company issued 216,000,000 10-year free detachable warrants 2013/2023 ("Warrants B") pursuant to the Company's Placement Shares with Warrants exercise. The Warrants B are constituted by a deed poll dated 23 May 2013. The Warrants B are listed on Bursa Malaysia on 30 May 2013. During the financial year, no Warrants B were exercised. As at 31 December 2021, there is a total of 216,000,000 unexercised Warrants B.

The main features of the Warrants B are as follows:

- Each Warrant B entitles the registered holder at any time during the exercise period to subscribe for one new ordinary share in the Company at an exercise price of RM0.10 per ordinary share.

- The exercise price and the number of Warrants B are subject to adjustment in the event of alteration to the share capital of the Company in accordance with the provisions set out in the deed poll.

- The Warrants B shall be exercisable at any time within the period commencing on and including the date of issue of the Warrants B until the last market day prior to the tenth anniversary of the date of issue of the Warrants B.

- All new ordinary shares to be issued arising from the exercise of the Warrants B shall rank *pari passu* in all respects with the then existing ordinary shares of the Company except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and other distributions on or prior to the date of allotment of the new ordinary shares arising from the exercise of the Warrants B.

- At the expiry of the exercise period, any Warrants B which have not been exercised will lapse and cease to be valid for any purpose.

The discount on shares is a reserve account that was created to preserve the par value of the ordinary shares prior to the implementation of the no par regime on 31 January 2017 pursuant to the Companies Act 2016.

Notes To The Financial Statements (Cont'd)

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19. **OTHER RESERVES (cont'd)**

19.3 **Capital reserve**

Capital reserve represents the excess of the Group's share of net assets before and after the change in its ownership interest in subsidiaries, and the consideration paid for the acquisition from the non-controlling interest.

20. **BORROWINGS**

	GROUP	
	2021	2020
	RM	RM
Non-current liabilities		
Secured:		
Finance lease liabilities		
Minimum payments:		
Within one year	**292,054**	164,892
More than one year and less than two years	**102,296**	152,808
More than two years and less than five years	**-**	20,196
	394,350	337,896
Future finance charges	**(20,376)**	(19,527)
	373,974	318,369
Amount due within one year included under current liabilities	**(277,373)**	(150,879)
	96,601	167,490
Term loans		
Total amount repayable	**9,557,939**	2,139,346
Amount due within one year included under current liabilities	**(1,031,337)**	(470,038)
	8,526,602	1,669,308
	8,623,203	1,836,798
Current liabilities		
Secured:		
Bankers' acceptance	**10,627,013**	8,933,132
Finance lease liabilities	**277,373**	150,879
Revolving credit	**-**	2,000,000
Term loans	**1,031,337**	470,038
	11,935,723	11,554,049
Total borrowings	**20,558,926**	13,390,847

Notes To The Financial Statements (Cont'd)

31 December 2021

20. **BORROWINGS (cont'd)**

The borrowings are secured by way of:

(i) Legal charge over the leasehold land and buildings of certain subsidiaries as disclosed in Note 4 to the financial statements;
(ii) Pledge of fixed deposits with licensed banks as disclosed in Note 16 to the financial statements;
(iii) Corporate guarantee of the Company and certain subsidiary; and
(iv) Leased assets as disclosed in Note 4 to the financial statements.

A summary of the effective interest rates per annum and the maturities of the borrowings is as follows:

	Effective interest rates per annum	Total	Within one year	More than one year and less than two years	More than two years and less than five years	More than five years
	(%)	RM	RM	RM	RM	RM
GROUP						
2021						
Bankers' acceptance	**2.80 to 3.71**	**10,627,013**	**10,627,013**	**-**	**-**	**-**
Finance lease liabilities	**2.44 to 3.64**	**373,974**	**277,373**	**96,601**	**-**	**-**
Term loans	**3.55 to 5.70**	**9,557,939**	**1,031,337**	**1,079,998**	**2,406,320**	**5,040,284**
2020						
Bankers' acceptance	3.36 to 3.75	8,933,132	8,933,132	-	-	-
Finance lease liabilities	2.44 to 3.64	318,369	150,879	147,762	19,728	-
Revolving credit	6.05	2,000,000	2,000,000	-	-	-
Term loans	5.45 to 5.70	2,139,346	470,038	497,442	1,084,126	87,740

21. **TRADE PAYABLES**

	GROUP	
	2021	2020
	RM	RM
Non-current liability		
Retention sum payables	**2,269,114**	2,262,311
Current liabilities		
Trade payables	**33,717,132**	34,623,640
Retention sum payables	**3,042,586**	3,893,515
	36,759,718	38,517,155
Total trade payables	**39,028,832**	40,779,466

Notes To The Financial Statements (Cont'd)

31 December 2021

21. **TRADE PAYABLES (cont'd)**

The currency profile of trade payables is as follows:

	GROUP	
	2021	2020
	RM	RM
Ringgit Malaysia	**33,844,380**	30,391,573
United States Dollar	**5,057,012**	10,383,314
Singapore Dollar	**127,440**	4,579
	39,028,832	40,779,466

The trade payables are non-interest bearing and is normally settled within **30 to 60 days** (2020: 30 to 60 days) credit terms.

Included herein are an amount of:

(i) **RM43,108** (2020: RM79,671) due to companies in which persons connected to a former director of the Company of certain subsidiaries have substantial financial interests; and

(ii) **RM199,410** (2020: RM1,604,107) being fixed profit payable to a company in which a director of the Company has substantial financial interests pursuant to the PFMCC Agreement as disclosed in Note 10.1 to the financial statements.

22. **OTHER PAYABLES AND ACCRUALS**

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	RM	RM	**RM**	RM
Non-current liabilities				
Accruals	**75,719,854**	-	**-**	-
Retention sum payables	**295,443**	-	**-**	-
	76,015,297	-	**-**	-
Current liabilities				
Other payables	**7,545,962**	4,547,690	**-**	-
Accruals	**9,545,972**	9,108,584	**212,562**	121,699
Amount due to a director of a subsidiary	**3,669,525**	1,470,000	**-**	-
Amount due to a corporate shareholder of a subsidiary	**23,887**	-	**-**	-
Deposits received	**42,000**	42,000	**-**	-
	20,827,346	15,168,274	**212,562**	121,699
Total other payables and accruals	**96,842,643**	15,168,274	**212,562**	121,699

Notes To The Financial Statements (Cont'd)

31 December 2021

22. **OTHER PAYABLES AND ACCRUALS (cont'd)**

The currency profile of other payables and accruals is as follows:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	RM	RM	**RM**	RM
Ringgit Malaysia	**96,100,084**	14,135,458	**212,562**	121,699
United States Dollar	**498,957**	789,137	**-**	-
Cambodian Riel	**235,947**	243,679	**-**	-
Others	**7,655**	-	**-**	-
	96,842,643	15,168,274	**212,562**	121,699

The accruals under non-current liabilities of the Group represent the present value of the land related costs in relation to a development project and it will become payable to the landowner upon completion of the development project.

The amount due to a director of a subsidiary, JCSB, is non-trade related, unsecured, non-interest bearing and repayable on demand.

The amount due to a corporate shareholder of a subsidiary, TSI, is non-trade related, unsecured, non-interest bearing and repayable on demand.

Notes To The Financial Statements (Cont'd)

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23. REVENUE

23.1 Disaggregated revenue information

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	RM	RM	**RM**	RM
Types of goods or services				
Sale of goods	**123,770,552**	124,140,462	**-**	-
Construction contract revenue	**19,068,876**	52,339,417	**-**	-
Sale of lottery tickets	**4,372,337**	4,807,029	**-**	-
Mould income	**4,570,893**	2,183,931	**-**	-
Management fee	**-**	-	**270,000**	270,000
Revenue from contracts with customers	**151,782,658**	183,470,839	**270,000**	270,000
Rental income	**-**	-	**-**	25,000
Dividend income	**-**	-	**17,981,105**	-
Other revenues	**-**	-	**17,981,105**	25,000
Total revenues	**151,782,658**	183,470,839	**18,251,105**	295,000
Geographical markets				
Malaysia	**75,692,547**	105,093,387	**270,000**	270,000
Asia-Pacific	**42,074,724**	47,871,974	**-**	-
United Kingdom	**24,324,318**	18,576,230	**-**	-
Italy	**6,816,700**	2,347,513	**-**	-
New Zealand	**1,077,353**	1,381,946	**-**	-
South Africa	**691,739**	655,716	**-**	-
Saudi Arabia	**472,771**	291,355	**-**	-
Chile	**208,743**	210,356	**-**	-
Kenya	**117,866**	372,582	**-**	-
United States of America	**84,031**	4,361,840	**-**	-
Cyprus	**-**	1,839,105	**-**	-
Other countries	**221,866**	468,835	**-**	-
Total revenue from contracts with customers	**151,782,658**	183,470,839	**270,000**	270,000
Timing of revenue recognition				
Revenue recognised at a point in time	**132,713,782**	131,131,422	**-**	-
Revenue recognised over time	**19,068,876**	52,339,417	**270,000**	270,000
Total revenue from contracts with customers	**151,782,658**	183,470,839	**270,000**	270,000

Notes To The Financial Statements (Cont'd)

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23. **REVENUE (cont'd)**

23.2 **Performance obligations**

The performance obligation of the respective revenue are spelt out in Note 3.12 to the financial statements.

