



# Striding forward with resilience

Annual Report 2022





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# 36<sup>TH</sup>

**ANNUAL GENERAL MEETING**  
of **LUSTER INDUSTRIES BHD**

Room The Lounge, Ground Floor,  
Park Avenue Hotel, E-1, Jalan Indah Dua,  
Taman Sejati Indah, 08000 Sungai Petani,  
Kedah Darul Aman, Malaysia.

• 29 MAY 2023

• 11.00 A.M.



# Corporate Information

## BOARD OF DIRECTORS

**Chuah Chong Ewe**  
(Managing Director)

**Chuah Chong San**  
(Executive Director)

**Liang Wooi Gee**  
(Executive Director)

**Phuah Cheng Peng**  
(Executive Director)

**Wee Song He, Wilson**  
(Executive Director)

**Ahmad Kamal Bin S. Awab**  
(Independent Non-Executive Director)

**Lee Lean Suan**  
(Independent Non-Executive Director)

**Dato' Mohamed Shukri Bin Mohamed Zain**  
(Independent Non-Executive Director)

### Audit Committee

Lee Lean Suan (Chairman)  
Ahmad Kamal Bin S. Awab  
Dato' Mohamed Shukri Bin  
Mohamed Zain

### Nominating Committee

Ahmad Kamal Bin S. Awab  
(Chairman)  
Lee Lean Suan  
Dato' Mohamed Shukri Bin  
Mohamed Zain

### Remuneration Committee

Lee Lean Suan (Chairman)  
Ahmad Kamal Bin S. Awab  
Liang Wooi Gee

### Risk Management Committee

Ahmad Kamal Bin S. Awab  
(Chairman)  
Chuah Chong Ewe  
Lee Lean Suan  
Dato' Mohamed Shukri Bin  
Mohamed Zain  
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)  
201906003682 (LLP0022494-LCA)  
Level 5, Menara BHL  
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  
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

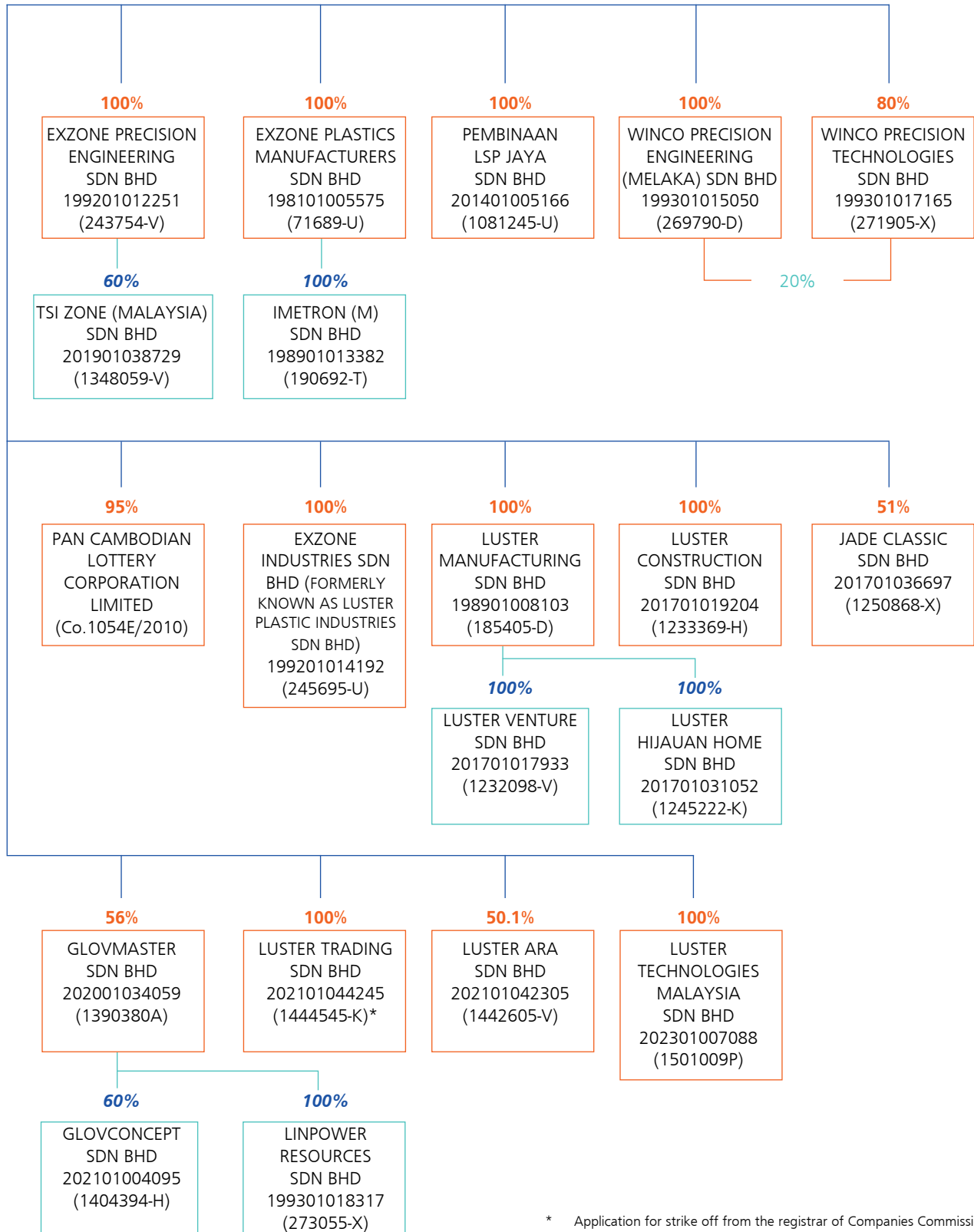
### Stock Exchange Listing

Main Market of the Bursa Malaysia  
Securities Berhad  
Stock Name : LUSTER  
Stock Code : 5068

# Corporate Structure



**LUSTER INDUSTRIES BHD**  
198601006973 (156148-P)



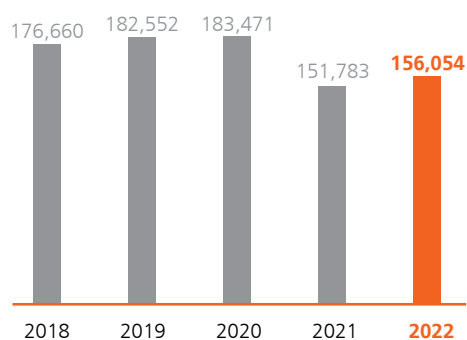
\* Application for strike off from the registrar of Companies Commission of Malaysia submitted on 29 December 2022

# Financial Highlights

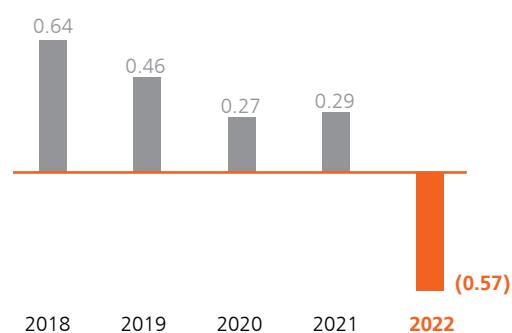
## Five Years Financial Highlights

	(Restated) 2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue	176,660	182,552	183,471	151,783	<b>156,054</b>
Profit/(Loss) Before Tax	10,700	12,746	9,592	14,077	<b>(15,092)</b>
Profit/(Loss) After Tax	12,703	9,255	5,889	8,720	<b>(18,607)</b>
Profit/(Loss) After Tax Attributable To Owners Of The Company	12,578	9,236	5,964	8,470	<b>(16,914)</b>
Paid-up Capital	201,529	207,829	299,299	299,305	<b>312,270</b>
Total Assets	208,735	248,977	354,838	509,995	<b>556,175</b>
Shareholders Fund	168,570	184,070	282,495	294,127	<b>283,972</b>
Basic (Loss)/Earnings Per Share (Sen)	0.64	0.46	0.27	0.29	<b>(0.57)</b>
Net Assets Per Share (RM)	0.09	0.09	0.10	0.10	<b>0.09</b>

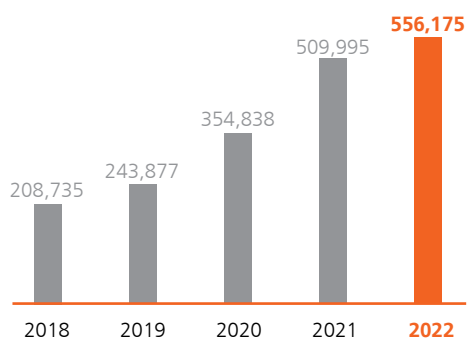
Revenue (RM'000)



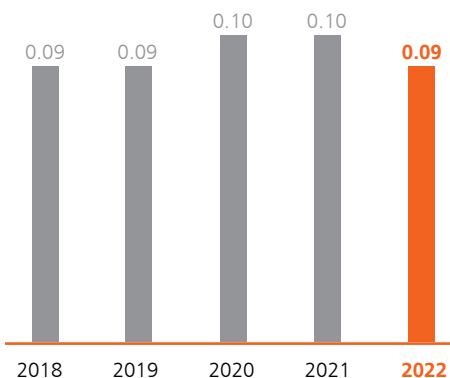
Basic (Loss)/Earnings Per Share (Sen)



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
 <p>Manufacturing</p>	<p>The manufacturing activities consist of:</p> <ol style="list-style-type: none"> <li>Manufacturing of precision plastic parts and components and sub-assembly of plastic parts and products;</li> <li>Original Equipment Manufacturer (“OEM”) manufacturing for hygiene and pests control products;</li> <li>Precision engineering work and manufacturing of die-casting components;</li> </ol> <p>The companies operating under this segment are Exzone Precision Engineering Sdn Bhd and Winco Precision Engineering (Melaka) Sdn Bhd.</p>
 <p>Glove &amp; healthcare</p>	<p>The activities in this segment consist of:</p> <ol style="list-style-type: none"> <li>Manufacturing, sales and distribution of latex examination gloves; and</li> <li>Provision of glove related system, technology, supply chain and operations best practices as one stop solutions.</li> </ol> <p>The companies operating under this segment are Glovmaster Sdn Bhd and Glovconcept Sdn Bhd.</p>
 <p>Property development and construction</p>	<p>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.</p>
 <p>Gaming and leisure</p>	<p>Lottery operator in Cambodia.</p> <p>The company operating under this segment is Pan Cambodian Lottery Corporation Limited.</p>

In 2022, as COVID-19 restrictions were lifted by government, all economic activities resumed. Labour market conditions and investment activities improved, further supporting domestic growth, 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 Group is benefiting 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.

The Company had acquired approximately 12.4% shares in Aimflex Berhad (“Aimflex”) in 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. Aimflex’s business and profit has grown since the inception of our investment.

The Group is taking careful and prudence steps by maintaining minimum operation overheads on its glove manufacturing activities in Malaysia due to low average selling price of gloves. For the Engineering, Procurement, Construction and Commissioning (“EPCC”) contract and Glove Technology Solution, the Group focus on its ongoing project of its installation of production lines for American Nitrile Operations, LLC, in USA. The project has started to recognise revenue to the Group in 4th quarter of 2022.

# Management Discussion And Analysis (Cont'd)

## Overview of Business and Operations (cont'd)

The Board believes that the property development and construction segment has growth potential and its development projects particularly in Klang Valley are in various stages of approval by authorities. The Board is confident that once the projects launch, the projects will contribute positively to the financial of the Group.

Given the current market condition, the Board will remain its current position in the gaming & leisure segment in Cambodia.

The Board is optimistic and strongly believe that, with the strategies put in place 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 RM156.1 million and RM151.8million in financial year ended 31 December 2022 ("FYE2022") and financial year ended 31 December 2021 ("FYE2021") respectively. The revenue recorded was mainly contributed from manufacturing segment, RM143.8 million in FYE2022 as compared to RM128.3 million in FYE2021. The higher sales in FYE2022 was mainly contributed from the hygiene and pest control products as well as the plastic formwork. The Group recorded a loss before tax ("LBT") of RM15.1 million in FYE2022 as compared to profit before tax ("PBT") RM14.1 million in FYE2021. This was mainly due to the followings:-

No	Description	Amount
a)	Goodwill Impairment	RM6.4 million
b)	Provision for the allowance for expected credit losses on amount owing in relation to a material litigation	RM5.7 million
c)	Written off inventory properties and deposit for the Pengkalan Hulu project	RM4.8 million
	Total	<u>RM16.9 million</u>

The Group's total assets had grown by RM46.2 million from RM510.0 million as at 31 December 2021 to RM556.2 million as at 31 December 2022. This was mainly due to the investment in Aimflex Berhad of RM27.2 million and the acquisition of land in Ara Damansara of RM35.0 million. The Group's current assets was RM398.1 million as at 31 December 2022 as compared to RM379.5 million as at 31 December 2021, representing a growth of RM18.6 million. The Group's fixed deposits and cash and bank balances had also increased by RM10.6 million to RM70.4 million as at 31 December 2022 from RM59.8 million as at 31 December 2021. The Group's total liabilities increased by RM56.3 million from RM215.9 million as at 31 December 2021 to RM272.2 million as at 31 December 2022. This was mainly due to the increase in borrowings. The Group's borrowings had increased by RM48.0 million from RM20.6 million as at 31 December 2021 to RM68.6 million as at 31 December 2022. The increase in borrowings was mainly used to finance the acquisition of land in Ara Damansara. The working capital financing in manufacturing segment had also increased by RM11.9 million as at 31 December 2022 as compared to 31 December 2021.

The Group's financial position remained strong and recorded the net asset value per share attributable to equity holders of the Group of RM0.09 for financial year ended 31 December 2022 and RM0.10 for financial year ended 31 December 2021. The Group's gearing ratio remained within the manageable level at 0.24 times as at 31 December 2022 as compared to 0.07 times as at 31 December 2021.

The Group's cash and bank balances was RM64.9 million as at 31 December 2022 as compared to RM58.0 million as at 31 December 2021.

The capital expenditure spent in FYE2022 was mainly for the construction of the factory building and the glove production lines.

Based on Bank Negara Malaysia's annual report 2022, even in the face of global challenges, Malaysia's economy continued to post a strong recovery. Domestic GDP grew by 8.7% in 2022 (2021: 3.1%). As COVID-19 restrictions were lifted, economic activities resumed. Labour market conditions and investment activities improved, further supporting domestic growth. The reopening of international borders helped revive tourism activity. Continued policy support, such as the minimum wage increase and cash transfers, provided an additional lift to the economy. With this, the Group will continue to observe a balanced and diversified business portfolio.

## Manufacturing Segment

The revenue for manufacturing segment had increased by RM15.5 million from RM128.3 million in FYE2021 to RM143.8 million in FYE2022 mainly due to the higher sales to the customers in the hygiene and pest control products as well as plastic formwork. The PBT recorded in FYE2022 was RM4.1 million after taking into consideration the impact of goodwill impairment of RM6.4 million as compared to RM3.7 million in FYE2021. The higher sales in hygiene and pest control products which yield a better margin has resulted higher PBT recorded in FYE2022.

# Management Discussion And Analysis (Cont'd)

## Property Development and Construction Segment

Property development and construction segment had recorded a revenue and LBT of RM1.5 million and RM8.6 million respectively in FYE2022 as compared to revenue and PBT of RM19.1 million and RM6.3 million respectively in FYE2021. The housing project in Daerah Seberang Perai Utara has completed and most of the billings have been recognised in prior years which resulted in lower revenue recorded in current year. The loss in FYE2022 was mainly due to the lower sales recorded and the written off of inventory properties and the deposit for the Pengkalan Hulu project of RM4.8 million.

## Glove and Healthcare

For glove & healthcare segment, a revenue and LBT of RM7.1 million and RM2.8 million was recorded in the current period. The Group is started the trading of gloves and the PBT is RM5.0 million in previous corresponding period. The revenue was mainly generated from the installation of glove production lines project in USA which are actively ongoing while the Group is maintaining minimum operation overheads on its glove manufacturing activities in Malaysia due to low average selling price of glove.

## Gaming and Leisure Segment

The gaming and leisure segment had recorded a revenue of RM3.7 million in FYE2022 as compared to RM4.4 million in FYE2021. The PBT recorded was RM0.5 million in FYE2022 as compared to RM0.8 million in FYE2021. 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.





# Management Discussion And Analysis (Cont'd)

## Risks Assumed in Business Operations (cont'd)

### iii) Foreign Exchange Risks (cont'd)

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.

### 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.

## Forward Looking Statement

The Board is cautiously optimistic on the outlook for year 2023 and expecting the market to show stability with gradual recovery as the world economy particularly China opening up together with good governmental support and accommodative policy under the new unity government.

The revenue of manufacturing segment is expected to grow as the demand increases in hygiene and pest control product and key customer opening up market in US. However, with the increment of the electricity tariff and cost generally, the Group is aiming to optimise costs control and its manufacturing efficiency. Besides, Aimflex acquisition shall also help in improving our manufacturing capability to penetrate into wider scope of manufacturing.

For glove and healthcare segment, the gloves remain oversupply with low average selling price but overall market is getting stable. While the Board is extremely careful with glove manufacturing, the EPCC contract with American Nitrile Operations, LLC, is progressing well and completion of 2 to 3 lines are expected in year 2023.

For the property development and construction segment, the "Cyber South" project in Mukim Dengkil, Negeri Selangor is expected to launch in FYE2023. Luster Ara Sdn Bhd, the 50.1%-owned subsidiary of the Company, had acquired a piece of land in Mukim Damansara, Negeri Selangor with an area measuring approximately 9,544 sq metres from Sime Darby Brunsfield Damansara Sdn Bhd and Sime Darby Property (Ara Damansara) Sdn Bhd. The acquisition would enable the Group to enter into high rise development market in prime area of Ara Damansara.

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 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

## Chuah Chong Ewe

Managing Director / Key Senior Management  
Male | Malaysian | 56

Mr Chuah Chong Ewe was appointed to the Board of Luster as an Executive Director on 21 September 2018, and subsequently redesignated as Managing Director on 28 February 2023. He is a member of the Risk Management Committee. His main responsibilities are to lead the strategic business direction of the Group.

He graduated from University of Malaya with a degree in LLB (Hons). He was admitted to the Malaysian Bar Council on 26 February 1993 and in the same year started his career as an advocate and solicitor practicing for approximately 20 years before he ceased practice and venture into corporate commercial field.

In 2005, he joined Seal Incorporated Berhad as Advisor before being assigned as its Group Chief Executive Officer. He spearheaded the strategic move and transformational restructuring in Seal Incorporated Berhad from a heavily indebted position into a profitable net cash corporation with diversified earnings base before leaving in October 2014.

He joined Pentamaster Corporation Berhad in 2015 as its Chief Executive Officer and Executive Director. He resigned in 2021 but remains major shareholder of Pentamaster Corporation Berhad.

He joined Aimflex Berhad as Executive Director on 25 January 2022 and subsequently a Group Managing Director on 30 September 2022. He is now major shareholder of Aimflex Berhad.

## Phuah Cheng Peng

Executive Director / Key Senior Management  
Male | Malaysian | 47

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 RM300 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 and Jade Classic Sdn Bhd.

## Liang Wooi Gee

Executive Director / Key Senior Management  
Male | Malaysian | 51

Mr Liang Wooi Gee was appointed to the Board of Luster as an Executive Director on 30 September 2008.

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. 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.

## Wee Song He, Wilson

Executive Director / Key Senior Management  
Male | Singaporean | 43

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.

Mr Wee is a member of the Risk Management Committee.

# Directors' and Key Senior Management Profile (cont'd)

## Chuah Chong San

Executive Director / Key Senior Management  
Male | Malaysian | 59

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 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 Divestiture projects. 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 joined Aimflex Berhad as Executive Director on 25 January 2022.

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") and Glovconcept Sdn Bhd.

## Dato' Mohamed Shukri bin Mohamed Zain

Independent Non-Executive Director  
Male | Malaysian | 58

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 later resigned from Greater Tampin Oto Sdn Bhd in 2022.

