PETERLABS
HOLDINGS
BERHAD
201001025806
(909720-W)

ANNUAL REPORT 2022

PETERLABS ALWAYS S.H.A.R.E

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

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

"PETERLABS ALWAYS SHARE..."

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

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

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

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

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

Contents

CORPORATE PROFILE

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

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

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

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

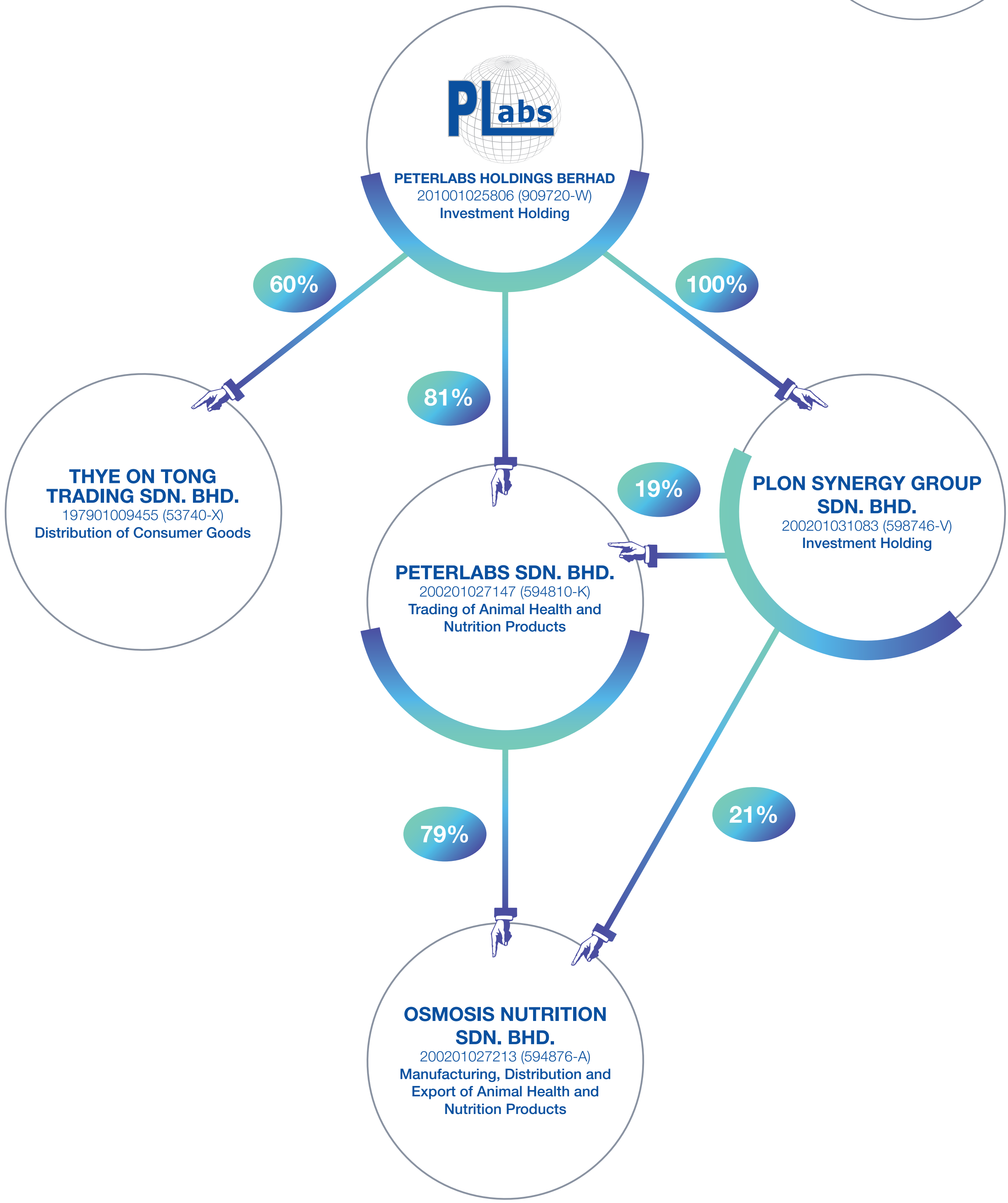
In year 2019, our Group was awarded by World Confederation of Business – World Business Leader for being a successful leader who works in an innovative, knowledgeable and systematic manner. In the same year, our Group Managing Director, Mr. Lim Tong Seng ("Mr. Lim") was awarded by The Socrates Committee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

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

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

As part of the business expansion planning, the Group has acquired of a freehold industrial land at Sendayan TechValley, Seremban, Negeri Sembilan on 20 September 2022. The Group intends to build a warehouse/office for its own use.

CORPORATE STRUCTURE



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Hon Choon Kim
Independent Non-Executive Chairman

Lim Tong Seng
Group Managing Director

Teo Chin Heng
Executive Director

Yap Siaw Peng
Executive Director

Datuk Loh Saw Foong
Executive Director

Dato' Ng Boon Siong
Independent Non-Executive Director

Loh Poh Im
Independent Non-Executive Director
(Appointed on 1 July 2022)

Ho Siew Li
Independent Non-Executive Director
(Appointed on 1 July 2022)

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

NOMINATION COMMITTEE

Ho Siew Li (Chairman)
Dato' Ng Boon Siong
Loh Poh Im

REMUNERATION COMMITTEE

Dato' Ng Boon Siong (Chairman)
Loh Poh Im
Ho Siew Li

AUDIT AND RISK MANAGEMENT COMMITTEE

Loh Poh Im (Chairman)
Dato' Ng Boon Siong
Ho Siew Li

COMPANY SECRETARY

Wong Yuet Chyn (MAICSA 7047163)

REGISTERED OFFICE

A3-3-8, Solaris Dutamas
No. 1, Jalan Dutamas 1
50480 Kuala Lumpur
W.P. Kuala Lumpur
Tel : (603) 6413 3271
Fax : (603) 6413 3270

HEAD/MANAGEMENT OFFICE

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

STOCK EXCHANGE LISTING

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

CORPORATE WEBSITE

www.peterlabs.com.my

SHARE REGISTRAR

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

AUDITORS

TGS TW PLT
202106000004 (LLP0026851-LCA)
& AF002345
Chartered Accountants
E-5-4, Megan Avenue 1
189, Jalan Tun Razak
50400 Kuala Lumpur
W.P. Kuala Lumpur
Tel : (603) 9771 4326
Fax : (603) 9771 4327

PRINCIPAL BANKERS

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

MILESTONES AND ACHIEVEMENTS

Our key achievements and milestones since inception are as follows:

2004 - 2009

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

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

2005

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

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

2007

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

2009

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

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

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

Recognition Award from In Vivo NSA S.A, France

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

2010

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

2011

Awards and achievements in year 2011

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

2013

Recognition Award for outstanding contribution made to the Livestock industry

- Outstanding Product Innovation: Animal Health Product.

2017

Asia Halal Brand Awards 2017 – Regional Brands

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

MILESTONES AND ACHIEVEMENTS (CONT'D)

2018

Recognition Award from Financial Times and Statista

- FT1000 High-Growth Companies Asia-Pacific 2018

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

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

2019

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

2020

Recognition Award from Natural Remedies Private Limited, India

- Business Excellence Awards 2020 for PeterLabs Sdn. Bhd.

DIRECTORS' PROFILE

DATO' HON CHOON KIM

Malaysian, Aged 74, Male
Independent Non-Executive Chairman

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

He has attended all five (5) Board meetings held during the financial year 2022.

LIM TONG SENG

Malaysian, Aged 63, Male
Group Managing Director

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

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

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

He has attended four (4) out of five (5) Board Meetings held during the financial year 2022.

DIRECTORS' PROFILE (CONT'D)

TEO CHIN HENG

Malaysian, Aged 70, Male

Executive Director

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

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

He has attended all five (5) Board meetings held during the financial year 2022.

YAP SIAW PENG

Malaysian, Aged 49, Female

Executive Director

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

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

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

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

She has attended all five (5) Board meetings held during the financial year 2022.

DATUK LOH SAW FOONG

Malaysian, Aged 56, Male

Executive Director

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

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

He has attended four (4) out of five (5) Board Meetings held during the financial year 2022.

DATO' NG BOON SIONG

Malaysian, aged 38, Male

Independent Non-Executive Director

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

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

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

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

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

He has attended four (4) out of five (5) Board Meetings held during the financial year 2022.

DIRECTORS' PROFILE (CONT'D)

NG KAU

Malaysian, Aged 65, Male

Alternate Director to Dato' Ng Boon Siong

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

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

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

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

LOH POH IM

Malaysian, Aged 57, Female

Independent Non-Executive Director

Ms. Loh was appointed as an Independent Non-Executive Director on 1 July 2022. She is the Chairman of Audit and Risk Management Committee. She is also a member of Nomination Committee and Remuneration Committee. She was graduated from the University of Malaya with an honours degree in Accountancy in 1990 and subsequently qualified as a Chartered Accountant. She is a member of the Malaysian Institute of Accountants (MIA).

Ms. Loh was an Independent Non-Executive Director and Chairman of Audit Committee of a public listed company. She has previously worked as Chief Financial Officer and Executive Director of a few public listed companies on the Bursa Malaysia Securities Berhad.

She has more than thirty years of experiences in corporate finance, financial and management accounting and administration especially in the manufacturing, construction, property development and leisure and hospitality sectors.

Since her appointment, she has attended all two (2) Board meetings held during the financial year 2022.

HO SIEW LI

Malaysian, Aged 33, Female

Independent Non-Executive Director

Ms. Ho was appointed as an Independent Non-Executive Director on 1 July 2022. She is the Chairman of Nomination Committee. She is also a member of Remuneration Committee and Audit and Risk Management Committee. Ms. Ho started her career with one of the Big Four Accounting Firms in Kuala Lumpur for 1 year and subsequently continued her career journey at Singapore. In total of 5 years spent in Singapore, she has more international exposures and wide range of industries.

She returned to Malaysia end of 2017 and with her vast experiences in restructuring and liquidation, she joined the Restructuring Team of PriceWaterhouseCoopers. However, she decided to venture on her own business under Infinitus Management & Advisory Sdn Bhd in late 2018. Her serving mainly on SMEs market in corporate secretarial, accounting and advisory.

She is currently leading a team of 5 members. Her exposure on corporate governance and audit functions are accumulated from various accounting firms. Throughout her entrepreneurship journey, she is practicing as Company Secretary and took up business advisory role in growing SME companies. She had been exposed to a company that is on the journey to be listed in the LEAP market, as well as growing a company exposed to Equity Crowd Funding which required a strengthened internal control and finance function to be in place.

Since her appointment, she has attended all two (2) Board meetings held during the financial year 2022.

Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of the Company, have no conflict of interest with the Company, have not been convicted of any offences within the past five (5) years other than traffic offences and have not been imposed any penalty by the relevant regulatory bodies during the financial year 2022.

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

SUSTAINABILITY STATEMENT

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

The Board of Directors ("Board") of the Company is pleased to present this Sustainability Statement which presents the management and performance of the economic, environmental, and social ("EES") matters of the PLABS Group.

This Statement is prepared in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The preparation of this Statement has also considered Bursa Securities' Sustainability Reporting Guide – 2nd Edition and its accompanying Toolkits.

GOVERNANCE STRUCTURE

The Board has overall responsibility for integrating sustainable EES initiatives into the PLABS Group's business strategy. The Board has mandated the Board of Audit and Risk Management Committee ("ARMC") to review and recommend sustainability strategies and initiatives covering EES and incorporating sustainability practices into the PLABS Group's business. ARMC is supported by a Group Sustainability Committee ("GSC") headed by the Group Managing Director. Other members of the GSC include Group Financial Controller and key personnel from various operating units.

Board	1. Primarily responsible for the overall sustainable strategic planning of the PLABS Group 2. Approves the sustainable development strategies and policies 3. Access and review the PLABS Group's sustainability performance
Audit and Risk Management Committee	1. Reviews and monitors the PLABS Group's sustainability framework and processes 2. Discusses the sustainability issues with management 3. Reviews and recommends the sustainability statement to the Board
Group Sustainability Committee	1. Drives the sustainability efforts, including discussion and monitoring of sustainability issues and stakeholder engagement 2. Develops and implements sustainability initiatives, including raising employees' awareness, maintaining sustainability standards and reviewing progress

STAKEHOLDERS ENGAGEMENT

Stakeholder groups include employees, investors, government and regulators, local communities, customers, contractors and suppliers who have significant influence and impact on the PLABS Group's business. Ongoing engagement with stakeholders allows the PLABS Group to understand their concerns and expectations on specific sustainability topics, identify sustainability milestones, and our effectiveness in addressing their key issues.

The PLABS Group continues to communicate, consult and collaborate with their key stakeholders in an open, timely and proactive manner through various channels or platforms to address areas of mutual interest and concern. Summarised below is the engagement approach towards their stakeholders.

Key stakeholders	Engagement approaches
Customers	1. Meetings and discussions (including online) 2. Visits at customers' sites 3. Complementary consulting and after sales services
Employees	1. Employees' Handbook and other company policy 2. Annual performance appraisal 3. Orientation and regular trainings
Suppliers	1. Meetings and discussions (including online) 2. Products sampling 3. Technical and product briefings
Shareholders & Investors	1. Corporate website 2. Investor relations channel 3. Announcements on Bursa Malaysia Berhad's website 4. General meetings
Local Authorities & Regulators	1. Reporting as per laws and regulations 2. Meetings and discussions

The materiality assessment identified the identified the following material economic, environmental, and social matters of the PLABS Group:-

- Occupational health and safety;
- Product quality and safety;
- Waste and emission management;
- Ethics and integrity;
- Supply chain management; and
- Fair employment.

Occupational health and safety

The health and safety of our employees is one key priority in our operations. To ensure we provide safe work environment to employees, all our operations are governed by the PLABS Group's Safety Policy which was included in the company handbook. We ensure all relevant employees are provided with personal protection equipment to ensure work safety. This includes having an Occupational Safety and Health ("OSH") Committee which meets every quarter to assess and review the safety and health performance in operations. Through the Hazard Identification, Risk Assessment and Risk Control, we identify occupational safety and health risks, develop and enhance mitigative controls, and develop safety awareness programmes for new and existing employees to continuously train them on how to work safely.

The OSH Committee oversees these processes to ensure the effectiveness of the entire occupational health and safety management system.

Highlights of our safety performance for the financial year ended 31 December 2022 ("FY 2022") are as follows:

	FY 2022 performance
Lost time injury rate	0%
Occurrence of occupational illness/ poisoning/disease (no. of cases)	nil
Occurrence of accidents resulting in serious injury or fatality (no. of cases)	nil

During the FY 2022, our safety and health training for employees include training for production employees, such as on safe use of equipment, forklifts, and proper handling of chemicals.

Product quality and safety

Product safety is fundamental to our business which aims to promote animal health and nutrition. We are committed to complying with applicable laws and regulations, including licensing requirements and labelling practices.