Unsatisfied performance obligations

The transaction price allocated to the remaining performance obligations of the Group (unsatisfied or partially satisfied) to be fulfilled as follows:

	GROUP	
	2021	2020
	RM	RM
Within one year		
- construction contract revenue	**1,295,309**	17,737,519
- mould income	**2,216,394**	1,190,947
- EPCC Contract revenue	**90,337,100**	-
More than one year		
- EPCC Contract revenue	**10,407,500**	-

24. **PROFIT/(LOSS) BEFORE TAX**

This is arrived at:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	RM	RM	**RM**	RM
After charging:				
Allowance for expected credit losses on amount due from subsidiaries	**-**	-	**-**	255,000
Auditors' remuneration				
- Statutory audit				
- Company's auditors				
- Current year	**178,000**	150,000	**47,000**	42,000
- Under provision in prior year	**2,000**	-	**1,000**	-
- Other auditors	**19,000**	18,917	**-**	-
- Other services	**55,350**	72,850	**8,000**	33,000
Bad debts written off	**35,618**	-	**-**	-
Depreciation				
- property, plant and equipment	**4,654,271**	4,457,725	**-**	9,938
- right-of-use assets	**632,975**	295,395	**-**	-
Expense relating to lease of low value assets	**112,650**	47,950	**-**	-
Expense relating to short-term leases	**282,000**	343,250	**-**	-
Impairment loss on investment in subsidiaries	**-**	-	**20,593,745**	1,123,848
Inventories written down	**478,298**	296,408	**-**	-

Notes To The Financial Statements (Cont'd)

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24. **PROFIT/(LOSS) BEFORE TAX (cont'd)**

		GROUP		COMPANY	
		2021	2020	**2021**	2020
		RM	RM	**RM**	RM
	Interest expenses on:				
	- Accretion of interest on lease liabilities	**75,162**	25,797	**-**	-
	- Bank overdraft	**-**	1,516	**-**	-
	- Bankers' acceptance	**398,307**	513,941	**-**	-
	- Finance lease liabilities	**19,149**	26,324	**-**	-
	- Revolving credit	**5,144**	4,849	**-**	-
	- Term loans	**177,031**	122,662	**-**	-
	- Unwinding discount on other receivables	**-**	1,097,117	**-**	-
	Property, plant and equipment written off	**699,940**	-	**-**	-
	Realised loss on foreign exchange	**-**	259,538	**-**	-
*	Staff costs	**28,557,940**	30,265,498	**1,076,647**	849,323
	Unrealised loss on foreign exchange	**-**	107,136	**-**	-
	And crediting:				
	Commission income	**6,549,973**	-	**-**	-
	Gain on disposal of property, plant and equipment	**6,001**	75,599	**-**	8,599
	Interest income	**850,891**	419,943	**366,014**	40,881
	Interest income on amount due from subsidiaries	**-**	-	**1,402,719**	-
	Reversal of allowance for expected credit losses on amount due from subsidiaries	**-**	-	**4,317,615**	-
	Reversal of impairment loss on investment in subsidiaries	**-**	-	**1,844,871**	2,625,826
	Rental income	**38,910**	-	-	-
	Realised gain on foreign exchange	**109,925**	-	-	4,454
	Unrealised gain on foreign exchange	**477,872**	44,039	-	1,890
	Unwinding discount on other receivables	**333,165**	-	-	-

*	**Staff costs**				
	- Wages, salaries, allowances, bonus and incentive	**26,358,992**	28,133,137	**987,778**	779,135
	- EPF	**1,886,488**	1,882,616	**84,371**	65,770
	- SOCSO	**290,166**	231,771	**4,067**	4,025
	- EIS	**22,294**	17,974	**431**	393
		28,557,940	30,265,498	**1,076,647**	849,323

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24. **PROFIT/(LOSS) BEFORE TAX (cont'd)**

Included in the staff costs of the Group and of the Company is directors' remuneration as follows:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	RM	RM	**RM**	RM
Executive directors of the Company:				
- Salaries, allowances and incentive	**1,710,179**	1,619,476	**372,995**	66,000
- EPF	**184,709**	149,993	**38,988**	7,920
- Fees	**108,000**	108,000	**108,000**	108,000
	2,002,888	1,877,469	**519,983**	181,920
Non-executive directors of the Company:				
- Allowances	**7,500**	9,000	**7,500**	9,000
- Fees	**108,000**	108,000	**108,000**	108,000
	115,500	117,000	**115,500**	117,000
Executive directors of subsidiaries:				
- Salaries, allowance and incentive	**652,444**	1,126,928	**-**	-
- EPF	**66,386**	125,170	**-**	-
	718,830	1,252,098	**-**	-
Total directors' remuneration	**2,837,218**	3,246,567	**635,483**	298,920

25. **TAX (EXPENSE)/INCOME**

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	RM	RM	**RM**	RM
Malaysian income tax:				
Based on results for the financial year				
- Current tax	**(4,093,089)**	(2,889,550)	**(459,000)**	-
- Deferred tax relating to the origination and reversal of temporary differences	**(1,319,122)**	(577,370)	**-**	85,000
	(5,412,211)	(3,466,920)	**(459,000)**	85,000
(Under)/Over provision in prior years				
- Current tax	**(824,302)**	(46,238)	**-**	1,555
- Deferred tax	**879,524**	(189,947)	**-**	-
	55,222	(236,185)	**-**	1,555
	(5,356,989)	(3,703,105)	**(459,000)**	86,555

Notes To The Financial Statements (Cont'd)

31 December 2021

25. TAX (EXPENSE)/INCOME (cont'd)

Taxation for other jurisdiction is calculated at the rate prevailing in that jurisdiction.

The reconciliation of tax (expense)/income of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	RM	RM	**RM**	RM
Profit/(Loss) before tax	**14,076,704**	9,592,193	**4,015,463**	(352,090)
Income tax at Malaysian statutory tax rate of 24%	**(3,378,409)**	(2,302,126)	**(963,711)**	84,502
Effect of tax rate in foreign jurisdiction	**30,560**	29,969	**-**	-
Income not subject to tax	**18,986**	35,575	**5,794,462**	630,198
Expenses not deductible for tax purposes	**(1,666,271)**	(1,219,808)	**(5,289,751)**	(629,700)
Deferred tax assets not recognised	**(417,077)**	(10,530)	**-**	-
	(5,412,211)	(3,466,920)	**(459,000)**	85,000
Over/(Under) provision in prior years	**55,222**	(236,185)	**-**	1,555
	(5,356,989)	(3,703,105)	**(459,000)**	86,555

26. EARNINGS PER SHARE

26.1 Basic earnings per share

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

	GROUP	
	2021	2020
Profit attributable to owners of the Company (RM)	**8,469,795**	5,963,884
Weighted average number of ordinary shares in issue	**2,892,959,075**	2,195,851,659
Basic earnings per share (in sen)	**0.29**	0.27

26.2 Diluted earnings per share

Diluted earnings per share of the Group is calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year adjusted for the dilutive effects of all potential ordinary shares as follows:

	GROUP	
	2021	2020
Profit attributable to owners of the Company (RM)	**8,469,795**	5,963,884
Weighted average number of ordinary shares in issue	**2,892,959,075**	2,195,851,659
Adjusted for conversion of warrants	**281,802,259**	109,599,084
	3,174,761,334	2,305,450,743
Diluted earnings per share (in sen)	**0.27**	0.26

Notes To The Financial Statements (Cont'd)

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27. **SEGMENTAL INFORMATION**

Business Segments

Business segments are based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group is organised into business units based on their products and services, which comprise the following:

(i) Manufacturing of precision plastic parts, sub-assembly, die-casting components and precision engineering works;
(ii) Construction and property development;
(iii) Glove manufacturing and EPCC Contract;
(iv) Gaming and leisure; and
(v) Others which consist of investment holding and inactive companies.