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

## Ahmad Kamal Bin S. Awab

Independent Non-Executive Director  
Male | Malaysian | 67

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

## Directors' and Key Senior Management Profile (cont'd)

### Lee Lean Suan

Independent Non-Executive Director  
Female | Malaysian | 56

Ms. Lee was appointed as an Independent Non-Executive Director on 28 February 2023. Ms Lee graduated from University of Malaya with a degree in Bachelor of Accounting (Hons). She completed her professional examinations with the Malaysian Association of Certified Public Accountants. She is a member of Malaysian Institute of Accountants and a fellow member of Malaysian Institute of Taxation.

Ms Lee started her career as an auditor from year 1992 to 1995 in an international audit firm where she gained experience in auditing clients from different types of industries ranging from trading, manufacturing, retailing, finance, banking, property development to services. She was involved in corporate business service in preparing clients for listing in KLSE and Financial Consultant of abandoned housing projects under Tabung Projek Perumahan Terbangkalai Bank Negara Malaysia.

In 1995, she joined a public listed company as Group Accountant where her job responsibilities were mainly in the area of consolidated group accounts, finance, treasury, taxation, internal control, corporate governance and administration. She was subsequently promoted to Financial Controller and CEO in a subsidiary of the said public listed company. She was involved in the setting up the education arm of the said public listed company group (the "Group").

In 2003, she performed a management buy-out of a private institution of higher learning from the Group. As the CEO and Financial Director, she upgraded the college to a 5 star rated international college and subsequently, she retired in 2018.

In 2022, she was appointed as an Independent Non-executive Director and Audit Committee Chairman of Sin Kung Logistics Bhd.

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

### Yee Voon Hon

Key Senior Management  
Male | Malaysian | 39

Mr. Yee Voon Hon is the director of Glovmaster Sdn Bhd ("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) | 61

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.

### Goh Khoon Hau

Group Financial Controller  
Male | Malaysian | 52

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. Mr Chuah Chong Ewe and Chuah Chong San are both the Director of Aimflex Berhad. Save as disclosed herein, 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 Berhad (“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 2022 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 83% of the Group’s total revenue.

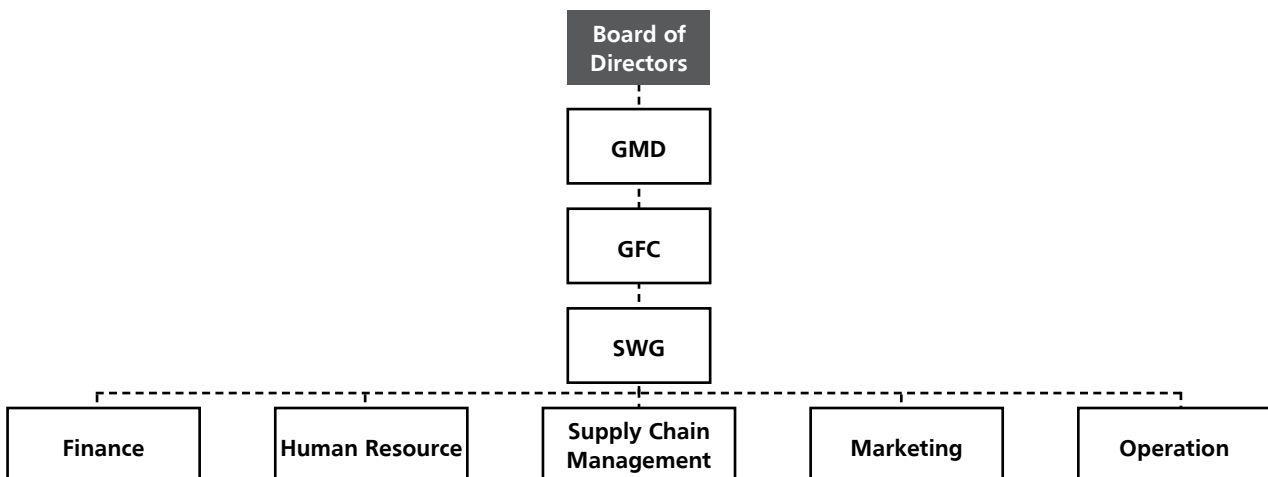
## COMMITMENT TO SUSTAINABILITY

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 Managing Director (“GMD”) who is overseeing the implementation of sustainability strategies set by the Board. The Board is ultimately responsible for setting up sustainability strategies.

Our GMD 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.

# Sustainability Statement (Cont'd)




## GOVERNANCE STRUCTURE (cont'd)

### 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 GMD who in turn reports same to the Board.

### 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
<p>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.</p> <p><i>Note: This may include the organisation's procurement practices or community investment.</i></p>	<p>An organisation's impact on living and non-living natural systems, including land, air, water and ecosystems.</p> <p><i>Note: This may include the organisation's usage of energy and water, discharge of emissions, or loss of biodiversity, etc</i></p>	<p>The impact an organisation has on the social systems within which it operates.</p> <p><i>Note: This may include the organisation's relationships with communities, employees, consumers, etc.</i></p>

(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
<p>Investors/shareholders</p> 	<ul style="list-style-type: none"> <li>• Return on investment</li> <li>• Financial performance</li> <li>• Business prospects</li> </ul>	<ul style="list-style-type: none"> <li>• Engagement with shareholders during the Company's Annual General Meeting</li> <li>• Quarterly reporting</li> <li>• Dissemination of information through press release and the Company's website</li> <li>• Investors' briefing</li> <li>• Independent analysts' report</li> </ul>
<p>Customers</p> 	<ul style="list-style-type: none"> <li>• Product quality</li> <li>• Manufacturing capacity</li> <li>• Reliability</li> <li>• Competitive prices</li> <li>• Collection within credit period</li> </ul>	<ul style="list-style-type: none"> <li>• Customers' feedback</li> <li>• Customer audits</li> <li>• After sales service</li> <li>• Sales and marketing visits</li> <li>• Manufacturing collaboration</li> </ul>
<p>Vendors</p> 	<ul style="list-style-type: none"> <li>• Procurement policy and procedures</li> <li>• Prompt payments within credit period</li> <li>• Business prospects and financial stability</li> </ul>	<ul style="list-style-type: none"> <li>• Disseminate procurement policy and procedures</li> <li>• Assessment on suitability of vendors</li> <li>• Reinforcement of ethical business practices</li> <li>•</li> </ul>

# Sustainability Statement (Cont'd)

## STAKEHOLDERS ENGAGEMENT (cont'd)

Stakeholder Groups	Areas of Interest	Engagement Platforms
Employees 	<ul style="list-style-type: none"> <li>Competitive salary and benefits package</li> <li>Clear line of reporting and proper communication channel</li> <li>Work-life balance</li> <li>Career path and opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Employees handbook</li> <li>Survey on human resource ("HR") practices in the market</li> <li>On-the-job, internal and external training</li> <li>Engagement with employees</li> <li>Sports and recreation programme</li> <li>Occupational safety and health</li> </ul>
Communities 	<ul style="list-style-type: none"> <li>Impact of operations on surrounding environment</li> <li>Corporate social responsibility</li> </ul>	<ul style="list-style-type: none"> <li>Engagement with local communities</li> <li>Provide job opportunities</li> <li>Pay attention to polluting emissions and effluents</li> </ul>
Regulatory authorities 	<ul style="list-style-type: none"> <li>Compliance with existing laws</li> <li>Standards and certification</li> </ul>	<ul style="list-style-type: none"> <li>Updates on rules and regulations</li> <li>Consultation with authorities</li> <li>Attendance at relevant seminars and conferences</li> </ul>

## 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			■
<b>Legend:</b>		▲ 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. 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.

# Sustainability Statement (Cont'd)

## STAKEHOLDERS ENGAGEMENT (cont'd)

### Material Sustainability Matters (cont'd)

#### Economic (cont'd)

- 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.

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 2022 is 4.1, while rating for 2021 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		
2022	2021	Target
4.1	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 packaging cost Sustainable Packaging Initiatives	To achieve sustainable packaging initiatives by using "Moulded Pulp" where 100% recycled paper were used in product packaging.
OBJECTIVE : Reduce rejection due to crack Technical Data Sheet specification	Improve material stability and consistency to reduce product crack.

- 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.
- ISO 45001:2018 – 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.
- IATF 16949:2016– 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.
- Green Certificate Partner - Sony introduced its "Green Partner Environmental Quality Approval System" as an operation system for ensuring that suppliers comply with these standards and regulations. Sony allowed to procure from suppliers who are certified as Green Partners only. We are certified as a Green Partner who cooperate in the production of environmentally sensitive products.

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		NIGHT TIME	
	PERMISSIBLE SOUND LEVEL: 70dBA		PERMISSIBLE SOUND LEVEL: 60dBA	
	2022	2021	2022	2021
1) Near Bomba Tank	69.7	61.8	62.9	55.6
2) Near Motor Parking Area	55.5	57.5	51.6	53.8
3) Near First Aid Room	56.9	58.1	53.1	55.6
4) Near Scheduled Waste	50.0	57.7	47.4	53.2

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.

2022		
CHIMNEY	PARAMETER	REMARK
Chimney 1	Particulate matter / Non-methane volatile organic compounds (“NMVOC”) / Dark Smoke	Dismantled on 20 May 2022
Chimney 2	Particulate matter / Non-methane volatile organic compounds (“NMVOC”) / Dark Smoke	Dismantled on 20 May 2022
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	2022	2021
Number of Incidents	4 cases	5 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 year 2022, the following safety and health events have been organised:

Event	2022	2021
Audiometry Test	16 participants	Not conducted
Pap Smear and Health Screening Program	140 participants	Not conducted

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	2022	2021
ERP training	Nil	20 participants
Forklift & Stacker Safety Driving	23 participants	Nil
Compliance Of Regulations Under Employee’s Minimum Standards Housing, Accommodations And Amenities Act 446	Nil	1 participant
Post Covid Prevention at the Workplace	Nil	2 participants
Chemical Hazard Communication -Chemical Classification, Labeling and Safety Data Sheet	Nil	2 participants
Taklimat Mengenai Langkah-langkah pencegahan kebakaran	Nil	19 participants
Driving The Safe and Healthy Work Culture Through Empowerment of OSHMP 25	1 participant	Nil
MACC Act 2009, Section 17A & Whistle Blowing	37 participants	Nil
Personal Protective Equipment-Selection & Usage Guide	1 participant	Nil
Manage Scheduled Wastes In Compliance With Regulations For Employers	1 participant	Nil
Pematuhan Kepada Peraturan-peraturan Kualiti Alam Sekeliling [Buangan Terjadual] 2005	1 participant	Nil
Safe Motorcycle Riding Campaign 2022	4 participants	Nil
Safety & Health Conference 2022: “Revamp Towards Safety Transformation”	2 participants	Nil
The application Of 8D Problem Solving	17 participants	Nil
Introduction To Occupational Ergonomic Assessment	21 participants	Nil
Total Chemical Safety Management	2 participants	Nil
Bicara Eksekutif Kelestarian Pengurusan Buangan Berbahaya	1 participant	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 festivals celebration 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.

#### **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.



# Sustainability Statement (Cont'd)

## STAKEHOLDERS ENGAGEMENT (cont'd)

### Material Sustainability Matters (cont'd)

#### Social (cont'd)

##### 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 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. In 2022, the Group has also contributed to Bukit Tambun Football Club ("BTFC") for Amateur Football League (AFL M3 League) to foster local sports teams in Batu Kawan. The Group has also made generous donation to UTAR Education Foundation during the financial year to give transformative impact on students, teachers, and educational institutions, enabling them to achieve their full potential and contribute to society.

## 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 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 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 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 2022 is set out below:

Name of Director	No. of meetings held and attended by Directors
Chuah Chong Ewe (Managing Director) Redesignated as Managing Director on 28 February 2023	4/4
Liang Wooi Gee (Executive Director) Redesignated as Executive Director on 28 February 2023	4/4
Phuah Cheng Peng (Executive Director)	4/4
Wee Song He, Wilson (Executive Director)	4/4
Chuah Chong San (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)	3/4
Lee Lean Suan (Independent Non-Executive Director) (Appointed on 28 February 2023)	0/0
Dato' Yew Tian Tek (Independent Non-Executive Director) (Resigned on 28 February 2023)	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 2022.

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
12 May 2022	Dato' Yew Tian Tek, Dato' Mohamed Shukri Bin Mohamed Zain, Ahmad Kamal Bin S. Awab, Phuah Cheng Peng, Chuah Chong San, Chuah Chong Ewe, Liang Wooi Gee, Wee Song He, Wilson	MACC Act 2009, Section 17A, Corporate Liability & Whistle Blowing
28 September 2022	Chuah Chong Ewe	Emerging Giants in Asia Pacific

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.

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.

# Corporate Governance Overview Statement (Cont'd)

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

### I BOARD RESPONSIBILITIES (cont'd)

#### 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 Managing Director

There is a clear division of responsibilities between the Chairman and the 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.

## 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 Board Charter is available at its corporate website.



# Corporate Governance Overview Statement (Cont'd)

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

### I BOARD RESPONSIBILITIES (cont'd)

#### 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 responsible for the setting up of the Group's sustainability strategies. The Group is aware of the importance of business sustainability and has consistently reviewing its operational practices that affect sustainability of environment, governance and social aspects.

##### 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

Evaluation was conducted on the Board and Senior Management's performance in addressing the Company's material sustainability risks and opportunities.

# 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.

For Board meetings held during the financial year ended 31 December 2022, 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 has exceeded the prescribed nine (9) years may continue to serve the Board subject to re-designation as Non-Independent Non-Executive Director. As at to-date, none of the Independent Directors have served on the Board for a cumulative or consecutive term of nine (9) years.

##### 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.

##### 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 2022 is as follows:

# Corporate Governance Overview Statement (Cont'd)

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

### II BOARD COMPOSITION(cont'd)

#### 5. Board Objectivity (cont'd)

##### 5.8 Nominating Committee (cont'd)

Nominating Committee	Position in Nominating Committee	Directorate	Attendance
Ahmad Kamal Bin S. Awab (Redesignated as Chairman on 28 February 2023)	Chairman	Independent Non-Executive Director	1/1
Dato' Mohamed Shukri Bin Mohamed Zain (Redesignated as Member on 28 February 2023)	Member	Independent Non-Executive Director	1/1
Dato' Yew Tian Tek (Resigned as Member on 28 February 2023)	Member	Independent Non-Executive Director	1/1
Lee Lean Suan (Appointed as Member on 28 February 2023)	Member	Independent Non-Executive Director	0/0

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

The objectives of the NC are:

- 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.
- To recommend to the Board, Directors who are retiring by rotation to be put forward for re-election.
- To evaluate training needs for Directors annually.
- To arrange induction programmes for newly appointed Directors to familiarize themselves with the operations of the Group through briefings by the 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 36<sup>th</sup> 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.

The Board had on 28 February 2023 appointed a female director, the Group's female staff made up 37% of the total staff.

##### 5.10 Women participation in senior management

The Group's female senior management staff made up 26.6% 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 27 February 2023, 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 2022 is as follows:

Remuneration Committee	Position in Remuneration Committee	Directorate	Attendance
Lee Lean Suan (Appointed as Chairman on 28 February 2023)	Chairman	Independent Non-Executive Director	0/0
Liang Wooi Gee	Member	Executive Director	1/1
Ahmad Kamal Bin S. Awab	Member	Independent Non-Executive Director	1/1
Dato' Yew Tian Tek (Resigned as Chairman on 28 February 2023)	Chairman	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 2022 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.

# 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

##### 8.1 Details of Directors' remuneration

The details of the remuneration of Directors for the financial year ended 31 December 2022 are as follows:

	Fees RM'000		Salaries RM'000		Other emoluments RM'000		Total RM'000	
	Group	Company	Group	Company	Group	Company	Group	Company
<u>Executive Directors</u>								
Liang Wooi Gee	36	36	374	374	44	44	454	454
Chuah Chong Ewe	24	24	336	49	36	6	396	79
Phuah Cheng Peng	24	24	336	49	36	6	396	79
Wee Song Hee, Wilson	24	24	287	-	34	-	345	24
Chuah Chong San	-	-	362	241	46	31	408	272
<u>Non-Executive Directors</u>								
Ahmad Kamal Bin S. Awab	36	36	2	2	-	-	38	38
Dato' Mohamed Shukri Bin Mohamed Zain	36	36	2	2	-	-	38	38
Dato' Yew Tian Tek @	36	36	2	2	-	-	38	38
Lee Lean Suan #	-	-	-	-	-	-	-	-
<b>Total</b>	<b>216</b>	<b>216</b>	<b>1,701</b>	<b>719</b>	<b>196</b>	<b>87</b>	<b>2,113</b>	<b>1,022</b>

@ Resigned on 28 February 2023

# Appointed on 28 February 2023

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

##### 8.2 Details of top 5 Senior Management's remuneration

Range of Remuneration (RM)	Number of Senior Management
300,000 - 350,000	1
250,000 - 300,000	-
200,000 - 250,000	2
150,000 - 200,000	1
100,000 - 150,000	1
<b>Total</b>	<b>5</b>

##### 8.3 Details of top five senior management's remuneration on named 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 detailed remuneration of the top five Senior Management on a named basis.

# Corporate Governance Overview Statement (Cont'd)

## 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 Ms. Lee Lean Suan appointed on 28 February 2023 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.

On 27 February 2023, 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 2022, 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 28 February 2022 and 28 November 2022 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.

# 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)

##### 9.4 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 36 and 37 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:

<b>Risk Management Committee</b>	<b>Position in Risk Management Committee</b>	<b>Directorate</b>
Ahmad Kamal Bin S. Awab (Redesignated as Chairman on 28 February 2023)	Chairman	Independent Non-Executive Director
Dato' Mohamed Shukri Bin Mohamed Zain (Redesignated as Member on 28 February 2023)	Member	Independent Non-Executive Director
Chuah Chong Ewe	Member	Managing Director
Wee Song He, Wilson	Member	Executive Director
Lee Lean Suan (Appointed as Member on 28 February 2023)	Member	Independent Non-Executive Director
Dato' Yew Tian Tek (Resigned as Member on 28 February 2023)	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 2022.

# Corporate Governance Overview Statement (Cont'd)

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

### II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (cont'd)

#### 11. Effective governance, risk management and internal control (cont'd)

##### 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.

## 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 2023 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-Fifth AGM of the Company held on 30 May 2022 ("2022 AGM").

The shareholders present at the 2022 AGM were invited to ask questions about the resolutions being proposed at the 2022 AGM before putting them to vote by poll.

##### 13.3 Leveraging on technology for voting in absentia and remote shareholders' participation

The general meetings of the Company have always been held at a hotel, which is accessible to all shareholders. Shareholders are entitled to appoint proxy to vote on their behalf in their absence.

# Corporate Governance Overview Statement (Cont'd)

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

### II. CONDUCT OF GENERAL MEETINGS (cont'd)

#### 13. Encourage Shareholder Participation at General Meetings (cont'd)

##### 13.3 Leveraging on technology for voting in absentia and remote shareholders' participation (cont'd)

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 2022 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 2022 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 2022 AGM (including the questions raised at the meeting and the answers thereto) were also made available on the Company's website.

### 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 2022.

This Corporate Governance Statement is made in accordance with the resolution of the Board of Directors dated 20 April 2023.

# 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 RM211,500 and RM42,000 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 RM57,650 and RM8,000 respectively.

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

## 2) Recurrent Related Party Transactions of a Revenue or Trading Nature for the financial year ended 31 December 2022

Details of transactions with related parties undertaken by the Group during the financial year are disclosed in Note 31 to the Financial Statements.

## 3) Utilisation of Proceeds

LIB had issued 129,655,800 new ordinary shares during the financial year ended 31 December 2022 through exercise of warrants. The abovementioned ordinary shares were issued at an issue price of RM0.10 per ordinary share. The total proceeds of RM12,965,580.00 was received from the said placement. The proceeds raised from the said issuance have been fully utilized during the financial year to fund the working capital of the Group.

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

There were no material contracts entered into 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](http://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 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 2022 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 20 April 2023.

