ANNUAL REPORT
2021

PETERLABS ALWAYS S.H.A.R.E

PETERLABS HOLDINGS BERHAD
201001025806 (909720-W)

- Customers are main priority
- Quality control at its best
- Safe and environmental friendly products

- Always strive to improve our products
- Always provide exceptionally good services to our customers by maintaining a personal relationship and dealing directly with the customers
- Always provide nutrition and veterinary pharmaceutical products to the satisfaction of our customers

"PETERLABS ALWAYS SHARE..."

Sustainability
We recognise that sustainability has broad environmental, economic and social impacts, thus we are focusing our efforts on the long-term viability in building a business for today and tomorrow; working to minimize our impact on the environment; and securing a positive future for our Company, our people and the communities in which we live.

Honesty
Our Company is committed to being honest and fair, and doing what is right for our associates and customers. Our Company conducts our business with adherence to the law. Our employees hold themselves to the highest standards of honesty, both internally and externally, when dealing with colleagues, clients or vendors.

Accountability
The services provided by our Company are "customer-driven" and aim at providing convenience and various choices to our customers. We hope to improve the quality of our service at all time.

Responsibility
We believe that our responsibility is to those who use our products and services. Everything we do is of high quality and benefits our customers.

Efficiency
Our Company focuses on maximizing efficiency and producing the best solutions for our customers.

Contents

CORPORATE PROFILE

PeterLabs Holdings Berhad was incorporated in Malaysia on 28 July 2010 as a private limited company under the name of PeterLabs Holdings Sdn. Bhd. The Company subsequently converted into a public limited company and assumed our present name on 29 October 2010 to facilitate our listing on the ACE Market and the Company was successfully listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 26 July 2011. Our Group's subsidiary namely PeterLabs Sdn. Bhd. and Osmosis Nutrition Sdn. Bhd. were incorporated in Malaysia on 4 October 2002.

Our Group is one of the leading specialists in manufacturing, distribution, export and trading of animal health and nutrition products. Our Group products include biosecurity and disinfectant, compound feed supplement, feed additives, nutritional premix, pharmaceutical and water soluble supplement.

Our Group's manufacturing plant in Nilai, Negeri Sembilan has been commercialised in July 2011. The premises boast of 3 acres land area, which houses the corporate office, production facilities, warehouse facilities, quality control facilities, physio-chemical and microbiology laboratory. The plant in Nilai is Good Manufacturing Practice ("GMP") compliant by National Pharmaceutical Regulatory Agency ("NPRA") for our premises and manufacturing facilities. The Group will be able to provide assurance to customers that our products are manufactured in a hygienic manner and accordance to best practices in manufacturing.

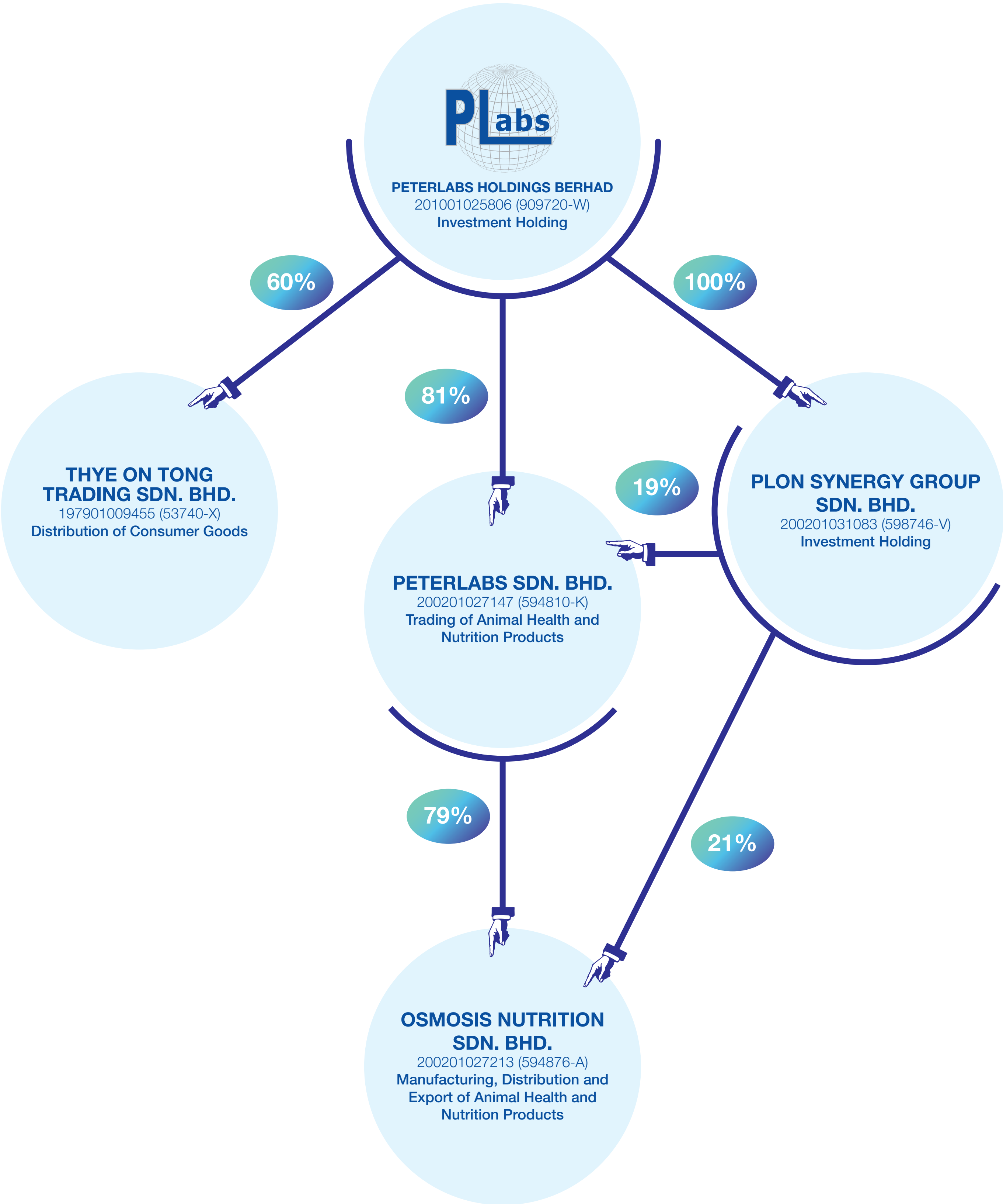
In line with the expansion of our Group's manufacturing capacity, the Group has ventured into mass production and toll manufacturing. In year 2015, the Group had expanded and set up another Fat Granular Spray Plant in Klang with an approximate build up area of 28,320 sq. ft. The manufacturing plant is targeted as a manufacturing and storage for our in-house brand "OsmoFAT". The plant's operation has been commercialised in July 2016 and achieved ISO22000, HACCP Food Safety Management System and GMP+ B2 in year 2018. In quarter four 2017, our Group's subsidiary, Osmosis Nutrition Sdn. Bhd. had obtained Asia Halal Brand Awards 2017 – Regional Brands – Best Animal Nutrition Feed Product. Subsequently in early year of 2018, Financial Times and Statista awarded our Group FT1000 High-Growth Companies Asia-Pacific 2018.

In year 2019, our Group was awarded by World Confederation of Business – World Business Leader for being a successful leader who works in an innovative, knowledgeable and systematic manner. In the same year, our Group Managing Director, Mr. Lim Tong Seng ("Mr. Lim") was awarded by The Socrates Committee Oxford, UK being The Best Manager of the Year for high achievement and professionalism in the company management. Mr. Lim was also awarded as World Leader Businessperson by World Confederation of Business.

Our Group has years of experience to ensure the quality of product ingredients as well as packaging components. Products are produced in manufacturing processes governed by meticulous rules and industry standards. With the Company's production facilities, our Group is able to produce variance of animal health products to cater livestock industry needs.

On 1 January 2021, our Group has acquired 60% equity interest in Thye On Tong Trading Sdn. Bhd. ("TOT"). TOT was incorporated on 31 December 1979 in Malaysia as a private limited company under the Act and began its operations in the same year. It started out as a retailer in traditional Chinese Medical hall. TOT has grown the business from a small retailer to one of the leading distributors of fast-moving consumer goods ("FMCG") in Malaysia. TOT has established some strong, famous and fast consumer brands such as Colgate-Palmolive Marketing Sdn. Bhd., Vinda Marketing (M) Sdn. Bhd., Fonterra Brands Malaysia Sdn. Bhd., DKSH Malaysia Sdn. Bhd., GoodMorning Global Sdn. Bhd. and Wipro Unza (M) Sdn. Bhd.

CORPORATE STRUCTURE



Remark:
OMS Resources Sdn. Bhd. has applied strike-off on 7 September 2021 and was stuck off from the Register on 29 December 2021.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Hon Choon Kim
Independent Non-Executive Chairman

Lim Tong Seng
Group Managing Director

Teo Chin Heng
Executive Director

Yap Siaw Peng
Executive Director

Datuk Loh Saw Foong
Executive Director

Prof. Dr. Paul Cheng Chai Liou
Senior Independent Non-Executive Director

Dr. Vijaya Raghavan A/L M P Nair
Independent Non-Executive Director

Dato' Ng Boon Siong
Independent Non-Executive Director

Ng Kau
Independent Non-Executive Director
Alternate Director to Dato' Ng Boon Siong

AUDIT COMMITTEE

Prof. Dr. Paul Cheng Chai Liou (Chairman)
Dato' Hon Choon Kim
Dato' Ng Boon Siong

NOMINATION COMMITTEE

Dato' Ng Boon Siong (Chairman)
Dr. Vijaya Raghavan A/L M P Nair
Dato' Hon Choon Kim

REMUNERATION COMMITTEE

Dr. Vijaya Raghavan A/L M P Nair (Chairman)
Dato' Hon Choon Kim
Yap Siaw Peng

COMPANY SECRETARY

Wong Yuet Chyn (MAICSA 7047163)
Young Wou Jian (MAICSA 7049158)

REGISTERED OFFICE

No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : (603) 6201 1120
Fax : (603) 6201 3121

HEAD/MANAGEMENT OFFICE

Lot 16014 (PT No. 24341), Jalan Nilam 3
Bandar Nilai Utama, 71800 Nilai
Negeri Sembilan Darul Khusus
Tel : (606) 7999 090
Fax : (606) 7997 070
Email : info@peterlabs.com.my

STOCK EXCHANGE LISTING

ACE Market of
Bursa Malaysia Securities Berhad
Stock Name : PLABS
Stock Code : 0171
(Listed on 26 July 2011)

CORPORATE WEBSITE

www.peterlabs.com.my

SHARE REGISTRAR

ShareWorks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : (603) 6201 1120
Fax : (603) 6201 3121

AUDITORS

Grant Thornton Malaysia PLT
(201906003682 & LLP0022494-LCA)
(Member Firm of
Grant Thornton International Ltd.)
Chartered Accountants (AF0737)
Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan (KL)
Tel : (603) 2692 4022
Fax : (603) 2732 5119

PRINCIPAL

Hong Leong Bank Berhad
Alliance Bank Malaysia Berhad
Affin Bank Berhad
United Overseas Bank (Malaysia) Bhd

MILESTONES AND ACHIEVEMENTS

Our key achievements and milestones since inception are as follows:

2005

Special Recognition Award from CAB Cakaran Corporation Bhd ("CAB Cakaran"), a company listed on the Main Market of Bursa Securities

- In recognition of PeterLabs' continuous technical support and supply of quality animal health and nutrition products to CAB Cakaran. CAB Cakaran is a leading integrated poultry producer with operations throughout Malaysia. PeterLabs has established a good business relationship with CAB Cakaran since 2002. We had conducted farmer forum and technical services for CAB Cakaran's contracted farmers in the past.

2004 - 2009

Recognition Award from Zeus Biotech Limited, India (continuously from 2004 to 2009)

- In recognition of PeterLabs' successful marketing of probiotics and enzymes feed additives in the Malaysian market and achieving good sales performance.

2010

PeterLabs collaborated with Novus Malaysia to conduct the 1st PigLIVE workshop: "Sustainable Sow Management Programme" at Genting Highlands in August 2010. The workshop was attended by approximately 140 participants from East and West Malaysia, mainly pig farm owners and technical support staffs.

2013

Recognition Award for outstanding contribution made to the Livestock industry

- Outstanding Product Innovation: Animal Health Product.

2017

Asia Halal Brand Awards 2017 – Regional Brands

- Best Animal Nutrition Feed Product – Osmosis Nutrition Sdn. Bhd.

2007

PeterLabs collaborated with Novus International Inc, USA and introduced a series of eco-friendly animal feed additives, such as Activate DA and Mintrex. These 'green products' have been incorporated in our animal feed additive premix to enhance the Group's product performance namely feed intake, growth rate and feed conversion ratio ("FCR").

2009

PeterLabs collaborated with Hangzhou KingTechina Feed Co Ltd, China to launch and market a series of Microencapsulate feed additives. The process of microencapsulation will increase the product stability, palatability and bioavailability. The microencapsulated product has been incorporated into our animal feed additives to increase the therapeutic index. It has been proven to have a positive and synergistic effect with PeterLabs's product.

Recognition Award from Novus International (M) Sdn. Bhd. ("Novus Malaysia")

- In recognition of PeterLabs successfully introducing and creating a market in Malaysia for non-antibiotic animal feed additives under the brand name of Novus such as Activate DA and Mintrex.

Recognition Award from In Vivo NSA S.A, France

- In recognition of PeterLabs' successful marketing of animal feed additive products under the brand name of Neovia in the local market.

2011

Awards and achievements in year 2011

- On 27 January 2011, the Company had received a letter from National Pharmaceutical Control Bureau ("NPCB") of the Ministry of Health, Malaysia, which stated our plant is Good Manufacturing Practice ("GMP") compliant.
- Malaysian Livestock Industry Awards 2011
  - Outstanding Animal Health Provider.
- Best @ Show Awards – Most Popular Booth at Livestock Asia Expo & Forum 2011 Kuala Lumpur.
- Named to the International Business Times List of 2011 Top 1000 World's Fastest Growing Companies.
- SME 100 Malaysia's Fast Moving Companies 2011.

MILESTONES AND ACHIEVEMENTS (CONT'D)

2018

Recognition Award from Financial Times and Statista

- FT1000 High-Growth Companies Asia-Pacific 2018

Klang factory (Osmosis Nutrition Sdn. Bhd.) obtained certification from Lloyd's Register in:

- GMP+ B2 : Production of Feed Ingredients
- ISO 22000 : 2005
- HACCP

2019

- Award from The SocratesCommittee Oxford, UK 2019
- Best Manager of the Year – Mr. Lim Tong Seng (Managing Director) – High achievement and professionalism in the company management
- Award from World Confederation of Business
  - The Bizz Awards (For being a successful leader who works in an innovative, knowledgeable and systematic manner)
  i) World Business Leader
  ii) World Leader Businessperson awarded to Mr. Lim Tong Seng

2020

Recognition Award from Natural Remedies Private Limited, India

- Business Excellence Awards 2020 for PeterLabs Sdn. Bhd.

DIRECTORS' PROFILE

DATO' HON CHOON KIM

Malaysian, Aged 73, Male
Independent Non-Executive Chairman

Dato' Hon was appointed to the Board on 1 November 2010 as our Independent Non-Executive Director. He was redesignated as Independent Non-Executive Chairman on 1 January 2012. He is a member of our Audit Committee, Nomination Committee and Remuneration Committee. He graduated with a Bachelor of Social Sciences (Econ) in 1976 from University Sciences Malaysia (USM). In 1977, he started his career in the government's Statistics Department. In 1986, he was elected as state assemblyman and was appointed as a state executive councilor of Negeri Sembilan. He was then elected to be a member of the Parliament in 1995 and was appointed as the Deputy Minister of Education in 1999, a position that he holds till 2008. He is also the Vice President of CMH Specialist Hospital, a non-profit making organisation in Seremban. He was also appointed as Independent Director in Matrix Concepts Holdings Berhad on 19 June 2015.

He has attended all five (5) Board meetings held during the financial year 2021.

LIM TONG SENG

Malaysian, Aged 62, Male
Group Managing Director

Mr. Lim was appointed to the Board on 28 July 2010 as a Director and subsequently redesignated as the Group Managing Director of our Group on 1 September 2010. He completed his secondary school education in 1977 and has since accumulated over 40 years of experience in the livestock industry, mainly in the animal health and nutrition sector. He is also a committee member of the Malaysian Animal Health and Nutrition Industries Association.

Mr. Lim's career in the livestock industry began when he joined the feedmill division of Industrial Farm Pte Ltd, a Singapore commercial pig farm in 1978 as a Feedmill Executive. In 1984, he assumed the position of Production Executive at Agrinuser (M) Sdn. Bhd., a feed additive premix manufacturing company. In 1989, he founded Benuser and spearheaded the company's operations in manufacturing various feed additives and premixes for the livestock industry. In 2002, Mr. Lim left Benuser and co-founded PeterLabs, Osmosis Nutrition and PLON Synergy and in the same year he was appointed as the Executive Director of PeterLabs.

In 2019, Mr. Lim was awarded by The Socrates Committee, Oxford, UK being the Best Manager of the Year for high achievements and professionalism in the company management. He also awarded by the World Confederation of Business – The Bizz, being the World Leader Businessperson for being a successful leader who works in an innovative, knowledgeable an systematic manner.

He has attended all five (5) Board meetings held during the financial year 2021.

DIRECTORS' PROFILE (CONT'D)

TEO CHIN HENG

Malaysian, Aged 69, Male
Executive Director

Mr. Teo was appointed to the Board on 1 September 2010 as an Executive Director and is currently heading the Supply Chain Department. He graduated from National Chengchi University in Taiwan with a Bachelor of Economics in 1978 and has since accumulated over 40 years of experience in the animal health and nutrition industry.

Mr. Teo began his career in his family's porcelain manufacturing business in 1979 and subsequently joined Wellchem (M) Sdn. Bhd. in 1981 as a Sales Executive in the veterinary division. In 1986, he co-founded Chern Tek, a company involved in trading of animal health and nutrition products. In 2002, Mr Teo left Chern Tek and co-founded PeterLabs, Osmosis Nutrition and PLON Synergy.

He has attended all five (5) Board meetings held during the financial year 2021.

YAP SIAW PENG

Malaysian, Aged 48, Female
Executive Director

Ms. Yap was appointed as an Executive Director on 1 March 2016. She was appointed as member of Remuneration Committee on 28 November 2019. She obtained her Bachelor Degree of Accounting with Honours and internship practices from The University of Hull in United Kingdom in 1998.

She began her career with few multinational companies in various industry. In 1998, she joined Digi Telecommunication Sdn. Bhd. as an Accounts Officer. From year 2000 to 2003, she served as a Senior Accounts Executive and Credit Controller in RS Components Sdn. Bhd. Prior to joining PeterLabs Sdn. Bhd., she worked for 7 years with an American Fortune 500 Company, Avery Dennison Materials Sdn. Bhd. as a Finance Manager to responsible on the day-to-day operations, she also participated in the South East Asia financial project and to oversee the operational activities at the distribution center in Johor Bahru.

She joined PeterLabs Sdn. Bhd. in 2010 as a Financial Controller to assist the Group in the Initial Public Offering exercise and was promoted to Group General Manager in 2012. She is currently responsible for the Group's corporate services function inter-alia, treasury, accounting, corporate planning, finance, human resources, information technology and day-to-day operations of the Group.

She was appointed as a Director of our subsidiary - Thye On Tong Trading Sdn. Bhd. ("TOT") on 1 January 2021. She will be involved in the overall strategic direction, overseeing the financial matters, day-to day operations and planning for the business of distribution of consumer goods of the Group. She was also appointed as Director to other subsidiary companies namely – PeterLabs Sdn. Bhd., Osmosis Nutrition Sdn. Bhd. and PLON Synergy Group Sdn. Bhd. on 1 April 2021.

She has attended all five (5) Board meetings held during the financial year 2021.

DATUK LOH SAW FOONG

Malaysian, Aged 55, Male
Executive Director

Datuk Loh was appointed as an Executive Director on 5 January 2021. He finished his High School from St. Paul's Institution.

He is the General Manager of our subsidiary - Thye On Tong Trading Sdn. Bhd. ("TOT"), mainly responsible for the overall management and strategic directions of TOT. Datuk Loh has more than 30 years of experiences in the industry of distribution of consumer goods. Upon completion of his secondary education in 1984, he joined TOT as a retail assistant, which was then a traditional Chinese medical hall managed by his father and family, mainly supplying Chinese herbal medicine and groceries. He has consistently expanded the business of TOT to the distribution of consumer goods in 1994.

He has attended all five (5) Board meetings held during the financial year 2021.

PROF. DR. PAUL CHENG CHAI LIOU

Malaysian, Aged 74, Male
Senior Independent Non-Executive Director

Prof. Dr. Paul Cheng was appointed to the Board of PeterLabs Holdings Berhad on 1 November 2010. Currently he serves as a Senior Independent Non-Executive Director and as the Chairman of the Audit Committee.

Prof. Dr. Paul Cheng distinguished himself in practice as an auditor and a tax consultant. He is the founder and currently the senior partner of Cheng & Co, a Chartered Accountants Firm established in 1993.

He is also an Adjunct Professor in the University Tun Abdul Razak since February 2011. In addition, he lectured on Mandatory Accreditation Program (MAP) for directors of public listed companies in Malaysia.

Prof. Dr. Paul Cheng holds a Bachelor of Business degree (1990) from the University of Southern Queensland, Australia. He also possesses a Master of Business Administration degree (1991) and a Doctor of Commercial Sciences degree (1996) both from the Oklahoma City University, USA. In addition, he holds a Doctor of Business Administration degree (2007) from the University of Newcastle, Australia.

He is a Chartered Accountant of the Malaysian Institute of Accountants (MIA), a member of the Malaysian Institute of Certified Public Accountants (MICPA), a member of the Malaysian Institute of Management (MIM), and a member of the Malaysian National Computer Confederation (MNCC). He is a fellow member of CPA Australia and The Chartered Tax Institute of Malaysia (CTIM), a Chartered Management Accountant (CIMA, UK), a Chartered Tax Practitioner with the Chartered Tax Institute of Malaysia, and a Chartered Member of the Institute of Internal Auditors (IIA Malaysia).

He has attended all five (5) Board meetings held during the financial year 2021.

DIRECTORS' PROFILE (CONT'D)

DR. VIJAYA RAGHAVAN A/L M P NAIR

Malaysian, Aged 82, Male

Independent Non-Executive Director

Dr. Vijaya was appointed to the Board on 1 November 2010 as our Independent Non-Executive Director. He is the Chairman of Remuneration Committee and member of Nomination Committee. He is a veterinarian with a Degree of Doctor of Veterinary Medicine from East Pakistan Agricultural University (currently known as Bangladesh Agriculture University). He graduated with a first class degree in 1970. In 1974, he obtained a PhD in Animal Nutrition from the Royal School of Veterinary Medicine in Hannover, Germany.

After his return from Germany, Dr. Vijaya started his career as a Research officer at the Institut Haiwan, Kluang, Johor for two years. He then joined the feed milling industry as a nutritionist and worked for two (2) related companies, namely Sin Heng Chan (M) Sdn. Bhd. and Federal Flour Mills Bhd for 35 years before becoming a freelance consultant for a few multinational companies in the field of poultry production, nutrition and staff training.

As a nutritionist, he has pioneered various research projects that are published in various international journals. Dr. Vijaya is also the Chairman of the Technical Committee of Animal Feeds of Standards and Industrial Research Institute of Malaysia ("SIRIM"). In SIRIM, he spearheaded the development of various types of animal feed for the livestock industry. Dr. Vijaya was awarded the Livestock Asia 2013 Award by the Ministry of Agriculture on his outstanding contribution to Malaysian Feed Milling Industry. This is the third award which he has received from the Ministry of Agriculture ever since the Livestock show started in 2001. He was also honoured by the Malaysian Society of Animal Production for his contribution to the feed industry in 1996 and by our Ministry of Science and Technology for his contribution in the development of various standards for feeding livestock in 1997.

Dr. Vijaya's other achievements include the Livestock Industry Achievement Award and Lifetime Achievement Award, both awarded by the Ministry of Agriculture in 2002 and 2007 respectively. In 2006, he was appointed as the speaker of the Bureau of World Poultry Science Association, in which he delivered lectures and conducted research papers in various international meetings. In 2008, he was made a fellow by the World Poultry Science Association for the Malaysian Branch. He is also a member of various professional bodies both locally and internationally.

Aside from being a freelance consultant, Dr. Vijaya currently lectures in several local and foreign universities.

He has attended four (4) out of five (5) Board meetings held during the financial year 2021.