Performance is measured based on segment operating profit as included in the internal management reports that are reviewed by the Group's Managing Director (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Management monitors the operating results of its business units separately for the purpose of making decision about resource allocation and performance assessment.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current financial year and previous financial year.

Segment assets exclude tax assets and unallocated assets.

Segment liabilities exclude tax liabilities and unallocated liabilities.

Notes To The Financial Statements (Cont'd)

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27. SEGMENTAL INFORMATION (cont'd)

By business segments

	Manufacturing		Construction and property development		Glove manufacturing and EPCC Contract		Gaming and leisure		Others		Elimination			Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020		**2021**	2020
	RM	RM	**RM**	RM	**RM**	RM	**RM**	RM	**RM**	RM	**RM**	RM	**NOTE**	**RM**	RM
Revenue															
External sales	**128,341,445**	126,324,393	**19,068,876**	52,339,417	**-**	-	**4,372,337**	4,807,029	**-**	-	**-**	-		**151,782,658**	183,470,839
Inter-segment sales	**321,401**	1,674	**14,716,608**	37,924,223	**-**	-	**-**	-	**594,500**	331,000	**(15,632,509)**	(38,256,897)	A	**-**	-
Total revenue	**128,662,846**	126,326,067	**33,785,484**	90,263,640	**-**	-	**4,372,337**	4,807,029	**594,500**	331,000	**(15,632,509)**	(38,256,897)		**151,782,658**	183,470,839
Results															
Segment results	**3,726,673**	1,507,037	**6,254,244**	10,829,524	**5,031,291**	(18,600)	**805,010**	652,191	**(1,916,612)**	(2,005,696)	**-**	-		**13,900,606**	10,964,456
Interest income														**850,891**	419,943
Interest expense														**(674,793)**	(1,792,206)
Tax expense														**(5,356,989)**	(3,703,105)
Profit for the financial year														**8,719,715**	5,889,088
Assets															
Segment assets	**138,394,324**	125,475,592	**212,576,682**	123,981,471	**124,475,533**	3,201,407	**6,910,826**	6,249,683	**18,911,075**	85,704,052	**-**	-		**501,268,440**	344,612,205
Tax assets														**2,280,970**	3,779,368
Goodwill on consolidation														**6,445,959**	6,445,959
Total assets														**509,995,369**	354,837,532
Liabilities															
Segment liabilities	**35,582,921**	38,117,269	**105,248,602**	30,001,326	**70,366,358**	8,751	**697,200**	442,331	**1,134,210**	2,195,627	**-**	-		**213,029,291**	70,765,304
Tax liabilities														**2,838,755**	1,577,618
Total liabilities														**215,868,046**	72,342,922
Other segment information															
Additions to non-current assets	**2,048,035**	3,391,501	**-**	11,167	**56,679,702**	138,467	**51,200**	56,920	**-**	1,192,740	**-**	-	B	**58,778,937**	4,790,795
Depreciation															
- property, plant and equipment	**4,514,018**	4,260,933	**62,601**	62,076	**18,186**	-	**59,466**	88,904	**-**	45,812	**-**	-		**4,654,271**	4,457,725
- right-of-use assets	**199,349**	151,722	**-**	10,188	**-**	-	**182,050**	133,485	**251,576**	-	**-**	-		**632,975**	295,395
Non-cash expenses/ (income) other than depreciation	**1,020,446**	292,505	**(333,165)**	1,097,117	**(290,463)**	-	**-**	-	**-**	(8,599)	**-**	-	C	**396,818**	1,381,023

Notes To The Financial Statements (Cont'd)

31 December 2021

27. **SEGMENTAL INFORMATION (cont'd)**

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consist of total costs incurred to acquire property, plant and equipment. It excludes the additions of right-of-use assets, financial instruments and deferred tax assets.

C Other material non-cash expenses/(income) other than depreciation consist of the following items:

	2021	2020
	RM	RM
Bad debts written off	**35,618**	-
Gain on disposal of property, plant and equipment	**(6,001)**	(75,599)
Inventories written down	**478,298**	296,408
Property, plant and equipment written off	**699,940**	-
Unwinding discount on other receivables	**(333,165)**	1,097,117
Unrealised (gain)/loss on foreign exchange, net	**(477,872)**	63,097
	396,818	1,381,023

By geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers as disclosed in Note 23.1 to the financial statements. Segment assets are based on the geographical location of assets.

	Non-current assets	
	2021	2020
	RM	RM
Malaysia	**127,629,567**	73,896,212
Cambodia	**2,892,984**	2,589,279
	130,522,551	76,485,491

Information about major customers

Total revenue from **3** (2020: 2) major customers which individually contributed to 10% or more of the Group's revenue from the precision engineering and construction and property development segments amounted to **RM60,463,573** (2020: RM80,397,446).

28. **CAPITAL COMMITMENTS**

	GROUP	
	2021	2020
	RM	RM
Contracted but not provided for:		
- Property, plant and equipment	**22,913,335**	487,975

Notes To The Financial Statements (Cont'd)

31 December 2021

29. **RELATED PARTY DISCLOSURES**

(i) **Identity of related parties**

The Group has related party relationship with its subsidiaries, key management personnel and the following parties:

Related parties	**Relationship**
- Premierpath Sdn. Bhd. - Durachem (Penang) Sdn. Bhd	Companies in which persons connected to a former director of certain subsidiaries, namely Mr. Lim See Meng, have substantial financial interests, which have ceased to be related parties with effect from 20 April 2021.
- Shun Fa Technology Sdn. Bhd.	A company in which a former director of a subsidiary, Mr. Tan Kim Cheang, has substantial financial interests, which has ceased to be a related party with effect from 20 April 2021.
- GDW Mengkuang Sdn. Bhd.	A company in which a director of the Company, Mr. Phuah Cheng Peng, has substantial financial interests.
- Yoon Mee Realty Sdn. Bhd.	A company in which a director of a subsidiary, Mr. Yee Voon Hon, has substantial financial interests.
- PD Glove International Sdn. Bhd.	A corporate shareholder of a subsidiary, GC.

Notes To The Financial Statements (Cont'd)

31 December 2021

29. **RELATED PARTY DISCLOSURES (cont'd)**

(ii) **Related party transactions**

Related party transactions have been entered into at terms agreed between the parties during the financial year.

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	RM	RM	**RM**	RM
Rental income from subsidiaries	**-**	-	**-**	25,000
Management fee from subsidiaries	**-**	-	**270,000**	270,000
Interest income from subsidiaries	**-**	-	**1,402,719**	-
Dividend income from subsidiaries	**-**	-	**17,981,105**	-
Performance bond paid to PD Glove International Sdn. Bhd.	**5,000,000**	-	**-**	-
Purchase of leasehold land from Yoon Mee Realty Sdn. Bhd.	**3,845,000**	-	**-**	-
Transfer of property, plant and equipment to a subsidiary	**-**	-	**-**	3,986,402
Progress billings to GDW Mengkuang Sdn. Bhd.	**18,132,863**	58,068,153	**-**	-
Purchases from related parties:				
- Premierpath Sdn. Bhd.	**1,152**	1,944	**-**	-
- Durachem (Penang) Sdn. Bhd.	**88,837**	354,360	**-**	-
- Shun Fa Technology Sdn. Bhd.	**5,180**	-	**-**	-

(iii) **Compensation of key management personnel**

Key management personnel are those persons including directors having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly.

The Company has no other members of key management personnel apart from the Board of Directors which compensation has been disclosed in Note 24 to the financial statements.

