RALCO

RALCO CORPORATION BERHAD
Company No. 199501003907 (333101-V)

The Most Admired
Plastic Company
In Malaysia

ANNUAL REPORT 2022

CONTENTS

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 28th Annual General Meeting ("AGM") of Ralco Corporation Berhad ("Company") will be held as a fully virtual meeting conducted entirely through live-streaming and remote voting using the remote participation and voting facilities from the broadcast venue at Lot 1476, Jalan Lengkok Emas 1, Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan on Thursday, 15th day of June 2023 at 11.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. **[Please refer to Explanatory Note (i)]**

2. To approve the payment of Directors' fees amounting to RM185,034 for the financial year ended 31 December 2022. **RESOLUTION 1**

3. To approve the Directors' remuneration (excluding Directors' fees) payable to the Directors of the Company and its subsidiaries amounting to RM50,000 from 1 July 2023 until 30 June 2024. **RESOLUTION 2**

4. To re-elect the following Directors who retire in accordance with Clause 97 of the Constitution of the Company and being eligible, offered themselves for re-election: -

   (1) Mr. Heng Chee Wei **RESOLUTION 3**
   (2) Dato' Chong Kim Fatt **RESOLUTION 4**

6. To re-appoint Messrs. RSM Malaysia PLT (LLP0030276-LCA & AF 0768) as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration. **RESOLUTION 5**

AS SPECIAL BUSINESS

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

7. **Ordinary Resolution** **RESOLUTION 6**
   Authority to issue and allot shares

   "THAT subject always to the Companies Act, 2016 ("the Act"), Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Act to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company pursuant to Section 76 of the Act ("Mandate").

   THAT pursuant to Section 85 of the Companies Act, 2016, to be read together with Clause 54 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this Mandate.

   AND THAT the new shares to be issued shall upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

8. To transact any other ordinary business of the Company for which due notice shall have been given.

NOTICE OF
ANNUAL GENERAL MEETING
Cont'd

BY ORDER OF THE BOARD

TEO MEE HUI (SSM PC NO. 202008001081) (MAICSA 7050642)
ELIZABETH ALLISON DE ZILVA (SSM PC NO. 202008002112) (MAICSA 7030086)
Company Secretaries

Kuala Lumpur
28 April 2023

NOTES:

1. *The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. Shareholders/proxies will not be allowed to attend the 28th AGM in person at the Broadcast Venue on the day of the meeting. Shareholders who wish to participate at the 28th AGM will therefore have to do so remotely and pre-register their attendance via the link https://vps.megacorp.com.my/EFjWMR. Kindly refer to the Administrative Notes for further information.*

2. *A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. A proxy may, but need not, be a member of the Company and there shall be no restriction as to the qualification of the proxy.*

3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.*

4. *Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.*

5. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. Where the Exempt Authorised Nominee appoints two (2) or more proxies to attend and vote at the same meeting, such appointment shall be invalid unless the Exempt Authorised Nominee specifies the proportion of his holdings to be represented by each proxy.*

6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*

7. *The instrument appointing a proxy must be deposited at the Poll Administrator's office at Mega Corporate Services Sdn. Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan or submit via email to AGM-support.Ralco@megacorp.com.my not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. Kindly refer to the Administrative Notes for further information.*

8. *Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the 28th AGM is 8 June 2023.*

9. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 28th AGM will be put to vote on a poll.*

NOTICE OF
ANNUAL GENERAL MEETING
Cont'd

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS:

(i) Item 1 of the Agenda
Audited Financial Statements for the financial year ended 31 December 2022

This Agenda item is meant for discussion only, as the provisions of Section 248 and Section 340(1)(a) of the Companies Act, 2016 do not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item will not be put for voting.

(ii) Ordinary Resolution 1

Pursuant to Section 230(1) of the Companies Act 2016, the fee of the Directors, and any benefits payable to the Directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 28th AGM on the Directors' fees for the financial year ended 31 December 2022.

The Directors' fees payable to the Directors of the Company for the financial year ended 31 December 2022 are set out as follows:

	Fee (RM)
Executive Directors	35,034
Non-Executive Directors	150,000

(iii) Ordinary Resolution 2

Pursuant to Section 230(1) of the Companies Act 2016, the fee of the Directors, and any benefits payable to the Directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval shall be sought at the 28th AGM on the Directors' remuneration (excluding the Directors' fees) payable to the Directors of the Company and its subsidiaries for the period from 1 July 2023 until 30 June 2024 ("Relevant Period").

The Directors' remuneration (excluding Directors' fees) comprises the allowances and other emoluments payable to the Directors of the Company and its subsidiaries are set out below:

Description	**Chairman (RM)**	**Directors (RM)**
Meeting Allowance (per meeting) - Board Committees	500	500
Directors Liability Insurance (per annum)	1,768	1,768

Note:

In determining the estimated total amount of the Directors' remuneration (excluding Directors' fees), the Board considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Directors involved in these meetings.

Payment of Directors' remuneration (excluding Directors' fees) will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred if the proposed Resolution 2 has been passed at the 28th AGM. The Board is of the view that it is just and equitable for the Directors to be paid with such payment on a monthly basis and/or as and when incurred, particularly after they have discharged their responsibilities and rendered their services to the Company throughout the Relevant Period.

NOTICE OF
ANNUAL GENERAL MEETING
Cont'd

(v) Ordinary Resolutions 3 & 4
Re-election of Directors who retire in accordance with Clause 97 of the Constitution of the Company

No individual is seeking election as a Director at the forthcoming 28th AGM of the Company.

Clause 97 of the Constitution of the Company provides that one-third (1/3) of the Directors of the Company for the time being or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office by rotation at an Annual General Meeting of the Company and be eligible for re-election.

With the current Board size of six (6) Directors, two (2) Directors, namely Mr Heng Chee Wei and Dato' Chong Kim Fatt being the longest in office since their last election are to retire in accordance with Clause 97 of the Constitution of the Company.

The Nomination Committee has taken into account the Board Evaluation Assessment including the results of Self and Peer Assessment of Mr Heng Chee Wei and Dato' Chong Kim Fatt and concurred that they have met the Board's expectation in terms of experience, expertise, integrity, competency, commitment and individual contribution by continuously performing their duties diligently as Directors of the Company.

The details of Mr Heng Chee Wei and Dato' Chong Kim Fatt are set out on pages 9 and 8 of the Annual Report.

(vi) Ordinary Resolution 6
Authority to issue and allot shares

The proposed Ordinary Resolution 6, if approved, would give flexibility to the Directors of the Company to issue and allot shares up to a maximum of ten per centum (10%) of the total number of the issued shares (excluding treasury shares) of the Company at the time of such issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, would expire at the conclusion of the next AGM of the Company.

This is the renewal of the mandate obtained from the shareholders at the last AGM held on 16 June 2022 ("the Previous Mandate"). The Previous Mandate was not utilised and no proceeds were raised.

The purpose of this general mandate sought would provide flexibility to the Company for any possible fund raising activities including but not limited to placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

By voting in favour of this proposed resolution, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85(1) of the Companies Act 2016 and Clause 54 the Company's Constitution to be first offered any new shares ranking equally to the existing issued shares of the Company under this general mandate which will result in a dilution of their shareholding percentage in the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Chong Kim Fatt
Chairman, Independent Non-Executive Director

Tan Heng Ta
Managing Director

Heng Chee Wei
Senior Independent Non-Executive Director

Ang Seng Wong
Independent Non-Executive Director

Lau Wai Ching
Independent Non-Executive Director

Law Doung Chin
Non-Independent Non-Executive Director

COMPANY SECRETARIES

Teo Mee Hui
(SSM PC NO. 202008001081)
(MAICSA 7050642)

Elizabeth Allison De Zilva
(SSM PC NO. 202008002112)
(MAICSA 7030086)

REGISTERED OFFICE

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P. Ramlee
50250 Kuala Lumpur
Tel : 603-2382 4288
Fax : 603-2026 1451

PRINCIPAL PLACE OF BUSINESS

Lot 1476, Jalan Lengkok Emas 1
Nilai Industrial Estate
71800 Nilai
Negeri Sembilan Darul Khusus
Tel : 606-797 1999
Fax : 606-797 1333

REGISTRAR

Systems Associates Sdn. Bhd.
3A, Mezzanine Floor
Jalan Ipoh Kecil
50350 Kuala Lumpur
Tel : 03- 4043 5750
Fax : 03- 4043 5755
Email : systems@ssassociates.com.my

AUDITORS

Messrs. RSM Malaysia PLT
(LLP0030276-LCA & AF 0768)
5th Floor, Penthouse, Wisma RKT, Block A
No. 2, Jalan Raja Abdullah
Off Jalan Sultan Ismail
50300 Kuala Lumpur
Tel : 03-2610 2888
Fax : 03-2698 6600
Email : audit@rsmmalaysia.my

PRINCIPAL BANKERS

CIMB Bank Berhad
Alliance Bank Malaysia Berhad
Hong Leong Bank Berhad
AmBank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : RALCO
Stock Code : 7498
Sector : Industrial Products

CORPORATE STRUCTURE

RALCO CORPORATION BERHAD
199501003907
(333101-V)

100%
Ralco Holdings Sdn. Bhd.
198901002223
(179529-T)

100%
Ralco Trading Sdn. Bhd.
198901006103
(183408-U)

100%
Ralco Respack Polybag Sdn. Bhd.
201601017525
(1188458-D)

100%
Temasek Bay Sdn. Bhd.
200801037528
(838871-H)

100%
Ralco Plastic Sdn. Bhd.
198901001596
(178902-X)

100%
Ralco Compounding Sdn. Bhd.
200601034375
(754134-W)

PROFILE OF DIRECTORS

DATO' CHONG KIM FATT

Chairman, Independent Non-Executive Director
Aged 56, Male, Malaysian

Dato' Chong Kim Fatt was appointed to the Board and Chairman to the Board on 10 February 2021.

Dato' Chong started his own business in 1993 with diverse interest in property development, contractor, trading, poultry and Agriculture. He has been actively participating in both domestic and international sports complex with numerous achievements and contributions to the country under his leadership. He completed his study in Research and Advanced Study on Leadership in Tsinghua University, China.

Dato' Chong is the founder and the president of the Wushu Federation of ASEAN-China, an international wushu organisation that currently comprises members of ten ASEAN countries. Currently, he is serving as Executive Board Committee Member in International Wushu Federation, Wushu Federation of Asia, and elected as APEC Advisor to the Chinese Culture Promotion Association of Beijing. He is also elected as one of the members of the financial committee in the Olympic Council of Malaysia. He does not hold any directorship in other public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of Ralco Corporation Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years other than traffic offences. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2022.

Details of number of Board meetings attended by him during the financial year are set out in page 18 of this Annual Report.

TAN HENG TA

Managing Director
Aged 55, Male, Malaysian

Mr. Tan Heng Ta was first appointed to the Board as Executive Director on 7 January 2011 and was subsequently appointed as the Managing Director of the Company on 1 August 2011.

Mr Tan is a successful businessman with diverse interests in property development, plantation as well as trading. His diverse business interests have provided him with a wide range of operational, technical, as well as marketing knowledge and insight. He currently sits on the Board of a few private limited companies and does not hold any directorship in any other public companies and listed issuers.

Mr. Tan is a major shareholder of Ralco Corporation Berhad.

Save as disclosed herein, he does not have any family relationship with any Director and/or major shareholder of Ralco Corporation Berhad nor any conflict of interest with the Company. He has not been convicted for any offences within the past 5 years other than traffic offences. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2022.

Details of number of Board meetings attended by him during the financial year are set out in page 18 of this Annual Report.

PROFILE OF DIRECTORS
Cont'd

HENG CHEE WEI, A.M.P.
Senior Independent Non-Executive Director
Aged 52, Male, Malaysian

Mr. Heng Chee Wei was appointed to the Board on 8 August 2001. He was previously the Chief Executive Officer of Ralco Corporation Berhad on 1 July 2014, was re-designated as Non-Independent and Non-Executive Director with effect from 30 June 2017 and was subsequently re-designated as Independent Non-Executive Director with effect from 24 February 2020. On 10 February 2021, he was re-designated as Senior Independent Non-Executive Director. He is a member of the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee.

Mr. Heng is a member of the Malaysian Institute of Accountants. He obtained the qualification of Australian Society of Certified Practicing Accountants (ASCPA) in 1999. He holds a Bachelor of Commerce from University of Southern Queensland, Australia. He was previously the Operations Director of TNT Worldwide Express (M) Sdn. Bhd. He was a Senior Operations Manager of Federal Express Services (M) Sdn. Bhd. from 1999 to 2009. He was the Finance Manager of Sis Distribution (M) Sdn. Bhd. and was formerly a Senior Associate with PricewaterhouseCoopers from 1996 to 1999. He does not hold any directorship in other public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of Ralco Corporation Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years other than traffic offences. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2022.

Details of number of Board meetings attended by him during the financial year are set out in page 18 of this Annual Report.

LAW DOUNG CHIN
Non-Independent Non-Executive Director
Aged 52, Male, Malaysian

Mr. Law Doung Chin was appointed to the Board on 29 March 2011 as an Independent Non-Executive Director. He was re-designated as Non-Independent Non-Executive Director on 31 March 2023. He is the Chairman of the Risk Management Committee and a member of the Nomination Committee and Remuneration Committee. Following his re-designation, he resigned as a member of the Audit Committee on 31 March 2023.

Mr Law has more than 10 years extensive and wide exposures and experiences in accounting, financing and auditing and held several key manager positions in auditing firm as well as in private limited companies which are involved in operations in logging activities, hotel operating and property development. He does not hold any directorship in other public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of Ralco Corporation Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years other than traffic offences. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2022.

Details of number of Board meetings attended by him during the financial year are set out in page 18 of this Annual Report.

PROFILE OF DIRECTORS
Cont'd

ANG SENG WONG
Independent Non-Executive Director
Aged 60, Male, Malaysian

Mr. Ang Seng Wong was appointed to the Board on 14 August 2019. He is the Chairman of the Audit Committee, Nomination Committee, Remuneration Committee and a member of the Risk Management Committee.

Mr. Ang is a member of the Malaysian Institute of Accountants. He began his career as an accountant in Melbourne for 5 years. Upon his homecoming to Malaysia, Mr. Ang served as the Finance Director for a Taiwanese PCB and PCBA firm, the Executive Representative for a Taiwanese Venture Capital Organisation and a Corporate Affairs Director for an international plastics entity. His final posting as an employee was holding the post of an Executive Director in a listed electronics company. In his professional capacity, he has extensive senior management experience having been involved in conducting public and in-house programs for well-known entities such as Petronas, Telekoms, NEC, Maxis, DRB-Hicom, Pantai Group, Columbia Hospital, MISC etc. in Malaysia, Singapore, Thailand and Philippines. He is also a certified trainer in HRDF and LPI and has lectured in University Malaya for the European Union Officers, UMP and AEU for the Executive Masters program, OUM, UTM and Saudi General Organisation for Technical Education and Vocational Training.

He is also Senior Independent Non-Executive Director and Audit Committee Chairman of EG Industries Berhad. On 1 April 2022, he was appointed as an Independent Non-Executive Director of CPE Technology Berhad.

He does not have any family relationship with any Director and/or major shareholder of Ralco Corporation Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years other than traffic offences. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2022.

Details of number of Board meetings attended by him during the financial year are set out in page 18 of this Annual Report.

LAU WAI CHING
Independent Non-Executive Director
Aged 35, Female, Malaysian

Ms. Lau Wai Ching was appointed to the Board on 10 February 2021.

She was appointed as a member of the Audit Committee on 31 March 2023.

Ms. Lau holds a Bachelor of Accounting from UCSI University. She has more than 10 years working experiences in various industries. She started her career as an auditor in 2008. She previously worked in the healthcare industry for 7 years prior to moving to a MNC company in 2019.

She does not hold any directorship in other public companies and listed issuers. She does not have any family relationship with any Director and/or major shareholder of Ralco Corporation Berhad and has no conflict of interest with the Company. She has not been convicted for any offences within the past 5 years other than traffic offences. There were no public sanctions or penalties imposed on her by any regulatory bodies during the financial year 2022.

Details of number of Board meetings attended by her during the financial year are set out in page 18 of this Annual Report.

PROFILE OF KEY SENIOR MANAGEMENT

TAN SU KHIM
General Manager
Aged 63, Male, Malaysian

Mr. Tan Su Khim joined Ralco Group on 17 December 2018 as General Manager. He is responsible for the day to day operations of the company while supporting the commercial strategies.

Prior to this assignment, Mr. Tan has 30 years' experience in leading and managing various Businesses in Sales, Marketing, Finance, Manufacturing, Operations and Logistics. He is experienced in formulating Marketing/Sales and Business Plan to ensure Sales Strategies, Procedures and System are implemented effectively and successfully. He possesses Effective Management Skills to further enhance the overall business operations. He does not hold any directorship in other public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of Ralco Corporation Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years other than traffic offences. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2022.

TAN CHUAN BOON
Chief Financial Officer
Aged 55, Male, Malaysian

Mr. Tan Chuan Boon joined Ralco Group on 28 October 2022 as the Chief Financial Officer.

Mr Tan is a member of the Malaysian Institute of Accountants (MIA) and a member of the Chartered Institute of Management Accountants (CIMA), United Kingdom and obtained his qualification from The Association of Certified Chartered Accountants. He has more than 34 years of experience in leading accounting, finance and corporate planning function of listed companies.

Prior to joining Ralco Group, he was the Divisional Head of Corporate Finance, Risk and Aviation of a manufacturing and maintenance, repair & overhaul (MRO) company. He was responsible for the finance and accounting matters and assisted the company in the planning and implementation of the Groups' business strategies.

He does not hold any directorship in other public companies and listed issuers.

He does not have any family relationship with any Director and/or major shareholder of Ralco Corporation Berhad and has no conflict of interest with the Company. He has not been convicted for any offences within the past 5 years other than traffic offences. There were no public sanctions or penalties imposed on him by any regulatory bodies during the financial year 2022.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The Board of Directors of Ralco Corporation Berhad ("the Board") continues to recognise the importance of practising good corporate governance to direct the businesses of the Company and its subsidiaries (together as "the Group") towards enhancing business and long-term value for its shareholders. It remains committed to ensure that the highest standards of accountability and transparency are practised throughout the Group as the underlying principle in discharging its responsibilities.

The Board presents this statement to provide shareholders and investors with an overview of the corporate governance practices of the Company under the leadership of the Board during the financial year 2022. This overview takes guidance from the key corporate governance principles as set out in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021").

This statement is prepared in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and it is to be read together with the Corporate Governance Report ("CG Report") of the Company which is available at the Company's website at www.ralco.net

The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG 2021 during the financial year 2022.

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS

1.1 Board Responsibilities

The Board is responsible for formulating and reviewing the strategic plans and key policies of the Company, and charting the course of the Group's business operations whilst providing effective oversight of Management's performance, risk assessment, controls and integration of sustainability considerations over business operations. The Board delegates and confers some of its authorities and discretion on the Chairman, Managing Director, and Management as well as on properly constituted Board Committees comprising exclusively Non-Executive Directors.

All members of the Board are aware of their responsibilities to make decisions objectively which promote the success of the Group for the benefits of the shareholders and other stakeholders. The roles and responsibilities of the Board are clearly set out in the Board Charter which is available on the Company's website.

The positions of the Chairman and the Managing Director are held by two different individuals. The Chairman of the Board is Dato' Chong Kim Fatt, an Independent Non-Executive Director whilst the Managing Director is Mr. Tan Heng Ta.

There is a clear division of responsibilities between the Chairman of the Board and the Managing Director. The Chairman ensures the smooth and effective functioning of the Board, leads strategic planning at the Board level and instilling good corporate governance practices. The Managing Director is responsible for executing the vision and strategic direction of the Group determined by the Board. The Managing Director is assisted by the General Manager for implementing the policies and decisions of the Board. The Managing Director is primarily accountable for overseeing the day-to-day operations of the Group to ensure the effective running of the Group.

The Board Committees are made up of the Risk Management Committee, Audit Committee, Nomination Committee and Remuneration Committee; and are entrusted with specific responsibilities to oversee the Group's affairs, with authority to act on behalf of the Board in accordance with their respective Terms of Reference. The Chairman of the relevant Board Committees report to the Board on key issues deliberated by the Board Committees at their respective meetings. The ultimate responsibilities for decision making, however, lies with the Board.

The Chairman of the Board, Dato' Chong Kim Fatt, is not a member of the Audit Committee, Nomination Committee or Remuneration Committee.

The Board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies priorities and targets. The Board takes into account sustainability considerations when exercising its duties including amongst others the development and implementation of company strategies, business plans, major plans of action and risk management. The Board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities and will include a review of the performance of the Board and senior management in addressing the company's material sustainability risks and opportunities.

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS cont'd

1.1 Board Responsibilities cont'd

The Board has identified Mr. Tan Heng Ta as the designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

The following are the Board's principal roles and responsibilities in discharging its leadership function and fiduciary duties towards meeting the goals and objective of the Group:-

1. Business plan and budget;
2. Capital Management and investment policies;
3. Authority limits/levels;
4. Risk Management policies;
5. Declaration of Dividends;
6. Business Continuity Plan;
7. Issuance of new Securities;
8. Business restructuring;
9. Expenditure above a certain limit; and
10. Material acquisitions and disposition of assets.

During the financial year under review, the Board, in addition to the above matters, has reviewed and adopted policies and procedures to be in line with the Companies Act 2016, MCCG 2021, Bursa Malaysia Securities Berhad's Main Market Listing Requirements ("MMLR") and Malaysian Anti-Corruption Commission ("MACC") Act 2009 implemented the following as part of its continuous efforts in enhancing corporate governance:-

1. Adopted the revised Board Charter;
2. Updated and implemented policies and procedures on anti-corruption; and
3. Leveraged on technology for the Company's Annual General Meeting ("AGM") to allow more shareholders to participate at its AGM.
4. Adopted a Fit & Proper Policy.