DATO' NG BOON SIONG

Malaysian, Aged 37, Male
Independent Non-Executive Director

Dato' Ng was appointed to the Board on 15 December 2020 as our Independent Non-Executive Director and as Chairman of Nomination Committee and member of Audit Committee. Dato' Ng is Rector's List student; he managed to rise to the top 1 overall ranking out of 513 students in the university's law faculty. He was also bestowed by the university with the award of Best Student in Company Law and Best Oralist in the university's law mooting competition. Such excellent academic records and advocacy skills have propelled him into a fulfilling career path as a former Federal Counsel in the Attorney-General's Chambers Malaysia and a former Prosecuting Officer in the Securities Commission Malaysia.

Dato' Ng was called to the Malaysian Bar in 2010 and had been practising as an advocate and solicitor of the High Court of Malaya. He is currently the Managing Partner of Messers Jason Ng & Partners which is a medium size boutique law firm in Kuala Lumpur city centre. He specialises in corporate advisory work, construction litigation and strategic mediator for dispute resolution.

He has previously served as an Independent Non-Executive Director on the board of Stone Master Corporation Berhad from the year of 2017 to 2019.

He is the co-author of the book entitled "Know Your Rights: Surviving the Legal Maze in Malaysia" which was published on 28 April 2012 and he has also written thesis on corporate governance in minority shareholder protection. Having vast experience in legal fraternity, he has also contributed numerous articles on various legal issues in the publication of INSPIRE, a business journal published by the Women's Institute of Management Malaysia.

Dato' Ng is the son of Mr. Ng Kau, an Alternate Director of the Company.

He has attended all five (5) Board meetings held during the financial year 2021.

NG KAU

Malaysian, Aged 64, Male
Alternate Director to Dato' Ng Boon Siong

Mr. Ng was appointed to the Board on 15 December 2020 as Alternate Director to Dato' Ng Boon Siong. Mr. Ng was called to the Malaysian Bar in 1994 and is currently practising as an advocate and solicitor of the High Court of Malaya. He is the Senior Partner of Messrs Jason Ng & Partners which is a medium size boutique law firm situated in the city centre of Kuala Lumpur. He specialises in construction litigation, criminal defence, employment laws and general dispute resolution.

He has previously served as a Legal Adviser to various listed companies, housing developers, construction companies, construction of oil and gas platforms, ship building and repairs, interior fit out works and manufacturing plants.

He is the co-author of the book entitled "Know Your Rights: Surviving the Legal Maze in Malaysia" which was published on 28 April 2012. Having vast experience in legal fraternity, he has also conducted various seminars and trainings on construction issues, employment laws and Anti-bribery and corruption laws. He has conducted various trials in the civil courts and criminal courts involving, amongst others, charges on share manipulation and giving false quarterly results to the Bursa Malaysia and the Securities Commission of Malaysia.

He is the father of Dato' Ng Boon Siong, an Independent Non-Executive Director of the Company.

Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of the Company, have no conflict of interest with the Company, have not been convicted of any offences within the past five (5) years other than traffic offences and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2021.

Except for Dato' Hon Choon Kim, none of the Directors hold any directorships in other public listed companies.

SUSTAINABILITY STATEMENT

PeterLabs Holdings Berhad ("PLABS" or "the Company") and its group of companies ("PLABS Group") believes that sustainability development of the PLABS Group is one of the key pillars in the PLABS Group's Strategy which is of paramount importance to its long-term success. The PLABS Group has been continuously refining the ways to manage its business in a sustainable and responsible manner.

The PLABS Group is committed to ensuring sustainability when performing its business activities. This includes carrying out business activities in a responsible manner considering not only the financial results but, also other important aspects of business such as Economic, Environmental, Social ("EES") and Governance considerations. The Company is committed to maintain a customer focused, socially responsible company that generates sustainable returns.

However, the PLABS Group must not forget that its commitment to sustainability is an ongoing journey with no finishing line. The PLABS Group will therefore continue to align its business values, purposes and strategy with sustainability governance explicitly on the EES areas to create continuous and long-term values for the stakeholders.

This Statement covers the PLABS Group which PLABS has direct management control for the financial year ended 31 December 2021 ("FY 2021").

Sustainability Approach

In this competitive, challenging and evolving business environment, robust sustainable growth is vital by managing risks and opportunities to ensure the PLABS Group's long-term viability and success. Therefore, the primary objective of the PLABS Group is to operate its businesses in a cost-effective, socially, and environmentally responsible manner for all stakeholders. The diverse stakeholder groups are the Board of Directors ("Board"), shareholders, customers, employees, suppliers, contractors, regulatory and authorities, and local communities.

FY 2021 was definitely a remarkably challenging year for most businesses because the COVID-19 pandemic presents a significant challenge to the global and domestic economy. During the implementation of the Movement Control Order ("MCO") and the National Recovery Plan ("NRP") by the Government of Malaysia, the PLABS Group's operations remained functional as the PLABS Group is in the business which classified as one of the essential services. All internal and external meetings and correspondences are carried out remotely either by web conferencing, emails and/or mobile messaging.

ECONOMIC SUSTAINABILITY

The PLABS Group maintains a high integrity of the corporate governance practices as well as in enhancing its shareholders' values. The PLABS Group also committed to being honest and fair, and doing what is right for its associates and customers. Hence, the PLABS Group conducts its business with adherence to the laws and the employees of the PLABS Group always hold themselves to the highest standards of honesty, both internally and externally, whenever dealing with the colleagues, customers or vendors.

The services provided by the PLABS Group are "customer-driven" and aim at providing convenience and various choices to the customers. The PLABS Group also provided exceptionally goods services to the customers by maintaining a personal relationship and dealing directly with customers.

While the Company has fulfilled the key areas where risk to sustainability of the PLABS Group's business may occur, the Company acknowledges that continuous improvements and measures will still be undertaken to monitor the performance or results of the PLABS Group as well as to enhance outcome where possible.

In order to sustain its business, the following have been implemented:

Anti-Bribery and Anti-Corruption Policy & Guidelines

With the enforcement of the Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009 (Amendment 2018) on 1 June 2020, the PLABS Group has implemented an Anti-Bribery and Anti-Corruption Policy & Guidelines ("ABAC Policy & Guidelines"), which serves as a guideline to reinforce the PLABS Group utmost commitment and practice in conducting its affairs in a highest standard of integrity and ethics in line with the intent and spirit of the MACC Act 2009 [Act 694] and MACC (Amendment) Act 2018 and all applicable laws and regulations involving bribery and corruption.

With the implementation of the ABAC Policy & Guidelines, the PLABS Group anticipates to detect exposure of bribery or corruption, to provide clear directions to all the employees when faces or dealing with issues of bribery or corruption that may arise during the course of business, and to combat any potential risks of bribery or corrupt practices. To achieve the objective successfully, the PLABS Group imposes strict compliance and monitoring of the ABAC Policy & Guidelines where all the employees are required to read, fully understand and apply the contents of the ABAC Policy & Guidelines when performing day-to-day tasks and responsibilities.

Whistleblowing Policy

The objective of the Whistleblowing Policy is to protect the values of transparency, integrity, impartiality and accountability where the PLABS Group conducts its business and affairs. Through an effective implementation of the Whistleblowing Policy, the PLABS Group aims to enhance its accountability in preserving its integrity and to withstand public scrutiny. This in turn enhances and builds the PLABS Group's credibility to all the stakeholders. The Whistleblowing Policy serves as an early warning system for the PLABS Group to remedy any wrongdoings before causing any serious damage to the PLABS Group.

During the FY 2021, there was no instance or complaint on any suspected corrupt or unethical behaviour reported or occurred within the PLABS Group.

It is in the best interest of the PLABS Group to comply with the national laws and regulations in the countries where the PLABS Group operates. The PLABS Group ensures that its employees are aware and fully comprehend of the standards in all sustainability aspects. Measures and controls such as SOPs, audits and inspections by the local authorities are in place, among others, to strengthen the compliance with regulations, thereby reducing the financial risk and impact.

Acquisition of Thye On Tong Trading Sdn. Bhd.

The acquisition ("Acquisition") of Thye On Tong Trading Sdn. Bhd. ("TOT") was completed in early January 2021 and it is in line with the PLABS Group's business expansion objectives and growth strategy. The Acquisition will provide an opportunity for the PLABS Group to venture into the distribution of the consumer goods, which a complementary and synergistic to its existing business.

The Acquisition enables the PLABS Group to extend its products range and provide an additional income stream to the PLABS Group. TOT is the distributor and/or appointed agent for 6 brand principals and/or agent, namely Colgate-Palmolive Marketing Sdn. Bhd., Vinda Marketing (M) Sdn. Bhd., Fonterra Brands Malaysia Sdn. Bhd., DKSH Malaysia Sdn. Bhd., GoodMorning Global Sdn. Bhd. and Wipro Unza (M) Sdn. Bhd. Potential synergies can be tapped by leveraging on each other's existing customer base, distribution networks and logistic facilities. This will strengthen the business of the PLABS Group and put the PLABS Group in a better position to compete with the competitors in the market.

From now on, the assets of and the profits generated by TOT will be consolidated into the accounts of the PLABS Group. Given the established business and positive historical financial performance of TOT, the Board expects that TOT will contribute positively to the future earnings of the PLABS Group.

Diversification

The Board, having considered various growth options to enhance shareholders' values, had identified distribution of consumer goods as a complementary business to be included in the existing business of the PLABS Group. The diversification will diversify the earnings base of the PLABS Group and reduce the business risk of dependency on its sole existing sector.

The Board is of the view that the diversification will add value and contribute positively to the future growth of the PLABS Group, thereby enhancing value to its shareholders.

ENVIRONMENTAL SUSTAINABILITY

Waste and Emission Management

The PLABS Group continues to enforce the efforts to comply with environment laws as well as manage the wastage.

The PLABS Group ensures strict compliance with the environmental laws governing the operations and maintenance of the plants of the PLABS Group in areas relating to the environmental standards, emission standards, noise level management and treatment of the plants' effluents and wastewater.

As part of the Sustainability agenda, the PLABS Group has measure in place to minimise the adverse impact of pollution on the environment and to achieve continuous improvement of the plants' environmental performance. The PLABS Group will also send other controlled waste substances (such as waste water plant sludge, contaminated drums, electrical waste, used filters and contaminated rags) to the waste disposal units or specialist contractors licensed by the authorities.

A proper waste handling system was implemented to create a cleaner and better organised environment and appearance. This would help in reducing the costs and workplace hazards and also improving the health and safety at the workplace. Used materials such as papers, carton boxes, plastic drums are reused, where possible, or send to the recycling centre.

During the FY 2021, the PLABS Group does not have been penalised for any matter related to environmental compliance by any regulatory authorities.

Water Consumption

Water is used primary for drinking, production and sanitation at the buildings and plants of the PLABS Group. The water is supplied solely from the local municipal and the wastewater from the production will be treated by the water treatment at the plants of the PLABS Group before discharging into the public sewage system.

The PLABS Group is committed to understand and reduce the operational water usage, advocate an effective step to report leakages and at the same time conduct regular maintenance checks carried out to ensure no leaking occurred in anywhere within the plants of the PLABS Group.

Energy Consumption

The PLABS Group is continuously looking ways to ensure the energy supply is sufficient to the business operation. By minimising energy consumption, the PLABS Group can reduce the operational cost and also to reduce the amount of the carbon footprint released.

To minimise the energy usage, energy-saving lightbulbs are used whenever possible throughout the buildings and plants of the PLABS Group.

SOCIAL SUSTAINABILITY

The employees of the PLABS Group have been and will always be the PLABS Group's core assets and a key pillar for the success and continued growth of the PLABS Group. Thus, the health, safety and well-being of the employees of the PLABS Group are the most important element in the aspect of the operations. The PLABS Group is committed to safeguarding the well-being of its staff and the community around. The PLABS Group is also committed to operating in an economically, socially and environmentally responsible manner whilst balancing the interest of the stakeholders.

The PLABS Group practices fair and equal opportunities to all its employees based on merits without discrimination on the gender, ethnicity, sexual orientation or physical disabilities.

In ensuring that the health and safety of the employees are taken care of at the workplace, the PLABS Group setup an Emergency Response Team ("ERT") with the objectives of monitoring, reviewing and improving the health and safety rules, operations and performances. It also to raise and promote health and safety awareness to all the employees of the PLABS Group. Regardless of where the employees are located or the type of works that they undertake, the PLABS Group strives to create a working environment which is free from occupational illness or injury. The PLABS Group is doing its best to improve the awareness on safety practices and to enhance preventive skills among all the employees in order to minimise the risk of accidents at the workplace.

In curbing the COVID-19 pandemic, strict procedures and precautionary measures in line with the guidelines established by the Ministry of International Trade and Industry and Ministry of Health were implemented, including but not limited to:

- Social distancing within the factory premise;
- Carrying out sanitising activities;
- Providing face masks to employees;
- Provided free lunch to employees during lockdown period;
- Performing temperature checking to safeguard the safety of our employees;
- Conducting virtual meetings and discussions to minimise travels and physical contacts;
- Proper signage of face masks required;
- Prevalent signage about social distancing as a reminder to employees;
- Providing test kits to employees;
- Performing COVID-19 test using self-test kit before allowing any visitor to enter into the PLABS Group's premises;
- Quarantine for positive COVID-19 employees and close contacts; and
- Promote vaccination among employees.

The ERT also provided the updates on the COVID-19 to the employees of the PLABS Group to increase the awareness and to remind the employees on the SOPs and preventive measures.

As the PLABS Group being a great company, which has shown its responsible, accountability and sustainability, the PLABS Group believes in human element which support the diverse workforce and create the opportunities.

As part of the human capital development, the employees of the PLABS Group are given the opportunities to attend trainings and personal development programs conducted by professional bodies such as Malaysian Institute of Accountants ("MIA"). The PLABS Group believes that a skilful workforce is crucial in sustaining the growth and success of the PLABS Group.

The PLABS Group frequently reviews the processes and policies to ensure the compliance with laws and regulations for all the operations.

Sustaining the Community

The PLABS Group always believe that a strong business environment is underpinned by a positive, cohesive and inclusive community environment.

The PLABS Group has sponsored subsidy dialysis for 10 patients who are from Mantin area and seeking for dialysis treatments from NSCMH Dialysis Care. Together, we can help the underprivileged to continue their dialysis treatments and lead a better quality of life and also sustain their longevity.

In FY 2021, the PLABS Group does not receive any fines in relation to the breach of social related laws and regulations.

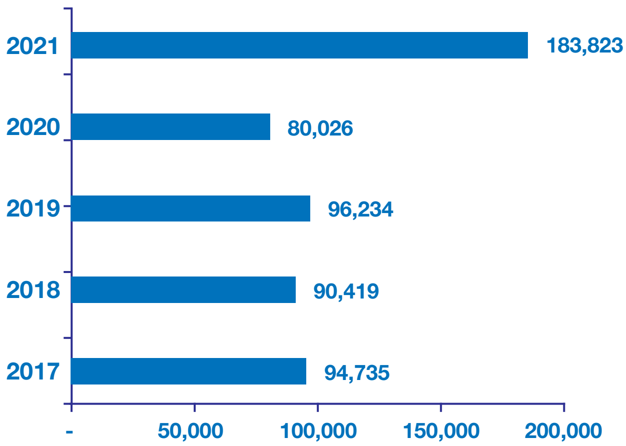
This Sustainability Statement has been approved by the Board dated 30 March 2022.

FINANCIAL HIGHLIGHTS

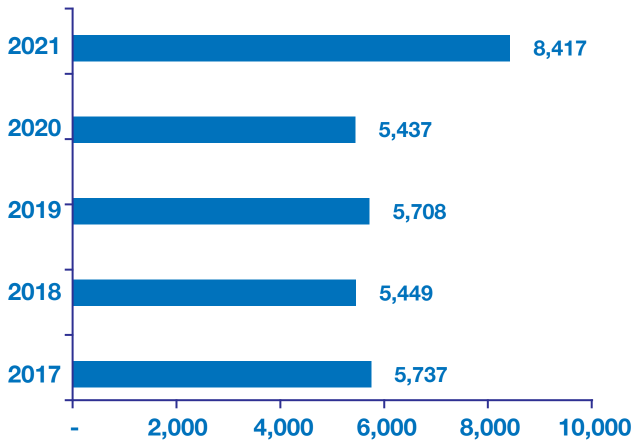
Group Financial Highlights

	2017	2018	2019	2020	2021
Revenue (RM'000)	94,735	90,419	96,234	80,026	183,823
Profit Before Taxation (RM'000)	5,737	5,449	5,708	5,437	8,417
Profit After Taxation (RM'000)	4,007	3,797	4,275	3,888	6,006
Equity Attributable to Owners of The Parent (RM'000)	45,741	48,263	52,470	58,358	72,419
Total Assets (RM'000)	68,922	72,809	72,731	73,428	111,568
Earnings Per Share (Sen)	1.89	1.77	1.99	1.75	2.11
Net Assets Per Share (Sen)	21	22	24	25	27

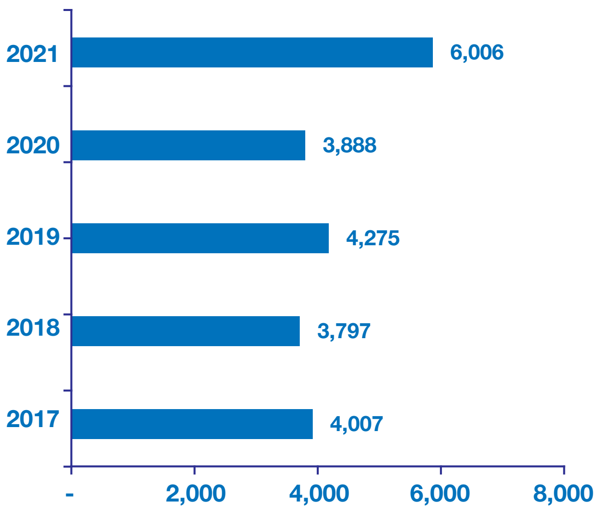
Revenue (RM'000)



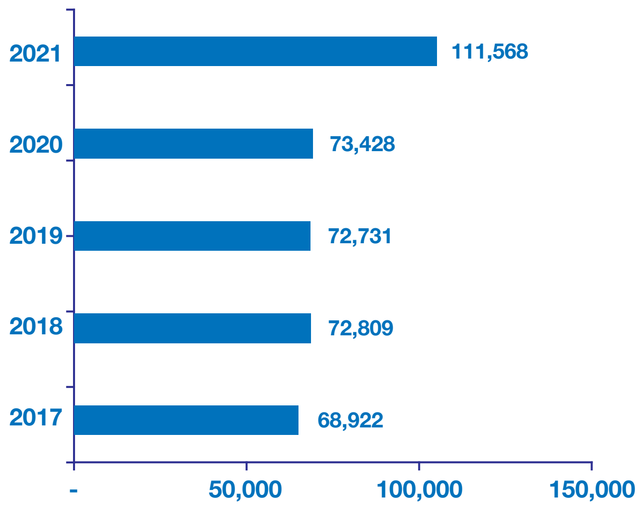
Profit Before Taxation (RM'000)



Profit After Taxation (RM'000)



Total Assets (RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Business Operation

PeterLabs Holdings Berhad ("PLABS" or "the Company") and its group of subsidiaries ("PLABS Group") is one of the leading specialists in manufacturing, distribution and trading of animal health and nutrition products. The PLABS Group products include biosecurity and disinfectant, compound feed supplement, feed additives, nutritional premix, pharmaceutical and water soluble supplement.

The manufacturing plant of the PLABS Group is located in Nilai, Negeri Sembilan and has been commercialised since July 2011. The plant was built on a 3-acre land area, which consists of corporate office, production facilities, warehouse facilities, quality control facilities, physio-chemical and microbiology laboratory. The PLABS Group is complying with the 'Good Manufacturing Practice' ("GMP") by the National Pharmaceutical Regulatory Agency ("NPRA") on the manufacturing facilities within its plant. The PLABS Group provides assurance to its customers that its products are always manufacture in a hygienic manner and in accordance with the best practices of manufacturing. The PLABS Group produces various types of animal health and nutrition products to cater the livestock industry needs with the current production facilities.

In line with the expansion of manufacturing capacity, the PLABS Group has ventured into mass production and toll manufacturing. In year 2015, the PLABS Group expanded and set up another 'Fat Granular Spray Plant' in Klang, Selangor with an approximate build-up area of 28,320 square feet. The manufacturing plant is targeted as a manufacturing and storage for our very in-house brand "OsmoFAT". The manufacturing plant in Klang was successfully commercialised its production since July 2016 and already achieved ISO22000/HACCP Food Safety Management System and GMP+ B2 during the year 2018. In the fourth quarter of 2017, Osmosis Nutrition Sdn. Bhd., one of the subsidiaries of the Company, had won the 'Asia Halal Brand Awards 2017 – Regional Brands – Best Animal Nutrition Feed Product'. Subsequently in early year of 2018, the PLABS Group was awarded the 'FT1000 High-Growth Companies Asia-Pacific 2018' by the Financial Times and Statista.

With the completion of acquisition of 60 % equity interest in Thye On Tong Trading Sdn. Bhd. ("TOT") in January 2021, the Group result is consolidated with the result achieved by TOT in FY 2021. The Board is pleased to announce that TOT is contributed positively to Group result in term of revenue and profit after tax.

TOT is principally engaged in the distribution of consumer goods, including home care, oral care, baby care and feminine care products, infant and growing up milk powder, and grain products. TOT has been involved in the business of distribution of consumer goods for approximately 33 years since 1987. As at to-date, TOT has 2 warehouses whereby located at Senawang, Negeri Sembilan and Balakong, Selangor.

TOT act as distributor and / or an appointed agent for the following 6 brand principals:

(i) Fonterra Brands Malaysia Sdn. Bhd.;
(ii) Colgate-Palmolive Marketing Sdn. Bhd.;
(iii) Vinda Marketing (M) Sdn. Bhd.;
(iv) DKSH Malaysia Sdn. Bhd.;
(v) GoodMorning Global Sdn. Bhd.; and
(vi) Wipro Unza (M) Sdn. Bhd.

TOT mainly distributes its products to retailers such as supermarkets, mini markets, sundry shops, convenience stores, pharmacies, petrol kiosks, Chinese medical halls and hardware stores, providing market access and coverage in Negeri Sembilan, Melaka, Northern Region of Johor, Southern Region of Selangor and Cheras. The existing major customers of TOT include Mr. D.I.Y. Trading Sdn. Bhd., NSK Group Sdn. Bhd., The Store (Malaysia) Sdn. Bhd., Billion Shopping Centre Sdn. Bhd. and Alpro Pharmacy Sdn. Bhd.

Business Objective

The PLABS Group provides end-to-end solutions to its customers, which included, but not limited to, the supply of products (consist of animal feed additives and nutrition and medication premixes), farm management, technical advisory services, raw material analysis and feed formulation. The animal feed additives by the PLABS Group are commonly use in the livestock industry, especially on the poultry, ruminant and swine farming segments. This is because the PLABS Group's products help to increase the farm yield by lowering the mortality rates. It's also can ensure that the animals will stay healthy and grow to marketable size.

The PLABS Group has a team of dynamic and energetic professionals who complement each other's work towards the common goal of manufacturing varieties of animal health products, animal nutritional feed additive and veterinary pharmaceutical to serve the livestock industry.

The PLABS Group also established a technical support team comprises of veterinarians, nutritionists, and chemists to serve its customers better. The objective of the PLABS Group is to introduce a new technology farm management and to develop 'Green Product' in order to maximise the farm productivity, at the same time, to minimise the farm pollution to the environment.

The PLABS Group provides technical information exchange with its customer's supervisors, technicians and in-house veterinarians, livestock information sharing, post-mortem on diseased animals, blood sampling of diseased animals for testing and individualise latest technologies in the manufacturing of feed additives which help to meet the challenges in the feed and farming industry. The PLABS Group carries out researches in order to improve its products and to cater the customers' needs. The PLABS Group also send out its technical teams to visit the customers frequently.

The PLABS Group's research and development team collaborates with universities and government bodies to carry out ongoing research and development programs to enhance livestock farms' zootechnical and economic competitive edge in terms of quality, safety, profitability and animal well-being. The PLABS Group also runs field trials at the livestock farms to verify the efficiency of its products.

Seminars are organised frequently for the staffs and customers of the PLABS Group, which included the in-house technical seminars on topics relevant to the customers, general technical seminars, updates on the livestock industry around the world and whenever the PLABS Group launches its new products.