Notes To The Financial Statements (Cont'd)

31 December 2021

30. FINANCIAL INSTRUMENTS

30.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

	Carrying amount RM	AC RM
GROUP		
2021		
Financial assets		
Trade receivables	**96,249,423**	**96,249,423**
Other receivables and refundable deposits	**44,100,004**	**44,100,004**
Fixed deposits with licensed banks	**1,844,450**	**1,844,450**
Cash and bank balances	**57,992,033**	**57,992,033**
	200,185,910	**200,185,910**
Financial liabilities		
Borrowings	**20,558,926**	**20,558,926**
Trade payables	**39,028,832**	**39,028,832**
Other payables and accruals	**96,842,643**	**96,842,643**
	156,430,401	**156,430,401**
2020		
Financial assets		
Trade receivables	93,933,576	93,933,576
Other receivables and refundable deposits	29,774,879	29,774,879
Fixed deposits with licensed banks	24,922,279	24,922,279
Cash and bank balances	76,246,905	76,246,905
	224,877,639	224,877,639
Financial liabilities		
Borrowings	13,390,847	13,390,847
Trade payables	40,779,466	40,779,466
Other payables and accruals	15,168,274	15,168,274
	69,338,587	69,338,587

Notes To The Financial Statements (Cont'd)

31 December 2021

30. **FINANCIAL INSTRUMENTS (cont'd)**

30.1 **Categories of financial instruments (cont'd)**

	Carrying amount RM	AC RM
COMPANY		
2021		
Financial assets		
Other receivables and refundable deposits	**6,316,041**	**6,316,041**
Amount due from subsidiaries	**67,432,946**	**67,432,946**
Cash and bank balances	**5,333,815**	**5,333,815**
	79,082,802	**79,082,802**
Financial liabilities		
Other payables and accruals	**212,562**	**212,562**
Amount due to subsidiaries	**10,000**	**10,000**
	222,562	**222,562**
2020		
Financial assets		
Other receivables and refundable deposits	6,322,470	6,322,470
Amount due from subsidiaries	25,901,983	25,901,983
Fixed deposits with licensed banks	20,000,000	20,000,000
Cash and bank balances	53,336,179	53,336,179
	105,560,632	105,560,632
Financial liabilities		
Other payables and accruals	121,699	121,699
Amount due to subsidiaries	17,212,500	17,212,500
	17,334,199	17,334,199

30.2 **Financial risk management**

The Group and the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative activities.

30.3 **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and to the Company. The Group's exposure to credit risk arises principally from its trade receivables whilst the Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantees provided to financial institutions in respect of credit facilities granted to certain subsidiaries.

Notes To The Financial Statements (Cont'd)

31 December 2021

30. **FINANCIAL INSTRUMENTS (cont'd)**

30.1 **Categories of financial instruments (cont'd)**

30.3.1 **Trade receivables**

The Group gives its customers credit terms that range between 30 to 75 days. In deciding whether credit shall be extended, the Group will take into consideration factors such as relationship with the customer, its payment history and credit worthiness. The Group subjects new customers to credit verification procedures. In addition, receivables balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statements of financial position.

The ageing analysis of trade receivables of the Group as at the end of the reporting period is as follows:

	Gross	Allowance for expected credit losses	Net
	RM	RM	RM
GROUP			
2021			
Not past due	**34,353,571**	**-**	**34,353,571**
1 to 60 days past due	**12,823,066**	**-**	**12,823,066**
61 to 120 days past due	**2,040,274**	**-**	**2,040,274**
More than 120 days past due	**47,032,512**	**-**	**47,032,512**
	61,895,852	**-**	**61,895,852**
	96,249,423	**-**	**96,249,423**
2020			
Not past due	40,420,257	-	40,420,257
1 to 60 days past due	16,732,915	-	16,732,915
61 to 120 days past due	26,308,222	-	26,308,222
More than 120 days past due	10,472,182	-	10,472,182
	53,513,319	-	53,513,319
Impaired	122,837	(122,837)	-
	94,056,413	(122,837)	93,933,576

Trade receivables that are neither past due nor impaired are creditworthy customers with good payment record with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

The Group has trade receivables amounting to **RM65,451,953** (2020: RM53,513,319) that are past due but not impaired as the management is of the view that these debts will be collected in due course.

Notes To The Financial Statements (Cont'd)

31 December 2021

30. **FINANCIAL INSTRUMENTS (cont'd)**

30.1 **Categories of financial instruments (cont'd)**

30.3.1 **Trade receivables (cont'd)**

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The Group has significant concentration of credit risk in the form of outstanding balance due from **1 customer** (2020: 2 customers) representing **50%** (2020: 70%) of the total trade receivables.

Maximum exposure to credit risk

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

	Gross	**Allowance for expected credit loss**	**Net**
	RM	**RM**	**RM**
Credit risk rating			
GROUP			
2021			
Low risk	**96,249,423**	**-**	**96,249,423**
2020			
Low risk	93,933,576	-	93,933,576
Individually impaired	122,837	(122,837)	-
	94,056,413	(122,837)	93,933,576

In managing the credit risk of the trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group measures the allowance for expected credit losses of trade receivables at an amount equal to lifetime ECL using a simplified approach. The expected credit losses on trade receivables are estimated based on past default experience and an analysis of the trade receivables' current financial position, adjusted for factors that are specific to the trade receivables such as liquidation and bankruptcy. Forward looking information such as gross domestic products ("GDP") rate has been incorporated in determining the expected credit losses.

Trade receivables are usually collectible and the Group does not have much historical bad debts written off or impairment of trade receivables. There are circumstances where the settlement of trade receivables will take longer than the credit terms given to the customers. The delay in settlement is mainly due to disagreement of pricing and quality issue or administrative matter. No expected credit losses is provided during the financial year based on the above assessment as the impact to the Group's financial statements is not material.

Notes To The Financial Statements (Cont'd)

31 December 2021

30. **FINANCIAL INSTRUMENTS (cont'd)**

30.1 **Categories of financial instruments (cont'd)**

30.3.2 **Intercompany balances**

The Company provides advances to its subsidiaries and monitors their results regularly.

The maximum exposure to credit risk is represented by the carrying amount in the statements of financial position.

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of these advances.

30.3.3 **Financial guarantees**

The Company has issued financial guarantees to financial institutions for banking facilities granted to certain subsidiaries.

	2021 RM	2020 RM
Corporate guarantees issued to financial institutions for banking facilities granted to certain subsidiaries		
- Limit	**168,966,500**	39,139,346
- Maximum exposure	**23,558,926**	15,072,478

The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that the subsidiaries would default on repayment. The directors considered that the fair value of the financial guarantee contracts on initial recognition is insignificant.

30.4 **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group and the Company actively manage their debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash and cash equivalents to meet their working capital requirements.

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

	Carrying amount RM	**Contractual cash flows RM**	**Within one year RM**	**More than one year and less than five years RM**	**More than five years RM**
GROUP					
2021					
Non-derivative financial liabilities					
Borrowings	**20,558,926**	**22,155,435**	**12,014,175**	**4,857,460**	**5,283,800**
Lease liabilities	**1,469,400**	**1,553,204**	**761,770**	**791,434**	**-**
Trade payables	**39,028,832**	**39,028,832**	**36,759,718**	**2,269,114**	**-**
Other payables and accruals	**96,842,643**	**126,022,789**	**20,827,346**	**295,443**	**104,900,000**
Total undiscounted financial liabilities	**157,899,801**	**188,760,260**	**70,363,009**	**8,213,451**	**110,183,800**

Notes To The Financial Statements (Cont'd)

31 December 2021

30. **FINANCIAL INSTRUMENTS (cont'd)**

30.4 **Liquidity risk (cont'd)**

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than five years RM	More than five years RM
2020					
Non-derivative financial liabilities					
Borrowings	13,390,847	13,687,393	11,677,144	1,918,116	92,133
Lease liabilities	250,096	264,832	203,056	61,776	-
Trade payables	40,779,466	40,779,466	40,779,466	-	-
Other payables and accruals	15,168,274	15,168,274	15,168,274	-	-
Total undiscounted financial liabilities	69,588,683	69,899,965	67,827,940	1,979,892	92,133

COMPANY

	Carrying amount RM	Contractual cash flows RM	Within one year RM	More than one year and less than five years RM	More than five years RM
2021					
Non-derivative financial liabilities					
Other payables and accruals	**212,562**	**212,562**	**212,562**	**-**	**-**
Amount due to subsidiaries	**10,000**	**10,000**	**10,000**	**-**	**-**
* Financial guarantees	**-**	**23,558,926**	**23,558,926**	**-**	**-**
Total undiscounted financial liabilities	**222,562**	**23,781,488**	**23,781,488**	**-**	**-**
2020					
Non-derivative financial liabilities					
Other payables and accruals	121,699	121,699	121,699	-	-
Amount due to subsidiaries	17,212,500	17,212,500	17,212,500	-	-
* Financial guarantees	-	15,072,478	15,072,478	-	-
Total undiscounted financial liabilities	17,334,199	32,406,677	32,406,677	-	-

* This has been included for illustration purpose only as the related financial guarantees have not crystallised as at the end of the reporting period.

Notes To The Financial Statements (Cont'd)

31 December 2021

30. **FINANCIAL INSTRUMENTS (cont'd)**

30.5 **Interest rate risk**

The Group's fixed rate instruments are exposed to a risk of change in its fair value due to changes in interest rates. The Group's floating rate instruments are exposed to a risk of change in cash flows due to changes in interest rates.