Looking ahead to 2023, the priorities of the Board will be in the following areas:-

1. To implement/update the policies and procedures on anti-corruption with the provisions of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and other regulatory updates, if any;
2. To integrate sustainability matters into the strategies of the Group.
3. To continue to leverage on technology to broaden its channel of dissemination of information and to enhance the quality of engagement with the shareholders; and
4. To source suitable female directors to achieve 30% female directors by year 2025.

1.2 Qualified and competent company secretaries

In performing their duties, all Directors have access to the advice and services of two (2) suitably qualified Company Secretaries. The Company Secretaries have been providing guidance to the Board, particularly on corporate governance issues and compliance with relevant policies and procedures, rules and regulatory requirements and ensure good information flow within the Board, Board Committees and Management. The Company Secretary attends all meetings of the Board and Board Committees and guides the Directors on the requirements encapsulated in the Company's Constitution and legislative promulgations such as the Companies Act 2016, MMLR, etc. The Company Secretary shall continue to guide the Directors on the requirements to be observed arising from new regulations and guidelines issued by the authorities.

1.3 Access to information and Advice

All Directors may seek independent professional advice at the Company's expense on specific issues to enable them to discharge their duties, where necessary.

Board Meetings for the ensuing year are scheduled in advance before the end of the current financial year so that the Directors are able to plan ahead and full attendance at Board Meeting.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
Cont'd

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS cont'd

1.3 Access to information and Advice cont'd

The notice of agenda together with minutes of the previous meeting and other relevant information will be circulated to the Board at least five (5) days before the meetings. This is to ensure that all Directors have sufficient time to obtain further explanation, where necessary, in order to be fully informed of the matters to be discussed during the meeting. The Board papers contain all relevant information and reports on financial, operational, corporate, regulatory, market developments and minutes of meetings. These documents are comprehensive and include qualitative and quantitative information to enable the Board members to make informed decisions.

The Company Secretaries are entrusted to record the Board's deliberations, in terms of issues discussed, ensures that the deliberations at Board and Board Committee meetings are documented, and subsequently communicated to Management for appropriate actions. The minutes of the previous Board and Board Committee meetings are distributed to the Directors/Committees prior to the meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. To facilitate productive and meaningful deliberations, the Directors will comment or request for clarification before the minutes are tabled for confirmation as a correct record of the proceedings of the meeting. Management provides Directors with complete and timely information prior to meetings and on-going basis to enable them making informed decisions.

1.4 Board Charter

In discharging its duties, the Board is constantly mindful of the need to safeguard the interests of the Group's stakeholders. In order to facilitate the effective discharge of its duties, the Board is guided by the Board Charter which was reviewed and revised by the Board on 24 February 2023 and the same has been published on the Company's website.

The Board Charter serves to ensure that all Board members acting on the Group's behalf are aware of their expanding roles and responsibilities. It sets out the strategic intent and specific responsibilities to be discharged by the Board members collectively and individually. It also regulates on how the Board conducts business in accordance with the Corporate Governance principles.

The Board will continue to review the Board Charter periodically to ensure that it is updated in accordance with the needs of the Company and any new regulations that may have impact on the discharge of the Board's responsibilities.

The Board Charter is available on the Group's website at www.ralco.net.

1.5 Formalised ethical standards through Code of Conduct

The Group is committed to achieving and monitoring high standards pertaining to behaviour at work.

The Board is guided by the Company's Code of Conduct & Principles ("Code of Conduct") and Anti-Bribery and Anti-Corruption Policy in discharging its oversight role effectively. The Code of Conduct requires all Directors and Management to observe high ethical business standards, honesty and integrity and to apply these values to all aspects of the Groups' business and professional practice and act in good faith in the best interest of the Company and its shareholders. A summary of the Code of Conduct is available on the Group's website at www.ralco.net.

In addition, all employees are encouraged to report genuine concerns about unethical behaviour or malpractices. Any such concern should be raised with senior management, and an appropriate action will be taken by the Company. If for any reason, it is believed that this is not possible or appropriate, then the concern should be reported to the Senior Independent Non-Executive Director of the Company.

1.6 Whistle Blowing Policy

The Group has developed a Whistle-blowing Policy ("the Policy") to enable employees and any other persons to report instances of unethical behaviour, actual or suspected fraud and/or abuse within the Company. This policy has been disseminated throughout the organisation with briefing by the Human Resources Department on its use by employees.

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS cont'd

1.6 Whistle Blowing Policy cont'd

The Policy facilitates an open and transparent corporate culture within the organisation, promoting accountability and enabling the Group to respond nimbly to changes in environment. It also serves to encourage and provide an alternative means for employees and any other persons ("Reporting Persons") to raise a concern outside the normal reporting channels. Such good faith reporting must not be made recklessly, maliciously, and/or for personal gain. The Policy has been disseminated to all staff and is available on the Group's website at www.ralco.net.

Any party who has reasonable belief that there is serious malpractice relating to any matter disclosed, may direct such complaint and report to the Managing Director of the Company or General Manager of the Company or Chairman of Audit Committee in writing. Management will ensure that any employee of the Company who raises a genuine complaint in good faith shall not be penalised for such disclosure and the identity of such complainant shall be kept confidential.

2 Composition of the Board

The Board comprised six (6) members, of whom five (5) are Independent Non-Executive Directors and one (1) Managing Director during the financial year 31 December 2022. On 31 March 2023, Mr Law Doung Chin was re-designated as Non-Independent Non-Executive Director after having served the Company for more than 12 years as an Independent Non-Executive Director to comply with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which has restricted the tenure of an Independent Non-Executive Director to a period of 12 years. The Board composition was then revised to six (6) members, of whom four (4) are Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and one (1) Managing Director. The four (4) Independent Non-Executive Directors fulfilled the criteria of independence as defined in the MMLR. The Board composition has met the requirements in the MMLR and the MCCG 2021 as at least half of its members are Independent Directors. The Board members are persons of high calibre and integrity, and provide a wealth of knowledge, experience and skills in the key areas of accountancy, business operations and development, finance and risk management, amongst others.

The size and composition of the Board are reviewed by the Nomination Committee annually, to determine if the Board has the right size and sufficient diversity with independence elements that fit the Company's objectives. The Nomination Committee also aims to maintain a diversity of gender, expertise, skills, ethnicity and attributes among the Directors, so as to form a quality Board that can contribute to more robust decision making and thereby, increase governance and shareholders value.

The Board acknowledges the importance of diversity in boardroom and senior management and has set a target of 30% female directors to be achieved by 2025. The Group strictly adhered to the practice of non-discrimination of any form, whether based on race, age, religion and gender throughout the organisation, which included the selection of Board members.

Based on the review of the Board composition, there is one (1) female director on the Board of the Company during the financial year 31 December 2022, namely Ms Lau Wai Ching. The Nomination Committee has been tasked to consider the female representation when a vacancy arises and/or suitable candidates are identified. The Nomination Committee will take steps to ensure that women candidates are sought as part of its recruitment exercise in order to achieve the optimum size with the right diversity. As such, this pursuit will continue to be a priority on the Board agenda in year 2023 and the Company will endeavour to achieve 30% female directors by 2025.

The appointment of a new Board member will not be guided solely by gender but will also take into account the skills-set, experience and knowledge of the candidate. The Company's prime responsibility in new appointments is always to select the best candidates available. Hence, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a priority.

Hence, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board remains a priority.

CORPORATE GOVERNANCE
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Cont'd

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS cont'd

2.1 Nomination Committee

The composition of the Nomination Committee comprised of Independent Non-Executive Directors during the financial year 2022 and is chaired by an Independent Director. On 31 March 2023, Mr. Law Doung Chin was redesignated as Non-Independent Non-Executive Director.

A summary of key activities undertaken by the Nomination Committee in discharging its duties during the financial year are set out below:-

- Assessed the contribution of each individual Director;
- Reviewed the Board structure, size, composition, financial literacy, training needs and the balance between Executive Directors, Non-Executive Directors and Independent Directors to ensure that the Board has the appropriate mix of skills and experience including core competencies which Directors should bring to the Board and other qualities to function effectively and efficiently;
- Reviewed the independence of Independent Directors;
- Reviewed and assessed the performance and effectiveness of the Board as a whole and Board Committees;
- Reviewed the tenure of Independent Non-Executive Director who has exceeded 12 years and recommended to the Board the re-designation of the said Director;
- Discussed the annual retirement by rotation and re-election of Directors at the forthcoming Annual General Meeting ("AGM") and recommended the same for re-election by the shareholders; and
- Reviewed the performance of the Chief Financial Officer ("CFO").

2.2 Board appointment process

The Nomination Committee is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis and in accordance with the Company's Fit and Proper standards in the Board Charter. The Board will have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determine skills matrix to support strategic direction and needs of the Company.

Management shall then engage broadly to develop a pool of interested potential candidates meeting the skills, expertise, personal qualities and diversity requirements for both the Board and the Committee appointments. Other than the recommendation of the Management, existing board member and major shareholder, the Nomination Committee shall consider other approaches and sources i.e. sourcing from a directors' registry, open advertisements or use of independent search firms to identify the most suitable candidates.

The Nomination Committee evaluates and matches the criteria of the candidate, and will consider diversity, including gender and ethnicity (cultural background), where appropriate, and recommends to the Board for appointment.

In making the selection, the Board adopted a Fit & Proper Policy and is assisted by the Nomination Committee to consider the following aspects:

- Probity, personal integrity, financial integrity and reputation – the person must have the personal qualities such as honesty, integrity, diligence and independence of mind and fairness.

- Competence and capability – the person must have the necessary skills, experience, ability and commitment to carry out the role.

During the financial year 2022, Madam Liang Siew Jiun had resigned on 28 February 2022.

According to the Constitution of the Company, all Directors are required to submit themselves for re-election at intervals of not more than three (3) years. The Constitution also states that one-third (1/3) of the Board members shall retire from office at the AGM and shall be eligible for re-election at the same AGM. The new Director(s) duly appointed by the Board is then recommended for re-election at the AGM.

Pursuant to Clause 97 of the Company's Constitution, Mr. Heng Chee Wei and Dato' Chong Kim Fatt are subject to retirement at the forthcoming Annual General Meeting ("AGM") respectively and they have expressed their willingness to seek for re-election at the forthcoming AGM.

PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS cont'd

2.2 Board appointment process cont'd

The Board through its Nomination Committee (NC) had assessed the retiring Directors, and considered the following:

i. The Director's performance and effectiveness;
ii. The Director's level of contribution to the Board deliberations through his skills, experience and strength in qualities; and
iii. The level of independence demonstrated by the Independent Director, and his ability to act in the best interests of the Company in decision-making.

The Board had conducted an assessment of the Directors of the Company based on the relevant performance criteria and meet the "Fit and Proper" standards as detailed in the Company's Board Charter and Fit & Proper Policy which include the following:

i. A person of good character and high integrity and credibility;
ii. Good business acumen and product knowledge;
iii. Proven leadership ability and strategic agility;
iv. Financial knowledge;
v. Market and global awareness;
vi. Compliance and legal awareness; and
vii. Have not been convicted whether within or outside Malaysia of any offence.

Based on the Board's evaluation and assessment, the individual Directors (including the retiring Director) met the performance criteria required of an effective and a high-performance Board. In addition, all the Non-Executive Directors have also provided annual declaration/confirmation of independence in 2022 respectively.

Based on the above, the Board approved the NC's recommendation that Mr. Heng Chee Wei and Dato' Chong Kim Fatt who retire in accordance with Clause 97 of the Constitution are eligible to stand for re-election. They had abstained from deliberation and decision on their own eligibility to stand for re-election at the relevant Board meeting.

2.3 Tenure of Independent Directors

The Board has not adopted a nine-year policy for Independent Non-Executive Directors. An Independent Director may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. Otherwise, the Board will justify and seek shareholders' approval at the AGM in the event it retains the director as an Independent Director. If the Board continues to retain the Independent Director after the ninth year, the Board will seek annual shareholders' approval through a two-tier voting process in accordance with the MCCG 2021. After the twelfth year in service, the Independent Non-Executive Director is required to resign or be re-designated as a Non-Independent Non-Executive Director.

The Nomination Committee will assess the independence of the Independent Directors based on the assessment criteria developed by the Nomination Committee and recommend to the Board for recommendation to the shareholders for approval. Justifications for the Board's recommendation will be provided under the explanatory note as set out in the Notice of AGM.

During the financial year, there was a long serving Independent Non-Executive Director, Mr Law Doung Chin, who had served for a cumulative term of more than twelve years. The Board, on the review and recommendation made by the Nomination Committee, has redesignated Mr Law Doung Chin as a Non-Independent Non-Executive Director of the Company on 31 March 2023 to comply with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which has restricted the tenure of an Independent Non-Executive Director to a period of 12 years.

2.4 Annual Assessment

The Board reviews and evaluates its own performance and the performance of its Committee on an annual basis. The Board evaluation comprises a Board Assessment, an Individual Director Assessment and an Assessment of Independence of Independent Directors. The Assessment is based on specific criteria as stated in the performance assessment form adopted by the Nomination Committee.

CORPORATE GOVERNANCE
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PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS cont'd

2.4 Annual Assessment cont'd

Based on the above assessment in 2022, the Board is generally satisfied with the level of independence demonstrated by all the Independent Directors and their ability to bring independence and objective judgement to the Board deliberations.

The results of the assessment would form the basis of the Nomination Committee's recommendation to the Board for the re-election of Directors at the forthcoming AGM.

To further discharge its duties, the Nomination Committee has assessed the performance of the Chief Financial Officer through performance evaluation form completed by the Board during the financial year.

In addition, the Nomination Committee has reviewed the term of office and performance of the Audit Committee and each of its members and opined that the Audit Committee and all members have carried out their duties in accordance with their terms of reference.

Based on the above assessments, the Nomination Committee was satisfied with the existing Board composition and was of the view that all Directors and Board Committees of the Company had discharged their responsibilities in a commendable manner and has performed competently and effectively. All assessments evaluations carried out by the Nomination Committee in the discharge of all its functions were properly documented.

The Board is of the view that its present size and composition is optimal based on the Group's operations and that it reflects a fair mix of financial, technical and business experience that are important to the stewardship of the Group.

2.5 Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board Meetings, as set out in the table below.

Name of Directors	Designation	Number of Meetings held and Attended during the financial year
Dato' Chong Kim Fatt	Chairman and Independent Non-Executive Director	5/5
Tan Heng Ta	Managing Director	5/5
Heng Chee Wei	Senior Independent and Non-Executive Director	5/5
Law Doung Chin	Non-Independent Non-Executive Director *(Re-designated on 31 March 2023)*	5/5
Ang Seng Wong	Independent Non-Executive Director	5/5
Lau Wai Ching	Independent Non-Executive Director	5/5
Liang Siew Jiun *(Resigned w.e.f. 28 February 2022)*	Executive Director	1/1

To ensure that the Directors devote sufficient time to fulfil their roles and responsibilities, the Directors must not hold directorships of more than five (5) public listed companies.

To facilitate the Directors' time planning, an annual meeting schedule is prepared and circulated at the beginning of every year, as well as the tentative closed periods for dealings in securities by Directors based on the targeted date of announcements of the Group's quarterly results.

CORPORATE GOVERNANCE
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PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS cont'd

2.6 Training

All Directors have completed the Mandatory Accreditation Programme ("MAP") as prescribed by Bursa Securities. The Company will continue to identify suitable training for the Directors to equip and update themselves with the necessary knowledge to discharge their duties and responsibilities as Directors.

During the financial year ended 31 December 2022, save for Madam Liang Siew Jiun who had resigned on 28 February 2022, the Directors have attended the following training, seminars, conferences and exhibitions which they considered vital in keeping abreast with changes in laws and regulations, business environment, and corporate governance development:-

No.	Continuing Education Programme Attended	Date Attended
1.	Dato' Chong Kim Fatt	
	■ Risk Management And Section 17A MACC Act 2009	19 April 2022
2.	Mr. Tan Heng Ta	
	■ Risk Management And Section 17A MACC Act 2009	19 April 2022
	■ Introduction to Sustainability	28 December 2022
3.	Mr. Heng Chee Wei	
	■ Risk Management And Section 17A MACC Act 2009	19 April 2022
4.	Mr. Law Doung Chin	
	■ Risk Management And Section 17A MACC Act 2009	19 April 2022
5.	Mr. Ang Seng Wong	
	■ Environment, Social & Governance (ESG) ■ Facilitator : Professional Certificate in Manufacturing Operation (PCMO) ■ Mandatory Accreditation Programme (MAP)	13 January 2022 21 to 25 March 2022 21 & 22 November 2022
6.	Madam Liang Siew Jiun *(Resigned on 28 February 2022)*	
	-	
7.	Ms. Lau Wai Ching	
	■ Risk Management And Section 17A MACC Act 2009 ■ Introduction to Sustainability	19 April 2022 28 December 2022

The Directors are also encouraged to evaluate their own training needs on a continuous basis and to be determined by the Board on the relevant programmes, seminars, briefings or dialogues available that would best enable them to enhance their knowledge and contributions to the Board.

3. Remuneration

The Remuneration Committee and the Board would take into account the corporate objective and performance of the Company to determine the remuneration packages of Directors and Key Senior Management Officers, to ensure that their remuneration packages are sufficiently attractive so as to retain persons of high calibre. Terms of Reference of Remuneration Committee and the Remuneration Policy and Procedures for Directors and Senior Management are available at www.ralco.net.

The Remuneration Committee reviews annually the performance of the Executive Directors and submits recommendations to the Board on specific adjustments in remuneration and/or reward payments that reflect their respective contributions for the year, and which are dependent on the performance of the Group, achievement of the goals and/or quantified organisational targets as well as strategic initiatives set at the beginning of each year.

The Board as a whole determines the remuneration of Non-Executive Directors and recommends the same for the shareholders' approval.

CORPORATE GOVERNANCE
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PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS cont'd

3. Remuneration cont'd

Details of the Directors' remuneration of each Director during the financial year 2022 for Group and Company are as follows:-

	Received/Receivable from the Group			
	Director Fees RM	Salary, Bonus and Incentive RM	Meeting Allowance RM	Other Emoluments RM
Executive Director				
Tan Heng Ta	30,000	850,000	2,500	154,691
Liang Siew Jiun *(Resigned on 28 February 2022)*	5,034	130,500	-	16,353
Non-Executive Directors				
Dato' Chong Kim Fatt	30,000	-	2,500	1,768
Heng Chee Wei	30,000	-	2,500	1,768
Law Doung Chin	30,000	-	2,500	1,768
Ang Seng Wong	30,000	-	2,500	1,768
Lau Wai Ching	30,000	-	2,500	1,768
Total:	185,034	980,500	15,000	179,884

	Received/Receivable from the Company			
	Director Fees RM	Salary, Bonus and Incentive RM	Meeting Allowance RM	Other Emoluments RM
Executive Director				
Tan Heng Ta	30,000	850,000	2,500	154,691
Liang Siew Jiun *(Resigned on 28 February 2022)*	5,034	-	-	-
Non-Executive Directors				
Dato' Chong Kim Fatt	30,000	-	2,500	1,768
Heng Chee Wei	30,000	-	2,500	1,768
Law Doung Chin	30,000	-	2,500	1,768
Ang Seng Wong	30,000	-	2,500	1,768
Lau Wai Ching	30,000	-	2,500	1,768
Total:	185,034	850,000	15,000	163,531

* *Other Emoluments includes statutory contributions, company car and the benefit of Directors and Officers Liability Insurance in respect of any liabilities arising from acts committed in their capacity as Directors and Officers of the Company.*

There was no service rendered by the Independent Non-Executive Directors to the Group during the financial year ended 31 December 2022.

CORPORATE GOVERNANCE
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PRINCIPLE A- BOARD LEADERSHIP AND EFFECTIVENESS cont'd

3. Remuneration cont'd

The number of top three (3) senior management whose remuneration (comprising salary, bonus, benefits in-kind and other emoluments) for the financial year ended 31 December 2022 within the successive bands of RM50,000 is as follows:

Range of Remuneration (RM)	Number of Key Senior Management*
RM0 - RM50,000	NIL
RM50,001 to RM100,000	NIL
RM100,001 to RM150,000	NIL
RM150,001 to RM200,000	NIL
RM200,001 to RM300,000	Three (3)

PRINCIPLE B -EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The Audit Committee is relied upon by the Management to, amongst others, provide advice in the areas of financial reporting, external audit, internal audit process, review of related party transactions as well as conflict of interest situation. The Audit Committee also undertakes to provide oversight on the risk management framework of the Group.

The Audit Committee of the Company comprises solely of Independent Non-Executive Directors. On 31 March 2023, Mr Law Doung Chin resigned as a member of the Audit Committee when he was re-designated as a Non-Independent Non-Executive Director and he was replaced by Ms Lau Wai Ching, an Independent Non-Executive Director. The position of the Chairman of the Audit Committee and the Chairman of the Board are held by two different individuals. The Chairman of the Audit Committee is Mr Ang Seng Wong, an Independent Non-Executive Director whilst the Chairman of the Board is Dato' Chong Kim Fatt, an Independent Non-Executive Director.

The main responsibilities of the Audit Committee are to assist the Board in discharging its statutory and other responsibilities relating to the internal controls, financial and accounting matters, compliance, and business and financial risk management.

