



**SKP RESOURCES BHD**

Registration No. 200001021690 (524297-T)

# AN INTEGRATED **EMS PROVIDER**

ANNUAL  
REPORT **2022**



# CONTENTS

<b>02</b>	Notice of Annual General Meeting	
<b>07</b>	Corporate Information	
<b>08</b>	Corporate Structure	
<b>09</b>	Directors' Profile	
<b>13</b>	Profile of Key Senior Management	
<b>14</b>	Chairman's Statement and Management Discussion & Analysis	
<b>17</b>	Five Years Group Financial Summary	
<b>19</b>	Sustainability Statement	
<b>29</b>	Corporate Governance Overview Statement	
<b>44</b>	Statement of Directors' Responsibility in respect of the Audited Financial Statements	
<b>45</b>	Statement on Risk Management and Internal Control	
<b>49</b>	Audit Committee Report	
<b>52</b>	Financial Statements	
<b>125</b>	Analysis of Shareholdings	
<b>128</b>	Analysis of Warrant Holdings	
<b>131</b>	Additional Compliance Information	
<b>132</b>	Properties of The Group	
	Form of Proxy	

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twenty-Second (22<sup>nd</sup>) Annual General Meeting (“AGM”) of **SKP RESOURCES BHD** (“the Company”) will be held on a **fully virtual basis** at the following date, time and venue for the following purposes:-

**Day, Date and Time** : **Friday, 23 September 2022**  
**Time** : **11:00 a.m.**  
**Online Meeting Platform** : Securities Services e-Portal at <https://sshsb.net.my/>

## AGENDA

### ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 March 2022 together with the Reports of the Directors and Auditors thereon. *Please refer to Explanatory Notes*
2. To re-elect the following Directors who retire in accordance with Clause 119 of the Company’s Constitution and being eligible, have offered themselves for re-election:-
  - (a) Dato’ Gan Kim Huat; and **Ordinary Resolution 1**
  - (b) Mr. Gan Poh San **Ordinary Resolution 2**
3. To approve the payment of Directors’ fees of RM395,000/- for the period from 1 October 2022 to 30 September 2023, to be payable on a quarterly basis in arrears. **Ordinary Resolution 3**
4. To re-appoint Ernst & Young PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Board of Directors of the Company to fix their remuneration. **Ordinary Resolution 4**

### SPECIAL BUSINESS

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

5. **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016** **Ordinary Resolution 5**

“THAT subject always to the Companies Act 2016 (“the Act”), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and any other relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to the Act, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being;

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company.”

## NOTICE OF ANNUAL GENERAL MEETING

cont'd

6. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")** **Ordinary Resolution 6**

"THAT subject to Section 127 of the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:-

- (i) the aggregate number of ordinary shares to be purchased and/or held by the Company does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s).

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:-

- (i) cancel all the shares so purchased; and/or
- (ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities; and/or
- (iii) retain part thereof as treasury shares and cancel the remainder; and/or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever occurs first.

# NOTICE OF ANNUAL GENERAL MEETING

cont'd

AND THAT the Directors of the Company be authorised to do all acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as they may deem fit and expedient in the best interest of the Company.”

7. To transact any other business of which due notice shall have been given in accordance with the Act.

By Order of the Board

**CHUA SIEW CHUAN (MAICSA 0777689) (SSM PC NO. 201908002648)**  
Company Secretary

Kuala Lumpur  
29 July 2022

## Explanatory Notes on Ordinary and Special Businesses:-

### Audited Financial Statements

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act, does not require the formal approval of the shareholders for the audited financial statements. As such, this agenda item will not be put forward for voting.

### Ordinary Resolutions 1 and 2 – Re-election of Directors

Clause 119 of the Constitution of the Company states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each AGM. All Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

In determining the eligibility of the Directors to stand for re-election at the forthcoming 22<sup>nd</sup> AGM, the Nomination Committee (“**NC**”) has considered the following:-

- (i) Directors’ self-assessment and peer-to-peer performance evaluation;
- (ii) Evaluation of the effectiveness of the Board as a whole and the Committees of the Board; and
- (iii) For Independent Non-Executive Directors (“**INEDs**”) only, the level of independence demonstrated by the INEDs and their ability to act in the best interest of the Company.

The Board approved the NC’s recommendation for the retiring Directors pursuant to Clause 119 of the Constitution of the Company. All the retiring Directors have consented to their re-election and abstained from deliberation as well as the decision on their own eligibility to stand for re-election at the relevant NC and Board meetings, where applicable.

### Ordinary Resolution 3 – Directors’ Fees

This proposed ordinary resolution is in accordance with Clause 132 of the Company’s Constitution. This resolution, if passed, will authorise the payment of Directors’ fees to Directors of the Company for their services as Directors for the period from 1 October 2022 to 30 September 2023, i.e. until the next AGM in 2023 and to be payable on a quarterly basis in arrears.

### Ordinary Resolution 4 – Re-appointment of Auditors

The Audit Committee (“**AC**”) have assessed the suitability and independence of the External Auditors and recommended the re-appointment of Ernst & Young PLT as External Auditors of the Company for the financial year ending 31 March 2023. The Board has in turn reviewed the recommendation of the AC and recommended the same to be tabled to the shareholders for approval at the forthcoming 22<sup>nd</sup> AGM of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

cont'd

## Ordinary Resolution 5 – Authority to Issue Shares Pursuant to the Act

This proposed ordinary resolution, if passed, will give a renewal mandate to the Directors of the Company the authority to issue and allot new ordinary shares in the Company at any time, to such person or persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit (“**General Mandate**”), provided that the aggregate number of shares to be issued pursuant to this General Mandate, during the preceding twelve (12) months, does not exceed 10% of the total number of issued shares of the Company at the time of issue. This renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

With this renewed General Mandate, the Company will be able to raise funds expeditiously for the purpose of funding future investment, working capital and/or acquisition(s) without having to convene a general meeting to seek shareholders’ approval when such opportunities or needs arise.

The Company had been granted a mandate by its shareholders at the Twenty-First AGM held on 29 September 2021 (“**Previous Mandate**”). As at the date of this Notice, no new shares were issued pursuant to the Previous Mandate and hence, no proceeds were raised therefrom.

## Ordinary Resolution 6 – Proposed Renewal of Share Buy-Back Authority

This proposed ordinary resolution, if passed, would empower the Directors of the Company to purchase the Company’s ordinary shares of up to ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Securities by utilising the funds allocated which shall not exceed the Company’s retained profits based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s).

Please refer to the Statement to Shareholders dated 29 July 2022 for further information.

### Notes:

- (a) As part of the initiatives to curb the spread of COVID-19, the 22<sup>nd</sup> AGM will be conducted on a fully virtual basis by way of live streaming and online remote voting via the Remote Participation and Voting (“**RPV**”) facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal’s platform at <https://sshsb.net.my/>. Please read carefully and follow the procedures provided in the Administrative Guide to register, participate and vote remotely via the RPV facilities.
- (b) In respect of deposited securities, only members whose names appear in the Record of Depositors on **15 September 2022** (“**General Meeting Record of Depositors**”) shall be eligible to participate, speak and vote at the Meeting.
- (c) A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- (d) A proxy may but does not need to be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate, speak and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

As guided by the Securities Commission Malaysia’s Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the 22<sup>nd</sup> AGM via real time submission of typed texts through a text box within Securities Services e-Portal’s platform during the live streaming of the 22<sup>nd</sup> AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies or corporate representatives may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the 22<sup>nd</sup> AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded to by the Chairman, Board of Directors and/or Management during the Meeting.

- (e) In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
- (f) 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 is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

# NOTICE OF ANNUAL GENERAL MEETING

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(g) A member who has appointed a proxy or attorney or authorised representative to participate, speak and vote at the AGM via RPV facilities must request his/her proxy to register himself/herself for RPV facilities at Securities Services e-Portal at <https://sshsb.net.my/>. **Please refer to the Administrative Guide for procedures to utilise the RPV facilities.**

(h) **Submission of Proxy Form in either hard copy form or electronic form**

The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited not less than forty-eight (48) hours before the time for holding the meeting or adjournment thereof through either one of the following avenues:-

## Mode of Submission

## Designated Address

Hard copy

SS E Solutions Sdn Bhd  
Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights,  
50490 Kuala Lumpur, Wilayah Persekutuan  
Fax: 03-2094 9940 and/ or 03-2095 0292  
Email: [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my)

Electronic appointment

Securities Services e-Portal  
Weblink: <https://sshsb.net.my/>

(i) Should you wish to personally participate in the 22<sup>nd</sup> AGM remotely, please register electronically via Securities Services e-Portal at <https://sshsb.net.my/> by the registration cut-off date and time. Please follow the procedures provided in the Administrative Guide for the 22<sup>nd</sup> AGM to register, participate, speak and vote remotely.

(j) If you have submitted your proxy form(s) and subsequently decide to appoint another person or wish to participate in the 22<sup>nd</sup> AGM by yourself, please write in to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.

## Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate, speak and vote at the 22<sup>nd</sup> AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### DATO' GAN KIM HUAT

Executive Chairman cum  
Managing Director

#### GAN POH SAN

Executive Director

#### KOH CHIN KOON

Non-Independent Non-Executive Director

#### KOH SONG HENG

Independent Non-Executive Director

#### ANITA CHEW CHENG IM

Independent Non-Executive Director

#### GOH KAH IM

Independent Non-Executive Director

### AUDIT COMMITTEE

Koh Song Heng (Chairman)  
Koh Chin Koon  
Goh Kah Im

### NOMINATION COMMITTEE

Koh Song Heng (Chairman)  
Koh Chin Koon  
Goh Kah Im

### REMUNERATION COMMITTEE

Koh Song Heng (Chairman)  
Anita Chew Cheng Im

### RISK MANAGEMENT COMMITTEE

Koh Chin Koon (Chairman)  
Koh Song Heng  
Anita Chew Cheng Im

### COMPANY SECRETARY

Chua Siew Chuan (MAICSA 0777689)  
(SSM PC No. 201908002648)

### AUDITORS

**Ernst & Young PLT**  
202006000003 (LLP0022760-LCA)  
& AF 0039  
Level 16-1, Jaya 99,  
Tower B, 99, Jalan Tun Sri Lanang,  
75100 Melaka, Malaysia  
Telephone : 606-852 5300  
Facsimile : 606-283 2899

### REGISTERED OFFICE

Level 7, Menara Milenium,  
Jalan Damansara,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur  
Telephone : 603-2084 9000  
Facsimile : 603-2094 9940

### HEAD OFFICE

No. 421, 4<sup>th</sup> Miles  
Jalan Kluang,  
83000 Batu Pahat,  
Johor Darul Takzim  
Telephone : 607-432 5707  
Facsimile : 607-434 0213

### PRINCIPAL BANKERS

Hong Leong Bank Berhad  
RHB Bank Berhad  
United Overseas Bank (Malaysia) Berhad  
Malayan Banking Berhad