The interest rate profile of the Group's and of the Company's interest bearing financial instruments based on their carrying amounts as at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2021	2020	**2021**	2020
	RM	RM	**RM**	RM
Fixed rate instruments				
Financial assets	**1,844,450**	24,922,279	**63,868,608**	20,000,000
Financial liabilities	**11,000,987**	9,251,501	**-**	-
Floating rate instruments				
Financial liabilities	**9,557,939**	4,139,346	**-**	-

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Sensitivity analysis for variable rate instruments

An increase of 25 basis point at the end of the reporting period would have an insignificant impact to the Group's profit before tax. These changes are considered to be reasonably possible based on observation of current market conditions. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

30.6 **Foreign currency risk**

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks.

The Group is exposed to foreign currency risk mainly on sales and purchases that are denominated in currencies other than the functional currency of the Group entities. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Cambodian Riel ("KHR") and Singapore Dollar ("SGD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's profit before tax. A 10% strengthening of RM against the following currencies at the end of the reporting period would have decreased profit before tax by the amount shown below and a corresponding weakening would have an equal but opposite effect. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period.

	GROUP	
	2021	2020
	RM	RM
USD	**3,502,098**	1,713,249
KHR	**189,177**	179,433
SGD	**558,806**	276,424
Other currencies	**818**	53
Decrease in profit before tax	**4,250,899**	2,169,159

Notes To The Financial Statements (Cont'd)

31 December 2021

31. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's and the Company's financial assets and financial liabilities as at the end of the reporting period approximate their fair values due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amount of the non-current portion of finance lease liabilities is reasonable approximation of fair values due to the insignificant impact of discounting.

32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management policy is to maintain a strong capital base to support their business and to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions or expansion of the Group. The Group may adjust the capital structure by issuing new shares, returning capital to shareholders or adjusting the amount of dividends to be paid to shareholders or sell assets to reduce debts. No changes were made in the objective, policy and process during the financial year under review as compared to the previous financial year.

The Group considers its total equity and total loans and borrowings to be the key components of its capital structure and monitors capital using a debt to equity ratio, which is calculated as total borrowings divided by total equity as follows:

	GROUP	
	2021	2020
	RM	RM
Total borrowings	**(20,558,926)**	(13,390,847)
Less: Fixed deposits with licensed banks	**1,844,450**	24,922,279
Cash and bank balances	**57,992,033**	76,246,905
	59,836,483	101,169,184
Net cash	**39,277,557**	87,778,337
Total equity	**294,127,323**	282,494,610
Gearing ratio	**-**	-

33. MATERIAL LITIGATION

Luster Industries Bhd. ("Company") *vs*. Citi-Champ International Limited ("Citi-Champ"), How Soong Khong, Yap Yoke Chuan, Yap Kean Kok and Yew Ding Wei ("2nd to 5th Defendants")

On 8 June 2016, the Company received an invitation from a sale agent to bid for 100% equity interest in SS Ventures Ltd. ("SS Ventures"), a company held by Citi-Champ. In response to the invitation, the Company placed a refundable earnest deposit of RM3,000,000 to a legal firm acting as stakeholder for Citi-Champ to express its interest to participate in the bid. The Company paid another refundable earnest deposit of RM3,000,000 to the same legal firm, following the Company's decision to proceed with the final bid for a 10% equity stake in SS Ventures.

Notes To The Financial Statements (Cont'd)

31 December 2021

33. MATERIAL LITIGATION (cont'd)

On 5 July 2016, the Company signed a Memorandum of Understanding ("MOU") with Citi-Champ whereby it was stated that New Harvest Asia Investment Limited ("New Harvest"), a wholly-owned subsidiary of Citi-Champ, is in the process of acquiring the entire equity interest in SS Ventures. The objective of the MOU is to record the understanding relating to the proposed disposal by Citi-Champ and acquisition by the Company of certain percentage of Citi-Champ's shares in New Harvest for a certain purchase consideration ("Proposed Acquisition") to be determined later, subject to a definitive Share Sale Agreement and Shareholders Agreement (if required/applicable) to be entered into between the Company and Citi-Champ. The parties shall endeavour to finalise and mutually agree on the details of the Proposed Acquisition within 6 months from the date of the MOU.

On 1 December 2016, the Company's appointed solicitors wrote to Citi-Champ to inform that the Company has decided to withdraw its interest in SS Ventures and demanded for a full refund of the refundable earnest deposits of RM6,000,000 as there was no progress to the transfer of equity interest in SS Ventures to New Harvest.

Citi-Champ refused to make the refund, claiming that the first deposit of RM3,000,000 had been forfeited and that with regards to the second deposit of RM3,000,000, they had incurred a sum of RM4,850,400 to assist the Company in the due diligence/legal verification on SS Ventures, and would claim the difference of RM1,850,400 should the Company insists to claim the refund from them.

On 13 June 2017, the Company had through its solicitors filed a Statement of Claim at the High Court of Malaya at Shah Alam to pursue legal actions against Citi-Champ and the 2nd to 5th Defendants. The claim includes the refund of the total sum of RM6 million to the Company, general damages, exemplary damages and interests on the claim. On 19 June 2017, the Company filed an application for mareva injunction against the 2nd to 5th Defendants. On 31 October 2017, the High Court dismissed the application for mareva injunction, and also dismissed the erinford injunction application made immediately upon the dismissal of the mareva injunction application. On even date, the Company appealed to the Court of Appeal against the High Court's decision in dismissing the mareva injunction application. On 3 November 2017, the Company applied for an erinford injunction pending disposal of its appeal. On 19 December 2017, the Court of Appeal granted an erinford injunction.

On 13 March 2018, the Court of Appeal allowed the Company's appeal and granted a mareva injunction against the 2nd to 5th Defendants. On 14 March 2018, the High Court dismissed the third parties' application to strike out the third party notice by the 2nd to 5th defendant with costs of RM5,000. The third parties' appeal to the Court of Appeal has also been dismissed on 1 October 2018. On 24 October 2018, the High Court dismissed the third parties' application to strike out the third party notice by the 2nd to 4th defendants with no order as to costs.

On 13 November 2019, judgment has been awarded by the High Court as follows:

(i) that the 2nd to 4th Defendants had breached their fiduciary duties as directors of the Company;
(ii) that the 5th Defendant had breached his duties as stakeholder by releasing the earnest deposits of RM6,000,000 to the 1st Defendant;
(iii) that the 2nd to 5th Defendants do jointly and severally pay the earnest deposits of RM6,000,000, exemplary damages of RM200,000 and interest on the earnest deposits of RM6,000,000 at 5% per annum calculated from 1 December 2016 until full realisation to the Company;
(iv) that the 2nd to 5th Defendants do jointly and severally pay the costs of RM100,000 to the Company; and
(v) that the 2nd to 5th Defendants' claim against the third parties be dismissed with costs of RM30,000 to be paid by 2nd to 5th Defendants jointly and severally to the third parties.

The 2nd to 4th defendants and 5th defendant had appealed against the said decision on 9 December 2019 and 10 December 2019 respectively. The 2nd to 5th defendants' appeal is now registered at the Court of Appeal as Civil Appeal. The said appeal is now fixed for hearing at the Court of Appeal on 5 July 2022.

Notes To The Financial Statements (Cont'd)

31 December 2021

34. **SIGNIFICANT EVENT**

On 12 April 2021, a subsidiary of the Company, GC, has entered into an agreement with American Nitrile LLC ("AN") to provide Engineering, Procurement, Construction and Commissioning and Glove Technology Solution Consulting ("EPCC Contract") in relation to gloves production lines in the United States of America. Both GC and AN have agreed to set up at least twelve gloves production lines in two separate orders with a minimum of six gloves production lines in each order.

On 3 June 2021, GC has received USD12.1 million which equivalents to RM49,982,025 from AN being 50% deposit of the total contract sum to commence first six gloves production lines in EPCC Contract. GC has completed machine parts of gloves production lines and thereafter received additional deposit of USD914,143 which equivalents to RM3,855,566 from AN upon shipment in the fourth quarter of the financial year ended 31 December 2021 pursuant to the EPCC Contract. The total deposits received from AN are disclosed in the Note 13.3 to the financial statements.

On 1 August 2021, a corporate shareholder of GC, PD Glove International Sdn. Bhd. ("PD"), has requested GC to pay a performance bond of RM5,000,000 to PD to guarantee the due performance of EPCC Contract and to be refunded to GC upon completion of EPCC Contract as disclosed in Note 10 to the financial statements.