The Audit Committee reports to the Board on the results of the audits undertaken by the internal and external auditors, the adequacy of disclosure of information, and the adequacy and effectiveness of the system of risk management and internal control. It reviews the quarterly and annual financial statements with Management and external auditors, reviews and approves the annual audit plans for the internal and external auditors' evaluation of the Group's system of internal control.

The Audit Committee is also responsible for evaluating the cost effectiveness of audits, the independence and objectivity of the external audit, and the nature and extent of the non-audit services provided by the external auditors to ensure that the independence of the external auditors is not compromised. It also makes recommendations to the Board on the appointment or re-appointment of the external auditors.

Annually, the Audit Committee reviews the performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment at the AGM. The Audit Committee would have a private discussion with External Auditors without the presence of the Executive Directors and Management of the Group as and when necessary on the matters relating to the Group and its audit activities. As part of the Audit Committee's review processes, the Audit Committee has obtained assurance from the External Auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT
Cont'd

PRINCIPLE B -EFFECTIVE AUDIT AND RISK MANAGEMENT cont'd

1. **Audit Committee** cont'd

Based on the Audit Committee's annual assessment of the External Auditors, the Board is satisfied with the independence, quality of service and adequacy of resources provided by the External Auditors in carrying out the annual audit for financial year 2022. In view thereof, the Board has recommended the re-appointment of the External Auditors for the approval of shareholders at the forthcoming AGM.

The composition of the Audit Committee will be reviewed annually by the Nomination Committee and recommended to the Board for approval.

The Audit Committee and the Risk Management Committee reviewed the results of audits performed by the Internal Auditor based on the approved audit plan and identified risk profile during the financial year. The details of internal audit function is stipulated in the Audit Committee Report on page 26 and 28 of this Annual Report.

2. **Risk Management and Internal Control Framework**

The Board has the overall responsibility to ensure that sound and effective risk management and internal control systems are maintained, while Management is responsible for designing and implementing risk management and internal control systems to manage risks. Sound and effective systems of risk management and internal control are designed to identify and manage the risk of failure to achieve the business objective.

The Risk Management Committee which comprised of Independent Directors, monitors the Company and Group's risk exposures, the design and operating effectiveness of the underlying risk management and the internal control systems, and would report their findings and risk assessments to the Board after due review of the effectiveness of the Group's risk management and internal control by the Internal Auditor. The Board is satisfied with the performance of the Risk Management Committee in discharging their responsibilities.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks facing the Company and the Company has embedded the risk management into the operating and business processes. These processes are undertaken by the Executive Director and the Management team members in their course of work. Key matters covering the financial performance, operating and market are reviewed and deliberated in the Risk Management Committee Meetings.

The Board receives assurance from the Managing Director and the Chief Financial Officer, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

For the financial year under review, the Board is satisfied that the existing level of systems of risk management and internal controls are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses that would require additional disclosure in the Annual Report. Nonetheless, the Board recognises that the systems of risk management and internal controls should be continuously improved in line with the evolving business development. It should also be noted that all risk management systems and systems of internal controls could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of risk management and internal controls in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

CORPORATE GOVERNANCE
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PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING & MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Communication with Stakeholders

The Company recognises the importance of prompt and timely dissemination of information to shareholders and investors in order for these stakeholders to be able to make informed investment decisions.

In addition, the Company is committed to ensure its communication with the other shareholders and stakeholders is transparent, timely and with quality disclosures. Hence, the Company actively engages all its stakeholders through the following platforms:-

(a) Corporate Disclosure Policy and Procedures

Corporate disclosure and information are important for the investors and the shareholders. The Board is advised by the Management, Company Secretaries, External Auditors and Internal Auditors on the contents and timely disclosure requirements of the MMLR on the financial results and various announcements.

The Group leverages on its corporate website to disseminate and add depth to its communication with the public. News alert feature in the website is available for public community.

(b) Leverage on information technology for effective dissemination of information

The Company's website provides all relevant corporate information and it is accessible by the public. The Company's website includes the share price information, all announcements made by the Company, Annual Reports, financial results, etc.

The Company has identified Mr Heng Chee Wei as the Senior Independent Non-Executive Director to whom concerns of shareholders and other stakeholders may be conveyed. He can be contacted at freddie3688@yahoo.com.

In addition to the above, the shareholders and other stakeholders and the investors can make inquiries about investor relations matters with designated management personnel directly responsible for investor relations, via dedicated e-mail addresses available on the corporate website.

2. Conduct of General Meeting

The AGM is an important means of communication with the Company's shareholders. The Board takes cognisance in serving longer than the required minimum notice period for AGM. The Company encloses the Annual Report together with the notice of AGM with regard to, amongst others, details of the AGM, their entitlement to attend the AGM, the right to appoint proxy and also qualification of proxy.

To ensure effective participation of and engagement with shareholders, all members of the Board, Senior Management and External Auditors will be present at the Meeting to respond to the questions to be raised by the shareholders or proxies. The Chairman ensures that the Board is accessible to the shareholders and an open channel of communication is cultivated.

The Notice of Meeting for the 27th AGM was given to the shareholders at least 28 days prior to the meeting.

At the 27th AGM held on 16 June 2022, the Directors were present virtually to engage directly with, and be accountable to the shareholders for their stewardship of the Company. The Directors, Management and External Auditors were in attendance to respond to the shareholders' queries. The voting at the 27th AGM was conducted through e-polling. The minutes of the 27th AGM is published on the Company's website at www.ralco.net.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board dated 11 April 2023.

DIRECTORS' RESPONSIBILITY STATEMENT

The Companies Act 2016 ("the Act") requires the Directors to lay before the Company at its AGM, the financial statements, which includes the consolidated balance sheet and consolidated income statement of the Group for each financial year, made out in accordance with the applicable approved accounting standards and the provisions of the Act. This is also in line with Paragraph 15.26(a) of the MMLR.

The Directors are required to take reasonable steps in ensuring that the consolidated financial statements give a true and fair view of the state of affairs of the Group for each financial year.

In the preparation of the financial statements for the financial year ended 31 December 2022, the Directors are satisfied that the Company has adopted appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgements and estimates. The Directors also confirm that all applicable approved accounting standards have been complied with.

The Directors are required under the Act to ensure that the Company keeps proper accounting records which disclose with reasonable accuracy the financial position of the Company, and to cause such records to be kept in such manner as to enable them to be conveniently and properly audited.

ADDITIONAL
COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM ANY CORPORATE PROPOSAL

The Company did not carry out any corporate proposals nor utilise proceeds derived from the corporate proposals during the financial year ended 31 December 2022.

2. AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2022, the amount of the audit fees paid to the external auditors by the Company and on a Group basis were RM26,000 and RM89,000 respectively.

There was RM5,000 non-audit fees paid or payable to the external auditors, or a firm or corporation affiliated to the auditors' firm by the Company and Group for the financial year ended 31 December 2022.

3. MATERIAL CONTRACTS

There were no material contracts (not being contract entered into the ordinary course of business) subsisting as at and entered into since the end of previous financial year, by the Company and its subsidiaries, which involved the interest of the Directors, Chief Executive who is not a director or major shareholders.

4. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE ("RRPT")

The Company did not seek for shareholders' mandate to enter into recurrent related party transactions ("RRPT") of revenue or trading nature at the Annual General Meeting in year 2022 and will monitor closely the transaction value of RRPT, if any, in accordance with paragraph 10.09 of the MMLR.

AUDIT
COMMITTEE REPORT

The objective of the Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities relating to internal control, providing oversight of the financial reporting process, scrutinises all quarterly results and annual statutory financial statements of the Group prior to official release to regulatory authorities and shareholders. The Audit Committee will endeavour to adopt various practices aimed at maintaining appropriate standards of responsibility, integrity and accountability to the shareholders of the Company.

1. COMPOSITION AND SUMMARY OF ATTENDANCE

All three (3) members of the Audit Committee were Independent Non-Executive Directors during the financial year ended 31 December 2022. On 31 March 2023, Mr Law Doung Chin was re-designated as Non-Independent Non-Executive Director and resigned as a Member of the Audit Committee. He was replaced by Ms Lau Wai Ching, an Independent Non-Executive Director, who was appointed as a Member of the Audit Committee on 31 March 2023.

The Audit Committee conducted five (5) meetings during the financial year. The composition and details of the attendance of the Audit Committee members are set out as follows:

Name of Members	Designation	Number of Meetings Attended
Ang Seng Wong	Chairman – Independent Non-Executive Director	5/5
Heng Chee Wei	Member – Senior Independent Non-Executive Director	5/5
Law Doung Chin	Member – Non-Independent Non-Executive Director *(Re-designated on 31 March 2023 and resigned from the Audit Committee on 31 March 2023)*	5/5
Lau Wai Ching	Member – Independent Non-Executive Director *(Appointed as a Member of the Audit Committee on 31 March 2023)*	0/0

Mr Ang Seng Wong and Mr. Heng Chee Wei, are members of the Malaysian Institute of Accountants. In this respect, the Company is in compliance with Paragraph 15.09(1)(c)(i) of the MMLR of Bursa Securities.

2. SUMMARY OF THE WORKS DURING THE FINANCIAL YEAR

The works carried out by the Audit Committee in discharging its duties and functions with respect to their responsibilities during the financial year are summarised as follows:

Financial Reporting

The Audit Committee reviewed the quarterly and annual financial statements required by Bursa Securities with the management team prior to making recommendation for the Board's approval. The review focused on changes in accounting policies and practices, major judgmental and risk areas, significant adjustments resulting from the audit, the going concern assumption, compliance with accounting standards, compliance with the MMLR of Bursa Securities and other legal requirements.

In reviewing the annual financial results of the Group, the Audit Committee communicated with the external auditors, Messrs RSM Malaysia PLT ("RSM") with particular focus on significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed; and compliance with the applicable approved accounting/auditing standards in Malaysia and other legal and regulatory requirements.

The Audit Committee keeps itself apprise of changes in accounting policies and guidelines through regular updates by the external auditors.

AUDIT
COMMITTEE REPORT
Cont'd

2. SUMMARY OF THE WORKS DURING THE FINANCIAL YEAR cont'd

External Audit

The Audit Committee discussed with the external auditors the audit plan and scope of work for the Group, and the report on the audit of the year-end financial statements; reviewed audit findings and reservations arising from the audits, significant accounting issues and any matter the external auditors may wish to discuss.

In addition, the Audit Committee reviewed and evaluated RSM's audit plan for the financial year ended 31 December 2022. RSM's audit plan covered its engagement team, concept of materiality, independence and objectivity, and the areas of audit emphasis. The Audit Committee also reviewed key audit issues raised by RSM from its Audit Planning Memorandum including Management's responses/actions taken on the resolution of such issues.

Besides, the Audit Committee has assessed the independence, objectivity and suitability of RSM prior to the recommendation of re-appointment of RSM. Based on the assessment, the Audit Committee is satisfied that there is no conflict of interest situation.

The Audit Committee is of the opinion that the auditors' independence has not been compromised based on the confirmation provided by the external auditors.

Internal Audit

The Audit Committee reviewed with the internal auditor the enterprise risk management review and to monitor/follow-up on remedial action; reviewed the corrective actions taken by Management in addressing and resolving issues as well as ensuring that all key issues were adequately addressed on timely basis; and ensured the adequacy of the independence, competency and resource sufficiency of the internal audit function.

Related Party Transactions

The Audit Committee reviewed the potential related party transactions and any conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of Management's integrity.

Others

The Audit Committee has full access to and co-operation of Management. The Audit Committee also has full discretion to invite any director or executive officer to attend its meetings, and has been given adequate resources to discharge its functions. The Audit Committee had met with the external auditors without the presence of Management during the financial year.

The Audit Committee has reviewed the Statement on Risk Management and Internal Control and Audit Committee Report in accordance with the MMLR of Bursa Securities and Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuer, for inclusion into the Annual Report.

3. TERMS OF REFERENCE OF AUDIT COMMITTEE

The Audit Committee reviewed the Terms of Reference of the Audit Committee during the financial year to ensure that the terms of reference were in line with the MCCG and MMLR.

The full details of the Terms of Reference of the Audit Committee are published on the Company's website at www.ralco.net.

AUDIT
COMMITTEE REPORT
Cont'd

4. INTERNAL AUDIT FUNCTION

The Group has set up an in-house internal audit function since the financial year 2017 and it is independent from the day-to-day operations of the Group. The internal auditor, Mr. Ken Teh Kian Lang, is an MIA member with more than 20 years of internal audit work experience and an associate member with the Institute of Internal Auditors. The duties of the internal auditor are performed with professional care and without prejudice and provides the Audit Committee and the Board with an assurance and independent assessment in respect of the adequacy, efficiency and effectiveness of the risk management practices and system of internal control.

The internal auditor reports directly to the Audit Committee and has principal responsibilities to undertake independent reviews of the internal control system, which includes the following:

(i) reviewing and appraising the adequacy, integrity and effectiveness of the current system of internal control of the Group.

(ii) performing risk assessment of the Group to identify and evaluate the principal risk factors and ensuring the implementation of appropriate internal control processes and procedures to mitigate these risks.

(iii) allocating adequate audit resources, in accordance with the internal audit plan approved by the Audit Committee, to carry out internal audits on key operations of the Group so as to provide the Board with an effective and efficient audit coverage.

During the financial year, the internal auditor has undertaken the following activities:

- Conducted follow-up audits on Risk Management to ensure that the corrective actions on reported weaknesses were taken within the required timeframes were implemented appropriately by the relevant management members;
- Conducted audit on overtime expenses at the Nilai Plant and tabled the respective audit findings to the Risk Management Committee and Audit Committee;
- Conducted audit on Fixed Assets verification at the JB Plant and briefed the salient information to the Risk Management Committee and Audit Committee;
- Attended the Audit Committee and Risk Management Committee Meetings and tabled and discussed on the results of the follow-up Audit on Risk Management; and
- Briefed the Audit Committee on the compliance readiness with the Malaysian Anti-Corruption Commission ("MACC") Section 17A.

The relevant Management members were made responsible for ensuring that the appropriate corrective actions were taken.

The cost incurred for the internal audit function in respect of the financial year ended 31 December 2022 was RM42,900.

Further details of the Internal Audit Function are set out in the Statement on Risk Management and Internal Control on page 30 of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The MCCG 2021 requires listed companies to maintain a sound risk management framework and internal control system to safeguard shareholders' investments and its assets.

This Statement on Risk Management and Internal Control is made pursuant to paragraph 15.26(b) of MMLR of Bursa Securities and as guided by Guidelines for Directors of Listed Issuer – Statement on Risk Management and Internal Control of Bursa Securities. It outlines the key elements of risk management and internal control systems within the Group for the current financial year.

BOARD RESPONSIBILITY

The Board acknowledges the importance of maintaining a sound system of internal control and effective risk management practices in the Group to ensure good corporate governance. The Board affirms its overall responsibility for the Group's system of risk management and internal control and the need to review its adequacy and integrity regularly. The system of internal control covers governance, risk management, financial, strategy, organisational, operational, regulatory and compliance control matters. The Board will determine the Group's level of risk tolerance and to actively identify, assess and monitor key business risks to safeguard shareholders' investment and the Group's assets. In view of the inherent limitations in any system of internal control, the Board recognises that this system is designed to manage rather than eliminate the risk of failure to achieve the Group's objectives and the system by its nature can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

RISK MANAGEMENT FRAMEWORK

The Board recognizes that risk management is an integral part of the Group's business operations and the Board maintains continuous commitment in strengthening the Group's risk management framework and processes. The Board is thus committed to continually promote the culture of risk awareness and builds the necessary knowledge in identifying, evaluating, mitigating, monitoring and managing the significant risks on an on-going basis. The Group has adopted an Enterprise Risk Management ("ERM") framework to manage and minimize risks. ERM process includes five specific elements- strategy/objective setting, risk identification, risk assessment, risk response and communication/monitoring. The internal control and risk management framework is reviewed annually and fine-tuned periodically for any gaps identified.

The key risk management initiatives undertaken include among others:

(i) A Risk Management Committee has been established to constantly identify, evaluate and monitor significant risks faced by the Group. It is also responsible for the development of risk mitigation strategies and plans.

(ii) The Risk Management Committee met on a quarterly basis to discuss and deliberate on the significant risks affecting the Group, including finance, operations, regulatory compliance, reputation, cyber security and sustainability related matters. Risk profiles, control procedures and status of action plans were presented and deliberated in the Risk Management Committee meetings. Minutes of the meetings of the Risk Management Committee which recorded the deliberations were tabled to the Board for notation at their quarterly meetings. The Risk Management Committee also met with different management teams across the Group on quarterly basis for updates.

(iii) Board Committees (i.e. Audit Committee, Remuneration Committee and Nomination Committee) have been established to carry out duties and responsibilities delegated by the Board and are governed by written terms of reference. Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial and operational perspective. Business plans and business strategies are proposed by the Managing Director to the Board for their review and approval after taking into account risk consideration and responses.

(iv) Day-to-day risk management of the individual operating units is delegated to the Managing Director and respective senior managements. In this regard, the Managing Director is responsible for timely identification of the Group's risks of each business units and implementation of systems to manage these risks. Periodic meetings are held to assess and monitor the Group's risk as well as to discuss, deliberate and appropriately addressed matters associated with strategic, financial and operational facets of the Group. Any significant weaknesses identified during the review together with the improvement measures to strengthen the internal controls were reported to the Audit Committee.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Cont'd

RISK MANAGEMENT FRAMEWORK cont'd

(v) Formation of operational policies and procedures by the Management with a view of establishing group wide operational standards in order for all operating units to work cohesively towards achieving the business objectives of the Group. For accounting systems and financial processes, efforts are being taken to ensure consistency in the Group as a whole.

(vi) The Audit Committee reviews on a quarterly basis the quarterly unaudited financial results to monitor the Group's progress towards achieving the Group's business objectives. Authority is given to the Audit Committee members to investigate and report on any areas of improvement for the betterment of the Group.

(vii) Regular interactive meetings between the external and internal auditors to identify and rectify any weakness in the system of internal controls. The Board on a timely basis would be informed of any matters brought up in the Audit Committee meetings.

INTERNAL AUDIT FUNCTION

The Group has an inhouse internal audit function headed by Mr. Ken Teh Kian Lang, a MIA member with more than 20 years of internal audit work experience. The internal audit function reporting to the Audit Committee, provides an independent assessment to the adequacy, efficiency and effectiveness of the Group's internal control system. The internal auditor reports directly to the Audit Committee and the risk-based internal audit plans are tabled to the Audit Committee on an annual basis for review and approval.

During the year under review, the internal auditor assessed the adequacy and effectiveness of the Group's key business areas in terms of governance, risk assessment and system of internal control. Internal audit reports are presented to the Audit Committee on a quarterly basis, highlighting findings, recommendations and agreed action plans to improve the system of internal controls. Such reporting also includes follow-up reviews on significant audit issues that are performed to assess the status of implementation. Based on the internal audit reviews conducted, weaknesses identified in internal controls have been appropriately mitigated and senior managements will continue to ensure that appropriate action is taken to enhance and strengthen the internal control environment.

KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board is committed to maintaining a strong internal control structure for the proper conduct of the Group's business operations and of the view that the system of internal controls in place for the year under review and up to the date of issuance of the financial statements. The key elements include:-

- the responsibilities of the committees to the Board and management are clearly defined in the organisation structure to ensure the effective discharge of their roles and responsibilities towards the Group.
- the limits of authority of the Group have been defined and adopted accordingly.
- policies and controls for the Group's operations have been defined and adopted. Procedures are also in place to ensure that assets are subject to proper physical controls.
- monthly and periodic reporting structures have been put in place on key financial and operational statistics.
- the Group's internal audit function is an on-going review process of the operations to assess the effectiveness of the control environment and to highlight significant risks as well as areas requiring improvements. Follow up reviews on previous audit reports are carried out to ensure that appropriate actions are taken to address internal control weaknesses highlighted.
- the Audit Committee meets regularly to review the adequacy, integrity and effectiveness of the system of internal control of the Group, discuss risk management issues and ensures that weaknesses controls highlighted are appropriately addressed by the management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
Cont'd

CONCLUSION

Several internal control improvements and risk areas were identified by the internal auditor during the financial year ended 31 December 2022. These were reviewed by the Audit Committee and Board and were closely monitored by Management to ensure the integrity of internal controls and minimization of risks. The Board is committed to an effective internal control system and is of the view that there is continuous process in evaluation and managing risks faced by the Group. In addition, the Board has also received assurance from the Managing Director and CFO with regard to the adequacy and effectiveness of the Group risk management and internal control system in place throughout the financial year.

Based on the foregoing, the Board is of the opinion that the system of internal controls are generally satisfactory and has not resulted in any material loss, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

REVIEW BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of MMLR of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report for the year ended 31 December 2022. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that has caused them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the system of internal control of the Group.