### SHARE REGISTRAR

**Boardroom Share Registrars Sdn. Bhd.**  
[199601006647 (378993-D)]  
11<sup>th</sup> Floor, Menara Symphony,  
No. 5, Jalan Prof. Khoo Kay Kim,  
Seksyen 13,  
46200 Petaling Jaya,  
Selangor Darul Ehsan  
Telephone : 603-7890 4700  
Facsimile : 603-7890 4670

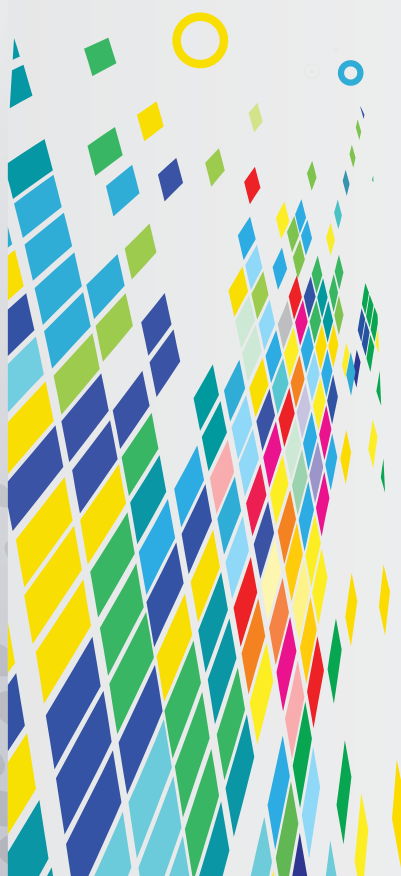
### STOCK EXCHANGE LISTING

**Bursa Malaysia Securities Berhad**  
(Main Market)

Sector : Industrial Products  
Stock Code : 7155  
Stock Name : SKPRES

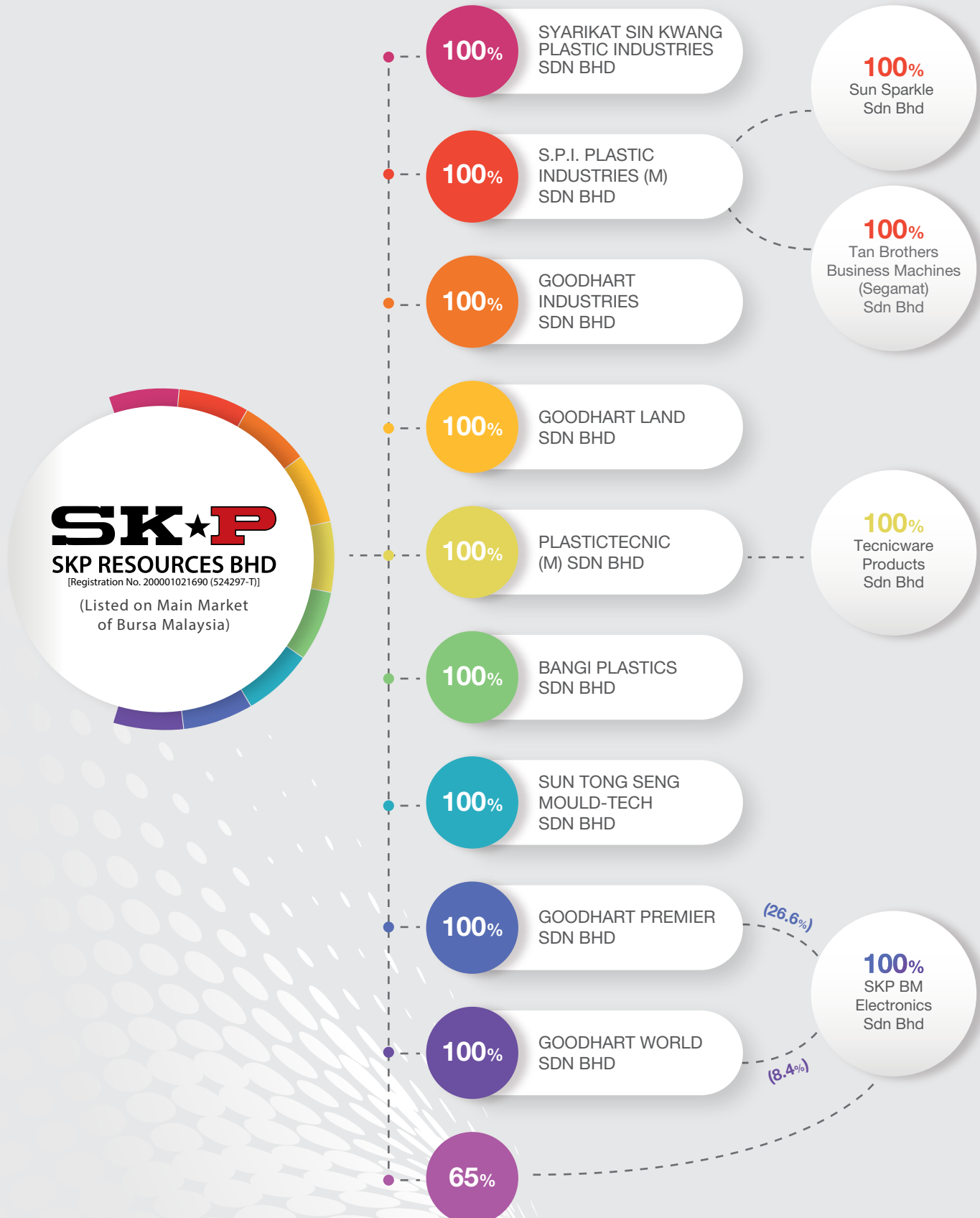
### WEBSITE

[www.skpres.com](http://www.skpres.com)



# CORPORATE STRUCTURE

AS AT 30 JUNE 2022



## DIRECTORS' PROFILE

### DATO' GAN KIM HUAT

Age 74, Malaysian, Male | Executive Chairman cum Managing Director

Date of Appointment	3 December 2002
Membership in Board Committees	Nil
Qualification and Working Experience	Dato' Gan has over 30 years of experience in plastics injection moulding and is a well-known entrepreneur in the local plastics industry due to his wide knowledge of plastics manufacturing and network of contacts in the industry. Dato' Gan has also cultivated excellent relationships with the customers of the Group.
Present Directorship(s)	
(i) Other Listed Entities	Nil
(ii) Other Public Companies	Nil
Family relationship with any director and/or major shareholder of the Company	Dato' Gan is the father of Mr. Gan Poh San, the Executive Director and a major shareholder of the Company. Dato' Gan is also a major shareholder of the Company.
Conflict of interest with the Company, if any	Dato' Gan has no conflict of interest with the Company except as disclosed in the financial statements.
Convictions for offences within the past five (5) years and any particulars of public sanction or penalty imposed by the relevant regulatory bodies during the financial year	Nil
Number of board meetings attended in the financial year	4/4

### GAN POH SAN

Age 46, Malaysian, Male | Executive Director

Date of Appointment	3 December 2002
Membership in Board Committees	Nil
Qualification and Working Experience	<p>Mr. Gan received his Bachelor of Arts (Honours) majoring in Accounting and Finance from Staffordshire University and further obtained his MSc. in Finance from Imperial College (Management School), United Kingdom in 1998.</p> <p>In 1998, he joined Syarikat Sin Kwang Plastic Industries Sdn. Bhd., a wholly-owned subsidiary of the Company, as a management trainee and was subsequently sent to Kai Japanese School and Nissei Plastics School in Japan to study Japanese language and plastic engineering respectively. His proficiency in speaking Japanese language enables him to communicate easily with the Group's Japanese customers.</p>
Present Directorship(s)	
(i) Other Listed Entities	Nil
(ii) Other Public Companies	Nil
Family relationship with any director and/or major shareholder of the Company	Mr. Gan is the son of Dato' Gan Kim Huat, the Executive Chairman cum Managing Director as well as a major shareholder of the Company. Mr. Gan is also a major shareholder of the Company.
Conflict of interest with the Company, if any	Mr. Gan has no conflict of interest with the Company except as disclosed in the financial statements.
Convictions for offences within the past five (5) years and any particulars of public sanction or penalty imposed by the relevant regulatory bodies during the financial year	Nil
Number of board meetings attended in the financial year	4/4

## DIRECTORS' PROFILE

cont'd

### KOH CHIN KOON

Age 52, Malaysian, Male | Non-Independent Non-Executive Director

Date of Appointment	4 March 2005 (i) Re-designated as the Senior Independent Non-Executive Director on 27 July 2014. (ii) Re-designated as the Non-Independent Non-Executive Director on 24 September 2020.
Membership in Board Committees	Chairman of Risk Management Committee Member of Audit Committee Member of Nomination Committee
Qualification and Working Experience	Mr. Koh Chin Koon completed his Bachelor's Degree at University of Malaya in year 1995. He joined the Malaysian Institute of Accountants (MIA) and the Chartered Tax Institute of Malaysia (CTIM) in July 1999 and September 2000 respectively.  He became an approved tax agent under Section 153(3)(b) of the Income Tax Act, 1967. He was employed by Arthur Andersen & Co as a Tax Assistant after he completed his Bachelor's Degree and was promoted to a Tax Experience Senior during his employment. He left Arthur Andersen & Co and joined Chin & Co as a Tax Manager in February 2001. After having obtained a wide range of experience from his past employment involved in advising clients including private companies, public listed companies and quasi-government organisations, he set up Koh & Siow Management Services in May 2001.
Present Directorship(s) (i) Other Listed Entities (ii) Other Public Companies	Nil Nil
Family relationship with any director and/or major shareholder of the Company	Nil
Conflict of interest with the Company, if any	Nil
Convictions for offences within the past five (5) years and any particulars of public sanction or penalty imposed by the relevant regulatory bodies during the financial year	Nil
Number of board meetings attended in the financial year	4/4

### KOH SONG HENG

Age 65, Malaysian, Male | Independent Non-Executive Director

Date of Appointment	29 February 2008 Appointed as Non-Independent Non-Executive Director on 29 February 2008 and was re-designated as Independent Non-Executive Director on 25 July 2012.
Membership in Board Committees	Chairman of Audit Committee Chairman of Nomination Committee Chairman of Remuneration Committee Member of Risk Management Committee
Qualification and Working Experience	Mr. Koh Song Heng graduated with a Bachelor of Arts Degree with Honours, majoring in Law & Economic disciplines in Modern Studies in 1982.  He has over 23 years of experience in the management and administration of Local and Export Products development.
Present Directorship(s) (i) Other Listed Entities (ii) Other Public Companies	Nil Polymer Link Holdings Berhad
Family relationship with any director and/or major shareholder of the Company	Nil
Conflict of interest with the Company, if any	Nil
Convictions for offences within the past five (5) years and any particulars of public sanction or penalty imposed by the relevant regulatory bodies during the financial year	Nil
Number of board meetings attended in the financial year	4/4