Financial Result

The table below highlights the key financial performance of the PLABS Group for the financial year 2021 ("FY 2021"):

	Financial Year Ended 31 December		Variance
	2021	2020	
	RM'000	RM'000	%
Revenue	183,823	80,026	129.70
Cost Of Sales	158,012	64,817	143.78
Gross Profit	25,811	15,209	69.71
Profit Before Tax	8,417	5,437	54.81
Profit After Tax	6,006	3,888	54.48
Gross Profit Margin	14.04%	19.01%	(4.97)

Over the past year, PLABS group has proven its resilience in coping with the disruptions caused by the pandemic. In FY 2021, all of our business segments remain productive and profitable.

Revenue

The PLABS Group's revenue for FY 2021 increased by RM103.80 million or 129.70% as compared with the financial year 2020 ("FY 2020"). This was mainly due to the increase in revenue from the existing subsidiaries but also the revenue generated from new entered subsidiary.

Gross Profit Margin

The gross profit margin for the FY 2021 was decreased by 4.97% as compared to the FY 2020. This was mainly due to the unfavorable margin achieved on the sales for some products coupled with the operating cost increase for trading activities in tandem with increase of revenue for the trading segment.

Profit After Tax

The PLABS Group recorded a profit after tax ("PAT") of RM6.01 million for the FY 2021 as compared to the PAT of RM3.89 million as recorded in the FY 2020.This representing a significant increase of RM2.12 million or approximately 54.48%. The higher in the PAT for the current financial year under review arose from the higher revenue achieved as well as positive contribution from TOT for the financial year under review.

The Movement Control Order ("MCO") which was implemented in various phases has resulted in disruptions to our business, in particular, travelling restrictions, strict standard operating procedures and labour shortage. This situation has further encouraged our teams to be more proactive in using innovative solutions to enhance productivity and continue working within the restrictions. When the Government introduced the National Recovery Plan ("NRP") in June 2021 as a phased strategy to transition out from the MCO on the reopening of economic and social sectors, the timing could not have been more perfect for PLABS.

However, the export market was showed slightly decrease of 13.84% as compared to FY 2020. This was mainly due to the competitive selling price obtained coupled with stiff competition faced by PLABS. The PLABS Group will continues strive its best to venture into the export market.

The table below highlights the Local Sales and Others of the PLABS Group for the FY 2021 and FY 2020:

	Financial Year Ended 31 December				Variance	
	2021		2020			
	RM'000	%	RM'000	%	RM'000	%
Local Sales	179,520	97.66	75,032	93.76	104,488	139.26
Others	4,303	2.34	4,994	6.24	(691)	(13.84)
Total Sales	**183,823**	**100.00**	**80,026**	**100.00**	**103,797**	**129.70**

Other Income

	Financial Year Ended 31 December		Variance
	2021	2020	
	RM'000	RM'000	%
Other Income	1,570	2,014*	(22.05)

*Reclassification done as per MFRS requirement from RM2.418 million to RM2.014 million for FY2020

The total other income of the PLABS Group was decreased significantly by 22.05%. This was mainly due to lower sundry incomes achieved from the foreign suppliers.

Other Operating Expenses

	Financial Year Ended 31 December		Variance
	2021	2020	
	RM'000	RM'000	%
Selling and Distribution Expenses	2,630	2,607	0.88
Administration Expenses	15,241	9,018	69.01
Other Expenses	514	283*	81.63
Total	**18,385**	**11,908**	**54.39**

*Reclassification done as per MFRS requirement from RM0.296 million to RM0.283 million for FY2020

The other operating expenses of the PLABS Group was increased significantly by 54.39% to RM18.38 million in the FY 2021 as compared to RM11.91 million in the FY 2020. The increase in administrative expenses was mainly due to the increase in staff cost couple with consolidation of administrative cost incurred by TOT.

The other expenses of the PLABS Group was increased from RM0.28 million in the FY2020 to RM0.51 million in the current financial year under review. This was mainly due to the higher inventories written down of RM0.23 million.

In addition to that, marginal increase of selling and distribution expenses of the PLABS Group for the FY 2021 despite of the higher revenue achieved. This was mainly caused by the implementation of MCO by the Government of Malaysia which has restricted the sales personnel of the PLABS Group to visit the existing customers and potential customers.

Trade Receivables

The trade receivables were increased by RM19.43 million, primarily due to the higher revenue achieved for the FY 2021 but the net receivables turnover days had maintained at 82 days in the FY 2021, which was improved 17 days ahead of the FY 2020. However, the Management of the PLABS Group will maintain and practise a good credit control policy with continuous monitoring collection before the approval for delivering the goods to the customers, who are financially distressed.

Expected Credit Losses

Moreover, a higher provision of expected credit losses, during the financial year under review, shows an increase of RM0.2 million as compared to the FY 2020. The PLABS Group will continue to monitor its collection in order to further reduction in the provision for the expected credit losses as stated in the credit control policy of the PLABS Group. In fact, the PLABS Group has not experienced any instances of material bad debts during the financial year ended 31 December 2021.

Financial Conditions

Strong Financial Conditions with Healthy Cash Flows

	Financial Year Ended 31 December		Variance
	2021	2020	
	RM'000	RM'000	%
Total Assets	111,568	73,428	51.94
Total Liabilities	37,542	15,070	149.11
Total Equity	74,026	58,358	26.85
Total Borrowings	15,521	3,769	312.00
Cash and Bank Balances	14,151	24,313	(41.80)
Issue and Fully Paid Capital (unit)	275,214	236,214	16.51
Net Asset Per Share (sen)	26.90	24.71	8.86
Basic Earnings Per Share (sen)	2.11	1.75	20.57

Quick Ratio

At the end of year 2021, the PLABS Group recorded cash of RM14.15 million, total current assets of RM82.87 million and total current liabilities of RM32.27 million. This was resulted from a quick ratio of 1.89, whereby the PLABS Group has the ability to meet its short-term obligations with its most liquid assets.

Cash and Bank Balances

The bank balances of the PLABS Group had decreased by 41.80% to RM14.15 million from RM24.31 million in the FY2020. This was mainly due to an advance payment of RM11 million given to a subsidiary for working capital requirement with interest bearing. This amount was eliminated from consolidated account due to the nature of inter-company transaction. The Group has been careful in ensuring that it has sufficient liquidity, especially during economic downturns. With a net cash position of about RM14 million as at the end of the financial year, the Group is comfortable that it has sufficient cash reserved to meet its operational and capital investments.

Total Borrowings

The total borrowing of the PLABS Group stood at RM15.52 million, of which RM13.36 million of the borrowings was utilised, mainly, in financing the payments to the local and foreign suppliers.

Review of Operating Activities

	Trading		Manufacturing		Grand Total	
	Financial Year Ended 31 December					
	2021	2020	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net Revenue	179,120	74,916	4,703	5,110	183,823	80,026
Profit Before Tax	6,460	3,998	1,957	1,439	8,417	5,437
Profit After Tax	4,504	2,858	1,502	1,030	6,006	3,888
% of Contribution (Net Revenue)	97.44	93.61	2.56	6.39	-	-
% of Contribution (PAT)	74.99	73.51	25.01	26.49	-	-

Trading Segment

The trading segment remains as the core business of the PLABS Group and continues to be the key driver in both revenue and segmental operating profit for the PLABS Group. For the FY 2021, the trading segment contributed 97.44% and 74.99% of the PLABS Group's revenue and PAT respectively.

For FY 2021, the result of newly acquired subsidiary; TOT was consolidated in trading segment and was contributed positively for the trading segment.

The trading segment focuses on the distributing products that the PLABS Group currently not able to manufacture and TOT is principally engaged in distribution of consumer goods, including home care, oral care, baby care and feminine care products, infant and growing up milk powder and grain products. By doing so, the PLABS Group is able to offer a wider range of products to its customers in the animal health and nutrition industry whereas TOT mainly distributes its products to retailers such as supermarkets, mini markets, sundry shops, convenience stores, pharmacies, petrol kiosks, Chinese medical halls and hardware stores, providing market access and coverage in Negeri Sembilan, Melaka, Northern Region of Johor, Southern Region of Selangor and Cheras. The PLABS Group is also able to reach a wider customer by offering different products that the customers may specifically require. In addition to that, the trading segment is the marketing arm of the PLABS Group's own manufactured products.

As stated in the financial result segment above, the trading segment was, at a certain degree, also experiencing some impacts of COVID-19 pandemic which directly influencing the demand for livestock during the respective MCOs implemented by the Government of Malaysia.

Manufacturing Segment

Currently, the PLABS Group's plant in Nilai is running at 94% of its capacity on a 10-hour shift or approximately 250 tonnes a month. The plant manufactures various types of animal health additives, except for the OsmoFAT products.

The PLABS Group's plant in Klang is manufacturing the animal feed additives under the PLABS Group's in-house brand, namely OsmoFAT. The plant is mainly cater for the local demand and current export markets. The PLABS Group has more capacity to grow if more penetration and successful ventures made into the export markets.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

Anticipated or Known Risks Relating to the Business and Industries

(1) Epidemics

The threat of epidemics has always been one of the major problems faced by the livestock industry. As the demand for the animal health and nutrition products are wholly dependent on the growth of the livestock industry. Any widespread of the animal diseases would have severe impacts on the demand of the animal health and nutrition products, both domestically and internationally. As such, the recurrence of these or other new epidemics could have similar effects on livestock demand and supply as well as the demand for the animal health and nutrition products.

To minimise the risk of epidemics, the PLABS Group has diversified its customers base to foreign countries especially from Asia. By this way, the PLABS Group could reduce the risk of sales in the event of an epidemic in any particular location. However, there is no assurance that the outbreak of epidemics will be contained or eliminated the entirely and have no material effect on the business performance.

(2) Competitive rivalry

The local animal health and nutrition market is highly competitive as it comprises more than 79 market players, which included the domestic product manufacturers, distributors and subsidiaries of international product manufacturers. Due to the relatively mature nature of the local livestock industry, particularly in the poultry and swine sub-industries, the market players are required to have good products, strong branding, critical supply quantity, economies of scale and competitive prices in order to stay one step ahead of their competitors.

The core competency of the PLABS Group lies in the ability to develop and manufacture its own animal health and nutrition products. The PLABS Group's resilience lies in its product development initiatives which are one of the competitive strengths of the PLABS Group.

(3) Supply of raw materials and products

An uninterrupted and continuous supply of raw materials and products to the business cycle of the PLABS Group is crucial to its success. Any disruption to the supply chain will adversely affect the business operations of the PLABS Group due to the involvement in manufacturing and trading activities particularly as opposed to a business which provides advisory services which depends on human capital.

To mitigate the risk, the PLABS Group has sourced its supplies from a variety of suppliers. Further to that, the PLABS Group is of the view that holding several distributorships will mitigates the dependence on any single distributor. In the event that any of these distributorships been terminated by either party, there will not be any difficulties in sourcing similar products from any of the PLABS Group's existing distributors, or other suppliers in the market.

(4) Fluctuation in prices of raw materials and products

One of the key issues encountered in the manufacturing industry is the fluctuation in the raw material prices. As the raw material cost contributes to a significant amount of the expenses, a slight hike in the raw material prices would significantly increase the cost of production of the PLABS Group.

Other prices increase could also be as a result of foreign exchange fluctuations which the PLABS Group has endeavored to negate by entering into the foreign exchange spot contracts to lock in the current exchange rate for the foreign purchases to be settled within three (3) market days.

(5) Absence of long-term contracts

The PLABS Group does not have any long-term contracts with its customers as it is not a normal practice in the industry. As such, in the absence of long-term contracts can be an inherent risk to the business operations of the PLABS Group.

Hence, the PLABS Group is dependent on its major customers and could, to a certain extent, be impacted by any loss in the sales to the major customers. Although, there cannot be assurance that the major customers will continue to purchase the PLABS Group's products, the PLABS Group seeks to mitigate the risk by establishing good business relationships with the major customers. Further, the PLABS Group has been able to keep in touch with its customers regularly through the provision of after-sales services as well as through various farmers' seminars and forums that organised by the PLABS Group from time to time. The PLABS Group's commitment in providing continuous supply of quality products and services has been a vital factor towards the customer satisfactions as well as a major reason for the repeat purchases.

(6) Threat of Substitutes

Each product in the animal health and nutrition market has its own characteristics and functions. As different products are tailored to different farm animals and different farm environments, these products are not easily replaced or substituted due to their distinctive features and functions. However, within the animal health and nutrition market, the antibiotic related to animal feed additives are most vulnerable to be substituted due to the increasing in awareness of health and environmental hazards as well as the impending regulations related to the antibiotic products.

There is an increasing trend, whereby farmers are switching to non-antibiotic animal feed additives on the basis of a greater environmental sustainability and long-run profitability. The PLABS Group is currently manufactured and trade in both antibiotic and non-antibiotic animal feed additives. This reflects the current preferences and demand of the livestock farmers in Malaysia. As the livestock farmers gradually shift towards greater non-antibiotic feed additives usage, the PLABS Group is easily shift its production and trading patterns to the favour of the non-antibiotic feed additives. The PLABS Group will continue dealing with both types in proportions with the market demand. In this regard, the PLABS Group's exposure to the threat of substitutes is minimised in the event of a major change in the consumers' preferences. Nevertheless, there is no assurance that the performances of the PLABS Group will not be affected in the event there is a new product innovation.

(7) Dependency on our executive directors, key management and key technical personnel

Human capital is one of the key factors in the success of the PLABS Group. Over the years, the PLABS Group has built up a strong operations team comprising of its directors, managers and technical personnel who have a vast experience in the livestock industry and have over the years accumulated vast and valuable knowledge of the PLABS Group's operations and the industry. As such, any loss of the key personnel of the PLABS Group may have an adverse impact on the PLABS Group as well as to the day-to-day operations. To retain the key management and key technical personnel, the PLABS Group offers a competitive remuneration packages for their contribution towards the PLABS Group's success. Good working relationships have also been fostered amongst the employees of the PLABS Group as well as providing a healthy working environment, practice good workplace culture and uphold good work ethics to create a sense of belonging amongst the employees. Although most of the key employees have good working relationships, there is no assurance that they would not leave the PLABS Group.

Forward-looking Statement

Recoverability of Malaysia's overall economy in 2022 is anticipated, riding on the positive momentum of the country's high vaccination coverage and the on-going effort in booster shot rollout. Moreover, Malaysia will enter the "Transition to Endemic" phase of COVID-19 on coming 1 April 2022, with all restrictions on business operating hours removed and prayer activities allowed without physical distancing. The transition to the endemic phase is an exit strategy that would allow Malaysians to return to near-normal life after nearly two years of battling the pandemic.

Whilst the Board foresee that the market will still be influenced by the COVID-19 development, the Board opined that the Group's effort in maintaining the business performance would continue to be challenging.

The Group will continue to focus on the health and safety of its employees and customers alike while ensuring the sustainability of its operations in the short-term as well as the long-term.

The established business and positive historical financial performance of new subsidiary, TOT, the Board expects that TOT will be continuous to contribute positively to the future earnings of the PLABS Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board" or "the Directors") of PeterLabs Holdings Berhad ("PLABS" or "the Company") recognises the importance of good corporate governance and is committed to practice high standards of corporate governance throughout the Company and its group of subsidiaries ("PLABS Group"). Such commitment is based on the belief that a strong culture of good corporate governance practices is fundamental towards enhancing long-term shareholders' value, increasing investors' confidence and protecting stakeholders' interests.

Following to the update of the Malaysian Code on Corporate Governance 2021 ("the Code" or "MCCG") by Securities Commission Malaysia ("SC") on 28 April 2021, the Board is cognisant of the increasing governance expectations and will take further steps to strengthen the corporate government and internal controls of the PLABS Group to ensure that a higher standard of corporate governance is adopted throughout the PLABS Group.

The Board is pleased to present this statement on the overview of the corporate governance practices of the Company during the financial year ended 31 December 2021 ("FY 2021"). This statement explains how PLABS Group has applied the three (3) principles which are set out in the Code:

(i) Board leadership and effectiveness;
(ii) Effective audit and risk management; and
(iii) Integrity in corporate reporting and meaningful relationship with stakeholders.

This statement is to be read together with the Corporate Governance Report of the Company which is available on the Company's website at https://www.peterlabs.com.my.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

i. Board Responsibilities

The PLABS Group recognises the important role played by its Board in the stewardship of the PLABS Group's direction and operations, and ultimately, the enhancement of long-term shareholders' value. To fulfill this role, the Board is responsible for the overall corporate governance of the PLABS Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has set the approved authority limit for the Directors and Management on annual basis, which clearly delineates relevant matters and applicable limits, including those reserved for the Board's approval, and those which the Board may delegate to the Group Managing Director and Management. The last reviewed on the approved authority limit was on 24 February 2022.

The Board members, whether as a board or in their individual capacity, have full and unrestricted access to all information within the PLABS Group and direct access to the advice and services of the Company Secretary who is responsible for ensuring that the procedures of the Board meetings are properly conducted and that applicable rules and regulations are complied. At each Board meeting, the Company Secretary appraises the Board on the PLABS Group's compliance obligations and highlights non-compliances with legal, regulatory and statutory rules and guidelines, if any, in addition to the administrative matters.

The Board is also regularly updated and advised on new regulations, guidelines or directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities"), SC and other relevant regulatory authorities.

The Board also avails itself of independent professional advice as and when necessary in furtherance of their duties at the Company's expense. Additionally, the Board invites the senior management to brief the Board from time to time on matters being deliberated as they are able to help bring insight into these matters.

The notices and agendas for the Board meetings and the relevant reports and information for the Board's review and approval are forwarded to all Board members at least seven (7) days prior to the meetings.

The Board recognises that it is imperative that Directors devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes. The Directors were encouraged to attend relevant training programmes or seminars to further enhance their skills and knowledge in the latest statutory requirements as well as to keep abreast with the business development to assist them in carrying out their functions and duties as Director.

Details of the Directors' attendance of training programs or seminars during the FY 2021 were as follows:

Subjects	Date	Attendee(s)
A. Corporate Governance		
Mandatory Accreditation Programme for Directors of Public Listed Companies	24 - 26 February 2021	Datuk Loh Saw Foong
Mandatory Accreditation Programme for Directors of Public Listed Companies	31 March - 2 April 2021	Mr. Ng Kau
Advocacy Sessions For Directors and Senior Management of ACE Market Listed Corporations	21 September 2021	Ms. Yap Siaw Peng
Securities Commission's Audit Oversight Board Conversation with Audit Committees	29 November 2021	Prof. Dr. Paul Cheng Chai Liou
B. Board Leadership		
Boardroom Mini Seminar For PLC Directors 2021	26 July 2021	Dato' Hon Choon Kim Mr. Lim Tong Seng Ms. Yap Siaw Peng Mr. Teo Chin Heng Datuk Loh Saw Foong Dr. Vijaya Raghavan A/L M P Nair Dato' Ng Boon Siong

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in carrying out their functions and duties. The Company Secretary ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory records of the Company. The Company Secretary also keeps abreast of the evolving capital market environment, regulatory changes and developments in the corporate governance through continuous training.

The Board Charter would act as a source reference and primary induction literature, provide insights to the prospective Board members as well as assist the Board in the assessment of its own performance and that of its individual Directors. The Board Charter will be reviewed periodically and updated in accordance with the needs of the PLABS Group and any new regulations. The Board Charter is available on the Company's website at https://www.peterlabs.com.my.

The PLABS Group has adopted a set of Whistleblowing Policy ("Policy") and procedure as the Board believes that the implementation of the Policy will strengthen and support good management and at the same time, demonstrates accountability, good risk management and sound corporate governance practices. The Policy is to encourage reporting of any major concerns over any wrongdoings within the PLABS Group. The Policy also outlines the procedures such as when, how and to whom a concern may be properly raised about genuinely suspected instances of any wrongdoing within the PLABS Group. The identity of the whistleblower will be kept confidential and protection is accorded to the whistleblower against any form of victimisation, retribution or retaliation. The Policy is available on the Company's website at https://www.peterlabs.com.my.

Additionally, the PLABS Group has also undertaken the assessment of bribery and corruption risks as part of adequate procedures required in connection with the Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) ("MACC Act") that has come into force on 1 June 2020. The PLABS Group has implemented an Anti-Bribery and

Anti-Corruption Policy and Guidelines ("ABAC Policy & Guidelines") to reinforce the PLABS Group's utmost commitment and practice in conducting its affairs in a highest standard of integrity and ethics in line with the intent and spirit of MACC Act and all applicable laws and regulations involving bribery and corruption. The ABAC Policy & Guidelines is available on the Company's website at https://www.peterlabs.com.my.

ii. Board Composition

The Board composition influences the ability of the Board to fulfill its oversight responsibilities. An effective board should include the right group of people, with an appropriate mix of skills, knowledge, experience and independent elements that fit the PLABS Group's objectives and strategic goals. The right board composition will ensure sufficient diversity and independence to avert 'groupthink' or 'blind spots' in the decision-making process. It also enables the board to be better equipped to respond to challenges that may arise and deliver value.

The Board believes in a right composition of Board members with balance of qualifications, skills, experiences and diversity among its Board members.

As defined as one of the functions of the Nomination Committee ("NC") of the Company, the NC is periodically reviewing and making recommendation to the Board on the Board composition matters which includes identification and selection of high caliber candidates who will be able to meet the present and future needs of the PLABS Group.

The Board, through its NC, conducts an annual assessment of its size and composition, to determine if the Board has the right size and sufficient diversity with independence elements that fit the Company's objectives and strategic goals. For the year under review, the Board is satisfied with its current mix of qualification, skills, experiences, expertise and strength, in discharging its duties effectively.

In accordance with Rule 15.02 of the ACE Market Listing Requirements of Bursa Securities, at least 2 directors or 1/3 of the board of directors of a listed corporation, whichever is higher, are independent directors. If the number of directors of the listed corporation is not 3 or multiple of 3, then the number nearest 1/3 must be used.

The Constitution of the Company provides that an election of Directors shall take place each year. At the annual general meeting ("AGM") of the Company where one-third (1/3) of the Directors for the time being or if the number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) shall retire from office provided always that all directors, including a Managing Director or Deputy Managing Director, shall retire from office once at least in each three (3) years but shall be eligible for re-election. Any Director appointed, either to fill a casual vacancy or as an additional to the Board, shall hold office until the next AGM and shall then be eligible for re-election.

During the FY 2021, the Board's size had increased from seven (7) members as at 1 January 2021 to eight (8) members (excluding an Alternate Director) as at 31 December 2021.

At the forthcoming 2022 AGM, the Directors namely Mr. Lim Tong Seng, Mr. Teo Chin Heng, Dr. Vijaya Raghavan A/L M P Nair and Prof. Dr. Paul Cheng Chai Liou, who are eligible for re-election, will be retired by rotation pursuant to the provision of the Constitution of the Company.

Mr. Lim Tong Seng and Mr. Teo Chin Heng have given their consent for the re-election. While, Dr. Vijaya Raghavan A/L M P Nair and Prof. Dr. Paul Cheng Chai Liou, who have served the Board as Independent Directors since 1 November 2010 for more than eleven (11) years and for the good corporate governance, have indicated that they will not to seek for re-election as Directors of the Company at the forthcoming AGM.

The Terms of Reference ("TOR") for the NC was revised and updated on 24 February 2022 and is available on the Company's website at https://www.peterlabs.com.my.

The Board acknowledge the importance of boardroom diversity and workforce gender diversity policy. The Board currently has one female director on the board. The PLABS Group is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, race and religion, within the PLABS Group.

Tenure of Independent Directors

The Board has also adopted the recommendation of the Code that the tenure of an Independent Director of the Company should not exceed a cumulative term of nine (9) years, with the view to enable the Board's continuous refreshment and to maintain its effectiveness. If the tenure of the Independent Directors has exceeded a cumulative term of nine (9) years, the Board will justify and seek the shareholders' approval at the AGM. In addition, if the Board continues to retain the Independent Directors after the nineth (9th) year, the Board will seek the shareholders' approval at the AGM for the retention of the Independent Directors to continue in the office as Independent Directors through a two-tier process.

The Independent Directors play a crucial role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all the stakeholders.

As at the 11th AGM, the shareholders of PLABS had approved the retention of Dato' Hon Choon Kim, Prof. Dr. Paul Cheng Chai Liou and Dr. Vijaya Raghavan A/L M P Nair, whom have served as Independent Non-Executive Directors for a cumulative term of more than 9 years, to continue to act as Independent Directors of the Company. Prof. Dr. Paul Cheng Chai Liou and Dr. Vijaya Raghavan A/L M P Nair have indicated that they will not to seek for re-election as Directors of the Company at the forthcoming AGM, hence, they further opt not to seek for retention as Independent Directors of the Company and they will retire upon the conclusion of the forthcoming AGM.

At the forthcoming 2022 AGM, Dato' Hon Choon Kim will be seeking for the retention as an Independent Director of the Company. The NC and Board have recommended him to be retained as an Independent Director and Ordinary Resolution for the aforesaid proposal will be tabled at the forthcoming AGM for the shareholders' approval.