GROUP FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED 31 DECEMBER 2022

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
INCOME STATEMENT					
Gross Revenue	71,256	55,283	53,190	50,549	**56,478**
(Loss)/Profit Before Tax	(9,959)	(4,293)	475	1,267	**(928)**
(Loss)/Profit After Tax	(9,407)	(2,542)	132	1,003	**(1,090)**
BALANCE SHEET					
Property, Plant and Equipment	56,817	54,605	52,964	53,268	**54,222**
Net Current (Liabilities)/Assets	(2,269)	6,912	9,410	10,854	**9,461**
Total Assets Employed	54,547	61,517	62,374	64,122	**63,683**
Shareholders' Fund	43,209	40,525	42,043	43,046	**41,956**
Non-Current Liabilities	11,338	20,992	20,331	21,077	**21,727**
Total Funds Employed	54,547	61,517	62,374	64,123	**63,683**
PER RM 1 ORDINARY SHARE					
(Loss)/Earnings Per Share (sen)	(20.37)	(5.51)	0.28	1,97	**(2.14)**
Net Tangible Assets Per Share (RM)	0.94	0.88	0.83	0.85	**0.83**

OUR VISION

We aim to be a leading plastic injection and plastic blowing manufacturer in the region known for its product quality and variety

OUR MISSION

People

Product

Profit

OUR BELIEVES

Core Values

- Passionate about our products
- Care for our customer and people
- Keep our promises

Core Qualities

- Working together
- Building local and overseas market
- Delivering a great customer experience

MANAGEMENT DISCUSSION & ANALYSIS

ON BEHALF OF THE BOARD OF DIRECTORS OF RALCO CORPORATION BERHAD, IT IS OUR PLEASURE TO PRESENT TO YOU THE MANAGEMENT DISCUSSION AND ANALYSIS ("MDA") ON THE GROUP. THE OBJECTIVE OF THIS MDA IS TO PROVIDE SHAREHOLDERS WITH A BETTER UNDERSTANDING AND AN OVERVIEW OF THE GROUP'S BUSINESS, OPERATIONS, FINANCIAL POSITION IN YEAR 2022 AND OUTLOOK FOR THE YEAR 2023.

1. OVERVIEW

Ralco started 30 years ago as a small plastic manufacturer renting a small factory in Kajang, Selangor with one unit of blow molding machine and three (3) sets of molds to manufacture medium and big size containers catering mainly for both the local and Singapore markets. From its humble beginnings, it has over the years grown to be one of the key plastic blow molding and injection molding manufacturer of industrial pails, jerrycans and parts in Malaysia

Products

Our product lines comprise mainly Jerrycans (blow molding) and Pails (injection molding) in various sizes. Jerrycans are widely used for the packing of liquid form of chemicals, medical products as well as for edible oils, while pails are utilized predominantly for the packing of paints for both household and industrial use.

In addition, as part of our continuous customer's service program and in our efforts to provide one stop solution, we also offer customized services such as designing, printing and labelling, such as heat transfer, based on specific requirements from our customers.

Markets

The Group's turnover is mainly contributed from domestic market and approximately 17% to 22% from other regional markets.

Manufacturing Bases

Our Head Office and the main plant are located in the Nilai Industrial Estate, in the state of Negeri Sembilan. Our factory at Nilai was built on a land measuring 4.51 acres with a total build-up area of approximately 141,000 sq. ft. with a total workforce of approximately 187 people and more than 44 machines.

Ralco has another manufacturing plant which is strategically located in Skudai, the Southern State of Johor. The Johor plant is a single storey detached factory cum 2-storey office annexe situated on approximately 44,000 sq. ft. of industrial land with a build-up area of approximately 26,000 sq. ft.

The Johor plant has a total workforce of approximately 40 employees and 12 units of blow molding machines. It caters to the needs of our customers in the southern region of Malaysia and for our regional customers.

2. BUSINESS REVIEW

During the year under review, the Group's revenue increased slightly as compared to the previous year. The increase in revenue was mainly due to the higher sales delivery during the period of the Post Covid-19 pandemic and following the increased in raw material prices. Post Covid-19, the economic activities had normalised which contributed to a significant recovery of business activities.

In addition, the fluctuation of resin price has an impact on the performance of the Group as resin is the main cost component for the manufacture of plastic products. The price of resin continued its upward trend after MCO and showing no sign of abating as at the financial year ended 31 December 2022. This has posted a challenge to the management in adjusting the selling price while negotiating with our existing customers.

In addition, the operation of the Group has been continuously affected by the shortage of foreign workers. We have adopted several measures to retain our local workers and also to extend the existing foreign workers' contracts. The measures adopted include offering improved remuneration package and working environment. The Group strives to optimize the production capacity through pooling the human resources whilst containing the high labour cost.

2. BUSINESS REVIEW cont'd

To achieve higher productivity, the Group will continue to upgrade and replace old machineries progressively to ensure that the machines operate at their optimum capacity. The Group had invested approximately RM3.5 million in new machineries, upgrading and material handling equipment i.e. Electric Forklifts during the financial year ended 2022.

The Group strives to expand its customer base and diversify our product range into higher value- added products which can contribute better profit margins. We will continue to adopt a more collaborative approach with our customers as well as stakeholders by improving our efficiency in plant production and timely delivery of products to our customers.

3. FINANCIAL REVIEW

Revenue

The Group's revenue increased by RM5.9 million or 12.0% to RM56.5 million for the current financial year 2022 as compared to RM50.5 million recorded in the previous year. The increase in revenue was mainly due to the reason mentioned in business review above.

Cost of Sales

Total cost of sales of the Group for the current financial year was RM50.6 million against RM43.3 million incurred in the previous financial year. This was mainly due to the increase in sales volume, increase in factory overheads as well as higher labour costs.

Other Income

Other income increased to RM2.0 million for the financial year ended 31 December 2022 as compared to RM1.5 million recorded in the previous financial year. The increase in other income was mainly contributed from impairment loss on trade receivable no longer required amounted to RM1.2 million.

Other Operating Expenses

In tandem with the increase in turnover, higher selling and distribution expenses was recorded for the current financial year. The Group registered an increase in administrative expenses in current financial year mainly due to the revision upwards Managing Director's monthly remuneration with effective from 1st of September 2022, increase in number of employees and revision of salary to retain the employees.

Finance Costs

The financial cost of the Group decreased marginally to RM0.89 million in the current financial year from RM0.9 million in the previous financial year. This mainly due to certain machines purchased under installment plan were fully paid.

Taxation

The Group's effective tax rate was lower than the statutory tax rate mainly due to the crystalisation of deferred tax liabilities on depreciation of revalued assets during the year. The Group has available unabsorbed tax losses, unutilized capital allowances and reinvestment allowances to off-set against its business income except the rental income.

Profit after Tax

The Group posted a loss after taxation of RM1.1 million for the current financial year ended 31 December 2022 as compared to a profit of RM1.0 million registered in the previous financial year. This was mainly due to drop in gross profit margin from 13.72% to 9.87% during the current financial year.

MANAGEMENT DISCUSSION
& ANALYSIS
Cont'd

3. FINANCIAL REVIEW cont'd

Liquidity and Capital Resources

The Group cash position stood at RM2.1 million as at 31 December 2022 as compared to RM3.0 million as at 31 December 2021.

The net cash generated from operating profit before working capital changes was RM0.7 million as compared to RM4 million generated in the previous financial year. This was mainly due to business performance as mentioned above.

Material Litigation

Ralco's wholly-owned subsidiary, Ralco Respack Polybag Sdn Bhd ("Plaintiff") had filed a writ of summons against Respack Manufacturing Sdn Bhd ("the Defendant") at the Shah Alam High Court on 21 February 2020 to recover long overdue amount of RM1,541,795.35 from the Defendant which included the interests at the rate of 1.5% per month until 31 January 2020 and interest at the rate of 5% per annum on the amount claimed from the filing date of the writ of summons until the date of full settlement with costs.

The Shah Alam High Court has on 17 May 2022, recorded a consent judgement for a full and final global settlement sum of RM220,026.50 wherein the said settlement sum shall be paid by the Company's subsidiary, Ralco Respack Polybag Sdn. Bhd. (Plaintiff) in four (4) installments to the Defendant, Respack Manufacturing Sdn. Bhd. on/before 1 December 2022.

The Company's subsidiary, Ralco Respack Polybag Sdn. Bhd. ("Plaintiff") has fully settled and paid the full and final global settlement sum of RM220,026.50 to the Defendant, Respack Manufacturing Sdn. Bhd. on 1 December 2022.

4. DIVIDEND

No dividend has been proposed by the Board for the financial year ended 31 December 2022.

5. FUTURE OUTLOOK

The manufacturing and sale of industrial pails and jerrycans will still be the Group's core business in year 2023.

The volatility in world crude oil prices coupled with the volatility in the foreign currency exchange rates will continue to affect the raw material prices and energy costs which may cause an increase in our overall cost of production. Furthermore, the Group is expected to face costs pressure from higher manufacturing costs i.e. Amended Employment Act changes on working hours i.e. 45 hours per week, Minimum Pay & Tenaga National Bhd new electricity tarrif rates and transport costs. The ongoing war between Russia and Ukraine will continue to cause a lot of uncertainty into the global economic outlook. In order to mitigate these factors, it is crucial for us to endeavour to strengthen our competitiveness through the continued acquisition of the appropriate technologies, enhancing skills training, improving productivity and enhance our marketing capabilities.

Thus, the Board of Directors maintain a cautious outlook for the Group's performance in the coming financial year 2023.

SUSTAINABILITY STATEMENT

COMMITMENT TO SUSTAINABILITY

Ralco Corporation Bhd and its subsidiaries ("Group") are cognisant of the importance of sustainability in doing the business. We are committed to develop and secure a sustainable future while maintaining an equitable balance between the expectations of a wide range of stakeholders and continuing to create value for our shareholders. To ensure our sustainability efforts are focused on issues that matter most to our stakeholders, we have categorised our commitment into three (3) core pillars:

Economy - Creating shareholders and business value

Environment - Managing the impacts from business

Social - Responsibility to stakeholders

Governance Structure

We do not have a Sustainability Committee at the Board Level, however the Risk Management Committee ("RMC") has taken up the role and responsibilities of the Sustainability Committee. The Group MD plays the role of Chief Sustainability Officer ("CSO"), reporting directly to the RMC on any sustainability matters. The RMC oversees the strategies, policies, initiatives, targets and performance of the Group to ensure that the Group's business is conducted in a sustainable manner. The CSO is assisted by Risk Management Committee ("RMC") which oversees the implementation of the organisation's sustainability approach. Each business unit has its own Risk Management and Sustainability Working Group ("RMSWG") which allows RMC to leverage existing initiatives to identify material sustainability matters in respect of our three (3) core pillars concerning their respective business units, providing and collecting information, overseeing and ensuring integration of sustainability management into their respective business processes.

Scope and Basis

This Sustainability Statement has been developed based on the Sustainability Reporting Guide. The guidelines look beyond financial performance and corporate governance practices which are outlined in this annual report, to examine our non-financial performance relating to our internal and external communities as well as the environment.

Stakeholders' Engagement

We have identified certain stakeholders relevant to our operations and different platforms will be used to engage with all the different stakeholder groups, as indicated in the table below. We have yet to formally engage with all the stakeholders and as we progress, more stakeholders will be identified.

STAKEHOLDERS	METHOD OF ENGAGEMENT	STAKEHOLDERS' CONCERN	CORE PILLARS
Shareholder	❖ Annual General Meeting	❖ Business and financial performance	❖ Economy
Employees	❖ On-going training ❖ Performance appraisal system	❖ Human resource management ❖ Occupational health and safety	❖ Social
Customers	❖ Direct engagement ❖ Customer feedback	❖ Pricing ❖ Delivery ❖ Quality	❖ Economy ❖ Social
Suppliers	❖ Supplier meeting ❖ Supplier survey	❖ Quality product ❖ Cost efficiencies	❖ Economy ❖ Social
Government	❖ Regulatory compliance	❖ Regulatory disclosure ❖ Accountability	❖ Environmental ❖ Social
Communities	❖ Meeting engagement with local communities	❖ Local employment ❖ Environmental impact	❖ Social ❖ Environmental

SUSTAINABILITY
STATEMENT
Cont'd

COMMITMENT TO SUSTAINABILITY cont'd

Materiality Assessment

A Materiality Assessment is a stakeholder engagement exercise designed to gauge Ralco's most noteworthy economic, environmental and social impacts that may be important to stakeholders. The process helps us to identify, prioritise, validate and review the most significant areas on the basis of their impact on the business and the importance of these areas from stakeholders' perspectives.

The materiality matrix table will show outcome of Ralco's materiality assessment. Sustainability key matters have been rated on a scale of low, medium and high for the significant Group's Economic, Environmental and Social ("EES") impacts and the influence of stakeholder's assessment and decisions.

➢ **ECONOMIC**

2022 was a challenging year due to the post Covid-19 pandemic recovery. However, our business operations were not materially affected. The management will focus on improving productivity and enhancing market share. Further explanation of our financial performance can be referred to the Management Discussion and Analysis section of this Annual Report.

The management will endeavour to create long-term value for our stakeholder and achieve sustainable business by delivering quality products.

(i) Corporate Governance and Risk Management

In order to ensure sound corporate governance and ethical business conducts are being practiced across the business operations, the Group has in place several policies with key notes as follows: -

Corporate Code of Conduct & Ethics ("Code")	This code of business conduct and principles serves to guide the operational standards that all the employees of RALCO Group of Companies follow, irrespective of locations. It complements the approach to corporate governance and corporate responsibility. It prescribes values and principles that the Company commits to uphold to ensure that business practices and dealings that the Company has relationships with, whether internal or external are governed by honesty, integrity and respect. o Employees are required to act honestly and legally at all times; o To ensure confidentiality of the Group's information; o To avoid any conducts that could risk or damage the Group's reputation; o To avoid personal interest being ahead of the Group's interest. o All applicable laws, rules and regulations must be adhered to accordingly. o Any conflict of interest must be avoided/ disclosed promptly. o Disclosure of confidential information to unauthorised personnel and insider trading are strictly prohibited. o All employees must not engage in any fraudulent or dishonest activity. o Discrimination and harassment in workplace are prohibited.
Anti-bribery and Corruption Policy ("ABCP")	The Group are committed to carry out business dealings with integrity, trustworthiness and fairness. It avoids and discourage completely the practices of bribery and corruption of all forms in the company's daily operations. The Group has embraced a Zero Tolerance approach against all forms of bribery and corruption and takes a strong stance against such acts. Employees who refuse to pay or receive bribes or participate in any acts of corruption will not be penalised even if such refusal may result in the Company losing its business or not meeting its targets. The Group's Anti-Bribery and Anti-Corruption Policy ("this Policy") leverages the core principles set out in the Group's Code of Business Conduct. The scenarios provided within this Policy do not limit the boundaries of the Policy which may be extended to cover all circumstances relating to bribery. Compliance to the Policy is mandatory and will be monitored.

COMMITMENT TO SUSTAINABILITY cont'd

➢ **ECONOMIC** cont'd

(i) Corporate Governance and Risk Management cont'd

Whistle Blowing Policy	Whistle Blowing Policy adopted by the Group is a specific means by which any Employees or Stakeholders (i.e. shareholders/customers/suppliers) can report or disclose through established channels, genuine concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements ("reportable misconduct") that is taking place/has taken place/may take place in the future; of which they become aware and to provide protection for the party, who report allegations of such malpractice/misconduct/ wrongdoings. In case reporting to the management is a concern, then the concerns can be reported directly to the Chairman of Audit Committee. Name : Heng Chee Wai Email : freddie3688@yahoo.com

The Code, ABCP and Whistle Blowing Policy are available for viewing on our website at www.ralco.net.

During the financial year 2022, no employees had been disciplined or dismissed, no contracts with suppliers or customers being terminated, nor have any public cases been brought against Ralco and its employees due to non-compliance with our Code, ABCP and/or any laws and regulations.

Risk Management Committee conducted risk assessment on an annual basis to identify and mitigate significant risks that are affecting our business operations. Our Committee is overseeing the risk management process of the Group in order to safeguard the interest of our various stakeholders. The details are discussed in the Statement on Risk Management and Internal Control in this Annual Report.

(ii) Quality Assurance

As a manufacturer of Jerrycans and Pails, Ralco placed upmost emphasis and commitment to deliver quality products to our customers. We apply stringent operating standards and quality controls in our quality management system in our business operations. In achieving the highest quality standards of products and services, we have been accredited to ISO 9001 : 2015 by SIRIM QAS International Sdn Bhd.

SIRIM QAS INTERNATIONAL

CERTIFICATE

SIRIM QAS International Sdn. Bhd. hereby certifies that

RALCO PLASTIC SDN. BHD.
LOT 1476, JALAN LENGKOK EMAS 1
NILAI INDUSTRIAL ESTATE
71800 NILAI
NEGERI SEMBILAN DARUL KHUSUS
MALAYSIA

has implemented a Quality Management System complying with

ISO 9001 : 2015

QUALITY MANAGEMENT SYSTEMS - REQUIREMENTS

Scope of Certification:

MANUFACTURE OF HIGH DENSITY POLYETHYLENE (HDPE) AND POLYPROPYLENE (PP) PLASTIC CONTAINERS (JERRYCANS, BOTTLES AND ROCANE PAILS), INJECTION AND BLOW MOULDING PARTS AND ASSESORIES AND PRINTING.

Issue Date	: 16 October 2021
Original Certification Date	: 15 October 1994
Expiry Date	: 14 October 2024
Certificate No	: QMS 00220

NUR FADHILAH BINTI MUHAMMAD
Chief Executive Officer
SIRIM QAS International Sdn. Bhd.

IQNet

THE INTERNATIONAL CERTIFICATION NETWORK

CERTIFICATE

SIRIM QAS International Sdn. Bhd. has issued an IQNet recognized certificate that the organization:

RALCO PLASTIC SDN. BHD.
LOT 1476, JALAN LENGKOK EMAS 1
NILAI INDUSTRIAL ESTATE
71800 NILAI
NEGERI SEMBILAN DARUL KHUSUS
MALAYSIA

has implemented and maintains a

Quality Management System

for the following scope:

MANUFACTURE OF HIGH DENSITY POLYETHYLENE (HDPE) AND POLYPROPYLENE (PP) PLASTIC CONTAINERS (JERRYCANS, BOTTLES AND ROCANE PAILS), INJECTION AND BLOW MOULDING PARTS AND ASSESORIES AND PRINTING.

which fulfils the requirements of the following standard:

ISO 9001 : 2015

Issued on	16 October 2021
First issued on	15 October 1994
Expires on	14 October 2024

This attestation is directly linked to the IQNet Partner's original certificate and shall not be used as a stand-alone document

Registration Number : MY – QMS 00220

Alex Stoichitoiu
President of IQNet

Nur Fadhilah binti Muhammad
Chief Executive Officer
SIRIM QAS International Sdn Bhd

SUSTAINABILITY
STATEMENT
Cont'd

COMMITMENT TO SUSTAINABILITY cont'd

➢ **ENVIRONMENT**

The Group is mindful of the impact that its expanding operations can have on the environment and seeks to reduce the impact through effective and efficient management of resources including effluent and waste management practices.

(i) Waste Disposal

As a manufacturer, Ralco recognises its duty and responsibility in managing waste and effluent. We embed sustainability practices into our business processes to operate more efficiently and work towards minimising waste and effluent to the best of our ability. We ensure waste is disposed safely and recycled in compliance with the required regulations.

We have standard operating procedures to store and dispose scheduled wastes which are toxic and dangerous according to the Department of Environment ("DOE") requirements. Without proper and effective management control, it can lead to serious environmental pollution which has long-term effect on human health and damage to the environmental ecosystem. Currently, we manage our scheduled wastes by sending it to licensed collectors to ensure our scheduled wastes undergo proper recovery, recycling and disposal process. Our scheduled waste management process is managed by our own competent employees.

	FY 2022	FY 2021	FY 2020
Schedule Waste Generated	5.5 Mts	4.9 Mts	3.9 Mts
General Waste	10.5 Mts	9.8 Mts	8.1 Mts

(ii) Energy Management

Conservation of resources is an important priority for manufacturing business. We made conscious effort in improving our manufacturing processes and are continuously working towards reducing the use of energy throughout the division. We have invested in servo systems in some production machines to reduce energy consumption. In addition, halogen lights were replaced with LED lighting which consumes lower energy and replacing Diesel/Petrol/LP Gas (fossil fuel) forklifts with Electric forklifts.

The Group has also invested in a solar PV Retrofitted Grid Connected System in year 2017 with the objective to contribute to climate change mitigation by reducing GHG emission into the atmosphere.

	FY 2022	FY 2021	FY 2020
Solar power generated (kWh)	367,272	359,064	342,452

(iii) Occupational Safety and Health

The Management views occupational safety and health at work environment for employees with utmost importance. Various actions are implemented to ensure workplace safety, such as:

- Enforcement of Safety and Health Policies and any regulation under Occupational Safety and Health Act (OSHA) 1994 and Factories and Machinery Act (FMA) 1967 to ensure safety guidance compliance:
- Frequent inspection and safety walkabout for detection of unsafe act and unsafe conditions;
- Liaise with Department of Occupational Safety and Health for Safety Audit and Inspection especially to renew Machine Certificates (Lift Hoist, Overhead Crane and Air Receiver tank);
- Requirement for sourcing experience contractors for maintenance work and Permit to work;
- Conduct job orientation and safety induction for new hired machine operators and conduct continuous on job training for new and existing operators.
- Conducting Hazard Identification, Risk Assessment and Risk Control (HIRARC) for Standard Operating Procedure for all Job Scope;

COMMITMENT TO SUSTAINABILITY cont'd

➢ **ENVIRONMENT** cont'd

(iii) Occupational Safety and Health cont'd

There is a Safety Officer which reports to the General Manager responsible for promoting safety measures adherence, identifying safety hazards and recommending corrective actions. The Group is conscious of the need to continuously improve, promote and implement safety and health culture to the employees. The Group's target is to work towards zero accidents and zero fatalities. Below is the statistic of accidents recorded for the year.