The PLABS Group is complying with the 'Good Manufacturing Practice' ("GMP") by the National Pharmaceutical Regulatory Agency ("NPRA") on the manufacturing facilities within its plant. The PLABS Group provides assurance to its customers that its products are always manufacture in a hygienic manner and in accordance with the best practices of manufacturing. The PLABS Group produces various types of animal health and nutrition products to cater the livestock industry needs with the current production facilities.

The manufacturing plant in Klang was already achieved ISO22000/HACCP Food Safety Management System and GMP+ B2 during the year 2018. In the fourth quarter of 2017, Osmosis Nutrition Sdn. Bhd., one of the subsidiaries of the Company, had won the 'Asia Halal Brand Awards 2017 – Regional Brands – Best Animal Nutrition Feed Product'.

Furthermore, our products are labelled in compliance with the relevant market's regulations and standards, such as requirements of the Department of Veterinary Services of Malaysia and the NPRA of Malaysia. Our product labels aim to provide users with proper use instruction and possible effects, if any. Batch tracing practices are also incorporated in our production process to enable effective product recalls, where the need arises.

All relevant employees are trained to ensure compliance with the relevant regulations and standards which are incorporated in key standard operating procedures, and these procedures are also subject to regular review and enhancement. From time to time, internal audits by teams independent from production operations are also carried out for independent and objective assurance.

Our performance for FY 2022 in relation to product safety and compliance are as follows.

There were no cases reported related to product safety and compliance.

Waste and emission management

Without proper treatment, waste and sewage discharges from our operations can be harmful to the environment. We understand the importance of managing our environmental impact by properly disposing of our waste and sewage discharges.

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

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

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

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

During the FY 2022, the PLABS Group does not have been penalised for any matter related to environmental compliance by any regulatory authorities.

Ethics and integrity

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

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

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

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

Anti-Bribery and Anti-Corruption Policy & Guidelines

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

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

Whistleblowing Policy

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

During the FY 2022, there was no instance or complaint on any suspected corrupt or unethical behaviour reported or occurred within the PLABS Group.

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

Supply chain management

Responsible sourcing is one of the top materiality matters identified for PLABS. It is a key priority for us to ensure that our products are produced in a sustainable manner and to deliver the produced goods to our customers in adherence to all our commitments stated.

Our business relies on global supply chain, through which we source our raw materials. We establish and maintain robust relationship with our carefully selected suppliers. We also hold distributorships which enables us to provide a diverse range of products and serve as a one-stop centre to cater for the needs of our customers.

Every batch of raw materials from suppliers are required to be accompanied with certificate of analysis which matches our procurement specification. The Quality Control function also conducts sample testing on incoming materials to ensure their quality.

Our supply chain management process is aligned with sales and production, ensuring availability of supplies to meet production needs and timely delivery to customer based on agreed production schedule. In this regard, effective communication and internal processes are crucial to facilitate coordination among internal and external stakeholders, especially amidst heightened logistic and import-export challenges.

Fair employment

PLABS complies with applicable labour laws, specifically the Employment Act, 1955 and the Minimum Wages Order 2020. We provide competitive employees' remuneration packages that are benchmarked against market industry standards.

Respecting the Universal Declaration of Human Rights, we strictly ensure that our operations are free from any form of exploitation, forced labour, child labour and slavery. The foreign workers that we employ are provided with essential necessities including living quarters. Each living quarter is equipped with access to potable water supplies, adequate sanitary facilities and electricity.

We are committed to upholding fair employment and equal treatment of all our employees, especially in our human resources process including recruitment, training, and promotion. It is our core belief that all employees shall be treated equally and not discriminated in any way based on gender, religion, disability, marital status, etc. Furthermore, any incidents which are discriminative in nature or in breach of fair employment principles can be reported via the PLABS Group's whistleblowing channel.

CONCLUSION

The Board holds itself responsible for ensuring sustainability considerations, including economic, environmental, and social risks and opportunities, are incorporated in the Company's strategy towards creating value for key stakeholders in the short, medium, and long term. PLABS will continue to engage and communicate key business sustainability focus and performance to its shareholder and other stakeholders through its Sustainability Statement and other relevant channels.

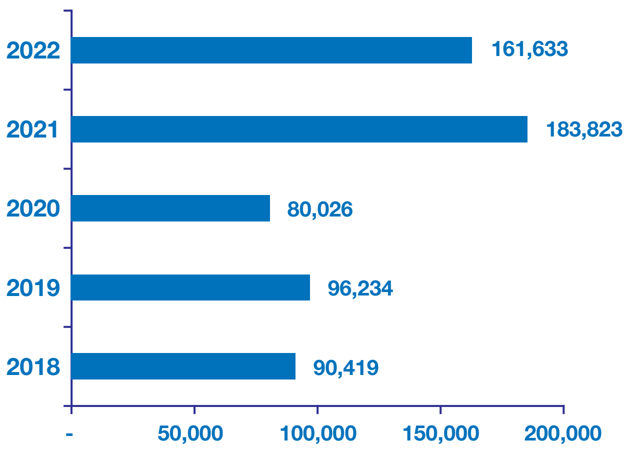
This Sustainability Statement has been approved by the Board on 24 March 2023.

FINANCIAL HIGHLIGHTS

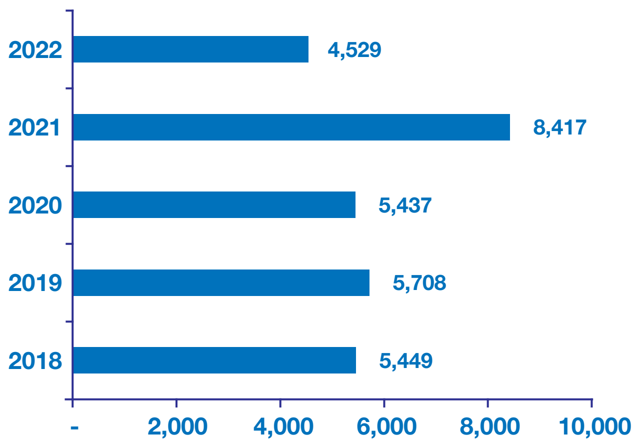
Group Financial Highlights

	2018	2019	2020	2021	2022
Revenue (RM'000)	90,419	96,234	80,026	183,823	161,633
Profit Before Taxation (RM'000)	5,449	5,708	5,437	8,417	4,529
Profit After Taxation (RM'000)	3,797	4,275	3,888	6,006	4,028
Shareholders' Equity (RM'000)	48,263	52,470	58,358	72,419	74,371
Total Assets (RM'000)	72,809	72,731	73,428	111,568	106,225
Earnings Per Share (Sen)	1.77	1.99	1.75	2.00	1.31
Net Assets Per Share (Sen)	22	24	25	26	27

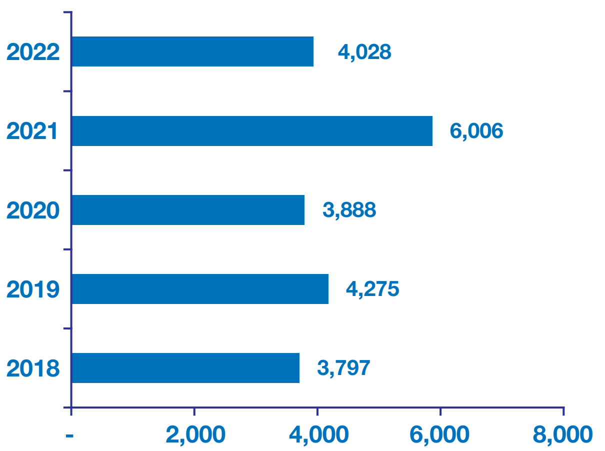
Revenue (RM'000)



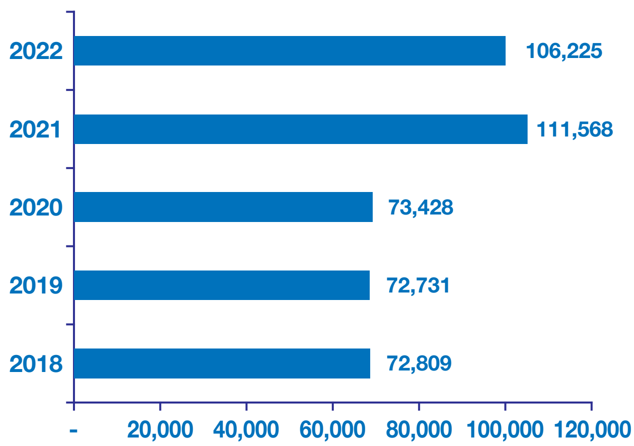
Profit Before Taxation (RM'000)



Profit After Taxation (RM'000)



Total Assets (RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

Business Operation

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

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

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

With the completion of acquisition of 60% equity interest in Thye On Tong Trading Sdn. Bhd. ("TOT") in January 2021, the PLABS Group result is consolidated with the result achieved by TOT in the financial year ended 31 December 2021 and 31 December 2022. The Board of Directors ("Board") of PLABS is pleased to announce that TOT is contributed positively to the PLABS Group's result in term of revenue and profit after tax.

TOT is principally engaged in the distribution of consumer goods, including home care, oral care, baby care, feminine care products, infant and growing up milk powder, grain products and foods & beverage products. TOT has been involved in the business of distribution of consumer goods for approximately 35 years since 1987. As at to-date, TOT has 3 warehouses which located at Senawang, Negeri Sembilan and Balakong, Selangor.

TOT act as distributor and / or an appointed agent for the following 8 brand principals:
(i) Fonterra Brands Malaysia Sdn. Bhd.;
(ii) Colgate-Palmolive Marketing Sdn. Bhd.;
(iii) Vinda Marketing (M) Sdn. Bhd.;
(iv) DKSH Malaysia Sdn. Bhd.;
(v) GoodMorning Global Sdn. Bhd.;
(vi) Wipro Unza (Malaysia) Sdn. Bhd.;
(vii) Delima Oil Products Sdn. Bhd.; and
(viii) Indadi Utama (M) Sdn. Bhd.

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

PeterLabs Sdn. Bhd., a subsidiary of the Company, has on 20 September 2022 entered into a sale and purchase agreement with Menteri Besar Negeri Sembilan (Pemerbadanan) and BSS Development Sdn. Bhd. to acquire all that piece of freehold industrial lot in Sendayan TechValley held under HS(D) 224806 PT 12692 in Bandar Sri Sendayan, District of Seremban, State of Negeri Sembilan Darul Khusus having a total area of approximately 16,074 square meter for a purchase consideration of RM7,500,000.00 (Ringgit Malaysia Seven Million Five Hundred Thousand Only). The PLABS Group is currently renting a property, which is engaged in distributing consumer goods, including home care, oral care, baby care and feminine care products, infant and growing milk powder and grain products. The Board is of the opinion that the Acquisition represents a good opportunity to invest and own the Property for the long-term benefit and interest of the PLABS Group.

Business Objective

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

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

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

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

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

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

Financial Result

The table below highlights the key financial performance of the PLABS Group for the financial year 2022 ("FY 2022"):

	Financial Year Ended 31 December		Variance
	2022	2021	
	RM'000	RM'000	%
Revenue	161,633	183,823	(12.07)
Cost Of Sales	141,048	158,012	(10.74)
Gross Profit	20,585	25,811	(20.25)
Profit Before Tax	4,529	8,417	(46.19)
Profit After Tax	4,028	6,006	(32.93)
Gross Profit Margin	12.74%	14.04%	(1.30)

Revenue

The PLABS Group's revenue for FY 2022 decreased by RM22.19 million or 12.07% as compared with the financial year 2021 ("FY 2021"). This was mainly due to the demand uncertainty, supply chain disruption arising from the persistent rise in commodity prices, infection by disease and perennial labour shortage problems besetting the livestock industry had forced many farmers in Malaysia to downsize their operations or exit the industry.

However in general, the domestic economy is slowly but surely bouncing back from the low in FY 2021 thanks to recovery in internal demand for foods. The business environment was also buoyed by uptick in labor market and household spending coupled with government intervention to ensure consistent supply of food for the country.

Gross Profit Margin

The gross profit margin for the FY 2022 was decreased by 1.30% as compared to the FY 2021. This was mainly due to the unfavorable margin achieved on the sales for some products mainly due to stiff competition faced by the PLABS Group.

Profit After Tax

The PLABS Group recorded a profit after tax ("PAT") of RM4.03 million for the FY 2022 as compared to the PAT of RM6.01 million as recorded in the FY 2021.This representing a significant decrease of RM1.98 million or approximately 32.93%. The lower in the PAT for the current financial year under review arose from the lower revenue achieved as well as lower gross profit margin achieved for the financial year under review.

However, the export market was showed decrease of 25.42% as compared to FY 2021. This was mainly due to the competitive selling price obtained coupled with stiff competition faced by PLABS. The PLABS Group will continues strive its best to venture into the export market.

The table below highlights the Local Sales and Export Sales of the PLABS Group for the FY 2022 and FY 2021:

	Financial Year Ended 31 December				Variance	
	2022		2021			
	RM'000	%	RM'000	%	RM'000	%
Local Sales	158,424	98.01	179,520	97.66	(21,096)	(11.75)
Export Sales	3,209	1.99	4,303	2.34	(1,094)	(25.42)
Total Sales	**161,633**	**100.00**	**183,823**	**100.00**	**(22,190)**	**(12.07)**

Other Income

	Financial Year Ended 31 December		Variance
	2022	2021	
	RM'000	RM'000	%
Other Income	1,157	1,913	(39.52)

The total other income of the PLABS Group was decreased significantly by 39.52%. This was mainly due to lower incentives achieved from the foreign suppliers.

Other Operating Expenses

	Financial Year Ended 31 December		Variance
	2022	2021	
	RM'000	RM'000	%
Selling and Distribution Expenses	5,115	2,630	94.49
Administration Expenses	11,264	15,241	(26.09)
Net Loss on Impairment of Financial Assets	207	70	195.71
Other Expenses	122	514	(76.26)
Total	**16,708**	**18,455**	**(9.47)**

The other operating expenses of the PLABS Group was decreased by 9.47% to RM16.71 million in the FY 2022 as compared to RM18.46 million in the FY 2021. The decrease in administrative expenses was mainly due to the decrease in staff cost in tandem with lower revenue achieved.

The other expenses of the PLABS Group was decreased from RM0.51 million in the FY 2021 to RM0.12 million in the current financial year under review. This was mainly due to decreased in inventories written down of RM0.21 million.

In addition to that, significant increase of selling and distribution expenses of the PLABS Group for the FY 2022 despite of the lower revenue achieved. This was mainly caused by sales personnel of the PLABS Group to visit the existing customers and potential customers more regularly coupled with increase in distribution cost.

Trade Receivables

The trade receivables were decreased by RM6.39 million, primarily due to the lower revenue achieved for the FY 2022 but the net debtor turnover days had also reduced from 82 days in the FY 2021 to 78 days in FY 2022, which was improved 4 days ahead of the FY 2021. However, the Management of the PLABS Group will maintain and practise a good credit control policy with continuous monitoring collection before the approval for delivering the goods to the customers, who are financially distressed.

Moreover, a higher provision of expected credit losses, during the financial year under review, shows an increase of RM0.21 million as compared to the FY 2021. The PLABS Group will continue to monitor its collection in order to further reduction in the provision for the expected credit losses as stated in the credit control policy of the PLABS Group. In fact, the PLABS Group has not experienced any instances of material bad debts during the financial year ended 31 December 2022.