# 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	Lee Lean Suan (Appointed as Chairman on 28 February 2023)
Member	Dato' Mohamed Shukri bin Mohamed Zain Ahmad Kamal Bin S. Awab (Redesignated as Member on 28 February 2023) Dato' Yew Tian Tek (Resigned as Member on 28 February 2023)

## Meetings

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

<b>Name of Members</b>	<b>Attendance</b>
Ahmad Kamal Bin S. Awab	4/4
Dato' Mohamed Shukri Bin Mohamed Zain	3/4
Lee Lean Suan (Appointed as Chairman on 28 February 2023)	0/0
Dato' Yew Tian Tek (Resigned as Member on 28 February 2023)	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 2022 and November 2022 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 and Marketing, Purchasing, Accounts Payable, Bank and Payments 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)

## 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 RM38,000.

This Audit Committee Report is made in accordance with the resolution of your Board of Directors dated 20 April 2023.



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# Directors' Report

For The Financial Year Ended 31 December 2022

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended **31 December 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.

## RESULTS

	GROUP RM	COMPANY RM
(Loss)/Profit for the financial year	<u>(18,606,680)</u>	<u>15,611,648</u>
Attributable to:		
Owners of the Company	(16,913,710)	15,611,648
Non-controlling interests	(1,692,970)	-
	<u>(18,606,680)</u>	<u>15,611,648</u>

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 2022** have not been substantially affected by any item, transaction or event of a material and unusual nature except for the following items which have been charged to profit or loss for the financial year:

	GROUP RM	COMPANY RM
Allowance for expected credit losses on other receivables	5,745,578	5,745,578
Impairment loss on goodwill on consolidation (Note 26)	6,445,959	-
Impairment loss on investment in subsidiaries (Note 26)	-	32,136,239
Reversal of impairment loss on investment in subsidiaries (Note 26)	-	(8,756,390)
Written off (Note 26):		
- bad debts	1,041,479	-
- deposit	1,200,000	-
- inventory properties	3,578,900	-

## 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.

# Directors' Report (Cont'd)

For The Financial Year Ended 31 December 2022

## 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 129,655,800 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.

## WARRANTS

The salient features of the warrants are disclosed in Note 20.2 to the financial statements.

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

Grant date	Exercise price (RM)	Number of warrants			Balance at 31.12.2022
		Balance at 1.1.2022	Exercised	Lapsed	
5 June 2012	0.10	441,538,605	(129,655,800)	(311,882,805)	-
27 May 2013	0.10	216,000,000	-	-	216,000,000

## 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:*

- \* Chuah Chong Ewe
- \* Liang Wooi Gee
- \* Chuah Chong San
- \* Phuah Cheng Peng
- \* Wee Song He, Wilson  
Ahmad Kamal Bin S. Awab  
Dato' Mohamed Shukri Bin Mohamed Zain  
Lee Lean Suan (appointed on 28.2.2023)  
Dato' Yew Tian Tek (resigned on 28.2.2023)

### *Directors of the subsidiaries:*

- Ng Sock Ee
- Zaibidi Bin Mahamod
- Khor Chong Hai
- Cheung Wah Keung
- Yee Voon Hon
- Chelladhas Stalin
- Lim Thean Ping
- Chiang Chong Kooi
- Goh Khoon Hau (resigned on 17.12.2022)

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

# Directors' Report (Cont'd)

For The Financial Year Ended 31 December 2022

## 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 31.12.2022
	Balance at 1.1.2022	Exercise of Warrants A	Bought/(Sold)	
<b>Direct Interest:</b>				
Chuah Chong Ewe	201,545,000	-	-	201,545,000
Liang Wooi Gee	49,272,857	-	(2,000,000)	47,272,857
Chuah Chong San	41,700,000	1,500,000	-	43,200,000
Phuah Cheng Peng	224,114,500	8,000,000	13,500,000	245,614,500
Wee Song He, Wilson	64,926,220	-	1,710,000	66,636,220
Dato' Mohamed Shukri Bin Mohamed Zain	100,000	-	-	100,000
<b>Deemed Interest:</b>				
<sup>1</sup> Chuah Chong Ewe	97,550,000	-	-	97,550,000
<sup>2</sup> Liang Wooi Gee	400	-	-	400
<sup>2</sup> Phuah Cheng Peng	500,000	-	-	500,000
<sup>2</sup> Dato' Yew Tian Tek	2,000,000	-	-	2,000,000

	Number of Warrants A				Balance at 31.12.2022
	Balance at 1.1.2022	Bought	Exercised	Lapsed	
<b>Direct Interest:</b>					
Liang Wooi Gee	5,714	-	-	(5,714)	-
Chuah Chong San	1,500,000	-	(1,500,000)	-	-
Phuah Cheng Peng	1,500,000	6,500,000	(8,000,000)	-	-

Note:

<sup>1</sup> Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of shares held through Triumphant View Sdn. Bhd.

<sup>2</sup> Deemed interest pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of shares held by his spouse.

## 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
Fees	216,000	-	216,000
Salaries, allowances and incentive	720,450	980,230	1,700,680
EPF	86,302	110,138	196,440
	<b>1,022,752</b>	<b>1,090,368</b>	<b>2,113,120</b>

# Directors' Report (Cont'd)

For The Financial Year Ended 31 December 2022

## DIRECTORS' REMUNERATION AND BENEFITS (cont'd)

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 adequate provision has been made for doubtful debts; 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 the amounts written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and of the Company 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.

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.

# Directors' Report (Cont'd)

For The Financial Year Ended 31 December 2022

## EVENT AFTER THE REPORTING PERIOD

The details of the event after the reporting period are disclosed in Note 36 to the financial statements.

## AUDITORS

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

The total amount of fees paid to or receivable by the auditors and its affiliate as remuneration for their services to the Group and the Company for the financial year ended 31 December 2022 are as follows:

	<b>Group RM</b>	<b>Company RM</b>
Statutory audit	<b>211,500</b>	<b>42,000</b>
Assurance related and non-audit services	<b>57,650</b>	<b>8,000</b>
Total	<b>269,150</b>	<b>50,000</b>

The Company has agreed to indemnify the auditors to the extent permissible under the provisions of the Companies Act 2016 in Malaysia. However, no payment has been made under this indemnity for the financial year.

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

.....  
**Chuah Chong Ewe**

**Penang,**

**Date: 20 April 2023**

.....  
**Liang Wooi Gee**



# Directors' Statement

In the opinion of the directors, the financial statements set out on pages 50 to 130 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 2022** 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:

.....  
**Chuah Chong Ewe**

**Date: 20 April 2023**

.....  
**Liang Wooi Gee**

## 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 50 to 130 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 **20th** )  
day of **April 2023**. )

.....  
**Liang Wooi Gee**

**Before me,**

.....  
**Liew Juan Leng (P162)**  
**Commissioner for Oaths**

# Independent Auditors' Report

To The Members Of Luster Industries Bhd. registration 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 2022** 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 50 to 130.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at **31 December 2022** and of 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.

### 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Revenue recognition</b> (Note 25 to the financial statements)</p> <p>The Group's revenue is mainly derived from the manufacturing of precision plastic parts, sub-assembly, die-casting components and precision engineering works ("Manufacturing") and provision of engineering, procurement, construction and commissioning of glove technology solution consulting ("EPCC Contract") in relation to gloves production lines.</p> <p>Manufacturing - We focus on this area due to the magnitude and voluminous transactions which may give rise to a higher risk of material misstatements in respect of the timing and amount of revenue recognised.</p> <p>EPCC Contract - We focus on this area due to the contract revenue is to be accounted based on the percentage of completion which is measured using cost incurred method. This involves professional judgment and estimates made by the Group to measure the accuracy of revenue recognised over time in accordance with <i>MFRS 15</i>.</p>	<p>Our audit procedures in relation to the Manufacturing revenue recognition included, amongst others, the following:</p> <ul style="list-style-type: none"><li>• Obtained an understanding of the Group's revenue recognition process and application and thereafter tested controls on the occurrence of revenue;</li><li>• Performed analytical procedures on the trend of revenue recognised to identify for any abnormalities;</li><li>• Performed substantive testing on a sampling basis to verify that revenue recognition criteria was properly applied by checking to the documents which evidenced the delivery of goods to the customers;</li><li>• Assessed whether revenue was recognised in the correct period by testing cut-off through assessing sales transactions taking place at either side of the reporting date as well as reviewing credit notes and sales returns issued after the reporting date;</li><li>• Reviewed the sales ledger to identify any sales transactions that were entered using journals or non-sales invoices references and evaluated the nature of the transactions to determine whether they were <i>bona fide</i> transactions.</li></ul>



# Independent Auditors' Report (Cont'd)

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

## Key Audit Matters (cont'd)

Key Audit Matter	How our audit addressed the Key Audit Matter
	<p>Our audit procedures in relation to the EPCC Contract revenue recognition included, amongst others, the following:</p> <ul style="list-style-type: none"><li>• Reviewed the contract with customer to determine whether, based on the contract terms and billing schedule as well as overall performance of services, the Group has appropriately accounted for the contract in accordance with <i>MFRS 15</i>;</li><li>• Inspected to the documents which evidenced the cost estimation made;</li><li>• Reviewed the job progress report prepared by the appointed third party project management team in order to support the calculation of percentage of completion;</li><li>• Interviewed the appointed third party project management team in order to understand the basis of deriving the calculation of percentage of completion; and</li><li>• Assessed the adequacy of disclosures as required by <i>MFRS 15</i>.</li></ul>

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

## Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the 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:

# Independent Auditors' Report (Cont'd)

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

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

- 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.
- 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: 20 April 2023**

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

# Statements Of Financial Position

As At 31 December 2022

	NOTE	GROUP		COMPANY	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	127,178,017	105,091,614	1	1
Right-of-use assets	5	820,134	1,443,670	-	-
Investment in subsidiaries	6	-	-	177,755,186	174,085,036
Goodwill on consolidation	7	-	6,445,959	-	-
Other investments	8	27,236,506	-	27,236,506	-
Deferred tax assets	9	27,000	1,986,000	-	-
Trade receivables	10	658,855	2,778,781	-	-
Other receivables, deposits and prepayments	11	2,195,000	12,776,527	48,600,000	-
Amount due from subsidiaries	12	-	-	9,948,693	-
		<u>158,115,512</u>	<u>130,522,551</u>	<u>263,540,386</u>	<u>174,085,037</u>
<b>Current assets</b>					
Inventory properties	13	159,651,505	126,228,406	-	-
Inventories	14	32,176,763	26,008,210	-	-
Trade receivables	10	48,680,402	93,470,642	-	-
Other receivables, deposits and prepayments	11	25,412,134	36,708,237	472,569	6,316,041
Contract assets	15	-	2,341,738	-	-
Contract costs	16	51,482,519	34,584,132	-	-
Amount due from subsidiaries	12	-	-	101,624	67,432,946
Current tax assets		874,537	294,970	288,349	-
Other investments	8	9,428,749	-	-	-
Fixed deposits with licensed banks	17	5,482,993	1,844,450	-	-
Cash and bank balances	18	64,870,272	57,992,033	19,712,632	5,333,815
		<u>398,059,874</u>	<u>379,472,818</u>	<u>20,575,174</u>	<u>79,082,802</u>
<b>TOTAL ASSETS</b>		<u>556,175,386</u>	<u>509,995,369</u>	<u>284,115,560</u>	<u>253,167,839</u>

# Statements Of Financial Position (Cont'd)

As At 31 December 2022

	NOTE	GROUP		COMPANY	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	19	312,270,332	299,304,752	312,270,332	299,304,752
Other reserves	20	(30,954,150)	(9,260,054)	(36,087,660)	(46,600,045)
		<b>281,316,182</b>	290,044,698	<b>276,182,672</b>	252,704,707
Non-controlling interests		2,655,440	4,082,625	-	-
<b>Total equity</b>		<b>283,971,622</b>	294,127,323	<b>276,182,672</b>	252,704,707
<b>Non-current liabilities</b>					
Borrowings	21	37,669,969	8,623,203	-	-
Lease liabilities	5	195,063	758,056	-	-
Trade payables	22	900,262	2,269,114	-	-
Other payables and accruals	23	79,095,265	76,015,297	-	-
Deferred tax liabilities	9	824,269	625,382	-	-
		<b>118,684,828</b>	88,291,052	-	-
<b>Current liabilities</b>					
Trade payables	22	21,468,356	36,759,718	-	-
Other payables and accruals	23	34,176,698	20,827,346	230,297	212,562
Amount due to subsidiaries	12	-	-	2,153,429	10,000
Borrowings	21	30,929,232	11,935,723	5,549,162	-
Lease liabilities	5	648,477	711,344	-	-
Contract liabilities	15	65,658,030	55,129,490	-	-
Refund liabilities	24	499,329	-	-	-
Current tax liabilities		138,814	2,213,373	-	240,570
		<b>153,518,936</b>	127,576,994	<b>7,932,888</b>	463,132
<b>Total liabilities</b>		<b>272,203,764</b>	215,868,046	<b>7,932,888</b>	463,132
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>556,175,386</b>	509,995,369	<b>284,115,560</b>	253,167,839

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

# Statements Of Comprehensive Income

For The Financial Year Ended 31 December 2022

	NOTE	GROUP		COMPANY	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	25	156,053,664	151,782,658	47,320,000	18,251,105
Cost of sales		<u>(137,519,748)</u>	<u>(129,111,992)</u>	-	-
<b>Gross profit</b>		<b>18,533,916</b>	22,670,666	<b>47,320,000</b>	18,251,105
Other income		5,000,111	7,964,516	8,761,519	6,162,486
Administrative expenses		(18,230,372)	(15,430,765)	(2,086,548)	(1,573,116)
Selling and distribution expenses		(1,366,813)	(1,268,193)	-	-
Other operating expenses		(12,266,338)	(35,618)	(32,136,239)	(20,593,745)
Allowance for expected credit losses on other receivables		<u>(5,745,578)</u>	-	<u>(5,745,578)</u>	-
<b>Operating (loss)/profit</b>		<b>(14,075,074)</b>	13,900,606	<b>16,113,154</b>	2,246,730
Finance costs		(1,630,347)	(674,793)	(788,059)	-
Finance income		<u>613,371</u>	850,891	<u>456,598</u>	1,768,733
<b>(Loss)/Profit before tax</b>	26	<b>(15,092,050)</b>	14,076,704	<b>15,781,693</b>	4,015,463
Tax expense	27	<u>(3,514,630)</u>	<u>(5,356,989)</u>	<u>(170,045)</u>	<u>(459,000)</u>
<b>(Loss)/Profit for the financial year</b>		<b>(18,606,680)</b>	8,719,715	<b>15,611,648</b>	3,556,463
<b>Total other comprehensive (loss)/income, net of tax:</b>					
<b>Item that will not be reclassified subsequently to profit or loss:</b>					
Net change in fair value of equity investments designated at fair value through other comprehensive income		(5,099,263)	-	(5,099,263)	-
<b>Item that will be reclassified subsequently to profit or loss:</b>					
Foreign currency translation differences for foreign operation		<u>335,661</u>	166,953	-	-
<b>Total comprehensive (loss)/income for the financial year</b>		<b><u>(23,370,282)</u></b>	<u>8,886,668</u>	<b><u>10,512,385</u></b>	<u>3,556,463</u>
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(16,913,710)	8,469,795	15,611,648	3,556,463
Non-controlling interests		<u>(1,692,970)</u>	249,920	-	-
		<b><u>(18,606,680)</u></b>	<u>8,719,715</u>	<b><u>15,611,648</u></b>	<u>3,556,463</u>
<b>Total comprehensive (loss)/income attributable to:</b>					
Owners of the Company		(21,694,096)	8,628,400	10,512,385	3,556,463
Non-controlling interests		<u>(1,676,186)</u>	258,268	-	-
		<b><u>(23,370,282)</u></b>	<u>8,886,668</u>	<b><u>10,512,385</u></b>	<u>3,556,463</u>
<b>(Loss)/Earnings per share attributable to owners of the Company (sen)</b>	28				
- Basic		<u>(0.57)</u>	0.29		
- Diluted		<u>(0.57)</u>	0.27		

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

# Consolidated Statement Of Changes In Equity

For The Financial Year Ended 31 December 2022

	Attributable to Owners of the Company		Non-distributable					Total Equity RM	
	Share Capital RM	Foreign Currency Translation Reserve RM	Warrants Reserve RM	Discount on Shares RM	Capital Reserve RM	Fair Value Adjustment Reserve RM	Accumulated Losses RM		Non-controlling Interests RM
Balance at beginning	299,304,752	86,835	22,616,494	(22,616,494)	8,419,642	-	(17,766,531)	4,082,625	294,127,323
Total comprehensive loss for the financial year	-	318,877	-	-	-	(5,099,263)	(16,913,710)	(1,676,186)	(23,370,282)
<i>Transactions with owners of the Company:</i>									
Issuance of shares pursuant to the exercise of warrants	12,965,580	-	-	-	-	-	-	-	12,965,580
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	249,001	249,001
Transfer of warrants reserve upon exercised	-	-	(3,669,259)	3,669,259	-	-	-	-	-
Transfer of warrants reserve upon lapse of Warrant A	-	-	(8,822,235)	8,822,235	-	-	-	-	-
Total transactions with owners	12,965,580	-	(12,491,494)	12,491,494	-	-	-	249,001	13,214,581
Balance at end	312,270,332	405,712	10,125,000	(10,125,000)	8,419,642	(5,099,263)	(34,680,241)	2,655,440	283,971,622

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

# Consolidated Statement Of Changes In Equity (Cont'd)

For The Financial Year Ended 31 December 2022

	Attributable to Owners of the Company										Total Equity RM				
	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	Non-distributable						
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			
<i>Transactions with owners of the Company:</i>															
Issuance of shares pursuant to the exercise of warrants	5,590	-	-	-	-	-	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			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 these financial statements.