Description	FY 2022	FY 2021	FY 2020
Minor Injury < 5 days	6	6	12
Major Injury > 5 days (report to JKKP6)	1	1	1
Total no. of accident case	7	7	13

➢ **SOCIAL SUSTAINABILITY**

(i) Employee Health and Safety – COVID-19

The Group is mindful of the COVID -19 Pandemic and its impact on both the health of the people and operations. In FY2021, the Group spent RM116,104 in conducting Polymerase Chain Reaction ("PCR") tests and implementing preventive measures in the company. The Group also conducts COVID-19 Antigen test on all employee fortnightly. He/She shall be self-quarantine at home as per the guidelines if tested positive. The Group complies to Kementerian Kesihatan Malaysia ("KKM") guidelines, as follow:

- Daily checking and recording of body temperature at factory entrance;
- Provide hand sanitizer, fogging smoke machine and face masks in all Department, and mandatory wearing face mask in common area and during office hour;
- Sanitation and cleaning everyday and antigen testing bi-weekly;
- Social distancing of minimum 1 meter;
- Air ventilation in meeting room and sanitise before and after meeting; and
- Provide free vaccination and PCR tests to all employees

The Group will continue to adhere and comply with SOP implemented internally and the guidelines from KKM.

(ii) Training and Education

We believe that our people are driving force of our business, thus, we put significant attention into workplace that improve the performance of people. The Group sponsored the participation of our skilled employees and managerial staff to seminars and workshops to enhance their technical competency and to promote skill development. The Group also provides various in-house job-related training to employees focusing mainly on productivity and respective fields of expertise to strengthen their skills set and knowledge in areas related to the Group's operations. The Group also showed its concern for the well-being of society by reaching out to the under-privileged group by providing job opportunity to the disabled personnel. We also provide internship programs for students from local institutions of higher learning.

Moving forward, our talent management strategy aims to polish our employees' knowledge and skills gaps with necessary on job trainings. We belief these initiatives will provide our employees to develop their career in company.

SUSTAINABILITY STATEMENT
Cont'd

COMMITMENT TO SUSTAINABILITY cont'd

➢ **SOCIAL SUSTAINABILITY** cont'd

(ii) Training and Education cont'd

The seminars and trainings, includes virtual or webinar sessions attended by the employees of the Group during the year:

No.	Date	Seminar/Training Programs
1	18 Jan 2022	Occupational Safety & Health – Induction Training
2	19 Jan 2022	Occupational Safety & Health – Forklift Safety Training
3	20 Jan 2022	5 S Housekeeping
4	25 Jan 2022	Goods Receiving Procedure from Production
5	14 Feb 2022	Delivery & Loading Arrangement Training
6	18 Feb 2022	Goods Delivery for Driver Training
7	25 Feb 2022	Preparation of Caps & Inserts for delivery
8	10 Mar 2022	Scheduled Waste Information System (e Swiss)
9	17 Mar 2022	Refreshment Training – Control of Cleanliness
10	24 Mar 2022	Finished Goods & Raw Material Masterbatch Arrangement Training
11	24 Mar 2022	Medical & Food Products Arrangement
12	26 Mar 2022	Occupational Safety – Safety for Lorry Driver
13	13 Apr 2022	Refreshment Training – Control of Cleanliness
14	19 Apr 2022	Risk Management & Section 17A MACC Act 2009
15	25 & 26 May 2022	Basic Occupational First Aid, CPR & AED Certification Training
16	04 Jul 2022	Control of Documented Information/Work Instruction for calibrated equipment
17	12 Aug 2022	Refresher Training for QMS ISO 9001:2015

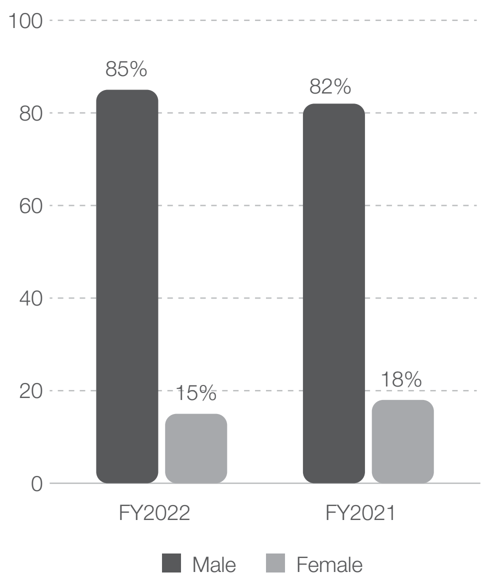
COMMITMENT TO SUSTAINABILITY cont'd

➢ **SOCIAL SUSTAINABILITY** cont'd

(iii) Workforce Diversity and Inclusion

The Group believes the values of equality. All recruitment and employments are strictly based on the competency of the candidates. The Group does not practice any form of gender, ethnicity and/or age discrimination, and all candidates are given fair and equal opportunity. Display below the distribution of our workforce demographic:

Gender Distribution



Ethnic Distribution

(iv) Compliance to Minimum Wage

The Group complies to the minimum wages, i.e. RM1,500 per month under the Minimum Wage Order 2022 that effective since 1 May 2022. This is to ensure that the low-income groups are able to attain minimum acceptable living standards and elevation from poverty. In Ralco, we-offered more than the minimum wage to attract workers and retain skill workers.

DIRECTORS' REPORT

The directors hereby submits their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries.

The principal activities of the subsidiaries are indicated in Note 8 to the financial statements.

FINANCIAL RESULTS

	GROUP RM	COMPANY RM
Loss for the financial year attributable to owners of the Company	1,089,540	404,379

In the opinion of the directors, the financial results of the Group's and of the Company's operations during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year and the directors do not recommend any dividend for the current financial year.

DIRECTORS

The directors who held office during the financial year until the date of this report are:

THE COMPANY

Heng Chee Wei
Tan Heng Ta
Law Doung Chin
Ang Seng Wong
Dato' Chong Kim Fatt
Lau Wai Ching
Liang Siew Jiun *(Resigned on 28 February 2022)*

SUBSIDIARY COMPANIES

Tan Heng Ta

DIRECTORS' REPORT
Cont'd

DIRECTORS' INTEREST IN SHARES

The directors holding office at the end of the financial year and their beneficial interest in the ordinary shares of the Company and its related corporations during the financial year as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, were as follows:

	Number of shares			
	At 1.1.2022	Acquired	(Disposed)	At 31.12.2022
THE COMPANY				
Direct interest				
Tan Heng Ta	8,736,800	-	-	8,736,800

By virtue of his interests in the ordinary shares of the Company, Tan Heng Ta is deemed to have interest in the ordinary shares of all the subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year held any interest in the shares of the Company and its related corporations.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors as shown in the notes to the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which a director is a member or with a Company in which the director has a substantial financial interest.

There were no arrangements during or at the end of the financial year, to which the Company is a party, which had the object of enabling the directors to acquire benefits, by means of the acquisition of shares the Company or any other body corporate.

DIRECTORS' REMUNERATION

The amounts of remunerations received or receivable by the directors of the Group and the Company during the financial year is as follows:

	GROUP RM	COMPANY RM
Directors' fees	185,034	185,034
Other emoluments	1,149,776	1,002,923

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

The total amount of indemnity given to or insurance premium paid for the director, officer or auditor of the Group and of the Company is as follow:

	GROUP RM	COMPANY RM
Directors	10,610	10,610

DIRECTORS' REPORT
Cont'd

SUBSIDIARY COMPANIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

AUDITORS' REMUNERATION

The amounts paid to or receivable by the auditors as remuneration for their services as auditors are as follows:

	GROUP RM	COMPANY RM
Statutory Audit	89,000	26,000
Others	5,000	5,000

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that all known bad debts to be written off and that adequate provision had been made for doubtful debts; and

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

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

(b) The directors are not aware of any circumstances:

(i) which would render the amount written off for bad debts and 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

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

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

(c) In the opinion of the directors:

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

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the financial results of the Group or of the Company for the current financial year.

DIRECTORS' REPORT
Cont'd

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY cont'd

(III) AS AT THE DATE OF THIS REPORT

(d) There are no charges on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(e) There are no contingent liabilities of the Group or of the Company which has arisen since the end of the financial year, other than as disclosed in the note to financial statements.

(f) The directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

AUDITORS

The auditors, RSM 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 directors:

TAN HENG TA
Director

ANG SENG WONG
Director

11 April 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

		GROUP	
		2022	2021
	Note	RM	RM
NON-CURRENT ASSETS	6	16,995,682	14,835,529
Property, plant and equipment	7	37,225,878	38,432,673
Right-of-use assets		54,221,560	53,268,202
CURRENT ASSETS			
Inventories	9	9,632,767	10,268,973
Trade receivables	10	11,228,303	7,761,896
Other receivables and deposits	11	1,127,422	1,454,859
Other assets	12	377,499	623,958
Tax recoverable		40,369	-
Cash and bank balances	14	2,103,898	3,015,922
		24,510,258	23,125,608
TOTAL ASSETS		78,731,818	76,393,810
EQUITY			
Share capital	15	44,961,651	44,961,651
Revaluation reserve	16	19,273,904	19,780,868
Accumulated losses		(22,279,509)	(21,696,933)
TOTAL EQUITY		41,956,046	43,045,586
NON-CURRENT LIABILITIES			
Lease liabilities	17	43,188	151,558
Hire purchase liabilities	18	1,382,063	1,182,302
Amount owing to related parties	19	14,343,128	13,784,865
Deferred tax liabilities	20	5,958,942	5,958,232
		21,727,321	21,076,957
CURRENT LIABILITIES			
Lease liabilities	17	127,466	142,062
Hire purchase liabilities	18	691,584	1,067,149
Bills payables	21	2,079,307	2,656,680
Trade payables	22	4,632,782	1,546,308
Other payables and accruals	23	3,691,250	3,407,346
Amount owing to related parties	19	3,803,336	3,450,000
Tax liability		22,726	1,722
		15,048,451	12,271,267
TOTAL LIABILITIES		36,775,772	33,348,224
TOTAL EQUITY AND LIABILITIES		78,731,818	76,393,810

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
Cont'd

	Note	COMPANY 2022 RM	2021 RM
NON-CURRENT ASSETS	6	957	1,229
Property, plant and equipment	8	31,367,499	31,367,499
Investments in subsidiaries		31,368,456	31,368,728
CURRENT ASSETS			
Other receivable	11	-	-
Other assets	12	27,483	27,331
Amount owing from a subsidiary	13	5,676,297	6,061,167
Tax recoverable		34,749	26,282
Bank balance	14	27,597	97,262
		5,766,126	6,212,042
TOTAL ASSETS		37,134,582	37,580,770
EQUITY			
Share capital	15	44,961,651	44,961,651
Accumulated losses		(8,637,244)	(8,232,865)
TOTAL EQUITY		36,324,407	36,728,786
CURRENT LIABILITIES			
Other payables and accruals	23	340,175	377,153
Amount owing to subsidiaries	13	470,000	474,831
		810,175	851,984
TOTAL LIABILITIES		810,175	851,984
TOTAL EQUITY AND LIABILITIES		37,134,582	37,580,770

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		GROUP		COMPANY	
		2022	2021	2022	2021
	Note	RM	RM	RM	RM
REVENUE	24	56,477,727	50,549,367	2,360,000	2,160,000
COST OF SALES		(50,614,732)	(43,342,455)	-	-
GROSS PROFIT		5,862,995	7,206,912	2,360,000	2,160,000
OTHER INCOME		1,981,309	1,467,067	-	-
SELLING AND DISTRIBUTION COSTS		(1,789,123)	(1,467,487)	-	-
ADMINISTRATIVE EXPENSES		(5,950,781)	(4,884,050)	(2,705,631)	(2,175,898)
OTHER OPERATING EXPENSES		(133,877)	(153,237)	-	-
FINANCE COSTS	25	(897,922)	(902,541)	-	-
(LOSS)/PROFIT BEFORE TAXATION	26	(927,399)	1,266,664	(345,631)	(15,898)
TAXATION	27	(162,141)	(263,923)	(58,748)	(34,585)
NET (LOSS)/PROFIT FOR THE FINANCIAL YEAR		(1,089,540)	1,002,741	(404,379)	(50,483)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE (EXPENSE)/ INCOME FOR THE FINANCIAL YEAR		(1,089,540)	1,002,741	(404,379)	(50,483)
(Loss)/Earnings per ordinary share (sen):					
Basic	28	(2.14)	1.97		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

GROUP	Attributable to Owners of the Company Share capital RM	 Revaluation reserve RM	 Accumulated losses RM	 Total equity RM
Balance as at 1.1.2021	44,961,651	20,287,832	(23,206,638)	42,042,845
Realisation of revaluation reserve	-	(506,964)	506,964	-
Total comprehensive income for the financial year	-	-	1,002,741	1,002,741
Balance as at 31.12.2021/ 1.1.2022	44,961,651	19,780,868	(21,696,933)	43,045,586
Realisation of revaluation reserve	-	(506,964)	506,964	-
Total comprehensive expense for the financial year	-	-	(1,089,540)	(1,089,540)
Balance as at 31.12.2022	44,961,651	19,273,904	(22,279,509)	41,956,046

COMPANY	Attributable to Owners of the Company Share capital RM	 Accumulated losses RM	 Total equity RM
Balance as at 1.1.2021	44,961,651	(8,182,382)	36,779,269
Net loss/Total comprehensive expense for the financial year	-	(50,483)	(50,483)
Balance as at 31.12.2021/ 1.1.2022	44,961,651	(8,232,865)	36,728,786
Net loss/Total comprehensive expense for the financial year	-	(404,379)	(404,379)
Balance as at 31.12.2022	44,961,651	(8,637,244)	36,324,407

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation	(927,399)	1,266,664	(345,631)	(15,898)
Adjustments for:				
Depreciation of property, plant and equipment	1,270,709	1,047,146	272	273
Depreciation of right-of-use assets	1,317,468	1,326,212	-	-
Gain on disposal of property, plant and equipment	(23,603)	(26,994)	-	-
Impairment loss on trade receivables	39,104	-	-	-
Impairment loss on trade receivables no longer required	(1,221,020)	(647,681)	-	-
Interest expenses	897,922	902,541	-	-
Interest income	(24,822)	(197,739)	-	-
Inventories written down	230,936	341,345	-	-
Reversal of inventories written down in previous financial year	(847,522)	-	-	-
Unrealised gain on foreign exchange	(28,217)	-	-	-
Operating profit/(loss) before working capital changes	683,556	4,011,494	(345,359)	(15,625)
Decrease/(Increase) in inventories	1,252,792	(1,160,864)	-	-
(Increase)/Decrease in trade receivables	(3,505,511)	5,500,438	-	-
Decrease/(Increase) in other receivables and deposits	327,437	(107,171)	-	-
Decrease/(Increase) in other assets	246,459	183,566	(152)	704
Increase/(Decrease) in trade payables	3,208,298	(1,648,122)	-	-
Increase/(Decrease) in other payables and accruals	1,383,100	(2,029,505)	(36,978)	132,837
Increase/(Decrease) in amount owing to related parties	911,599	(1,026,621)	-	-
Cash generated from/(used in) operations	4,507,730	3,723,215	(382,489)	117,916
Interest received	24,822	197,739	-	-
Interest paid	(897,922)	(902,541)	-	-
Tax paid	(200,796)	(224,023)	(87,215)	(44,845)
Tax refund	20,000	-	20,000	-
	(1,053,896)	(928,825)	(67,215)	(44,845)
Net cash generated from/(used in) operating activities	3,453,834	2,794,390	(449,704)	73,071

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022
Cont'd

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment (Note 6(b))	(2,443,260)	(1,356,644)	-	-
Addition of right-of-use assets	(78,000)	(29,301)	-	-
Proceeds from disposal of property, plant and equipment	23,316	29,718	-	-
Repayment from/(Advance to) a subsidiary	-	-	380,039	(47,102)
Net cash (used in)/generated from investing activities	(2,497,944)	(1,356,227)	380,039	(47,102)
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in bills payables	(577,373)	(543,064)	-	-
Payment of lease liabilities	(140,079)	(140,231)	-	-
Repayment of hire purchase	(1,178,679)	(1,431,886)	-	-
Net cash used in financing activities	(1,896,131)	(2,115,181)	-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(940,241)	(677,018)	(69,665)	25,969
Effect of foreign exchange differences	28,217	-	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	3,015,922	3,692,940	97,262	71,293
CASH AND CASH EQUIVALENTS CARRIED FORWARD (NOTE 14)	2,103,898	3,015,922	27,597	97,262

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

1. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries.

The principal activities of the subsidiaries are indicated in Note 8 to the financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with the applicable approved Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise stated in the financial statements.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

(b) Basis of consolidation

(i) Subsidiaries

A subsidiary is an entity controlled by the Group, i.e. the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its current ability to direct the entity's relevant activities (power over the investee).

The existence and effect of potential voting rights that the Group has the practical ability to exercise (i.e. substantive rights) are considered when assessing whether the Group controls another entity.

The Group's financial statements incorporate the results, cash flows, assets and liabilities of Ralco Corporation Berhad and all of its directly and indirectly controlled subsidiaries. Subsidiaries are consolidated from the effective date of acquisition, which is the date on which the Group effectively obtains control of the acquired business, until that control ceases.

The non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately in the consolidated statement of financial position and consolidated statement of profit or loss, and consolidated statement of comprehensive income.

Total comprehensive income (i.e. profit or loss and each component of other comprehensive income) is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control are accounted for as transactions with owners in their capacity as owners (i.e. equity transactions). The carrying amounts of the Group's 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 interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

3. SIGNIFICANT ACCOUNTING POLICIES cont'd

(b) Basis of consolidation cont'd

(i) Subsidiaries cont'd

Upon loss of control of a subsidiary, the Group's profit or loss is calculated as the difference between (i) the fair value of the consideration received and of any investment retained in the former subsidiary and (ii) the previous carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests.

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

(ii) Business combinations

The Group applies the acquisition method to account for all acquired businesses, whereby the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values (with few exceptions as required by MFRS 3 *Business Combinations*).

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group.

Acquisition-related costs (e.g. finder's fees, consulting fees, administrative costs, etc.) are recognised as expenses in the periods in which the costs are incurred and the services are received.

On acquisition date, goodwill is measured as the excess of the aggregate of consideration transferred, any non-controlling interests in the acquiree, and acquisition-date fair value of the Group's previously held equity interest in the acquiree (if business combination achieved in stages) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after appropriate reassessment, the amount as calculated above is negative, it is recognised immediately in profit or loss as a bargain purchase gain.

At acquisition date, non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement is made separately for each business combination. Other components of non-controlling interests are measured at their acquisition-date fair values, unless otherwise required by MFRS.

The acquisition-date fair value of any contingent consideration is recognised as part of the consideration transferred by the Group in exchange for the acquiree. Changes in the fair value of contingent consideration that result from additional information obtained during the measurement period (maximum one year from the acquisition date) about facts and circumstances that existed at the acquisition date are adjusted retrospectively against goodwill. Other changes resulting from events after the acquisition date are adjusted at each reporting date, only when the contingent consideration is classified as an asset or a liability, and the adjustment is recognised in profit or loss.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. If any, changes in the value of the Group's equity interest in the acquiree that have been previously recognised in other comprehensive income are reclassified to profit or loss, if appropriate had that interest been disposed of directly.

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3. SIGNIFICANT ACCOUNTING POLICIES cont'd

(b) Basis of consolidation cont'd

(iii) Transactions eliminated on consolidation

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Property, plant and equipment and depreciation

On initial recognition, items of property, plant and equipment are recognised at cost, which includes the purchase price as well as any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the cost of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

Significant components of individual assets have different useful lives, they are accounted for as a separate item (major components) of property, plant and equipment and depreciated separately.

After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Subsequently, leasehold lands and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the buildings at the reporting date. All other property, plant and equipment are measured at cost less accumulated depreciation and any accumulated losses.

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

3. SIGNIFICANT ACCOUNTING POLICIES cont'd

(c) Property, plant and equipment and depreciation cont'd

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over its useful economic life as follows:

Building	26 years
Factory building on leasehold land	2%
Furniture and fittings	10%
Leasehold land	71 - 893 years
Motor vehicles	20%
Office equipment	10% - 33%
Plant and machinery	5% - 10%
Renovation	20%

Leasehold land and buildings stated at valuation are revalued by the directors based on the valuation reports of independent professional valuers with additional valuation in the periods where market conditions indicate that the carrying values of the revalued assets differ materially from the market value.

Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

Useful lives, residual values and depreciation methods are reviewed, and adjusted if appropriate, at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(d) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

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3. SIGNIFICANT ACCOUNTING POLICIES cont'd

(d) Leases cont'd

(ii) Recognition and initial measurement

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit of loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has applied Amendment to MFRS 16 *Leases – COVID-19 Related Rent Concessions*. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

3. SIGNIFICANT ACCOUNTING POLICIES cont'd

(d) Leases cont'd

(ii) Recognition and initial measurement cont'd

(ii) As a lessor cont'd

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(i) As a lessee

The right-of-use asset is subsequently depreciated using the straight- line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property, plant and equipment. In addition, the right- of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(ii) As a lessor

The Group recognises lease payments received under operating leases as income on straight-line basis over the lease term as part of "other income".

(e) Goodwill

Goodwill arising from business combination is acquired in a business combination as an asset at the accounting date and is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains or losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(f) Impairment of non-financial assets

The carrying amounts of assets other than financial assets excluding the investments in subsidiaries, deferred tax assets and inventories are reviewed at the end of each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. For goodwill that has an indefinite useful life, the recoverable amount is estimated at each reporting date or more frequently when indicators of impairment are identified.

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3. SIGNIFICANT ACCOUNTING POLICIES cont'd

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

An impairment loss is recognised if the carrying amount of an asset or its cash- generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are charged to the statement of profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs to sell. 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 to the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill, if any, is not reversed. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Reversals of impairment losses are credited to the statement of profit or loss and other comprehensive income in the financial year in which the reversals are recognised.