## DIRECTORS' PROFILE

cont'd

### ANITA CHEW CHENG IM

Age 55, Malaysian, Female | Independent Non-Executive Director

Date of Appointment	14 December 2020
Membership in Board Committees	Member of Remuneration Committee Member of Risk Management Committee
Qualification and Working Experience	<p>Ms. Anita started her career as an audit assistant at KPMG, Melbourne in 1990. While in KPMG, she was engaged in the audit of the media, retail and mining industries.</p> <p>In 1992, she joined the Corporate Finance Department of Bumiputra Merchant Bankers Berhad (now known as Alliance Investment Bank Berhad after merging with Amanah Bank Berhad) and was with the investment bank for approximately 5 years. Subsequently, she held the position of Director, Corporate Finance at Alliance Investment Bank Berhad from 1997 to 2003. From 2003 to 2007, she worked at HwangDBS Investment Bank Berhad as the Senior Vice President, Equity Capital Market.</p> <p>She was mainly involved in corporate finance and related matters during her 15-year tenure in the various investment banks, having advised clients on numerous IPOs, fund raising and corporate and debt restructuring exercises.</p>
Present Directorship(s)	
(i) Other Listed Entities	(i) MK Land Holdings Berhad (ii) Notion Vtec Berhad (iii) K-One Technology Berhad (iv) Kimlun Corporation Berhad
(ii) Other Public Companies	Nil
Family relationship with any director and/or major shareholder of the Company	Nil
Conflict of interest with the Company, if any	Nil
Convictions for offences within the past five (5) years and any particulars of public sanction or penalty imposed by the relevant regulatory bodies during the financial year	Nil
Number of board meetings attended in the financial year	4/4

# DIRECTORS' PROFILE

cont'd

## GOH KAH IM

Age 56, Malaysian, Male | Independent Non-Executive Director

Date of Appointment 14 December 2020

Membership in Board Committees  
Member of Audit Committee  
Member of Nomination Committee

Qualification and Working Experience  
Mr. Goh has 20 years of experience as senior manager and is presently a freelance management consultant. Prior to this, he had held various senior managerial positions in Oxford University Press Group, a department of the University of Oxford, United Kingdom and in the steel industry working for one of the largest companies in Australia, BHP/BlueScope Group. In addition, Mr. Goh also served as group accountant at Star Cruise and audit senior at Deloitte Kassim Chan, an international public accounting firm based in Kuala Lumpur.

Mr. Goh graduated from the University of Otago, New Zealand in 1989 with a Bachelor of Commerce (Accounting) degree. He is currently a Chartered Accountant registered with the Malaysian Institute of Accountants.

Mr. Goh presently is an Independent Director of Fortress Minerals Ltd, a company listed on the Catalist Board of the Singapore Exchange Trading Ltd (SGX Ltd).

Present Directorship(s)

(i) Other Listed Entities Nil  
(ii) Other Public Companies Nil

Family relationship with any director and/or major shareholder of the Company Nil

Conflict of interest with the Company, if any Nil

Convictions for offences within the past five (5) years and any particulars of public sanction or penalty imposed by the relevant regulatory bodies during the financial year Nil

Number of board meetings attended in the financial year 4/4

## PROFILE OF KEY SENIOR MANAGEMENT

### KAU WAI FAUN

*Group Financial Controller*

Aged 54, male, a Malaysian, joined the Group in 1994 as an Accountant, and was subsequently promoted to Group Financial Controller.

Mr. Kau is an Associate member of the Chartered Institute of Management Accountants (CIMA) in the United Kingdom, a member of the Chartered Global Management Accountants (CGMA) and also a Chartered Accountant of the Malaysian Institute of Accountants (MIA).

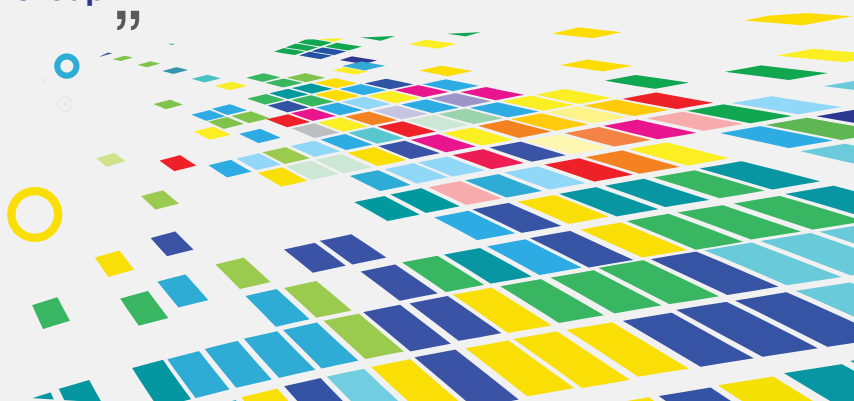
He has more than 30 years of work experience in financial and management accounting.

He has no family relationship with other Directors nor major shareholders of SKP, no conflict of interest with SKP and no conviction for offences, public sanction or penalty imposed by the relevant regulatory bodies within the past 5 years, other than traffic offences.

# CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

“  
Another Milestone,

Another Record Year for SKP Group  
”



Dear Shareholders,

Current financial year ended 31 March 2022 (“FY 2022”) was yet another challenging year for SKP Resources Berhad and its subsidiaries (“SKP Group”). Following the earlier disruptions arose due to looming COVID-19 situations in previous financial year ended 31 March 2021 (“FY2021”), SKP Group continued to face fair degree of challenges in FY2022. Locally, SKP Group experienced various extent of restricted movement orders such as Movement Control Orders 2.0 and 3.0 (“MCO 2.0 and 3.0”), Full Movement Control Orders (“FMCO”) and various phases of National Recovery Plan (“NRP”) whereby SKP Group operated within the allowed number of total headcount in proportion to the vaccination rate of fellow employee.

I am pleased to report that despite this tough and challenging operating environment, SKP Group has achieved a solid financial performance. Once again, we attributed this success to the resilience, focus and adaptability of our workforce which worked tirelessly towards the evolving business environment.

Through it all, our teams successfully optimised productivity for customers, while providing critical support to Essential Businesses fighting the pandemic in the face of risk and adversity. This past year our teams again rose to the occasion, keeping things that mattered intact and delivered a truly remarkable result.

On behalf of the management, I want to thank all our colleagues for their resilience and contributions for navigating SKP Group through this extremely difficult year and at the same time delivering our record financial results.

Our business portfolio which comprises Electronics Manufacturing Services (“EMS”) and non-EMS segments across a wide range, which include Food and Beverage (“F&B”), Automotive, Industrial and Medical industries has contributed resilience and cushioned us well in the FY 2022.

I am glad to report that across both segments, we have worked well with our customers by offering comprehensive product solutions towards meeting their requirements and enhancing their respective overall manufacturing experiences.

On our non-EMS business segment, our teams served these clientele with our expertise in advanced material sciences, advance complex moulding and blowing capabilities, custom automation among many other specific services.

In FY 2022, we recorded a revenue of RM2.32 billion, an increase of 3.12% year on year. Profit before tax was recorded at RM222.38 million, up by 29.80% compared to the previous year. SKP Group net profit margin was 7.47% in FY 2022.

This robust financial performance is attributable to our diversified growth across various industry segments namely EMS and non-EMS sectors.

As the company continues to grow, we will continue to invest in new technological capabilities and human resources to support the strong business momentum across the sectors which we operated in. We will enhance and deepen our position in the areas which we currently operate in by embarking on various strategic initiatives.

Throughout the year, we invested approximately RM94.39 million including the on-going construction of a brand-new facility in Johor Bahru which spans across built up area of 650,000 sq. feet. This will be the largest single site facility within our SKP Group which we strongly believe will serve us well in the near future.

# CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

cont'd

During these time, we will continue to build on our capabilities to support our clients in new products and markets which will ultimately contribute positively to the Group in the near future.

We also made progress in this year, leading to improvements across our product portfolio mix, continuing to build on our technology and manufacturing capabilities and most important of all, improving our overall operational efficiency and productivity.

Going forward, we will continue to invest in our operations for both EMS and non-EMS segments. We strongly believe that these investments will enable the Group to provide significant differentiations. We are progressing well towards our long-term strategy and delivering on our commitments to our shareholders.

## FINANCIAL PERFORMANCE REVIEW

For the current financial year ended 31 March 2022, the Group recorded a revenue amounted to approximately RM2.32 billion (2021: approximately RM2.25 billion) which represents a further increase by approximately RM70.25 million from the revenue recorded in the previous year. The record-breaking revenue is made possible by another year-on-year exceptional growth in revenue contributed by sales of goods revenue stream amounted to approximately RM53.82 million as the sales of goods revenue stream climbed to approximately RM2.27 billion from RM2.22 billion revenue achieved by the Group.

The Group is mindful of the need of maintenance of efficient business operations as much as possible in order for the above mentioned all-time high revenue to eventually translate to improved bottom line evidently from all-time high profit net of tax amounted to approximately RM173.40 million (2021: RM133.24 million) recorded for the current financial year.

The Group continuously challenged itself to achieve better measure of operational efficiency such as improved gross profit margin and net profit margin despite the sharp escalation in material costs due to disruption in supply chain and foreign labours shortage issue locally that worsen from time to time. Apart from increase in operational efficiency measured from increase in gross profit margin and net profit margin of 13.99% and 7.47% (2021: 11.86% and 5.92%) respectively, the Group also recorded significant gain on disposals of property, plant and equipment and investment properties amounted to approximately RM1.30 million and RM5.07 million (2021: RM0.47 million and RM Nil) respectively in current financial year. The rationale of such disposals are such assets are deemed not to be critical part of business operations of the Group and it would be wiser for the Group to realise its value via disposal instead of internal utilisation.

Ultimately, the Group continuously seeks to maximise shareholder value to be delivered via maximisation of operational efficiency at all time in addition to the commitment to the generous dividend policy that the accumulated dividend pay-out to be at least half of the profit net of tax to reward shareholders who have placed trust and supports towards the Group wholeheartedly.

## FINANCIAL POSITION REVIEW

The Group is mindful of importance in maintaining relatively strong capital structure and resources to ensure business continuity in general and provide the Group to venture into forms of expansion and diversification, whenever opportunity arose.

As at 31 March 2022, the equity attributable to owners of the company stood at approximately RM814.51 million which further expanded by 15.07% from RM707.83 million in the previous year.

Meanwhile, the total assets of the Group stood at approximately RM1.25 billion which seen a further increase by 19.39% from approximately RM1.05 billion in the previous year.

The Group maintained high level of financial flexibility as the Group backed up by strong net cash position and continues to be in a financial position with favourable capital ratio such as nil gearing ratio. Notwithstanding of the nil borrowings undertaken by the Group, the Group maintained sets of banking facilities with various banking institutions to cater for potential utilisation of banking facilities during any unforeseen or unwanted circumstances occurred.