35. **EVENTS AFTER THE REPORTING PERIOD**

(i) On 11 January 2022, the Company has entered into a Conditional Share Subscription Agreement with Aimflex Berhad ("Aimflex") to subscribe 81,576,707 new ordinary shares in Aimflex, representing approximately 5.55% equity interest in Aimflex at an issue price of RM0.1267 per subscription share for cash.

(ii) On 24 January 2022, the Company has further acquired another 100,000,000 ordinary shares in Aimflex, representing approximately 8.169% equity interest in Aimflex, for a total cash consideration of RM22,000,000.

(iii) On 1 March 2022, Luster Ara Sdn. Bhd. ("LA") has entered into a Sale and Purchase Agreement with Sime Darby Brunsfield Damansara Sdn. Bhd. and Sime Darby Property (Ara Damansara) Sdn. Bhd. to acquire freehold land held under Geran 323682, Lot 81117, Mukim Damansara, Daerah Petaling, Negeri Selangor for a total cash consideration of RM35,000,000.

(iv) On 31 March 2022, the Company has subscribed additional 49,599 ordinary shares in LA at RM49,599 for cash. No changes in the equity interest subsequent to the subscription of additional ordinary shares.

List Of Properties

Details of properties of the Group are as follows:

	Description	Land Area (M^2)	Built-up Area (M^2)	Tenure	Date of Acquisition/ Revaluation* (Age of Building)	Carrying Amount @ 2021 RM
Lot 50 Bakar Arang Industrial Estate 08000 Sungai Petani KEDAH	Leasehold Land Factory Building	9,308	7,591	Leasehold period for 60 years expire in 2042	2001* 39	4,894,465
Plot 36, Jalan PKNK Utama Kawasan Perusahaan Sungai Petani 08000 Sungai Petani KEDAH	Leasehold Land Factory Building	7,426	4,121	Leasehold period for 60 years expire in 2052	2008* 26	5,920,192
Plot 37, Jalan PKNK Utama Kawasan Perusahaan Sungai Petani 08000 Sungai Petani KEDAH	Leasehold Land Factory Building	6,475	2,543	Leasehold period for 60 years expire in 2052	2008* 26	2,615,086
Lot 35 Jalan PKNK Utama Kawasan Perusahaan Sungai Petani 08000 Sungai Petani KEDAH	Leasehold Land Factory Building	7,535	3,345	Leasehold period for 60 years expire in 2052	2008* 17	2,707,730
Lot 36 Jalan PKNK Utama Kawasan Perusahaan Sungai Petani 08000 Sungai Petani KEDAH	Leasehold Land Factory Building	7,616	3,650	Leasehold period for 60 years expire in 2052	2008* 17	11,101,085
Lot 38 Bakar Arang Industrial Estate 08000 Sungai Petani KEDAH	Leasehold Land Factory Building	12,141	9,637	Leasehold period for 99 years expire in 2082	2011* 31	5,798,819
Lot 21 Bakar Arang Industrial Estate 08000 Sungai Petani KEDAH	Leasehold Land Factory Building	693	398	Leasehold period for 60 years expire in 2044	2011* 37	234,000
PN19994 Lot 4667 Mukim Cheng District of Melaka Tengah 75250 Melaka MELAKA	Leasehold shophouse	153	153	Leasehold period for 99 years expire in 2096	2010 11	192,444
HSD36462 Lot No. 3901 Mukim of Tanjong Minyak Melaka Tengah 75250 Melaka MELAKA	Freehold Land Factory Building	6,751	4,381	NA	2014 16	4,489,753
No 154 Jalan 4 Kawasan Perindustrian Olak Lempit 42700 Banting Selangor	Leasehold Land	4,013	NA	Leasehold period for 99 years expire in 2087	2021 NA	4,141,676

Analysis Of Shareholdings

As At 18 April 2022

The total number of issued shares : 2,902,733,612 Ordinary Shares
Voting Rights : On show of hands - one vote for every shareholder
On poll - One vote for every ordinary share held

ANALYSIS OF SHAREHOLDINGS AS AT 18 APRIL 2022

Size of shareholdings	**No. of shareholders**	**% of total shareholders**	**No. of shares**	**% of total issued capital**
Less than 100	78	0.68	2,873	0.00
100 to 1,000	668	5.82	343,441	0.01
1,001 to 10,000	3,124	27.24	21,769,251	0.75
10,001 to 100,000	5,635	49.14	242,722,001	8.36
100,001 to less than 5% of issued shares	1,962	17.11	2,449,146,046	84.38
5% and above of issued shares	1	0.01	188,750,000	6.50
Total	11,468	100.00	2,902,733,612	100.00

^ *Negligible*

SUBSTANTIAL SHAREHOLDERS AS AT 18 APRIL 2022

Name	**Number of Shares Held**			
	Direct	**%**	**Deemed**	**%**
Chuah Chong Ewe	201,545,000	6.94	97,550,000®	3.36
Phuah Cheng Peng	224,114,500	7.72	-	-

® Deemed *interested by virtue of his shareholdings of more than 15% equity interest in the Triumphant View Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

DIRECTORS' SHAREHOLDINGS AS AT 18 APRIL 2022

Name	**Number of Shares Held**			
	Direct	**%**	**Deemed**	**%**
Liang Wooi Gee	48,250,000	1.66	400#	^
Chuah Chong Ewe	201,545,000	6.94	97,550,000®	3.36
Phuah Cheng Peng	224,114,500	7.72	500,000#	0.02
Wee Song He, Wilson	64,926,220	2.23	-	-
Chuah Chong San	41,700,000	1.44	-	-
Ahmad Kamal Bin S. Awab	-	-	-	-
Dato' Mohamed Shukri Bin Mohamed Zain	100,000	^	-	-
Dato' Yew Tian Tek	-	-	2,000,000#	0.07

^ *Negligible*

Deemed interested by virtue of the interest of his spouse in the Company pursuant to Section 59(11)(c) of the Companies Act 2016

® *Deemed interested by virtue of his shareholdings of more than 15% equity interest in the Triumphant View Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

Analysis Of Shareholdings (cont'd)

As At 18 April 2022

THIRTY LARGEST SHAREHOLDERS AS AT 18 APRIL 2022

NO.	NAME	HOLDINGS	%
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHUAH CHENG PENG	188,750,000	6.50
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUAH CHONG EWE	103,950,000	3.58
3	CHUAH CHONG EWE	97,595,000	3.36
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TRIUMPHANT VIEW SDN BHD	97,550,000	3.36
5	NG NGOON WENG	90,927,400	3.13
6	LEE YEE WAN	70,000,000	2.41
7	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG WENG YEW	52,900,000	1.82
8	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WEE SONG HE WILSON	50,905,000	1.75
9	QUECK HAN TIONG	50,000,000	1.72
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIERRA BONUS SDN BHD	49,000,000	1.68
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIANG WOOI GEE	46,250,000	1.66
12	WONG SING YI	46,000,000	1.58
13	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR CENTRAL KEDAH PLYWOOD FACTORY SENDIRIAN BERHAD (8793-1501)	44,927,800	1.54
14	LEE HAM KONG	44,520,000	1.53
15	CHUAH CHONG SAN	41,700,000	1.44
16	TEOH TIAN WEN	39,600,500	1.36
17	CHONG FU SEONG	39,000,000	1.34
18	PHUAH CHENG PENG	35,364,500	1.22
19	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEE VOON HON	34,663,851	1.19
20	GLOBAL FRANK SDN BHD	27,077,714	0.93
21	HARMONY LANDMARK SDN BHD	26,000,000	0.90
22	RESOLUTE ACCOMPLISHMENT SDN. BHD.	21,650,000	0.75
23	BEH CHENG SIONG	21,155,200	0.73
24	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR DIVINE INVENTIONS SDN BHD (SMART)	19,760,351	0.68
25	ONG PEI CHENG	16,500,000	0.57
26	TAN LAY PENG	16,500,000	0.57
27	CHEANG SIEW CHAN	16,000,000	0.55
28	LIM SEE MENG	16,000,000	0.55
29	WONG KOK TOON	14,980,000	0.52
30	ONG CHIN KANG	14,694,900	0.51
	TOTAL	1,433,922,216	49.43

Analysis Of Warrant Holdings

As At 18 April 2022

Total Number of Warrants A	: 431,773,605
Total Number of Warrants A Outstanding	: 431,773,605
Exercise Price Per Warrants A	: RM0.10
Exercise Period of Warrants A	: 5 June 2012 to 3 June 2022
Exercise Rights	: Each Warrant entitles the registered holder to subscribe for 1 new LIB share at the Exercise Price during the Exercise Period and shall be subjected to adjustments in accordance with the provisions of the Deed Poll.