Cash and Bank Balances

The bank balances of the PLABS Group had decreased by 27.23% to RM10.30 million from RM14.15 million in the FY 2021. The PLABS Group has been careful in ensuring that it has sufficient liquidity, especially during economic downturns. With a net cash position of about RM10 million as at the end of the financial year, the PLABS Group is comfortable that it has sufficient cash reserved to meet its operational and capital investments.

Financial Conditions

Strong Financial Conditions with Healthy Cash Flows

	Financial Year Ended 31 December		Variance
	2022	2021	
	RM'000	RM'000	%
Total Assets	106,225	111,568	(4.79)
Total Liabilities	29,821	37,542	(20.57)
Total Equity	76,404	74,026	3.21
Total Borrowings	8,485	15,521	(45.33)
Cash and Bank Balances	10,298	14,151	(27.23)
Issue and Fully Paid Capital (unit'000)	275,214	275,214	-
Net Asset Per Share (sen)	27.02	26.31	2.70
Basic Earnings Per Share (sen)	1.31	2.00	(34.50)

At the end of year 2022, the PLABS Group recorded cash of RM10.30 million, total current assets of RM77.87 million and total current liabilities of RM24.96 million. This was resulted from a quick ratio of 3.12, whereby the PLABS Group has the ability to meet its short-term obligations with its most liquid assets.

The total borrowing of the PLABS Group stood at RM8.49 million, of which RM7.21 million of the borrowings was utilised, mainly, in financing the payments to the local and foreign suppliers.

Review of Operating Activities

	Trading		Manufacturing		Grand Total	
	Financial Year Ended 31 December					
	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net Revenue	158,797	179,120	2,836	4,703	161,633	183,823
Profit Before Tax	4,295	6,460	234	1,957	4,529	8,417
Profit After Tax	3,920	4,504	108	1,502	4,028	6,006
% of Contribution (Net Revenue)	98.25	97.44	1.75	2.56	-	-
% of Contribution (PAT)	97.32	74.99	2.68	25.01	-	-

Trading Segment

The trading segment remains as the core business of the PLABS Group and continues to be the key driver in both revenue and segmental operating profit for the PLABS Group. For the FY 2022, the trading segment contributed 98.25% and 97.32% of the PLABS Group's revenue and PAT respectively.

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

Manufacturing Segment

Currently, the PLABS Group's plant in Nilai which are catered for the different needs of livestock based on their growth stages. Ingredients and proportion can also be customised or adjusted depending on the needs of our customers' livestock. The plant manufactures various types of animal health additives, except for the OsmoFAT products.

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

We also continuously invest in research and development to innovate products to strengthen our products portfolio with sustainability in mind, such as products which help to improve digestibility and reduced wastage.

Anticipated or Known Risks Relating to the Business and Industries

(1) Epidemics

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

To minimize the risk of epidemics, the PLABS Group has diversified its customers base to foreign countries such as Bangladesh, Egypt, China, Indonesia, Brunei, Thailand, Nepal, Belarus, Pakistan, Korea, Singapore, Taiwan and Philippines. By this way, the PLABS Group could reduce the risk of sales in the event of an epidemic in any particular location. However, there is no assurance that the outbreak of epidemics will be contained or eliminated the entirely and have no material effect on the business performance.

(2) Competitive rivalry

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

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

(3) Supply of raw materials and products

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

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

(4) Fluctuation in prices of raw materials and products

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

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

(5) Absence of long-term contracts

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

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

(6) Threat of Substitutes

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

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

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

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

Forward-looking Statement

The PLABS Group is adopting a cautious approach while remaining flexible in executing strategic plan in expanding our existing business and identifying new business opportunities to ensure adequate funding and sustainable profitability throughout the unprecedented time. The PLABS Group will continue strengthen its core business segments and maintain healthy cash flow position in facing the various economic challenges.

Despite the uncertain market condition, the PLABS Group is optimistic to deliver a reasonable performance for the financial year ending 31 December 2023.

Barring any unforeseen circumstances, the PLABS Group is committed to the fulfillment of its obligations to steer through these tough times.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

The Board is pleased to present this statement on the overview of the corporate governance practices of the Company during the financial year ended 31 December 2022 ("FY 2022"). This statement explains how PLABS Group has applied the three (3) principles which are set out in the Code:

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

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

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

i. Board Responsibilities

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

The Board has set the approved authority limit for the Directors and Management on annual basis, which clearly delineates relevant matters and applicable limits, including those reserved for the Board's approval, and those which the Board may delegate to the Group Managing Director and Management. The last reviewed on the approved authority limit was on 16 November 2022.

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

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

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

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

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

Details of the Directors' attendance of training programs or seminars during the FY 2022 were as follows:

Subjects	Date	Attendee(s)
A. Corporate Governance		
Corporate Governance & Remuneration Practices for the ESG World	14 September 2022	Ms. Yap Siaw Peng
Mandatory Accreditation Programme for Directors of Public Listed Companies	26 - 27 October 2022	Ms. Ho Siew Li
Briefing on Enterprise Risk Management ("ERM")	16 November 2022	Dato' Hon Choon Kim Mr. Lim Tong Seng Ms. Yap Siaw Peng Mr. Teo Chin Heng Datuk Loh Saw Foong Dato' Ng Boon Siong Ms. Loh Poh Im Ms. Ho Siew Li
B. Board Leadership		
Transitioning towards Resilient Value Creation: Optimizing Resources for Sustainable Growth	11 August 2022	Ms. Loh Poh Im

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

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

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

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

Policy and Guidelines ("ABAC Policy & Guidelines") to reinforce the PLABS Group's utmost commitment and practice in conducting its affairs in a highest standard of integrity and ethics in line with the intent and spirit of Malaysian Anti-Corruption Commission Act 2009 [Act 694] and Malaysian Anti-Corruption Commission (Amendment) Act 2018 and all applicable laws and regulations involving bribery and corruption. The ABAC Policy & Guidelines is available on the Company's website at https://www.peterlabs.com.my.

ii. Board Composition

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

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

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

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

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

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

As at 31 December 2022, the Board's size is maintained at eight (8) members (excluding an Alternate Director), with two (2) resignations of Independent Directors and replaced with two (2) new appointed Independent Directors.

At the forthcoming AGM, the Directors namely Dato' Hon Choon Kim ("Dato' Hon") and Datuk Loh Saw Foong, who are eligible for re-election, will be retired by rotation pursuant to the provision of the Constitution of the Company. In addition, Ms. Loh Poh Im and Ms. Ho Siew Li, who were appointed to the Board on 1 July 2022 and are eligible for re-election, will be retired pursuant to the provision of the Constitution of the Company.

All the retiring Directors have given their consent for seeking re-election. While, Dato' Hon, who has served the Board as Independent Director since 1 November 2010 for more than eleven (11) years and for the good corporate governance, has indicated that he will not to seek for re-election as Director of the Company at the forthcoming AGM.

The term of reference for the NC was reviewed and updated on 27 February 2023 and is available on the Company's website at https://www.peterlabs.com.my.

The Board acknowledge the importance of boardroom diversity and workforce gender diversity policy. The Board currently has three (3) female directors on the board. The PLABS Group is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, race and religion, within the PLABS Group.

iii. Tenure of Independent Directors

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

The Board, through the NC, will ensure that the tenure of Independent Director be limited to a maximum of twelve (12) years. Upon the completion of the twelve (12) years, all long-served Independent Director(s) of more than twelve (12) years shall either resign or re-designate to Non-Independent Director.

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

iv. Remuneration

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

The Board has established a Remuneration Committee ("RC") which consists of all Independent Non-Executive Directors, after the change of the composition during the FY 2022 and the members of the RC are as follows:

Name	Designation	Directorship
Dato' Ng Boon Siong	**Chairman**	**Independent Non-Executive Director**
Ms. Loh Poh Im	**Member**	**Independent Non-Executive Director (appointed on 1 July 2022)**
Ms. Ho Siew Li	**Member**	**Independent Non-Executive Director (appointed on 1 July 2022)**
Dr. Vijaya Raghavan A/L M P Nair	**Chairman**	**Independent Non-Executive Director (retired on 29 June 2022)**
Dato' Hon Choon Kim	**Member**	**Independent Non-Executive Chairman (resigned as member of RC on 1 July 2022)**
Ms. Yap Siaw Peng	**Member**	**Executive Director (resigned as member of RC on 1 July 2022)**

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

The Term of Reference (TOR) of the RC was reviewed and updated on 27 February 2023 and is available on the Company's website at https://www.peterlabs.com.my.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

i. Audit and Risk Management Committee

During the FY 2022, a Risk Management was formed and the Audit Committee was combined with Risk Management Committee. Thereafter, they are known as Audit and Risk Management Committee ("ARMC").

An effective ARMC can bring transparency, focus and independent judgment needed to oversee the financial reporting process couple with overseeing audit activities by the internal and external auditors, compliance with laws and regulations, and the adequacy of the Group's control environment. The ARMC also oversees matters pertaining to the Group's risk management, including reviewing the key risks of the Group and their management.

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

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

The ARMC of the Company comprises three (3) Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director, namely Ms. Loh Poh Im. The Chairman of the ARMC is not the Chairman of the Board as recommended by the MCCG. In addition, none of the ARMC members were former audit partners who are required to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.

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

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

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

Details of the ARMC Report are set out on pages 32 to 36 of this Annual Report.

ii. Risk Management and Internal Control Framework

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

The ARMC assists the Board on the Group's risk management matters, including overseeing the overall effectiveness of the risk management framework, the adequacy and effectiveness of internal controls, and reviewing the Group's risks including in the areas of cybersecurity, anti-corruption, and business contingency planning matters. Management implements risk management strategies based on the risk appetite approved by the Board and reports regularly to the ARMC.

Details of the Statement on Risk Management and Internal Control are set out on pages 37 to 39 of this Annual Report.

Internal Audit Function

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

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

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

Details of the Company's internal audit function are set out in the Statement on Risk Management and Internal Control on pages 37 to 39 of this Annual Report.

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

The COSO framework included:

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

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

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

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

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

The functions, duties and responsibilities of the ARMC are set out in the TOR. The TOR of the ARMC was revised and updated on 27 February 2023 and is available on the Company's website at https://www.peterlabs.com.my.

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

During the FY 2022, the internal auditors reviewed the adequacy and integrity of the PLABS Group's system of internal control covering both financial as well as non-financial matters. The audits focused on key controls to manage risks, safeguard assets, secure the accuracy and reliability of records, comply with policies, procedures, laws and regulations and promote efficiency of operations. For the year 2022, the cost incurred for internal audit function was RM18,000.

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

i. Communication with Stakeholders

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

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

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

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

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

Leverage on Information Technology

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

ii. Conduct of General Meetings

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

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

There were no substantive resolutions put forth for the shareholders' approval at the previous AGM held on 29 June 2022. As such, all resolutions tabled for the shareholders' approval were voted by way of poll.

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

COMPLIANCE WITH THE CODE

The Board considers that the PLABS Group has substantially complied with the best practices as stipulated in the Principles and Recommendations of the Code throughout the FY 2022.

This statement was approved by the Board on 24 March 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors ("the Board") of PeterLabs Holdings Berhad ("PLABS" or "the Company") is pleased to present the following Audit and Risk Management Committee Report and its summary of works for the financial year ended 31 December 2022 ("FY 2022").

MEMBERS OF AUDIT AND RISK MANAGEMENT COMMITTEE

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

Ms. Loh Poh Im
Chairman
Independent Non-Executive Director

Ms. Ho Siew Li
Member
Independent Non-Executive Director

Dato' Ng Boon Siong
Member
Independent Non-Executive Director

Ms. Loh Poh Im meets the requirement of Rule 15.09(1)(c)(i) of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") whereby she is a Chartered Accountant and a member of the Malaysian Institute of Accountants. She is the Chairman of the ARMC who is not the Chairman of the Board as recommended by the Malaysian Code on Corporate Governance 2021.

TERMS OF REFERENCE

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

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

MEETINGS AND MINUTES

Attendance at Meetings

The record of attendance of the members of the ARMC for meetings held during the FY 2022 is as follows:

	NO. OF THE ARMC MEETINGS HELD DURING MEMBER'S TENURE IN OFFICE	NO. OF THE ARMC MEETINGS ATTENDED BY MEMBER
Ms. Loh Poh Im *(Appointed on 1 July 2022)*	2	2/2
Dato' Ng Boon Siong	5	4/5
Ms. Ho Siew Li *(Appointed on 1 July 2022)*	2	2/2
Late Prof. Dr. Paul Cheng Chai Liou *(Retired as Director on 29 June 2022)*	3	3/3
Dato' Hon Choon Kim *(Resigned as member on 1 July 2022)*	3	3/3

Meetings

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

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

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

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

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

Minutes

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

OBJECTIVES AND AUTHORITY

Objectives

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

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

Powers and Authority

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

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

SUMMARY OF ACTIVITIES

In respect of the FY 2022, the ARMC, in discharging its duties and functions, carried out the activities which are summarised broadly as follows:

a) Internal Audit

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

The Company engaged Messrs. NBS Smart Focus Sdn. Bhd. ("NBS") as the outsourced internal auditors to carry out the internal audit function of the PLABS Group for the FY 2022.

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

In February 2022, NBS tabled a follow-up audit examination of PLABS and provided a summary of findings during the previous audit visits and the status of the corrective measures taken by the respective departments.

In May 2022, NBS tabled an internal audit report focused on the area of the audit covers the critical areas of the operation and management of Peterlabs Sdn. Bhd. and Osmosis Nutrition Sdn. Bhd. NBS's examination mainly focused on control weaknesses and high-risk areas.

In August 2022, NBS tabled an internal audit report focused on the area of the audit covers the critical areas of the operation and management of Thye On Tong Trading Sdn. Bhd.'s office at Senawang and Balakong with the main focus on control weaknesses and high-risk areas.

In November 2022, NBS tabled a follow-up audit examination of Thye On Tong Trading Sdn. Bhd.'s offices at Senawang and Balakong and provided a summary of findings and the corrective measures highlights during the audit visit.

For the year 2022, the cost incurred for the internal audit functions was RM18,000.