In the current financial year ended 31 March 2022, the Group incurred a capital expenditure ("CAPEX") in various categories of non-current assets, namely property, plant and equipment besides right-of-use assets (excluding buildings and forklift), amounted to approximately RM58.85 million (2021: RM52.15 million) and RM35.54 million (2021: RM3.38 million), respectively. The addition in property, plant and equipment and right-of-use assets (excluding buildings and forklift) was mainly represented by investments in state of art manufacturing facilities amounted to approximately RM38.77 million (2021: RM44.01 million) which have proven to be instrumental for the Group to pursue further growth in future and reach another new height.

Moving forward, the Group is mindful that there are further authorised CAPEX amounted to approximately RM79.49 million to be fulfilled which not provided for in the financial statement for the current financial year ended 31 March 2022.

# CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

cont'd

For the record, the Group continues to record positive net cash flows generated from operating activities, albeit on a smaller extent in the current financial year amounted to approximately RM50.98 million from which decreased by 33.31% from approximately RM76.45 million in the previous year.

	FY 2022	FY 2021	Variance	Variance
	RM'000	RM'000	RM'000	%
Revenue	2,321,428	2,251,182	70,246	3.1 %
EBITDA	261,806	206,898	54,908	26.5 %
PBT	222,383	171,322	51,061	29.8 %
PAT	173,396	133,243	40,153	30.1 %
Inventories	254,658	221,498	33,160	15.0 %
Trade and other receivables	533,189	338,250	194,939	57.6 %
Other investments (highly liquid)	21,566	116,221	(94,655)	(81.4) %
Cash and bank balance	51,260	56,613	(5,353)	(9.5) %
Trade and other payables	375,745	288,897	86,848	30.1 %

## OUTLOOK

While we remain positive of the outlook and the positive business momentum ahead, we expect to face headwinds from the global components' shortages and other market uncertainties, including the impact of the on-going Russia-Ukraine war.

As a management team, we remain focused on delivering long-term value for our shareholders and committed to growing our profits margins.

As we look beyond FY 2022, we are cautiously optimistic in our future growth. We anticipate that there will be near term challenges (Covid 19 related issues and global supply chain disruptions), the underlying long term business outlook remains strong for both our EMS and non-EMS segments.

## DIVIDEND

Against the backdrop of the above-mentioned headwinds ahead of us, the Group will continue to adhere to its dividend pay-out policy of a minimum of 50% of the annual profit after tax.

For current financial year ended 31 March 2022, the Board of Directors recommended a final single-tier dividend of 5.55 sen per share which constitute approximately 50% of the Group's profit after tax.

## APPRECIATION

On behalf of the Board of Directors, I wish to extend my appreciation and gratitude to our fellow Directors for their outstanding efforts and contributions in providing invaluable advice and guidance whenever deemed fit.

I also wish to thank all other stakeholders such as shareholders, customers, bankers and business partner for their utmost confidence and unconditional supports extended to the Group.

Lastly, I would like to express sincere appreciation to our senior management and other staff for their commitment, hard work, contribution to the Group.

Let us continue the commendable efforts and works together in order to achieve greater height for the Group in upcoming years.

Thank you.

**Dato' Gan Kim Huat**

*Executive Chairman cum Managing Director*

## FIVE YEARS GROUP FINANCIAL SUMMARY

		2022	2021	2020	2019	2018
<b>OPERATING RESULTS</b>						
Revenue	RM'000	<b>2,321,428</b>	2,251,182	1,826,733	1,654,215	2,106,375
EBITDA	RM'000	<b>261,806</b>	206,898	124,763	146,681	178,805
EBIT	RM'000	<b>222,560</b>	171,590	96,355	124,609	158,003
Profit Before Taxation	RM'000	<b>222,383</b>	171,322	96,128	124,596	156,243
Profit After Taxation	RM'000	<b>173,396</b>	133,243	72,136	96,004	126,670
Profit Attributable to equity holders	RM'000	<b>173,396</b>	133,243	73,161	96,658	126,754
<b>KEY BALANCE SHEET DATA</b>						
Total Assets	RM'000	<b>1,252,152</b>	1,048,766	1,002,609	873,108	905,834
Total Borrowings	RM'000	-	-	175	275	375
Paid-up Capital	RM'000	<b>296,126</b>	296,126	296,126	296,126	296,126
Equity Attributable to Owners of the Company	RM'000	<b>814,514</b>	707,831	611,210	587,652	555,305
<b>VALUATION</b>						
Basic Earnings/Net Earnings Per Share*	sen	<b>11.10</b>	8.53	4.68	6.19	8.22
Gross Dividend (sen)*	sen	<b>5.55</b>	4.27	2.34	3.07	4.05
Net Asset Per Share*	RM	<b>0.52</b>	0.45	0.39	0.38	0.36
<b>PROFITABILITY RATIOS</b>						
Return on Total Assets	%	<b>18</b>	16	10	14	17
Return on Capital Employed	%	<b>27</b>	24	15	21	28
Return on Equity ("ROE")	%	<b>21.3</b>	18.8	11.8	16.3	22.8
<b>GEARING RATIO</b>						
Net Debt to Equity Attributable to Owners of the Company	times	-	-	0.00	0.00	0.00

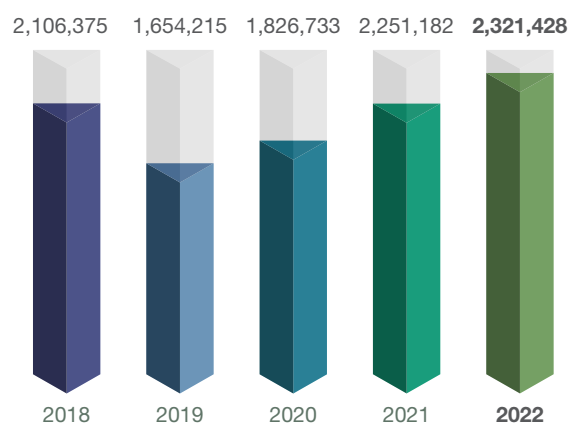
\* The comparative basic earnings/net earnings per share, gross dividend and net asset per share have been restated taken into account the effect of bonus issue on the basis of one (1) bonus share for every four (4) ordinary shares held in financial year ended 2022.

## FINANCIAL HIGHLIGHT

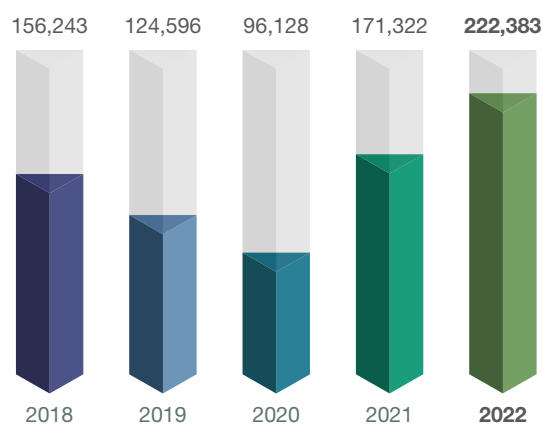
FIVE YEARS GROUP FINANCIAL SUMMARY

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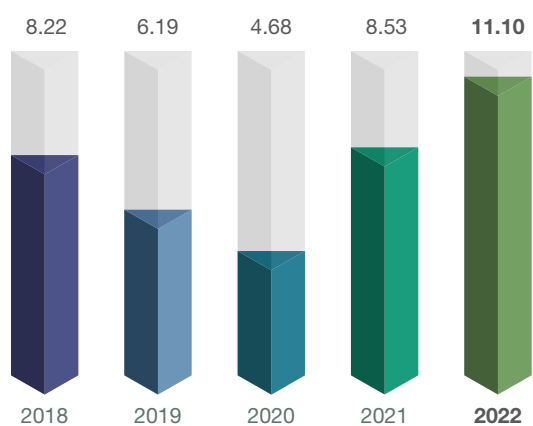
### REVENUE (RM'000)



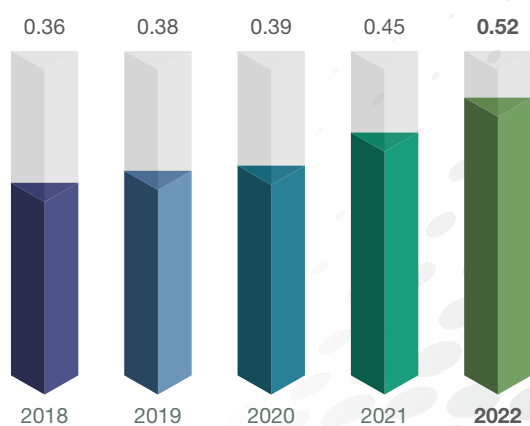
### PROFIT BEFORE TAXATION (RM'000)



### BASIC EARNINGS/NET EARNINGS PER SHARE (SEN)



### NET ASSET PER SHARE (RM)



# SUSTAINABILITY STATEMENT

SKP Resources Berhad (“SKP”) is committed to create values for various stakeholders such as customers, suppliers, employees, shareholders, business partners and communities. Our sustainability approach which focuses on implementation of sustainable environmental practices enables us to achieve intended long-term growth.

The Sustainability Statement was prepared in accordance with the following regulatory frameworks and guidance:

- Sustainability Reporting Guide, 2nd Edition (“SRG”) issued by Bursa Malaysia Securities Berhad on 2018;
- Practice Note 9 of Main Market Listing Requirements;
- Updated Malaysian Code of Corporate Governance as at April 2021 issued by Securities Commission Malaysia; and
- Global Reporting Initiative (“GRI”).

## Scope and Coverage

This Sustainability Statement outlines the aspect of Environmental, Social and Governance (“ESG”) efforts, particularly on our current business of being a one-stop plastics solutions provider.

SKP also specialises in contract manufacturing and component assembly, in addition to providing customers with fully integrated, turnkey box-building services.

## Sustainability Governance

SKP is aware of the significance of maintenance of sustainability governance which primarily promotes a good life for all, now and far into the future. SKP’s Board of Directors champion material sustainability matters identified by seeking the involvement of all key management personnel from material subsidiaries.



SKP’s sustainability governance is led by the Board of Directors (“the Board”), who oversees the SKP sustainability agenda, practices, strategies and performance and set the tone from the top regarding the importance of observing sustainability in creating values to various stakeholders.

The Board is supported by Senior Management Team (“SMT”). SMT comprises of Group Executive Chairman cum Managing Director (“GMD”), Executive Director (“ED”), Non-Executive Directors and Chief Financial Officer (“CFO”). SMT oversees the sustainability efforts, initiatives, targets as well as monitoring the extent of effectiveness and performance of related sustainability initiatives.

To further strengthen the sustainability initiatives, SMT communicates SKP’s sustainability direction to Key Operational Team (“KOT”). KOT comprises of appointed representatives of

various divisions, who are responsible to identify, manage, and analyse sustainability categories, as well as ESG risks in addition of organising, implementing and monitoring sustainability efforts. On a daily basis, the KOT executes and implements the initiatives and report their operational activities in a variety of ways, including monthly reports, project progress reports, safety and health reports, etc.

## Stakeholder Engagement

SKP is mindful of the importance of taking into accounts of inputs from our stakeholders in the process of long-term value creation.