The Board believes that Dato' Hon Choon Kim, who has served for more than nine (9) years as an Independent Director, will remain unbiased, objective and independent in expressing his opinions and in participating in decision-making of the Board. Furthermore, his pertinent expertise, skills and detailed knowledge of the PLABS Group's businesses and operations enable him to make significant contributions actively and effectively to the Company's decision-making during deliberations or discussions.

iii. Remuneration

Directors' remuneration, which is well structured, clearly linked to the strategic objectives of a company, and which rewards contribution to the long-term success of the company is important in promoting business stability and growth. However, the pay policies which do not appropriately link directors' remuneration to the company's strategy and performance which can diminish the shareholders' returns, weaken corporate governance and reduce public confidence in business.

The Board has established a Remuneration Committee ("RC") which consists of two (2) Independent Non-Executive Directors and one (1) Executive Director and the members of the RC are as follows:

Name	Designation	Directorship
Dr. Vijaya Raghavan A/L M P Nair	**Chairman**	**Independent Non-Executive Director**
Dato' Hon Choon Kim	**Member**	**Independent Non-Executive Chairman**
Ms. Yap Siaw Peng	**Member**	**Executive Director**

The RC is responsible to formulate and review the remuneration packages for the Board and Board Committees to ensure the same remain competitive, appropriate, and in alignment with the prevalent market practices. The remuneration of the Executive Directors is structured and the rewards are based to the performances of the PLABS Group and individual. In the case of Non-Executive Directors, the level of remuneration reflects by the experience, expertise and level of responsibility undertaken by the respective Non-Executive Director. The Board, as a whole, determines the remuneration of Non-Executive Directors and each individual Director will be abstained from the Board's decision on his own remuneration.

The TOR of the RC was revised and updated on 24 February 2022 and is available on the Company's website at https://www.peterlabs.com.my.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

i. Audit Committee

An effective Audit Committee ("AC") can bring transparency, focus and independent judgment needed to oversee the financial reporting process. However, the ultimate responsibility for a company's financial reporting process rests with the full board.

The AC plays a key role in a company's governance structure. An independent AC is better positioned to rigorously challenge and ask probing questions on the company's financial reporting process, internal controls, risk management and governance.

The appropriate level of knowledge, skills, experience and commitment of its members is critical to the AC's ability to discharge its responsibilities effectively. A strong understanding of financial reporting process complemented with a wide range of diverse perspectives can significantly strengthen the quality of the AC deliberations.

The AC of the Company comprises three (3) Independent Non-Executive Directors and is chaired by a Senior Independent Non-Executive Director, namely Prof. Dr. Paul Cheng Chai Liou. The Chairman of the AC is not the Chairman of the Board as recommended by the MCCG. In addition, none of the AC members were former audit partners who are required to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

Annually, the composition of the AC will be reviewed and recommended by the NC to the Board for approval. With the view to maintain an independent and effectiveness of the AC, the NC ensures that only an Independent Non-Executive Director who is financially literate, possess the appropriate level of expertise and experience and has the strong understanding of the Company's business would be considered for the membership on the AC.

The Board has established a transparent relationship with the external auditors through the AC, which has been accorded the authority to communicate directly with the external auditors. The external auditors are responsible to highlight the matters requiring the attention of the Board effectively to the AC, especially in terms of compliance with the necessary accounting standards and other related regulatory requirements.

The Board has its policy on suitability and independence of external auditors. In accordance to the policy, the AC will review the qualification, audit performance and execution, provision of non-audit service and tenure of service of the external auditors. Annually, the AC will also review the appointment/re-appointment, performance and remuneration of the external auditors before recommending the matters to the Board and subsequently, to the shareholders for the appointment/re-appointment of the external auditors at the AGM.

Details of the AC Report are set out on pages 32 to 35 of this Annual Report.

ii. Risk Management and Internal Control Framework

The Board has overall responsibility for maintaining a system of internal controls, which provides reasonable assessments of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as internal procedures and guidelines.

Details of the Statement on Risk Management and Internal Control are set out on pages 36 to 38 of this Annual Report.

Internal Audit Function

The Board acknowledge the responsibility of maintaining a good system of internal controls, including risk assessments, and the need to review its effectiveness regularly in order to safeguard the PLABS Group's assets and therefore shareholders' investments in the PLABS Group. The system, by its nature, can however only provide reasonable but not absolute assurance against misstatement, fraud or loss.

The Board is of the view that the current system of internal controls in place throughout the PLABS Group is sufficient to safeguard the PLABS Group's interests.

The Internal Audit function has a number of critical roles to the success of PLABS Group, which include the identification of risks (and recommendation of appropriate means of mitigating or managing these risks), the communication of risks (to individual managers and to the AC), and the identification and communication of appropriate means to mitigate, or resolve the risk situation.

Details of the Company's internal audit function are set out in the Statement on Risk Management and Internal Control on pages 36 to 38 of this Annual Report.

The internal auditors of the Company has adopted the Committee of Sponsoring Organisations of the Treadway Commission ("COSO"), which controls the framework throughout their audit implementation as a basic for assessing the adequacy and effectiveness of the Company's risk management and internal control.

The COSO framework included:

a. Control Environment
   - Demonstrates to integrity and ethical values
   - Exercise oversight responsibility
   - Establishes structure, authority and responsibility
   - Demonstrates commitment to competence
   - Enforces accountability

b. Risk Assessment
   - Specifies suitable objectives
   - Identifies and analyses risks
   - Assesses fraud risk
   - Identifies and analyses significant change

c. Control Activities
   - Selects and develops control activities
   - Selects and develops general controls over technology
   - Deploys through policies and procedures

d. Information & Communication
   - Uses relevant information
   - Communication internally
   - Communication externally

e. Monitoring
   - Conducts ongoing and/or separate evaluations
   - Evaluates and communicates deficiencies

The functions, duties and responsibilities of the AC are set out in the TOR. The TOR of the AC was revised and updated on 24 February 2022 and is available on the Company's website at https://www.peterlabs.com.my.

The PLABS Group has outsourced its internal audit function to a professional audit firm. The internal auditors from the audit firm are report directly to the AC on a quarterly basis by presenting its internal audit reports at the AC meetings, whereby relevant issues identified in the internal audit reports will be discussed together with the presence of the Management, if necessary. Rectification works, if any, will be performed and follow-up will be carried out by the internal auditors for the purpose of reporting the updates to the AC.

During the FY 2021, the internal auditors reviewed the adequacy and integrity of the PLABS Group's system of internal control covering both financial as well as non-financial matters. The audits focused on key controls to manage risks, safeguard assets, secure the accuracy and reliability of records, comply with policies, procedures, laws and regulations and promote efficiency of operations. For the year 2021, the cost incurred for internal audit function was RM18,000.

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

i. Communication with Stakeholders

PLABS Group ensures there is effective, transparent and regular communication with its shareholders and stakeholders. Ongoing engagement and communication with stakeholders are to build the trust and better understanding between the PLABS Group and its stakeholders. It provides the stakeholders a better appreciation of the PLABS Group's objectives and the quality of its management.

This in turn will assist the stakeholders in evaluating the PLABS Group and facilitate the shareholders to determine how their votes should be exercised. From the PLABS Group's perspective, it provides an avenue for invaluable feedback that can be used to understand the stakeholders' expectations and to develop the business strategies.

The Board strives to comply with the corporate disclosure requirements as required by Bursa Securities and the PLABS Group has adopted the following forms of information disclosure:

a. Continuous disclosure – the core disclosure obligation and primary method of informing the market and shareholders.
b. Periodical disclosure – quarterly reporting of financial results, annual audited accounts and annual report.
c. Specific information disclosure – as and when required, of administrative and corporate developments, usually in the form of announcements release through Bursa Securities.

All information to Bursa Securities is immediately available to the shareholders, stakeholders and the public and is available on the Investor Relations section of the Company's website at https://www.peterlabs.com.my.

Leverage on Information Technology

The Board continues to leverage the use of information technology to disseminate information to its shareholders. The PLABS Group's website was developed and maintained by an IT professional to ensure the website is up-to-date and secured. The website has a dedicated section to provide information such as the Board Charter, share price announcements made to Bursa Securities and copies of the annual report.

ii. Conduct of General Meetings

General meetings are important platforms for the Board and senior management to engage with the shareholders and to facilitate greater understanding of the PLABS Group's business, governance and performance. This allows the shareholders in exercising their rights and expressing their views to the Board and senior management on any areas of concerns.

In view of the coronavirus disease 2019 ("COVID-19") pandemic and as part of safety measures against COVID-19, the Annual General Meeting ("AGM") of PLABS is conducted via a fully virtual basis through live streaming and online remote voting by using remote participation and voting ("RPV") facilities. All the Board members, the Company Secretary and External Auditors are in attendance virtually via video conferencing.

The AGM is the principal forum for dialogue between the Board and the shareholders. The shareholders will be notified of the meeting and provided with a copy of the Company's annual report at least twenty-eight (28) days before the meeting. All shareholders are encouraged to participate in the discussions with the Board on matters relating to the PLABS Group's operations and performance at the AGM of the Company. To further encourage the engagement between the PLABS Group and its shareholders, the shareholders are invited to send questions in relation to the agenda items of the AGM before and during the Questions and Answers session at the AGM.

There were no substantive resolutions put forth for the shareholders' approval at the previous AGM held on 29 September 2021. As such, all resolutions tabled for the shareholders' approval were voted by way of poll.

The PLABS Group recognises the importance of keeping the shareholders informed of the business and corporate developments of the PLABS Group. The information is disseminated through the PLABS Group's annual reports, quarterly financial results and announcements released to Bursa Securities from time to time. The information is also available on the Company's website at https://www.peterlabs.com.my.

COMPLIANCE WITH THE CODE

The Board considers that the PLABS Group has substantially complied with the best practices as stipulated in the Principles and Recommendations of the Code throughout the FY 2021.

This statement was approved by the Board on 30 March 2022.

AUDIT COMMITTEE REPORT

The Board of Directors ("the Board") of PeterLabs Holdings Berhad ("PLABS" or "the Company") is pleased to present the following Audit Committee Report and its summary of works for the financial year ended 31 December 2021 ("FY 2021").

MEMBERS OF AUDIT COMMITTEE

The members of the Audit Committee ("AC") of PLABS is comprised wholly of Independent Non-Executive Directors, as follows:

Prof. Dr. Paul Cheng Chai Liou
Chairman, Senior Independent Non-Executive Director

Dato' Hon Choon Kim
Member, Independent Non-Executive Chairman

Dato' Ng Boon Siong
Member, Independent Non-Executive Director

Prof. Dr. Paul Cheng Chai Liou meets the requirement of Rule 15.09(1)(c)(i) of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") whereby he is a Chartered Accountant and a member of the Malaysian Institute of Accountants. He is the Chairman of the AC who is not the Chairman of the Board as recommended by the Malaysian Code on Corporate Governance 2021 ("MCCG 2021").

TERMS OF REFERENCE

The AC has discharged its function and carried out its duties as set out in the Terms of Reference ("TOR").

The TOR of the AC outlining the composition, duties and functions, authority and procedures of the AC is available on the Company's website at https://www.peterlabs.com.my.

MEETINGS AND MINUTES

Attendance at Meetings

The record of attendance of the members of the AC for meetings held during the FY 2021 are as follows:

	NO. OF THE AC MEETINGS HELD DURING MEMBER'S TENURE IN OFFICE	NO. OF THE AC MEETINGS ATTENDED BY MEMBER
Prof. Dr. Paul Cheng Chai Liou	5	5/5
Dato' Hon Choon Kim	5	5/5
Dato' Ng Boon Siong	5	5/5

Meetings

The quorum of the AC meeting shall be at least two (2) of the members and majority of whom shall be Independent Non-Executive Directors.

The AC shall meet at least four (4) times a year or more frequently as circumstances dictate and the AC encouraged at least twice (2) in a year to meet with the external auditors without the presence of the executive Board members and Management.

The AC meetings are pre-scheduled and are timed just before the Board meetings. The agendas carry matters that need to be deliberated, reviewed or decided on and reported to the Board. The notices and the AC papers are circulated to all the AC members at least seven (7) days prior to the meeting with sufficient time allocated for the AC members to prepare themselves for deliberation on the matters being raised.

The AC may request other Board members, members of other Board Committees, key management, counsels and consultants when applicable and necessary to participate in the AC meetings, to assist in carrying out the AC's responsibilities.

During its scheduled quarterly meetings, the AC shall review the risk management and internal control processes, the Interim and Year-end Financial Report, the Internal and External Audit Plans and Reports, Related Party Transactions ("RPTs")/Recurrent Related Party Transactions ("RRPTs"), and all other areas within the scope of responsibilities of the AC under its TOR.

Minutes

The Company Secretary shall act as secretary of the AC which shall provide the necessary administrative and secretarial services for the effective functioning of the AC. The minutes of the meetings are circulated to the AC members and also to the Board members who are not the AC members.

OBJECTIVES AND AUTHORITY

Objectives

The purpose of the AC is to assist the Board in fulfilling its fiduciary duties as well as oversight objectives on the activities of the PLABS's group of companies ("PLABS Group") in respect of the following:

i. assist the Board in meetings its responsibilities relating to accounting and reporting practices of the PLABS Group;
ii. oversee the financial reporting;
iii. assess the risks and control environment;
iv. evaluate the internal and external audit systems, processes and outcomes;
v. reviews conflict of interest situations and related party transactions; and
vi. undertakes any such other functions as may be determined by the Board from time to time.

Powers and Authority

The AC is authorised by the Board, within the scope of its duties and responsibilities set out in the TOR, to:

i. investigate any activity or matter within its TOR;
ii. have full and unrestricted access to information, records, properties and personnel within the PLABS Group;
iii. obtain relevant internal and external independent professional to assist in the proper discharge of its roles and responsibilities, advice, as it deems necessary;
iv. maintain direct communication with the external auditors and internal auditors and with the key management of the PLABS Group; and
v. convene meetings with the external auditors, internal auditors without the presence of other Board members and management of the PLABS Group, whenever deemed necessary.

SUMMARY OF ACTIVITIES

In respect of the FY 2021, the AC, in discharging its duties and functions, carried out the activities which are summarised broadly as follows:

a) Internal Audit

The AC is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the internal control system.

The Company engaged NBS Smart Focus Sdn. Bhd. ("NBS") as the outsourced internal auditors to carry out the internal audit function of the PLABS Group for the FY 2021.

The internal auditors are report directly to the AC on a quarterly basis by presenting its internal audit reports at the AC meetings, whereby relevant issues identified in the internal audit reports will be discussed together with the Management in the meeting, if necessary. Rectification work, if any, will be performed and follow-up will be carried out by internal auditors for the purpose of reporting at the AC.

In May 2021, NBS tabled its internal audit report focused on the area of the audit covers the critical areas of the operation and management of the PLABS Group. NBS's examination mainly focused on control weaknesses and high-risk areas.

In September 2021, NBS tabled its internal audit report focused on the area of the audit covers the critical areas of the operation and management of the newly acquired 60% owned subsidiary, Thye On Tong Trading Sdn. Bhd. ("TOT") with the main focus on control weaknesses and high-risk areas.

In November 2021, NBS tabled its internal audit report focused on the area of the audit covers the critical areas of the operation and management of the newly acquired 60% owned subsidiary, TOT's offices at Senawang and Balakong.

For the year 2021, the cost incurred for the internal audit functions was RM18,000.

The AC is pleased to report that for FY 2022, the PLABS Group had reappointed the current internal auditors, to perform the internal audit function for the year 2022 and their service term will be reviewed and assessed based on year-by-year basis.

b) Financial Reporting and Compliance

In overseeing and discharging its responsibilities in respect of financial reporting, the AC:

i. reviewed the financial positions, quarterly interim financial reports and announcements for the respective financial quarters prior to the submission to the Board for consideration and approval. The unaudited preliminary results of the PLABS Group for the 4th quarter ended 31 December 2020, 1st quarter ended 31 March 2021, 2nd quarter ended 30 June 2021 and 3rd quarter ended 30 September 2021 were tabled at the respective AC meetings held on 23 February 2021, 28 May 2021, 29 September 2021 and 24 November 2021;

ii. ensured that the quarterly reports and Audited Financial Statements ("AFS") were prepared in compliance with the Malaysian Financial Reporting Standard ("MFRS"), International Financial Reporting Standards, and the requirements of the Companies Act 2016 of Malaysia while the quarterly reports took into consideration of Rule 9.22, including the Appendix 9B, of the AMLR of Bursa Securities;

iii. reviewed the reports on the internal audit review and internal audit follow-up review by the internal auditors on 23 February 2021, 28 May 2021, 29 September 2021 and 24 November 2021;

iv. reviewed the Audit Planning Memorandum ("APM") for the FY 2021 presented by the external auditors, which covered the acceptance and independence, deep business understanding, relevant risks, audit approach, engagement team and communication plan, audit approach, planning materiality, key audit areas, key audit matters, adapting to COVID-19 challenges, and financial reporting and disclosure, compliance with laws and regulations and fraud related matters as well as the proposed audit fees for the FY 2021;

v. reviewed the audit findings and recommendations by the external auditors and the AFS for the financial year ended 31 December 2020 on 22 April 2021;

vi. reviewed the RPTs/RRPTs, if any, entered between the PLABS Group and the Directors of the Company at the AC meetings on 23 February 2021, 28 May 2021, 29 September 2021 and 24 November 2021;

vii. evaluated the performance of the external auditors, reviewed the independence of the external auditors and recommended to the Board for the re-appointment of the external auditors for the ensuing year;

viii. ensured the integrity of the financial information, received an assurance from the Executive Director and the financial team of the PLABS Group, that:

- appropriate accounting policies had been adopted and applied consistently;
- the going concern basis applied in the Annual Consolidated Financial Statements was appropriate;
- prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs;
- adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRSs and Listing Requirements; and
- the consolidated AFS and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.

ix. reviewed the AC Report, Corporate Governance ("CG") Overview Statement, CG Report and Statement on Risk Management and Internal Control for publication in the 2021 Annual Report; and

x. reviewed the Statement of Risk Management and Internal Control ("SORMIC") together with the internal auditors and external auditors and received an assurance from the Executive Director and the financial team of the PLABS Group, that the PLABS Group's risk management and internal control systems are operating adequately and effectively in all material aspects before recommended the SORMIC to the Board for approval.

c) External Audit

Grant Thornton Malaysia PLT ("GT") is the external auditors of the PLABS Group. GT led by their engagement partner presented their external APM for the FY 2021 on 24 November 2021 and had declared and confirmed that they were independent and would be independent through their audit engagement.

There were no areas of major concern raised by GT that warranted escalation to the Board. The external auditors were also informed by the AC that should there be any significant incidents or matters detected in the course of their audits or reviews which warrant their knowledge or intervention, it shall be reported to the AC accordingly.

The non-audit fees payable to the external auditors amounting to RM30,200 for the FY 2021. The non-audit fees were in respect of services rendered in respect of tax compliance and review of the SORMIC.

The AC carried out an assessment of the performance and suitability of GT based on the quality of services and relationship with the PLABS Group and also the internal auditors. The AC has been generally satisfied with the independence, performance and suitability of GT based on the assessment and are recommended to the Board and shareholders for approvals for the re-appointment of GT as the external auditors of the PLABS Group for the financial year ending 31 December 2022.

CG PRACTICES

Apart from discharging its duties with respect to the internal audit, financial reporting and external audit, the AC also reviewed the disclosures made in respect of the financial results and Annual Report of the Company in line with the principles and spirit set out in the Malaysian Code on CG, other applicable laws, rules, directives and guidelines.

The AC discussed and reviewed the CG Overview Statement and CG Report for the FY 2021.

This statement was approved by the Board on 30 March 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control is made pursuant to Rule 15.26(b) of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") as well as the practice principles set out under the Code. The Board of Directors ("the Board") of PeterLabs Holdings Berhad ("PLABS" or "the Company") is pleased to present the Statement on Risk Management and Internal Control of PLABS and its group of companies ("PLABS Group") for the financial year ended 31 December 2021 ("FY 2021").

BOARD RESPONSIBILITY

The Board is committed to ensure the existence of an appropriate risk management and sound, efficient and effective system of internal control to safeguard shareholders' investment and PLABS Group's assets. The system is designed to provide reasonable assurance of effective operations and compliance with laws and regulations. The Board ensures the effectiveness of the system through periodic reviews. As there are limitations inherent in any system of internal control, this system is designed to manage rather than eliminate risks that may impede the achievement of PLABS Group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, financial, operational and compliance controls and risk management procedures.

CONTROL ENVIRONMENT

PLABS Group has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in PLABS Group. The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to senior management on the manner PLABS Group controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of PLABS Group, assessment of financial and operational risks and an effective monitoring mechanism.

INTERNAL AUDIT

The Board is fully aware of the importance of the internal audit function and has engaged an independent professional firm to provide independent assurance to the Board and Audit Committee ("AC") in providing an independent assessment on the adequacy, efficiency and effectiveness of the PLABS Group's internal control system.

The internal audit firm adopts a risk-based approach and prepares its audit plan based on the risk profiles from the risk assessment of the business units of PLABS Group. Scheduled internal audits are carried out based on the annual audit plan approved by the AC. On a quarterly basis the internal audit firm presents to the AC with the internal audit reports.

During the year under review, internal audit reviews were carried out by the Internal Audit team to address the related internal control weaknesses. Significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported accordingly.

The main elements in the system of internal control framework included:

- An organisational structure in PLABS Group with formally defined lines of responsibility and delegation of authority;
- Documentation of written policies and procedures for certain key operational areas;
- Quarterly review of financial results by the AC and the Board;
- Active participation and involvement by the Group Managing Director and the Executive Directors in the day-to-day running of the major businesses and regular discussions with the key management of smaller business units on operational issues;
- Review of internal audit reports and findings by the AC; and
- Monthly review of PLABS Group's management accounts by Group Managing Director, Executive Directors and key management.

The internal audit also periodically reports on the activities performed, key strategic and control issues observed by the internal audit firm to the AC in order to preserve its independence. The AC reviews and approves the internal audit plan and human resources requirements to ensure the function maintains an adequate number of internal auditors with sufficient knowledge, skills and experience.

The internal audit in its current practices, complies with the Committee of Sponsoring Organizations of the Treadway Commission (COSO – USA Standard) and The Criteria of Control Board (COCO - Canadian Standard)'s Internal Controls - Integrated Framework. Using this framework, all internal control assessments performed by the internal auditors are based on the internal control elements, scope and coverage. The internal auditor continues to adopt the risk-based audit plan to ensure the programmes carried out are prioritised based on the PLABS Group's key risks and core or priority areas. Input from various sources inclusive of the risk management, business plan, past audit issues, external auditors, management and Board are gathered, assessed and prioritised to derive the annual audit plan.

In 2021, the internal audit review reports and enterprise risk management reports were conducted in various areas involving account and finance, manufacturing, information technology, human resources, operations, warehouse, logistics, purchasing, merchandising and distribution. There were five (5) reports issued. Internal auditors would conduct intensive interview or communication session with the Management and the respective line managers during the field visit to perform necessary groundwork. Subsequently, enhancement training on Control, Risk Management and Corporate Governance will be conducted for all the line managers identified by the Management.

All reports from the internal audit reviews carried out were submitted and presented to the AC with the feedback and agreed corrective actions to be undertaken by the Management. The internal audit firm is committed to equip the internal auditors with sufficient knowledge, skills and competencies to discharge their duties and responsibilities.

QUALITY ASSURANCE

The internal audit will continue to provide to reports from all audits performed. The quality and content of the reporting will change and improve to focus on the significant areas identified and on communication of an assessment of the effectiveness of the internal control environment in the area audited. Internal audit will also perform a series of planned reviews that have been identified using risk-based planning process. A comprehensive approach is taken to all reviews.

INFORMATION AND COMMUNICATION

While the management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarification from management as well as to seek inputs from the Audit Committee, external and internal auditors, and other experts at the expense of the Group.

RISK MANAGEMENT

The Board is in the process of establishing an effective process for identifying, evaluating and managing the significant risks encountered by PLABS Group in accordance to the Guidance for Directors of Public Listed Companies on Statement on Risk Management and Internal Control. Risk management is an integral part of the business operations and this process goes through a review process by the Board.

The systems of the risk management and internal controls primarily cover areas of the operational efficiency, effectiveness and controls, financial controls and reporting, compliance monitoring and process improvements. Additionally, the PLABS Group has also undertaken a yearly assessment of bribery and corruption risks as part of adequate procedures required in connection with the Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) ("MACC Act") that has come into force on 1 June 2020. The PLABS Group has implemented an Anti-Bribery and Anti-Corruption Policy and Guidelines ("ABAC Policy & Guidelines") to reinforce PLABS Group's utmost commitment and practice in conducting its affairs in a highest standard of integrity and ethics in line with the intent and spirit of Malaysian Anti-Corruption Commission Act 2009 [Act 694] and Malaysian Anti-Corruption Commission (Amendment) Act 2018 and all applicable laws and regulations involving bribery and corruption.