# Statement Of Changes In Equity

For The Financial Year Ended 31 December 2022

	Attributable to Owners of the Company					Total Equity RM
	Share Capital RM	Warrants Reserve RM	Discount on Shares RM	Fair Value Adjustment Reserve RM	Accumulated Losses RM	
<b>2022</b>						
Balance at beginning	299,304,752	22,616,494	(22,616,494)	-	(46,600,045)	252,704,707
Total comprehensive income for the financial year	-	-	-	(5,099,263)	15,611,648	10,512,385
<i>Transactions with owners of the Company:</i>						
Issuance of shares pursuant to the exercise of warrants	12,965,580	-	-	-	-	12,965,580
Transfer of warrants reserve upon exercised	-	(3,669,259)	3,669,259	-	-	-
Transfer of warrants reserve upon lapse of Warrant A	-	(8,822,235)	8,822,235	-	-	-
Total transactions with owners	12,965,580	(12,491,494)	12,491,494	-	-	12,965,580
Balance at end	312,270,332	10,125,000	(10,125,000)	(5,099,263)	(30,988,397)	276,182,672
<b>2021</b>						
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
<i>Transactions with owners of the Company:</i>						
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

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



# Statements Of Cash Flows

For The Financial Year Ended 31 December 2022

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss)/Profit before tax	<b>(15,092,050)</b>	14,076,704	<b>15,781,693</b>	4,015,463
Adjustments for:				
Accretion of interest on lease liabilities	<b>60,226</b>	75,162	-	-
Allowance for expected credit losses on other receivables	<b>5,745,578</b>	-	<b>5,745,578</b>	-
Depreciation				
- property, plant and equipment	<b>4,081,297</b>	4,654,271	-	-
- right-of-use assets	<b>737,812</b>	632,975	-	-
Dividend income	-	-	<b>(47,050,000)</b>	(17,981,105)
Fair value gain on other investments designated at FVTPL	<b>(122,987)</b>	-	-	-
Gain on derecognition of right-of-use assets and lease liabilities	<b>(3,051)</b>	-	-	-
Gain on disposal of property, plant and equipment, net	<b>(395,596)</b>	(6,001)	-	-
Impairment loss on goodwill on consolidation	<b>6,445,959</b>	-	-	-
Impairment loss on investment in subsidiaries	-	-	<b>32,136,239</b>	20,593,745
Impairment loss on property, plant and equipment	<b>314,000</b>	-	-	-
Interest expenses	<b>1,570,121</b>	599,631	<b>788,059</b>	-
Interest income	<b>(613,371)</b>	(850,891)	<b>(456,598)</b>	(1,768,733)
Inventories written down	<b>55,470</b>	478,298	-	-
Inventory properties written down	<b>187,585</b>	-	-	-
Property, plant and equipment written off	<b>59,436</b>	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	-	-	<b>(8,756,390)</b>	(1,844,871)
Unrealised loss/(gain) on foreign exchange	<b>567,676</b>	(477,872)	-	-
Unwinding discount on other receivables	<b>(763,952)</b>	(333,165)	-	-
Written off:				
- bad debts	<b>1,041,479</b>	35,618	-	-
- deposit	<b>1,200,000</b>	-	-	-
- inventory properties	<b>3,578,900</b>	-	-	-
Operating profit/(loss) before working capital changes	<b>8,654,532</b>	19,584,670	<b>(1,811,419)</b>	(1,303,116)
Changes in:				
Inventory properties	<b>(34,312,229)</b>	(6,817,270)	-	-
Inventories	<b>(6,224,023)</b>	(7,516,989)	-	-
Receivables	<b>61,004,715</b>	(19,553,619)	<b>(48,502,106)</b>	78,753
Contract assets	<b>2,341,738</b>	(407,908)	-	-
Contract costs	<b>(16,898,387)</b>	(33,326,644)	-	-
Payables	<b>(3,151,745)</b>	4,001,483	<b>17,735</b>	90,863
Contract liabilities	<b>10,528,540</b>	53,952,869	-	-
Refund liabilities	<b>499,329</b>	-	-	-
Cash generated from/(used in) operations	<b>22,442,470</b>	9,916,592	<b>(50,295,790)</b>	(1,133,500)
Income tax paid	<b>(4,058,761)</b>	(2,839,738)	<b>(698,964)</b>	(79,000)
Income tax refunded	<b>50,692</b>	242,284	-	-
Interest paid	<b>(1,570,121)</b>	(599,631)	<b>(216,394)</b>	-
Real property gains tax paid	<b>(2,800)</b>	-	-	-
Net cash from/(used in) operating activities	<b>16,861,480</b>	6,719,507	<b>(51,211,148)</b>	(1,212,500)

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

# Statements Of Cash Flows (Cont'd)

For The Financial Year Ended 31 December 2022

	NOTE	GROUP		COMPANY	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Interest received		613,371	850,891	70,941	366,014
Investment in subsidiaries		-	-	(249,999)	(1,410,445)
Addition in other investments		(41,641,531)	-	(32,335,769)	-
Proceeds from disposal of a subsidiary		-	-	-	1
Proceeds from disposal of property, plant and equipment		1,026,277	6,002	-	-
Proceeds from issuance of shares to non-controlling interests		249,001	2,740,455	-	-
Acquisition of property, plant and equipment	A	(24,962,875)	(58,462,937)	-	-
Placement of fixed deposits with licensed banks		(627,604)	(1,045,892)	-	-
Net cash used in investing activities		(65,343,361)	(55,911,481)	(32,514,827)	(1,044,430)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Net changes in bankers' acceptance	B	11,945,562	1,693,881	-	-
Net changes in revolving credit	B	-	(2,000,000)	-	-
Repayment of finance lease liabilities	B	(408,813)	(260,395)	-	-
Drawdown of margin facilities	B	5,549,162	-	5,549,162	-
Drawdown of term loans	B	30,846,820	8,265,000	-	-
Repayment of term loans	B	(2,096,288)	(846,407)	-	-
Net changes in subsidiaries' balances		-	-	79,590,050	(65,751,024)
Repayment of lease liabilities	B	(786,082)	(694,502)	-	-
Proceeds from issuance of ordinary shares		12,965,580	5,590	12,965,580	5,590
Net cash from/(used in) financing activities		58,015,941	6,163,167	98,104,792	(65,745,434)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>9,534,060</b>	<b>(43,028,807)</b>	<b>14,378,817</b>	<b>(68,002,364)</b>
<b>Effects of foreign exchange rates changes</b>		<b>355,118</b>	<b>650,214</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>		<b>57,992,033</b>	<b>100,370,626</b>	<b>5,333,815</b>	<b>73,336,179</b>
<b>CASH AND CASH EQUIVALENTS AT END</b>		<b>67,881,211</b>	<b>57,992,033</b>	<b>19,712,632</b>	<b>5,333,815</b>
<b>Represented by:</b>					
Fixed deposits with licensed banks		5,482,993	1,844,450	-	-
Cash and bank balances		64,870,272	57,992,033	19,712,632	5,333,815
Less: Fixed deposits pledged to licensed banks		(1,099,197)	(532,566)	-	-
Fixed deposits with maturity more than three months		(1,372,857)	(1,311,884)	-	-
		<b>67,881,211</b>	<b>57,992,033</b>	<b>19,712,632</b>	<b>5,333,815</b>

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

# Statements Of Cash Flows (Cont'd)

For The Financial Year Ended 31 December 2022

## A. Acquisition of property, plant and equipment

	NOTE	GROUP		COMPANY	
		2022 RM	2021 RM	2022 RM	2021 RM
Total acquisition cost		<b>27,166,707</b>	58,778,937	-	-
Acquired under finance lease liabilities	<b>B</b>	<b>(2,203,832)</b>	(316,000)	-	-
Total cash acquisition		<b>24,962,875</b>	58,462,937	-	-

## 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
<b>GROUP</b>				
<b>2022</b>				
Borrowings	<b>20,558,926</b>	<b>48,040,275</b>	-	<b>68,599,201</b>
Lease liabilities	<b>1,469,400</b>	<b>(786,082)</b>	<b>160,222<sup>1</sup></b>	<b>843,540</b>
Total liabilities arising from financing activities	<b>22,028,326</b>	<b>47,254,193</b>	<b>160,222</b>	<b>69,442,741</b>
2021				
Borrowings	13,390,847	7,168,079	-	20,558,926
Lease liabilities	250,096	(694,502)	1,913,806 <sup>1</sup>	1,469,400
Total liabilities arising from financing activities	13,640,943	6,473,577	1,913,806	22,028,326
<b>COMPANY</b>				
<b>2022</b>				
Borrowings, representing total liabilities arising from financing activities	-	<b>5,549,162</b>	-	<b>5,549,162</b>

<sup>1</sup> Others consist of non-cash movement as follows:

	GROUP	
	2022 RM	2021 RM
Accretion of interest on lease liabilities	<b>60,226</b>	75,162
Additions of lease liabilities	<b>219,603</b>	1,837,938
Derecognition of lease liabilities	<b>(124,877)</b>	-
Foreign currency translation	<b>5,270</b>	706
	<b>160,222</b>	1,913,806

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

# Notes To The Financial Statements

31 December 2022

## 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 Bank, 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 20 April 2023.

### 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 measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The 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 2022

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

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

#### Fair value 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/Improvements 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/improvements to MFRSs that are mandatory for the current financial year:

#### 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 periods 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*

Initial application for the above amendments/improvements 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 periods beginning on or after 1 January 2023

*MFRS 17 Insurance Contracts and 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: 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*

# Notes To The Financial Statements (Cont'd)

31 December 2022

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

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

#### **Effective for annual periods beginning on or after 1 January 2024**

*Amendments to MFRS 16 Leases: Lease Liability in a Sale and Leaseback*

*Amendments to MFRS 101 Presentation of Financial Statements: Non-Current Liabilities with Covenants*

#### **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 and amendments to MFRSs 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, offices and motor vehicles 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.

#### 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:

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 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)

##### (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 14 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 9 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 **RM32,136,239** (2021: RM20,593,745) was recognised in profit or loss to write down the subsidiaries to their recoverable amount.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 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 **RM8,756,390** (2021: RM1,844,871) 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 32.3.1 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).



# Notes To The Financial Statements (Cont'd)

31 December 2022

## 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.

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.

#### (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 2022

## 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 2022

## 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 expenditure-in-progress represents assets under construction, and which are not ready for commercial use at the end of the reporting period. Capital expenditure-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 expenditure-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.

##### 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:

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 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 (cont'd)

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.

## 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.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (cont'd)

### 3.5 Impairment of Non-Financial Assets (cont'd)

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 2022

## 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

##### ***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.

##### ***Financial assets designated at fair value through other comprehensive income ("FVOCI")***

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statements of comprehensive income when the right of payment has been established, except when the Group and the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably its quoted equity investments under this category.

##### ***Financial assets at fair value through profit or loss ("FVTPL")***

Financial assets at FVTPL are carried in the statements of financial position at fair value with net changes in fair value recognised in the statements of comprehensive income.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (cont'd)

### 3.6 Financial Instruments (cont'd)

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

##### (ii) Subsequent measurement (cont'd)

##### ***Financial assets at fair value through profit or loss ("FVTPL") (cont'd)***

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are recognised as other income in the statements of comprehensive income when the right of payment has been established.

The Group's financial assets at FVTPL includes short term funds with licensed financial institutions.

##### (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.

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.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (cont'd)

### 3.6 Financial Instruments (cont'd)

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

##### (iv) Impairment (cont'd)

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

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.



# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (cont'd)

### 3.6 Financial Instruments (cont'd)

#### 3.6.2 Financial liabilities (cont'd)

##### (ii) Subsequent measurement (cont'd)

##### *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.

#### 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 land held for development, 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.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (cont'd)

### 3.7 Inventory properties (cont'd)

#### 3.7.1 Land held for development (cont'd)

Land held for development consists of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

Land held for development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

#### 3.7.2 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.

#### 3.7.3 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.

### 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.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (cont'd)

### 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.

#### **Variable consideration**

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sales of goods provide customers with rights of return. The rights of return give rise to variable consideration.

#### **Rights of return**

Certain contracts provide the customers with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in *MFRS 15* on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 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) Sales of completed properties

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

#### (iv) Engineering, procurement, construction and commissioning of glove technology solution consulting ("EPCC Contract")

The Group designs and sets up glove production line for its customer. Such contract is entered into before the work begins. Under the term of the contract, the Group's performance creates or enhances the glove production line that the customer controls as the glove production line is created or enhanced. Revenue from EPCC Contract 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 estimate 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.

#### (v) Lottery betting

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

#### (vi) 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.

#### (vii) 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.

#### (viii) Management fee

Management fee is recognised when services are rendered.

#### (ix) 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.

#### (x) Interest income

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

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (cont'd)

### 3.12 Revenue (cont'd)

#### (xi) Dividend income

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

#### (xii) 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).

##### **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.

##### **Refund liabilities**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer for which the Group is not entitled, and is measured at the amount to be returned to the customer, such as rights of return. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period for changes in circumstances.

#### (xiii) Contract costs

##### **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 contract 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 contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (cont'd)

### 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.

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 and Services Tax ("SST")

SST is recognised as part of the expense or cost of acquisition of the asset as SST is not recoverable.

Revenue is recognised net of the amount of SST billed as it is payable to the taxation authority.

The net SST payable to the taxation authority is included as part of payables in the statements of financial position. The rate for Sales Tax is fixed at 5% or 10%, while the rate for Service Tax is fixed at 6%.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (cont'd)

### 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.

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.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 3. ACCOUNTING POLICIES (cont'd)

### 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.

#### 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 2022

## 4. PROPERTY, PLANT AND EQUIPMENT

### GROUP

	Freehold land		Buildings and land		Plant, machinery and moulds		Furniture, fittings and office equipment		Motor vehicles		Capital expenditure in progress		Total RM
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
<b>2022</b>													
At cost													
Balance at beginning	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			
Additions	-	-	509,000	4,082,405	449,617	275,840	-	162,028	21,687,817	27,166,707			
Disposals	-	-	-	(4,909,235)	(32,099)	-	(84,450)	-	(437,162)	(5,462,946)			
Written offs	-	-	-	(4,536,383)	(109,530)	(1,445,857)	-	(721,370)	-	(6,813,140)			
Foreign currency translation	-	-	-	-	26,339	-	3,058	8,841	-	38,238			
<b>Balance at end</b>	<b>1,704,146</b>	<b>9,404,162</b>	<b>42,497,626</b>	<b>52,486,780</b>	<b>5,420,672</b>	<b>2,444,094</b>	<b>2,024,572</b>	<b>541,777</b>	<b>75,121,985</b>	<b>191,645,814</b>			
<b>Accumulated depreciation</b>													
Balance at beginning	-	1,279,209	9,419,076	48,833,956	3,146,901	3,087,932	1,935,359	899,924	-	68,602,357			
Current charge	-	171,919	1,113,407	2,115,992	396,802	119,941	86,349	76,887	-	4,081,297			
Disposals	-	-	-	(4,269,946)	(9,774)	-	(84,450)	-	-	(4,364,170)			
Written offs	-	-	-	(4,301,733)	(109,499)	(1,198,623)	-	(662,110)	-	(6,271,965)			
Foreign currency translation	-	-	-	-	23,309	-	800	9,019	-	33,128			
<b>Balance at end</b>	<b>-</b>	<b>1,451,128</b>	<b>10,532,483</b>	<b>42,378,269</b>	<b>3,447,739</b>	<b>2,009,250</b>	<b>1,938,058</b>	<b>323,720</b>	<b>-</b>	<b>62,080,647</b>			
<b>Accumulated impairment loss</b>													
Balance at beginning	-	-	-	1,811,355	-	252,073	-	-	959,556	3,022,984			
Current charge	-	-	-	-	-	-	-	-	314,000	314,000			
Disposals	-	-	-	(468,095)	-	-	-	-	-	(468,095)			
Written offs	-	-	-	(234,576)	-	(247,163)	-	-	-	(481,739)			
<b>Balance at end</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,108,684</b>	<b>-</b>	<b>4,910</b>	<b>-</b>	<b>-</b>	<b>1,273,556</b>	<b>2,387,150</b>			
<b>Carrying amount</b>	<b>1,704,146</b>	<b>7,953,034</b>	<b>31,965,143</b>	<b>8,999,827</b>	<b>1,972,933</b>	<b>429,934</b>	<b>86,514</b>	<b>218,057</b>	<b>73,848,429</b>	<b>127,178,017</b>			

# Notes To The Financial Statements (Cont'd)

31 December 2022

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

### GROUP

	Freehold land RM	Leasehold land RM	Buildings RM	Plant, machinery and moulds RM	Furniture, fittings and office equipment RM	Electrical installation RM	Motor vehicles RM	Renovation RM	Capital expenditure in progress RM	Total 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 2022

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

### COMPANY

	Motor Vehicle RM	Total RM
<b>2022</b>		
At cost	<u>36,993</u>	<u>36,993</u>
Accumulated depreciation	<u>36,992</u>	<u>36,992</u>
Carrying amount	<u>1</u>	<u>1</u>
<b>2021</b>		
At cost	<u>36,993</u>	<u>36,993</u>
Accumulated depreciation	<u>36,992</u>	<u>36,992</u>
Carrying amount	<u>1</u>	<u>1</u>

- (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 21 to the financial statements are as follows:

	<b>GROUP</b>	
	2022 RM	2021 RM
Leasehold land	<b>7,887,478</b>	8,057,697
Buildings	<u><b>31,647,915</b></u>	<u>32,290,610</u>
	<u><b>39,535,393</b></u>	<u>40,348,307</u>

- (ii) The carrying amount of leased assets which are pledged to licensed banks as securities for the finance lease liabilities as disclosed in Note 21 to the financial statements are as follows:

	<b>GROUP</b>	
	2022 RM	2021 RM
Plant and machinery	<b>2,328,673</b>	575,234
Motor vehicles	<u><b>14,159</b></u>	<u>55,659</u>
	<u><b>2,342,832</b></u>	<u>630,893</u>

- (iii) On 26 February 2021, the Group had 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 had been completed in the prior year.

# Notes To The Financial Statements (Cont'd)

31 December 2022

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

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

### GROUP

	Carrying amount RM	Addition RM	Current depreciation RM
<b>2022</b>			
Leasehold land	<u>7,953,034</u>	<u>-</u>	<u>171,919</u>
<b>2021</b>			
Leasehold land	<u>8,124,953</u>	<u>4,157,444</u>	<u>106,297</u>

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

### Group as a lessee

The Group has lease contracts for factory warehouse, hostels, offices and motor vehicles 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	Offices RM	Motor vehicles RM	Total RM
<b>2022</b>					
Balance at beginning	798,956	91,568	377,471	175,675	1,443,670
Additions	-	160,490	8,038	51,075	219,603
Depreciation	(342,409)	(74,860)	(185,866)	(134,677)	(737,812)
Derecognition	-	(58,575)	(63,251)	-	(121,826)
Foreign currency translation	-	-	15,682	817	16,499
Balance at end	<u>456,547</u>	<u>118,623</u>	<u>152,074</u>	<u>92,890</u>	<u>820,134</u>

# Notes To The Financial Statements (Cont'd)

31 December 2022

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

	Factory warehouse RM	Hostels RM	Offices RM	Motor vehicles RM	Total RM
2021					
Balance at beginning	-	156,508	-	81,626	238,134
Additions	1,027,229	36,128	541,238	233,343	1,837,938
Depreciation	(228,273)	(101,068)	(162,999)	(140,635)	(632,975)
Foreign currency translation	-	-	(768)	1,341	573
Balance at end	<u>798,956</u>	<u>91,568</u>	<u>377,471</u>	<u>175,675</u>	<u>1,443,670</u>

### **Lease liabilities**

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

	GROUP	
	2022 RM	2021 RM
Balance at beginning	<b>1,469,400</b>	250,096
Additions	<b>219,603</b>	1,837,938
Accretion of interest on lease liabilities	<b>60,226</b>	75,162
Derecognition	<b>(124,877)</b>	-
Payments	<b>(786,082)</b>	(694,502)
Foreign currency translation	<b>5,270</b>	706
Balance at end	<b><u>843,540</u></b>	<u>1,469,400</u>
Analysed as:		
Current	<b>648,477</b>	711,344
Non-current	<b>195,063</b>	758,056
	<b><u>843,540</u></b>	<u>1,469,400</u>

The maturity analysis of lease liabilities is disclosed in Note 32.4 to the financial statements.

# Notes To The Financial Statements (Cont'd)

31 December 2022

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

The following are the amounts recognised in profit or loss:

	GROUP	
	2022 RM	2021 RM
Depreciation of right-of-use assets	737,812	632,975
Accretion of interest on lease liabilities	60,226	75,162
Gain on derecognition of right-of-use assets and lease liabilities	(3,051)	-
Expense relating to lease of low value assets on equipment	206,301	112,650
Expense relating to short-term leases on premises	445,750	282,000
<b>Total amount recognised in profit or loss</b>	<b>1,447,038</b>	<b>1,102,787</b>

The total cash outflows for leases during the financial year are **RM1,438,133** (2021: RM1,089,152).

## 6. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2022 RM	2021 RM
Unquoted shares, at cost	173,078,689	153,828,690
Unquoted redeemable preference shares, at cost	114,720,000	106,920,000
	<b>287,798,689</b>	260,748,690
Less: Allowance for impairment		
Balance at beginning	(86,663,654)	(68,881,559)
Current year	(32,136,239)	(20,593,745)
Reversal	8,756,390	1,844,871
Written off	-	966,779
Balance at end	<b>(110,043,503)</b>	(86,663,654)
	<b>177,755,186</b>	174,085,036

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 6. INVESTMENT IN SUBSIDIARIES

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

Name of entities	Effective equity interest held by the Group		Principal activities
	2022	2021	
	%	%	
Exzone Precision Engineering Sdn. Bhd. ("EPE")	100	100	Manufacturing of precision plastic parts and components and sub-assembly of plastic parts and products.
Exzone Industries Sdn. Bhd. ("EI") (formerly known as Luster Plastic Industries Sdn. Bhd.)	100	100	Dormant.
Luster Manufacturing Sdn. Bhd. ("LM")	100	100	Investment holding.
Winco Precision Engineering (Melaka) Sdn. Bhd. ("WPE")	100	100	Precision engineering work and manufacturing of die-casting components.
Winco Precision Technologies Sdn. Bhd. ("WPT") <sup>(1)</sup>	80	80	Dormant.
Exzone Plastics Manufacturers Sdn. Bhd. ("EPM")	100	100	Dormant.
Luster Construction Sdn. Bhd. ("LC")	100	100	Construction of properties.
Jade Classic Sdn. Bhd. ("JC")	51	51	Property development.
Pembinaan LSP Jaya Sdn. Bhd. ("PLSP")	100	54.55	Property construction and development.
Pan Cambodian Lottery Corporation Limited ("PCL") (Incorporated in Cambodia) <sup>(2)</sup>	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") <sup>(3)</sup>	100	100	Dormant.
Luster Ara Sdn. Bhd. ("LA")	50.1	50.1	Dormant.