We continuously engaged with our stakeholders through various means of communication to enable our stakeholders to gain deeper understanding towards our business operation and provide their feedbacks and inputs on several matters that deemed relevant to them.

We identified material sustainability matters through issues which were material based on the impact of concerned issues to the SKP’s business operations and the extent of number of stakeholders affected.

# SUSTAINABILITY STATEMENT

cont'd

Based on the classification, SKP falls under Industrial Products and Services. Its sub-sector is Industrial Materials, Components and Equipment. Based on the platform of these classifications, SKP is of the opinion that the materiality matters listed below that is the most relevant and suitable to SKP are as follows:



## ENVIRONMENT

- 1 Compliance
- 2 Management of manufacturing waste
- 3 Conservation of energy and water
- 4 Emission of potentially hazardous substances
- 5 Material consumption



## SOCIAL

- 1 Human Resources
- 2 Occupational Health and Safety Management



## GOVERNANCE

- 1 Procurement practices
- 2 Community Investment
- 3 Indirect Economic Benefits

Based on the above material sustainability matters identified, we have identified various internal and external stakeholders who were deemed relevant and influenced our business sustainability.

The table below describes our stakeholders engagement approaches, area of emphasis that are relevant to our stakeholders and frequency of our engagement with the stakeholders.

Stakeholders	Area of Interest	Method of Engagement	Engagement Frequency
Governments/ Regulatory Bodies	Compliances	Inspections and audit by regulatory bodies Meetings and Briefings	Annually
Governments/ Regulatory Bodies	Management of manufacturing waste	Meetings and Consultations Discussions and Briefing	Monthly Quarterly Half Annually Annually
Communities	Conservation of Energy and Water	Meetings and Consultations Discussion and Briefing Dialogues	Monthly Quarterly Half Annually Annually
Government/ Regulatory Bodies	Emission of potentially hazardous substances	Meetings and Discussions Discussions and Briefing	Monthly Quarterly Half Annually Annually
Vendors/Suppliers	Material consumption	Meetings and Discussions Discussions and Briefing Scheduled Delivery Suppliers Performance Evaluation	Monthly Quarterly Half Annually Annually
Employees	Human Resources	Meetings and Consultations Discussions and Briefing	Monthly Quarterly Half Annually Annually
Employees	Occupational Health and Safety Management	Dialogues Training Programmes	Monthly Quarterly Half Annually Annually
Vendors/Suppliers	Procurement Practices	Meetings and Consultations Discussions and Briefing	Quarterly Half Annually Annually

# SUSTAINABILITY STATEMENT

cont'd

The relevance of the abovementioned material sustainability matters is tabulated as below:

Relevance to Stakeholders	Significant		2 2	3	1 1	5 1	
	Moderate				4		
	Low		2		3		
		Insignificant	Minor	Moderate	Major	Strategic	
		Relevance to Business					

■ Environmental Classification  
■ Social Classification  
■ Governance Classification

The material sustainability matters currently undertaken by SKP is detailed as follows:



## ENVIRONMENTAL

SKP pays particular concern in regards of the impact of the business operations towards the environment and mindful of its responsibility to leave behind a better world to future generations. Therefore, SKP has taken the following steps to preserving the environment:

### 1) Compliance

SKP is always positive to comply with stringent legal and regulatory requirements of the relevant authorities such as Malaysian Department of Environment ("DOE") which governs plant and factory operations and maintenance in areas in relation to environment and emission standards, fuel usage, noise level and treatment of plant discharge, effluent and waste water.

Among the activities that SKP does is the accreditation and maintenance of certificates. SKP holds very strongly to the accreditation that has been achieved and given to them.

During the current financial year, the subsidiaries that having active business operations have maintained the accreditations on the ISO 9000, ISO 14000 and ISO 45001. SKP remains committed to maintain and will renew the certificates when due.

### 2) Management of Manufacturing Waste

Waste is an unavoidable part in the manufacturing of plastic components. The most common waste items from the production are the runners and the rejected items. Rejected items make up of a larger quantity of waste due to the size of the individual item. Another type of wastages represented by the residual from the many affluent that use to process the materials. The volume of tonne of wastages that derived from the processing of the materials correlates with the frequency of usage of materials and the extent of efficient manner of materials. This waste affluent are sent or picked up by authorised contractors.

# SUSTAINABILITY STATEMENT

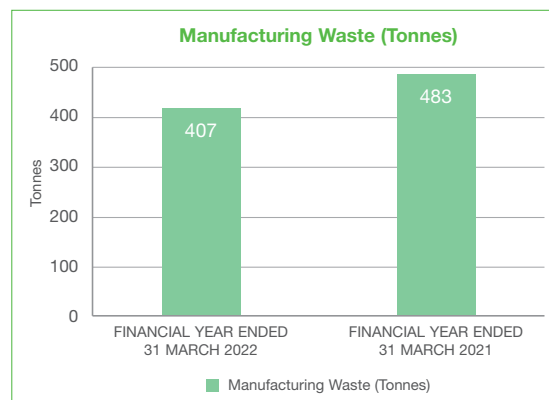
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## 2) Management of Manufacturing Waste (cont'd)

Some of the waste affluent is as follows:

- Spent Lubricating Oil
- Waste of Non-Halogenated Organic Solvents
- Contaminated Container
- Contaminated Rags
- Paint Sludge
- Discarded or Off-Specification Inks, Paint, Pigments, Lacquer, Dye or Vanished Products Containing Organic Solvent
- Antic Solvent
- Electrical and Electronic Wastes
- Spent Hydraulic Oil
- Mixture of Scheduled Wastes
- Spoiled Fluorescent Tubes
- Spoiled Coolant
- Contaminated Absorbents/Matters

The waste cannot be discriminately washed down the drain. This will help to ensure that we have a clean and safe environment for our future.

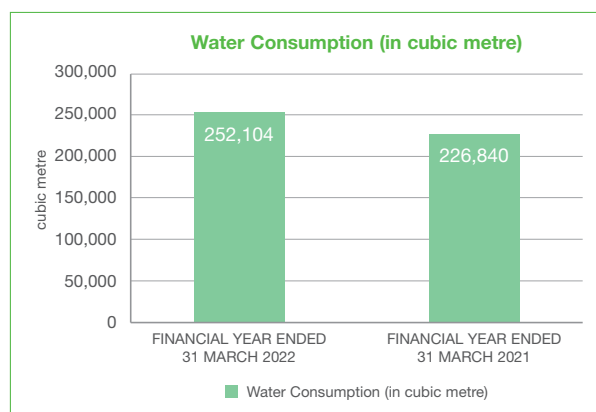
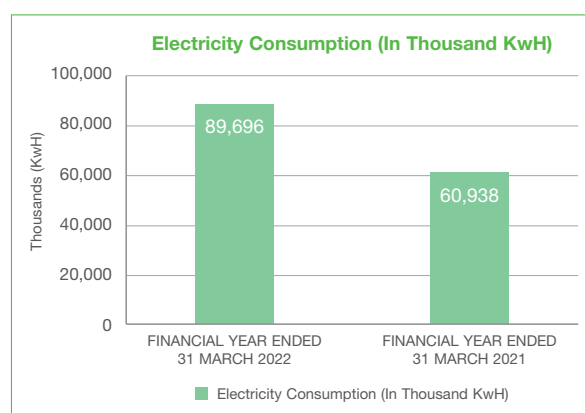


## 3) Conservation of Energy and Water

SKP has taken the initiative to use better, more efficient machineries to reduce wastage of time, resources and energy, in tandem with the implementation of proper scheduling to run these machineries. New lighting bulbs and air conditioners installed to replace old units to achieve higher energy efficiency because they consume lower energy levels. During rest time, the lighting bulbs and air conditioners are powered down. Air conditioning systems are maintained at 25°C temperature.

SKP is in the midst of further exploring technology that could potentially reduce the consumption of energy. This initiative is in line with Tenaga Nasional Berhad's allocation of power consumption. By saving energy, SKP has also contributed to the conservation of the environment's resources by decreasing the power plant's consumption of fossil fuels. SKP has also taken into consideration the use of Servo Motor System that has the potential to conserve energy by at least 40%.

SKP is also mindful of the importance of efficient water management in our business operations to ensure smooth business operations in order to preserve continuous conservation of water supply despite water consumption does not represent major part of manufacturing cost incurred in our business operations. The further increase in water consumption is in line with the further expansion and utilisation of manufacturing capacity by major subsidiaries having active business operations such as Syarikat Sin Kwang Plastic Industries Sdn Bhd and SKP BM Electronics Sdn Bhd.



# SUSTAINABILITY STATEMENT

cont'd

## 4) Emission of potentially hazardous substances

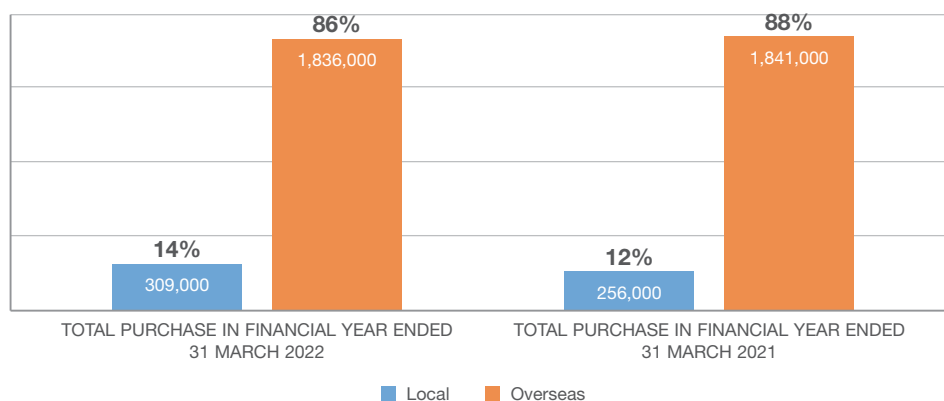
With the recent introduction of Euro5 grade diesel, the combustion of the engine will be more environmentally friendly. On average, the consumption of 1 litre of diesel is equivalent to the emission of 2.70kg of CO<sub>2</sub>. SKP is exploring ways to further reduce the emission of CO<sub>2</sub>. New strategies are being introduced to streamline transportation and other systems, which include lesser time on the road and thus, less carbon emissions.

## 5) Material consumption

SKP offers Electronic Manufacturing Services ("EMS"). As such, SKP is bounded by strict supply chain requirements by certain customers. For the purpose of meeting customers' strict requirements, the supply chain needs to meet multiple ESG requirements. For instance, streamlining of the supply chain, minimisation of wastages and conservation of efficient energy. SKP total purchases stands at approximately RM2.15 billion for 2022 and RM2.10 billion for 2021.

The overall purchases by SKP in current financial year remains relatively constant for financial year 2022 and 2021 with a slight increase of 2.3% observed. The local purchases have also slightly increased by 2.2% in term of composition of combined purchases sourced locally and overseas.