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

In undertaking the functions and duties of the Board with regards to the risk management and internal controls of PLABS Group, the Board is supported by the AC.

The AC has been tasked by the Board with, amongst others, the duty of reviewing and monitoring the adequacy and effectiveness of PLABS Group's risk management and internal controls. The day-to-day implementation of risk awareness and management as well as compliance under PLABS Group's internal control processes and procedures are part of the responsibilities of the management team of PLABS Group. PLABS Group has an organisational structure with clearly defined lines of accountability and responsibility as well as delegation of authority and reporting structure.

ASSURANCE FROM THE MANAGEMENT

As evidenced from the various activities mentioned above, the Board has obtained reasonable assurance from the Managing Director, Head of Finance, and other Department Heads that the Group's risk management and internal control system are operating adequately and effectively, in all material aspects.

CONCLUSION

Pursuant to Rule 15.23 of the AMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of PLABS Group for FYE 2021 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

The Board is pleased to report that there were no major internal control weaknesses identified during the year, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in PLABS Group's Annual Report. The Board is of the view that the existing system of the internal control is adequate. Nevertheless, the management continues to take measures to strengthen the control environment. This statement is based on the consideration of the audit work performed by both the external auditors and the internal auditors on financial and non-financial matters.

This Statement on Risk Management and Internal Control has been approved by the Board on 30 March 2022.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year which have been made out in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia and to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flow of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have taken the necessary steps and actions as follows:

(a) selected suitable accounting policies and applied them consistently;
(b) ensured that all applicable accounting standards have been followed;
(c) made judgements and estimates that are reasonable and prudent; and
(d) prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made the necessary enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility in ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements is in compliance with the Companies Act 2016, the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the AMLR.

The Directors have the overall responsibilities for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

The following additional compliance information is provided in accordance with Rule 9.25 of the ACE Market Listing Requirements:

1. Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests still subsisting at the end of the financial year or entered into since the end of the previous financial year.

2. Contract Relating To Loan

There were no contracts relating to loan by the Company and its subsidiaries in respect of the preceding item.

3. Audit and Non-audit Fees

The audit fees payable to the external auditors by the PLABS Group for the financial year ended 31 December 2021 were amounted to RM88,500.

The non-audit fees of RM30,200 payable to the external auditors by the PLABS Group is for the tax compliance and advisory services and also the annual review of the Statement on Risk Management and Internal Control.

4. Utilisation of Proceeds Raised from Corporate Proposal

There were no corporate proposals implemented during the financial year ended 31 December 2021.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

There have been no significant changes in the nature of these principal activities of the Company and its subsidiaries during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	6,006,333	40,982
Attributable to:-		
Owners of the Company	5,480,810	40,982
Non-controlling interests	525,523	-
	6,006,333	40,982

DIVIDENDS

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

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIRECTORS

The name of the Directors of the Company and subsidiary in office during the financial year and during the period commencing from the end of the financial year to the date of this report are as follows:

Dato' Hon Choon Kim (Independent Non-Executive Chairman)
Lim Tong Seng (Group Managing Director)*
Teo Chin Heng (Executive Director)*
Yap Siaw Peng (Executive Director)*
Datuk Loh Saw Foong (Executive Director)*
Prof. Dr. Paul Cheng Chai Liou (Senior Independent Non-Executive Director)
Dr. Vijaya Raghavan A/L M P Nair (Independent Non-Executive Director)
Dato' Ng Boon Siong (Independent Non-Executive Director)
Ng Kau (Independent Non-Executive Director, Alternate Director to Dato' Ng Boon Siong)

* *Directors of the Company and certain subsidiaries*

Subsidiaries:

Name of subsidiary	Name of Directors
Plon Synergy Group Sdn. Bhd.	Dr. Teo Kooi Cheng
	Kho Siaw Sua
	Lau Yeng Khuan
PeterLabs Sdn. Bhd.	Dr. Teo Kooi Cheng
Osmosis Nutrition Sdn. Bhd.	Dr. Teo Kooi Cheng
Thye On Tong Trading Sdn. Bhd.	Datin Lin Ching Yein

In accordance with Clauses 134 of the Constitution of the Company, Mr. Lim Tong Seng, Mr. Teo Chin Heng, Prof. Dr. Paul Cheng Chai Liou, and Dr. Vijaya Raghavan A/L M P Nair will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election, except Prof. Dr. Paul Cheng Chai Liou and Dr. Vijaya Raghavan A/L M P Nair who opt not seek for re-election and will retire at the conclusion of the AGM.

DIRECTORS' REMUNERATION

During the financial year, the fees and remuneration received and receivable by the Directors of the Company are as follows:

	Incurred by the Company RM	Incurred by the subsidiaries RM	Group RM
Directors' fees	127,200	9,000	136,200
Directors' emoluments	-	2,495,692	2,495,692
	127,200	2,504,692	2,631,892

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or 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.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at the financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) are as follows:

	← Number of ordinary shares →			
	At 1.1.2021	**Bought**	**Sold**	**At 31.12.2021**
Directors of the Company				
Interest in the Company				
Direct interest				
Lim Tong Seng	12,943,238	-	-	12,943,238
Teo Chin Heng	21,270,109	-	-	21,270,109
Yap Siaw Peng	1,350,058	450,000	-	1,800,058
Datuk Loh Saw Foong	-	12,750,000	-	12,750,000
Indirect interest				
Dato' Hon Choon Kim(#)	50,000	-	-	50,000
Datuk Loh Saw Foong(#*)	-	26,250,000	-	26,250,000
Interest in the subsidiary				
Thye On Tong Trading Sdn. Bhd.				
Direct interest				
Datuk Loh Saw Foong	480,000	-	(300,000)	180,000
Indirect interest				
Datuk Loh Saw Foong (#)	520,000	-	(300,000)	220,000

(#) deemed interest by virtue of shares held by spouse/child
(*) deemed interest by virtue of the shareholdings in Pacific Trustee Berhad

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 39,000,000 new ordinary shares at RM0.20 per ordinary share for acquisition of 60% equity interest in Thye On Tong Trading Sdn. Bhd. pursuant to a share sale agreement dated 22 July 2020. For the purpose of accounting for the shares consideration, the fair value of RM0.22 per ordinary share as at the date of completion was recorded on 15 January 2021.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There were no issuance of debentures during the financial year.

OTHER STATUTORY INFORMATION

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

(a) 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 that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have 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:

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

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

(c) 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; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

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

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

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the Directors:

(a) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) 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 operations of the Group and of the Company for the current financial year in which this report is made.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The amount of indemnity coverage and insurance premium paid for Directors and Officers of the Group and the Company during the financial year is amounted to RM17,865.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING PERIOD

The significant event during the financial year and subsequent to the reporting period is disclosed in Note 34 to the financial statements.

AUDITORS

The Auditors' remuneration of the Group and of the Company are disclosed in Note 23 to the financial statements.

The Group and Company have agreed to indemnify the Auditors, Grant Thornton Malaysia PLT as permitted under Section 289 of the Companies Act 2016. No payment has been made to indemnity Grant Thornton Malaysia PLT for the financial year ended 31 December 2021.

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

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

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LIM TONG SENG	)	
	)	
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	)	
	)	DIRECTORS
	)	
	)	
	)	
	)	
	)	
	)	
....	)	
YAP SIAW PENG		

Kuala Lumpur
15 April 2022

STATEMENT BY DIRECTORS AND STATUTORY DECLARATION

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 54 to 126 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and their 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.

…………………………………………	…………………………………………
LIM TONG SENG	YAP SIAW PENG

Kuala Lumpur
15 April 2022

STATUTORY DECLARATION

I, Lee Huey Fen, being the Officer primarily responsible for the financial management of PeterLabs Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 54 to 126 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
15 April 2022)

…………………………………………
LEE HUEY FEN
(MIA NO. 40269)

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PeterLabs Holdings Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other 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 significant accounting policies, as set out on pages 54 to 126.

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

Basis for Opinion

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

Independent 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

Inventories valuation

The risk

Refer to Note 8 to the financial statements. The Group holds significant amount of inventories that amounted to RM22,023,273 which are subjected to a risk that the inventories become slow-moving or obsolete and rendering it not saleable or can only be sold for selling prices that are less than their carrying value. There is inherent subjectivity and estimation involved in determining the accuracy of inventories obsolescence provision and in making an assessment of its adequacy due to risk of inventories not stated at the lower of cost and net realisable value.

Our response

We tested the methodology for calculating the provision, challenged the appropriateness and consistency of judgements and assumptions, and considered the nature and suitability of historical data used in estimating the provisions. In doing so, we obtained an understanding on the ageing profile of inventories, the process for identifying specific problem inventories and historical loss rates.

Provision for expected credit losses

The risk

Refer to Note 9 to the financial statements. We focused on this area because the Group has material amount of trade receivables that amounted to RM41,100,627. The adequacy of assessment on recoverability of trade receivables require the use of estimates and judgements of the management. The Group applies a simplified approach in calculating provision for expected credit losses ("ECLs"). Therefore, the Group does not track changes in credit risk, but instead recognises a loss provision based on lifetime ECLs at each reporting date. The Group considers amongst others, its historical credit loss experience, adjusted for forward-looking factors specific to the receivables and the economic environment.

Our response

We have reviewed the management's estimates in provision rate used to provide ECLs on trade receivables. This includes reviewing the ageing of receivables and testing the integrity of ageing. We also checked the recoverability of outstanding receivables through examination of subsequent cash receipts and tested the operating effectiveness of the relevant control procedures that management has put in place.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Goodwill on consolidation

The risk

The Group holds goodwill on consolidation of RM9,956,837 as detailed in Note 7 to the financial statements.

Goodwill on consolidation is subject to impairment review annually by comparing the carrying amount with its recoverable amount. The Group estimated the recoverable amount based on value in use method. Estimating the value in use involves judgement as small changes in the assumptions made, notably in respect of the future performance of the business and the discount rate applied to future cash flow projections can result in material different outcomes.

Our response

We evaluated the Directors' future cash flow projections and the process of which there were drawn up, including testing the underlying calculations. We validated the Directors' key assumptions for long term growth rates applied in the projections by comparing them to the historical results as well as economic and industry forecasts, and the discount rate used by assessing the cost of capital for the Group.

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

Information other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

We communicated 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 identified during our audit.

We also provided to 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.

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
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

TAN CHEE BENG
(NO: 02664/02/2023(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
15 April 2022

STATEMENTS OF FINANCIAL POSITION

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	17,738,311	15,345,007	-	-
Investment properties	5	997,531	-	-	-
Investment in subsidiaries	6	-	-	39,405,900	27,825,900
Goodwill on consolidation	7	9,956,837	-	-	-
Total non-current assets		28,692,679	15,345,007	39,405,900	27,825,900
Current assets					
Inventories	8	22,023,273	10,032,073	-	-
Trade receivables	9	41,100,627	21,669,412	-	-
Other receivables	10	5,570,804	2,033,064	11,719	1,091,208
Amount due from a subsidiary	6	-	-	1,500	2,120
Tax recoverable		30,243	35,552	272	-
Cash and bank balances and fixed deposits	11	14,150,549	24,313,248	1,811,602	3,797,238
Total current assets		82,875,496	58,083,349	1,825,093	4,890,566
TOTAL ASSETS		111,568,175	73,428,356	41,230,993	32,716,466
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company:-					
Share capital	12	40,400,959	31,820,959	40,400,959	31,820,959
Retained earnings		32,017,935	26,537,125	95,664	54,682
		72,418,894	58,358,084	40,496,623	31,875,641
Non-controlling interests		1,607,631	-	-	-
Total equity		74,026,525	58,358,084	40,496,623	31,875,641
LIABILITIES					
Non-current liabilities					
Lease liabilities	13	2,945,587	990,286	-	-
Borrowings	14	1,272,287	-	-	-
Deferred tax liabilities	15	1,049,000	640,000	-	-
Total non-current liabilities		5,266,874	1,630,286	-	-

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 (CONT'D)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
EQUITY AND LIABILITIES (CONT'D)					
LIABILITIES (CONT'D)					
Current liabilities					
Trade payables	16	9,402,899	3,422,555	-	-
Other payables	17	7,460,355	5,751,657	734,370	840,170
Lease liabilities	13	942,122	495,877	-	-
Borrowings	14	14,248,334	3,769,242	-	-
Tax payable		221,066	655	-	655
Total current liabilities		32,274,776	13,439,986	734,370	840,825
TOTAL LIABILITIES		37,541,650	15,070,272	734,370	840,825
TOTAL EQUITY AND LIABILITIES		111,568,175	73,428,356	41,230,993	32,716,466

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Revenue	18	183,823,275	80,025,637	404,038	3,187,000
Cost of sales		(158,012,191)	(64,817,049)	-	-
Gross profit		25,811,084	15,208,588	404,038	3,187,000
Other income	19	1,569,763	2,014,376	-	424
Selling and distribution expenses		(2,629,831)	(2,607,017)	-	-
Administrative expenses		(15,241,449)	(9,018,105)	(386,964)	(1,187,758)
(Impairment loss)/Reversal of impairment loss on trade receivables		(70,181)	31,068	-	-
Other expenses	20	(513,759)	(282,675)	-	-
Finance income	21	343,129	359,625	31,033	24,010
Finance costs	22	(851,683)	(268,674)	-	-
Profit before tax	23	8,417,073	5,437,186	48,107	2,023,676
Tax expense	24	(2,410,740)	(1,548,846)	(7,125)	(5,761)
Profit for the financial year		6,006,333	3,888,340	40,982	2,017,915
Other comprehensive income, net of tax		-	-	-	-
Total profit and total comprehensive income for the financial year		6,006,333	3,888,340	40,982	2,017,915
Profit for the financial year attributable to:					
- Owners of the Company		5,480,810	3,888,340	40,982	2,017,915
- Non-controlling interests		525,523	-	-	-
		6,006,333	3,888,340	40,982	2,017,915

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Total comprehensive income attributable to:					
- Owners of the Company		5,480,810	3,888,340	40,982	2,017,915
- Non-controlling interests		525,523	-	-	-
		6,006,333	3,888,340	40,982	2,017,915
Earnings per share attributable to owners of the Company	25				
-Basic (sen)		2.11	1.75		
-Diluted (sen)		-	-		

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

STATEMENTS OF CHANGES IN EQUITY

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Share capital RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
		← Attributable to owners of the Company →				
		Non-distributable	Distributable			
Group						
Balance at 1 January 2020		27,459,485	25,010,924	52,470,409	-	52,470,409
Transactions with owners:						
Issuance of shares (net of shares issuance expenses)	12	4,361,474	-	4,361,474	-	4,361,474
Dividends	26	-	(2,362,139)	(2,362,139)	-	(2,362,139)
Total transactions with owners		4,361,474	(2,362,139)	1,999,335	-	1,999,335
Total comprehensive income for the financial year		-	3,888,340	3,888,340	-	3,888,340
Balance at 31 December 2020		31,820,959	26,537,125	58,358,084	-	58,358,084
Transactions with owners:						
Issuance of shares	12	8,580,000	-	8,580,000	-	8,580,000
Acquisition of a subsidiary		-	-	-	1,082,108	1,082,108
Total transactions with owners		8,580,000	-	8,580,000	1,082,108	9,662,108
Total comprehensive income for the financial year		-	5,480,810	5,480,810	525,523	6,006,333
Balance at 31 December 2021		40,400,959	32,017,935	72,418,894	1,607,631	74,026,525

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

		Attributable to owners of the Company		
		Non-distributable	Distributable	
	Note	Share capital RM	Retained earnings RM	Total RM
Company				
Balance at 1 January 2020		27,459,485	398,906	27,858,391
Transactions with owners:				
Issuance of shares (net of shares issuance expenses)	12	4,361,474	-	4,361,474
Dividends	26	-	(2,362,139)	(2,362,139)
Total transactions with owners		4,361,474	(2,362,139)	1,999,335
Total comprehensive income for the financial year		-	2,017,915	2,017,915
Balance at 31 December 2020		31,820,959	54,682	31,875,641
Transaction with owners:				
Issuance of shares	12	8,580,000	-	8,580,000
Total comprehensive income for the financial year		-	40,982	40,982
Balance at 31 December 2021		40,400,959	95,664	40,496,623

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

STATEMENTS OF CASH FLOWS

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
OPERATING ACTIVITIES					
Profit before tax		8,417,073	5,437,186	48,107	2,023,676
Adjustments for:-					
Amortisation of invesment properties		22,160	-	-	-
Depreciation of property, plant and equipment		2,178,172	1,980,723	-	-
Dividend income		-	-	(404,038)	(3,187,000)
Gain on disposal of property, plant and equipment		(77,083)	(152,729)	-	-
Gain on early termination of lease contract		(60,488)	-	-	-
Interest expenses		851,683	268,674	-	-
Interest income		(343,129)	(359,625)	(31,033)	(24,010)
Inventories written down		226,539	147	-	-
Property, plant and equiment written off		-	129	-	-
Gain on remeasurement of lease contracts		(6,920)	(402)	-	-
Impairment loss/(Reversal of impairment loss) on trade receivables		70,181	(31,068)	-	-
Reversal of inventories written down		(8,250)	(489,849)	-	-
Unrealised (gain)/loss on foreign exchange		(100,379)	59,300	-	-
Operating profit/(loss) before working capital changes		11,169,559	6,712,486	(386,964)	(1,187,334)
Changes in working capital:-					
Inventories		(902,332)	5,007,193	-	-
Receivables		(3,937,290)	3,058,187	(511)	(1,080,000)
Payables		1,632,514	(1,896,705)	(105,800)	428,808
Bills payables		(10,223,000)	(1,788,000)	-	-
Cash (used in)/generated from operations		(2,260,549)	11,093,161	(493,275)	(1,838,526)
Dividend received		-	-	404,038	3,187,000
Tax paid		(2,219,084)	(1,589,690)	(8,052)	(4,397)
Tax refunded		32,970	-	-	-
Interest paid		(591,450)	(78,686)	-	-
Interest received		302,422	359,625	31,033	24,010
Net cash (used in)/from operating activities		(4,735,691)	9,784,410	(66,256)	1,368,087

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
INVESTING ACTIVITIES					
Interest received		40,707	-	-	-
Acquisition of subsidiary, net cash acquired	6	(1,786,522)	-	(1,920,000)	-
Repayment/(Advances to) from a subsidiary		-	-	620	(1,972)
Purchase of property, plant and equipment	A	(387,271)	(309,863)	-	-
Proceeds from disposal of property, plant and equipment		145,100	214,000	-	-
Net cash used in investing activities		(1,987,986)	(95,863)	(1,919,380)	(1,972)
FINANCING ACTIVITIES					
Dividend paid		-	(2,362,139)	-	(2,362,139)
Interest paid		(260,233)	(189,988)	-	-
Proceeds from issuance of share capital, net of shares issuance expenses		-	4,361,474	-	4,361,474
Net (repayment)/drawdown of revolving credits	B	(2,000,000)	(700,000)	-	-
Repayment of lease liabilities	B	(1,035,668)	(686,710)	-	-
Repayment of term loans	B	(233,432)	(550,029)	-	-
Net cash (used in)/from financing activities		(3,529,333)	(127,392)	-	1,999,335
CASH AND CASH EQUIVALENTS					
Net changes		(10,253,010)	9,561,155	(1,985,636)	3,365,450
Effect of exchange rate changes		90,311	(23,036)	-	-
Brought forward		24,313,248	14,775,129	3,797,238	431,788
Carried forward		14,150,549	24,313,248	1,811,602	3,797,238

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Total purchases of property, plant and equipment	1,809,679	764,398	-	-
Less: Acquisition by means of lease liabilities	(1,422,408)	(454,535)	-	-
Total cash used in purchase of property, plant and equipment	387,271	309,863	-	-

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONT'D)

NOTES TO THE STATEMENTS OF CASH FLOWS (CONT'D)

B. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Group	Lease liabilities RM	Revolving credit RM	Term loans RM	Total RM
Balance at 1 January 2020	1,726,509	3,348,708	564,563	5,639,780
Drawdown	454,535	-	-	454,535
Remeasurement	(8,171)	-	-	(8,171)
Repayment	(686,710)	(700,000)	(550,029)	(1,936,739)
Balance at 31 December 2020	1,486,163	2,648,708	14,534	4,149,405
Effect of acquisition of a subsidiary	2,398,904	-	1,754,811	4,153,715
Drawdown	1,422,408	-	-	1,422,408
Remeasurement	94,105	-	-	94,105
Early termination	(478,203)	-	-	(478,203)
Repayment	(1,035,668)	(2,000,000)	(233,432)	(3,269,100)
Balance at 31 December 2021	3,887,709	648,708	1,535,913	6,072,330

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

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) and the principal place of business of the Company is located at Lot 16014 (PT No. 24341), Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan Darul Khusus.

The Company is principally engaged in investment holding activities. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these principal activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 15 April 2022.

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 Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and 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 significant accounting policies.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and Company.

2. BASIS OF PREPARATION (CONT'D)

2.2 Basis of measurement (cont'd)

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

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 assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

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

The financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2. BASIS OF PREPARATION (CONT'D)

2.4 Adoption of new standards/amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2021.

The initial application of the new standards/amendments/improvements to the standards did not have a material impact on the financial statements.

2.5 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective in the respective financial period.

Amendment to MFRS effective for annual periods beginning on or after 1 April 2021

Amendment to MFRS 16	Leases: COVID-19 - Related Rent Concessions beyond 30 June 2021

MFRSs and amendments to MFRSs effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 3	Business Combinations: Reference to the Conceptual Framework
Amendments to MFRS 116	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

MFRSs and amendments to MFRSs effective for annual periods beginning on or after 1 January 2023

MFRS 17*	Insurance Contracts
Amendments to MFRS 17*	Insurance Contracts
Amendments to MFRS 4*	Insurance Contracts: Extension of the Temporary Exemption from Applying MFRS 9

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards issued but not yet effective (cont'd)

MFRSs and amendments to MFRSs effective for annual periods beginning on or after 1 January 2023 (cont'd)

Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements: Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
Amendments to MFRS 112	Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRSs effective for a date yet to be confirmed

Amendments to MFRS 10 and MFRS 128*	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* Not applicable to the Group's and the Company's operation

The initial application of the above standards, amendments and interpretations are not expected to have material financial impact to the financial statements.

2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Key sources of estimation uncertainty

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

The management estimates the useful lives of the depreciable assets to be within 2 to 67 years and reviews the useful lives of depreciable assets at each reporting period. The management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which resulting the adjustment to the Group's assets.

The management expects that the expected useful lives of the depreciable assets would not have material difference from the management's estimation hence it would not result in Group's profit for the financial year.

The carrying amount of the Group's depreciable assets at the reporting date is disclosed in Notes 4 and 5 to the financial statements.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Key sources of estimation uncertainty (cont'd)

Provision for expected credit losses ("ECLs") of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns such as geography, customer type and rating.

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. 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 rates, forecast economic conditions and ECLs are significant estimate. The amount of ECLs are sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default rate in the future.

Income tax/Deferred tax liabilities

Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

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 or when they need to be adjusted to reflect the terms and conditions of the lease. 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).

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.2 Significant management judgement

The following is significant management judgements in applying the accounting policies of the Group and the Company that have the most significant effect on the financial statements:

Determining the lease term of contracts with renewal options

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 reasonable 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 whether or not 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 or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for lease. The Group typically exercises its option to renew for the lease.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and Company apply the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements, unless otherwise stated.

3.1 Consolidation

3.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group or the Company. Control exists when the Group or the Company 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. Besides, the Group or the Company 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 affects the investee's returns.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.1 Subsidiaries (cont'd)

Investment in subsidiaries is stated at cost less any impairment losses in the Company's statements of financial position, unless the investment is held for sale or distribution. The cost of investments includes transaction costs. Where an indication of impairment exists, the carrying amount of the subsidiaries is assessed and written down immediately to their recoverable amount.

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

3.1.2 Basis of consolidation

The Group's 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, 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 3.15 of the financial statements.

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

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

3.1.3 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.3 Business combination and goodwill (cont'd)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the fair value at acquisition date of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, if any, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured in accordance with the appropriate MFRSs.

Goodwill in initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.4 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 the 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 an available-for-sale financial asset depending on the level of influence retained.

3.1.5 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 consolidated 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 consolidated statements of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

3.2 Foreign currency translation

The Group's consolidated financial statements are presented in RM, which is also the Company's functional currency.

3.2.1 Foreign currency transactions and balances

Transactions in foreign currencies are recorded in the respective functional currency of the Company and its subsidiaries at exchange rates approximating those ruling at the date of the transactions. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at reporting date. Non-monetary items that are measured at historical cost are translated at the dates of the initial transactions and those items measured at fair value in foreign currency are translated at the date when the fair value was determined.