Any subsequent increase in recoverable amount of an asset is recognised as reversal of previous impairment loss and should not exceed the carrying amount that would have been determined, net of amortisation or depreciation, had no impairment loss been previously recognised for the asset.

(g) Inventories

Inventories are carried in the statement of financial position at the lower of cost and net realisable value. Cost is determined on a weighted average cost formula. Cost comprises the landed costs of goods purchased and in the case of work-in- progress and finished goods, comprises cost of materials, direct labour, other direct charges and an appropriate proportion of production overhead.

Write-down is made for obsolete and slow-moving items based on their expected future use and net realisable value.

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

(h) Financial instruments

(i) Initial recognition and measurement

The Group and the Company recognise a financial asset or a financial liability in the statement of financial position when, and only when, an entity in the Group and the Company become a party to the contractual provisions of the instruments.

If a contract is a host financial liability or a non-financial host contract that contains an embedded derivative, the Group and the Company assess whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Group and the Company become a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Group and the Company do not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial liability out of the fair value through profit or loss category. Embedded derivatives in host financial assets are not separated.

3. SIGNIFICANT ACCOUNTING POLICIES cont'd

(h) Financial instruments cont'd

(i) Initial recognition and measurement cont'd

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables and government loans at below market interest rates) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(ii) Derecognition of financial instruments

For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expired. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and the Company consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

(iii) Financial assets

For the purpose of subsequent measurement, the Group and the Company classify financial assets into three measurement categories, namely: (i) financial assets at amortised cost ("AC"); (ii) financial assets at fair value through other comprehensive income ("FVOCI") and (iii) financial assets at fair value through profit or loss ("FVPL"). The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets, as follow:

(i) Financial assets at AC

A financial asset is measured at amortised cost if: (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(ii) Financial assets at FVOCI

A financial asset is measured at FVOCI if: (a) it is held within the Groups' and the Company's business objective to hold the asset both to collect contractual cash flows and selling the financial asset, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

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3. SIGNIFICANT ACCOUNTING POLICIES cont'd

(h) Financial instruments cont'd

(iii) Financial assets cont'd

(iii) Financial assets at FVPL

A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 3(h)(vii).

(iv) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method, except for:

(i) Financial liabilities at fair value through profit or loss (including derivatives that are liabilities) are measured at fair value.

(ii) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. Paragraph 3.2.15 and 3.2.17 of MFRS 9 apply to the measurement of such financial liabilities.

(iii) Financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of: (a) the amount of the loss allowance; and (b) the amount initially recognised less, when appropriate, the cumulative of income recognised in accordance with the principles in MFRS 15 *Revenue from Contracts with Customers*.

(v) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3(t).

(vi) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets mandatorily measured at FVOCI, interest income (calculated using the effective interest rate method), impairment losses, and exchange gains or loss are recognised in profit or loss. All other gains or losses are recognised in other comprehensive income and retained in a fair value reserve. On derecognition of the financial assets, the cumulative gain or loss recognised in OCI is reclassified to profit or loss as a reclassification adjustment.

For financial assets and financial liabilities carried at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

3. SIGNIFICANT ACCOUNTING POLICIES cont'd

(h) Financial instruments cont'd

(vii) Impairment of financial assets

The Group and the Company apply the expected credit loss model ("ECL") of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost or at fair value through other comprehensive income. Except for trade receivables, a 12-month ECL is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Group and the Company assess whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime ECL is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group and the Company have availed the exception to the 12-month ECL requirement to recognise only lifetime ECL.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. For operational simplifications: (a) a 12-month ECL is maintained for financial assets which investment grades that are considered as low credit risk, irrespective of whether credit risk has increased significantly or not; and (b) credit risk is considered to have increase significantly if payments are more than 30 days past due if no other borrower-specific information is available without undue cost or effort.

The ECL is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions. The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidence of impairment), the lifetime ECL is determined individually.

For trade receivable, the lifetime ECL is determined at the end of each reporting period using a provision matrix. For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired and for all other receivables, they are grouped into risk classes by type of customers and businesses, and the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.

(i) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances and deposits which have a short maturity (three months or less) that are readily convertible to cash and are subject to insignificant risk of changes in value.

(j) Foreign currencies transactions and balances

Foreign currency monetary assets and liabilities are translated into the functional currency of the concerned entity of the Group using the exchange rates at the reporting date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss (except when deferred in other comprehensive income as qualifying cash flow hedges).

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Translation differences on non-monetary items that are measured at fair value in a foreign currency (e.g. available-for-sale equity instruments) are translated using the exchange rates at the date when the fair value is determined.

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3. SIGNIFICANT ACCOUNTING POLICIES cont'd

(k) Equity

Equity instruments are contracts that give a residual interest in the net assets of the Group and the Company. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of costs directly attributable to the transaction.

(i) Dividend distribution

Dividends are recognised as liabilities when they are declared (i.e. the dividends are appropriately authorised and no longer at the discretion of the entity). Typically, dividends are recognised as liabilities in the period in which their distribution is approved at the Shareholders' Annual General Meeting. Interim dividends are recognised when paid.

(ii) Distribution of assets to owners of the Company

The Group and the Company measure a liability to distribute assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group and the Company recognise the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

(l) Provisions

Where, at reporting date, the Group and the Company have a present obligation (legal or constructive) as a result of a past event and it is probable that the Group and the Company will settle the obligation, a provision is made in the statement of financial position. Provisions are made using best estimates of the amount required to settle the obligation and are discounted to present values using a pre- tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

(m) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements.

A contingent asset is not recognised in the financial statements but is disclosed where the inflow of the economic benefits is probable.

(n) Employees benefits

(i) Short-term benefit

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short-term accumulating compensated absence such as paid annual leave are recognised when services are rendered by employees and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund ("EPF"). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the Group and the Company have no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES cont'd

(o) Revenue recognition

(i) Revenue from contracts with customers

The Group's and the Company's revenue comprise provision of management services, sales of plastic bottles, containers, boxes, crates and related materials, supplying of renewable energy, manufacturing of and trading in plastic materials and all related products and investment holding.

Revenue from a sale of goods is recognised at a point in time when control of the goods is passed to the customer, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability requirements of MFRS 15.

The Group and the Company measure revenue from a sale of goods transaction based on the consideration specified in a contract with a customer in exchange for transferring goods to a customer excluding amounts collected on behalf of third parties. If the transaction price includes variable considerations, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range of possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

Revenue from supplying of renewable energy is recognised over time as the customer simultaneously receive and consume the benefits provided by the Group's performance when electricity is delivered based on contractual terms stipulated in the contract with customer. The electricity is delivered to the off-taker, based on the invoiced value of sale of electricity computed at a pre-determined rate. This revenue also includes an estimated value of the electricity delivered from the date of their last meter reading and period end. Accrued unbilled revenues are reversed in the following month when actual billings occur.

(ii) Rental income

Rental income is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

(iii) Interest income

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

(iv) Management fees

Management fees are recognised on an accrual basis when services are rendered.

(p) Borrowing costs

Interest on borrowings to finance the purchase and development of a self- constructed qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) is included in the cost of the asset until such time as the assets are substantially ready for use or sale. Such borrowing costs are capitalised net of any investment income earned on the temporary investment of funds that are surplus pending such expenditure.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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3. SIGNIFICANT ACCOUNTING POLICIES cont'd

(q) Income taxes

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base, with the exception of goodwill not deductible for tax purposes and temporary differences arising on initial recognition of assets and liabilities that do not affect taxable or accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised only to the extent that the Group and the Company consider that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's and the Company's intention is to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively. Where tax arises from the initial accounting for a business combination, it is included in the accounting for the business combination.

Since the Group is able to control the timing of the reversal of the temporary difference associated with interests in subsidiaries, associates and joint arrangements, a deferred tax liability is recognised only when it is probable that the temporary difference will reverse in the foreseeable future mainly because of a dividend distribution.

(r) Earnings per ordinary share

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

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 period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues 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, which in this case is the Managing Director of the Group, 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. SIGNIFICANT ACCOUNTING POLICIES cont'd

(t) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Group and the Company use market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group and the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group and the Company at the end of the reporting period during which the change occurred.

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

4.1 Amendments to MFRSs adopted

For the preparation of the financial statements, the following amendments to the MFRSs issued by the MASB are mandatory for the first time for the financial year 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 – 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

The adoption of the above-mentioned amendments to MFRSs has no significant impact on the financial statements of the Group and the Company.

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4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS cont'd

4.2 Amendments to MFRSs not yet effective

The following are amendments to the MFRSs relevant to the Group and the Company that have been issued by the MASB up to the date of the issuance of the Group's and the Company's financial statements but have not been adopted by the Group and the Company:

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

- 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 annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16 *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Non- current Liabilities with Covenants*

Amendments to MFRSs effective for annual periods beginning on or after a date yet to be confirmed

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

The directors anticipate that the above-mentioned amendments will be adopted by the Group and the Company when they become effective.

The initial application of amendments to MFRSs is not expected to have any significant impact on the financial statements of the Group and of the Company.

4.3 MFRSs and Amendments to MFRSs not applicable

- MFRS 17 *Insurance Contracts*, Amendments to MFRS 17 *Insurance Contracts*, and Amendment to MFRS 17 *Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 Financial Instruments – Comparative Information* are not expected to be applicable to the Group and the Company.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group and the Company have made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and make sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Depreciation of property, plant and equipment and right-of-use assets

The cost of an item of property, plant and equipment and right-of-use asset is depreciated on a straight-line method or another systematic method that reflects the consumption of the economic benefits of the asset over its useful life. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment and right-of-use asset may differ from the estimates applied.

The management estimated the useful lives of machineries and moulds to be 20 years after operation efficiency review conducted in January 2020. These are common life expectancies applied in plastic industry. Any changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

(b) Measurement of lease liabilities and right-of-use assets

The measurement of a lease liability and the corresponding right-of-use asset includes in-substance fixed payments, variable lease payments linked to an inflation-related index or rate, estimates of lease term, option to purchase, payments under residual value guarantee and penalties for early termination. The actual payments may not coincide with these estimates. The Group reassesses the lease liability for any change in the estimates and a corresponding adjustment is made to the right-of-use asset.

(c) Loss allowances of financial assets

The Group and the Company recognise impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts, current economic trends, the impact of the coronavirus (COVID-19) pandemic and forward-looking information that is available. The actual eventual losses may be different from the allowance made and this may affect the Group's and the Company's financial positions and results.

(d) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is written down to their estimated realisable value when their cost may no longer be recoverable such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. In any case, the realisable value represents the best estimate of the recoverable amount, is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of write-downs to net realisable value include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the reporting date (as reflected in Note 9).

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5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS cont'd

(e) Fair value measurement

Some of the Group's and the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group and the Company use market-observable data to the extent it is available. Where Level 1 inputs are not available (e.g. for unquoted investments), the Group and the Company work closely with external qualified valuers who perform the valuation, based on agreed appropriate valuation techniques and inputs to the model (e.g. use of the market comparable approach that reflects recent transaction prices for similar instruments, discounted cash flow analysis, option pricing models refined to reflect the issuer's specific circumstances). Prices determined then by the valuers are used by the Group and the Company without adjustment.

Changes in the fair value of assets and liabilities and their causes are quarterly analysed by the Group's and the Company's Board of Directors. Such valuations require the Group and the Company to select among a range of different valuation methodologies and to make estimates about expected future cash flows and discount rates.

(f) Deferred tax estimation

Recognition of deferred tax assets and liabilities involves making a series of assumptions. As far as deferred tax assets are concerned, their realisation ultimately depends on taxable profits being available in the future. Deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deferred tax asset can be utilised and it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the Group and the Company making assumptions within its overall tax-planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability.

(g) Contingencies

Contingent liabilities of the Group and the Company are not recognised but disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities represent possible obligations that arise from past events and whose 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. They are not recognised because it is not probable that an outflow of resources will be required to settle the obligation and the amount of the obligation cannot be measured with sufficient reliability.

Inevitably, the determination that the possibility that an outflow of resources embodying economic benefits is remote and that the occurrence or non-occurrence of one or more uncertain future events is not wholly within the control of the Group and the Company requires significant judgement.

(h) Functional currency

The financial statements are prepared in the functional currency of the Group and the Company of Ringgit Malaysia, which is the currency of the primary economic environment in which the Group and the Company operate. Factors considered by management when determining the functional currency include the competitive forces and regulations affecting the sales price, the currency used to acquire raw materials, labour, services and supplies, and sources of financing. Based on the factors considered, the Group and the Company have determined that Ringgit Malaysia to be its functional currency.

6. PROPERTY, PLANT AND EQUIPMENT

	GROUP							
	Plant and machinery RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Motor vehicles RM	Renovation in progress RM	Work-in-progress RM	Total RM
Cost								
At 1 January 2021	71,640,673	2,266,283	2,193,593	734,507	1,160,153	496,000	-	78,491,209
Additions	1,934,636	50,977	66,937	-	295,743	-	15,560	2,363,853
Disposal	(2,627,284)	-	-	-	-	-	-	(2,627,284)
At 31 December 2021/ 1 January 2022	70,948,025	2,317,260	2,260,530	734,507	1,455,896	496,000	15,560	78,227,778
Additions	3,394,054	15,450	36,631	-	-	-	-	3,446,135
Disposal	(577,251)	-	(60,816)	-	-	-	-	(638,067)
Transfer to right-of-use assets	-	-	-	-	-	-	(15,560)	(15,560)
At 31 December 2022	73,764,828	2,332,710	2,236,345	734,507	1,455,896	496,000	-	81,020,286
Accumulated depreciation								
At 1 January 2021	58,983,158	2,037,992	2,086,563	734,479	1,127,471	-	-	64,969,663
Charge for the financial year	942,053	36,673	32,468	-	35,952	-	-	1,047,146
Disposal	(2,624,560)	-	-	-	-	-	-	(2,624,560)
At 31 December 2021/ 1 January 2022	57,300,651	2,074,665	2,119,031	734,479	1,163,423	-	-	63,392,249
Charge for the financial year	1,132,490	38,296	40,020	-	59,903	-	-	1,270,709
Disposal	(577,700)	-	(60,654)	-	-	-	-	(638,354)
At 31 December 2022	57,855,441	2,112,961	2,098,397	734,479	1,223,326	-	-	64,024,604
Net carrying amount								
At 31 December 2021	13,647,374	242,595	141,499	28	292,473	496,000	15,560	14,835,529
At 31 December 2022	15,909,387	219,749	137,948	28	232,570	496,000	-	16,995,682

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6. PROPERTY, PLANT AND EQUIPMENT cont'd

	COMPANY		
	Furniture and fittings	Office equipment	Total
	RM	RM	RM
Cost			
At 1 January 2021/31 December 2021/ 1 January 2022/ 31 December 2022	261,733	16,393	278,126
Accumulated depreciation			
At 1 January 2021	261,730	14,894	276,624
Charge for the financial year	-	273	273
At 31 December 2021/1 January 2022	261,730	15,167	276,897
Charge for the financial year	-	272	272
At 31 December 2022	261,730	15,439	277,169
Net carrying amount			
At 31 December 2021	3	1,226	1,229
At 31 December 2022	3	954	957

(a) Included in the net carrying amount of property, plant and equipment of the Group are the following assets which are under hire purchase financing:

	GROUP	
	2022	2021
	RM	RM
Plant and machinery	5,678,750	5,283,027
Motor vehicles	231,665	290,814
	5,910,415	5,573,841

(b) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	GROUP	
	2022	2021
	RM	RM
Purchase of property, plant and equipment	2,443,260	1,356,644
Financed by hire purchase arrangement	1,002,875	1,007,209
Cash payments on purchase of property, plant and equipment	3,446,135	2,363,853

7. RIGHT-OF-USE ASSETS

	GROUP			
	Warehouses	Hostel	Leasehold lands and buildings	Total
	RM	RM	RM	RM
Cost				
At 1 January 2021	391,161	32,668	42,921,812	43,345,641
Additions	256,690	30,150	29,301	316,141
At 31 December 2021/ 1 January 2022	647,851	62,818	42,951,113	43,661,782
Additions	-	17,113	78,000	95,113
Transfer from property, plant and equipment	-	-	15,560	15,560
Derecognition	(196,571)	(32,669)	-	(229,240)
At 31 December 2022	451,280	47,262	43,044,673	43,543,215
Accumulated depreciation				
At 1 January 2021	251,682	28,002	3,623,213	3,902,897
Charge for the financial year	126,898	14,717	1,184,597	1,326,212
At 31 December 2021/ 1 January 2022	378,580	42,719	4,807,810	5,229,109
Charge for the financial year	127,338	20,779	1,169,351	1,317,468
Derecognition	(196,571)	(32,669)	-	(229,240)
At 31 December 2022	309,347	30,829	5,977,161	6,317,337
Net carrying amount				
At 31 December 2021	269,271	20,099	38,143,303	38,432,673
At 31 December 2022	141,933	16,433	37,067,512	37,225,878

The Group leases a number of warehouses and hostels and owned the revalued leasehold lands and buildings.

(a) Short-term leases and low value assets

For short-term leases with lease term of 12 months or less and for leases of low- value assets of less than RM50,000 (2021: RM50,000), the Group has availed the exemption in MFRS 16 not to recognise the right-of-use assets and lease liabilities. Instead, payments made for these leases are recognised as expense when incurred (Note 26).

(b) Significant judgements and assumptions in relation to leases

The Group applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

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31 DECEMBER 2022
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7. RIGHT-OF-USE ASSETS cont'd

(c) The leasehold lands and buildings were revalued by the director in December 2018, which supported by the valuation report dated 24 and 25 September 2018, carried by G. Paremes Sivam and Steven H.S. Ng, a registered valuer of Messrs Cheston International (KL) Sdn. Bhd. and Cheston International (JB) Sdn. Bhd. respectively, an independent firm of professional valuer, using "Market Value" basis. There has been no change to the valuation technique during the year.

For fair value measurements categorised within Level 3 (2021: Level 3) of the fair value hierarchy, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Type of assets	:	Leasehold lands and buildings
Fair value	:	RM41,340,000
Valuation technique for fair value measurement	:	Comparison method that reflects recent transaction price for similar properties in the vicinity
Significant observable inputs	:	Sales price of comparable lands and buildings
Sensitivity on management's estimates – 10% variation from estimate	:	Impact – lower/higher by RM4,134,000

Fair value of the investment property remained the same during the reporting year.

(d) Had the revalued leasehold land and buildings carried at historical cost, the cost and the net carrying amount of the revalued leasehold land and buildings will be as follows:

	GROUP	
	2022	**2021**
	RM	**RM**
Cost:		
Buildings	17,106,858	17,106,858
Leasehold land	3,593,337	3,593,337
	20,700,195	20,700,195
Net carrying amount:		
Buildings	8,719,987	9,127,964
Leasehold land	2,854,855	2,881,009
	11,574,842	12,008,973

(e) The following leasehold land and buildings of a subsidiary stated at net carrying amount are charged to licensed banks for banking facilities granted to the Group.

	GROUP	
	2022	**2021**
	RM	**RM**
Buildings	4,098,051	4,248,538
Leasehold land	8,055,387	8,116,540
	12,153,438	12,365,078

8. INVESTMENT IN SUBSIDIARIES

	COMPANY 2022 RM	COMPANY 2021 RM
Unquoted shares, at cost	44,512,833	44,512,833
Less: Impairment of investment in subsidiaries	(13,145,334)	(13,145,334)
	31,367,499	31,367,499

The subsidiaries, which are incorporated in Malaysia are as follows:

Name of company	Effective equity interests 2022 %	Effective equity interests 2021 %	Principal activities
Ralco Plastic Sdn. Bhd.	100	100	Manufacturing of and trading in plastic bottles, containers, boxes, crates, related materials and provision of transportation services.
Ralco Respack Polybag Sdn. Bhd.	100	100	Ceased business operation
Ralco Holdings Sdn. Bhd.	100	100	Investment holding
Ralco Trading Sdn. Bhd.	100	100	Ceased business operation
Ralco Compounding Sdn. Bhd.	100	100	Supply of renewable energy
Temasek Bay Sdn. Bhd.	100	100	Ceased business operation

9. INVENTORIES

	GROUP 2022 RM	GROUP 2021 RM
At cost:		
Raw materials	5,341,674	4,869,630
Finished goods	4,064,992	5,399,343
	9,406,666	10,268,973
At net realisable value:		
Finished goods	226,101	-
	9,632,767	10,268,973
Recognised in profit or loss:		
Inventories recognised as cost of sales	51,231,318	43,001,110
Inventories written down	230,936	341,345
Reversal of inventories written down in previous year	(847,522)	-

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10. TRADE RECEIVABLES

	GROUP	
	2022	2021
	RM	RM
Trade receivables	11,331,140	9,162,794
Less: Impairment loss on trade receivables		
At 1 January	(1,400,898)	(2,048,579)
Impairment loss for the financial year	(39,104)	-
Impairment loss no longer required	1,221,020	647,681
Written off	116,145	-
At 31 December	(102,837)	(1,400,898)
	11,228,303	7,761,896

The currency exposure profile of trade receivables is as follows:

	GROUP	
	2022	2021
	RM	RM
Ringgit Malaysia	8,155,005	7,364,437
Singapore Dollar	3,176,135	1,798,357
	11,331,140	9,162,794

Trade debtors are granted credit period ranging from 30 to 90 days (2021: 30 to 90 days). For certain customers, the credit period may be extended at the discretion of the management.