Analysis of Total Purchase (in RM'000)



SKP adopts the Six Sigma programme at one of the business locations. The programme and its tools are used for the process environment. The project goals aim to reduce waste and rejection rates, thus increasing productivity and accurate reporting.



## SOCIAL

The Board strongly believes that SKP has an important role to play in the society.

### 1) Human Resources

SKP's success in its operations is a result of the employees' collective contribution and hard work. SKP believes that employees are key assets of the Company and one of the primary reasons for prosperity. SKP seeks to find a balance of responsibility, performance and reward in the workplace for the employees.

SKP strongly believes that everyone should be treated equally and fairly. This is the hallmark that opportunities should be given to all to excel in their respective areas of specialties. This spans from the management team to the operators.

# SUSTAINABILITY STATEMENT

cont'd

## 1) Human Resources (cont'd)

One of the initiatives carried out by SKP is to provide training. The purpose of the training is to provide new employees the opportunity to learn the culture and processes of the Company and further develop new area of expertise for the current workforce. Considerable amount is spent by various subsidiaries that having active business operations to develop and nurture these talents.



**12,352** hours spent on training in Financial Year Ended 31 March 2022



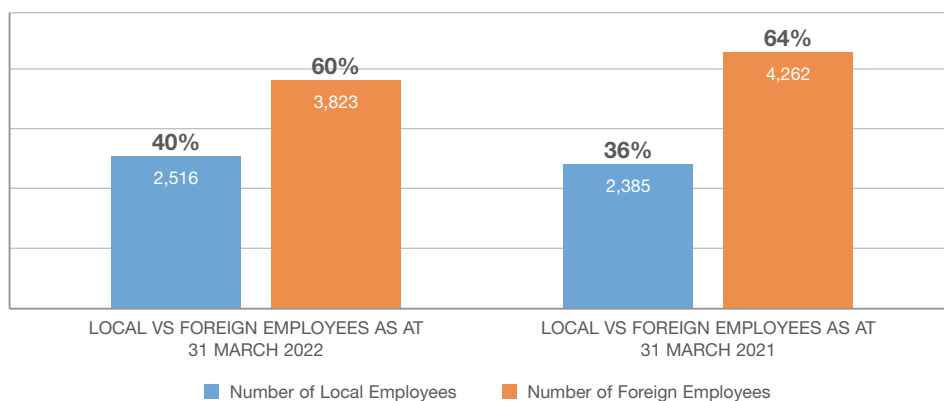
**552** hours spent on training in Financial Year Ended 31 March 2021

SKP complies with the relevant local labour laws and regulations with regard to the minimum wage policy. This is to contribute to the overall well-being of the employees. SKP strongly stand against any forms of discrimination and advocate unwavering commitment in providing an equal work opportunity.

SKP seeks to be proactive in the development of human capital by developing continuous training programmes for employees' development. The provision of external and in-house, training programmes will result in increased opportunities for employee contribution, enhanced performance and increased engagement of various fronts.

The total numbers of SKP employees as at current financial year remains relatively consistent with the previous financial year end with a slight decrease by 4.6% noted. SKP is aware of the need to maintain diversity in the company. In driving diversity, SKP is mindful of the need to strike a balance between local and foreign workers. This is to ensure that local are given the opportunity to excel.

**Analysis of Headcount by Nationality**



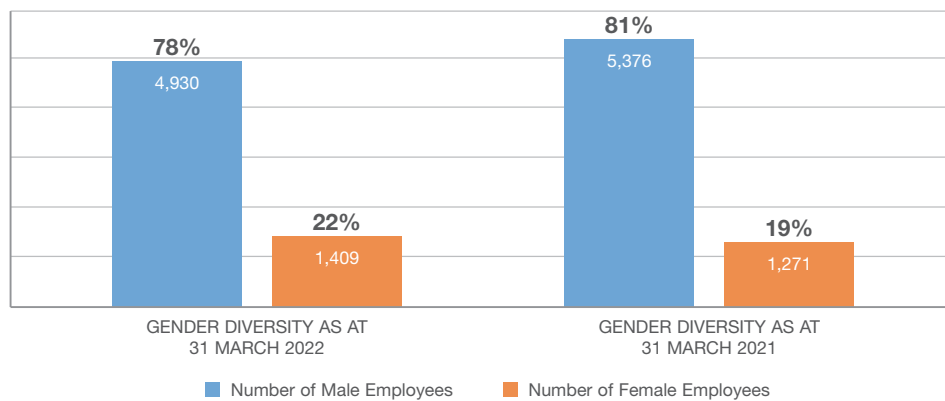
# SUSTAINABILITY STATEMENT

cont'd

## 1) Human Resources (cont'd)

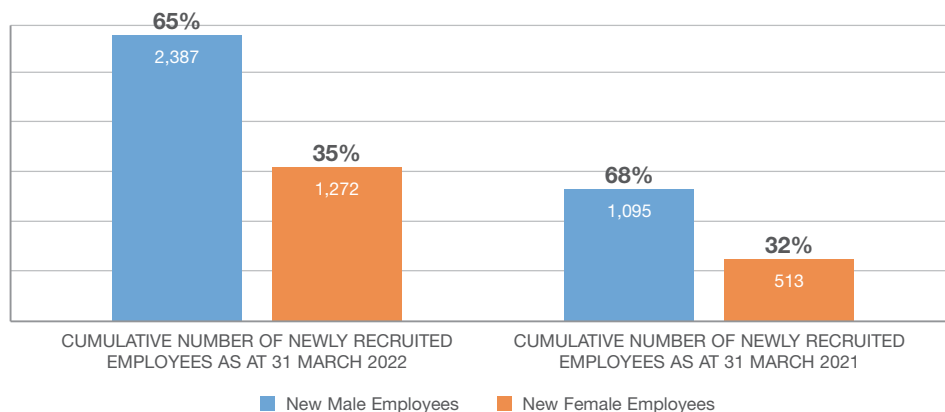
Besides local and foreign employees, the diversity also includes gender. SKP does not differentiate the gender and identifying people suited for the position at the various field. With a gender diversity that is inclusive, it provides opportunity for all.

**Analysis of Headcount by Gender Diversity**



New employees make up a relatively big numbers of employment for SKP. The new employees stem mainly from foreigners that need to go back to their home countries. New employees are also coming from the expansion plan of SKP BM Electronics Sdn Bhd. SKP BM Electronics Sdn Bhd continues to experience significant improvement in business and is one of the major contributors on the influx of local and foreign workers.

**Analysis of New Recruitment by Gender Diversity**



# SUSTAINABILITY STATEMENT

cont'd

## 1) Human Resources (cont'd)

SKP does not fall short in contributing to the social events within the Group albeit on a smaller scale with Covid-19 still looming till date. Some of social events include various festival celebration and others.



## 2) Occupational Health and Safety Management

SKP is committed to do everything in power in order to ensure the health and safety at the workplace for employees. As such, all relevant laws and regulations laid down by Department of Occupational Health and Safety ("DOSH") are strictly complied with. SKP has a Safety and Health Committee to oversee this integral matter. Factory and production staff are supplied with protective gear for better safety measures. Preventative measures, such as safety briefing and fire drills, are conducted routinely to enable the employees to understand safety issues and to reach promptly in times of an emergency.

Despite the Covid-19 pandemic slowly moving towards an endemic phase, SKP still remains vigilant to keep its people safe. Various activities have been initiated by the Group to ensure that all employees are kept abreast with the latest protocols.

Employees are sent to vaccination centres to get themselves inoculated at the earliest time possible. Most of its management team, staff and workers fully vaccinated, SKP is hopeful that this pandemic will end as soon as possible. Some of the training programme initiatives undertaken by SKP are:

### Initiatives undertaken by SKP

1. Introduction First Aid and CPR Training
2. Kursus Asas Pasukan Keselamatan Kebakaran
3. CePIETSO (Physical Chemical Processes)
4. OSH Connect Conference & Exhibition 2020 as part of response towards COVID-19
5. Basic Occupational First Aid, CPR & AED Training
6. Identification of Occupational Safety and Health Coordinator
7. Basic Awareness Session on Understanding of Internal Audit Skills on ISO 9001, 14001 & 45001
8. Smart Scope Training
9. Basic First Aid Training
10. First Aid Training

# SUSTAINABILITY STATEMENT

cont'd



## GOVERNANCE

### 1) Procurement Practices

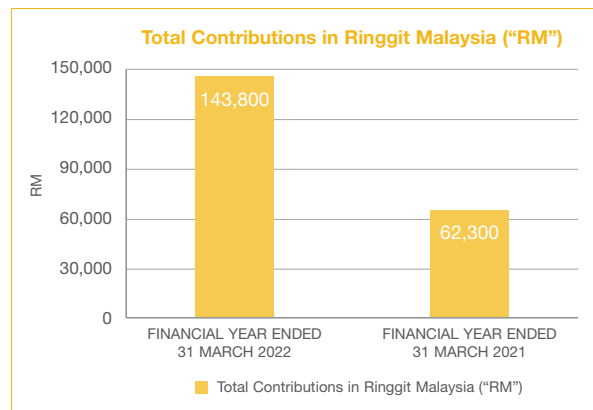
SKP has taken cue from the growth and expansion of their customers throughout the years and have expanded their production lines. This includes the SKP BM Electronics Sdn Bhd previously established to booster its production arm on circuitry which currently experiencing accelerated growth in business operation at this juncture. This creates a platform for SKP to undertake more local vendors, hire more employees and bring in more business to enrich the community.

One of the important projects adopted by SKP which remains highly relevant till date is the Six-Sigma programme. Under this programme, SKP finds way to achieve continuous improvement in the operations. There are several levels to this process. It starts from the Executive Leadership to the champions, then black-belts, green belts and finally to the team members. The process commences with the Executive Leadership, and with the help from champions, identify new ideas for improvement and implementation. The black belt will then lead the charge and they are supported by both green belts and team members.

SKP continues to enjoy praises from their suppliers in achieving better than expected results. Apart from that, another programme that has earned the recognition is the 8 Disciplines Program which brought about significant improvement to both the suppliers and SKP alike. This has resulted in SKP being recognised for its effort.

### 2) Community Investment

One of the three pillars of sustainability that SKP continues to adopt is to reduce the poverty level. SKP believes that apart from receiving, we should also be giving back to the community. SKP interest in providing community services are on a case-by-case basis. Currently, SKP has not put in place a long-term strategy to address this issue. SKP recognises that it is an important part of the operations, but due to the uncertainty in the business climate, it is difficult to plan for the long term.



The contribution also could not have come at a timelier manner in the wake of the Covid-19 pandemic. As the pandemic wages on till this very day, many organisations sought help. SKP has, without any expectation and terms attached, made a contribution to a tune of RM143,800 to the local community in its pledge to assist the under-privileged. SKP hopes that this will ease the strain of poverty and improve living conditions.