Gains and losses resulting from settlement of such transactions and conversion of short term assets and liabilities, whether realised or unrealised, are included in profit or loss as they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment

All property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. 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.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bring the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is recognised on a straight-line method in order to write off the cost of each asset over its estimated useful life. Freehold land with an infinite life is not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Buildings	2%
Motor vehicles	20%
Plant and machinery	10%
Office equipment	10%
Computer equipment	10-20%
Furniture and fittings	10%
Renovation	5-20%
Laboratory	10%
Factory	4 - 9 years
Hostel	2 years

The residual values, useful life and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable, or at least annually to ensure that the amount, method and period of depreciation are consistent with previous estimates and expected pattern of consumption of 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 amounts of the assets and are recognised in profit or loss in the financial year in which the asset is derecognised.

The leased assets (including leasehold land and buildings and motor vehicles under finance lease arrangements) are presented under right-of-use assets in property, plant and equipment. The recognition and initial and subsequent measurement policies to leased assets are stated in Note 3.6.2 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Investment properties

Investment properties consist of buildings held for capital appreciation or rental purpose and not occupied or only an insignificant portion is occupied for use or in the operations of the Group.

Investment properties are treated as long term investment and are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are stated at cost less accumulated depreciation. Depreciation is recognised on the straight-line method in order to write off the cost of each investment property over its estimated useful life.

The principal annual depreciation rate used is as follow:

Leasehold land and building	67 years

Investment properties are derecognised when either they are disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal.

Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

3.5 Inventories

Inventories, comprising raw materials, finished goods and trading goods are stated at the lower of cost and net realisable value ("NRV") after adequate specific write down has been made by the Directors for deteriorated, obsolete and slow-moving inventories.

Cost of raw materials is determined by using the weighted average method. The cost of raw materials and consumables comprise cost of purchase plus the cost of bringing the inventories to their present condition and location.

Cost of finished goods comprises direct labour, other direct costs and appropriate proportions of production overheads based on normal operating capacity.

Cost of trading goods is determined by using first-in-first-out method. Cost includes the original purchase price plus direct cost of bringing these inventories to their present condition and location.

NRV represents estimated selling price in the ordinary course of business less estimated selling and distribution costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 **Inventories (cont'd)**

When inventories are sold and revenue is recognised, the carrying amount of those inventories are recognised as cost of sales. Amount written down to NRV and inventory losses are recognised as expenses when it occurs and any reversal is recognised in the profit or loss in the period in which the reversal occurs.

3.6 **Leases**

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

3.6.1 **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.

3.6.2 **Right-of-use assets**

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

Factory	4 - 9 years
Hostel	2 years
Motor vehicles	5 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 as disclosed in Note 3.7 to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (cont'd)

3.6.3 Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include 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. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

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 or a change in the assessment of an option to purchase the underlying asset.

3.6.4 Group 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 profit or loss 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.

3.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment of non-financial assets (cont'd)

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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at the end of each reporting period, and when circumstances indicate that the carrying value may be impaired.

3.8 Financial instruments

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

3.8.1 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and 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 business model for managing them.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial instruments (cont'd)

3.8.1 Financial assets (cont'd)

Initial recognition and measurement (cont'd)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, 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 fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how they manage their 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 amortised cost 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 FVTOCI are held with 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.

Subsequent measurement

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

- financial assets at amortised cost (debt instruments);
- financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments);
- financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- financial assets at FVTPL.

The Group and the Company only have financial assets at amortised cost on their statements of financial position.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using effective interest 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 bank balances, amount due from a subsidiary, trade and most of the other receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial instruments (cont'd)

3.8.1 Financial assets (cont'd)

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 consolidated statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has 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 has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has 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 could be required to repay.

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") on financial assets measured at amortised costs. Expected credit losses 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 cash and bank balance 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 is always measured at an amount equal to lifetime expected credit loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial instruments (cont'd)

3.8.1 Financial assets (cont'd)

Impairment of financial assets (cont'd)

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 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 full) 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 subject to the write-off. 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.

3.8.2 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial instruments (cont'd)

3.8.2 Financial liabilities (cont'd)

Subsequent measurement

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

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

The Group and the Company only have financial liabilities at amortised cost on their statements of financial position.

Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest ("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 profit or loss.

The Group's and the Company's financial liabilities at amortised cost include trade and most of other payables, and borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specific debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting year and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial instruments (cont'd)

3.8.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position, if and only if, there is a currently enforceable legal 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.

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances and fixed deposits with licensed banks which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.10 Equity, reserves and distribution to owners

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Retained earnings include all current and prior years' retained profits.

Interim dividends are simultaneously proposed and declared because the Constitution of the Company grants the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained profits, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

All transactions with owners of the Company are recorded separately within equity.

3.11 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expenses relating to a provision is presented in statements of profit or loss net of any reimbursement.

If the effect of the time of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue recognition

3.12.1 Revenue from contracts with customers

The Group and the Company recognise revenue from contracts with customers for goods or services based on the five-step model as set out in this standard:

i. Identify contracts with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

ii. Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer either a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

iii. Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

iv. Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

v. Recognise revenue when (or as) the Group and the Company satisfy a performance obligation. An asset is transferred when (or as) the customer obtains control of the asset.

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

i. Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or

ii. Create or enhance an asset that the customer controls as the asset is created or enhanced; or

iii. Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform the obligation.

For performance obligations where any one of the above conditions not met, revenue is recognised at a point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or service, it creates a contract based on asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this give rise to a contract liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue recognition (cont'd)

3.12.1 Revenue from contracts with customers (cont'd)

Revenue is measured at fair value of consideration received or receivable. The following describe the performance obligation in contracts with customers:

Sales of goods

All revenue is recognised at a point in time, which is typically on delivery of the goods. Goods are sold when the customer obtains control of the asset. All the contracts are completed at the adoption date. The revenue is recognised net of any related rebates, discounts and taxes. The Group shall disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors as disclosed in Note 18 to the financial statements.

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 sale of goods provide customers with a right of return. The rights of return give rise to variable consideration.

Right of return assets and refund liabilities

The Group uses the most likely amount method to estimate the goods that will be returned because this method better predicts the amount of variable consideration to which the Group will be entitled. A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount of the Group ultimately expects it will have a return to the customer.

No right of return assets and refund liabilities are recognised arising from the right of return as it is negligible.

Dividend income

Dividend income from investment is recognised in profit or loss on the date that the Group's and the Company's right to receive payment is established which is in the case of quoted securities is the ex-dividend date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue recognition (cont'd)

3.12.2 Revenue from other source

Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

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. Rental income from subleased property is recognised as revenue.

Other income

All other income are recognised when the right to receive payment is establish and to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

3.13 Employee benefits

Short-term employee benefits

Wages, salaries, bonuses and social security contribution are recognised as expenses in the financial year, in which associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave is recognised when services are rendered by employees which increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

Defined contribution plan

Defined contribution plan is post-employment benefit plan under which the Group pays fixed contributions into separate entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

Such contributions are recognised as expenses in profit or loss as incurred. As required by law, the Group makes such contributions to the Employees Provident Fund ("EPF").

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Borrowing costs

Borrowing costs are recognised as an expense in profit or loss in the year in which they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

3.15 Tax expense

Tax expenses comprise current tax 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

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

Deferred tax

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and 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 year and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Operating segment

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

3.17 Contingencies

3.17.1 Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of 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 liabilities unless the probability of outflow of economic benefits is remote.

3.17.2 Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

3.18 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; or
- (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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Related parties (cont'd)

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

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the same 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 entity or is a member of the key management personnel of the Group or the entity.
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

3.19 Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares during the year.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Owned assets									Right-of-use assets			
	Freehold land	Buildings	Motor vehicles	Plant and machinery	Office equipment	Computer equipment	Furniture and fittings	Renovation	Laboratory	Factory	Hostels	Motor vehicles	Total
Cost	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2020	1,467,419	10,717,988	453,585	9,234,509	200,285	77,825	209,603	217,430	596,443	1,251,626	81,348	1,770,112	26,278,173
Additions	-	-	-	7,500	-	6,417	-	140,008	-	-	74,535	535,938	764,398
Disposal	-	-	(89,364)	-	-	-	-	-	-	-	-	(455,772)	(545,136)
Written off	-	-	-	-	(23,400)	-	(2,215)	-	-	-	-	-	(25,615)
Remeasurement of lease contracts	-	-	-	-	-	-	-	-	-	-	(81,348)	-	(81,348)
At 31 December 2020	1,467,419	10,717,988	364,221	9,242,009	176,885	84,242	207,388	357,438	596,443	1,251,626	74,535	1,850,278	26,390,472
Effect on acquisition of a subsidiary	-	-	791,040	273,310	95,427	135,933	412,745	179,420	-	2,251,495	41,604	288,420	4,469,394
Additions	-	-	10,800	201,690	14,646	40,744	28,753	90,638	-	1,389,934	32,474	-	1,809,679
Disposal	-	-	(53,035)	-	-	-	-	-	-	-	-	(151,150)	(204,185)
Written off	-	-	-	(1,213,480)	(47,823)	-	(31,945)	-	-	-	-	-	(1,293,248)
Reclassification	-	-	277,412	-	-	-	-	-	-	-	-	(277,412)	-
Remeasurement of lease contracts	-	-	-	-	-	-	-	-	-	23,365	2,865	-	26,230
Early termination of lease contract	-	-	-	-	-	-	-	-	-	(1,251,626)	(64,431)	-	(1,316,057)
At 31 December 2021	1,467,419	10,717,988	1,390,438	8,503,529	239,135	260,919	616,941	627,496	596,443	3,664,794	87,047	1,710,136	29,882,285

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)	Owned assets									Right-of-use assets			
	Freehold land RM	Buildings RM	Motor vehicles RM	Plant and machinery RM	Office equipment RM	Computer equipment RM	Furniture and fittings RM	Renovation RM	Laboratory RM	Factory RM	Hostels RM	Motor vehicles RM	Total RM
Accumulated depreciation													
At 1 January 2020	-	1,353,734	370,785	5,491,709	155,659	71,475	163,809	114,394	469,265	625,813	54,282	776,747	9,647,672
Charge for the financial year	-	214,360	48,215	930,799	17,130	5,613	20,649	31,680	59,644	139,070	37,023	476,540	1,980,723
Disposal	-	-	(89,364)	-	-	-	-	-	-	-	-	(394,501)	(483,865)
Written off	-	-	-	-	(23,400)	-	(2,086)	-	-	-	-	-	(25,486)
Remeasurement of lease contracts	-	-	-	-	-	-	-	-	-	-	(73,579)	-	(73,579)
At 31 December 2020	-	1,568,094	329,636	6,422,508	149,389	77,088	182,372	146,074	528,909	764,883	17,726	858,786	11,045,465
Effect on acquisition of a subsidiary	-	-	593,156	82,668	38,318	76,700	265,231	87,169	-	107,077	9,823	62,748	1,322,890
Charge for the financial year	-	214,360	306,952	704,865	18,377	13,717	34,037	47,701	18,915	594,416	51,636	173,196	2,178,172
Disposal	-	-	(53,035)	-	-	-	-	-	-	-	-	(83,133)	(136,168)
Written off	-	-	-	(1,213,480)	(47,823)	-	(31,945)	-	-	-	-	-	(1,293,248)
Reclassification	-	-	42,953	-	-	-	-	-	-	-	-	(42,953)	-
Remeasurement of lease contracts	-	-	-	-	-	-	-	-	-	(67,284)	(7,511)	-	(74,795)
Early termination of lease contracts	-	-	-	-	-	-	-	-	-	(869,185)	(29,157)	-	(898,342)
At 31 December 2021	-	1,782,454	1,219,662	5,996,561	158,261	167,505	449,695	280,944	547,824	529,907	42,517	968,644	12,143,974
Net carrying amount													
At 31 December 2021	1,467,419	8,935,534	170,776	2,506,968	80,874	93,414	167,246	346,552	48,619	3,134,887	44,530	741,492	17,738,311
At 31 December 2020	1,467,419	9,149,894	34,585	2,819,501	27,496	7,154	25,016	211,364	67,534	486,743	56,809	991,492	15,345,007

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets pledged as securities to financial institutions

Net carrying amount of property, plant and equipment of the Group have been pledged to licensed banks for banking facilities granted to certain subsidiaries as follows:

	Group	
	2021	2020
	RM	RM
Freehold land	1,467,419	1,467,419
Buildings	8,935,534	9,149,894
	10,402,953	10,617,313

Right-of-use assets held under lease liabilities

The motor vehicles amounted to RM741,492 (2020: RM991,492) are under finance lease arrangement and pledged as securities for the related lease liabilities.

5. INVESTMENT PROPERTIES

	Group
	Leasehold land and building
	RM
Cost	
At 1 January 2020/31 December 2020	-
Effect on acquisition of a subsidiary	1,108,000
At 31 December 2021	1,108,000
Accumulated amortisation	
At 1 January 2020/31 December 2020	-
Effect on acquisition of a subsidiary	88,309
Charge for the financial year	22,160
At 31 December 2021	110,469
Net carrying amount	
At 31 December 2021	997,531
At 31 December 2020	-

5. INVESTMENT PROPERTIES (CONT'D)

	Group Leasehold land and building RM
Fair value based on similar properties at proximity area:	
At 31 December 2021	1,001,000
At 31 December 2020	-

The fair value of the investment properties of the Group were estimated by the Directors based on the recent transacted prices in the market of property with similar conditions and location. If the Group's investment properties carried at fair value, it will classify as at Level 3 fair value item for the purpose of fair value hierarchy disclosure.

The Directors of the Group are with the opinion that it would not be possible to segregate the costs of the leasehold land and building separately as they were acquired in a lump sum amount.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2021 RM	2020 RM
Rental income	68,070	-
Direct operating expenses		
- Income generating investment properties	3,119	-

6. SUBSIDIARIES

Investment in subsidiaries	Company	
	2021 RM	2020 RM
Unquoted shares, at cost	39,405,900	27,825,900

6. SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows:

Name of companies	Effective ownership interest and voting interest (%) 2021	(%) 2020	Principal activities	Principal place of business/ country of incorporation
1. Plon Synergy Group Sdn. Bhd.	100	100	Investment holding company	Malaysia
2. PeterLabs Sdn. Bhd.	81	81	Trading of animal health and nutrition products	Malaysia
3. Thye On Tong Trading Sdn. Bhd.	60	-	Distribution of consumer goods	Malaysia
Subsidiaries of Plon Synergy Group Sdn. Bhd.				
1. OMS Resources Sdn. Bhd. *	-	100	Wholesale of animal food	Malaysia
2. PeterLabs Sdn. Bhd.	19	19	Trading of animal health and nutrition products	Malaysia
3. Osmosis Nutrition Sdn. Bhd.	21	21	Manufacturing, distribution and export of animal health and nutrition products	Malaysia
Subsidiary of PeterLabs Sdn. Bhd.				
1. Osmosis Nutrition Sdn. Bhd.	79	79	Manufacturing, distribution and export of animal health and nutrition products	Malaysia

* The subsidiary has applied strike-off on 7 September 2021 and was struck off from the Register on 29 December 2021.

All the above subsidiaries are audited by Grant Thornton Malaysia PLT.

6. SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiary

The Group's subsidiary that has material non-controlling interests ("NCI") is as follows:

	Thye On Tong Trading Sdn. Bhd. 2021
Percentage of ownership interest and voting interest (%)	40
Carrying amount of NCI (RM)	1,607,631
Profit allocated to NCI (RM)	525,523

The summary of financial information before intra-group elimination for the Group's subsidiary, Thye On Tong Trading Sdn. Bhd., that has material NCI is as below:

	2021 RM
Summary of financial position	
Non-current assets	3,633,214
Current assets	29,276,472
Non-current liabilities	(2,875,575)
Current liabilities	(26,015,033)
Net assets	4,019,078
Summary of financial performance	
Revenue	99,913,648
Profit/Total comprehensive income for the financial year	1,313,807
Summary of cash flows	
Net cash outflow from operating activities	(9,966,061)
Net cash inflow from investing activities	1,518,435
Net cash inflow from financing activities	9,891,343
Net cash inflow	1,443,717
Other information	
Dividends paid to non-controlling interests	3,700,000

No significant restriction is imposed on the financial control of the subsidiary.

6. SUBSIDIARIES (CONT'D)

Acquisition of a subsidiary

On 22 July 2020, the Company has entered into a share acquisition agreement to acquire 600,000 ordinary shares in Thye On Tong Trading Sdn. Bhd. ("TOT"), representing 60% of equity interest in TOT. The acquisition has completed on 15 January 2021 and the purchase consideration for the acquisition consist of:

- Cash consideration of RM3,000,000.
- 25,500,000 new ordinary shares of the Company. The fair value per ordinary share was RM0.20 in the agreement date and RM0.22 on the completion date.
- 13,500,000 retained consideration shares issued to Pacific Trustees Berhad, the security trustee ("Trustee") jointly appointed by the Company and vendors, which to be released by the Trustee to the vendors in the event that TOT achieved a cumulative profit after tax for the financial year ended 31 December 2021 and financial year ending 31 December 2022 of at least RM4,500,000 as stated in the share acquisition agreement.

Consideration transferred, assets recognised and liabilities assumed

The following summarises the major classes of consideration and the recognised amounts of assets acquired and liabilities assumed at the acquisition dates:

	2021 RM
Fair value of consideration	
- Cash consideration	3,000,000
- Equity instruments issued	5,610,000
- Contingent consideration recognised as at acquisition date	2,970,000
Total consideration transferred	11,580,000

6. SUBSIDIARIES (CONT'D)

Acquisition of a subsidiary (cont'd)

Consideration transferred, assets recognised and liabilities assumed (cont'd)

The following summarises the major classes of consideration and the recognised amounts of assets acquired and liabilities assumed at the acquisition dates (cont'd):

	2021 RM
Fair value of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	3,146,504
Investment properties	1,019,691
Inventories	11,307,157
Trade receivables	14,517,432
Other receivables	3,122,073
Amount due from a Director	1,469,119
Cash and bank balances	4,913,478
Deferred tax liabilities	(34,000)
Trade payables	(4,371,747)
Other payables	(1,701,627)
Borrowings	(24,207,811)
Lease liabilities	(2,398,904)
Tax payable	(376,094)
Total identified net assets	6,405,271
Less: Dividend declared to non-controlling interests*	(3,700,000)
Total identified net assets acquired	2,705,271

*In accordance with the share acquisition agreement, the net assets of TOT will be of at least RM2,500,000 on the completion date. Any surplus of the net assets will be declared as cash dividend to the vendors. Final cash dividend of RM3,700,000 has been declared and paid to vendors.

Goodwill arising from business combination

	2021 RM
Fair value of consideration transferred	11,580,000
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree, net of dividend attributable to vendors	1,082,108
Fair value of identifiable net assets	(2,705,271)
Goodwill	9,956,837

6. SUBSIDIARIES (CONT'D)

Acquisition of a subsidiary (cont'd)

Net cash outflows from acquisition of a subsidiary

	2021 RM
Cash and cash equivalents acquired	4,913,478
Less: Purchase consideration settle in cash*	(3,000,000)
Less: Final cash dividend declared to non-controlling interests	(3,700,000)
Net cash outflows from acquisition of a subsidiary	(1,786,522)

* Includes RM1,080,000 deposit paid in the prior year

There was no acquisition in prior financial year.

Amount due from a subsidiary

Amount due from a subsidiary is non-trade related, unsecured, bears no interest and repayable on demand.

7. GOODWILL ON CONSOLIDATION

	Group	
	2021 RM	2020 RM
Goodwill arising from business combination		
Addition/31 December	9,956,837	-

Goodwill has been allocated to the Group's cash generating unit ("CGU"), Thye On Tong Trading Sdn. Bhd.. The Group undertakes an annual test for impairment evaluation. No impairment loss was required for the goodwill on consolidation as its recoverable value was in excess of its carrying values.

Impairment test for goodwill

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-years period. The values assigned to key assumptions is in respect of management's assessment of future trends in the industry.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

7. GOODWILL ON CONSOLIDATION (CONT'D)

The key assumptions used for value-in-use calculations are as follows:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year. The average gross margin applied was 10% (2020: Nil).

(ii) Growth rate

The weighted average growth rates used are consistent with the long-term average growth rate anticipated for the entities based on its past performance and industry demand. The average growth rate applied was 1.5% (2020: Nil) per annum.

(iii) Discounted rate

The discount rate used are pre-tax and reflect management's estimate of the risk specific to the CGU at the date of assessment. The average discount rate applied was 9.33% (2020: Nil) per annum.

Sensitivity to changes in assumptions

With regard to the assessment of the value-in-use of the CGU, management believes that any changes to the key assumptions above would not result in the carrying values of the CGU to materially exceed their recoverable amounts.

8. INVENTORIES

	Group	
	2021	2020
	RM	RM
Raw materials	3,723,845	2,290,939
Finished goods	992,272	1,437,294
Trading goods	17,307,156	6,303,840
	22,023,273	10,032,073
Recognised in profit or loss:		
Inventories recognised in cost of sales	153,061,227	59,509,632
Inventories written down	226,539	147
Reversal of inventories written down	(8,250)	(489,849)

The inventories written down is made when the related inventories become obsolete.

The reversal of inventories written down is made when the related inventories are sold above their carrying amount.

9. TRADE RECEIVABLES

	Group 2021 RM	Group 2020 RM
Trade receivables	41,384,182	21,801,126
Less: ECLs allowance	(283,555)	(131,714)
	41,100,627	21,669,412

(a) The trade receivables are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition. The normal credit terms granted to the customers ranged from 30 to 90 days (2020: 30 to 90 days). Other credit terms are assessed and approved by the management on case-by-case basis.

(b) The foreign currency exposure profile of trade receivables is as follows:

	Group 2021 RM	Group 2020 RM
US Dollar ("USD")	560,160	-

(c) The following table provides information about the credit risk exposure on the Group's trade receivables using a provision matrix:

Group

2021	Current RM	Days past due <30 days RM	31-60 days RM	61-90 days RM	>91 days RM	Total RM
Gross carrying amount	23,117,619	6,834,062	4,714,969	2,273,537	4,443,995	41,384,182
ECLs (Collective)	173,411	34,543	22,170	17,298	36,133	283,555

2020	Current RM	Days past due <30 days RM	31-60 days RM	61-90 days RM	>91 days RM	Total RM
Gross carrying amount	15,187,623	3,543,612	1,474,074	951,984	643,833	21,801,126
ECLs (Collective)	78,899	22,325	12,382	9,996	8,112	131,714

9. TRADE RECEIVABLES (CONT'D)

(d) The movement of the trade receivables' ECLs allowance is as follows:

	Group	
	2021	2020
	RM	RM
ECLs allowance as at 1 January	131,714	162,782
Effect on acquisition of a subsidiary	81,660	-
ECLs allowance recognised during the financial year	70,181	-
Reversal during the financial year	-	(31,068)
ECLs allowance as at 31 December	283,555	131,714

(e) Information on financial risk of trade receivables is disclosed in Note 30 to the financial statements.

10. OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Non-trade receivables	3,968,654	117,152	-	-
Advances to suppliers	1,020,018	566,491	-	-
Deposits	361,117	1,182,732	1,000	1,081,000
Prepayments	221,015	166,689	10,719	10,208
	5,570,804	2,033,064	11,719	1,091,208

In prior financial year, included in the deposits of the Group and of the Company is an amount of RM1,080,000 paid as deposit for acquisition of a subsidiary.

The foreign currency exposure profile of other receivables is as follows:

	Group	
	2021	2020
	RM	RM
Chinese Yuan ("CNY")	489,330	140,381
EURO Dollar ("EUR")	89,475	168,264
US Dollar ("USD")	284,285	359,413

11. CASH AND BANK BALANCES AND FIXED DEPOSITS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash and bank balances	14,144,186	24,313,248	1,811,602	3,797,238
Fixed deposits placed with licensed banks	6,363	-	-	-
	14,150,549	24,313,248	1,811,602	3,797,238

The foreign currency exposure profile of cash and bank balances is as follows:

	Group	
	2021	2020
	RM	RM
CNY	53,535	13,391
USD	103,780	240,372

The short-term deposits placed with licensed banks are placement with period more than 3 months and bear interest at rates ranging from 1.50% to 2.35% (2020: Nil) per annum.

12. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	Amount
	Unit	RM
Issued and fully paid with no par value:		
At 1 January 2020	214,739,900	27,459,485
Issued during the financial year	21,473,990	4,361,474*
At 31 December 2020	236,213,890	31,820,959
Issued during the financial year	39,000,000	8,580,000
At 31 December 2021	275,213,890	40,400,959

* Net of share issuance of expenses of RM62,168.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

13. LEASE LIABILITIES

Lease liabilities included in the statements of financial position are as follows:

	Group	
	2021	2020
	RM	RM
Non-current	2,945,587	990,286
Current	942,122	495,877
	3,887,709	1,486,163

Future minimum lease payments as at financial year end are as follows:

	Group	
	2021	2020
	RM	RM
Not later than 1 year	1,076,083	555,036
Later than 1 year but not later than 5 years	3,175,046	1,040,347
More than 5 years	-	10,630
Total undiscounted lease liabilities	4,251,129	1,606,013

The lease liabilities under finance lease arrangement are secured by:
(i) The related assets acquired under finance lease; and
(ii) Personal guarantee by Directors of the Company amounted RM414,030 (2020: RM455,741).

The total cash outflow of the Group for leases amounted to RM1,184,351 (2020: RM769,070).

The effective interest rates of lease liabilities are ranging from 2.34% to 6.25% (2020: 4.09% to 6.25%) per annum.

14. BORROWINGS

	Group	
	2021	2020
	RM	RM
Non-current		
Term loans	1,272,287	-
Current		
Bankers' acceptance	13,336,000	1,106,000
Revolving credit	648,708	2,648,708
Term loans	263,626	14,534
	14,248,334	3,769,242
Total	15,520,621	3,769,242

(a) The borrowings amounted to RM1,340,967 (2020: RM2,867,242) were secured by means of the following:

2021
i) A legal charge over the Group's freehold land and buildings and leasehold land and building;
ii) Joint and several guarantee by a Director of the Company and a director of a subsidiary; and
iii) Corporate guarantee from the Company.

2020
i) A legal charge over the Group's freehold land and buildings; and
ii) Corporate guarantee from the Company.

(b) The borrowings amounted to RM14,179,654 are guaranteed by the Company, a Director of the Company, a director of a subsidiary and Syarikat Jaminan Pembiayaan Perniagaan Berhad (2020: RM902,000 are guaranteed by the Company).

(c) The term loans bear interest at rates ranging from 3.12% to 3.50% (2020: 4.40% to 4.88%) per annum and are repayable by monthly instalments over 60 to 240 (2020: 335) months, commencing after the full release of the loan.

The bankers' acceptance bears interest at rates ranging from 2.41% to 3.16% (2020: 2.46% to 4.29%) per annum and is repayable upon the maturity date within 120 (2020: 120) days.

The revolving credit bears interest at rates ranging from 2.94% to 2.96% (2020: 2.93% to 4.07%) per annum and is repayable on demand.

15. DEFERRED TAX LIABILITIES

	Group 2021 RM	Group 2020 RM
At 1 January	640,000	350,000
Effect on acquisition of subsidiary	34,000	-
Recognised in profit or loss	375,000	290,000
At 31 December	1,049,000	640,000

The deferred tax liabilities balances are made up of tax impact on temporary differences arising from:

	Group 2021 RM	Group 2020 RM
Property, plant and equipment	1,206,000	1,097,000
Unutilised reinvestment allowances	(118,000)	(424,000)
Others	(39,000)	(33,000)
	1,049,000	640,000

16. TRADE PAYABLES

The trade payables are non-interest bearing and the normal credit terms granted by the trade payables ranged from 30 to 90 days (2020: 30 to 90 days).

The foreign currency exposure profile of trade payables is as follows:

	Group 2021 RM	Group 2020 RM
EUR	652,186	437,756
CNY	453,220	-
Pound ("GBP")	6,749	-
Thai Baht ("THB")	14,659	15,706
USD	2,409,771	1,017,831

17. OTHER PAYABLES

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-trade payables	1,249,313	462,916	40,688	14,655
Accruals of expenses	5,019,183	4,041,279	693,682	825,515
Commission payable	1,118,789	1,247,462	-	-
Deposit received	73,070	-	-	-
	7,460,355	5,751,657	734,370	840,170

Included in the Group's non-trade payables is an amount of RM3,970 (2020: Nil) due to a Company in which a Director has interest. The amount is unsecured, bears no interest and repayable on demand.

The foreign currency exposure profile of other payables is as follows:

	Group 2021 RM	Group 2020 RM
Singapore Dollar ("SGD")	711	7,569
USD	56,858	45,203

18. REVENUE

Group

The Group's revenue disaggregated by primary geographical markets is as follows:

	Manufacturing RM	Trading RM	Total RM
2021			
Geographical market			
Malaysia	680,457	178,840,227	179,520,684
Others #	4,022,814	279,777	4,302,591
	4,703,271	179,120,004	183,823,275
2020			
Geographical market			
Malaysia	417,138	74,614,604	75,032,005
Others #	4,692,987	300,908	4,993,632
	5,110,125	74,915,512	80,025,637

Less than 5% for each individual country.

18. REVENUE (CONT'D)

Group (cont'd)

The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	Manufacturing	Trading	Total
	RM	RM	RM
2021			
Goods transferred at a point in time	4,703,271	179,120,004	183,823,275
2020			
Goods transferred at a point in time	5,110,125	74,915,512	80,025,637

Company

Revenue represents dividend income.

19. OTHER INCOME

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Bad debts recovered	1,800	1,800	-	-
Gain on disposal of property, plant and equipment	77,083	152,729	-	-
Rental income	68,070	-	-	-
Reversal of inventories written down	8,250	489,849	-	-
Unrealised gain on foreign exchange	100,379	-	-	-
Gain on early termination of lease contracts	60,488	-	-	-
Gain on remeasurement of lease contracts	6,920	402	-	-

20. OTHER EXPENSES

	Group 2021 RM	Group 2020 RM
Realised loss on foreign exchange	245,643	194,630
Unrealised loss on foreign exchange	-	59,300
Property, plant and equipment written off	-	129
Inventories written down	226,539	147

21. FINANCE INCOME

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Fixed deposit interest income	40,707	-	-	-
Interest income from bank	302,422	359,625	31,033	24,010
	343,129	359,625	31,033	24,010

22. FINANCE COSTS

	Group 2021 RM	Group 2020 RM
Bankers' acceptance interest	591,450	78,686
Lease liabilities interest	148,683	82,360
Term loan interest	69,033	14,199
Revolving credits interest	42,517	93,429
	851,683	268,674

23. PROFIT BEFORE TAX

Profit before tax has been determined after charging, the following:-

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Auditors' remuneration				
- Statutory audit fee	88,500	65,500	16,000	15,000
- Non statutory audit fee	30,200	22,900	7,700	7,600

24. TAX EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current tax				
- current year	2,050,680	1,215,778	7,448	5,761
- (Over)/Under provision in prior year	(14,940)	43,068	(323)	-
	2,035,740	1,258,846	7,125	5,761
Deferred tax				
- Origination and reversal of temporary differences	387,000	349,000	-	-
- Over provision in prior year	(12,000)	(59,000)	-	-
	375,000	290,000	-	-
Total tax expense	2,410,740	1,548,846	7,125	5,761

Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profit for the financial year.

Reconciliation of tax expense at statutory tax rate and effective tax rate of the Group and of the Company are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	8,417,073	5,437,186	48,107	2,023,676
Tax at Malaysian statutory tax rate of 24%	2,020,098	1,304,925	11,546	485,682
Tax effects in respect of:				
Expenses not deductible for tax	444,692	655,889	92,871	284,959
Over provision of deferred tax in prior year	(12,000)	(59,000)	-	-
Income not subject to tax	(27,110)	(396,036)	(96,969)	(764,880)
(Over)/Under provision of tax expense in prior year	(14,940)	43,068	(323)	-
Total tax expense	2,410,740	1,548,846	7,125	5,761

25. EARNINGS PER SHARE

Group

Basic earnings per ordinary share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Company and a weighted average number of ordinary shares issued as follows:

	Group	
	2021	2020
Profit for the financial year attributable to ordinary equity holders of the Company (RM)	5,480,810	3,888,340
Weighted average number of ordinary shares at 31 December	260,047,145	222,329,337
Basic earnings per share (sen)	2.11	1.75

Diluted earnings per ordinary share

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the reporting date.

26. DIVIDENDS

	Group and Company	
	2021	2020
	RM	RM
In respect of the financial year ended 31 December 2020:		
Single tier interim dividend of RM0.01 per ordinary share totalling RM2,362,139 declared on 17 September 2020 and paid on 7 October 2020	-	2,362,139

The Directors do not recommend any final dividend for the current and prior financial year.

27. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Fees	145,200	-	127,200	127,000
Salaries, wages and other emoluments	12,302,394	7,559,880	-	-
Social security contributions	112,893	56,836	-	-
Defined contribution plan	1,109,928	646,151	-	-
	13,670,415	8,262,867	127,200	127,000

The remuneration received and receivable by the Directors are categorised as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Executive Directors:				
Directors of the Company				
Fees	9,000	-	-	-
Salaries and other emoluments	1,709,732	1,208,014	-	-
Bonus	619,000	550,500	-	-
Defined contribution plan	166,960	110,420	-	-
	2,504,692	1,868,934	-	-
Directors of the subsidiaries				
Fees	9,000	-		
Salaries and other emoluments	417,333	217,833	-	-
Bonus	51,300	53,500	-	-
Defined contribution plan	28,540	12,592	-	-
	506,173	283,925	-	-
Non-Executive Directors:				
Directors of the Company				
Fees	127,200	127,000	127,200	127,000
Total Directors' remuneration	3,138,065	2,279,859	127,200	127,000

28. RELATED PARTY DISCLOSURES

The Group has related party relationship with its shareholders, subsidiaries, Directors and key management personnel.

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Dividend received from subsidiaries	-	-	404,038	3,187,000
Professional fee charged by companies in which Directors have interest	44,500	11,770	44,500	11,770
Sales to a company in which certain Directors have interest	357,345	-	-	-
Sales of motor vehicles to a company in which Director have interest	130,000	-	-	-
Purchases from a company in which Director have interest	505,720	-	-	-
Rental paid to a Company in which Directors have interest	300,000	-	-	-

The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 6 and 17 to the financial statements.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group.

The Group and the Company have no other members of key management personnel other than the Board of Directors. Remuneration of key management personnel is disclosed as Directors' remuneration in Note 27 to the financial statements.

29. OPERATING SEGMENTS

Management currently identifies the Group's manufacturing and trading as their operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. The following summary describes the operations in each of the Group's reportable segments:

Manufacturing : Manufacturing and distribution of animal health and nutrition products

Trading : Trading and distribution of animal health, nutrition products and consumer goods

Other non-reportable segments comprise operations related to investment holding.

No operation segments have been aggregated to form the above reportable operating segments.

Performance is measured based on segment profit before tax, interest, depreciation, as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments related to other entities that operates within these industries.

Transfer prices between operating segments are on an arms' length basis in a similar manner to transactions with third parties.

	Note	Manufacturing	Trading	Others	Adjustments and eliminations	Total
		RM	RM	RM	RM	RM
2021						
Revenue						
External revenue		4,703,271	179,120,004	-	-	183,823,275
Inter-segment revenue	A	25,754,174	4,535,079	-	(30,289,253)	-
Total revenue		30,457,445	183,665,083	-	(30,289,253)	183,823,275
Results						
Finance income		14,018	392,518	31,114	(94,521)	343,129
Finance costs		(108,114)	(838,090)	-	94,521	(851,683)
Depreciation and amortisation		1,222,564	977,768	-	-	2,200,332
Other non-cash income	B	75,901	(119,501)	-	-	(43,600)
Tax expense		(455,235)	(1,948,364)	(7,141)	-	(2,410,740)
Segment profit	C	1,596,246	5,358,413	48,981	(488,753)	6,514,887

29. OPERATING SEGMENTS (CONT'D)

	Note	Manufacturing	Trading	Others	Adjustments and eliminations	Total
		RM	RM	RM	RM	RM
2021 (cont'd)						
Assets						
Additions to non-current assets other than financial instruments and deferred tax assets	D	1,634,898	174,781	-	-	1,809,679
Segment assets	E	20,266,367	77,885,796	13,423,300	(37,531)	111,537,932
Liabilities						
Segment liabilities	F	2,353,180	13,768,798	741,276	-	16,863,254
2020						
Revenue						
External revenue		5,110,125	74,915,512	-	-	80,025,637
Inter-segment revenue	A	25,006,084	4,113,508	-	(29,119,592)	-
Total revenue		30,116,209	79,029,020	-	(29,119,592)	80,025,637
Results						
Finance income		21,803	303,573	34,249	-	359,625
Finance costs		(196,399)	(72,275)	-	-	(268,674)
Depreciation		(1,551,727)	(428,996)	-	-	(1,980,723)
Other non-cash income	B	86,679	527,793	-	-	614,472
Tax expense		(409,740)	(1,130,888)	(8,218)	-	(1,548,846)
Segment profit	C	1,204,236	3,855,596	2,451,723	(3,714,166)	3,797,389
Assets						
Additions to non-current assets other than financial instruments and deferred tax assets	D	461,311	303,087	-	-	764,398
Segment assets	E	18,637,270	48,313,235	6,492,573	(50,274)	73,392,804
Liabilities						
Segment liabilities	F	1,805,482	6,524,656	844,074	-	9,174,212

29. OPERATING SEGMENTS (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

A. Intersegment revenues are eliminated on consolidation.

B. Other material non-cash income/(expenses) consist of the following items as presented in the respective notes to the financial statements:

	2021 RM	2020 RM
Inventories written down	(226,539)	(147)
(Impairment loss)/Reversal of impairment loss on trade receivables	(70,181)	31,068
Gain on disposal of property, plant and equipment	77,083	152,729
Gain on early termination of lease contracts	60,488	-
Property, plant and equipment written off	-	(129)
Gain on remeasurement of lease contracts	6,920	402
Reversal of inventories written down	8,250	489,849
Unrealised gain/(loss) on foreign exchange	100,379	(59,300)
	(43,600)	614,472

C. The following items are added to/(deducted from) segment profit to arrive at "profit after tax" presented in the consolidated statements of profit or loss and other comprehensive income:

	2021 RM	2020 RM
Segment profit	6,514,887	3,797,389
Finance income	343,129	359,625
Finance costs	(851,683)	(268,674)
Profit after tax	6,006,333	3,888,340

D. Additions to non-current assets other than financial instruments consist of:

	2021 RM	2020 RM
Property, plant and equipment	1,809,679	764,398

29. OPERATING SEGMENTS (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd):

E. The following items are added to segment assets to arrive at total assets reported in the consolidated statements of financial position.

	2021 RM	2020 RM
Segment assets	111,537,932	73,392,804
Tax recoverable	30,243	35,552
Total assets	111,568,175	73,428,356

F. The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position.

	2021 RM	2020 RM
Segment liabilities	16,863,254	9,174,212
Deferred tax liabilities	1,049,000	640,000
Lease liabilities	3,887,709	1,486,163
Borrowings	15,520,621	3,769,242
Tax payable	221,066	655
Total liabilities	37,541,650	15,070,272

Geographical segment

Non-current assets information based on the geographical location of the assets respectively are as follows:

	Group	
	2021 RM	2020 RM
Non-current assets		
Malaysia	28,692,679	15,345,007

Non-current assets information presented above consists of the following items as presented in the consolidated statements of financial position:

	2021 RM	2020 RM
Property, plant and equipment	17,738,311	15,345,007
Investment properties	997,531	-
Goodwill on consolidation	9,956,837	-
	28,692,679	15,345,007

29. OPERATING SEGMENTS (CONT'D)

Revenue information based on the geographical location of the customers are disclosed in Note 18 to the financial statements.

Major Customer

There is no major customer which more than 10% of the Group's revenue.

30. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised amortised cost as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Financial assets				
Trade receivables	41,100,627	21,669,412	-	-
Other receivables	4,329,771	1,299,884	1,000	1,081,000
Amount due from subsidiaries	-	-	1,500	2,120
Cash and bank balances and fixed deposits	14,150,549	24,313,248	1,811,602	3,797,238
Total	59,580,947	47,282,544	1,814,102	4,880,358
Financial liabilities				
Trade payables	9,402,899	3,422,555	-	-
Other payables	7,460,355	5,751,657	734,370	840,170
Borrowings	15,520,621	3,769,242	-	-
Total	32,383,875	12,943,454	734,370	840,170

Financial risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policy is established to ensure that adequate resources are available for the development of the Group's business whilst managing its risks. The Group operates within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

The main areas of financial risks faced by the Group, the Company and the policies in respect of the major areas of treasury activity are set out as follows:

(a) **Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group's exposure to credit risk is monitored on an ongoing basis. The credit risk is controlled by monitoring procedures. An internal credit review is conducted if the credit risk is material. The Group does not require collateral in respect of financial assets.

The areas where the Group and the Company are exposed to credit risk are as follows:

Receivables

Receivables are monitored on an ongoing basis to mitigate risk of bad debts. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institution with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

Information regarding the Group's exposure to credit risk and ECLs for trade receivables is disclosed in Note 9 to the financial statements.

<u>Concentration of credit risk</u>

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along geographical lines and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

The main areas of financial risks faced by the Group, the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):

(a) **Credit risk (cont'd)**

The areas where the Group and the Company are exposed to credit risk are as follows (cont'd):

Receivables (cont'd)

Concentration of credit risk (cont'd)

The credit risk concentration profile by geographical on trade receivables of the Group as at the reporting date is as follows:

	Group	
	2021	2020
	RM	RM
By country:		
Malaysia	40,540,467	21,669,412
Others	560,160	-
	41,100,627	21,669,412

In respect of trade and other receivables, the Group and the Company are not subjected to credit risk exposure to a single counterparty or a group of counterparties having similar risk characteristics.

The net carrying amount of receivables is considered a reasonable approximate of its fair value. The maximum exposure to credit risk is the carrying value of each class of receivables as disclosed in Notes 9 and 10 to the financial statements.

With a credit policy in place to ensure the credit risk is monitored on an ongoing basis, the management has taken reasonable steps to ensure that receivables are stated at their realisable values. A significant portion of the receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

Financial guarantee/Corporate guarantee

The maximum exposure to credit risk as disclosed in Note 30(b) to the financial statements represent the bank guarantee and outstanding banking facilities utilised by the subsidiaries as at end of the reporting year.

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

The main areas of financial risks faced by the Group, the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):

(a) **Credit risk (cont'd)**

The areas where the Group and the Company are exposed to credit risk are as follows (cont'd):

Financial guarantee/Corporate guarantee (cont'd)

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at end of the reporting year, there was no indication that any subsidiary would default on repayment.

The corporate guarantee does not have a determinable effect on the term of the credit facilities due to the bank requiring parent's guarantees as a pre-condition for approving the banking facilities granted to subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of "at market" terms and hence the fair value of the credit facilities is equal to the credit facilities amount received by the subsidiaries. As such, there is no value on the corporate guarantee to be recognised in the financial statements.

Amount due from a subsidiary

The Company provides unsecured advances to its subsidiary. The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, there was no indication that the advances to a subsidiary is not recoverable.

Cash and cash equivalents

The credit risk for cash and cash equivalents are considered negligible since the counterparties are reputable banks with high credit rating.

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

The main areas of financial risks faced by the Group, the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):

(b) **Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due, due to shortage of funds.

In managing its exposures to liquidity risk arises principally from its various payables, borrowings and lease liabilities. The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The summary of the maturity profile based on contractual undiscounted repayment obligations are as follows:

		Contractual undiscounted cash flows			
			Current	Non-current	
	Carrying amount	Total	On demand/ Within 1 year	2 to 5 years	More than 5 years
	RM	RM	RM	RM	RM
2021					
Group					
Non-derivative financial liabilities					
Borrowings	15,520,621	15,685,870	14,295,352	1,038,280	352,238
Lease liabilities	3,887,709	4,251,129	1,076,083	3,175,046	-
Trade payables	9,402,899	9,402,899	9,402,899	-	-
Other payables	7,460,355	7,460,355	7,460,355	-	-
	36,271,584	36,800,253	32,234,689	4,213,326	352,238
Company					
Non-derivative financial liability					
Other payables	734,370	734,370	734,370	-	-
Corporate guarantee*	-	16,778,362	16,778,362	-	-

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

The main areas of financial risks faced by the Group, the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):

(b) **Liquidity risk (cont'd)**

The summary of the maturity profile based on contractual undiscounted repayment obligations are as follows (cont'd):

		← Contractual undiscounted cash flows →			
			Current	← Non-current →	
	Carrying amount RM	Total RM	On demand/ Within 1 year RM	2 to 5 years RM	More than 5 years RM
2020					
Group					
Non-derivative financial liabilities					
Borrowings	3,769,242	4,237,295	4,237,295	-	-
Lease liabilities	1,486,163	1,606,013	555,036	1,040,347	10,630
Trade payables	3,422,555	3,422,555	3,422,555	-	-
Other payables	5,751,657	5,751,657	5,751,657	-	-
	14,429,617	15,017,520	13,966,543	1,040,347	10,630
Company					
Non-derivative financial liability					
Other payables	840,170	840,170	840,170	-	-
Corporate guarantee*	-	3,769,242	3,769,242	-	-

* This exposure of liquidity risk is included for illustration purpose only as the related financial guarantee has not crystalised.

(c) **Interest rate risk**

Interest rate risk is caused by changes in the market interest rate resulting in fluctuations in fair value or future cash flows of financial instruments of the Group. The Group's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

The Group's borrowings at variable interest rates are exposed to the risk of change in cash flow due to changes in interest rate. Short term receivables and payables are not significantly exposed to interest rate risk.

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

The main areas of financial risks faced by the Group, the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):

(c) **Interest rate risk (cont'd)**

Interest rate sensitivity analysis

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the reporting year is as follows:

	Group	
	2021	2020
	RM	RM
Fixed rate instruments		
Financial asset		
Fixed deposits with licensed banks	6,363	-
Financial liabilities		
Bankers' acceptance	(13,336,000)	(1,106,000)
Term loan	(843,654)	-
Lease liabilities	(3,887,709)	(1,486,163)
	(18,067,363)	(2,592,163)
Net financial liabilities	(18,061,000)	(2,592,163)
Floating rate instruments		
Financial liabilities		
Term loans	(692,259)	(14,534)
Revolving credit	(648,708)	(2,648,708)
	(1,340,967)	(2,663,242)

Fair value sensitivity analysis for fixed rate instrument

The Group does not account for any fixed rate 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 reporting date would not affect profit or loss.

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

The main areas of financial risks faced by the Group, the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):

(c) **Interest rate risk (cont'd)**

Cash flow sensitivity analysis for floating rate instruments

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 25 (2020: +/- 25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting year that are sensitive to changes in interest rates. All other variables are held constant.

	Group	
	2021 RM	2020 RM
Effect on profit for the year/Equity		
+ 25bp (2020: + 25bp)	(3,352)	(6,658)
- 25bp (2020: - 25bp)	3,352	6,658

(d) **Foreign currency risk**

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group's entities. The currencies giving rise to this risk are primarily USD, EUR, GBP, SGD, THB and CNY.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into RM at the closing rate:

	USD RM	EUR RM	GBP RM	SGD RM	THB RM	CNY RM
2021						
Financial assets	948,225	89,475	-	-	-	542,865
Financial liabilities	(2,466,629)	(652,186)	(6,749)	(711)	(14,659)	(453,220)
Net exposure	(1,518,404)	(562,711)	(6,749)	(711)	(14,659)	89,645
2020						
Financial assets	599,785	168,264	-	-	-	153,772
Financial liabilities	(1,063,034)	(437,756)	-	(7,569)	(15,706)	-
Net exposure	(463,249)	(269,492)	-	(7,569)	(15,706)	153,772

30. FINANCIAL INSTRUMENTS (CONT'D)

Financial risk management (cont'd)

The main areas of financial risks faced by the Group, the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):

(d) **Foreign currency risk (cont'd)**

Foreign currency sensitivity analysis

The following table illustrates the sensitivity of profit or loss with regards to the Group's financial assets and financial liabilities and the RM/USD exchange rate, RM/EUR exchange rate, RM/SGD exchange rate, RM/THB exchange rate, RM/GBP exchange rate and RM/CNY exchange rate and 'all other things being equal'.

It assumes a +/- 1% (2020: +/- 1%) change of the RM/USD, RM/EUR, RM/GBP, RM/SGD, RM/THB and RM/CNY exchange rate for the financial year end. These percentage has been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the RM had strengthened against the USD, EUR, GBP, SGD, THB and CNY by 1% (2020: 1%) then this would have had the following impact:

	Effect on profit for the year					
	USD	EUR	GBP	SGD	THB	CNY
	RM	RM	RM	RM	RM	RM
31 December 2021	(15,184)	(5,627)	(67)	(7)	(147)	896
31 December 2020	(4,632)	(2,695)	-	(76)	(157)	1,538

If RM had weakened against the USD, EUR, GBP, SGD, THB and CNY by 1% (2020: 1%) then the impact to profit for the year/equity would be the opposite effect.