The ARMC is pleased to inform that the PLABS Group has engaged and appointed Messrs. Wensen Consulting Asia (M) Sdn. Bhd. as the new internal auditors, to perform the internal audit function for the financial year ending 31 December 2023 and their service term will be reviewed and assessed based on year-by-year basis.

b) Financial Reporting and Compliance

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

i. reviewed the financial positions, quarterly interim financial reports and announcements for the respective financial quarters prior to the submission to the Board for consideration and approval. The unaudited preliminary results of the PLABS Group for the 4th quarter ended 31 December 2021, 1st quarter ended 31 March 2022, 2nd quarter ended 30 June 2022 and 3rd quarter ended 30 September 2022 were tabled at the respective ARMC meetings held on 24 February 2022, 31 May 2022, 30 August 2022 and 16 November 2022;

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

iii. reviewed the reports on the internal audit review and internal audit follow-up review by the internal auditors on 24 February 2022, 31 May 2022, 30 August 2022 and 16 November 2022;

iv. reviewed the Audit Planning Memorandum ("APM") for the FY 2022 presented by the external auditors, which covered the engagement and reporting requirements (including statutory responsibilities, auditors' independence, communication of audit matters with those charged with governance, matters to communicate, and the auditor's responsibility to consider fraud in an audit of financial statements), audit plan (including client acceptance and independence, deep business understanding, relevant risks, engagement team and communication plan), audit approach (group reporting, liaison with internal auditors, coordination with tax agents and risk management framework), audit materiality, key audit areas, key audit matters, adoption of new MFRSs, compliance with laws and regulations and fraud related matters as well as the proposed audit fees for the FY 2022;

v. reviewed the audit findings and recommendations by the external auditors and the AFS for the financial year ended 31 December 2022 on 24 March 2023;

vi. reviewed the RPTs/RRPTs, if any, entered between the PLABS Group and the Directors of the Company at the ARMC meetings on 24 February 2022, 31 May 2022, 30 August 2022 and 16 November 2022;

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

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

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

ix. reviewed the ARMC Report, Corporate Governance ("CG") Overview Statement, CG Report and Statement on Risk Management and Internal Control ("SORMIC") for publication in the 2022 Annual Report; and

x. reviewed the SORMIC together with the Internal Auditors and External Auditors and received an assurance from the Executive Director and the financial team of the PLABS Group, that the PLABS Group's risk management and internal control systems are operating adequately and effectively in all material aspects before recommended the SORMIC to the Board for approval.

c) External Auditors

During the FY 2022, the PLABS Group has changed its external auditors to Messrs TGS TW PLT ("TGS"). TGS led by their engagement partner presented their external APM for the FY 2022 on 16 November 2022 and had declared and confirmed that they were independence and would be independence through their audit engagement.

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

The non-audit fees payable to the external auditors amounting to RM3,000 for the FY 2022. The non-audit fees were in respect of services rendered in respect of the annual review of the SORMIC.

The ARMC carried out an assessment of the performance and suitability of TGS based on the quality of services and relationship with the PLABS Group and also the internal auditors. The ARMC has been generally satisfied with the independence, performance and suitability of TGS based on the assessment and are recommended to the Board and shareholders for approvals for the re-appointment of TGS as the external auditors of the PLABS Group for the financial year ending 31 December 2023.

CG PRACTICES

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

The ARMC discussed and reviewed the CG Overview Statement and CG Report for the FY 2022.

This statement was approved by the Board on 24 March 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control is made pursuant to Rule 15.26(b) of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") as well as the practice principles set out under Malaysian Code on Corporate Government 2021. The Board of Directors ("the Board") of PeterLabs Holdings Berhad ("PLABS" or "the Company") is pleased to present the Statement on Risk Management and Internal Control of PLABS and its group of companies ("PLABS Group") for the financial year ended 31 December 2022 ("FY 2022").

BOARD RESPONSIBILITY

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

CONTROL ENVIRONMENT

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

INTERNAL AUDIT

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

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

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

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

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

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

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

In 2022, the internal audit review were conducted in various areas involving account and finance, manufacturing, information technology, human resources, operations, warehouse, The Internal auditors conducted interview or communication session with the Management and the respective line managers during the field visit to perform necessary groundwork.

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

QUALITY ASSURANCE

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

INFORMATION AND COMMUNICATION

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

RISK MANAGEMENT

PLABS Group is committed to managing risk in order to benefit the business and manage the costs of risk. To meet this commitment;

1. Risk is to be every employee's business. All employees are required to be responsible and accountable for managing risk in so far as is reasonably practicable within their area of responsibility.
2. Sound risk management principles and practices must become part of the normal management strategy for all business units, divisional and department within the PLABS Group.
3. The management of risk is to be integrated into the PLABS Group's existing planning and operational processes and is to be fully recognised in the reporting processes.

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

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

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

Under the Group Risk Management and Internal Control Framework, an Audit Risk Working Group ("ARWG") was formed for identifying, evaluating and managing the significant risks encountered by PLABS Group in accordance to the Guidance for Directors of Public Listed Companies on Statement on Risk Management and Internal Control.

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

ASSURANCE FROM THE MANAGEMENT

As evidenced from the various activities mentioned above, the Board has obtained reasonable assurance from the Group Managing Director and Group Financial Controller, on the internal control system that are operating adequately and effectively, in all material aspects.

CONCLUSION

Pursuant to Rule 15.23 of the AMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of PLABS Group for FY 2022 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

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

This Statement on Risk Management and Internal Control has been approved by the Board on 24 March 2023.

STATEMENT OF DIRECTORS' RESPONSIBILITY

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

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

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

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

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

ADDITIONAL COMPLIANCE INFORMATION

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

1. Material Contracts

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

2. Contract Relating To Loan

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

3. Audit and Non-audit Fees

The audit fees payable to the external auditors by the Company and its group of subsidiaries ("PLABS Group") for the financial year ended 31 December 2022 were amounted to RM97,000.

The non-audit fees of RM3,000 payable to the external auditors by the PLABS Group is for the annual review of the Statement on Risk Management and Internal Control.

4. Utilisation of Proceeds Raised from Corporate Proposal

There were no corporate proposals implemented during the financial year ended 31 December 2022.

REPORTS AND FINANCIAL STATEMENTS

CONTENTS	PAGES

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

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

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	4,028,365	1,856,643
Attributable to:-		
Owners of the Company	3,603,206	1,856,643
Non-controlling interests	425,159	-
	4,028,365	1,856,643

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the Company paid:

	RM
An Interim single-tier dividend of RM0.006 per ordinary share in respect of the financial year ended 31 December 2022, paid on 22 July 2022	1,651,372

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

DIRECTORS' REPORT (CONT'D)

ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The Directors in office during the financial year until the date of this report are:

Dato' Hon Choon Kim (Independent Non-Executive Chairman)
Lim Tong Seng (Group Managing Director)*
Teo Chin Heng (Executive Director)*
Yap Siaw Peng (Executive Director)*
Datuk Loh Saw Foong (Executive Director)*
Dato' Ng Boon Siong (Independent Non-Executive Director)
Ng Kau (Independent Non-Executive Director, Alternate Director to Dato' Ng Boon Siong)
Loh Poh Im (Independent Non-Executive Director) (appointed on 1 July 2022)
Ho Siew Li (Independent Non-Executive Director) (appointed on 1 July 2022)
Late Prof. Dr. Paul Cheng Chai Liou (Senior Independent Non-Executive Director) (Retired on 29 June 2022)
Dr. Vijaya Raghavan A/L M P Nair (Independent Non-Executive Director) (Retired on 29 June 2022)

* *Directors of the Company and certain subsidiaries*

The Directors who held office in the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report are:

Kho Siaw Sua
Lau Yeng Khuan
Datin Lin Ching Yein
Dr. Teo Kooi Cheng (resigned on 15 July 2022)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2022	Bought	Sold	At 31.12.2022
Interest in the Company				
Direct interest				
Lim Tong Seng	12,943,238	-	-	12,943,238
Teo Chin Heng	21,270,109	-	-	21,270,109
Yap Siaw Peng	1,800,058	-	-	1,800,058
Datuk Loh Saw Foong	12,750,000	-	-	12,750,000
Indirect interest				
Dato' Hon Choon Kim (#)	50,000	-	-	50,000
Datuk Loh Saw Foong (#*)	26,250,000	-	-	26,250,000
Interest in the subsidiary				
Thye On Tong Trading Sdn. Bhd.				
Direct interest				
Datuk Loh Saw Foong	180,000	-	-	180,000
Indirect interest				
Datuk Loh Saw Foong (#)	220,000	-	-	220,000

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

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

DIRECTORS' BENEFITS

Since the end of previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than as disclosed in Note 25 to the financial statements.

The Directors' benefits of the Group and of the Company are as follows:

	Group RM	Company RM
Fees	197,300	125,300
Salaries and other emoluments	2,653,496	-
Social security contributions	3,706	-
Defined contribution plans	187,996	-
	3,042,498	125,300

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE COSTS

The amount of indemnity coverage and insurance premium paid for Directors and Officers of the Group and the Company during the financial year are amounted to RM10,000,000 and RM18,758 respectively.

OTHER STATUTORY INFORMATION

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

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

OTHER STATUTORY INFORMATION (CONT'D)

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render it necessary to write off any bad debts or the amount of the allowance 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) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

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

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

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

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

(d) In the opinion of the Directors:

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

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

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARIES

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

AUDITORS

The Auditors, TGS TW PLT (202106000004 (LLP0026851-LCA) & AF002345), have expressed their willingness to continue in office.

The total amount of fees paid to or receivable by TGS TW PLT as remuneration for their services as auditors of the Group and of the Company for the financial year ended 31 December 2022 amounted to RM97,000 and RM25,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 24 March 2023.

....	....
LIM TONG SENG	YAP SIAW PENG

Kuala Lumpur

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 55 to 113 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 24 March 2023.

....	....
LIM TONG SENG	YAP SIAW PENG

Kuala Lumpur

STATUTORY DECLARATION

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, Lee Huey Fen, being the Officer primarily responsible for the financial management of PeterLabs Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 55 to 113 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory on 24 March 2023)
)

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

Before me,

....
Shi'Aratul Akmar Binti Sahari
(No. W788)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PeterLabs Holdings Berhad, which comprise the statements of financial position as at 31 December 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 55 to 113.

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 of 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.

Independent and Other Ethical Responsibilities

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

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.

Key audit matters	How we addressed the key audit matters
Inventories valuation	
Refer to Note 9 to the financial statements. The Group holds significant amount of inventories that amounted to RM23,207,283 which are subjected to a risk that the inventories become slow-moving or obsolete and rendering it not saleable or can only be sold for selling prices that are less than their carrying value. There is inherent subjectivity and estimation involved in determining the accuracy of inventories obsolescence provision and in making an assessment of its adequacy due to risk of inventories not stated at the lower of cost and net realisable value.	We tested the methodology for calculating the provision, challenged the appropriateness and consistency of judgements and assumptions, and considered the nature and suitability of historical data used in estimating the provisions. In doing so, we obtained an understanding on the ageing profile of inventories, the process for identifying specific problem inventories and historical loss rates.

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

Key Audit Matters (Cont'd)

Key audit matters	How we addressed the key audit matters
Goodwill on consolidation	
The Group holds goodwill on consolidation of RM9,956,837 as detailed in Note 7 to the financial statements. Goodwill on consolidation is subject to impairment review annually by comparing the carrying amount with its recoverable amount. The Group estimated the recoverable amount based on value in use method. Estimating the value in use involves judgement as small changes in the assumptions made, notably in respect of the future performance of the business and the discount rate applied to future cash flow projections can result in material different outcomes.	We evaluated the Directors' future cash flow projections and the process of which there were drawn up, including testing the underlying calculations. We validated the Directors' key assumptions for long term growth rates applied in the projections by comparing them to the historical results as well as economic and industry forecasts, and the discount rate used by assessing the cost of capital for the Group.

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

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the 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 and the Company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

1. 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.

2. The financial statements of the Group and of the Company as at 31 December 2021 were audited by another firm of Chartered Accountants who expressed an unmodified opinion on those financial statements dated 15 April 2022.

TGS TW PLT
202106000004 (LLP0026851-LCA) & AF002345
CHARTERED ACCOUNTANTS

OOI POH LIM
03087/10/2023 J
Chartered Accountant

Kuala Lumpur
24 March 2023

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	16,971,240	17,738,311	-	-
Investment properties	5	986,919	997,531	-	-
Investment in subsidiaries	6	-	-	39,405,900	39,405,900
Goodwill on consolidation	7	9,956,837	9,956,837	-	-
Deferred tax assets	8	441,100	-	-	-
		28,356,096	28,692,679	39,405,900	39,405,900
Current assets					
Inventories	9	23,207,283	22,023,273	-	-
Trade receivables	10	34,711,725	41,100,627	-	-
Other receivables	11	8,959,458	5,570,804	12,256	11,719
Amount due from a subsidiary	6	-	-	-	1,500
Tax recoverable		692,772	30,243	-	272
Fixed deposits and cash and bank balances	12	10,297,522	14,150,549	1,853,386	1,811,602
		77,868,760	82,875,496	1,865,642	1,825,093
TOTAL ASSETS		106,224,856	111,568,175	41,271,542	41,230,993
EQUITY					
Share capital	13	40,400,959	40,400,959	40,400,959	40,400,959
Retained earnings		33,969,769	32,017,935	300,935	95,664
Equity attributable to owners of the Company		74,370,728	72,418,894	40,701,894	40,496,623
Non-controlling interests	6	2,032,790	1,607,631	-	-
TOTAL EQUITY		76,403,518	74,026,525	40,701,894	40,496,623

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (CONT'D)

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
LIABILITIES					
Non-current liabilities					
Lease liabilities	14	2,824,249	2,945,587	-	-
Borrowings	15	1,009,080	1,272,287	-	-
Deferred tax liabilities	8	1,043,000	1,049,000	-	-
		4,876,329	5,266,874	-	-
Current liabilities					
Trade payables	16	11,036,173	9,402,899	-	-
Other payables	17	5,367,721	7,460,355	567,847	734,370
Lease liabilities	14	1,062,998	942,122	-	-
Borrowings	15	7,476,316	14,248,334	-	-
Tax payable		1,801	221,066	1,801	-
		24,945,009	32,274,776	569,648	734,370
TOTAL LIABILITIES		29,821,338	37,541,650	569,648	734,370
TOTAL EQUITY AND LIABILITIES		106,224,856	111,568,175	41,271,542	41,230,993

The accompanying 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

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Revenue	18	161,632,817	183,823,275	2,107,768	404,038
Cost of sales		(141,048,297)	(158,012,191)	-	-
Gross profit		20,584,520	25,811,084	2,107,768	404,038
Other income		1,157,152	1,912,892	108,705	31,033
Selling and distribution expenses		(5,115,214)	(2,629,831)	-	-
Administrative expenses		(11,264,315)	(15,241,449)	(337,142)	(386,964)
Net loss on impairment of financial assets		(206,709)	(70,181)	-	-
Other expenses		(121,914)	(513,759)	-	-
Profit from operation		5,033,520	9,268,756	1,879,331	48,107
Finance costs	19	(504,285)	(851,683)	-	-
Profit before tax	20	4,529,235	8,417,073	1,879,331	48,107
Taxation	21	(500,870)	(2,410,740)	(22,688)	(7,125)
Profit for the financial year, representing total comprehensive income for the financial year		4,028,365	6,006,333	1,856,643	40,982
Profit/Total comprehensive income for the financial year attributable to:					
Owners of the Company		3,603,206	5,480,810	1,856,643	40,982
Non-controlling interests		425,159	525,523	-	-
		4,028,365	6,006,333	1,856,643	40,982
Earnings per share					
Basic (sen)	22	1.31	2.00		
Diluted (sen)	22	-	-		