ANALYSIS OF WARRANTS A HOLDINGS AS AT 18 APRIL 2022

Size of Warrants	**No. of Warrants Holders**	**% of total Warrants Holders**	**No. of Warrants**	**% of total issued capital**
Less than 100	88	5.99	3,720	^
100 to 1,000	65	4.42	36,967	0.01
1,001 to 10,000	244	16.60	1,459,154	0.34
10,001 to 100,000	615	41.83	30,935,664	7.16
100,001 to less than 5% of issued warrants	457	31.09	375,712,600	87.02
5% and above of issued warrants	1	0.07	23,625,500	5.47
Total	**1,470**	**100.00**	**431,773,605**	**100.00**

^ *Negligible*

DIRECTOR'S WARRANTS A HOLDINGS AS AT 18 APRIL 2022

Name	**Number of Warrants Held**			
	Direct	**%**	**Deemed**	**%**
Liang Wooi Gee	5,714	^	-	-
Phuah Cheng Peng	1,500,000	0.34	-	-
Chuah Chong San	1,500,000	0.34	-	-

^ *Negligible*

Analysis Of Warrant Holdings (cont'd)

As At 18 April 2022

THIRTY LARGEST WARRANTS A HOLDERS AS AT 18 APRIL 2022

NO.	NAME	HOLDINGS	%
1	GOH CHIN HENG	23,625,500	5.47
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHEE TONG	16,250,000	3.76
3	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEE VOON HON	12,700,000	2.94
4	WONG WENG YEW	12,103,100	2.80
5	TANG PENG HUAT	12,095,100	2.80
6	LIAU TAM SANG	8,500,000	1.96
7	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG WENG YEW	6,000,000	1.39
8	G REKA MANAGEMNET SDN BHD	5,998,500	1.39
9	AW YEN CHIN	5,623,900	1.30
10	LEE LE CHU	5,600,000	1.30
11	LIM CHIN HOOI	5,500,000	1.27
12	GOH CHEE HOE	5,154,100	1.19
13	NG WYMIN	5,000,000	1.16
14	TANG KIAM HOW	4,798,800	1.11
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TNG KA ONN	4,575,100	1.06
16	LAI YEN YI	4,500,000	1.04
17	WONG SING YI	4,117,300	0.95
18	YAP KHENG MING	4,000,000	0.93
19	CHONG KAM CHOY	3,500,000	0.81
20	PHUAH CHENG KOOI	3,500,000	0.81
21	YEE VOON HON	3,466,000	0.80
22	LIM GEOK ENG MARY	3,444,900	0.80
23	NG ZI XIAN	3,300,000	0.76
24	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHE SIEW PHENG (E-PPG)	3,100,000	0.72
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHAMAD RAZMAN BIN RAHIM	3,086,400	0.71
26	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR YEE YOON FOON	3,020,000	0.70
27	CASSANDRA NG LEIGH CUM	3,000,000	0.69
28	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	3,000,000	0.69
29	LEE SWEE MING	3,000,000	0.69
30	LEE JUINN YONG	2,500,000	0.58
	TOTAL	184,058,700	42.63

Analysis Of Warrant Holdings (cont'd)

As At 18 April 2022

Total Number of Warrants B	: 216,000,000
Total Number of Warrants B Outstanding	: 216,000,000
Exercise Price Per Warrants B	: RM0.10
Exercise Period of Warrants B	: 27 May 2013 to 26 May 2023
Exercise Rights	: Each Warrant entitles the registered holder, at any time during the Exercise Period, to subscribe for 1 new LIB Share at the Exercise Price, subject to adjustments in accordance with the provisions of the Deed Poll.

ANALYSIS OF WARRANTS B HOLDINGS AS AT 18 APRIL 2022

Size of Warrants	No. of Warrants Holders	% of total Warrants Holders	No. of Warrants	% of total issued capital
Less than 100	0	0.00	0	0.00
100 to 1,000	41	4.99	27,600	0.01
1,001 to 10,000	77	9.38	546,900	0.25
10,001 to 100,000	409	49.82	21,232,700	9.83
100,001 to less than 5% issued warrants	293	35.69	172,668,300	79.94
5% and above of issued warrants	1	0.12	21,524,500	9.97
Total	821	100.00	216,000,000	100.00

Analysis Of Warrant Holdings (cont'd)

As At 18 April 2022

THIRTY LARGEST WARRANTS B HOLDERS AS AT 18 APRIL 2022

NO.	NAME	HOLDINGS	%
1	NG ZI XIAN	21,524,500	9.96
2	TAN HUNG CHEW SDN BHD	7,000,000	3.24
3	SJC REALTY SDN. BHD.	6,000,000	2.78
4	LIT KHEE REALTY SDN BERHAD	5,400,000	2.50
5	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOON TUAN SIN	4,410,300	2.04
6	TAN MOOI HUA	3,300,000	1.53
7	LEE JUINN YONG	3,000,000	1.39
8	LOO JIA JIA	2,991,000	1.38
9	GEH CHA LONG	2,834,500	1.31
10	LOOI CHEE KEE	2,800,000	1.29
11	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHE SIEW PHENG (E-PPG)	2,458,000	1.14
12	LOW AH KOU	2,397,800	1.11
13	LIM KENG CHUAN	2,208,500	1.02
14	CASSANDRA NG LEIGH CUM	2,000,000	0.93
15	LIM SEE MENG	2,000,000	0.93
16	ONG KAR FATT	2,000,000	0.93
17	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEE VOON HON	2,000,000	0.93
18	TAN YU ZHAN	2,000,000	0.93
19	WONG JING YI	2,000,000	0.93
20	TAN HUNG CHEW	1,918,700	0.88
21	TEOH CHIU ENG	1,900,000	0.88
22	LEW SOON KIAK	1,890,000	0.88
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NGOH PHEE CHUAH (E-BMM)	1,824,900	0.85
24	OOI SOO WEI	1,732,500	0.80
25	TANG KOK WAH	1,652,800	0.76
26	GOH GUAN HIN	1,551,700	0.72
27	KHOR GIAP LEONG	1,460,000	0.68
28	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG CHOON AUN	1,400,000	0.65
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD OOI SOO WEI	1,360,000	0.63
30	YAP YENG SENG & SONS HOLDINGS SDN. BHD.	1,300,000	0.60
	TOTAL	96,315,200	44.59

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 35th Annual General Meeting of the Company will be held at Room The Lounge, Ground Floor, Park Avenue Hotel, E-1, Jalan Indah Dua, Taman Sejati Indah, 08000 Sungai Petani, Kedah Darulaman, Malaysia on Monday, 30 May 2022 at 11:00 a.m. for the following purposes:-

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AGENDA

As Ordinary Business:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2021 and the Reports of the Directors and Auditors thereon. — **Please refer to the Explanatory Notes**

2. To approve the payment of Directors' fees and Directors' benefits amounting to RM300,000.00 for the financial year ending 31 December 2022. — **Ordinary Resolution 1**

3. To re-elect the following Directors who retire pursuant to Article 95 of the Company's Constitution.

   (a) Mr. Chuah Chong Ewe — **Ordinary Resolution 2**

   (b) Mr. Wee Song He, Wilson — **Ordinary Resolution 3**

4. To re-elect the Mr. Chuah Chong San who retire pursuant to Article 102 of the Company's Constitution. — **Ordinary Resolution 4**

5. To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 5**

As Special Business :

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

6. **AUTHORITY TO ISSUE SHARES** — **Ordinary Resolution 6**

   "THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 20% of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad ("Bursa Securities") and that such authority shall continue in force until 31 December 2022 or any other such time of period extension granted by Bursa Securities after such date but until the conclusion of the next AGM of the Company."

Notice of Annual General Meeting (cont'd)

7. **PROPOSED NEW AND RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

Ordinary Resolution 7

"That, approval be and is hereby given for the purpose of Chapter 10 of Bursa Securities Main Market Listing Requirements for the Company and its group of companies to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations as listed in Section 3 of the Circular to the shareholders dated 29 April 2022 provided that such transactions are carried out in the ordinary course of business, at arm's length, on normal commercial terms and on terms not more favourable to the Mandated Related Parties than those generally available to the public, are not to the detriment of the minority shareholders and disclosures on the breakdown of the aggregate value of these transactions conducted pursuant to the shareholders' mandate shall be made available in the Annual Report for the year ended 31 December 2021 ("the Mandate") and the Directors of the Company are hereby authorised to give effect to the various arrangements and/or transactions related to the above transactions and this shareholders' mandate.