# SUSTAINABILITY STATEMENT

cont'd

## 2) Community Investment (cont'd)

Besides that, SKP also plays other role in providing aid to the community. SKP adopts a 3R approach, i.e., reduce, recycle and reuse. It is a kind act of sharing and caring for the community. Employees are encouraged to donate items that are of good quality to someone that needs it more than them.

Secondly, under the 3R initiatives, items that are in a less than good condition are taken in and converted into something more meaningful for the less fortunate. The benefit from this 3R initiatives is that when we reduce that use of print, we help in the conservation of office by avoiding printing unless necessary, which in turn conserve energy.

We take pride in recycling out materials when appropriate, when they be shaped into a new item. These recycling of waste materials are categorised and handed over to related parties for use. Thirdly, item like boxes that are normally thrown away are repurpose. They are redecorated for other usages.



## 3) Indirect Economic Benefits

Back in 29 February 2012, SKP announced that it has adopted a dividend policy. The accumulative dividend payout will be at least 50% of the annual profit after tax to its shareholders. This is to reward the shareholders for their support and trust towards the company. SKP continues on its effort to try and give as much as possible the annual profit after tax back to its shareholders.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) of SKP Resources Bhd (“**SKP**” or the “**Company**”) is committed to ensuring a high standard of corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“**the Group**”). The Board believes that a robust corporate governance (“**CG**”) framework is a cornerstone of a successful and sustainable company as well as a fundamental part of discharging its responsibilities to safeguard the long-term interest of its shareholders and other stakeholders.

The Board takes note of the updates on the Malaysian Code on Corporate Governance (“**MCCG**”) issued by the Securities Commission Malaysia which took effect on 28 April 2021 (“**MCCG 2021**”). The MCCG 2021 introduces new practices and additional guidance to strengthen the corporate governance culture of public listed companies.

The Board is pleased to present the following Corporate Governance Overview Statement (“**CG Statement**”) that describes the extent how the Group has applied and complied with the following three (3) principles which are set out in the MCCG 2021 during the financial year ended 31 March 2022 (“**FYE 2022**”):-

- (a) Principle A: Board leadership and effectiveness;
- (b) Principle B: Effective audit and risk management; and
- (c) Principle C: Integrity in corporate reporting and meaningful relationship with stakeholders.

This CG Overview Statement also serves to comply with Paragraph 15.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**MMLR**”) (“**Bursa Securities**”) and is to be read together with the CG Report (“**CG Report**”) as published on the Company’s website at [www.skpres.com](http://www.skpres.com).

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### I. Board Responsibilities

The Board is responsible for the overall governance, management and strategic direction of the Company and for delivering accountable corporate performance in accordance with the Company’s goals and objectives.

To ensure the effective discharge of its function and responsibilities, the Board has also delegated certain authorities and discretion to the Executive Directors and Senior Management. The Board Committees are also entrusted with specific responsibilities to oversee the Company’s affairs, in accordance with their respective Terms of Reference (“**TOR**”). At each Board meeting, minutes of the Board Committee meetings are presented to the Board. The respective Chairmen of the Board Committees will also report to the Board on key issues deliberated by the Board Committees in order to develop effective communication.

The Board provides stewardship to the Group’s strategic direction and operations, and ultimately the enhancement of long-term shareholders’ value. The Board is primarily responsible for:

- a) Together with senior management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- b) Ensuring that the Group’s goals are clearly established and that a strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability, is in place to achieve them;
- c) Overseeing and evaluating the conduct and performance of the Group’s business to evaluate whether the business is being properly managed;
- d) Reviewing, challenging and deciding on Management’s proposals for the Company, and monitoring its implementation by Management;
- e) Ensuring that the statutory accounts of the Company and the Group are fairly stated and conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;
- f) Identifying and managing the principal risks affecting the Group and ensuring the implementation of appropriate internal controls and mitigation measures;

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### I. Board Responsibilities (cont'd)

- g) Determining the risk appetite within which the Board expects Management to operate and ensuring that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;
- h) Ensuring that Senior Management has the necessary skills and experience, and there are appropriate plans in place in respect of the succession plan for Board members and Senior Management of the Group;
- i) Reviewing the adequacy and the integrity of the management information and internal controls systems of the Group, including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines; and
- j) Overseeing the development and implementation of investor relations and communication policy for the Group which promotes effective communication with shareholders and other stakeholders.

The Board has delegated certain of its functions to the Board Committees which comprise the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC") and Risk Management Committee ("RMC") which operate within their clearly defined TOR.

The Board reserves certain powers for itself and delegates certain matters, such as the day-to-day management of the Company to the Executive Directors and the Senior Management. Such delegations are subject to approved authority limits. These are matters pertaining to:-

- recurring and non-recurring revenue expenditures (within the ordinary course of business);
- capital expenditures; and
- sourcing of business deals/investments.

### Chairman and Managing Director

Dato' Gan Kim Huat is the Executive Chairman cum Managing Director of the Company. This is perceived as appropriate and of benefit to the Group due to his extensive knowledge and experience in the Group's business, products, policies and administration matters. He is primarily responsible for the orderly conduct and effectiveness of the Board.

The Board is mindful of the dual roles but is comfortable that there is no undue risk involved as the Executive Directors will be informed and consulted before the Executive Chairman cum Managing Director makes any decision and all major matters and issues are to be referred to the Board for consideration and approval. Notwithstanding that, the Board is currently comprising six (6) members, three (3) of whom are Independent Non-Executive Directors, comprising 50% of Independent Directors and play a distinctive role to provide an element of objectivity, independent judgement and check and balance to the Board. The current size and board composition are adequate to enable the Chairman to marshal the Board's priorities whilst the Independent Directors are to ensure a balance of power as well as an authority on the Board.

The Board regards independence as an important element for ensuring objectivity and fairness in Board's decision-making.

The Company has applied the recommendation of Practice 1.4 of the MCCG 2021 whereby the Chairman of the Board should not be a member of the Board Committee.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### I. Board Responsibilities (cont'd)

#### Qualified and Competent Company Secretary

In compliance with Practice 1.5 of the MCGG 2021, the Board members have full access to the Company Secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and is qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016. The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. Apart from playing an active role in advising the Board on governance and regulatory matters, Company Secretary also attends all the Board and Board Committees meetings and ensure that all meetings are properly convened, the proceedings and deliberations at the meetings are properly recorded in the minutes of meetings.

#### Access to information and advice

The Board meets on a quarterly basis with additional meetings held whenever necessary. The Board is supplied with adequate and timely information in the form and quality appropriate to enable them to discharge their duties.

Prior to Board meetings, an agenda of meeting together with the relevant documents are distributed to all Directors for them to review. Apart from the ad-hoc meetings, notices of meetings are sent to the Directors at least seven (7) days in advance and the meeting papers are made available to the Directors prior to the meetings to allow reasonable time for review and to facilitate full discussion at the meetings. The Board strive to circulate the meeting papers at least five (5) business days in advance of the meeting day, if possible. Technology and Information Technology are effectively used in Board Meetings and communications with the Board.

The Executive Directors and/or other relevant Board members and/or Senior Management of the Group will provide a comprehensive explanation of pertinent issues and recommendations. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making. Proceedings of Board meetings are recorded in the minutes.

All Directors have access to the advice and services of the Company Secretary, Senior Management as well as independent professional advisers including the internal and external auditors. The Directors may whether as a full board or in their individual capacity, whenever necessary, at the expense of the Group, access to all information of the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities. The Directors are encouraged to have free and open contact with the Management at all levels and full access to all relevant information.

Apart from Board meetings, the Directors are also provided with updates via emails as and when there are any new changes to the existing laws, requirements, rules and regulations.

#### Board Charter

In compliance with Practice 2.1 of the MCGG 2021, the Board has adopted a Board Charter outlining the roles, functions, composition and responsibilities of the Board of Directors of SKP and is to ensure that all Board members acting on behalf of the Company are aware on their duties and responsibilities as Board members. The Board Charter is established to provide guidance and clarity for the Board's roles and responsibilities as well as the powers between the Board and the Senior Management, the Board Committees established by the Board, between the Executive Chairman cum Managing Director and Executive Directors.

The Board Charter of the Company is in place and available on the Company's website. This Board Charter is a source reference and primary induction literature to provide insights to prospective Board members and Senior Management. In addition, it assists the Board in the assessment of its own performance and of its individual Directors.

A copy of the Board Charter is available on the Company's website at [www.skpres.com](http://www.skpres.com).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### I. Board Responsibilities (cont'd)

#### Code of Ethics and Conduct

The Company's Code of Ethics and Conduct sets forth the standards of conduct required for all Directors, officers, managers and employees of SKP and its Group of Companies with the objective of ensuring their proper behaviour and ethical conduct.

The Code of Ethics and Conduct covers all aspects of the Company's business operations, such as customer relationships, personal benefits, conflict of interest, confidentiality, dealing in securities of the Company, protection of assets and funds, the accuracy of public communication, quality management & environment management, health and safety, fair and courteous behaviours and etc.

Each Director is routinely reminded of his obligations as stated in the Company's Board Charter. The Directors have the duty to declare immediately to the Board their interests in any transactions to be entered into directly or indirectly within the Company/Group, in order to uphold good corporate integrity. A review of those interests has been undertaken by the Board at the Board meetings quarterly to ensure impartiality of the decisions made by the Board.

#### Integrity Policy

The Government of Malaysia had announced the implementation of the Corporate Liability Provision involving commercial organisations under Section 17A of the Malaysian Anti-Corruption Act 2009, effective 1 June 2020. This new provision encourages commercial organisations to take appropriate and parallel steps to ensure businesses are conducted with integrity and without corruption. The Board had adopted an Integrity Policy which provides principles, guidelines and requirements on how to deal with corrupt and bribery practices that may arise in the course of daily business and operation activities within the Group.

The Group conducts all its business in an honest and ethical manner and takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. The Group is also committed to upholding all laws relevant to countering bribery and corruption in Malaysia and all other jurisdictions in which it operates. The Integrity Policy is accessible to the employees or other stakeholders at the Company's website at [www.skpres.com](http://www.skpres.com).

#### Whistleblowing Policy

In addition, the Company's Whistleblowing Policy seeks to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Company may be exposed. The Whistleblowing Policy provides an avenue for any person including all employees of SKP and its Group of Companies to report concerns about any suspected and/or known improper conduct that they may observe in SKP.

The AC is responsible for the supervision of the enforcement of the Whistleblowing Policy. The AC shall receive information on each report of concern and ensure that follow-up actions be taken accordingly. The Chairman of AC, may direct the complaint to the division/department best placed to address it or lead the investigation to ensure prompt and appropriate investigation and resolution.

All disclosures can be made in a strictly confidential manner, marked "Confidential" to:

The Chairman of AC  
SKP Resources Bhd  
No. 421, 4th Miles, Jalan Kluang,  
83000 Batu Pahat,  
Johor Darul Takzim  
[auditcom@skpres.com](mailto:auditcom@skpres.com)

The Code of Ethics and Conduct and Whistleblowing Policy are available for viewing at the Company's website at [www.skpres.com](http://www.skpres.com).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### II. Board Composition

As at the date of this statement, the Board of SKP consists of six (6) members, comprising the Executive Chairman cum Managing Director, one (1) Executive Director, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, therefore, the prescribed requirement under the MMLR whereby at least 2 directors or one third (1/3) of the Board of Directors are independent directors is fulfilled. The profiles of the members of the Board are set out in this Annual Report. The Board is responsible for overseeing the conduct and performance of the Group's businesses and provides oversight for the Group's internal controls.