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

STATEMENTS OF CHANGES IN EQUITY

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

		Attributable to owners of the Company				
		Non-distributable	Distributable			
	Note	Share capital RM	Retained earnings RM	Total RM	Non-controlling interests RM	Total equity RM
Group						
At 1 January 2021		31,820,959	26,537,125	58,358,084	-	58,358,084
Total comprehensive income for the financial year		-	5,480,810	5,480,810	525,523	6,006,333
Transaction with owners:						
Issuance of shares	13	8,580,000	-	8,580,000	-	8,580,000
Acquisition of a subsidiary	6	-	-	-	1,082,108	1,082,108
At 31 December 2021		40,400,959	32,017,935	72,418,894	1,607,631	74,026,525
At 1 January 2022		40,400,959	32,017,935	72,418,894	1,607,631	74,026,525
Total comprehensive income for the financial year		-	3,603,206	3,603,206	425,159	4,028,365
Transaction with owners:						
Dividends	23	-	(1,651,372)	(1,651,372)	-	(1,651,372)
At 31 December 2022		40,400,959	33,969,769	74,370,728	2,032,790	76,403,518

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

		← Attributable to owners of the Company →		
		Non-distributable	Distributable	
	Note	Share capital RM	Retained earnings RM	Total equity RM
Company				
At 1 January 2021		31,820,959	54,682	31,875,641
Total comprehensive income for the financial year		-	40,982	40,982
Transaction with owners:				
Issuance of shares	13	8,580,000	-	8,580,000
At 31 December 2021		40,400,959	95,664	40,496,623
At 1 January 2022		40,400,959	95,664	40,496,623
Total comprehensive income for the financial year		-	1,856,643	1,856,643
Transaction with owners:				
Dividends	23	-	(1,651,372)	(1,651,372)
At 31 December 2022		40,400,959	300,935	40,701,894

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		4,529,235	8,417,073	1,879,331	48,107
Adjustments for:					
Allowance of expected credit losses on trade receivables		232,707	70,181	-	-
Depreciation of invesment properties		10,612	22,160	-	-
Depreciation of property, plant and equipment		2,057,445	2,178,172	-	-
Dividend income		-	-	(2,107,768)	(404,038)
Gain on disposal of property, plant and equipment		(194,500)	(77,083)	-	-
Gain on early termination of lease contract		(19,195)	(60,488)	-	-
Gain on remeasurement of lease contracts		-	(6,920)	-	-
Interest expenses		504,285	851,683	-	-
Interest income		(172,564)	(343,129)	(27,705)	(31,033)
Inventories written down		13,985	226,539	-	-
Reversal of allowance of expected credit losses on trade receivables		(25,998)	-	-	-
Reversal of inventories written down		(190,381)	(8,250)	-	-
Unrealised loss/(gain) on foreign exchange		94,427	(100,379)	-	-
Operating profit/(loss) before working capital changes		6,840,058	11,169,559	(256,142)	(386,964)
Changes in working capital:					
Inventories		(1,007,614)	(902,332)	-	-
Receivables		2,792,201	(3,937,290)	(537)	(511)
Payables		(407,231)	1,632,514	(166,523)	(105,800)
		1,377,356	(3,207,108)	(167,060)	(106,311)
Cash generated from/(used in) operations		8,217,414	7,962,451	(423,202)	(493,275)
Tax paid		(1,830,996)	(2,219,084)	(21,515)	(8,052)
Tax refunded		1,232	32,970	900	-
Net cash from/(used in) operating activities		6,387,650	5,776,337	(443,817)	(501,327)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		172,564	343,129	27,705	31,033
Acquisition of subsidiary, net cash acquired	6	-	(1,786,522)	-	(1,920,000)
Dividend received		-	-	2,107,768	404,038
Purchase of property, plant and equipment	A	(253,774)	(387,271)	-	-
Proceeds from disposal of property, plant		-			
and equipment		194,500	145,100	-	-
Net cash from/(used in) investing activities		113,290	(1,685,564)	2,135,473	(1,484,929)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid		(1,651,372)	-	(1,651,372)	-
Interest paid		(504,285)	(851,683)	-	-
Repayment of revolving credits	B	(648,708)	(2,000,000)	-	-
Repayment of bankers' acceptances	B	(40,726,851)	(27,602,000)	-	-
Drawdown of bankers' acceptances	B	34,597,851	17,379,000	-	-
Repayment from a subsidiary		-	-	1,500	620
Repayment of lease liabilities	B/C	(1,017,867)	(1,035,668)	-	-
Repayment of term loans	B	(257,517)	(233,432)	-	-
Net cash (used in)/from financing activities		(10,208,749)	(14,343,783)	(1,649,872)	620
Net cash (decrease)/increase in cash and cash equivalents		(3,707,809)	(10,253,010)	41,784	(1,985,636)
Effect of exchange translation differences		(145,218)	90,311	-	-
Cash and cash equivalents at the beginning of the financial year		14,150,549	24,313,248	1,811,602	3,797,238
Cash and cash equivalents at the end of the financial year		10,297,522	14,150,549	1,853,386	1,811,602
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR COMPRISES:					
Cash and bank balances		10,291,057	14,144,186	1,853,386	1,811,602
Fixed deposits placed with licensed banks		6,465	6,363	-	-
		10,297,522	14,150,549	1,853,386	1,811,602

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (CONT'D)

NOTES TO STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group	
	2022	2021
	RM	RM
Total additions	1,618,610	1,809,679
Less: Acquisition by means of lease liabilities	(1,364,836)	(1,422,408)
Total cash payment	253,774	387,271

B. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities RM	Revolving credit RM	Term loans RM	Bankers' acceptances RM	Total RM
Group					
Balance at 1 January 2021	1,486,163	2,648,708	14,534	1,106,000	5,255,405
Effect of acquisition of a subsidiary	2,398,904	-	1,754,811	22,453,000	26,606,715
Drawdown	1,422,408	-	-	17,379,000	18,801,408
Remeasurement	94,105	-	-	-	94,105
Early termination	(478,203)	-	-	-	(478,203)
Repayment	(1,035,668)	(2,000,000)	(233,432)	(27,602,000)	(30,871,100)
Balance at 31 December 2021	3,887,709	648,708	1,535,913	13,336,000	19,408,330
Drawdown	1,364,836	-	-	34,597,851	35,962,687
Early termination	(347,431)	-	-	-	(347,431)
Repayment	(1,017,867)	(648,708)	(257,517)	(40,726,851)	(42,650,943)
Balance at 31 December 2022	3,887,247	-	1,278,396	7,207,000	12,372,643

C. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group	
	2022	2021
	RM	RM
Included in net cash from financing activities		
Payment of lease liabilities	1,017,867	1,035,668
Payment on interest of lease liabilities	152,127	148,683
	1,169,994	1,184,351

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

1. CORPORATE INFORMATION

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

The registered office of the Company is located at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W.P. Kuala Lumpur.

The principal place of business of the Company is located at Lot 16014 (PT No. 24341), Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan Darul Khusus.

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

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

2. BASIS OF PREPARATION

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year.

Amendments to MFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 - 2020
- Amendments to MFRS 1
- Amendments to MFRS 9
- Amendments to Illustrative Examples accompanying MFRS 16
- Amendments to MFRS 141

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standard issued but not yet effective

The Group and the Company have not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Polices	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new MFRSs and amendments to MFRSs when they become effective.

The initial applications of the above-mentioned new MFRSs and amendments to MFSRs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to nearest RM except when otherwise stated.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amount recognised in the financial statements:

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

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

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

The Group applies judgement in evaluating whether they are reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, they consider all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of factory and hostel with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty

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

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 8 to the financial statements.

Useful lives of property, plant and equipment and investment properties

The Group regularly reviews the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount at the reporting date for property, plant and equipment and investment properties are disclosed in Notes 4 and 5 to the financial statements.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value in use is disclosed in Note 7 to the financial statements.

Provision for expected credit loss of financial assets at amortised cost

The Group and the Company review the recoverability of their receivables, include trade and other receivables, and amount due from a subsidiary at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions at the end of each reporting period.

The Group and the Company use a provision matrix to calculate expected credit loss for trade and other receivables. The provision rates are based on number of days past due.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit loss of financial assets at amortised cost (Cont'd)

The provision matrix is initially based on the Group's and on the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credits loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate.

The carrying amounts of receivables at the reporting date are disclosed in Notes 6, 10 and 11 to the financial statements.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 9 to the financial statements.

Determination of transaction prices

The Group and the Company are required to determine the transaction price in respect of each of their contract with customers. In making such judgement the Group and the Company assess the impact of any variable consideration in the contract due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no significant financing as the period between the transfer of control of good or service to a customer and the payment date is always less than one year, and no non-cash consideration noted in the contracts with customers.

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition-date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investment in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

(iv) Non-controlling interest

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

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

(b) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the Group using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) to the financial statements on impairment of non-financial assets.

(i) Recognition and measurement

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

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 on the date of valuation between a willing buyer and a willing seller 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 significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

(ii) Subsequent costs

The cost of replacing part 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 part will flow to the Group and their cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line method to write off the cost of each asset to its residual value over its estimated useful life. Freehold land with indefinite useful lives is not depreciated.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold buildings	50 years
Motor vehicles	5 years
Plant and machinery	10 years
Office equipment	10 years
Computer equipment	5 to 10 years
Furniture and fittings	10 years
Renovation	5 to 20 years
Laboratory	10 years
Factory	4 to 6 years
Hostels	2 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment (Cont'd)

(iii) Depreciation (Cont'd)

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

(d) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are depreciated on a straight-line method to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold land and building	67 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l)(i) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

(e) Leases

<u>As lessee</u>

The Group recognises a right-of-use ("ROU") asset and a lease liability at the lease commencement date. The ROU 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 site on which it is located, less any lease incentives received.

The ROU asset is subsequently measured at cost less any accumulated amortisation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l)(i) to the financial statements.

The ROU asset under cost model is amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Factory	4 to 6 years
Hostels	2 years
Motor vehicles	5 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) **Leases (Cont'd)**

<u>As lessee (Cont'd)</u>

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

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 rate, or if the Group changes its assessment of whether they will exercise an extension or termination option.

Lease payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

<u>As lessor</u>

When the Group acts as a lessor, they determine at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group applies MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group recognises assets held under a finance lease in its statements of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(f) **Financial assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

A financial asset (unless it is a trade receivable without financing component) is initially measured at fair value plus or minus, for an item not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs. A trade receivable without a significant financing component is initially measured at the transaction price.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Financial assets (Cont'd)

The Group and the Company determine the classification of their financial assets at initial recognition, and are not reclassified subsequent to their initial recognition unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

All financial assets at amortised cost are subject to impairment.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(g) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

(h) Offsetting of financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as financial liabilities at fair value, net of transaction costs. Subsequently, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers*.

(j) Inventories

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

Cost of raw materials and trading goods comprises cost of purchase and other costs incurred in bringing it to their present location and condition. Cost of finished goods consists of direct labour, other direct costs and an appropriate proportion of production overheads (based on normal operating capacity). Raw materials are determined on a weighted average basis while finished goods and trading goods are stated on a first-in-first-out basis.

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

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(l) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment of assets (Cont'd)

(i) Non-financial assets (Cont'd)

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss. An impairment loss in respect of goodwill is not reversed.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on their historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(m) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(n) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group and the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is recognised in the profit or loss net of any reimbursement.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group and the Company satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from sales of goods.

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

(ii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(iii) Dividend income

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

(iii) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(p) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

(r) Income taxes

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

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

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects either accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

(s) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

(t) Contingencies

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Related parties

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

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

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Freehold Buildings	Motor vehicles	Plant and machinery	Office equipment	Computer equipment	Furniture and fittings	Renovation	Laboratory	Right-of-use assets			Total
										Factory	Hostels	Motor vehicles	
Cost	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2021	1,467,419	10,717,988	364,221	9,242,009	176,885	84,242	207,388	357,438	596,443	1,251,626	74,535	1,850,278	26,390,472
Acquisition of a subsidiary	-	-	791,040	273,310	95,427	135,933	412,745	179,420	-	2,251,495	41,604	288,420	4,469,394
Additions	-	-	10,800	201,690	14,646	40,744	28,753	90,638	-	1,389,934	32,474	-	1,809,679
Disposals	-	-	(53,035)	-	-	-	-	-	-	-	-	(151,150)	(204,185)
Written off	-	-	-	(1,213,480)	(47,823)	-	(31,945)	-	-	-	-	-	(1,293,248)
Early termination of lease contracts	-	-	-	-	-	-	-	-	-	(1,251,626)	(64,431)	-	(1,316,057)
Reclassification	-	-	277,412	-	-	-	-	-	-	-	-	(277,412)	-
Remeasurement of lease contracts	-	-	-	-	-	-	-	-	-	23,365	2,865	-	26,230
At 31 December 2021	1,467,419	10,717,988	1,390,438	8,503,529	239,135	260,919	616,941	627,496	596,443	3,664,794	87,047	1,710,136	29,882,285
Additions	-	-	-	45,700	10,290	46,389	49,001	13,569	-	809,799	85,037	558,825	1,618,610
Disposals	-	-	(658,824)	-	-	-	-	-	-	-	-	-	(658,824)
Written off	-	-	-	-	-	-	(1,905)	-	-	-	-	-	(1,905)
Early termination of lease contracts	-	-	-	-	-	-	-	-	-	(636,684)	(49,207)	-	(685,891)
At 31 December 2022	1,467,419	10,717,988	731,614	8,549,229	249,425	307,308	664,037	641,065	596,443	3,837,909	122,877	2,268,961	30,154,275

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

	Freehold land RM	Freehold Buildings RM	Motor vehicles RM	Plant and machinery RM	Office equipment RM	Computer equipment RM	Furniture and fittings RM	Renovation RM	Laboratory RM	Right-of-use assets: Factory RM	Right-of-use assets: Hostels RM	Right-of-use assets: Motor vehicles RM	Total RM
Group (cont'd)													
Accumulated depreciation													
At 1 January 2021	-	1,568,094	329,636	6,422,508	149,389	77,088	182,372	146,074	528,909	764,883	17,726	858,786	11,045,465
Acquisition of a subsidiary	-												
Charge for		-	593,156	82,668	38,318	76,700	265,231	87,169	-	107,077	9,823	62,748	1,322,890
the financial year	-	214,360	306,952	704,865	18,377	13,717	34,037	47,701	18,915	594,416	51,636	173,196	2,178,172
Disposals	-	-	(53,035)	-	-	-	-	-	-	-	-	(83,133)	(136,168)
Written off	-	-	-	(1,213,480)	(47,823)	-	(31,945)	-	-	-	-	-	(1,293,248)
Early termination of lease contracts	-	-	-	-	-	-	-	-	-	(869,185)	(29,157)	-	(898,342)
Reclassification	-	-	42,953	-	-	-	-	-	-	-	-	(42,953)	-
Remeasurement of lease contracts	-	-	-	-	-	-	-	-	-	(67,284)	(7,511)	-	(74,795)
At 31 December 2021	-	1,782,454	1,219,662	5,996,561	158,261	167,505	449,695	280,944	547,824	529,907	42,516	968,644	12,143,974
Charge for the financial year	-	214,360	48,272	484,139	20,511	22,213	34,428	81,662	17,855	691,392	42,291	400,322	2,057,445
Disposals	-	-	(658,824)	-	-	-	-	-	-	-	-	-	(658,824)
Written off	-	-	-	-	-	-	(1,905)	-	-	-	-	-	(1,905)
Early termination of lease contracts	-	-	-	-	-	-	-	-	-	(331,606)	(26,049)	-	(357,655)
At 31 December 2022	-	1,996,814	609,110	6,480,700	178,772	189,718	482,218	362,606	565,679	889,693	58,758	1,368,967	13,183,035
Carrying amount													
At 31 December 2022	1,467,419	8,721,174	122,504	2,068,529	70,653	117,590	181,819	278,459	30,764	2,948,216	64,119	899,994	16,971,240
At 31 December 2021	1,467,419	8,935,534	170,776	2,506,968	80,874	93,414	167,246	346,552	48,619	3,134,887	44,531	741,491	17,738,311

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

Assets pledged as securities to financial institutions

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 15 to the financial statements are:

	Group	
	2022	2021
	RM	RM
Freehold land	1,467,419	1,467,419
Freehold buildings	4,229,738	8,935,534
	5,697,157	10,402,953

5. INVESTMENT PROPERTIES

	Group	
	2022	2021
	RM	RM
Leasehold land and building		
At cost		
At 1 January	1,108,000	-
Effect on acquisition of a subsidiary	-	1,108,000
At 31 December	1,108,000	1,108,000
Accumulated depreciation		
At 1 January	110,469	-
Effect on acquisition of a subsidiary	-	88,309
Charge for the financial year	10,612	22,160
At 31 December	121,081	110,469
Carrying amount		
At 31 December	986,919	997,531
Fair value of investment properties		
At 31 December	1,250,000	1,001,000

5. INVESTMENT PROPERTIES (CONT'D)

(a) Income and expenses recognised in profit or loss

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

	Group 2022 RM	Group 2021 RM
Rental income	69,000	68,070
Direct operating expenses		
- Income generating investment properties	2,990	3,119

(b) Fair value of investment properties

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

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

(c) The carrying amount of the investment properties of the Group amounted to RM986,919 (2021: RM997,531) was pledged as securities for bank borrowings as disclosed in Note 15 to the financial statements.