# Notes To The Financial Statements (Cont'd)

31 December 2022

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

Name of entities	Effective equity interest held by the Group		Principal activities
	2022	2021	
	%	%	
<b>Indirect - held through Glovmaster Sdn. Bhd.</b>			
Linpower Resources Sdn. Bhd. ("LPR")	100	100	Dormant.
Glovconcept Sdn. Bhd. ("GC")	60	60	Provision of engineering, procurement, construction and commissioning of glove related system.
<b>Indirect - held through Exzone Plastics Manufacturers Sdn. Bhd.</b>			
Imetron (M) Sdn. Bhd. ("IM")	100	100	Dormant.
<b>Indirect - held through Winco Precision Engineering (Melaka) Sdn. Bhd.</b>			
Winco Precision Technologies Sdn. Bhd. (WPT) <sup>(1)</sup>	20	20	Dormant.
Pembinaan LSP Jaya Sdn. Bhd. ("PLSP")	-	45.45	Property construction and development.
<b>Indirect - held through Luster Manufacturing Sdn. Bhd.</b>			
Luster Venture Sdn. Bhd. ("LV")	100	100	Property construction.
Luster Hijauan Home Sdn. Bhd.	100	100	Dormant.
<b>Indirect - held through Exzone Precision Engineering Sdn. Bhd.</b>			
TSI Zone (Malaysia) Sdn. Bhd. ("TSI")	60	60	Dormant.

<sup>(1)</sup> The Company has a direct interest of 80% and an indirect interest of 20% via another subsidiary, WPE.

<sup>(2)</sup> Not audited by Grant Thornton Malaysia PLT.

<sup>(3)</sup> The Company is in the process of striking off.

### 6.1 Acquisition of subsidiaries and subscriptions of ordinary shares in subsidiaries

#### 2022

- (i) On 31 March 2022 and 14 September 2022, the Company has subscribed additional 49,599 and 200,400 ordinary shares respectively in LA at RM249,999 for cash. No changes in equity interest in LA subsequent to the subscription of ordinary shares.
- (ii) On 21 November 2022, the Company has acquired 10,000,000 ordinary shares in PLSP representing 45.45% equity interest in PLSP from WPE by way of converting amount due from WPE of RM10,000,000. Subsequent to the acquisition, PLSP has become a wholly-owned subsidiary of the Company.



# Notes To The Financial Statements (Cont'd)

31 December 2022

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

### 6.1 Acquisition of subsidiaries and subscriptions of ordinary shares in subsidiaries (cont'd)

- (iii) On 21 November 2022, the Company has subscribed additional 9,000,000 ordinary shares in WPE by way of converting amount due from WPE of RM9,000,000. No changes in equity interest subsequent to the subscription of ordinary shares.

2021

- (i) On 7 January 2021, EPE, a wholly-owned subsidiary of the Company, had subscribed additional 2,400,000 ordinary shares in TSI by way of converting amount due from TSI of RM2,400,000. No changes in equity interest subsequent to the subscription of ordinary shares.
- (ii) On 2 February 2021, the Company had subscribed additional 1,399,944 ordinary shares in GM for cash. No changes in equity interest subsequent to the subscription of ordinary shares.
- (iii) On 3 February 2021 and 1 July 2021, GM, a subsidiary of the Company, had subscribed 600 and 59,400 ordinary shares respectively in GC representing 60% equity interest in GC for cash.
- (iv) On 13 December 2021, the Company had subscribed 501 ordinary shares in LA representing 50.1% equity interest in LA at RM501 for cash.
- (v) On 24 December 2021, the Company had subscribed 10,000 ordinary shares in LT representing 100% equity interest in LT at RM10,000 for cash.
- (vi) On 31 December 2021, the Company had subscribed additional 599,000 ordinary shares in EI by way of converting amount due from EI of RM599,000. No changes in equity interest subsequent to the subscription of ordinary shares.

### 6.2 Disposal of a subsidiary

2021

On 1 April 2021, EI, a wholly-owned subsidiary of the Company, had 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 had reduced from 100% to 56% at the end of the reporting period.

### 6.3 Subscription and redemption of redeemable preference shares ("RPS") in subsidiaries

2022

- (i) During the financial year, the Company has redeemed 12,300 and 3,000,000 RPS in EPE and LM respectively by way of offsetting against the amount due to EPE and LM of RM12,300,000 and RM3,000,000 respectively.
- (ii) During the financial year, the Company has subscribed for 3,003,000, 12,000 and 5,100 RPS in LM, JC and LA respectively by way of converting amount due from LM, JC and LA of RM6,000,000, RM12,000,000 and RM5,100,000 respectively.

2021

During the financial year, the Company had 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.

# Notes To The Financial Statements (Cont'd)

31 December 2022

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

### 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 **RM32,136,239** (2021: RM20,593,745) was recognised in respect of investment in LM, EPM, WPE, WPT, PLSP, GM, LT and EPM during the financial year, while a reversal of impairment loss of **RM8,756,390** (2021: RM1,844,871) was recognised in respect of investment in EPE and PCL during the financial year.

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

The details of the material NCI are as follows:

	PCL	JC	TSI	GM	GC	LA	Total
<b>2022</b>							
NCI percentage of ownership interest and voting interest	5%	49%	40%	44%	66.4%	49.9%	
Carrying amount of NCI (RM)	<b>327,613</b>	<b>462,698</b>	<b>834,586</b>	<b>369,555</b>	<b>454,515</b>	<b>206,473</b>	<b>2,655,440</b>
Profit allocated to NCI (RM)	<b>149</b>	<b>(9,415)</b>	<b>(167,681)</b>	<b>(1,917,260)</b>	<b>444,263</b>	<b>(43,026)</b>	<b>(1,692,970)</b>
<b>2021</b>							
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

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 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	JC RM	TSI RM	GM RM	GC RM	LA RM
<b>2022</b>						
<b>Assets and liabilities</b>						
Non-current assets	2,523,596	-	-	78,290,767	460,607	-
Current assets	4,452,456	100,350,738	2,316,372	8,509,513	72,113,929	38,076,105
Non-current liabilities	-	(78,972,209)	-	(8,256,208)	(119,145)	(27,612,714)
Current liabilities	(423,784)	(8,434,248)	(229,907)	(29,104,175)	(71,770,880)	(4,949,615)
Net assets	<b>6,552,268</b>	<b>12,944,281</b>	<b>2,086,465</b>	<b>49,439,897</b>	<b>684,511</b>	<b>5,513,776</b>
<b>Results</b>						
Revenue	3,676,604	-	-	-	7,144,725	-
Net profit/(loss), representing total comprehensive income/(loss) for the financial year	<b>2,982</b>	<b>(19,215)</b>	<b>(419,203)</b>	<b>(4,347,853)</b>	<b>669,071</b>	<b>(86,224)</b>
Net cash generated from/ (used in):						
Operating activities	246,945	(6,449,371)	(78,237)	7,423,240	(1,264,422)	(36,614,391)
Investing activities	313,251	1,799	4,097	(21,481,315)	(8,971,084)	11,110
Financing activities	(195,341)	6,561,286	159,161	12,134,772	(180,482)	37,792,051
Net change in cash and cash equivalents	<b>364,855</b>	<b>113,714</b>	<b>85,021</b>	<b>(1,923,303)</b>	<b>(10,415,988)</b>	<b>1,188,770</b>
<b>2021</b>						
<b>Assets and liabilities</b>						
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	<b>6,213,626</b>	<b>963,496</b>	<b>2,505,668</b>	<b>5,197,306</b>	<b>15,440</b>	<b>-</b>
<b>Results</b>						
Revenue	4,372,337	-	1,587,699	6,549,973	-	-
Net profit/(loss), representing total comprehensive income/(loss) for the financial year	<b>239,321</b>	<b>(11,402)</b>	<b>(2,319,472)</b>	<b>2,715,906</b>	<b>(84,560)</b>	<b>-</b>
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	<b>(1,033,635)</b>	<b>271,423</b>	<b>(2,330,184)</b>	<b>4,845,816</b>	<b>18,455,635</b>	<b>-</b>

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 7. GOODWILL ON CONSOLIDATION

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

	GROUP	
	2022	2021
	RM	RM
At cost:		
Manufacturing	8,591,870	8,591,870
Less: Allowance for impairment		
Balance at beginning	(2,145,911)	(2,145,911)
Current year	(6,445,959)	-
Balance at end	(8,591,870)	(2,145,911)
	-	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%** (2021: 1%) annual growth rate is applied to the remaining years of the cash flow projections.

(ii) Discount rate

Pre-tax discount rate at **12.10%** (2021: 9.17%) 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.

### Impairment loss recognised

Following the management's assessment, the CGU within the manufacturing segment was carried in excess of its value in use. Therefore, impairment loss of **RM6,445,959** (2021: RM Nil) is recognised during 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.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 8. OTHER INVESTMENTS

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
<b>Non-current assets</b>				
<b>At FVOCI:</b>				
Quoted equity investments in Malaysia	27,236,506	-	27,236,506	-
<b>Current assets</b>				
<b>At FVTPL:</b>				
Short term funds with licensed financial institutions	9,428,749	-	-	-
	<b>36,665,255</b>	<b>-</b>	<b>27,236,506</b>	<b>-</b>

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. Subsequently 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.

This quoted equity investments are designated at FVOCI as the Group and the Company consider the investment to be strategic in nature. It is pledged to a licensed bank for banking facilities granted to the Group and the Company as disclosed in Note 21 to the financial statements.

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.

## 9. DEFERRED TAX ASSETS/(LIABILITIES)

	GROUP	
	2022	2021
	RM	RM
Balance at beginning	1,360,618	1,800,216
Recognised in profit or loss	(2,337,526)	(1,319,122)
	<b>(976,908)</b>	481,094
Under provision in prior year	179,639	879,524
Balance at end	<b>(797,269)</b>	1,360,618

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 9. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

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

	GROUP	
	2022 RM	2021 RM
Deferred tax assets	27,000	1,986,000
Deferred tax liabilities	<b>(824,269)</b>	(625,382)
	<b>(797,269)</b>	1,360,618

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

	GROUP	
	2022 RM	2021 RM
Property, plant and equipment	<b>(2,199,412)</b>	(2,044,337)
Unused tax losses	672,000	2,415,000
Unabsorbed capital allowances	9,000	-
Unabsorbed reinvestment allowance	-	724,000
Unabsorbed allowance for increase exports	121,000	121,000
Provisions	38,524	42,807
Other deductible temporary differences	<b>561,619</b>	102,148
	<b>(797,269)</b>	1,360,618

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. As at the end of the reporting period, the Group's deferred tax position is as follows:

	GROUP	
	2022 RM	2021 RM
Deferred tax assets recognised:		
Property, plant and equipment	<b>3,338,817</b>	13,382,808
Unused tax losses	<b>(2,797,867)</b>	(9,977,399)
Unabsorbed capital allowances	<b>(37,272)</b>	-
Unabsorbed reinvestment allowance	-	(2,901,831)
Unabsorbed allowance for increase exports	<b>(503,678)</b>	(503,578)
	-	-
Deferred tax assets not recognised:		
Unused tax losses	<b>19,472,948</b>	14,105,310
Unabsorbed capital allowances	<b>1,602,291</b>	1,517,071
Unabsorbed reinvestment allowance	<b>10,646,228</b>	10,646,228
Unabsorbed prospecting allowance	<b>527,607</b>	527,607
Other deductible temporary differences	<b>594,568</b>	597,642
	<b>32,843,642</b>	27,393,858

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 9. 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	
	2022	2021
	RM	RM
Unused tax losses	22,270,815	24,082,709
Unabsorbed capital allowances	1,639,563	1,517,071
Unabsorbed reinvestment allowance	10,646,228	13,548,059
Unabsorbed prospecting allowance	527,607	527,607
Unabsorbed allowance for increase exports	<u>503,678</u>	<u>503,678</u>

The unused tax losses can be carried forward for ten consecutive years of assessment immediately following that year of assessment ("YA") of which tax losses was incurred and this is effective from YA 2019. 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 be disregarded in the YA 2026, while the unused tax losses will be disregarded in the following YAs:

	GROUP	
	2022	2021
	RM	RM
YA 2029	14,260,168	21,654,488
YA 2030	544,916	544,916
YA 2031	78,089	78,089
YA 2032	1,385,348	1,805,216
YA 2033	<u>6,002,294</u>	<u>-</u>
	<u>22,270,815</u>	<u>24,082,709</u>

## 10. TRADE RECEIVABLES

	GROUP	
	2022	2021
	RM	RM
<b>Non-current assets</b>		
Retention sum receivables	<u>658,855</u>	<u>2,778,781</u>
<b>Current assets</b>		
Trade receivables	46,600,686	90,193,318
Retention sum receivables	<u>2,079,716</u>	<u>3,277,324</u>
	<u>48,680,402</u>	<u>93,470,642</u>
<b>Total trade receivables</b>	<u>49,339,257</u>	<u>96,249,423</u>

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 10. TRADE RECEIVABLES (cont'd)

The normal credit terms granted to trade receivables range from **30 to 60 days** (2021: 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 **RM14,154,521** (2021: RM49,926,874) due from a company in which a director of the Company has substantial financial interests.

The currency profile of trade receivables is as follows:

	GROUP	
	2022 RM	2021 RM
Ringgit Malaysia	32,022,228	70,769,370
United States Dollar	17,236,059	24,478,934
Singapore Dollar	646	954,386
Cambodian Riel	80,324	45,219
Euro	-	1,514
	<b>49,339,257</b>	<b>96,249,423</b>

### *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
<b>2022</b>			
Trade receivables	49,367,895	(28,638)	49,339,257
Trade payables	(22,974,756)	28,638	(22,946,118)
<b>2021</b>			
Trade receivables	96,969,346	(719,923)	96,249,423
Trade payables	(39,748,755)	719,923	(39,028,832)

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 2022

## 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	NOTE	GROUP		COMPANY	
		2022 RM	2021 RM	2022 RM	2021 RM
<b>Non-current assets</b>					
Other receivables	11.1	-	10,277,527	-	-
Refundable deposits	11.2	2,195,000	2,499,000	-	-
Prepayments	11.3	-	-	48,600,000	-
		<u>2,195,000</u>	<u>12,776,527</u>	<u>48,600,000</u>	<u>-</u>
<b>Current assets</b>					
Other receivables	11.1	14,378,089	17,707,732	256,413	256,413
Stakeholder sum	11.4	-	5,995,578	-	5,995,578
Refundable deposits	11.2	4,504,482	7,620,167	66,156	64,050
Prepayments		6,511,332	5,366,529	150,000	-
GST recoverable		18,231	18,231	-	-
		<u>25,412,134</u>	<u>36,708,237</u>	<u>472,569</u>	<u>6,316,041</u>
<b>Total other receivables, deposits and prepayments</b>		<u>27,607,134</u>	<u>49,484,764</u>	<u>49,072,569</u>	<u>6,316,041</u>

The currency profile of other receivables, deposits and prepayments is as follows:

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	19,546,705	43,722,056	49,072,569	6,316,041
United States Dollar	5,842,248	3,673,166	-	-
Cambodian Riel	2,195,000	2,082,500	-	-
Others	23,181	7,042	-	-
	<u>27,607,134</u>	<u>49,484,764</u>	<u>49,072,569</u>	<u>6,316,041</u>

### 11.1 Other receivables

Included in the other receivables under non-current assets of the Group was 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.

During the financial year, RM10,000,000 has been refunded and the remaining costs of RM1,041,479 has been written off to profit or loss due to non-collectible.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (cont'd)

### 11.1 Other receivables (cont'd)

Included in the other receivables under current assets of the Group are an amount of:

- (i) **RM Nil** (2021: 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. During the financial year, the Group has written off such amount to profit or loss due to the Group has no intention to pursue the phase 2 of the abovementioned development project;
- (ii) **RM5,666,445** (2021: 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 ("PFMC Agreement") in relation to the development of a land in Tasek Gelugor, Pulau Pinang; and
- (iii) **RM5,000,000** (2021: RM5,000,000) 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.

### 11.2 Refundable deposits

Included in the refundable deposits of the Group are an amount of:

- (i) **RM2,195,000** (2021: RM2,499,000) 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) **RM Nil** (2021: RM3,500,000) being deposit paid to third parties to acquire a freehold land as disclosed in Note 13 to the financial statements.

### 11.3 Prepayments

Included in the prepayments under non-current assets of the Company represents the capital outlay to a subsidiary, GM, which is yet to be converted into share capital, due to certain terms and conditions stated in the joint venture agreement are not met.

### 11.4 Stakeholder sum

	GROUP AND COMPANY	
	2022	2021
	RM	RM
Gross amount	<b>5,745,578</b>	5,995,578
Less: Allowance for expected credit losses	<b>(5,745,578)</b>	-
	<b>-</b>	<b>5,995,578</b>

The stakeholder sum was paid to a legal firm and is under the material litigation as disclosed in Note 35 to the financial statements.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 12. AMOUNT DUE FROM/(TO) SUBSIDIARIES

	COMPANY	
	2022 RM	2021 RM
<b>Non-current assets</b>		
Amount due from subsidiaries	9,948,693	-
<b>Current assets</b>		
Amount due from subsidiaries	101,624	67,432,946
	<b>10,050,317</b>	<b>67,432,946</b>
<b>Current liabilities</b>		
Amount due to subsidiaries	(2,153,429)	(10,000)

The amount due from subsidiaries is non-trade related, unsecured, non-interest bearing and classified based on the expected timing of realisation except for **RM10,036,200** (2021: RM63,868,608) on which interest is charged at **4.68%** (2021: 3.45%) per annum.

The amount due to subsidiaries is non-trade related, unsecured, non-interest bearing and repayable on demand except for **RM2,112,220** (2021: RM Nil) on which interest is charged at **4.68%** (2021: Nil) per annum.

## 13. INVENTORY PROPERTIES

	NOTE	GROUP	
		2022 RM	2021 RM
Land held for development	13.1	35,000,000	-
Property development costs	13.2		
- Land related costs		97,404,315	94,526,960
- Development costs		15,812,890	18,070,386
Completed development units	13.3	11,434,300	13,631,060
		<b>159,651,505</b>	<b>126,228,406</b>

### 13.1 Land held for development

On 1 March 2022, LA, a subsidiary of the Company, has entered into a Sale and Purchase Agreement with Sime Darby Brunfield Damansara Sdn. Bhd. and Sime Darby Property (Ara Damansara) Sdn. Bhd. to acquire freehold land at Selangor for a total cash consideration of RM35,000,000. The acquisition transaction has been completed during the financial year.

The land held for development is pledged to a licensed bank as securities for banking facilities granted to a subsidiary as disclosed in Note 21 to the financial statements.

### 13.2 Property development costs

During the financial year, JCSB, a subsidiary of the Company, has accrued the present value of the land related costs of **RM78,597,209** (2021: RM75,719,854) pursuant to the Joint Venture Agreement entered between JCSB and the landowner.