And That the approval given above shall continue in force until:

a) the conclusion of the next AGM of the Company following the general meeting at which the Mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM, the authority is renewed;
b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier."

8. **RETENTION OF DATO' MOHAMED SHUKRI BIN MOHAMED ZAIN AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

Ordinary Resolution 8

"THAT approval be and is hereby given to Dato' Mohamed Shukri Bin Mohamed Zain who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of next Annual General Meeting."

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

By Order of the Board,

WONG YEE LIN (MIA15898)
SSM Practicing No: 201908001793

HING POE PYNG (MAICSA 7053526)
SSM Practicing No: 202008001322
Joint Company Secretaries

Date: 29 April 2022

Notice of Annual General Meeting (cont'd)

Notes:

1. A member entitled to attend and vote is entitled to appoint at least one (1) proxy but not more than two (2) proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

2. Where a member appoints two (2) proxies, the appointment shall be invalid unless the proportions of shareholdings to be represented by each proxy are specified.

3. Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

4. The instrument appointing the proxy shall be in writing, executed by or on behalf of the appointor. In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.

5. The instrument appointing a proxy must be deposited at the Registered Office, 51-8-A, Menara BHL Bank, Jalan Sultan Ahmad Shah, 10050 Georgetown, Penang not less than 24 hours before the time for holding the Meeting or any adjournments thereof PROVIDED that in the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy have been duly completed by the member(s).

6. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company pursuant to the Article 69(2) of the Company's Constitution and Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors ("**ROD**") as at 23.05.2022 and only a Depositor whose name appears on such ROD shall be entitled to attend, speak and vote at this meeting or appoint proxy to attend and/or speak and/or vote in his/her behalf.

7. All resolutions as set out in this notice of 35th Annual General Meeting are to be voted by poll.

Explanatory Note on Ordinary Business
Item 1 of the Agenda
To receive the Audited Financial Statements for the financial year ended 31 December 2021 and the Reports of the Directors and Auditors thereon.

This item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require shareholders' approval for the audited financial statements. Therefore, this item will not be put forward for voting.

Ordinary Resolution 1 – Payment of Directors' fees and Directors' benefits

The proposed Ordinary Resolution 1 is to facilitate payment of Directors' fees and Directors' benefits on current financial year basis, calculated based on the number of scheduled Board and Committee meetings for 2022 and assuming that all Directors will hold office until the end of the financial year. In the event the Directors' fees and Directors' benefits proposed is insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees and benefits to meet the shortfall.

Explanatory Note on Special Business
Ordinary Resolution 6 – Authority to issue shares

The proposed Resolution No. 6, if passed, will grant a renewed general mandate and empower the Directors of the Company to issue and allot shares up to an amount not exceeding in total twenty per centum (20%) of the total number of issued shares of the Company from time to time and for such purposes as the Directors consider would be in the interest of the Company. In order to avoid any delay and costs involved in convening a general meeting, it is thus appropriate to seek shareholders' approval. This authority shall continue in force until 31 December 2022 or any other such time of period extension granted by Bursa Securities after such date but until the conclusion of the next AGM of the Company.

Notice of Annual General Meeting (cont'd)

Explanatory Note on Special Business (cont'd)
Ordinary Resolution 6 – Authority to issue shares (cont'd)

This Mandate will provide flexibility to the Company for allotment of shares for any possible fund raising activities, including but not limited for further placing of shares, for the purpose of funding future investment(s), acquisition(s) and/or working capital.

As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the 34th AGM. The Company did not issue any share pursuant to the mandate granted because there was no investment, acquisition or working capital that required fund raising activity.

A renewal of this authority is being sought at the 35th Annual General Meeting under proposed Ordinary Resolution 6.

This authority if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital, acquisition(s) and/or settlement of banking facility(ies).

Ordinary Resolution 7 – Proposed New and Renewal of Shareholders' Mandate ("Proposed Shareholders' Mandate")

The proposed Ordinary Resolution 7, if passed, will allow the Company and/or its subsidiaries to enter into recurrent related party transactions under the Proposed Shareholders' Mandate pursuant to the provisions of the Main LR of Bursa Securities without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such recurrent related party transactions occur. This would reduce substantial administrative time and expenses associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group, The Proposed Shareholders' Mandate is subject to renewal on an annual basis. Please refer to Part A of the Circular and Statement to Shareholders dated 29 April 2022 for further information.

Ordinary Resolution 8 – Retention of Dato' Mohamed Shukri Bin Mohamed Zain as Independent Non-Executive Director

The proposed Ordinary Resolution 8, if passed, will allow Dato' Mohamed Shukri Bin Mohamed Zain to be retained as Independent Non-Executive Director ('INED') of the Company. The Board of Directors had, vide the Nominating Committee, conducted an annual performance evaluation and assessment of Dato' Mohamed Shukri Bin Mohamed Zain, who will serve as INED of the Company for a cumulative term of more than nine (9) years and recommended his to continue acting as INED of the Company based on the justifications as set out in Corporate Governance Overview Statement in the Annual Report 2021.

The Board will be seeking shareholders' approval to retain Dato' Mohamed Shukri Bin Mohamed Zain as on INED by way of Ordinary Resolution passed through two-tier voting process as recommended under practice 5.3 of MCCG at 35th AGM.

PERSONAL DATA POLICY
By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting, and any adjournment thereof.

Statement Accompanying Notice Of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad)

As at date of this notice, there are no individuals who are standing for election as Directors (excluding the above Directors who are standing for re-election) at this forthcoming Annual General Meeting.

The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 6 as stated in the Notice of Annual General Meeting of the Company for the details.

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Proxy Form

CDS Account No.																	
			-				-										

LUSTER INDUSTRIES BHD. 198601006973 (156148-P)
(Incorporated in Malaysia)

* I / We ....
(FULL NAME OF SHAREHOLDERS AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)
(NRIC/Passport /Company No.)...) of ....

....
(ADDRESS)
being a * member / members of the abovenamed Company, hereby appoint ....

....
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)
(NRIC/Passport No.)...) of ....

....
(ADDRESS)
or failing him, ...
(FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS)
(NRIC/Passport No.)...) of ....

....
(ADDRESS)
as * my / our proxy to vote for * me / us on * my / our behalf at the 35th Annual General Meeting of the Company to be held at Room The Lounge, Ground Floor, Park Avenue Hotel, E-1, Jalan Indah Dua, Taman Sejati Indah, 08000 Sungai Petani, Kedah Darulaman, Malaysia on Monday, 30 May 2022 at 11:00 a.m. and any adjournment thereof.

NO.	RESOLUTIONS	For	Against
Ordinary Resolution 1	To approve the payment of Directors' fees and Directors' benefits amounting to RM300,000.00 for the financial year ending 31 December 2022.		
Ordinary Resolution 2	To re-elect Mr. Chuah Chong Ewe who retire pursuant to Article 95 of the Company's Constitution.		
Ordinary Resolution 3	To re-elect Mr. Wee Song He, Wilson who retire pursuant to Article 95 of the Company's Constitution.		
Ordinary Resolution 4	To re-elect Mr Chuah Chong San who retire pursuant to Article 102 of the Company's Constitution.		
Ordinary Resolution 5	To re-appoint Messrs. Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 6	Proposed Authority to Issue Shares		
Ordinary Resolution 7	Proposed New and Renewal of Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature		
Ordinary Resolution 8	Retention of Dato' Mohamed Shukri Bin Mohamed Zain as Independent Non-Executive Director.		

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

No. of shares held

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:		
	No. of shares	%
Proxy 1		
Proxy 2		
Total		100

Signed this .... day of ...., 2022.

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

Notes:
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Please fold here to seal

Stamp

To,

The Company Secretaries
LUSTER INDUSTRIES BHD.
198601006973 (156148-P)
51-8-A, Menara BHL Bank
Jalan Sultan Ahmad Shah
10050 Penang

Please fold here to seal

LUSTER INDUSTRIES BHD
198601006973 (156148-P)

Plot 36 & 37 Jalan PKNK Utama,
Kawasan Perusahaan Sungai Petani
08000 Sungai Petani, Kedah Darul Aman,
Malaysia.

T : 604-441 7980
F : 604-442 8805

www.lustergroup.com