6. SUBSIDIARIES

(a) Investment in subsidiaries

	Company 2022 RM	Company 2021 RM
At cost		
Unquoted shares in Malaysia	39,405,900	39,405,900

6. SUBSIDIARIES (CONT'D)

(a) Investment in subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

Name of companies	Principal place of business/ Country of incorporation	Effective interest (%) 2022	Effective interest (%) 2021	Principal activities
1. Plon Synergy Group Sdn. Bhd.	Malaysia	100	100	Investment holding company
2. PeterLabs Sdn. Bhd.	Malaysia	81	81	Trading of animal health and nutrition products
3. Thye On Tong Trading Sdn. Bhd.	Malaysia	60	60	Distribution of consumer goods
Held by Plon Synergy Group Sdn. Bhd.				
1. PeterLabs Sdn. Bhd.	Malaysia	19	19	Trading of animal health and nutrition products
2. Osmosis Nutrition Sdn. Bhd.	Malaysia	21	21	Manufacturing, distribution and export of animal health and nutrition products
Held by PeterLabs Sdn. Bhd.				
1. Osmosis Nutrition Sdn. Bhd.	Malaysia	79	79	Manufacturing, distribution and export of animal health and nutrition products

Acquisition of a subsidiary

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

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

6. SUBSIDIARIES (CONT'D)

(a) Investment in subsidiaries (Cont'd)

Acquisition of a subsidiary (Cont'd)

Consideration transferred, assets recognised and liabilities assumed

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

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

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

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

6. SUBSIDIARIES (CONT'D)

(a) Investment in subsidiaries (Cont'd)

Acquisition of a subsidiary (Cont'd)

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

Goodwill arising from business combination

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

Net cash outflows from acquisition of a subsidiary

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

* Includes RM1,080,000 deposit paid in the previous financial years.

There was no acquisition in current financial year.

6. SUBSIDIARIES (CONT'D)

(b) Non-controlling interests in a subsidiary

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

	Thye On Tong Trading Sdn. Bhd. 2022	Thye On Tong Trading Sdn. Bhd. 2021
Percentage of ownership (%)	40	40
Carrying amount of NCI (RM)	2,032,790	1,607,631
Profit allocated to NCI (RM)	425,159	525,523

Summarised financial information of Thye On Tong Trading Sdn. Bhd. ("TOT") that has material non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	2022 RM	2021 RM
Summary of financial position		
Non-current assets	3,671,380	3,633,214
Current assets	37,824,401	29,276,472
Non-current liabilities	(2,426,115)	(2,875,575)
Current liabilities	(33,987,690)	(26,015,033)
Net assets	5,081,976	4,019,078
Summary of financial performance		
Revenue	96,834,031	99,913,648
Profit/Total comprehensive income for the financial year	1,062,898	1,313,807
Summary of cash flows		
Net cash (outflows)/inflows from operating activities	(3,247,083)	3,094,611
Net cash (outflows)/inflows from investing activities	(57,487)	132,351
Net cash inflows/(outflows) from financing activities	1,679,319	(1,783,245)
Net cash (outflows)/inflows	(1,625,251)	1,443,717
Other information		
Dividends paid to non-controlling interests	-	3,700,000

(c) Amount due from a subsidiary

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

7. GOODWILL ON CONSOLIDATION

	Group	
	2022 RM	2021 RM
At January	9,956,837	-
Addition	-	9,956,837
31 December	9,956,837	9,956,837

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

Impairment test for goodwill

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

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

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year. The average gross margin applied was 10% (2021: 10%).

(ii) Growth rate

The weighted average growth rates used are consistent with the long-term average growth rate anticipated for the entities based on its past performance and industry demand. The average growth rate applied was 1.5% (2021: 1.5%) per annum.

(iii) Discount rate

The discount rate used are pre-tax and reflect management's estimate of the risk specific to the CGU at the date of assessment. The average discount rate applied was 9.5% (2021: 9.33%) per annum.

Sensitivity to changes in assumptions

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

8. DEFERRED TAX ASSETS / (LIABILITIES)

	Group	
	2022	2021
	RM	RM
At 1 January	(1,049,000)	(640,000)
Effect on acquisition of a subsidiary	-	(34,000)
Recognised in profit or loss	447,100	(375,000)
At 31 December	(601,900)	(1,049,000)

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2022	2021
	RM	RM
Deferred tax assets	441,100	-
Deferred tax liabilities	(1,043,000)	(1,049,000)
	(601,900)	(1,049,000)

The components and movement of deferred tax assets and liabilities at the end of the reporting period prior to offsetting are as follows:

Deferred tax assets

	Provision	Property, plant and equipment	Total
	RM	RM	RM
Group			
At 1 January 2021/31 December 2021	-	-	-
Offsetting	-	(114,000)	(114,000)
Recognised in profit or loss	583,900	(28,800)	555,100
At 31 December 2022	583,900	(142,800)	441,100

8. DEFERRED TAX ASSETS / (LIABILITIES) (CONT'D)

The components and movement of deferred tax assets and liabilities at the end of the reporting period prior to offsetting are as follows: (Cont'd)

Deferred tax liabilities

	Unutilised reinvestment allowances RM	Provision RM	Property, plant and equipment RM	Total RM
Group				
At 1 January 2021	424,000	33,000	(1,097,000)	(640,000)
Effect on acquisition of a subsidiary	-	-	(34,000)	(34,000)
Recognised in profit or loss	(306,000)	6,000	(75,000)	(375,000)
At 31 December 2021	118,000	39,000	(1,206,000)	(1,049,000)
Offsetting	-	-	114,000	114,000
Recognised in profit or loss	(27,000)	(39,000)	(42,000)	(108,000)
At 31 December 2022	91,000	-	(1,134,000)	(1,043,000)

9. INVENTORIES

	Group 2022 RM	2021 RM
Raw materials	3,258,205	3,723,845
Trading goods	17,356,105	17,307,156
Finished goods	2,592,973	992,272
	23,207,283	22,023,273
Recognised in profit or loss:		
Inventories recognised as cost of sales	140,032,352	153,061,227
Inventories written down	13,985	226,539
Reversal of inventories written down	(190,381)	(8,250)

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

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

10. TRADE RECEIVABLES

	Group	
	2022	2021
	RM	RM
Trade receivables	35,201,989	41,384,182
Less: Allowance for expected credit losses ("ECLs")	(490,264)	(283,555)
	34,711,725	41,100,627

Trade receivables are non-interest bearing and the credit term is 30 to 90 days (2021: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The foreign currency exposure profile of trade receivables are as follows:

	Group	
	2022	2021
	RM	RM
United States Dollar ("USD")	-	560,160

The following table provide information about the exposure to credit risk and ECLs for trade receivables:

	Gross amount	ECLs	Net amount
	RM	RM	RM
Group			
2022			
Not past due	16,420,694	(134,228)	16,286,466
Past due:			
Less than 30 days	8,036,260	(39,768)	7,996,492
31 to 60 days	4,363,495	(26,078)	4,337,417
61 to 90 days	2,350,337	(13,585)	2,336,752
More than 90 days	4,031,203	(276,605)	3,754,598
	35,201,989	(490,264)	34,711,725
2021	23,117,619	(173,411)	22,944,208
Not past due			
Past due:	6,834,062	(34,543)	6,799,519
Less than 30 days	4,714,969	(22,170)	4,692,799
31 to 60 days	2,273,537	(17,298)	2,256,239
61 to 90 days	4,443,995	(36,133)	4,407,862
More than 90 days			
	41,384,182	(283,555)	41,100,627

10. TRADE RECEIVABLES (CONT'D)

The movement in allowance for ECLs of trade receivables during the financial year is as follows:

	Group	
	2022 RM	2021 RM
At 1 January	283,555	131,714
Effect on acquisition of a subsidiary	-	81,660
Allowance for ECLs	232,707	70,181
Reversal of allowance for ECLs	(25,998)	-
At 31 December	490,264	283,555

11. OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-trade receivables	7,165,116	3,968,654	-	-
Advances to suppliers	336,091	1,020,018	-	-
Deposits	434,058	361,117	1,000	1,000
Deposits for purchase of freehold land	750,000	-	-	-
Prepayments	274,193	221,015	11,256	10,719
	8,959,458	5,570,804	12,256	11,719

Included in the deposits of the Group is an amount of RM62,500 (2021: RM62,500), represent rental deposit paid to a company in which one of the Directors has an interest for leases of factory building.

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

	Group	
	2022 RM	2021 RM
Chinese Yuan ("CNY")	125,855	489,330
EURO Dollar ("EUR")	3,204	89,475
USD	248,276	284,285

12. FIXED DEPOSITS AND CASH AND BANK BALANCES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Cash and bank balances	10,291,057	14,144,186	1,853,386	1,811,602
Fixed deposits placed within licensed banks	6,465	6,363	-	-
	10,297,522	14,150,549	1,853,386	1,811,602

The foreign currency exposure profile of bank balances are as follows:

	Group	
	2022	2021
	RM	RM
CNY	61,323	53,535
USD	165,072	103,780

The interest rate of deposits with licensed banks of the Group ranged from 1.50% to 2.35% (2021: 1.50% to 2.35%) per annum.

13. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	Amount
	Units	RM
Issued and fully paid:		
At 1 January 2021	236,213,890	31,820,959
Issued during the financial year	39,000,000	8,580,000
At 31 December 2021/31 December 2022	275,213,890	40,400,959

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

14. LEASE LIABILITIES

	Group 2022 RM	Group 2021 RM
Non-current	2,824,249	2,945,587
Current	1,062,998	942,122
	3,887,247	3,887,709

The maturity analysis of lease liabilities at the end of the reporting period:

	Group 2022 RM	Group 2021 RM
Within 1 year	1,201,749	1,076,083
Between 2 - 5 years	3,006,182	3,175,046
	4,207,931	4,251,129
Less: Future finance charges	(320,684)	(363,420)
Present value of lease liabilities	3,887,247	3,887,709

The Group leases factory, hotels and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

15. BORROWINGS

	Group 2022 RM	Group 2021 RM
Non-current		
Term loans	1,009,080	1,272,287
Current		
Banker's acceptances	7,207,000	13,336,000
Revolving credit	-	648,708
Term loans	269,316	263,626
	7,476,316	14,248,334
Total	8,485,396	15,520,621

15. BORROWINGS (CONT'D)

The borrowings are secured by the following:

(i) A legal charge over the Group's freehold land and buildings and leasehold land and building as disclosed in Notes 4 and 5 to the financial statements;
(ii) Joint and several guarantee by a Director of the Company and a Director of a subsidiary;
(iii) Corporate guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad; and
(iv) Corporate guarantee from the Company.

The repayment terms of the borrowings are as follows:

(i) Term loans are repayable by 60 to 240 (2021: 60 to 240) monthly instalments.
(ii) Revolving credit is repayable on demand.
(iii) Banker's acceptances is repayable within 120 (2021: 120) days.

The average effective interest rates per annum of the borrowings are as follows:

	Group	
	2022	**2021**
	%	**%**
Term loans	3.12 - 3.50	3.12 - 3.50
Bankers' acceptances	2.41 - 3.83	2.41 - 3.16
Revolving credit	2.98 - 3.27	2.94 - 2.96

16. TRADE PAYABLES

The normal trade credit terms granted to the Group ranged from 30 to 90 days (2021: 30 to 90 days) depending on the term of the contracts.

The foreign currency profile of trade payables are as follows:

	Group	
	2022	**2021**
	RM	**RM**
EUR	214,300	652,186
CNY	-	453,220
Pound ("GBP")	-	6,749
Thai Baht ("THB")	16,860	14,659
USD	763,656	2,409,771

17. OTHER PAYABLES

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Non-trade payables	507,533	1,249,313	5,760	40,688
Accruals of expenses	4,218,393	5,019,183	562,087	693,682
Commission payable	624,595	1,118,789	-	-
Deposit received	17,200	73,070	-	-
	5,367,721	7,460,355	567,847	734,370

Included in the Group's non-trade payables is an amount of RMNil (2021: RM3,970) due to a company in which a Director has interest. The amount is unsecured, bears no interest and repayable on demand.

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

	Group 2022 RM	Group 2021 RM
Singapore Dollar ("SGD")	-	711
USD	-	56,858

18. REVENUE

Group

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

	Manufacturing RM	Trading RM	Total RM
2022			
Malaysia	607,216	157,816,359	158,423,575
Others #	2,228,604	980,638	3,209,242
	2,835,820	158,796,997	161,632,817
2021			
Malaysia	680,457	178,840,227	179,520,684
Others #	4,022,814	279,777	4,302,591
	4,703,271	179,120,004	183,823,275

Less than 5% for each individual country.

All the revenue from sales of goods is recognised at a point in time.

Company

Revenue represents dividend income received and receivable from its subsidiaries.