11. OTHER RECEIVABLES AND DEPOSITS

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
Other receivables	1,076,595	1,391,952	5,910	5,910
Less: Impairment loss	(195,785)	(195,785)	(5,910)	(5,910)
	880,810	1,196,167	-	-
Deposits	246,612	258,692	-	-
	1,127,422	1,454,859	-	-

Included in the deposits of the Group are amounts totalling RM217,140 (2021: RM812,452) representing deposits paid for the acquisition of property, plant and equipment. The capital commitment has been disclosed in Note 35.

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12. OTHER ASSETS

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
Prepayments	377,499	623,958	27,483	27,331

13 AMOUNT OWING FROM/(TO) SUBSIDIARIES

The amount owing from/(to) subsidiaries represent unsecured advances and management fees charged which are interest-free and repayable on demand.

14. CASH AND BANK BALANCES

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following amounts:

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash in hand	5,100	8,100	-	-
Cash at bank	2,098,798	3,007,822	27,597	97,262
	2,103,898	3,015,922	27,597	97,262

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

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
Ringgit Malaysia	1,671,930	2,606,072	27,597	97,262
Singapore Dollar	393,236	409,604	-	-
US Dollar	38,732	246	-	-
	2,103,898	3,015,922	27,597	97,262

15. SHARE CAPITAL

	GROUP/COMPANY			
	Number of shares		Amount	
	2022	2021	2022	2021
	Units	Units	RM	RM
Issued and fully paid with no par value				
At 1 January/31 December	50,797,010	50,797,010	44,961,651	44,961,651

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16. REVALUATION RESERVE

The revaluation reserve is used to record increase in the fair value of leasehold lands and buildings and decrease to the extent that such decrease relates to an increase on the same asset previously recognised in equity.

17. LEASE LIABILITIES

(a) Lease liabilities

	GROUP	
	2022	**2021**
	RM	**RM**
Future lease payment payable:		
- not later than one year	130,800	150,000
- later than one year and not later than five years	43,500	154,800
	174,300	304,800
Less: Future interest charges	(3,646)	(11,180)
Present value of lease liability	170,654	293,620
Repayable as follow:		
Current		
- not later than one year	127,466	142,062
Non-current		
- later than one year and not later than five years	43,188	151,558
	170,654	293,620

(b) Cash outflows for leases as a lessee

	GROUP	
	2022	**2021**
	RM	**RM**
Included in net cash from operating activities:		
- Payment arising to short term leases	117,686	100,075
- Interest paid for lease liabilities	8,421	9,769
	126,107	109,844
Included in net cash from financing activities:		
- Payment of lease liabilities	140,079	140,231
Total cash outflows for leases	266,186	250,075

18. HIRE PURCHASE LIABILITIES

	GROUP	
	2022	2021
	RM	RM
Minimum hire purchase instalments:-		
- not later than one year	811,227	1,189,994
- later than one year and not later than five years	1,528,690	1,316,459
	2,339,917	2,506,453
Unexpired term charges	(266,270)	(257,002)
Outstanding principal amount due	2,073,647	2,249,451
Outstanding principal amount due not later than one year	(691,584)	(1,067,149)
Outstanding principal amount due later than one year	1,382,063	1,182,302
Repayable as follows:		
Current liabilities:		
- not later than 1 year	691,584	1,067,149
Non-current liabilities:		
- later than 1 year and not later than 5 years	1,382,063	1,182,302
	2,073,647	2,249,451

The average term for hire purchase is 5 (2021: 4 to 5) years and the average effective interest rate on hire purchase ranges from 3.95% to 7.49% (2021: 3.95% to 7.87%) per annum.

The hire purchase liabilities of RM643,672 (2021: RM924,925) is secured by way of a corporate guarantee from the Company.

19. AMOUNT OWING TO RELATED PARTIES

	GROUP	
	2022	2021
	RM	RM
Non-current		
Amount owing to related parties	14,343,128	13,784,865
Current		
Amount owing to related parties	3,803,336	3,450,000
	18,146,464	17,234,865

Amount owing to related parties representing advances from companies in which a director has interests, which are unsecured, interest free and repayable on demand except for the amounts of RM14,343,128 (2021: RM13,784,865), which bear an interest of 4.34% (2021: 4.34%) per annum and repayable by 30 September 2024.

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20. DEFERRED TAX LIABILITIES

	GROUP	
	2022	2021
	RM	RM
As at 1 January	5,958,232	5,840,325
Transfer from profit or loss (Note 27)	710	117,907
As at 31 December	5,958,942	5,958,232

The balances in the deferred tax liabilities are made up of tax effects of temporary differences arising from:

	GROUP	
	2022	2021
	RM	RM
Excess of net book value over tax written down value of property, plant and equipment	5,473,254	4,772,906
Unutilised capital allowances	(2,944,853)	(2,046,011)
Unabsorbed tax losses	(2,233,234)	(2,233,234)
Revaluation of property, plant and equipment	6,702,002	6,710,292
Realisation of revaluation reserve on depreciation of property, plant and equipment	(615,505)	(463,701)
Other temporary differences	(422,722)	(782,020)
	5,958,942	5,958,232

GROUP	As at 1 January	Recognised in profit or loss	As at 31 December
2022			
Deferred tax liabilities			
Excess of net book value over tax written down value of property, plant and equipment	(4,772,906)	(700,348)	(5,473,254)
Revaluation of property, plant and equipment	(6,246,591)	160,094	(6,086,497)
	(11,019,497)	(540,254)	(11,559,751)
Deferred tax assets			
Unutilised capital allowance	2,046,011	898,842	2,944,853
Unabsorbed tax losses	2,233,234	-	2,233,234
Other temporary differences	782,020	(359,298)	422,722
	5,061,265	539,544	5,600,809
	(5,958,232)	(710)	(5,958,942)

20. DEFERRED TAX LIABILITIES cont'd

The balances in the deferred tax liabilities are made up of tax effects of temporary differences arising from: cont'd

GROUP	As at 1 January	Recognised in profit or loss	As at 31 December
2021			
Deferred tax liabilities			
Excess of net book value over tax written down value of property, plant and equipment	(4,801,358)	28,452	(4,772,906)
Revaluation of property, plant and equipment	(6,406,685)	160,094	(6,246,591)
	(11,208,043)	188,546	(11,019,497)
Deferred tax assets			
Unutilised capital allowance	2,206,715	(160,704)	2,046,011
Unabsorbed tax losses	2,233,234	-	2,233,234
Other temporary differences	927,769	(145,749)	782,020
	5,367,718	(306,453)	5,061,265
	(5,840,325)	(117,907)	(5,958,232)

As at 31 December 2022, the Group and the Company have the following deferred tax assets which are not recognised in the financial statements as there are no probable future taxable income will be available to allow the assets to be utilised:

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
Unabsorbed tax losses	592,749	771,280	55,405	-
Unutilised capital allowances	62,006	121,115	-	-
Others	44,170	320,920	44,170	48,520
	698,925	1,213,315	99,575	48,520

As at 31 December 2022, the Group and the Company have the following unabsorbed tax losses and unutilised capital allowances which are available to set-off against future chargeable income:

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
Unabsorbed tax losses	11,774,930	12,518,809	230,854	-
Unutilised capital allowances	12,528,579	9,029,691	-	-
	24,303,509	21,548,500	230,854	-

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20. DEFERRED TAX LIABILITIES cont'd

In accordance with the Finance Act 2021, the unabsorbed tax losses can be carried forward up to 10 years and will be disregarded in the end of 10 years, the following table analyses the unabsorbed tax losses of the Group for the respective year of assessment (YA) and the year of assessment of such unabsorbed tax losses will be disregarded:

	GROUP	
	Unabsorbed tax losses RM	Disregarded in year of assessment
2022		
Up to YA 2018	10,083,195	2029
YA 2019	1,460,881	2030
YA 2022	230,854	2033
2021		
Up to YA 2018	10,939,249	2029
YA 2019	1,579,560	2030

	COMPANY	
	Unabsorbed tax losses RM	Disregarded in year of assessment
2022		
YA 2022	230,854	2033

21. BILLS PAYABLES

	GROUP	
	2022 RM	2021 RM
Secured		
Bills payable	2,079,307	2,656,680

The bills payable bears effective interest rates ranging from 4.85% to 8.92% (2021: 3.81% to 7.92%) per annum.

The bills payable is secured by way of a corporate guarantee of RM8,518,100 (2021: RM8,518,100) by the Company.

22. TRADE PAYABLES

The currency exposure profile of trade payables is as follows:

	GROUP	
	2022	2021
	RM	RM
Ringgit Malaysia	4,632,782	1,528,227
US Dollar	-	18,081
	4,632,782	1,546,308

The credit periods granted by trade creditors range from 30 to 90 days (2021: 30 to 90 days) from the date of invoice.

23. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
Other payables	2,153,129	2,366,799	57,339	51,959
Accruals	1,538,121	1,040,547	282,836	325,194
	3,691,250	3,407,346	340,175	377,153

The currency exposure profile of other payables is as follows:

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
Ringgit Malaysia	2,047,101	2,308,202	57,339	51,959
Singapore Dollar	20,652	44,880	-	-
US Dollar	85,376	13,717	-	-
	2,153,129	2,366,799	57,339	51,959

24. REVENUE

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
Revenue from contracts with customers:				
- Sale of goods	56,184,643	50,262,834	-	-
- Service income	293,084	286,533	-	-
- Management fees	-	-	2,360,000	2,160,000
	56,477,727	50,549,367	2,360,000	2,160,000

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24. REVENUE cont'd

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
Timing of revenue:				
- at a point in time	56,184,643	50,262,834	-	-
- over time	293,084	286,533	2,360,000	2,160,000
	56,477,727	50,549,367	2,360,000	2,160,000

25. FINANCE COSTS

	GROUP	
	2022	2021
	RM	RM
Interest on bills payable	123,070	165,372
Hire purchase term charges	168,168	154,022
Interest on loans	598,263	573,378
Interest on lease liabilities	8,421	9,769
	897,922	902,541

26. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is stated after charging/(crediting):-

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
Auditors' remuneration				
- current year	89,000	85,000	26,000	25,000
- (over)/under - provision in prior financial year	-	(6,100)	-	1,000
- other	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	1,270,709	1,047,146	272	273
Depreciation of right-of-use assets	1,317,468	1,326,212	-	-
Directors' remuneration				
- fees	185,034	203,427	185,034	203,427
- other emoluments	1,149,776	946,246	1,002,923	750,923
Expenses relating to short-term leases				
- rental of premises	74,286	22,775	-	-
- rental of equipment	43,400	52,100	-	-
Impairment loss on trade receivables	39,104	-	-	-
Inventories written down	230,936	341,345	-	-
Realised loss on foreign exchange	121,671	219,182	-	-
Staff costs (Note 29)	10,016,573	8,780,337	1,293,711	969,895

26. (LOSS)/PROFIT BEFORE TAXATION cont'd

(Loss)/Profit before taxation is stated after charging/(crediting) (continued):-

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
And crediting:-				
Gain on disposal of property, plant and equipment	(23,603)	(26,994)	-	-
Impairment loss on trade receivable no longer required	(1,221,020)	(647,681)	-	-
Interest income	(24,822)	(197,739)	-	-
Reversal of inventories written down in previous financial year	(847,522)	-	-	-
Rental income	(464,800)	(356,400)	-	-
Unrealised gain on foreign exchange	(28,217)	-	-	-

27. TAXATION

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
Current financial year				
- income tax	112,280	149,280	-	30,000
- deferred tax (Note 20)	20,099	40,063	-	-
	132,379	189,343	-	30,000
Under/(Over) provision				
- income tax	49,151	(3,264)	58,748	4,585
- deferred tax (Note 20)	(19,389)	77,844	-	-
	162,141	263,923	58,748	34,585

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27. TAXATION cont'd

A reconciliation of tax expense and the accounting (loss)/profit before taxation with the applicable statutory income tax rate is as follows:-

	GROUP		COMPANY	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
(Loss)/Profit before taxation	(927,399)	1,266,664	(345,631)	(15,898)
Tax at income tax rate of 24% (2021: 24%)	(222,576)	303,999	(82,951)	(3,816)
Tax effects in respect of:				
Depreciation of non- qualifying property, plant and equipment	157,250	201,244	-	-
Non-allowable expenses	598,688	220,927	31,896	33,816
Non-taxable income	-	(377,804)	-	-
Unabsorbed tax losses not recognised during the financial year	55,405	-	55,405	-
Utilisation of tax losses previously not recognised	(233,936)	-	-	-
Utilisation of capital allowance previously not recognised	(59,109)	-	-	-
Permitted expenses not deductible under section 60F of the Income Tax Act 1967	1,101	1,071	-	-
Realisation of revaluation reserve	(160,094)	(160,094)	-	-
Other temporary differences not recognised during the financial year	(4,350)	-	(4,350)	-
Total tax expense	132,379	189,343	-	30,000

28. (LOSS)/EARNINGS PER ORDINARY SHARE

(a) Basic (loss)/profit per ordinary share

The basic (loss)/profit per ordinary share is calculated based on consolidated net profit for the financial year attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the financial year.

	GROUP	
	2022	**2021**
(Loss)/Profit attributable to equity holders of the Company (RM)	(1,089,540)	1,002,741
Weighted average number of ordinary shares in issue	50,797,010	50,797,010
Basic (loss)/profit per ordinary share (in sen)	(2.14)	1.97

(b) Diluted (loss)/earnings per ordinary share

Diluted (loss)/earnings per share is the same as basic (loss)/earnings per share as there were no dilutive potential ordinary shares as at the end of the reporting period, therefore the diluted (loss)/profit per share of the Group for the financial year ended 31 December 2022 is not presented in the financial statements.

29. STAFF COSTS

	GROUP		COMPANY	
	2022	2021	2022	2021
	RM	RM	RM	RM
Salaries, wages, allowances and bonuses	8,851,805	7,674,188	1,127,320	882,666
EPF contributions	549,639	468,109	119,166	79,766
SOCSO contributions	98,964	93,079	7,128	5,712
Other staff related expenses	516,165	544,961	40,097	1,751
	10,016,573	8,780,337	1,293,711	969,895

30. OPERATING SEGMENTS

Two reportable segments, as described below, are the Group's strategic business units. For each of the strategic business units, the Group's Managing Director reviews internal management reports on at least a quarterly basis. The following summary describes the operation in each of the Group's reportable segments:

Plastic products - manufacturing and sale of plastic products
Others - trading of furniture and supply of renewable energy

Performance is measured based on segment (loss)/profit before tax, interest and depreciation as included in the internal management reports that are reviewed by the Group's Managing Director, who is the Group's Chief Operating Decision Maker.

Segment (loss)/profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Managing Director. Hence no disclosure is made on segment liability.

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30. OPERATING SEGMENTS cont'd

2022	Plastic products RM	Others RM	Eliminations RM	Group RM
Revenue				
Sales to external customers	56,184,643	293,084	-	56,477,727
Inter-segment sales	-	2,360,000	(2,360,000)	-
Total revenue	56,184,643	2,653,084	(2,360,000)	56,477,727
Results				
Segment operating loss	(1,203,777)	(302,702)	1,477,002	(29,477)
Finance costs	(857,469)	(40,453)	-	(897,922)
Loss before taxation				(927,399)
Taxation				(162,141)
Net loss for the financial year				(1,089,540)
Other information				
Segment assets	75,856,521	10,243,792	(7,368,495)	78,731,818
Segment liabilities	41,021,379	6,930,566	(11,176,173)	36,775,772
Depreciation	2,428,117	160,060	-	2,588,177

2021	Plastic products RM	Others RM	Eliminations RM	Group RM
Revenue				
Sales to external customers	50,262,834	286,533	-	50,549,367
Inter-segment sales	-	2,185,200	(2,185,200)	-
Total revenue	50,262,834	2,471,733	(2,185,200)	50,549,367
Results				
Segment operating profit/ (loss)	2,056,280	14,507	98,418	2,169,205
Finance costs	(843,465)	(59,076)	-	(902,541)
Profit before taxation				1,266,664
Taxation				(263,923)
Net profit for the financial year				1,002,741
Other information				
Segment assets	73,337,176	10,913,712	(7,857,078)	76,393,810
Segment liabilities	36,342,846	7,193,132	(10,187,754)	33,348,224
Depreciation	2,213,295	160,063	-	2,373,358

30. OPERATING SEGMENTS cont'd

Major customers

The following are major customers with revenue equal or more than 10 percent of Group revenue:

	2022 RM	2021 RM	Segment
- Customer A	8,118,425	16,228,324	Plastic products
- Customer B	3,510,160	3,154,300	Plastic products
- Customer C	2,376,578	-	Plastic products
- Customer D	1,369,832	2,825,665	Plastic products

31. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by MFRS 9 categories:

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Financial assets at amortised cost				
- Trade receivables	11,228,303	7,761,896	-	-
- Other receivables and deposits	1,127,422	1,454,859	-	-
- Amount owing from a subsidiary	-	-	5,676,297	6,061,167
- Cash and bank balances	2,103,898	3,015,922	27,597	97,262
As at the end of the financial year	14,459,623	12,232,677	5,703,894	6,158,429
Financial liabilities at amortised cost				
- Lease liabilities	170,654	293,620	-	-
- Trade payables	4,632,782	1,546,308	-	-
- Other payables and accruals	3,691,250	3,407,346	340,175	377,153
- Amount owing to related parties	18,146,464	17,234,865	-	-
- Amount owing to subsidiaries	-	-	470,000	474,831
- Borrowings	4,152,954	4,906,131	-	-
As at the end of the financial year	30,794,104	27,388,270	810,175	851,984

Net (gains)/losses arising from financial instruments

	GROUP		COMPANY	
	2022 RM	2021 RM	2022 RM	2021 RM
Net (gains)/losses on:-				
Financial assets and financial liabilities at amortised cost	(337,033)	57,121	-	-

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32. FINANCIAL RISK MANAGEMENT

The Group and the Company are exposed to the following risks from its use of financial instruments:

(i) Credit risk
(ii) Liquidity risk
(iii) Market risk

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group and the Company's exposure to credit risk arises principally from its receivables from customers, other receivables and subsidiaries.

(a) Receivables

The Group and the Company's sales to customers are on credit terms of 30 to 90 days. The management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount. Based on the credit evaluation, the customers are rated into three risk categories, namely low risk, medium risk and high risk.

As at the end of the reporting period, the maximum exposure to credit risk arising from the receivable is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

When an account is more than 90 days past due, the credit risk is considered to have increased significantly since the initial recognition. The Group and the Company identify as a default account if it is more than 365 days past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Group and the Company classify an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

For each significant receivable that is credit-impaired, individual lifetime ECL is recognised using the probability of default technique. The inputs used are: (i) the percent chance of default, and (ii) the expected cash shortfalls. The lifetime ECL is measured at the probability-weighted expected cash shortfalls by reference to the Group's and the Company's past experience, current conditions and forecast of future economic benefits.

For significant receivables that are not individually credit-impaired and all other receivables, the Group and the Company use a provision matrix that categorise the different risk classes (low risk, medium risk and high risk) and the ageing profiles. The collective lifetime ECLs are measured based on the Company's past lost rate experiences, current conditions and forecast of future economic conditions. The past lost rates are adjusted upward in the measurement in worsening current conditions and forecasts of future macroeconomic conditions.

A receivable is written off only if there is no reasonable expectation of recovery. This is when an account is 365 days past due or the customer is experiencing significant financial difficulties, undertaking financial reorganisation or has gone bankrupt.

32. FINANCIAL RISK MANAGEMENT cont'd

(i) Credit risk cont'd

(a) Receivables cont'd

The ageing analysis of trade receivables as at the end of the reporting period was:

	Gross balance RM	Loss allowance RM	Net balance RM
GROUP			
31 December 2022			
Not past due	7,060,712	-	7,060,712
Past due 1 - 30 days	2,758,210	-	2,758,210
Past due 31 - 90 days	1,216,087	-	1,216,087
Past due more than 90 days	296,131	(102,837)	193,294
	11,331,140	(102,837)	11,228,303
31 December 2021			
Not past due	5,043,307	-	5,043,307
Past due 1 - 30 days	1,930,545	-	1,930,545
Past due 31 - 90 days	594,290	-	594,290
Past due more than 90 days	1,594,652	(1,400,898)	193,754
	9,162,794	(1,400,898)	7,761,896

(b) Other receivables

Other receivables are normally with no fixed terms and therefore there is no maturity.

(c) Inter-company balances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Loans and advances are only provided to subsidiaries which are wholly owned by the Company.

As at end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, adequate impairment loss are made on loans and advances to the subsidiaries that are not recoverable.

The Company determines the probability of default for the subsidiaries balances using internal information. No loss allowance has been recognised as the Company considers the balances as low credit risk and the loss allowance is minimal.

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32. FINANCIAL RISK MANAGEMENT cont'd

(i) Credit risk cont'd

(d) Financial guarantees

The Group and the Company provide unsecured financial guarantees to the third party and banks in respect of banking facilities granted to a subsidiary.

The Group and the Company monitor on an on-going basis the results of the subsidiary and repayments made by the subsidiary.

The maximum exposure to credit risk amounts to RM2,722,979 (2021: RM3,581,605) representing the outstanding banking facilities of the subsidiary as at end of the reporting period.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group and the Company's exposure to liquidity risk arise principally from its various payables and borrowings.