### 13.3 Completed development units

	GROUP	
	2022 RM	2021 RM
Cost of inventories recognised in profit or loss:		
Inventories recognised as cost of sales	435,397	-
Inventory properties written down	187,585	-

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 14. INVENTORIES

	GROUP	
	2022	2021
	RM	RM
<b>At cost</b>		
Raw materials	19,924,053	15,096,450
Work-in-progress	3,762,934	3,911,497
Finished goods	8,463,707	6,917,459
Consumables	26,069	82,804
	<u>32,176,763</u>	<u>26,008,210</u>
Cost of inventories recognised in profit or loss:		
Inventories recognised as cost of sales	126,557,542	115,774,808
Inventories written down	55,470	478,298

## 15. CONTRACT ASSETS/(LIABILITIES)

	GROUP	
	2022	2021
NOTE	RM	RM
Contract assets		
- Construction contracts	15.1 <u>-</u>	<u>2,341,738</u>
Contract liabilities		
- Construction contracts	15.2 <u>-</u>	<u>-</u>
- Deposits received from customers	15.3 <u>(65,658,030)</u>	<u>(55,129,490)</u>
	<u>(65,658,030)</u>	<u>(55,129,490)</u>
	<u>(65,658,030)</u>	<u>(52,787,752)</u>

### 15.1 Contract assets - construction contracts

	GROUP	
	2022	2021
	RM	RM
Balance at beginning	2,341,738	1,933,830
Revenue recognised during the year	1,055,327	18,540,771
Progress billings during the year	<u>(3,397,065)</u>	<u>(18,132,863)</u>
Balance at end	<u>-</u>	<u>2,341,738</u>

Contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the end of the reporting period.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 15. CONTRACT ASSETS/(LIABILITIES) (cont'd)

### 15.2 Contract liabilities - construction contracts

	GROUP	
	2022 RM	2021 RM
Balance at beginning	-	(528,105)
Revenue recognised during the year	-	528,105
Balance at end	-	-

Contract liabilities primarily relate to the advance consideration received from customers for construction contracts which revenue to be recognised over time during the construction of properties.

### 15.3 Contract liabilities - deposits received from customers

	GROUP	
	2022 RM	2021 RM
Balance at beginning	(55,129,490)	(648,516)
Revenue recognised during the year	10,112,651	4,570,893
Deposits received during the year	(20,641,191)	(59,051,867)
Balance at end	(65,658,030)	(55,129,490)

Included in the contract liabilities of the Group are an amount of:

- (i) **RM2,316,692** (2021: RM1,291,899) being deposits received from customers in advance to manufacture moulds; and
- (ii) **RM63,341,338** (2021: RM53,837,591) being deposits received from a customer pursuant to the EPCC Contract in relation to gloves production lines.

## 16. CONTRACT COSTS

	NOTE	GROUP	
		2022 RM	2021 RM
Cost to obtain contract			
- Construction contracts	16.1	1,062,000	570,000
Cost to fulfill contract			
- Manufacturing of moulds	16.2	1,319,519	1,011,548
- EPCC Contract	16.3	49,101,100	33,002,584
		50,420,519	34,014,132
		51,482,519	34,584,132

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 16. CONTRACT COSTS (cont'd)

### 16.1 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 **RM51,000** (2021: RM687,488).

### 16.2 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 **RM2,244,126** (2021: RM3,340,514).

### 16.3 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 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 is recognised. During the financial year, the amount of amortisation is **RM5,310,000** (2021: RM Nil).

## 17. FIXED DEPOSITS WITH LICENSED BANKS

	GROUP	
	2022	2021
	RM	RM
Unencumbered	<b>4,383,796</b>	1,311,884
Encumbered	<b>1,099,197</b>	532,566
	<b>5,482,993</b>	1,844,450

The encumbered fixed deposits are pledged to licensed banks for banking facilities granted to certain subsidiaries as disclosed in Note 21 to the financial statements.

The effective interest rates per annum and maturities of the fixed deposits with licensed banks of the Group as at the end of the reporting period ranged from **1.75% to 5.80%** (2021: 1.55% to 5.80%) per annum and **3 months to 12 months** (2021: 12 months) respectively.

The currency profile of fixed deposits with licensed banks is as follows:

	GROUP	
	2022	2021
	RM	RM
Ringgit Malaysia	<b>4,385,493</b>	803,200
United States Dollar	<b>1,097,500</b>	867,708
Others	-	173,542
	<b>5,482,993</b>	1,844,450

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 18. CASH AND BANK BALANCES

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Short term money market deposit	5,077,000	-	-	-
Short term funds with licensed financial institutions	-	4,285,657	-	-
Cash in hand and at banks	59,793,272	53,706,376	19,712,632	5,333,815
	<b>64,870,272</b>	<b>57,992,033</b>	<b>19,712,632</b>	<b>5,333,815</b>

The effective interest rate per annum and maturity of the short term money market deposit as at the end of the reporting period is **1.80%** (2021: Nil) per annum and **1 day** (2021: Nil) respectively.

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	55,368,223	40,798,790	19,712,632	5,333,815
United States Dollar	9,472,057	12,424,845	-	-
Singapore Dollar	29,533	4,761,010	-	-
Others	459	7,388	-	-
	<b>64,870,272</b>	<b>57,992,033</b>	<b>19,712,632</b>	<b>5,333,815</b>

## 19. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2022	2021	2022 RM	2021 RM
<b>Issued and fully paid:</b>				
Balance at beginning	2,892,968,612	2,892,912,712	299,304,752	299,299,162
Issuance of shares pursuant to exercise of warrants	129,655,800	55,900	12,965,580	5,590
Balance at end	<b>3,022,624,412</b>	<b>2,892,968,612</b>	<b>312,270,332</b>	<b>299,304,752</b>

During the financial year, the Company has increased its issued and fully paid up ordinary share capital by way of issuance of **129,655,800** (2021: 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.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 20. OTHER RESERVES

	NOTE	GROUP		COMPANY	
		2022 RM	2021 RM	2022 RM	2021 RM
Foreign currency translation reserve	20.1	405,712	86,835	-	-
Warrants reserve	20.2	10,125,000	22,616,494	10,125,000	22,616,494
Discount on shares	20.2	(10,125,000)	(22,616,494)	(10,125,000)	(22,616,494)
Capital reserve	20.3	8,419,642	8,419,642	-	-
Fair value adjustment reserve	20.4	(5,099,263)	-	(5,099,263)	-
		<b>3,726,091</b>	8,506,477	<b>(5,099,263)</b>	-
Accumulated losses		<b>(34,680,241)</b>	(17,766,531)	<b>(30,988,397)</b>	(46,600,045)
		<b>(30,954,150)</b>	(9,260,054)	<b>(36,087,660)</b>	(46,600,045)

### 20.1 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.

### 20.2 Warrants reserve and discount on shares

The warrants reserve comprises the fair values of the following warrants:

	NOTE	GROUP AND COMPANY	
		2022 RM	2021 RM
Warrants A expiring 3 June 2022	(i)	-	12,491,494
Warrants B expiring 26 May 2023	(ii)	<b>10,125,000</b>	10,125,000
		<b>10,125,000</b>	22,616,494

(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, **129,655,800** (2021: 55,900) Warrants A were exercised during the financial year. The remaining 311,882,805 unexercised Warrant A has been lapsed on 4 June 2022 and thereafter ceased 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 2022, there is a total of 216,000,000 unexercised Warrants B.



# Notes To The Financial Statements (Cont'd)

31 December 2022

## 20. OTHER RESERVES (cont'd)

### 20.2 Warrants reserve and discount on shares (cont'd)

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.

### 20.3 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.

### 20.4 Fair value adjustment reserve

The fair value adjustment reserve represents the cumulative fair value changes, net of tax, of equity instruments, recognised through other comprehensive income until they are disposed or impaired.

## 21. BORROWINGS

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Non-current liabilities</b>				
Secured:				
<u>Finance lease liabilities</u>				
Minimum payments:				
Within one year	<b>670,713</b>	292,054	-	-
More than one year and less than two years	<b>553,180</b>	102,296	-	-
More than two years and less than five years	<b>1,240,060</b>	-	-	-
	<b>2,463,953</b>	394,350	-	-
Future finance charges	<b>(294,960)</b>	(20,376)	-	-
Balance carried forward	<b>2,168,993</b>	373,974	-	-

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 21. BORROWINGS (cont'd)

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Balance brought forward	<b>2,168,993</b>	373,974	-	-
Amount due within one year included under current liabilities	<b>(554,819)</b>	(277,373)	-	-
	<b>1,614,174</b>	96,601	-	-
<u>Term loans</u>				
Total amount repayable	<b>38,308,471</b>	9,557,939	-	-
Amount due within one year included under current liabilities	<b>(2,252,676)</b>	(1,031,337)	-	-
	<b>36,055,795</b>	8,526,602	-	-
	<b>37,669,969</b>	8,623,203	-	-
<b>Current liabilities</b>				
Secured:				
Bankers' acceptance	<b>22,572,575</b>	10,627,013	-	-
Finance lease liabilities	<b>554,819</b>	277,373	-	-
Margin facilities	<b>5,549,162</b>	-	<b>5,549,162</b>	-
Term loans	<b>2,252,676</b>	1,031,337	-	-
	<b>30,929,232</b>	11,935,723	<b>5,549,162</b>	-
<b>Total borrowings</b>	<b>68,599,201</b>	20,558,926	<b>5,549,162</b>	-

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) Legal charge over the land held for development of a subsidiary as disclosed in Note 13 to the financial statements;
- (iii) Pledge of quoted equity instruments as disclosed in Note 8 to the financial statements;
- (iv) Pledge of fixed deposits with licensed banks as disclosed in Note 17 to the financial statements;
- (v) Corporate guarantee of the Company; and
- (vi) Leased assets as disclosed in Note 4 to the financial statements.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 21. BORROWINGS (cont'd)

A summary of the effective interest rates per annum and the maturities of the borrowings is as follows:

	Effective interest rates per annum (%)	Total RM	Within one year RM	More than one year and less than two years RM	More than two years and less than five years RM	More than five years RM
<b>GROUP</b>						
<b>2022</b>						
Bankers' acceptance	3.63 to 5.27	22,572,575	22,572,575	-	-	-
Finance lease liabilities	2.44 to 3.64	2,168,993	554,819	468,963	1,145,211	-
Margin facilities	7.00	5,549,162	5,549,162	-	-	-
Term loans	4.33 to 6.70	38,308,471	2,252,676	2,316,805	20,948,629	12,790,361
<b>2021</b>						
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
<b>COMPANY</b>						
<b>2022</b>						
Margin facilities	7.00	5,549,162	5,549,162	-	-	-

## 22. TRADE PAYABLES

	<b>GROUP</b>	
	2022 RM	2021 RM
<b>Non-current liability</b>		
Retention sum payables	<u>900,262</u>	<u>2,269,114</u>
<b>Current liabilities</b>		
Trade payables	19,437,742	33,717,132
Retention sum payables	<u>2,030,614</u>	<u>3,042,586</u>
	<u>21,468,356</u>	<u>36,759,718</u>
<b>Total trade payables</b>	<u>22,368,618</u>	<u>39,028,832</u>

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 22. TRADE PAYABLES (cont'd)

The currency profile of trade payables is as follows:

	GROUP	
	2022 RM	2021 RM
Ringgit Malaysia	19,862,940	33,844,380
United States Dollar	2,504,422	5,057,012
Singapore Dollar	1,256	127,440
	<b>22,368,618</b>	<b>39,028,832</b>

The trade payables are non-interest bearing and is normally settled within **30 to 60 days** (2021: 30 to 60 days) credit terms.

Included herein are an amount of:

- (i) **RM Nil** (2021: RM43,108) due to companies in which persons connected to a former director of the Company of certain subsidiaries have substantial financial interests; and
- (ii) **RM Nil** (2021: RM199,410) being fixed profit payable to a company in which a director of the Company has substantial financial interests pursuant to the PFMC Agreement as disclosed in Note 11.1(ii) to the financial statements.

## 23. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Non-current liabilities</b>				
Accruals	78,597,209	75,719,854	-	-
Retention sum payables	498,056	295,443	-	-
	<b>79,095,265</b>	<b>76,015,297</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>				
Other payables	19,684,207	7,545,962	-	-
Accruals	3,895,137	9,545,972	230,297	212,562
Amount due to a director of a subsidiary	6,175,361	3,669,525	-	-
Amount due to corporate shareholders of subsidiaries	3,984,308	23,887	-	-
Amount due to a related party	304,521	-	-	-
Deposits received	133,164	42,000	-	-
	<b>34,176,698</b>	<b>20,827,346</b>	<b>230,297</b>	<b>212,562</b>
<b>Total other payables and accruals</b>	<b>113,271,963</b>	<b>96,842,643</b>	<b>230,297</b>	<b>212,562</b>

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 23. OTHER PAYABLES AND ACCRUALS (cont'd)

The currency profile of other payables and accruals is as follows:

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Ringgit Malaysia	111,871,286	96,100,084	230,297	212,562
United States Dollar	1,216,196	498,957	-	-
Cambodian Riel	184,481	235,947	-	-
Others	-	7,655	-	-
	<b>113,271,963</b>	<b>96,842,643</b>	<b>230,297</b>	<b>212,562</b>

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, JC, is non-trade related, unsecured, non-interest bearing and repayable on demand.

The amount due to corporate shareholders of subsidiaries are non-trade related, unsecured, non-interest bearing and repayable on demand.

The amount due to a related party represents a company in which a director of a subsidiary, GM, has substantial financial interests. It is non-trade related, unsecured, non-interest bearing and normally settled within **30 days** (2021: Nil).

## 24. REFUND LIABILITIES

Refund liabilities arising from rights of return represent the sales return from the customers.

## 25. REVENUE

### 25.1 Disaggregated revenue information

Types of goods or services	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Sale of goods	140,794,082	123,770,552	-	-
Mould income	2,967,926	4,570,893	-	-
Construction contract revenue	1,055,327	19,068,876	-	-
Sale of completed properties	415,000	-	-	-
Sale of lottery tickets	3,676,604	4,372,337	-	-
EPCC Contract	7,144,725	-	-	-
Management fee	-	-	270,000	270,000
<b>Revenue from contracts with customers carried forward</b>	<b>156,053,664</b>	<b>151,782,658</b>	<b>270,000</b>	<b>270,000</b>

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 25. REVENUE (cont'd)

### 25.1 Disaggregated revenue information (cont'd)

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Balance brought forward	156,053,664	151,782,658	270,000	270,000
<b>Dividend income, representing other revenue</b>	-	-	47,050,000	17,981,105
<b>Total revenues</b>	<b>156,053,664</b>	<b>151,782,658</b>	<b>47,320,000</b>	<b>18,251,105</b>
<b>Geographical markets</b>				
Malaysia	60,367,136	75,692,547	270,000	270,000
Asia-Pacific	32,000,718	42,074,724	-	-
United Kingdom	27,525,208	24,324,318	-	-
United States of America	17,090,942	84,031	-	-
Germany	9,720,099	-	-	-
Italy	4,439,770	6,816,700	-	-
New Zealand	2,127,105	1,077,353	-	-
South Africa	812,214	691,739	-	-
Saudi Arabia	726,193	472,771	-	-
Kenya	609,017	117,866	-	-
Chile	171,015	208,743	-	-
Other countries	464,247	221,866	-	-
<b>Total revenue from contracts with customers</b>	<b>156,053,664</b>	<b>151,782,658</b>	<b>270,000</b>	<b>270,000</b>
<b>Timing of revenue recognition</b>				
Revenue recognised at a point in time	147,853,612	132,713,782	-	-
Revenue recognised over time	8,200,052	19,068,876	270,000	270,000
<b>Total revenue from contracts with customers</b>	<b>156,053,664</b>	<b>151,782,658</b>	<b>270,000</b>	<b>270,000</b>

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 25. REVENUE (cont'd)

### 25.2 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:

	<b>GROUP</b>	
	<b>2022</b>	2021
	<b>RM</b>	RM
Within one year		
- construction contract revenue	-	1,295,309
- mould income	<b>3,925,456</b>	2,216,394
- EPCC Contract revenue	<b>40,486,775</b>	90,337,100
More than one year		
- EPCC Contract revenue	<b>58,606,500</b>	10,407,500

## 26. (LOSS)/PROFIT BEFORE TAX

This is arrived at:

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM</b>	RM	<b>RM</b>	RM
After charging:				
Auditors' remuneration				
- Statutory audit				
- Grant Thornton Malaysia PLT				
- Current year	<b>211,500</b>	175,000	<b>42,000</b>	47,000
- Under provision in prior year	-	2,000	-	1,000
- Other auditors	<b>21,000</b>	19,000	-	-
Assurance related and non-audit services				
- Grant Thornton Malaysia PLT	<b>3,000</b>	3,000	<b>3,000</b>	3,000
- Affiliate of Grant Thornton Malaysia PLT	<b>54,650</b>	52,350	<b>5,000</b>	5,000
Depreciation				
- property, plant and equipment	<b>4,081,297</b>	4,654,271	-	-
- right-of-use assets	<b>737,812</b>	632,975	-	-
Directors' fee	<b>216,000</b>	216,000	<b>216,000</b>	216,000
Expense relating to lease of low value assets	<b>206,301</b>	112,650	-	-
Expense relating to short-term leases	<b>445,750</b>	282,000	-	-
Impairment loss on goodwill on consolidation	<b>6,445,959</b>	-	-	-
Impairment loss on investment in subsidiaries	-	-	<b>32,136,239</b>	20,593,745
Impairment loss on property, plant and equipment	<b>314,000</b>	-	-	-
Inventories written down	<b>55,470</b>	478,298	-	-

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 26. (LOSS)/PROFIT BEFORE TAX (cont'd)

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Inventory properties written down	<b>187,585</b>	-	-	-
Interest expenses on:				
- Accretion of interest on lease liabilities	<b>60,226</b>	75,162	-	-
- Amount due to subsidiaries	-	-	<b>571,665</b>	-
- Bank overdraft	<b>91</b>	-	-	-
- Bankers' acceptance	<b>780,622</b>	398,307	-	-
- Finance lease liabilities	<b>43,476</b>	19,149	-	-
- Margin facilities	<b>216,394</b>	-	<b>216,394</b>	-
- Revolving credit	<b>40,642</b>	5,144	-	-
- Term loans	<b>486,799</b>	177,031	-	-
- Others	<b>2,097</b>	-	-	-
Loss on disposal of property, plant and equipment	<b>9,349</b>	-	-	-
Property, plant and equipment written off	<b>59,436</b>	699,940	-	-
Realised loss on foreign exchange	<b>20,170</b>	-	-	-
* Staff costs	<b>27,675,278</b>	25,804,663	<b>1,185,695</b>	860,647
Unrealised loss on foreign exchange	<b>567,676</b>	-	-	-
Written off:				
- bad debts	<b>1,041,479</b>	35,618	-	-
- deposit	<b>1,200,000</b>	-	-	-
- inventory properties	<b>3,578,900</b>	-	-	-
And crediting:				
Commission income	<b>32,134</b>	6,549,973	-	-
Fair value gain on other investments designated at FVTPL	<b>122,987</b>	-	-	-
Gain on derecognition of right-of-use assets and lease liabilities	<b>3,051</b>	-	-	-
Gain on disposal of property, plant and equipment	<b>404,945</b>	6,001	-	-
Interest income	<b>613,371</b>	850,891	<b>70,941</b>	366,014
Interest income on amount due from subsidiaries	-	-	<b>385,657</b>	1,402,719
Realised gain on foreign exchange	<b>2,500,601</b>	109,925	-	-
Rental income	<b>74,668</b>	38,910	-	-
Reversal of allowance for expected credit losses on amount due from subsidiaries	-	-	-	4,317,615
Reversal of impairment loss on investment in subsidiaries	-	-	<b>8,756,390</b>	1,844,871
Unrealised gain on foreign exchange	-	477,872	-	-
Unwinding discount on other receivables	<b>763,952</b>	333,165	-	-



# Notes To The Financial Statements (Cont'd)

31 December 2022

## 26. (LOSS)/PROFIT BEFORE TAX (cont'd)

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>* Staff costs</b>				
- Wages, salaries, allowances, bonus and incentive	<b>25,368,767</b>	23,605,715	<b>1,052,605</b>	771,778
- EPF	<b>1,986,644</b>	1,886,488	<b>128,111</b>	84,371
- SOCSO	<b>296,243</b>	290,166	<b>4,468</b>	4,067
- EIS	<b>23,624</b>	22,294	<b>511</b>	431
	<b>27,675,278</b>	25,804,663	<b>1,185,695</b>	860,647

Included in the staff costs of the Group and of the Company is directors' remuneration as follows:

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Executive directors of the Company:</b>				
- Salaries, allowances and incentive	<b>1,695,180</b>	1,710,179	<b>714,950</b>	372,995
- EPF	<b>196,440</b>	184,709	<b>86,302</b>	38,988
	<b>1,891,620</b>	1,894,888	<b>801,252</b>	411,983
<b>Non-executive directors of the Company:</b>				
- Allowances	<b>5,500</b>	7,500	<b>5,500</b>	7,500
<b>Executive directors of subsidiaries:</b>				
- Salaries, allowances and incentive	<b>313,026</b>	652,444	-	-
- EPF	<b>28,597</b>	66,386	-	-
	<b>341,623</b>	718,830	-	-
<b>Total directors' remuneration</b>	<b>2,238,743</b>	2,621,218	<b>806,752</b>	419,483

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 27. TAX EXPENSE

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysian income tax:				
Based on results for the financial year				
- Current tax	<b>(1,008,614)</b>	(4,093,089)	<b>(169,000)</b>	(459,000)
- Deferred tax relating to the origination and reversal of temporary differences	<b>(2,337,526)</b>	(1,319,122)	-	-
- Real property gains tax	<b>(2,800)</b>	-	-	-
	<b>(3,348,940)</b>	(5,412,211)	<b>(169,000)</b>	(459,000)
(Under)/Over provision in prior years				
- Current tax	<b>(345,329)</b>	(824,302)	<b>(1,045)</b>	-
- Deferred tax	<b>179,639</b>	879,524	-	-
	<b>(165,690)</b>	55,222	<b>(1,045)</b>	-
	<b>(3,514,630)</b>	(5,356,989)	<b>(170,045)</b>	(459,000)

Taxation for other jurisdiction is calculated at the rate prevailing in that jurisdiction.