19. FINANCE COSTS

	Group	
	2022 RM	2021 RM
Interest expenses		
Bankers' acceptances	292,825	591,450
Lease liabilities	152,127	148,683
Term loans	48,921	69,033
Revolving credits	10,412	42,517
	504,285	851,683

20. PROFIT BEFORE TAX

Profit before tax is determined after charging/(crediting), amongst others, the following items:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration				
- Audit fee	97,000	88,500	25,000	16,000
- Non-audit fee	3,000	30,200	3,000	7,700
Bad debts recovered	(1,200)	(1,800)	-	-
Allowance of expected credit losses on trade receivables	232,707	70,181	-	-
Depreciation of investment properties	10,612	22,160	-	-
Depreciation of property, plant and equipment	2,057,445	2,178,172	-	-
Directors' fee				
- Executive Directors	72,000	18,000	-	-
- Non-executive Directors	125,300	127,200	125,300	127,200
Gain on disposal of property, plant and equipment	(194,500)	(77,083)	-	-
Gain on early termination of lease contracts	(19,195)	(60,488)	-	-
Gain on remeasurement of lease contracts	-	(6,920)	-	-
Interest income	(172,564)	(343,129)	(27,705)	(31,033)
Inventories written down	13,985	226,539	-	-
Realised (gain)/loss on foreign exchange	(71,564)	245,643	-	-
Rental income	(69,000)	(68,070)	-	-
Reversal of inventories written down	(190,381)	(8,250)	-	-
Reversal of allowance of expected credit losses on trade receivables	(25,998)	-	-	-
Unrealised loss/(gain) on foreign exchange	94,427	(100,379)	-	-
Wages subsidy	(33,450)	-	-	-

21. TAX EXPENSE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Tax expenses recognised in profit or loss				
Current tax				
Current financial year provision	959,513	2,050,680	26,089	7,448
Over provision in prior financial year	(11,543)	(14,940)	(3,401)	(323)
	947,970	2,035,740	22,688	7,125
Deferred tax				
Origination and reversal of temporary differences	353,300	387,000	-	-
Over provision in prior financial year	(800,400)	(12,000)	-	-
	(447,100)	375,000	-	-
Total tax expense	500,870	2,410,740	22,688	7,125

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	4,529,235	8,417,073	1,879,331	48,107
At Malaysian statutory tax rate of 24% (2021: 24%)	1,087,016	2,020,098	451,039	11,546
Expenses not deductible for tax purposes	333,445	444,692	80,914	92,871
Income not subject to tax	(107,648)	(27,110)	(505,864)	(96,969)
Over provision of current tax in prior financial year	(11,543)	(14,940)	(3,401)	(323)
Over provision of deferred tax in prior financial year	(800,400)	(12,000)	-	-
	500,870	2,410,740	22,688	7,125

The Group has unutilised reinvestment allowance of approximately RM380,715 (2021: RM492,209) available for carried forward to offset against future taxable profit. The amount is subject to approval by the tax authorities.

22. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Group	
	2022	2021
	RM	RM
Profit for the year attributable to owners of the Company	3,603,206	5,480,810
Weighted average number of ordinary shares in issue as at 31 December (unit)	275,213,890	273,931,698
Basic earnings per ordinary shares (sen)	1.31	2.00

(b) Diluted earnings per ordinary share

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

23. DIVIDENDS

	Group and Company	
	2022	2021
	RM	RM
An interim single-tier dividend of RM0.006 per ordinary share in respect of the financial year ended 31 December 2022, paid on 22 July 2022	1,651,372	-

The Board of Directors do not recommend any final dividend in respect of the current financial year.

24. STAFF COSTS

	Group 2022 RM	Group 2021 RM
Salaries, wages and other emoluments	9,910,651	12,302,394
Social security contributions	100,449	112,893
Defined contribution plan	977,132	1,109,928
	10,988,232	13,525,215

Included in staff costs is aggregate amount of remuneration received and receivable by the Directors of the Group and of the Company during the financial year as below:

	Group 2022 RM	Group 2021 RM
Executive Directors:		
Directors of the Company		
Salaries and other emoluments	2,653,496	2,628,349
Social security contributions	3,706	3,324
Defined contribution plan	187,996	178,940
	2,845,198	2,810,613
Directors of the subsidiaries		
Salaries and other emoluments	-	165,000
Social security contributions	-	692
Defined contribution plan	-	16,560
	-	182,252
Total Director's remuneration	2,845,198	2,992,865

25. RELATED PARTY DISCLOSURES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control. 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 and of the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Transaction with subsidiaries				
- Dividend received	-	-	2,107,768	404,038
Transactions with companies in which Directors have interest				
- Professional fee charged	40,200	44,500	40,200	44,500
- Sales	-	357,345	-	-
- Sales of motor vehicles	-	130,000	-	-
- Purchases	-	505,720	-	-
- Lease rental paid	300,000	300,000	-	-

(c) Compensation of key management personnel

The remuneration of key management personnel is same with Directors' remuneration as disclosed in the Notes 20 and 24 to the financial statements. The Group and the Company have no other members of key management personnel apart from the Board of Directors.

26. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services, and has three reportable segments as follows:

(i) Manufacturing — Manufacturing and distribution of animal health and nutrition products.

(ii) Trading — Trading and distribution of animal health, nutrition products and consumer goods.

(iii) Others — Providing investment holding services.

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

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

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

	Note	Manufacturing	Trading	Others	Total segments	Adjustments and eliminations	Consolidated
		RM	RM	RM	RM	RM	RM
2022							
Revenue							
External revenue		2,835,820	158,796,997	-	161,632,817	-	161,632,817
Inter-segment revenue	A	19,809,860	3,122,965	-	22,932,825	(22,932,825)	-
Total revenue		22,645,680	161,919,962	-	184,565,642	(22,932,825)	161,632,817
Results							
Interest income		17,894	585,383	28,898	632,175	(459,611)	172,564
Finance costs		(88,831)	(875,065)	-	(963,896)	459,611	(504,285)
Depreciation		(1,047,667)	(1,020,390)	-	(2,068,057)	-	(2,068,057)
Other non-cash items	B	14,150	74,805	-	88,955	-	88,955
Tax expense		(126,808)	(351,088)	(22,974)	(500,870)	-	(500,870)
Segment profit/(loss)	C	178,579	4,513,497	(330,115)	4,361,961	(1,875)	4,360,086
Assets							
Capital expenditure	D	71,135	1,547,475	-	1,618,610	-	1,618,610
Segment assets	E	21,507,356	71,586,736	12,037,798	105,131,890	(40,906)	105,090,984
Liabilities							
Segment liabilities	F	1,907,605	13,924,343	571,946	16,403,894	-	16,403,894

26. SEGMENT INFORMATION (CONT'D)

	Note	Manufacturing	Trading	Others	Total segments	Adjustments and eliminations	Consolidated
		RM	RM	RM	RM	RM	RM
2021							
Revenue							
External revenue		4,703,271	179,120,004	-	183,823,275	-	183,823,275
Inter-segment revenue	A	25,754,174	4,535,079	-	30,289,253	(30,289,253)	-
Total revenue		30,457,445	183,665,083	-	214,112,528	(30,289,253)	183,823,275
Results							
Interest income		14,018	392,518	31,114	437,650	(94,521)	343,129
Finance costs		(108,114)	(838,090)	-	(946,204)	94,521	(851,683)
Depreciation		(1,222,564)	(977,768)	-	(2,200,332)	-	(2,200,332)
Other non-cash items	B	75,901	(119,501)	-	(43,600)	-	(43,600)
Tax expense		(455,235)	(1,948,364)	(7,141)	(2,410,740)	-	(2,410,740)
Segment profit/(loss)	C	1,596,246	5,358,413	48,981	7,003,640	(488,753)	6,514,887
Assets							
Capital expenditure	D	1,634,898	174,781	-	1,809,679	-	1,809,679
Segment assets	E	20,266,367	77,885,796	13,423,300	111,575,463	(37,531)	111,537,932
Liabilities							
Segment liabilities	F	2,353,180	13,768,798	741,276	16,863,254	-	16,863,254

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

A. Inter-segment revenues are eliminated on consolidation.

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

	2022 RM	2021 RM
Allowance for expected credit losses	(232,707)	(70,181)
Gain on disposal of property, plant and equipment	194,500	77,083
Gain on early termination of lease contracts	19,195	60,488
Gain on remeasurement of lease contracts	-	6,920
Inventories written down	(13,985)	(226,539)
Reversal of allowance of expected credit losses	25,998	-
Reversal of inventories written down	190,381	8,250
Unrealised (loss)/gain on foreign exchange	(94,427)	100,379
	88,955	(43,600)

26. SEGMENT INFORMATION (CONT'D)

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

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

	2022 RM	2021 RM
Segment profit	4,360,086	6,514,887
Interest income	172,564	343,129
Finance costs	(504,285)	(851,683)
Profit after tax	4,028,365	6,006,333

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

	2022 RM	2021 RM
Property, plant and equipment	1,618,610	1,809,679

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

	2022 RM	2021 RM
Segment assets	105,090,984	111,537,932
Deferred tax assets	441,100	-
Tax recoverable	692,772	30,243
Total assets	106,224,856	111,568,175

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

	2022 RM	2021 RM
Segment liabilities	16,403,894	16,863,254
Deferred tax liabilities	1,043,000	1,049,000
Lease liabilities	3,887,247	3,887,709
Borrowings	8,485,396	15,520,621
Tax payable	1,801	221,066
Total liabilities	29,821,338	37,541,650

26. SEGMENT INFORMATION (CONT'D)

Geographical information

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

	2022 RM	2021 RM
Non-current assets		
Malaysia	28,356,096	28,692,679

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

	2022 RM	2021 RM
Property, plant and equipment	16,971,240	17,738,311
Investment properties	986,919	997,531
Goodwill on consolidation	9,956,837	9,956,837
Deferred tax assets	441,100	-
Total non-current assets	28,356,096	28,692,679

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

Major customer

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

27. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At amortised cost				
Financial assets				
Trade receivables	34,711,725	41,100,627	-	-
Other receivables	7,599,174	4,329,771	1,000	1,000
Amount due from a subsidiary	-	-	-	1,500
Fixed deposits and cash and bank balances	10,297,522	14,150,549	1,853,386	1,811,602
	52,608,421	59,580,947	1,854,386	1,814,102
At amortised cost				
Financial liabilities				
Trade payables	11,036,173	9,402,899	-	-
Other payables	5,367,721	7,460,355	567,847	734,370
Borrowings	8,485,396	15,520,621	-	-
	24,889,290	32,383,875	567,847	734,370

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operation whilst managing their credit, liquidity and market risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies, and processes for the management of these risks.

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(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's and the Company's exposure to credit risk arises principally from the individual characteristics of each customer and cash and bank balances. The Group's exposure to credit risk arises principally from the trade receivables, other receivables and cash and bank balances. The Company's exposure to credit risk arises principally from the other receivables, amount due from a subsidiary and cash and bank balances. There are no significant changes as compared to prior periods.

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

The Group and the Company provide financial guarantees to third parties and financial institutions as disclosed in Note 29 to the financial statements. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

At each reporting date, the Group and the Company assess whether any if the receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities.

There are no significant changes as compared to previous financial year.

In respect of trade and other receivables, the Group and the Company are not subjected to credit risk exposure to a single counterparty.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

The Group's and the Company's funding requirement and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand within 1 year RM	2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
2022					
Non-derivative financial liabilities					
Borrowings	7,517,644	815,392	281,482	8,614,518	8,485,396
Lease liabilities	1,201,749	3,006,182	-	4,207,931	3,887,247
Trade payables	11,036,173	-	-	11,036,173	11,036,173
Other payables	5,367,721	-	-	5,367,721	5,367,721
	25,123,287	3,821,574	281,482	29,226,343	28,776,537
Financial guarantee *	2,216,000	-	-	2,216,000	-
2021					
Non-derivative financial liabilities					
Borrowings	14,295,352	1,038,280	352,238	15,685,870	15,520,621
Lease liabilities	1,076,083	3,175,046	-	4,251,129	3,887,709
Trade payables	9,402,899	-	-	9,402,899	9,402,899
Other payables	7,460,355	-	-	7,460,355	7,460,355
	32,234,689	4,213,326	352,238	36,800,253	36,271,584
Financial guarantee *	1,950,000	-	-	1,950,000	-

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) **Financial risk management objectives and policies (Cont'd)**

(ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	On demand within 1 year RM	2 to 5 years RM	More than 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
2022					
Non-derivative financial liabilities					
Other payables	567,847	-	-	567,847	567,847
Financial guarantee *	8,485,395	-	-	8,485,395	-
2021					
Non-derivative financial liability					
Other payables	734,370	-	-	734,370	734,370
Financial guarantee *	15,520,621	-	-	15,520,621	-

* Based on the maximum amount that could be called for under the financial guarantee.

The Company provides financial guarantee to banks in respect of credit facilities granted to certain subsidiaries and monitors on an ongoing basis the performance of the subsidiaries. At end of the financial year, there was no indication that the subsidiaries would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiaries defaulting on their credit facilities is remote.

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currency of the Group. The currencies giving rise to this risk are United States Dollar ("USD"), EURO Dollar ("EUR"), Pound ("GBP"), Singapore Dollar ("SGD"), Thai Baht ("THB") and Chinese Yuan ("CNY").

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in					
	USD RM	EUR RM	GBP RM	SGD RM	THB RM	CNY RM
Group						
2022						
Financial assets	413,358	3,204	-	-	-	187,178
Financial liabilities	(763,656)	(214,300)	-	-	(16,860)	-
	(350,298)	(211,096)	-	-	(16,860)	187,178
2021						
Financial assets	948,225	89,475	-	-	-	542,865
Financial liabilities	(2,466,629)	(652,186)	(6,749)	(711)	(14,659)	(453,220)
	(1,518,404)	(562,711)	(6,749)	(711)	(14,659)	89,645

Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax for the financial year to a reasonably possible change in the USD, EUR, GBP, SGD, THB and CNY exchange rates against the functional currency of the Group, with all other variables held constant.

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

	Change in currency rate	Effect on profit before tax 2022 RM	2021 RM
USD	Strengthend 1% (2021: 1%)	(3,503)	(15,184)
	Weakend 1% (2021: 1%)	3,503	15,184
EUR	Strengthend 1% (2021: 1%)	(2,111)	(5,627)
	Weakend 1% (2021: 1%)	2,111	5,627
GBP	Strengthend 1% (2021: 1%)	-	(67)
	Weakend 1% (2021: 1%)	-	67
SGD	Strengthend 1% (2021: 1%)	-	(7)
	Weakend 1% (2021: 1%)	-	7
THB	Strengthend 1% (2021: 1%)	(169)	(147)
	Weakend 1% (2021: 1%)	169	147
CNY	Strengthend 1% (2021: 1%)	1,872	896
	Weakend 1% (2021: 1%)	(1,872)	(896)

As at the reporting date, the contracted underlying principal amount of currency forward contract of the Group is RM1,043,594 (2021: RM755,949).

The forward foreign currency contracts have not been recognised since the fair value on initial recognition was not material.