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

As at the reporting date, the contracted underlying principal amount of currency forward contract of the Group is RM755,949 (2020: Nil).

The forward foreign currency contracts have not been recognised since the fair value on initial recognition was not material.

31. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximate their fair values due to their short-term nature, insignificant impact of discounting or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

Fair value hierarchy

No fair value hierarchy has been disclosed as the Group and the Company do not have financial instruments measured at fair value.

32. CAPITAL COMMITMENT

	2021 RM	2020 RM
Group and Company		
Contracted and not provided for:		
Acquisition of a subsidiary		
- Cash	-	2,000,000
- Ordinary shares of the Company	-	7,720,000

33. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and financially prudent capital ratios in order to support its current business as well as future expansion so as to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions including the interest rate movements. To maintain and adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders, issue new shares or adjust bank borrowings level. No changes were made in the objectives, policies or processes during the financial year.

The Group monitors capital using a gearing ratio, which are the total interest-bearing borrowings over owners' equity. The Group's policy is to keep the Group gearing ratio below 0.75. The gearing is however allowed to move up when the Company incurs major capital expenditure and long-term borrowing is available to finance the capital investment. Under such circumstance, the cash flow to be generated from the capital expenditure will be used to repay the borrowing over a longer period of time, thus, justifying the higher gearing ratio.

The borrowings include lease liabilities, term loans, revolving credit and bankers' acceptance while owners' equity refers to the equity attributable to the owners of the Group.

33. CAPITAL MANAGEMENT (CONT'D)

	Group 2021 RM	Group 2020 RM
Interest-bearing borrowings		
- Lease liabilities	3,887,709	1,486,163
- Bankers' acceptance	13,336,000	1,106,000
- Term loan	1,535,913	14,534
- Revolving credit	648,708	2,648,708
Total interest-bearing borrowings	19,408,330	5,255,405
Owners' equity	72,418,894	58,358,084
Gearing ratio	0.27	0.09

There were no changes in Group's approach to capital management during the financial year.

34. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE REPORTING PERIOD

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as global pandemic. Following the declaration, the Malaysian Government has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the COVID-19 pandemic in Malaysia.

The Group's operations have been disrupted by a series of precautionary and control measures taken by the government and private corporations in response to the emergency of the COVID-19 pandemic. Although the Group's operations have been disrupted, its financial performance and cash flows for the current reporting year had not been materially impacted by the COVID-19 pandemic.

Given the fluidity of the situation, the Group will continuously monitor the impact of the COVID-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's operations.

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2022

SHARE CAPITAL

Issued and Fully Paid-up Capital	:	275,213,890
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

SHAREHOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
16	Less than 100	645	*
155	100 to 1,000	100,400	0.03
628	1,001 to 10,000	4,479,900	1.63
1,094	10,001 to 100,000	43,670,701	15.87
256	100,001 to less than 5% of issued shares	205,692,135	74.74
1	5% and above of the issued shares	21,270,109	7.73
2,150	**TOTAL**	**275,213,890**	**100.00**

* Less than 0.01%

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	Teo Chin Heng	21,270,109	7.73
2.	Lim Tong Seng	12,943,238	4.70
3.	Lin Ching Yein	12,750,000	4.63
4.	Loh Saw Foong	12,750,000	4.63
5.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Bu Yaw Seng (MY3086)*	10,980,800	3.99
6.	GL Equity Partners Limited	9,567,800	3.48
7.	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Yee Foong*	8,202,100	2.98
8.	Lau Yeng Khuan	7,170,645	2.61
9.	Pacific Trustees Berhad *for Lin Ching Yein*	6,750,000	2.45
10.	Pacific Trustees Berhad *for Loh Saw Foong*	6,750,000	2.45
11.	Teo Kooi Cheng	6,506,400	2.36
12.	Kho Siaw Sua	5,500,000	2.00
13.	Ng Chew Kee	4,437,000	1.61
14.	Tan Ching Ling	4,260,000	1.55
15.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Hee Yuen Sang (MY2105)*	4,000,000	1.45
16.	Chieng Yi San	3,450,000	1.25
17.	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chong Yoke Ching*	3,320,000	1.21
18.	Lau Kim Pou	3,263,538	1.19
19.	Ong Kee	3,250,090	1.18
20.	Lee Joo Hian	2,638,400	0.96

ANALYSIS OF SHAREHOLDINGS (CONT'D)

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS) (CONT'D)

	Name of Shareholders	No. of Shares Held	Percentage (%)
21.	RHB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Hee Yuen Sang*	2,000,000	0.73
22.	Yap Siaw Peng	1,800,058	0.65
23.	Gan Chin Chooi	1,447,000	0.53
24.	Kong Hieng Hung	1,440,000	0.52
25.	Hii Lay Yieng	1,410,100	0.51
26.	Ah Han Yang	1,380,000	0.50
27.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Hii Lay Yieng (E-PLT)*	1,258,000	0.46
28.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chieng Tiong Ann (E-PLT)*	1,208,000	0.44
29.	Chan Bee Chuan	1,200,000	0.44
30.	Loh Sin Chin	1,180,000	0.43
	TOTAL	**164,083,278**	**59.62**

SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

		NO. OF SHARES HELD			
	NAME OF SHAREHOLDERS	DIRECT	%	INDIRECT	%
1.	Datuk Loh Saw Foong	12,750,000	4.63	*#26,250,000	9.54
2.	Teo Chin Heng	21,270,109	7.73	-	-

DIRECTORS' SHAREHOLDINGS (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

		NO. OF SHARES HELD			
	NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
1.	Dato' Hon Choon Kim	-	-	*50,000	0.02
2.	Lim Tong Seng	12,943,238	4.70	-	-
3.	Teo Chin Heng	21,270,109	7.73	-	-
4.	Datuk Loh Saw Foong	12,750,000	4.63	*#26,250,000	9.54
5.	Yap Siaw Peng	1,800,058	0.65	-	-
6.	Prof. Dr. Paul Cheng Chai Liou	-	-	-	-
7.	Dr. Vijaya Raghavan A/L M P Nair	-	-	-	-
8.	Dato' Ng Boon Siong	-	-	-	-
9.	Ng Kau (Alternate to Dato' Ng Boon Siong)	-	-	-	-

Notes:
* Deemed interested by virtue of the shares held by his spouse.
# Deemed interested by virtue of the shares held under Trustee pursuant to the Shares Sales Agreement dated 22 July 2020, and shares held directly by his spouse and under Trustee for his spouse pursuant to the Shares Sales Agreement dated 22 July 2020.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2021

Title No. / Location	GRN 212756/Lot 16014 (PT No.24341), Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan.	HSD151557/ No. 38, Lorong Sungai Puloh 1A/KU6, Kawasan Perindustrian Sungai Puloh, 42100 Klang, Selangor.	PN 50113 / No. 27, Bandar Prima Senawang 3 Off Jalan Persiaran, 70450 Negeri Sembilan.
Tenure	Freehold	Freehold	Leasehold
Land Area/ Build-Up Area (Sq. Ft.)	141,276 / 52,474	21,858 / 14,160	1,539 / 3,079
Description	Industrial land erected upon with building which consist of 1 storey factory/ warehouse and attached with 3 storey office area which houses the Group's manufacturing plant and office.	3-Storey Semi Detached Office Block Cum Factory	2 Storey Shop Offce (22 x 70)
Approximate Age Of Building	11 years	8 years	7 years
Net Book Value (RM'000)	6,077	4,326	998
Date of acquisition	22 April 2008	20 June 2016	16 May 2014

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 12th Annual General Meeting (**"AGM"**) of **PETERLABS HOLDINGS BERHAD** will be held on a virtual basis through live streaming and online remote participation and voting from the Broadcast Venue at Boardroom, 16014 (PT No. 24341), Jalan Nilam 3, Bandar Nilai Utama 71800 Nilai, Negeri Sembilan Darul Khusus on **Wednesday, 29 June 2022** at **11.30 a.m.** or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without any modifications:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. **(See Explanatory Note 10)**

2. To approve the payment of Directors' fees of up to RM127,200 for the financial year ended 31 December 2021. **(Ordinary Resolution 1)**

3. To re-elect the following Directors who retire pursuant to Clause 134 of the Company's Constitution:
   (i) Mr. Lim Tong Seng; **(Ordinary Resolution 2)**
   (ii) Mr. Teo Chin Heng; **(Ordinary Resolution 3)**
   (See Explanatory Note 11)

   Prof. Dr. Paul Cheng Chai Liou and Dr. Vijaya Raghavan a/l M P Nair who retire pursuant to Clause 134 of the Company's Constitution, indicated their intentions of not seeking re-election. Hence, they will remain in office until at the conclusion of this AGM.

4. To re-appoint Messrs. Grant Thornton Malaysia as Auditors of the Company for the financial year ending 31 December 2022 at such remuneration to be determined by the Directors. **(Ordinary Resolution 4)**

SPECIAL BUSINESS

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

5. **Retention of Independent Director**

   To approve and retain Dato' Hon Choon Kim, who has served as an Independent Non-Executive Director for a cumulative term of more than 9 years, to continue to act as an Independent Director of the Company. **(Ordinary Resolution 5)** **(See Explanatory Note 12)**

6. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 ("CA 2016")** **(Ordinary Resolution 6)** **(See Explanatory Note 13)**

   "**THAT** pursuant to Sections 75 and 76 of the CA 2016 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares of the Company at any time and 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 issued pursuant to this resolution does not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares, if any) of the Company for the time being to be utilised until 31 December 2022 as empowered by Bursa Malaysia Securities Berhad (**"Bursa Securities"**) pursuant to Bursa Malaysia Berhad's letter dated 23 December 2021 to grant additional temporary relief measures to listed issuers and thereafter does not exceed ten percent (10%) or up to the threshold as approved by Bursa Securities of the total number of ssued shares of the Company for the time of issuance and such authority under this resolution shall continue in force until the conclusion of the 13th Annual General Meeting (**"13th AGM"**) or when it is required by law to be held, whichever is earlier, **AND THAT** the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities."

7. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution or CA 2016.

By Order of the Board
PETERLABS HOLDINGS BERHAD

WONG YUET CHYN
(MAICSA 7047163) (SSM PC 202008002451)
YOUNG WOU JIAN
(MAICSA 7049158) (SSM PC 202008004385)
Company Secretaries

Kuala Lumpur
29 April 2022

Notes:

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.

2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.

3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.

4. Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee 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.

5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or fax to 03-6201 3121 or email to ir-plabs@shareworks.com.my not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, and in default the instrument of proxy shall not be treated as valid.

6. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.

7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 June 2022, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirement (**"AMLR"**) of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.

9. The members are encouraged to refer the Administrative Guide on registration and voting process for the meeting.

Explanatory Note on Ordinary Business

10. **Audited Financial Statements for financial year ended 31 December 2021**

The audited financial statements are laid in accordance with Section 340(1)(a) of the CA 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

11. **Re-election of Directors who will be retiring by rotation**

The Proposed Ordinary Resolutions 2 and 3, if passed, will allow Mr. Lim Tong Seng (**"Mr. Lim"**) and Mr. Teo Chin Heng (**"Mr. Teo"**), to be re-elected and continued acting as Directors of the Company. Mr. Lim and Mr. Teo being eligible, have offered themselves for re-election at this AGM pursuant to Clause 134 of the Constitution. The profiles of Mr. Lim and Mr. Teo are set out in the Directors' Profile section of the 2021 Annual Report.

The Board (with exception of the retiring Directors who abstained) supported the retiring Directors to seek for re-election as they are the Executive Directors who have deep understanding on the Company and its group of companies and vast experiences on the industry. Their contributions will bring benefits and opportunities to the Company and its group of companies.

Explanatory Notes on Special Business

12. **Retention of Independent Non-Executive Director**

The Proposed Ordinary Resolution 5, if passed, will allow Dato' Hon Choon Kim ("Dato' Hon") to be retained and continued acting as Independent Director to fulfill the requirements of Rule 15.02 of AMLR of Bursa Securities and in line with the recommendation 5.3 of the Malaysian Code of Corporate Governance (updated as at 28 April 2021). The full details of the Board's justification and recommendations for the retention of Dato' Hon as an Independent Director are set out in the Corporate Governance Overview Statement of the 2021 Annual Report.

The Proposed retention of Dato' Hon as Independent non-Executive Director of the Company will be voted through a two-tier voting process.

13. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the CA 2016**

The proposed Ordinary Resolution 6, is proposed for the purpose of renewing the general mandate for issuance of shares by the Company under Sections 75 and 76 of the CA 2016. The Ordinary Resolution 6, if passed, will give the Directors of the Company authority to allot and issue shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being to be utilised until 31 December 2022, after that, the 10% limit under Rule 6.04 of AMLR of Bursa Securities will be reinstated (hereinafter referred to as the **"General Mandate"**).

As part of the initiative from Bursa Securities to aid and facilitate listed issuers in sustaining their business or easing their compliance with Bursa Securities' rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and Movement Control Order imposed by the Government, Bursa Securities had vide Bursa Malaysia Berhad's letter dated 23 December 2021 allow a listed issuer to seek a higher General Mandate under Rule 6.03 of AMLR of Bursa Securities of not more than 20% of the total number of issued shares (excluding treasury shares, if any) for the general issue of new securities.

As at the date of this Notice, no shares had been allotted and issued since the General Mandate granted to the Directors at the last AGM held on 29 September 2021.

The General Mandate will provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to funding future investment project(s), working capital and/or acquisitions.

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the General Mandate is in the best interests of the Company and its shareholders.

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS ATTENDING THE 12TH ANNUAL GENERAL MEETING ("AGM") OF PETERLABS HOLDINGS BERHAD

Meeting Day & Date	:	Wednesday, 29 June 2022
Time	:	11.30 a.m.
Meeting Platform	:	www.swsb.com.my
Platform for Communication	:	Shareholders may submit questions to the Board of Directors (**"Board"**) prior to the AGM to ir-plabs@shareworks.com.my no later than **11.30 a.m.** on 27 June 2022 or to use the Question and Answer (**"Q&A"**) Platform to transmit questions to the Board via Remote Participation and Voting (**"RPV"**) facilities during live streaming.
Broadcast Venue	:	Virtual basis through live streaming and online remote participation and voting from the Broadcast Venue at Boardroom, 16014 (PT No. 24341), Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan Darul Khusus.

Virtual Meeting

In view of the coronavirus disease 2019 (**"COVID-19"**) pandemic and as part of safety measures against COVID-19, the AGM will be held on a virtual basis through live streaming and online remote voting by using RPV facilities.

Please note that it is your responsibility to ensure the stability of your internet connectivity throughout the Meeting as the quality of the live webcast and online remote voting are dependent on your internet bandwidth and stability of your internet connection.

The Broadcast Venue is strictly for the purpose of complying with Section 327 (2) of the Companies Act 2016 which requires the Chairman to be present at the main venue of the AGM. The Broadcast Venue is also in accordance with Clause 74 of the Constitution of the Company which allows a general meeting to be held at more than one venue, using any technology or method that allows all members of the Company to participate and to exercise the members' right to speak and vote at the general meeting.

No Shareholders/ Proxies/ Corporate Representatives/ Attorneys from the public shall be physically present at the Broadcast Venue on the day of the AGM.

All Shareholders of the Company, whether Individual Shareholders, Corporate Shareholders, Proxy Holders, Authorised Nominees or Exempt Authorised Nominees who wish to participate the AGM will have to register to attend remotely by using the RPV facilities, the details of which is set out below:

RPV Facility

1. The AGM will be conducted on a virtual basis through live streaming and online remote voting. Should you wish to attend the AGM, you are required to register yourself using the RPV facility in accordance with the instructions as set out under paragraph 3 below.

   With the RPV facility, you may exercise your rights as a Shareholder to participate including to pose questions (in the form of real-time submission of typed texts) to the Board of the Company and vote remotely at the AGM.

2. **Individual Members** are strongly encouraged to take advantage of the RPV facility to participate and vote remotely at the AGM. Please refer to the details as set out under RPV facility for information. If an Individual Shareholder is unable to participate in the online AGM, he/she is encouraged to appoint the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

   Corporate Shareholders (through Corporate Representatives or appointed proxies) are also strongly advised to participate and vote remotely at the AGM using the RPV facilities. Corporate Members who wish to participate and vote remotely at the AGM must contact the poll administrator, ShareWorks Sdn. Bhd. (**"ShareWorks"**) with the details set out below for assistance and will be required to provide the following documents to the Company no later than **27 June 2022** at **11.30 a.m.**:

a. Certificate of appointment of its Corporate Representative or Form of Proxy under the seal of the corporation;

b. Copy of the Corporate Representative's or proxy's identity card (MyKad) (front and back) / Passport; and

c. Corporate Representative's or proxy's email address and mobile phone number.

Upon receipt of such documents, ShareWorks will respond to the Corporate Shareholders' remote participation request.

If a Corporate Member (through Corporate Representative(s) or appointed proxy(ies)) is unable to attend the AGM, the Corporate Member is encouraged to appoint the Chairperson of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

In respect of **Nominee Company Members**, the beneficiaries of the shares under a Nominee Company's CDS account are also strongly advised to participate and vote remotely at the AGM using RPV facility. Nominee Company Members who wish to participate and vote remotely at the AGM can request its Nominee Company to appoint him/her as a proxy to participate and vote remotely at the AGM. Nominee Company must contact the poll administrator, ShareWorks with the details set out below for assistance and will be required to provide the following documents to the Company no later than **27 June 2022** at **11.30 a.m.**:

a. Form of Proxy under the seal of the Nominee Company;

b. Copy of the proxy's identity card (MyKad) (front and back) / Passport; and

c. Proxy's email address and mobile phone number.

Upon receipt of such documents, ShareWorks will respond to the Nominee Company Members' remote participation request.

If a Nominee Company Member is unable to participate the AGM, he/she is encouraged to request its Nominee Company to appoint the Chairperson of the meeting as its proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

3. The procedures for the RPV facilities in respect of the live streaming and remote voting at the AGM is as follows:

Procedures	Action
Before the AGM	
(i) Register as a user	• If you have already registered an account at the website, you are not required to register again. • Access website www.swsb.com.my • Click **"Login"** and click **"Register"** to sign up as a user. The registration will be open from **11.30 a.m.** on **30 April 2022** and close at **11.30 a.m.** on **28 June 2022**. • Complete the registration process and upload softcopy of MyKAD (front and back) or Passport for foreign shareholders. • Read and agree to the terms & condition and thereafter submit your request. • Upon submission, kindly login to the valid email address and verify your user ID within **one (1) hour**. • Upon verification of the user ID, **ShareWorks** will send an email notification to approve you as a user. • After verification of your registration against the General Meeting Record of Depositors of the Company as at **22 June 2022**, the system will send you an email to notify you if your registration is approved or rejected after **23 June 2022**. • If your registration is rejected, you can contact **ShareWorks** or the Company for clarifications or to appeal.

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS ATTENDING THE 12TH ANNUAL GENERAL MEETING ("AGM") OF PETERLABS HOLDINGS BERHAD (CONT'D)

On the day of AGM	
(ii) Login to www.swsb.com.my	• Login with your user ID and password for remote participation at the AGM at any time from **11.00 a.m.** i.e. **30 minutes** before the commencement of the AGM on **29 June 2022** at **11.30 a.m**.
(iii) Participate through Live Streaming	• Select the **"Virtual Meeting"** from main menu. • Click the **"Join Meeting"** located next to the event. You are required to provide your full name as per CDS account and your user registered email address. • Kindly click the video link and insert the password given to you in your email notification in order to join the live video streaming. • If you have any question for the Chairperson/Board, you may use the Q&A platform to transmit your question. The Chairperson/Board will try to respond to all questions submitted by remote participants during the AGM. If time is a constraint, the responses will be emailed to you at the earliest possible time after the meeting ended. • Take note that the quality of the live streaming is dependent on the bandwidth and stability of the internet connection at the location of the remote participants.
(iv) Online remote voting	• Select **"Voting"** located next to the **"Join Meeting"** and indicate your votes for the resolutions that are tabled for voting. • Voting session will commence once the Chairperson of the Meeting declare that the voting platform is activated and will announce the completion of the voting session of the AGM. • Cast your vote on all resolutions as appeared on the screen and submit your votes. Once submitted, your votes will be final and cannot be changed.
(v) End of RPV Facility	• The RPV facility will end and the Messaging window will be disabled the moment the Chairperson of the Meeting announces the closure of the AGM.

Proxy

If a member is unable to participate the AGM, he/she may appoint a proxy or the Chairperson of the meeting as his/ her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.

Please note that if an individual member has submitted his/her Form of Proxy prior to the AGM and subsequently decides to personally participate in the AGM via RPV facilities, the Individual Member shall proceed to contact ShareWorks or the Company with the details set out below to revoke the appointment of his/her proxy no later than **27 June 2022** at **11.30 a.m.**

Poll Voting

The voting at the AGM will be conducted by poll in accordance with Paragraph 8.31A of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed ShareWorks as Poll Administrator to conduct the poll by way of electronic means and SharePolls Sdn. Bhd. as Scrutineers to verify the poll results.

The Scrutineers will verify and announce the poll results followed by the Chairman's declaration whether the resolution is duly passed.

Pre-Meeting submission of question to the Board

To administer the proceedings of the AGM in orderly manner, shareholders may before the AGM, submit questions to the Board to to ir-plabs@shareworks.com.my no later than **27 June 2022** at **11.30 a.m.** The Board will endeavour to address the questions received at the AGM.

No Recording or Photography

Strictly **NO recording** or **photography** of the proceedings of the AGM is allowed.

NO BREAKFAST/LUNCH PACKS, DOOR GIFTS OR FOOD VOUCHERS

There will be **NO DISTRIBUTION** of breakfast / lunch packs, door gifts or food vouchers.

Digital Copies of AGM Documents

We further inform that the following items are now available at https://peterlabs.com.my/

1. Annual Report 2021
2. Notice of the AGM
3. Proxy Form
4. Administrative Guide
5. Annual Report Request Form

Enquiry

If you have any enquiry prior to the virtual meeting, please contact Mr. Chan Wai Kian and Mr. Fong Wee Liam during office hours from 9.00 a.m. to 5.00 p.m. on Mondays to Fridays (except public holidays):

ShareWorks Sdn. Bhd.
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

Telephone Number	:	03-6201 1120
Fax Number	:	03-6201 3121
Email	:	ir@shareworks.com.my

PETERLABS HOLDINGS BERHAD
201001025806 (909720-W)
(Incorporated in Malaysia)

CDS ACCOUNT NO.				-				-									
NO. OF SHARES HELD																	

FORM OF PROXY

I/We...
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Company Registration No.: ....)

of...
(FULL ADDRESS)

Email Address: .... Mobile Phone No.: ....

being a member/members of **PETERLABS HOLDINGS BERHAD,** hereby appoint

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		
Email Address	**Contact Number**	

and/or failing him/her

Name of Proxy	NRIC No./Passport No.	% of Shareholding to be Represented
Address		
Email Address	**Contact Number**	

or failing him, the **CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us on my/our behalf at the 12th Annual General Meeting ("**AGM**") of the Company will be held on a virtual basis through live streaming and online remote participation and voting from the Broadcast Venue at Boardroom, 16014 (PT No. 24341), Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan Darul Khusus on **Wednesday, 29 June 2022** at **11.30 a.m.** and at any adjournment thereof.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Payment of Directors' Fees		
2.	Re-election of Mr. Lim Tong Seng		
3.	Re-election of Mr. Teo Chin Heng		
4.	Re-appointment of Auditors		
5.	Retention of Dato' Hon Choon Kim as an Independent Director		
6.	Authority to allot and issue shares under Sections 75 and 76 of the Companies Act 2016		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this .... day of 2022

....
Signature(s) of member(s)

Notes:-

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee 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.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Registered Office of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, Wilayah Persekutuan (KL) or email to ir-plabs@shareworks.com.my not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned meeting as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, and in default the instrument of proxy shall not be treated as valid.
6. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 22 June 2022, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of poll.
9. The members are encouraged to refer the Administrative Guide on registration and voting process for the meeting.

FOLD HERE

Stamp

The Company Secretary
PeterLabs Holdings Berhad
Registration No. 201001025806 (909720-W)
No. 2-1, Jalan Sri Hartamas 8
Sri Hartamas
50480 Kuala Lumpur
Wilayah Persekutuan (KL)

Fold this flap for sealing

PETERLABS
HOLDINGS
BERHAD
201001025806 (909720-W)

Lot 16014 (PT No. 24341), Jalan Nilam 3,
Bandar Nilai Utama, 71800 Nilai,
Negeri Sembilan Darul Khusus

Tel: +606 7999 090 | Fax: +606 7997 070
Email: info@peterlabs.com.my
Website: www.peterlabs.com.my