The reconciliation of tax expense of the Group and of the Company is as follows:

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/Profit before tax	<b>(15,092,050)</b>	14,076,704	<b>15,781,693</b>	4,015,463
Income tax at Malaysian statutory tax rate of 24%	<b>3,622,092</b>	(3,378,409)	<b>(3,787,606)</b>	(963,711)
Effect of tax rate in foreign jurisdiction	<b>19,653</b>	30,560	-	-
Income not subject to tax	<b>32,436</b>	18,986	<b>13,393,534</b>	5,794,462
Expenses not deductible for tax purposes	<b>(5,963,044)</b>	(1,666,271)	<b>(9,774,928)</b>	(5,289,751)
Utilisation of reinvestment allowance	<b>250,671</b>	-	-	-
Deferred tax assets not recognised	<b>(1,408,716)</b>	(417,077)	-	-
Utilisation of unrecognised unused tax losses	<b>100,768</b>	-	-	-
Effect of real property gains tax	<b>(2,800)</b>	-	-	-
	<b>(3,348,940)</b>	(5,412,211)	<b>(169,000)</b>	(459,000)
(Under)/Over provision in prior years	<b>(165,690)</b>	55,222	<b>(1,045)</b>	-
	<b>(3,514,630)</b>	(5,356,989)	<b>(170,045)</b>	(459,000)

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 28. (LOSS)/EARNINGS PER SHARE

### 28.1 Basic (loss)/earnings per share

Basic (loss)/earnings per share of the Group is calculated by dividing the (loss)/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	
	2022	2021
(Loss)/Profit attributable to owners of the Company (RM)	<u>(16,913,710)</u>	<u>8,469,795</u>
Weighted average number of ordinary shares in issue	<u>2,971,567,781</u>	<u>2,892,959,075</u>
Basic (loss)/earnings per share (in sen)	<u>(0.57)</u>	<u>0.29</u>

### 28.2 Diluted (loss)/earnings per share

Diluted (loss)/earnings per share of the Group is calculated by dividing the (loss)/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	
	2022	2021
(Loss)/Profit attributable to owners of the Company (RM)	<u>(16,913,710)</u>	<u>8,469,795</u>
Weighted average number of ordinary shares in issue	<u>2,971,567,781</u>	<u>2,892,959,075</u>
Adjusted for conversion of warrants	<u>-</u>	<u>281,802,259</u>
	<u>2,971,567,781</u>	<u>3,174,761,334</u>
Diluted (loss)/earnings per share (in sen)	<u>(0.57)</u>	<u>0.27</u>

The dilutive loss per share in the current year equals the basic loss per share due to the anti-dilutive effect of the warrants which have been ignored in calculating the diluted loss per share.

## 29. 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.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 29. SEGMENTAL INFORMATION (cont'd)

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)

31 December 2022

## 29. SEGMENTAL INFORMATION (cont'd)

### By business segments

	Manufacturing		Construction and property development		Glove manufacturing and EPCC Contract		Gaming and leisure		Others		Elimination		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Revenue</b>														
External sales	143,762,008	128,341,445	1,470,327	19,068,876	7,144,725	7,144,725	3,676,604	4,372,337	-	594,500	-	-	156,053,664	151,782,658
Inter-segment sales	149,405	321,401	-	-	-	-	-	-	665,000	-	(814,405)	(915,901)	-	-
<b>Total revenue</b>	<b>143,911,413</b>	<b>128,662,846</b>	<b>1,470,327</b>	<b>19,068,876</b>	<b>7,144,725</b>	<b>7,144,725</b>	<b>3,676,604</b>	<b>4,372,337</b>	<b>665,000</b>	<b>594,500</b>	<b>(814,405)</b>	<b>(915,901)</b>	<b>156,053,664</b>	<b>151,782,658</b>
<b>Results</b>														
Segment results	4,114,421	3,726,673	(8,553,656)	6,254,244	(2,759,731)	5,031,291	520,189	805,010	(7,396,297)	(1,916,612)	-	-	(14,075,074)	13,900,606
Finance costs	-	-	-	-	-	-	-	-	-	-	-	-	(1,630,347)	(674,793)
Finance income	-	-	-	-	-	-	-	-	-	-	-	-	613,371	850,891
Tax expense	-	-	-	-	-	-	-	-	-	-	-	-	(3,514,630)	(5,356,989)
<b>(Loss)/Profit for the financial year</b>	<b>(18,606,680)</b>	<b>8,719,715</b>											<b>(18,606,680)</b>	<b>8,719,715</b>
<b>Assets</b>														
Segment assets	142,732,782	138,394,324	196,714,525	212,576,682	158,761,162	124,475,533	6,976,052	6,910,826	50,089,328	18,911,075	-	-	555,273,849	501,268,440
Tax assets	-	-	-	-	-	-	-	-	-	-	-	-	901,537	2,280,970
Goodwill on consolidation	-	-	-	-	-	-	-	-	-	-	-	-	-	6,445,959
<b>Total assets</b>	<b>142,732,782</b>	<b>138,394,324</b>	<b>196,714,525</b>	<b>212,576,682</b>	<b>158,761,162</b>	<b>124,475,533</b>	<b>6,976,052</b>	<b>6,910,826</b>	<b>50,089,328</b>	<b>18,911,075</b>	<b>-</b>	<b>-</b>	<b>556,175,386</b>	<b>509,995,369</b>
<b>Liabilities</b>														
Segment liabilities	43,699,614	35,582,921	122,412,923	105,248,602	98,878,006	70,366,358	423,784	697,200	5,826,354	1,134,210	-	-	271,240,681	213,029,291
Tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	963,083	2,838,755
<b>Total liabilities</b>	<b>43,699,614</b>	<b>35,582,921</b>	<b>122,412,923</b>	<b>105,248,602</b>	<b>98,878,006</b>	<b>70,366,358</b>	<b>423,784</b>	<b>697,200</b>	<b>5,826,354</b>	<b>1,134,210</b>	<b>-</b>	<b>-</b>	<b>272,203,764</b>	<b>215,868,046</b>
<b>Other segment information</b>														
Additions to non-current assets	4,960,717	2,048,035	50,919	-	22,035,937	56,679,702	119,134	51,200	-	-	-	-	27,166,707	58,778,937
Depreciation	3,877,753	4,514,018	59,690	62,601	97,276	18,186	46,578	59,466	-	-	-	-	4,081,297	4,654,271
- property, plant and equipment	194,522	199,349	-	-	342,409	-	167,591	182,050	33,290	251,576	-	-	737,812	632,975
- right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss on goodwill on consolidation	6,445,959	-	-	-	-	-	-	-	-	-	-	-	6,445,959	-
Impairment loss on property, plant and equipment	314,000	-	-	-	-	-	-	-	-	-	-	-	314,000	-
Non-cash expenses/(income) other than depreciation and impairment loss	79,202	1,020,446	5,249,866	(333,165)	(33,902)	(290,463)	-	-	5,855,372	-	-	-	11,150,538	396,818

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 29. 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, other investments, financial instruments and deferred tax assets.
- C Other material non-cash expenses/(income) other than depreciation, impairment loss on goodwill on consolidation and impairment loss on property, plant and equipment consist of the following items:

	2022	2021
	RM	RM
Allowance for expected credit losses on other receivables	5,745,578	-
Fair value gain on other investments designated at FVTPL	(122,987)	-
Gain on disposal of property, plant and equipment, net	(395,596)	(6,001)
Gain on derecognition of right-of-use assets and lease liabilities	(3,051)	-
Inventories written down	55,470	478,298
Inventory properties written down	187,585	-
Property, plant and equipment written off	59,436	699,940
Unrealised (loss)/gain on foreign exchange, net	567,676	(477,872)
Unwinding discount on other receivables	(763,952)	(333,165)
Written off:		
- bad debts	1,041,479	35,618
- deposit	1,200,000	-
- inventory properties	3,578,900	-
	<b>11,150,538</b>	<b>396,818</b>

### 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 25.1 to the financial statements. Segment assets are based on the geographical location of assets.

	Non-current assets	
	2022	2021
	RM	RM
Malaysia	155,591,916	127,629,567
Cambodia	2,523,596	2,892,984
	<b>158,115,512</b>	<b>130,522,551</b>

### Information about major customers

Total revenue from 1 (2021: 3) major customers which individually contributed to 10% or more of the Group's revenue from the manufacturing and construction and property development segments amounted to **RM53,965,312** (2021: RM60,463,573).

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 30. CAPITAL COMMITMENTS

	<b>GROUP</b>	
	<b>2022</b>	2021
	<b>RM</b>	RM
Contracted but not provided for:		
- Property, plant and equipment	<b>7,548,681</b>	22,913,335

## 31. RELATED PARTY DISCLOSURES

### (i) Identity of related parties

The Group has related party relationship with its subsidiaries, key management personnel and the following parties:

<b>Related parties</b>	<b>Relationship</b>
- 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.	
- GDW Mengkuang 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.
- Yoon Mee Realty Sdn. Bhd. - Glomaxes Latex Gloves Manufacturer 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.

### (ii) Related party transactions

Related party transactions have been entered into at terms agreed between the parties during the financial year.

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM</b>	RM	<b>RM</b>	RM
Net advances to subsidiaries	-	-	-	65,751,024
Net repayment from subsidiaries	-	-	<b>31,260,050</b>	-
Reassignment of debts from subsidiaries	-	-	<b>6,150,000</b>	804,225
Factory overhead cost paid to Glomaxes Latex Gloves Manufacturer Sdn. Bhd.	<b>457,185</b>	-	-	-
Management fee from subsidiaries	-	-	<b>270,000</b>	270,000

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 31. RELATED PARTY DISCLOSURES (cont'd)

### (ii) Related party transactions (cont'd)

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Interest paid to subsidiaries	-	-	<b>571,665</b>	-
Interest income from subsidiaries	-	-	<b>385,657</b>	1,402,719
Dividend income from subsidiaries	-	-	<b>47,050,000</b>	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	-	-
Progress billings to GDW Mengkuang Sdn. Bhd.	<b>3,397,065</b>	18,132,863	-	-
Purchases from related parties:				
- Premierpath Sdn. Bhd.	-	1,152	-	-
- Durachem (Penang) Sdn. Bhd.	-	88,837	-	-
- Shun Fa Technology Sdn. Bhd.	-	5,180	-	-
Rental income received from Glomaxes Latex Gloves Manufacturer Sdn. Bhd.	<b>7,000</b>	-	-	-

### (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 directors which compensation is as follows:

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Fees	<b>216,000</b>	216,000	<b>216,000</b>	216,000
Salaries, allowances and incentive	<b>2,013,706</b>	2,370,123	<b>720,450</b>	380,495
EPF	<b>225,037</b>	251,095	<b>86,302</b>	38,988
	<b>2,454,743</b>	2,837,218	<b>1,022,752</b>	635,483



# Notes To The Financial Statements (Cont'd)

31 December 2022

## 32. FINANCIAL INSTRUMENTS

### 32.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC"), fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

	Carrying amount RM	AC RM	FVOCI RM	FVTPL RM
<b>GROUP</b>				
<b>2022</b>				
<b>Financial assets</b>				
Other investments	36,665,255	-	27,236,506	9,428,749
Trade receivables	49,339,257	49,339,257	-	-
Other receivables and refundable deposits	21,077,379	21,077,379	-	-
Fixed deposits with licensed banks	5,482,993	5,482,993	-	-
Cash and bank balances	64,870,272	64,870,272	-	-
	<b>177,435,156</b>	<b>140,769,901</b>	<b>27,236,506</b>	<b>9,428,749</b>
<b>Financial liabilities</b>				
Borrowings	68,599,201	68,599,201	-	-
Trade payables	22,368,618	22,368,618	-	-
Other payables and accruals, excluding accruals for land related cost	34,674,754	34,674,754	-	-
	<b>125,642,573</b>	<b>125,642,573</b>	<b>-</b>	<b>-</b>
<b>2021</b>				
<b>Financial assets</b>				
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	-	-
	<b>200,185,910</b>	<b>200,185,910</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>				
Borrowings	20,558,926	20,558,926	-	-
Trade payables	39,028,832	39,028,832	-	-
Other payables and accruals, excluding accruals for land related cost	21,122,789	21,122,789	-	-
	<b>80,710,547</b>	<b>80,710,547</b>	<b>-</b>	<b>-</b>

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 32. FINANCIAL INSTRUMENTS (cont'd)

### 32.1 Categories of financial instruments (cont'd)

	Carrying amount RM	AC RM	FVOCI RM
<b>COMPANY</b>			
<b>2022</b>			
<b>Financial assets</b>			
Other investments	27,236,506	-	27,236,506
Other receivables and refundable deposits	472,569	472,569	-
Amount due from subsidiaries	10,050,317	10,050,317	-
Cash and bank balances	19,712,632	19,712,632	-
	<b>57,472,024</b>	<b>30,235,518</b>	<b>27,236,506</b>
<b>Financial liabilities</b>			
Borrowings	5,549,162	5,549,162	-
Other payables and accruals	230,297	230,297	-
Amount due to subsidiaries	2,153,429	2,153,429	-
	<b>7,932,888</b>	<b>7,932,888</b>	<b>-</b>
<b>2021</b>			
<b>Financial assets</b>			
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	-
	<b>79,082,802</b>	<b>79,082,802</b>	<b>-</b>
<b>Financial liabilities</b>			
Other payables and accruals	212,562	212,562	-
Amount due to subsidiaries	10,000	10,000	-
	<b>222,562</b>	<b>222,562</b>	<b>-</b>

### 32.2 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, foreign currency risk and equity price 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.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 32. FINANCIAL INSTRUMENTS (cont'd)

### 32.3 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.

#### 32.3.1 Trade receivables

The Group gives its customers credit terms that range between **30 to 60 days** (2021: 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:

	2022	2021
	RM	RM
<b>GROUP</b>		
Not past due	<b>22,588,034</b>	34,353,571
1 to 60 days past due	<b>8,469,647</b>	12,823,066
61 to 120 days past due	<b>835,310</b>	2,040,274
More than 120 days past due	<b>17,446,266</b>	47,032,512
	<b>26,751,223</b>	61,895,852
Total	<b>49,339,257</b>	96,249,423

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 **RM26,751,223** (2021: RM61,895,852) that are past due but not impaired as the management is of the view that these debts will be collected in due course.

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 **3 customers** (2021: 1 customer) representing **56%** (2021: 50%) of the total trade receivables.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 32. FINANCIAL INSTRUMENTS (cont'd)

### 32.3 Credit risk (cont'd)

#### 32.3.1 Trade receivables (cont'd)

##### Maximum exposure to credit risk

The Group regards the entire trade receivables to be low risk.

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 and contract assets at an amount equal to lifetime ECL using a simplified approach. The expected credit losses on trade receivables and contract assets are estimated based on past default experience and an analysis of the trade receivables' and contract assets' current financial position, adjusted for factors that are specific to the trade receivables and contract assets 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.

#### 32.3.2 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.

#### 32.3.3 Financial guarantees

The Company has issued financial guarantees to financial institutions for banking facilities granted to certain subsidiaries.

	<b>2022</b>	2021
	<b>RM</b>	RM
Corporate guarantees issued to financial institutions for banking facilities granted to certain subsidiaries		
- Limit	<b>204,670,332</b>	168,966,500
- Maximum exposure	<b><u>66,650,351</u></b>	<u>23,558,926</u>

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.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 32. FINANCIAL INSTRUMENTS (cont'd)

### 32.4 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
<b>GROUP</b>					
<b>2022</b>					
<i>Non-derivative financial liabilities</i>					
Borrowings	68,599,201	76,948,294	32,592,646	30,887,124	13,468,524
Lease liabilities	843,540	874,610	677,610	197,000	-
Trade payables	22,368,618	22,368,618	21,468,356	900,262	-
Other payables and accruals, excluding accruals for land related cost	34,674,754	34,674,754	34,176,698	498,056	-
Total undiscounted financial liabilities	<b>126,486,113</b>	<b>134,866,276</b>	<b>88,915,310</b>	<b>32,482,442</b>	<b>13,468,524</b>
<b>2021</b>					
<i>Non-derivative financial liabilities</i>					
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, excluding accruals for land related cost	21,122,789	21,122,789	20,827,346	295,443	-
Total undiscounted financial liabilities	<b>82,179,947</b>	<b>83,860,260</b>	<b>70,363,009</b>	<b>8,213,451</b>	<b>5,283,800</b>
<b>COMPANY</b>					
<b>2022</b>					
<i>Non-derivative financial liabilities</i>					
Borrowings	5,549,162	5,549,162	5,549,162	-	-
Other payables and accruals	230,297	230,297	230,297	-	-
Amount due to subsidiaries	2,153,429	2,153,429	2,153,429	-	-
* Financial guarantees	-	66,650,351	66,650,351	-	-
Total undiscounted financial liabilities	<b>7,932,888</b>	<b>74,583,239</b>	<b>74,583,239</b>	<b>-</b>	<b>-</b>

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 32. FINANCIAL INSTRUMENTS (cont'd)

### 32.4 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
2021					
<i>Non-derivative financial liabilities</i>					
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	-	-

\* This has been included for illustration purpose only as the related financial guarantees have not crystallised as at the end of the reporting period.

### 32.5 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	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Fixed rate instruments</b>				
Financial assets	5,482,993	1,844,450	-	-
Financial liabilities	24,741,568	11,000,987	-	-
<b>Floating rate instruments</b>				
Financial assets	-	-	10,036,200	63,868,608
Financial liabilities	43,857,633	9,557,939	7,661,382	-

#### 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 and the Company's (loss)/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.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 32. FINANCIAL INSTRUMENTS (cont'd)

### 32.6 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 currencies exchange rates against Ringgit Malaysia, with all other variables held constant, of the Group's (loss)/profit before tax. A 10% strengthening of RM against the following currencies at the end of the reporting period would have impacted on (loss)/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.

	<b>GROUP 2022 RM</b>
USD	<b>2,992,725</b>
KHR	<b>209,084</b>
SGD	<b>2,892</b>
Increase loss before tax	<b>3,204,701</b>
Decrease in equity	<b>2,435,573</b>
	2021 RM
USD	3,502,098
KHR	189,177
SGD	558,806
Decrease in profit before tax	4,280,081
Decrease in equity	3,230,062

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 32. FINANCIAL INSTRUMENTS (cont'd)

### 32.7 Equity price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial assets designated at FVTPL and FVOCI will fluctuate because of changes in market prices. Equity price risk arises from the Group's and the Company's other investments which are the equity securities quoted in Malaysia and short term funds with licensed financial institutions.