(b) Interest rate risk

The Group's and the Company's borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group and the Company manage the interest rate risk by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

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 asset		
Fixed deposits with licensed banks	6,465	6,363
Financial liabilities		
Bankers' acceptance	(7,207,000)	(13,336,000)
Term loans	(647,230)	(843,654)
Lease liabilities	(3,887,247)	(3,887,709)
	(11,741,477)	(18,067,363)
Net financial liabilities	(11,735,012)	(18,061,000)
Floating rate instruments		
Financial liabilities		
Term loans	(631,166)	(692,259)
Revolving credit	-	(648,708)
	(631,166)	(1,340,967)

Interest rate risk sensitivity analysis

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. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

27. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit before tax by RM6,312 (2021: RM13,410), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

28. CAPITAL COMMITMENTS

	Group	
	2022 RM	2021 RM
Contracted but not provided for:		
- Acquisition of a freehold land	6,750,000	-
- Acquisition of computer equipment	5,000	-
	6,755,000	-

29. FINANCIAL GUARANTEE

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Secured				
Bank guarantee issued to third parties for supply of goods	2,216,000	1,950,000	-	-
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries	-	-	8,485,395	15,520,621
	2,216,000	1,950,000	8,485,395	15,520,621

30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and financially prudent capital ratios in order to support its current business as well as future expansion so as to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions including the interest rate movements. To maintain and adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders, issue new shares or adjust bank borrowings level. No changes were made in the objectives, policies or processes during the financial year.

The Group monitors capital using a gearing ratio, which are the total interest-bearing borrowings over owners' equity. The Group policy is to keep the Group gearing ratio below 0.75. The gearing is however allowed to move up when the Company incurs major capital expenditure and long-term borrowing is available to finance the capital investment. Under such circumstance, the cash flow to be generated from the capital expenditure will be used to repay the borrowing over a longer period of time, thus, justifying the higher gearing ratio.

The borrowings include lease liabilities, term loans, revolving credit and bankers' acceptance while owners' equity refers to the equity attributable to the owners of the Group.

	Group	
	2022	**2021**
	RM	**RM**
Interest-bearing borrowings		
- Lease liabilities	3,887,247	3,887,709
- Bankers' acceptances	7,207,000	13,336,000
- Term loans	1,278,396	1,535,913
- Revolving credit	-	648,708
Total interest-bearing borrowings	12,372,643	19,408,330
Owners' equity	74,370,728	72,418,894
Gearing ratio	0.17	0.27

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

31. COMPARATIVE INFORMATION

The financial statements of the Group and of the Company for the financial year ended 31 December 2021 were audited by another firm of Chartered Accountants.

32. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 24 March 2023.

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2023

SHARE CAPITAL

Issued and Fully Paid-up Capital	:	275,213,890
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

SHAREHOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
16	Less than 100	646	*
151	100 to 1,000	92,100	0.03
565	1,001 to 10,000	4,005,000	1.45
1,012	10,001 to 100,000	41,488,700	15.08
247	100,001 to less than 5 % of issued shares	208,357,335	75.71
1	5% and above of the issued shares	21,270,109	7.73
1,992	**TOTAL**	**275,213,890**	**100.00**

* Less than 0.01%

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS)

	Name of Shareholders	No. of Shares Held	Percentage (%)
1.	Teo Chin Heng	21,270,109	7.73
2.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Bu Yaw Seng (MY3086)*	13,753,800	4.99
3.	Lim Tong Seng	12,943,238	4.70
4.	Lin Ching Yein	12,750,000	4.63
5.	Loh Saw Foong	12,750,000	4.63
6.	GL Equity Partners Limited	9,567,800	3.48
7.	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Yee Foong*	8,713,300	3.17
8.	Lau Yeng Khuan	7,170,645	2.61
9.	Pacific Trustees Berhad for Lin Ching Yein	6,750,000	2.45
10.	Pacific Trustees Berhad for Loh Saw Foong	6,750,000	2.45
11.	Teo Kooi Cheng	6,476,400	2.35
12.	Kho Siaw Sua	5,500,000	2.00
13.	Ng Chew Kee	4,437,000	1.61
14.	Tan Ching Ling	4,230,000	1.54
15.	Ong Kee	4,000,090	1.46
16.	TA Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chong Yoke Ching*	3,320,000	1.21
17.	Lau Kim Pou	3,218,538	1.17
18.	Chieng Yi San	3,190,000	1.16
19.	Lee Joo Hian	2,902,300	1.06
20.	RHB Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Hee Yuen Sang*	2,000,000	0.73

ANALYSIS OF SHAREHOLDINGS (CONT'D)

LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS) (CONT'D)

	Name of Shareholders	No. of Shares Held	Percentage (%)
21.	Maybank Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Lim Sin Boon*	1,801,700	0.65
22.	Yap Siaw Peng	1,800,058	0.65
23.	Gan Chin Chooi	1,662,000	0.60
24.	Kong Hieng Hung	1,440,000	0.52
25.	Hii Lay Yieng	1,410,100	0.51
26.	Ah Han Yang	1,380,000	0.50
27.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Hii Lay Yieng (E-PLT)*	1,258,000	0.46
28.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chieng Tiong Ann (E-PLT)*	1,208,000	0.44
29.	Chan Bee Chuan	1,200,000	0.44
30.	Loh Sin Chin	1,180,000	0.43
	TOTAL	**166,033,078**	**60.33**

SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

		NO. OF SHARES HELD			
	NAME OF SHAREHOLDERS	DIRECT	%	INDIRECT	%
1.	Datuk Loh Saw Foong	12,750,000	4.63	#26,250,000	9.54
2.	Teo Chin Heng	21,270,109	7.73	-	-

DIRECTORS' SHAREHOLDINGS (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

		NO. OF SHARES HELD			
	NAME OF DIRECTORS	DIRECT	%	INDIRECT	%
1.	Dato' Hon Choon Kim	-	-	*50,000	0.02
2.	Lim Tong Seng	12,943,238	4.70	-	-
3.	Teo Chin Heng	21,270,109	7.73	-	-
4.	Datuk Loh Saw Foong	12,750,000	4.63	#26,250,000	9.54
5.	Yap Siaw Peng	1,800,058	0.65	-	-
6.	Dato' Ng Boon Siong	-	-	-	-
7.	Loh Poh Im	-	-	-	-
8.	Ho Siew Li	-	-	-	-
9.	Ng Kau (Alternate to Dato' Ng Boon Siong)	-	-	-	-

Notes:
* Deemed interested by virtue of the shares held by his spouse.
# Deemed interested by virtue of the shares held under Trustee pursuant to the Shares Sales Agreement dated 22 July 2020, and shares held directly by his spouse and under Trustee for his spouse pursuant to the Shares Sales Agreement dated 22 July 2020.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2022

Title No. / Location	GRN 212756 / Lot 16014 (PT No. 24341), Jalan Nilam 3 Bandar Nilai Utama, 71800 Nilai Negeri Sembilan Darul Khusus	HSD151557/ No. 38, Lorong Sungai Puloh 1A/KU6 Kawasan Perindustrian Sungai Puloh, 42100 Klang Selangor Darul Ehsan	PN 50113 / No. 27, Bandar Prima Senawang 3 Off Jalan Persiaran, 70450 Negeri Sembilan Darul Khusus
Tenure	Freehold	Freehold	Leasehold
Land Area/ Build-Up Area (Sq. Ft.)	141,276 / 52,474	21,858 / 14,160	1,539 / 3,079
Description	Industrial land erected upon with building which consist of 1 storey factory / warehouse and attached with 3 storey office area which houses the Group's manufacturing plant and office.	3-Storey Semi Detached Office Block Cum Factory	2 Storey Shop Offce (22 x 70)
Approximate Age Of Building	12 years	9 years	8 years
Net Book Value (RM'000)	5,959	4,230	987
Date of acquisition	22 April 2008	20 June 2016	16 May 2014

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 13th Annual General Meeting (AGM) of **PETERLABS HOLDINGS BERHAD** will be held at **Springs I, Nilai Springs Resort Hotel, PT4770, Nilai Springs, 71800 Putra Nilai, Negeri Sembilan Darul Khusus** on **Tuesday, 30 May 2023** at **3.00 p.m.** or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without any modifications:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. **(See Explanatory Note 9)**

2. To approve the payment of Directors' fees of up to RM125,300 for the financial year ended 31 December 2022. **(Ordinary Resolution 1)**

3. To re-elect the Datuk Loh Saw Foong who retires pursuant to Clause 134 of the Company's Constitution. **(Ordinary Resolution 2)** **(See Explanatory Note 10)**

   Dato' Hon Choon Kim who retires pursuant to Clause 134 of the Company's Constitution, indicated his intention of not seeking re-election. Hence, he will remain in office until at the conclusion of this AGM.

4. To re-elect the following Directors who retire pursuant to Clause 119 of the Company's Constitution:

   (i) Ms. Loh Poh Im **(Ordinary Resolution 3)**
   (ii) Ms. Ho Siew Li **(Ordinary Resolution 4)**
   (See Explanatory Note 10)

5. To re-appoint Messrs. TGS TW PLT as Auditors of the Company for the financial year ending 31 December 2023 at such remuneration to be determined by the Directors. **(Ordinary Resolution 5)**

SPECIAL BUSINESS

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

6. **Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 (CA 2016) (Proposed General Mandate)** **(Ordinary Resolution 6)** **(See Explanatory Note 11)**

   "**THAT** subject always to Sections 75 and 76 of the CA 2016, the Constitution, the ACE Market Listing Requirements (AMLR) of Bursa Malaysia Securities Berhad (Bursa Securities) and the approval of any governmental and/or regulatory authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury share, if any) of the Company at the time of issuance and such authority under this resolution shall continue in force until the conclusion of the 14th AGM or when it is required by law to be held, whichever is earlier, **AND THAT** the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities.

THAT the existing shareholders of the Company hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares in the Company pursuant to Section 85 of the CA 2016 read together with Clause 65 of the Constitution of the Company arising from any issuance of new shares of the Company pursuant to Sections 75 and 76 of the CA 2016.

AND THAT the Directors of the Company be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."

7. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution or CA 2016.

By Order of the Board
PETERLABS HOLDINGS BERHAD

WONG YUET CHYN
(MAICSA 7047163) (SSM PC 202008002451)
Company Secretary

Kuala Lumpur
28 April 2023

Notes:

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.

2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.

3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.

4. Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Share Registrar of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, W.P. Kuala Lumpur or fax to 03-6201 3121 or email to ir@shareworks.com.my not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned meeting as the case may be, and in default the instrument of proxy shall not be treated as valid.

6. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.

7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 23 May 2023, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

8. Pursuant to Rule 8.31A(1) of the AMLR of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.

Explanatory Note on Ordinary Business

9. **Audited Financial Statements for financial year ended 31 December 2022**

The audited financial statements are laid in accordance with Section 340(1)(a) of the CA 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

10. **Re-election of Directors**

The Proposed Ordinary Resolutions 2, 3 and 4, if passed, will allow Datuk Loh Saw Foong (Datuk Loh), Ms. Loh Poh Im (Ms. Loh) and Ms. Ho Siew Li (Ms. Ho) to be re-elected and continued acting as Directors of the Company. Datuk Loh, Ms. Loh and Ms. Ho being eligible, have offered themselves for re-election at this AGM pursuant to Clause 134 and Clause 119 of the Constitution respectively. The profiles of Datuk Loh, Ms. Loh and Ms. Ho are set out in the Directors' Profile section of the Annual Report 2022.

The Board (with exception of the retiring Director who abstained) supported Datuk Loh to seek for re-election as he is the Executive Director who has deep understanding on the Company and its group of companies and vast experiences on the industry. His contributions will bring benefits and opportunities to the Company and its group of companies.

The Board (with exception of the retiring Directors who abstained) was further satisfied that Ms. Loh and Ms. Ho have complied with the criteria of independence based on the AMLR and remain their independent in exercising their judgement and carry out their roles as Independent Directors.

Explanatory Notes on Special Business

11. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the CA 2016**

The Proposed Ordinary Resolution 6 is proposed for the purpose of renewing the general mandate for issuance of shares by the Company under Sections 75 and 76 of the CA 2016. The Proposed Ordinary Resolution 6, if passed, will give the Directors of the Company authority to allot and issue shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company.

The Proposed General Mandate will provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to funding future investment project(s), working capital and/or acquisitions.

By approving the allotment and issue of the Company's shares pursuant to the Proposed General Mandate which will rank the equally with the existing issued shares in the Company, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85 of the CA 2016 and Clause 65 of the Constitution of the Company to be first offered the Company's Shares which will result in a dilution to their shareholdings percentage in the Company.

As at the date of this notice, no shares had been allotted and issued since the General Mandate granted to the Directors at the last AGM held on 29 June 2022 and this authority will lapse as the conclusion of the 13th AGM of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the Proposed General Mandate is in the best interests of the Company and its shareholders.

PETERLABS HOLDINGS BERHAD
201001025806 (909720-W)
(Incorporated in Malaysia)

CDS ACCOUNT NO.	- -
NO. OF SHARES HELD	

FORM OF PROXY

I/We...
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Company Registration No.: ....)

of...
(FULL ADDRESS)

Email Address: .... Contact No.: ....

being a member/members of **PETERLABS HOLDINGS BERHAD,** hereby appoint

Name of Proxy	**NRIC No./Passport No.**	**% of Shareholding to be Represented**
Address		
Email Address	**Contact Number**	

and/or failing him/her

Name of Proxy	**NRIC No./Passport No.**	**% of Shareholding to be Represented**
Address		
Email Address	**Contact Number**	

or failing him, the **CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us on my/our behalf at the 13th Annual General Meeting (AGM) of the Company will be held at Springs I, Nilai Springs Resort Hotel, PT4770, Nilai Springs, 71800 Putra Nilai, Negeri Sembilan Darul Khusus on **Tuesday, 30 May 2023** at **3.00 p.m.** or at any adjournment thereof.

ORDINARY RESOLUTIONS		**FOR**	**AGAINST**
1.	Payment of Directors' Fees		
2.	Re-election of Datuk Loh Saw Foong		
3.	Re-election of Ms. Loh Poh Im		
4.	Re-election of Ms. Ho Siew Li		
5.	Re-appointment of Auditors		
6.	Authority to allot and issue shares under Sections 75 and 76 of the Companies Act 2016		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this .... day of 2023

....
Signature(s) of member(s)

Notes:-

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Share Registrar of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, W.P. Kuala Lumpur or fax to 03-6201 3121 or email to ir@shareworks.com.my not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned meeting as the case may be, and in default the instrument of proxy shall not be treated as valid.
6. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 23 May 2023, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
8. Pursuant to Rule 8.31A(1) of the ACE Market Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.

FOLD HERE

Affix
Stamp

The Share Registrar
PeterLabs Holdings Berhad
Registration No. 201001025806 (909720-W)
No. 2-1, Jalan Sri Hartamas
Sri Hartamas
50480 Kuala Lumpur
W.P. Kuala Lumpur

Fold this flap for sealing

PETERLABS HOLDINGS BERHAD
201001025806
(909720-W)

Lot 16014 (PT No. 24341), Jalan Nilam 3,
Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan Darul Khusus

Tel: +606 7999 090 | Fax: +606 7997 070
Email: info@peterlabs.com.my | Website: www.peterlabs.com.my