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The table below summaries the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2022	Carrying amount RM	Contractual interest rate/ coupon RM	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM
GROUP						
Trade payables	4,632,782	-	4,632,782	4,632,782	-	-
Amount owing to related parties	18,146,464	4.34%	19,253,336	3,803,336	15,450,000	-
Other payables and accruals	3,691,250	-	3,691,250	3,691,250	-	-
Hire purchase liabilities	2,073,647	3.95%-7.49%	2,339,917	811,227	514,692	1,013,998
Lease liabilities	170,654	3.31%-4.34%	174,300	130,800	43,500	-
Bills payables	2,079,307	4.85%-8.92%	2,079,307	2,079,307	-	-
At the end of the financial year	30,794,104		32,170,892	15,148,702	16,008,192	1,013,998
COMPANY						
Other payables and accruals	340,175	-	340,175	340,175	-	-
Amount owing to subsidiaries	470,000	-	470,000	470,000	-	-
Financial guarantee* (Note 32(i)(d))	-	-	2,722,979	2,722,979	-	-
At the end of the financial year	810,175		3,533,154	3,533,154	-	-

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32. FINANCIAL RISK MANAGEMENT cont'd

(ii) Liquidity risk cont'd

The table below summaries the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2021	Carrying amount RM	Contractual interest rate/ coupon RM	Contractual cash flows RM	Under 1 year RM	1-2 years RM	2-5 years RM
GROUP						
Trade payables	1,546,308	-	1,546,308	1,546,308	-	-
Amount owing to related parties	17,234,865	4.34%	18,940,000	3,450,000	-	15,490,000
Other payables and accruals	3,407,346	-	3,407,346	3,407,346	-	-
Hire purchase liabilities	2,249,451	3.95%-7.87%	2,506,453	1,189,994	575,055	741,404
Lease liabilities	293,620	3.31%-4.34%	304,800	150,000	124,800	30,000
Bills payables	2,656,680	3.81%-7.92%	2,656,680	2,656,680	-	-
At the end of the financial year	27,388,270		29,361,587	12,400,328	699,855	16,261,404
COMPANY						
Other payables and accruals	377,153	-	377,153	377,153	-	-
Amount owing to subsidiaries	474,831	-	474,831	474,831	-	-
Financial guarantee* (Note 32(i)(d))	-	-	3,581,605	3,581,605	-	-
At the end of the financial year	851,984		4,433,589	4,433,589	-	-

* *As at end of the reporting period, there was no indication that the subsidiary would default on repayment. Hence, the financial guarantees have not been recognised in the financial statements. The disclosure represents the maximum amount that is required to be settled in the event of the triggering event.*

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
Cont'd

32. FINANCIAL RISK MANAGEMENT cont'd

(iii) Market risk

(a) Currency risk

The Group is exposed to foreign currency risk on revenue and cost of goods sold that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to this risk are primarily United States Dollar (USD) and Singapore Dollar (SGD). The Group does not hedge the exposures to foreign currencies. The management monitors the foreign currency exposure on an on-going basis.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	GROUP	
	Denominated in	
	USD	SGD
	RM	RM
2022		
Bank balances	38,732	393,236
Trade receivables	-	3,176,135
Other payables	(20,652)	(85,376)
Net exposure	18,080	3,483,995
2021		
Bank balances	246	409,604
Trade receivables	-	1,798,357
Trade payables	(18,081)	-
Other payables	(13,717)	(44,880)
Net exposure	(31,552)	2,163,081

Currency risk sensitivity analysis

10% strengthening of Ringgit Malaysia (RM) against the following currencies at the end of the reporting period would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	GROUP	
	Profit or loss	
	2022	2021
	RM	RM
USD	(1,374)	2,398
SGD	(264,784)	(164,394)

32. FINANCIAL RISK MANAGEMENT cont'd

(iii) Market risk cont'd

(b) Interest rate risk

The Group's fixed and variable rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	GROUP	
	2022	**2021**
	RM	**RM**
Fixed rate instruments		
Financial liabilities	16,587,429	16,327,936
Floating rate instruments		
Financial liabilities	2,079,307	2,656,680

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Fair value sensitivity for variable rate instruments

A sensitivity analysis has been performed based on the outstanding floating rate bank borrowings of the Group as at 31 December 2022. If interest rates were to increase or decrease by 50 basis points with all other variables held constant, the Company's (loss)/profit before taxation would decrease or increase by RM10,397 (2021: RM13,283).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
Cont'd

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and financial liabilities as reflected in the Statements of Financial Position approximate to their fair values due to the relatively short-term maturity of the financial instruments except for the financial liabilities disclosed below.

The table below analyses financial instruments carried at fair value for which fair value is disclosed, together with the carrying amounts shown in the statement of financial position.

	GROUP			
		Fair value measurement at end of reporting period using		
	Carrying amount	Level 1	Level 2	Level 3
	RM	RM	RM	RM
2022				
Financial liabilities				
Financial liabilities at amortised cost				
- Amount owing to related parties	14,343,128	-	-	14,343,128
2021				
Financial liabilities				
Financial liabilities at amortised cost				
- Amount owing to related parties	13,784,865	-	-	13,784,865

Policy of transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2021: no transfer in either directions).

33. FAIR VALUE OF FINANCIAL INSTRUMENTS cont'd

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Valuation technique
Amount owing to related parties	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting date.

Valuation process applied by the Group for Level 3 fair value

The Group has established control framework in respect to the measurement of fair values of financial instruments. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Managing Director. The valuation team regularly reviews significant unobservable inputs and valuation adjustments.

34. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and determine to maintain an optimal debt-to-equity ratio.

During the financial year, the Group's strategy, which was unchanged from previous financial year, was to maintain the debt-to-equity ratio at the lower end range within 0.2 to 1.00. The debt-to-equity ratios as at 31 December 2022 and 31 December 2021 were as follows:

	GROUP	
	2022	**2021**
	RM	**RM**
Lease liabilities (Note 17)	170,654	293,620
Hire purchase liabilities (Note 18)	2,073,647	2,249,451
Amount owing to related parties (Note 19)	14,343,128	13,784,865
Bills payable (Note 21)	2,079,307	2,656,680
Less: Cash and bank balances	(2,103,898)	(3,015,922)
Net debt	16,562,838	15,968,694
Total equity	41,956,046	43,045,586
Debt-to-equity ratio	0.395	0.371

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less RM40 million. The Company has complied with this requirement.

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2022
Cont'd

35. CAPITAL COMMITMENTS

	GROUP	
	2022	**2021**
	RM	**RM**
Acquisition of property, plant and equipment:		
Approved and not contracted for	316,310	1,723,572

36. MATERIAL LITIGATION

A subsidiary of the Group, Ralco Respack Polybag Sdn. Bhd. ("RRPSB") has filed a legal claim against its sole customer, Respack Manufacturing Sdn. Bhd. ("RMSB") on 3 March 2020 to recover long overdue principal amount of RM1,337,165 together with interests as at 31 December 2019. The said customer who was the supplier to the RRPSB has filed a Statement of Defense as well as Counterclaim subsequently.

In 2021, RRPSB has received several demand letters from related companies of RMSB to request for payment of the long outstanding balance amounting to RM243,680 in relation to materials supplied and services rendered to RRPSB in previous financial years. Subsequently, related companies of RMSB have filed a legal claim against RRPSB for the settlement of RM243,680 together with 5% interest charged annually thereafter.

The Court had directed the parties to file and exchange witness statement on or before 25 April 2022 and the trial dates have been fixed on 17 May 2022 to 20 May 2022.

On 17 May 2022, High Court has recorded a consent judgement for a full and final global settlement sum of RM220,027 wherein the said settlement sum shall be paid by RRPSB before 1 December 2022.

The table below summarises the effect of the full and final global settlement on the statement of financial position of the Group:

	GROUP
	2022
	RM
Trade receivables	1,337,165
Less: Bad debt written off	(116,145)
	1,221,020
Trade payables	(121,824)
Other payables	(1,191,521)
Accruals	(127,702)
Full and final global settlement sum	(220,027)

37. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group and the Company.

(a) The Company has controlling related party relationship with its subsidiaries.

(b) In addition to information disclosed elsewhere in the financial statements, the Group has the following significant transactions with related parties during the financial year are as follows:

	GROUP		COMPANY	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Management fees charged to a subsidiary	-	-	2,360,000	2,160,000
Advances from/ (Repayment to) company in which a director has interests	313,336	(1,600,000)	-	-

Significant related party balances related to the above transactions are disclosed in Note 13 and 19.

(c) Compensation of key management personnel

The key management personnel of the Group and the Company comprises directors and the person other than the directors of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly. The remuneration of key management personnel of the Group and of the Company during the financial year comprises:

	GROUP		COMPANY	
	2022	**2021**	**2022**	**2021**
	RM	**RM**	**RM**	**RM**
Compensation of key management personnel				
Directors				
- fees	185,034	203,427	185,034	203,427
- other emoluments	980,500	824,000	850,000	650,000
- EPF and SOCSO contribution	169,276	122,246	152,923	100,923
	1,334,810	1,149,673	1,187,957	954,350
Other key management personnel				
- other emoluments	610,750	509,700	610,750	509,700
- EPF and SOCSO contribution	52,771	41,054	52,771	41,054
	663,521	550,754	663,521	550,754
	1,998,331	1,700,427	1,851,478	1,505,104

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
Cont'd

38. OTHER INFORMATION

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

(b) The registered office of the Company is located at 10th Floor, Menara Hap Seng, No. 1 & 3 Jalan P Ramlee, 50250 Kuala Lumpur.

(c) The principal place of business of the Company is located at Lot 1476, Jalan Lengkok Emas 1, Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan Darul Khusus.

(d) The financial statements are presented in Ringgit Malaysia, which is also the Group's and the Company's functional currency.

39. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 11 April 2023.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the directors of **RALCO CORPORATION BERHAD (Registration No. 199501003907 (333101-V))**, do hereby state that, in the opinion of the directors, the financial statements set out on pages 48 to 100 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 state of affairs of the Group and of the Company as at 31 December 2022 and of the financial results and the cash flows of the Group and of the Company for the financial year ended on that date.

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

TAN HENG TA
Director

ANG SENG WONG
Director

11 April 2023

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **TAN CHUAN BOON**, being the officer primarily responsible for the financial management of **RALCO CORPORATION BERHAD (Registration No. 199501003907 (333101-V))** do solemnly and sincerely declare that the financial statements set out on pages 48 to 100 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

TAN CHUAN BOON
(MIA no. 9899)

Subscribed and solemnly declared
by the abovenamed at Kuala Lumpur
in the Federal Territory on 11 April 2023

Before me

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RALCO CORPORATION BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ralco Corporation Berhad, which comprise the statements of financial position as at 31 December 2022 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 48 to 100.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

INDEPENDENT
AUDITORS' REPORT
TO THE MEMBERS OF RALCO CORPORATION BERHAD
Cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS cont'd

Key Audit Matters cont'd

Key audit matters – Revenue (Note 24)	How our audit addressed the key audit matters
Revenue recognition is a presumed fraud risk as the Group may be under pressure by external parties (i.e. expectations by shareholders and market analysts) and internal parties (i.e. performance of management). This may lead to potential over recognition of revenue. Due to stiff competition in plastic industry and restriction on production capacity of aged machineries, the Group may face challenges in: (a) adjusting the selling price of plastic products supplied to essential and non- essential sector in order to maintain/ increase its market shares under competitive market forces; (b) significant reduction in demands from major customers due to competitive selling price in the market; and (c) achieving cost effectiveness via mass production as a result of reduced demands from major customers and restricted production capacity of aged machineries. This could lead to decrease in gross profit margin if the adjustment of selling price is not reflective of the actual situation faced by the Group.	In this area, our audit procedures were performed as follows with no significant exception noted: (a) Obtained an understanding of the relevant internal controls over the process of recording revenue and cost of sales; (b) Reviewed the Group' strategy on market positioning; (c) Understood the selling price setting policy of the Group on major plastic products; (d) Performed gross profit margin review; (e) Performed substantive testing to ascertain that the revenue was fairly stated; and (f) Assessed cut-off procedures implemented by management to ascertain that sales are recorded in the proper financial period.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon. which we obtained prior to the date of this auditor's report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

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.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF RALCO CORPORATION BERHAD
Cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS cont'd

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT
AUDITORS' REPORT
TO THE MEMBERS OF RALCO CORPORATION BERHAD
Cont'd

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS cont'd

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

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 MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

RSM Malaysia PLT
202206000002 (LLP0030276-LCA) & AF 0768
Chartered Accountants

Tan Wai Wah
03621/11/2023 J
Chartered Accountant Kuala Lumpur

11 April 2023

LIST OF GROUP'S PROPERTIES

The properties of the Group as at 31 December 2022 and their net book values (NBV") are indicated below:

Company	Location	Existing Use	Tenure	Land Area/ Built up Area	Approximate Age of Building	Date of Revaluation	NBV RM'000
Ralco Plastic Sdn Bhd	Lot 1476, Kawasan Perusahaan Nilai, 71800 Nilai, Negeri Sembilan	Factory/ Manufacturing	Leasehold Expiring 20/08/2089	4.51 Acres / 13,110 Sq. Meter"	31 years	28/9/2018	21,828
Ralco Plastic Sdn Bhd	Lot 1478, Kawasan Perusahaan Nilai, 71800 Nilai, Negeri Sembilan	Land and Building	Leasehold Expiring 31/07/2089	1.27 Acres / 2,660 Sq. Meter"	26 years	28/9/2018	5,904
Ralco Plastic Sdn Bhd	PT 5001, 5536, 5490, 5491, 5535 Mukim Labu, 71800 Nilai, Negeri Sembilan	Single storey Terrace House (Hostel)	Freehold	835.1 Sq. Meter	28 years	28/9/2018	1,049
Ralco Plastic Sdn Bhd	No. 7, Jalan Bistari 2, Taman Industri Jaya, 81300 Skudai, Johor Bharu, Johor	Factory/ Manufacturing	Leasehold Expiring 03/09/2911	1.0 Acres / 1,152 Sq. Meter	19 years	28/9/2018	6,249
Ralco Holding Sdn Bhd	No. 32, 38, 40, Jalan Bistari 2, Taman Industri Jaya, 81300 Skudai, Johor	1 1/2 storey Terrace Workshop	Leasehold Expiring 03/09/2911	557 Sq. Meter	11 years	28/9/2018	1,905

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2023

SHARE CAPITAL

Class of shares	:	Ordinary Shares
Issued Share Capital	:	50,797,010 ordinary shares
Voting rights	:	One (1) vote per Ordinary Share
Number of shareholders	:	1,018

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of shareholders	% of shareholders	No. of shares held	% of issued and paid-up capital
Less than 100	31	3.05	957	0.00
100 – 1,000	99	9.72	59,789	0.12
1,001 – 10,000	696	68.37	2,311,709	4.55
10,001 – 100,000	144	14.15	4,830,600	9.51
100,001 – less than 5% of issued shares	44	4.32	23,507,045	46.28
5% and above issued shares	4	0.39	20,086,910	39.54
Total	**1,018**	**100.00**	**50,797,010**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS:

Name of Shareholder	Direct No. of Shares	%	Indirect No. of Shares	%
1. Tan Heng Ta	8,736,800	17.20	-	-
2. Datin Goh Phaik Lynn	5,091,500	10.02	-	-
3. Tan Sri Dato' Tee Tiam Lee	4,617,910	9.09	-	-
4. Ong Aun Kung	2,640,700	5.20	-	-

LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS:

Name of Director	Direct No. of Shares	%	Indirect No. of Shares	%
1. Tan Heng Ta	8,736,800	17.20	-	-

Save as disclosed above, none of the other Directors of the Company has any interest, direct or indirect, in shares of the Company and of its related corporation.

By virtue of Tan Heng Ta's interest in the shares of the Company, he is also deemed to be interested in the shares of all subsidiaries to the extent the Company has an interest.

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2023
Cont'd

LIST OF 30 LARGEST SHAREHOLDERS
As at 31 March 2023

No.	Name of Registered Shareholders	Shareholdings	%
1.	HLB Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Tan Heng Ta)(SIN 91274-2)*	7,736,800	15.23
2.	Datin Goh Phaik Lynn	5,091,500	10.02
3.	Tan Sri Dato' Tee Tiam Lee	4,617,910	9.09
4.	Ong Aun Kung	2,640,700	5.20
5.	Tee Joo Teik	2,050,800	4.04
6.	Er Kim Lan	2,036,900	4.01
7.	RHB Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Leong Kok Wah)*	2,000,000	3.94
8.	Lew Shoong Kai	1,860,965	3.66
9.	RHB Capital Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Sim Keng Chor)*	1,679,240	3.31
10.	Duclos Sdn. Bhd.	1,636,800	3.22
11.	Loke Mei Sang	1,097,300	2.16
12.	Tan Heng Ta	1,000,000	1.97
13.	RHB Nominees (Asing) Sdn. Bhd. *(Exempt AN for Phillip Securities Pte. Ltd. (A/C Clients))*	991,945	1.95
14.	Maybank Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Ong Hang Ping)*	704,100	1.39
15.	UOB Kay Hian Nominees (Tempatan) Sdn. Bhd. *(For Ong Soon Ho)*	701,900	1.38
16.	Lee Thiam Lai	658,300	1.30
17.	Goh How Kiat	657,895	1.30
18.	M & A Nominee (Tempatan) Sdn. Bhd. *(Pledged securities account for Chiau Beng Soo)*	520,600	1.02
19.	Chau Jee Choong	467,500	0.92
20.	Er Kim Heng	444,700	0.88
21.	Lee Kok Hin	443,600	0.87
22.	Ching Gek Lee	300,000	0.59
23.	Gek Lee Enterprise Sdn. Bhd.	300,000	0.59
24.	Low Kum Moon	300,000	0.59
25.	Syarikat Rimba Timur (RT) Sdn. Bhd.	275,000	0.54
26.	Yeoh Weii Syuen	236,800	0.47
27.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Yoong Sin Kuen (MY1568))*	209,600	0.41
28.	RHB Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Loh Tung Sing)*	209,500	0.41
29.	Real Fortune Portfolio Sdn. Bhd.	200,000	0.39
30.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *(Pledged securities account for Ng Kok Weng (MY2166))*	192,000	0.38

RALCO

RALCO CORPORATION BERHAD
[Company No. 199501003907 (333101-V)]

CDS Account No.	**:**	
No. of shares held	**:**	

FORM OF PROXY
(Please refer to the notes below before completing this form)

I/We, ________________________________ NRIC No./Passport No./Company No. ____________________ of

____

being a member/members of Ralco Corporation Berhad hereby appoint

1st Proxy Full Name (in Block)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			
Email Address			
Mobile Phone No.			

and/or*

2nd Proxy Full Name (in Block)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			
Email Address			
Mobile Phone No.			

or failing him/her, *the Chairman of the Meeting as *my/our proxy to vote for *me/us on *my/our behalf at the 28th Annual General Meeting of the Company to be held as a fully virtual meeting conducted entirely through live streaming and remote voting using the remote participation and voting facilities from the broadcast venue at Lot 1476, Jalan Lengkok Emas 1, Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan Darul Khusus on Thursday, 15th day of June 2023 at 11.00 a.m. or at any adjournment thereof.

My/our proxy shall vote as follows:-

Item	**Agenda**	**Resolution**	**For**	**Against**
1.	To approve the payment of Directors' fees amounting to RM185,034 for the financial year ended 31 December 2022.	Resolution 1		
2.	To approve the Directors' remuneration (excluding Directors' fees) payable to the Directors of the Company and its subsidiaries amounting to RM50,000 from 1 July 2023 until 30 June 2024.	Resolution 2		
3.	To re-elect Mr. Heng Chee Wei, who retires in accordance with Clause 97 of the Constitution of the Company.	Resolution 3		
4.	To re-elect Dato' Chong Kim Fatt, who retires in accordance with Clause 97 of the Constitution of the Company.	Resolution 4		
5.	To re-appoint Messrs. RSM Malaysia PLT as Auditors of the Company	Resolution 5		
Special Business				
6.	To approve the authority to issue and allot shares	Resolution 6		

(Please indicate with an "X" in the appropriate space how you wish your vote to be cast on the resolutions specified in the notice of meeting. If you do not do so, the proxy/proxies will vote or abstain from voting as he/they may think fit.)

*Delete whichever is not applicable.

Dated this __________ day of __________ 2023

____
Signature of Shareholder/Common Seal

Telephone No. of Shareholder : ________________________

Fold this flap for sealing

NOTES:

1. *The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. Shareholders/proxies will not be allowed to attend the 28th AGM in person at the Broadcast Venue on the day of the meeting. Shareholders who wish to participate in the 28th AGM will therefore have to do so remotely and pre-register their attendance via the link https://vps.megacorp.com.my/EFjWMR. Kindly refer to the Administrative Notes for further information.*
2. *A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. A proxy may, but need not, be a member of the Company and there shall be no restriction as to the qualification of the proxy.*
3. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.*
4. *Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.*
5. *Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds. Where the Exempt Authorised Nominee appoints two (2) or more proxies to attend and vote at the same meeting, such appointment shall be invalid unless the Exempt Authorised Nominee specifies the proportion of his holdings to be represented by each proxy.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
7. *The instrument appointing a proxy must be deposited at the Poll Administrator's office at Mega Corporate Services Sdn. Bhd, Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan or submit via email to AGM-support.Ralco@megacorp.com.my not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. Kindly refer to the Administrative Notes for further information.*
8. *Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and speak at the 28th Annual General Meeting ("AGM") is 8 June 2023.*
9. *Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 28th AGM will be put to vote on a poll.*

Then fold here

AFFIX
STAMP
HERE

RALCO CORPORATION BERHAD
[199501003907 (333101-V)]
c/o Mega Corporate Services Sdn. Bhd.
Level 15-2, Bangunan Faber Imperial Court,
Jalan Sultan Ismail
50250 Kuala Lumpur

1st fold here

RALCO CORPORATION BERHAD
Company No. 199501003907 (333101-V)

Lot 1476, Jalan Lengkok Emas 1
Nilai Industrial Estate
71800 Nilai
Negeri Sembilan Darul Khusus

Tel : 606-797 1999
Fax : 606-797 1333