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors of the Company. While for the short term funds with licensed financial institutions, the management of the Group monitors the short term funds and it can be redeemed at any time upon notice given to the financial institution.

#### Sensitivity analysis for equity price risk

A 5% increase in share prices of the quoted equity securities at the end of the reporting period, with all other variables held constant, would have impacted on the Group's and the Company's equity by the amount shown below, and a decrease would have an equal but opposite effect, arising as a result of higher/lower fair value gain on investment in quoted equity investments.

	GROUP AND COMPANY	
	2022	2021
	RM	RM
Increase in equity	<u>1,361,825</u>	<u>-</u>

A 1% increase in prices of the short term funds with licensed financial institutions at the end of the reporting period, with all other variables held constant, would have impacted on the Group's loss before tax by the amount shown below, and a decrease would have an equal but opposite effect, arising as a result of higher/lower fair value gain on short term funds.

	GROUP	
	2022	2021
	RM	RM
Decrease in loss before tax and increase in equity	<u>94,287</u>	<u>-</u>

## 33. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's and the Company's financial assets (other than investments in quoted financial instruments) 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.



# Notes To The Financial Statements (Cont'd)

31 December 2022

## 33. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (cont'd)

### 33.1 Financial assets that are measured at fair value on a recurring basis

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Carrying amount RM
<b>GROUP</b>					
<b>2022</b>					
<b>Financial asset</b>					
Other investments	<u>36,665,255</u>	-	-	<u>36,665,255</u>	<u>36,665,255</u>
<b>COMPANY</b>					
<b>2022</b>					
<b>Financial asset</b>					
Other investments	<u>27,236,506</u>	-	-	<u>27,236,506</u>	<u>27,236,506</u>

#### Level 1 fair value

Level 1 fair value of the other investments is derived by reference to their quoted market prices in active markets at the end of reporting period.

#### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer. There were no transfers between level 1, 2 and level 3 during the financial year.

## 34. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management policy is to maintain a strong capital base to support their business and to maximise shareholders' value.

The Group and the Company manage its capital structure and make adjustment to it in the light of changes in economic conditions or expansion of the Group. The Group and the Company 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 and the Company consider its total equity and total loans and borrowings to be the key components of its capital structure and monitor capital using a debt to equity ratio, which is calculated as total borrowings divided by total equity as follows:

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 34. CAPITAL MANAGEMENT (cont'd)

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Total borrowings	<b>(68,599,201)</b>	(20,558,926)	<b>(5,549,162)</b>	-
Less: Fixed deposits with licensed banks	<b>5,482,993</b>	1,844,450	-	-
Cash and bank balances	<b>64,870,272</b>	57,992,033	<b>19,712,632</b>	5,333,815
	<b>70,353,265</b>	59,836,483	<b>19,712,632</b>	5,333,815
Net cash	<b>1,754,064</b>	39,277,557	<b>14,163,470</b>	5,333,815
Total equity	<b>283,971,622</b>	294,127,323	<b>276,182,672</b>	252,704,707
Gearing ratio	<b>N/A<sup>(i)</sup></b>	N/A <sup>(i)</sup>	<b>N/A<sup>(i)</sup></b>	N/A <sup>(i)</sup>

<sup>(i)</sup> N/A – Not applicable as net cash position

## 35. 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.

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.

# Notes To The Financial Statements (Cont'd)

31 December 2022

## 35. MATERIAL LITIGATION (cont'd)

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 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 said appeal is dismissed by the Court of Appeal on 15 March 2023. Subsequent to the dismissal, on 14 April 2023, 2nd to 4th defendants has filed a notice of motion at the Federal Court for leave to appeal against the said Court of Appeal's decision. The said application is now fixed for case management by way of e-review on 16 May 2023.

## 36. EVENT AFTER THE REPORTING PERIOD

On 28 February 2023, the Company has incorporated a wholly-owned subsidiary, Luster Technologies Malaysia Sdn. Bhd., with a paid-up capital of RM1.

# List Of Properties

Details of properties of the Group are as follows:

Description	Land Area (M <sup>2</sup> )	Built-up Area (M <sup>2</sup> )	Tenure	Date of Acquisition/ Revaluation* (Age of Building)	Carrying Amount @ 2022 RM
Lot 50 Bakar Arang Industrial Estate 08000 Sungai Petani KEDAH	9,308	7,591	Leasehold period for 60 years expire in 2042	2001* 40	4,740,868
Plot 36, Jalan PKNK Utama Kawasan Perusahaan Sungai Petani 08000 Sungai Petani KEDAH	7,426	4,121	Leasehold period for 60 years expire in 2052	2008* 27	6,225,465
Plot 37, Jalan PKNK Utama Kawasan Perusahaan Sungai Petani 08000 Sungai Petani KEDAH	6,475	2,543	Leasehold period for 60 years expire in 2052	2008* 27	2,456,595
Lot 35 Jalan PKNK Utama Kawasan Perusahaan Sungai Petani 08000 Sungai Petani KEDAH	7,535	3,345	Leasehold period for 60 years expire in 2052	2008* 18	2,676,792
Lot 36 Jalan PKNK Utama Kawasan Perusahaan Sungai Petani 08000 Sungai Petani KEDAH	7,616	3,650	Leasehold period for 60 years expire in 2052	2008* 18	10,858,972
Lot 38 Bakar Arang Industrial Estate 08000 Sungai Petani KEDAH	12,141	9,637	Leasehold period for 99 years expire in 2082	2011* 32	5,764,345
Lot 21 Bakar Arang Industrial Estate 08000 Sungai Petani KEDAH	693	398	Leasehold period for 60 years expire in 2044	2011* 38	228,000
PN19994 Lot 4667 Mukim Cheng District of Melaka Tengah 75250 Melaka MELAKA	153	153	Leasehold period for 99 years expire in 2096	2010 12	187,684
HSD36462 Lot No. 3901 Mukim of Tanjong Minyak Melaka Tengah 75250 Melaka MELAKA	6,751	4,381	NA	2014 17	4,404,997
No 154 Jalan 4 Kawasan Perindustrian Olak Lempit 42700 Banting Selangor	4,013	NA	Leasehold period for 99 years expire in 2087	2021 NA	4,078,605

# Analysis Of Shareholdings

As At 17 April 2023

The total number of issued shares : 3,022,624,412 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 17 APRIL 2023

Size of shareholdings	No. of shareholders	% of total shareholders	No. of shares	% of total issued capital
Less than 100	78	0.73	2,789	0.00
100 to 1,000	644	6.01	330,328	0.01
1,001 to 10,000	2,852	26.63	19,976,691	0.66
10,001 to 100,000	5,199	48.55	228,350,401	7.55
100,001 to less than 5% of issued shares	1,935	18.07	2,585,214,203	85.53
5% and above of issued shares	1	0.01	188,750,000	6.25
<b>Total</b>	<b>10,709</b>	<b>100.00</b>	<b>3,022,624,412</b>	<b>100.00</b>

^ Negligible

## SUBSTANTIAL SHAREHOLDERS AS AT 17 APRIL 2023

Name	Number of Shares Held			
	Direct	%	Deemed	%
Chuah Chong Ewe	201,545,000	6.67	97,550,000®	3.23
Phuah Cheng Peng	245,614,500	8.12	-	-

® Deemed interested by virtue of his shareholdings of more than 20% equity interest in the Triumphant View Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

## DIRECTORS' SHAREHOLDINGS AS AT 17 APRIL 2023

Name	Number of Shares Held			
	Direct	%	Deemed	%
Liang Wooi Gee	47,272,857	1.56	400#	^
Chuah Chong Ewe	201,545,000	6.67	97,550,000®	3.23
Phuah Cheng Peng	245,614,500	8.13	500,000#	0.02
Wee Song He, Wilson	66,636,220	2.20	-	-
Chuah Chong San	43,200,000	1.43	-	-
Ahmad Kamal Bin S. Awab	-	-	-	-
Dato' Mohamed Shukri Bin Mohamed Zain	100,000	^	-	-
Lee Lean Suan	-	-	-	-

^ 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 20% equity interest in the Triumphant View Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

# Analysis Of Shareholdings (Cont'd)

As At 17 April 2023

## THIRTY LARGEST SHAREHOLDERS AS AT 17 APRIL 2023

NO.	NAME	HOLDINGS	%
1	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHUAH CHENG PENG	188,750,000	6.25
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUAH CHONG EWE	103,950,000	3.44
3	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TRIUMPHANT VIEW SDN BHD	97,550,000	3.23
4	NG NGOON WENG	94,227,400	3.11
5	CHONG FU SEONG	89,000,000	2.94
6	LEE YEE WAN	70,000,000	2.32
7	CHUAH CHONG EWE	67,595,000	2.24
8	PHUAH CHENG PENG	56,864,500	1.88
9	MAYBANK NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WEE SONG HE WILSON	52,615,000	1.74
10	QUECK HAN TIONG	51,800,000	1.71
11	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG WENG YEOW	51,800,000	1.71
12	WONG SING YI	50,117,300	1.66
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIERRA BONUS SDN BHD	49,000,000	1.62
14	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEE VOON HON	47,363,851	1.57
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIANG WOOL GEE	46,250,000	1.53
16	RESOLUTE ACCOMPLISHMENT SDN. BHD.	45,410,351	1.50
17	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD FOR CENTRAL KEDAH PLYWOOD FACTORY SENDIRIAN BERHAD (8793-1501)	44,927,800	1.49
18	LEE HAM KONG	44,520,000	1.47
19	CHUAH CHONG SAN	43,200,000	1.43
20	TEOH TIAN WEN	35,601,500	1.18
21	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR CHUAH CHONG EWE (SMART)	30,000,000	0.99
22	GLOBAL FRANK SDN BHD	27,077,714	0.89
23	HARMONY LANDMARK SDN BHD	26,000,000	0.86
24	BEH CHENG SIONG	21,155,200	0.70
25	ONG PEI CHENG	16,500,000	0.55
26	TAN LAY PENG	16,500,000	0.55
27	AW YEN CHIN	16,399,100	0.54
28	ONG CHIN KANG	16,300,000	0.54
29	CHEANG SIEW CHAN	16,000,000	0.53
30	LIM SEE MENG	16,000,000	0.53
<b>TOTAL</b>		<b>1,532,474,716</b>	<b>50.70</b>

# Analysis Of Warrant Holdings

As At 17 April 2023

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 17 APRIL 2023

Size of Warrants	No. of Warrants Holders	% of total Warrants Holders	No. of Warrants	% of total issued capital
Less than 100	0	0	0	0
100 to 1,000	44	6.09	27,500	0.01
1,001 to 10,000	66	9.14	458,700	0.21
10,001 to 100,000	347	48.06	18,005,000	8.34
100,001 to less than 5% issued warrants	264	36.57	175,208,800	81.12
5% and above of issued warrants	1	0.14	22,300,000	10.32
<b>Total</b>	<b>722</b>	<b>100.00</b>	<b>216,000,000</b>	<b>100.00</b>

# Analysis Of Warrant Holdings (Cont'd)

As At 17 April 2023

## THIRTY LARGEST WARRANTS B HOLDERS AS AT 17 APRIL 2023

NO.	NAME	HOLDINGS	%
1	NG ZI XIAN	22,300,000	10.32
2	TAN HUNG CHEW SDN BHD	7,000,000	3.24
3	AFFIN HWANG INVESTMENT BANK BERHAD IVT (TWJ)	6,026,400	2.79
4	SJC REALTY SDN. BHD.	6,000,000	2.78
5	LIT KHEE REALTY SDN BERHAD	5,400,000	2.50
6	CHONG CHOON AUN	4,687,700	2.17
7	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SOON TUAN SIN	4,410,300	2.04
8	LOO JIA JIA	3,225,900	1.49
9	LEE JUINN YONG	3,000,000	1.39
10	TAN MOOI HUA	2,800,000	1.30
11	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW AH KOU (E-SPI)	2,397,800	1.11
12	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHE SIEW PHENG (E-PPG)	2,057,600	0.95
13	CASSANDRA NG LEIGH CUM	2,000,000	0.93
14	LIM SEE MENG	2,000,000	0.93
15	ONG KAR FATT	2,000,000	0.93
16	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEE VOON HON	2,000,000	0.93
17	TAN YU ZHAN	2,000,000	0.93
18	WONG JING YI	2,000,000	0.93
19	TAN HUNG CHEW	1,918,700	0.89
20	TEOH CHIU ENG	1,900,000	0.88
21	LEW SOON KIAK	1,890,000	0.88
22	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NGOH PHEE CHUAN (E-BMM)	1,824,900	0.84
23	OOI SOO WEI	1,732,500	0.80
24	LIM KENG CHUAN	1,700,000	0.79
25	TANG KOK WAH	1,652,800	0.77
26	GOH GUAN HIN	1,551,700	0.72
27	KHOR GIAP LEONG	1,515,000	0.70
28	TAN WAH KIONG	1,500,000	0.69
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG CHOON AUN	1,400,000	0.65
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD OOI SOO WEI	1,360,000	0.63
<b>Total</b>		<b>101,251,300</b>	<b>46.88</b>



# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 36<sup>th</sup> Annual General Meeting (“AGM”) 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 Darul Aman, Malaysia on Monday, 29 May 2023 at 11.00 a.m. for the following purposes:-

## AGENDA

### As Ordinary Business:

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2022 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 2023. **Ordinary Resolution 1**
3. To re-elect Mr. Phuah Cheng Peng, a Director who retires in accordance with Article 95 of the Constitution of the Company and being eligible, has offered himself for re-election. **Ordinary Resolution 2**  
  
Dato’ Mohamed Shukri Bin Mohamed Zain who also retires by rotation in accordance with Article 95 of the Constitution of the Company, has expressed his intention not to seek re-election. Hence, he will retain office until the close of the 36<sup>th</sup> AGM.
4. To re-elect Ms. Lee Lean Suan, a Director who retires in accordance with Article 102 of the Constitution of the Company and being eligible, has offered herself for re-election. **Ordinary Resolution 3**
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 4**

### As Special Business :

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

#### **AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS**

6. “THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 (the “Act”) and subject always to the approval of all the relevant regulatory authorities, the Board of Directors of the Company be and is hereby authorised to issue and allot from time to time such number of shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being. **Ordinary Resolution 5**

THAT pursuant to Section 85(1) of the Act be read together with Article 57 of the Company’s Constitution, that approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to this mandate.

AND THAT the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad (“Bursa Securities”) for the listing of and quotation for the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.”

## Notice of Annual General Meeting (Cont'd)

7. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

**Ordinary Resolution 6**

"THAT approval be and is hereby given to the Company and/or subsidiary companies (the "Group") to enter into all arrangements and/or transactions as specified in Section 2.4 of the Circular to Shareholders of the Company dated 27 April 2023 (the "Circular"), involving the interests of directors, major shareholders or persons connected with such directors or major shareholders of the Company ("Related Parties") as detailed in Section 2.4 of the Circular, provided that such arrangements and/or transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for day-to-day operations; and
- (iii) carried out in the ordinary course of business or the normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not to be detriment of the minority shareholders of the Company.

(the "Shareholders' Mandate")

THAT the Shareholders' Mandate shall take effect from this resolution and shall continue to be in force until:-

- (a) the conclusion of the next annual general meeting of the Company following the general meeting at which such Shareholders' Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next annual general meeting after the date it is required to be held pursuant to Section 340 (2) of the Act but shall not extend to such extension as may be allowed pursuant to Section 340 (4) of the Act; or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is earlier.

And THAT the Directors of the Company be authorised to complete and do all such acts and things (including all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

8. 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: 27 April 2023

# 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 Securities Record of Depositors ("**ROD**") as at 22.05.2023 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 36<sup>th</sup> 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 2022 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 2023 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 5 – Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 and Waiver of Pre-emptive Rights**

The proposed Ordinary Resolution 5 is for the purpose of granting a new and renewed general mandate (the "Mandate") and waiver of pre-emptive rights under Section 85(1) of the Act read together with Article 57 of the Company's Constitution, if passed, will give authority to the Directors to issue and allot shares up to 10% of the total number of issued shares of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier and will exclude the shareholders' pre-emptive rights over all new shares to be issued under the Mandate.

The Mandate 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 and/or acquisitions.

# Notice of Annual General Meeting (Cont'd)

## **Explanatory Note on Special Business (cont'd)**

### **Ordinary Resolution 5 – Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 and Waiver of Pre-emptive Rights (cont'd)**

As at the date of this Notice, there were no new shares issued pursuant to the mandate granted to the Directors at the 35<sup>th</sup> AGM held on 30 May 2022 and which will lapse at the conclusion of the 36<sup>th</sup> AGM.

Pursuant to Section 85(1) of the Act be read together with Article 57 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

<u>Section 85(1) of the Act</u>	<u>Article 57 of the Company's Constitution</u>
<b>Pre-Emptive Rights to New Shares</b>  Subject to the constitution, where a company issue shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.	<b>Issue of New Shares to Members</b>  Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities of whatever kind shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to the shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Directors, be conveniently offered under this Article.

### **Ordinary Resolution 6 – Proposed Renewal of Shareholders' Mandate ("Proposed Shareholders' Mandate")**

The proposed Ordinary Resolution 6, 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 Market Listing Requirements 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 27 April 2023 for further information.

## **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 5 as stated in the Notice of Annual General Meeting of the Company for the details.

# Proxy Form



**LUSTER INDUSTRIES BHD.** 198601006973 (156148-P)  
(Incorporated in Malaysia)

CDS Account No.												

\* 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 36th Annual General Meeting of the Company to be held at Room The Lounge, Ground Floor, Park Avenue Hotel, E-1, Jalan Indah Dua, Taman Sehati Indah, 08000 Sungai Petani, Kedah Darul Aman, Malaysia on Monday, 29 May 2023 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 2023.		
Ordinary Resolution 2	To re-elect Mr. Phuah Cheng Peng who retires pursuant to Article 95 of the Company's Constitution.		
Ordinary Resolution 3	To re-elect Ms Lee Lean Suan who retires pursuant to Article 102 of the Company's Constitution.		
Ordinary Resolution 4	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	To authorise Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 and Waiver of Pre-emptive Rights		
Ordinary Resolution 6	To approve the Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature		

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 ....., 2023.

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

**Notes:**

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Please fold here to seal

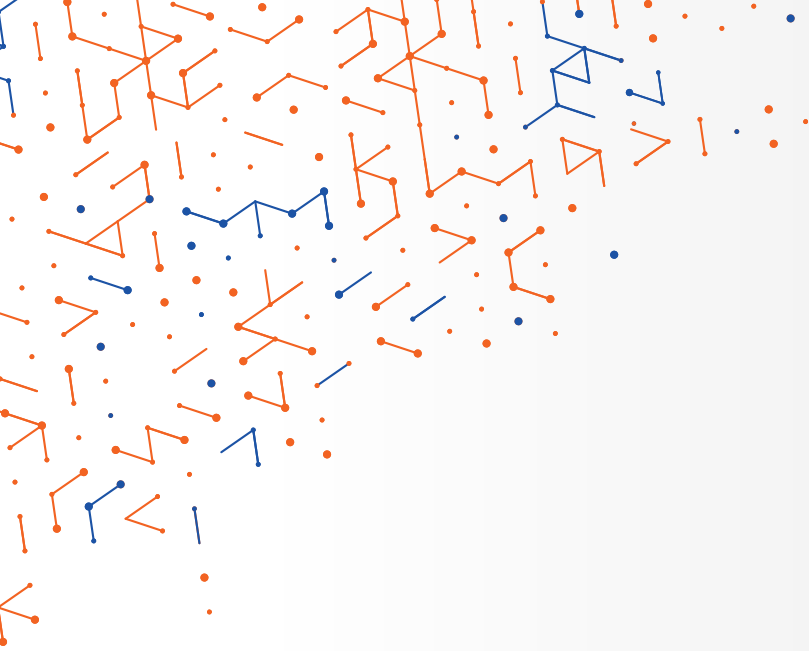
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Stamp

To,  
The Company Secretaries  
**LUSTER INDUSTRIES BHD.**  
198601006973 (156148-P)  
51-8-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang

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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,  
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