The Board is of the opinion that the interests of shareholders of the Company are fairly represented through the current composition and its size constitutes an effective Board to the Company with competent individuals with a wide spectrum of background, knowledge, skills and experience.

The Executive Directors are responsible for the overall daily operations, implementation of Board policies and decisions and making operational decisions. Apart from the above, the Company practices a clear demarcation of responsibilities and a balance of power and authority.

The three (3) Independent Directors of the Company provide the Board with a good mix of industry-specific knowledge plus broad business and commercial experience. They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity are maintained by the Group. If the need arises, the Company will consider increasing the number of Independent Directors to ensure the balance of power and authority on the Board.

#### Tenure of Independent Directors

The Board has not developed a policy which limits the tenure of its Independent Directors to nine (9) years. However, the Board is mindful that the tenure of an independent director should not exceed a cumulative term limit of nine (9) years and upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain the Independent Director beyond nine (9) years, justifications from the Board and shareholders' approval through a two-tier voting process at a general meeting are required in accordance with Practice 5.3 of MCCG 2021.

Based on the assessment carried out during the financial year, the Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company.

In view thereof, the Board shall provide justifications and seek shareholders' approval in the event it proposes to retain an independent director who has served the Board in that capacity for more than nine (9) years, upon the prior review and relevant recommendation from the NC.

#### Procedures for Appointment of Directors and Senior Management

In pursuant to the latest amendments to the MMLR of Bursa Securities, the Company has put in place a Fit and Proper Policy. In this policy, there are the selection criteria for the appointment of Directors.

The NC is responsible to identify and select potential candidate(s) and making recommendations to the Board for the appointment of Director(s).

In respect of the appointment of Directors, the Company practices a clear and transparent nomination process which involves the following:-

- (1) Identification of candidates;
- (2) Evaluating suitability of candidates;
- (3) Discussion with the candidates on the proposed appointment;
- (4) Deliberation by the NC; and
- (5) Recommendation to the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### II. Board Composition (cont'd)

#### Procedures for Appointment of Directors and Senior Management (cont'd)

In the process of selecting and evaluating candidates for the Board, the NC has adopted the following selection criteria for new appointment of Director(s) in order to ensure that the Board has the right mix of skills to meet its objectives:-

- Required skills, knowledge, expertise and experience;
- Time commitment, characteristics, professionalism and integrity;
- Ability to work cohesively with other members of the Board;
- Specialist knowledge or technical skills in line with the Group's strategy;
- Diversity in age, gender and experience/background; and
- Number of directorships in companies outside the Group.

The Group Human Resources Function is responsible for the selection and appointment of candidates for Senior Management positions based on selection criteria which best match the requirements of the open position. The selection criteria include (but are not limited to) diversity in skills, experience, age, cultural background and gender.

During the financial year under review, the Board has taken into account the assessment by the NC and is satisfied with the mix of skills and board composition level, therefore, no new candidate is sourced and appointed to the Board. There were no new Key Senior Management personnel being appointed to the Company and the Group.

#### Re-election of Directors

Clause 119 of the Constitution of the Company state that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each Annual General Meeting ("AGM"). All Directors shall retire from office at least once in each three (3) years but shall be eligible for re-election. As such, pursuant to Clause 119 of the Constitution, the following Directors are subject to retirement at the forthcoming Twenty-Second AGM of the Company:-

- Dato' Gan Kim Huat; and
- Mr. Gan Poh San.

The NC has conducted the following assessment based on the criteria as prescribed by the MMLR of Bursa Securities:-

- Mix of skills;
- Character;
- Experience;
- Integrity;
- Competence; and
- Time commitment to discharge their roles.

Upon review, the NC were satisfied with the performance of all the retiring Directors. The Board has then concurred the same and resolved that the retiring Directors be recommended to the shareholders for approval at the forthcoming Twenty-Second AGM.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### II. Board Composition (cont'd)

#### Gender Diversity

The Board has established a Board Diversity Policy which sets out the approach to diversity on the Board and Senior Management of the Company. Although the Board Diversity Policy does not set a specific target on the composition of the Board and Senior Management in terms of gender, age or ethnicity, the Board shall endeavour to achieve greater diversity as and when the opportunity arises. The Board is currently well represented by individuals drawn from distinctly diverse professional backgrounds in the fields of manufacturing, engineering, finance, taxation, law and economics. Additionally, the Group provides an equal opportunity where all appointments and employments are based strictly on merits and are not driven by any racial, age or gender bias.

For the FYE 2022, the diversity in the race/ethnicity of the existing Directors is as follows:-

Diversity	Race/Ethnicity			Total	Gender		Total
	Malay	Chinese	Indian		Male	Female	
Number of Directors	0	6	0	6	5	1	6

The existing Directors' age distribution falling within the respective age group is as follows:

Age Group (Years)	41 - 50	51 - 60	61 - 70	Above 70	Total
Number of Directors	1	3	1	1	6

#### Nomination Committee

The NC comprises three (3) Non-Executive Directors as follows:-

Mr. Koh Song Heng	(Chairman, Independent Non-Executive Director)
Mr. Koh Chin Koon	(Member, Non-Independent Non-Executive Director)
Mr. Goh Kah Im	(Member, Independent Non-Executive Director)

The NC shall meet at least once a year or more frequently as deemed necessary.

The following activities were carried out during the financial year under review:-

- assessed the performance of the Board as the whole and Board Committees;
- assessed the performance of the individual Directors;
- considered and recommended to the Board the Directors who are due for retirement at the AGM and being eligible for re-election;
- considered and recommended the Independent Directors whose terms have exceeded a cumulative period of more than nine (9) years and to be retained as Independent Directors;
- assessed the independence of each of the Independent Directors; and
- reviewed the term of office and performance of the AC and each of its members.

The individual Director's performance evaluation involves a discussion about each Director's individual contribution, explores individual training and development needs, and the time commitment that is required to continue to deliver the role effectively.

Based on the evaluation conducted for the FYE 2022, the NC was satisfied with the performance of the individual members of the Board, the Board as a whole as well as the Board Committees.

The TOR of the NC is available for viewing under the "Corporate Governance" section of the Company's website at [www.skpres.com](http://www.skpres.com).

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### II. Board Composition (cont'd)

#### Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. The attendance record of the Directors at the Board meetings are set out in the table below:-

Name of Directors	Number of Board of Directors' Meetings Attended/Held	%
Dato' Gan Kim Huat	4/4	100
Mr. Gan Poh San	4/4	100
Mr. Koh Chin Koon	4/4	100
Mr. Koh Song Heng	4/4	100
Ms. Anita Chew Cheng Im	4/4	100
Mr. Goh Kah Im	4/4	100

The Directors are required to submit updates on their other directorships and shareholdings to the Company Secretary. Such information is used to monitor the number of directorships held by the Directors and to notify the Companies Commission of Malaysia, where applicable.

Under the Board Charter, the Board shall meet regularly and board meetings should be held at least four (4) times a year at approximately quarterly intervals, with additional meetings to be convened as and when necessary. The Board members shall use their best endeavours to attend the Board meetings and devote sufficient time to properly discharge their responsibilities at those meetings. Board members who are unable to attend the Board meetings shall accordingly advise the Chairman or the Company Secretary on the same.

By leveraging on technology, the Board meetings may conduct via electronic means and for expediency, circular resolutions of the Directors will be prepared for the Directors' execution in order to facilitate efficient implementation of the Board's decision. The Director who is unable to present physically at the meetings is encouraged to participate through electronic means of communication.

#### Continuing Education and Training of Directors

The Board acknowledges the fact that continuous education is vital for the Board members to gain insight into the state of the economy, manufacturing, technological advances in the core business, latest regulatory developments and management strategies and recognise the need to keep abreast with the fast-changing business and regulatory environment.

To identify the training needs, the Board, with the assistance of the NC will evaluate their own training needs on a continuous basis and determine the relevant programmes, seminars and briefings that will enhance their knowledge and enable them to discharge their duties effectively and sustain active participation in the Board deliberations.

The Company Secretary and external auditors have also regularly updated the Board on the latest relevant regulatory requirements and accounting standards to enable them to keep abreast with such developments and amendments.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### II. Board Composition (cont'd)

#### Continuing Education and Training of Directors (cont'd)

The details of the training attended by the Directors during the FYE 2022 are as below:-

Name of Directors	Trainings Programmes/Seminars/Forums Attended
Dato' Gan Kim Huat	• The Role of The Board in Talent Management and Succession Planning
Gan Poh San	• Role of Board in Strategy and Risk Management Oversight
Koh Chin Koon	• 2022 Budget Seminar
Koh Song Heng	• The Role of the Board in Talent Management and Succession Planning
Anita Chew Cheng Im	• AOB Conversations with the Audit Committees
Goh Kah Im	• Machine Learning in Accounts Payable Automation
	• Conduct of Directors and Common Breaches of Listing Requirements
	• Task Force on Climate-Related Financial Disclosures
	• Malaysian Code of Corporate Governance ("MCCG") Revision 2021 : Key Impact and How You Can Transform For The Better

#### Annual Assessment on Effectiveness of the Board, Board Committees and Individual Directors

In compliance with the MCCG, the Board has delegated to the NC to carry out an annual assessment on the effectiveness of the Board, Board Committees and each individual Director in respect of the financial year ended 31 March 2022:-

##### i. Directors' self and peer performance evaluation

The evaluation forms were circulated to each and every Director for completion. The Directors are required to assess their own performance, as well as the performance of their peer based on the questionnaire provided. The evaluation results were compiled by the Company Secretary and presented to the NC meeting for review.

The criteria for self-assessment cover areas such as contribution to matters discussed, roles and responsibilities and overall quality of input to Board effectiveness.

##### ii. Evaluation of the effectiveness of the Board and Board Committees

The evaluations on the Board and Board Committees were conducted by the NC through roundtable discussions to provide valuable insights. For Board and Board Committees assessments, the criteria include board structure and operations, their roles and responsibilities, succession planning and board governance.

Overall, the NC is satisfied with the performance of the individual Directors as well as the effectiveness of the Board and its Board Committees.

The Board, through the NC, carried out an annual assessment of the independence of the Independent Non-Executive Directors during the financial year review. The criteria used in assessing the independence of the Independent Non-Executive Directors are based on the definition in Paragraph 1.01 of the MMLR and whether the Independent Non-Executive Directors are able to provide objective and independent views on various issues dealt with at Board and Board Committee level.

The Independent Non-Executive Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinize the performance of Senior Management in meeting the approved goals and objectives, and monitor the risk profile of the Company's business.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### II. Board Composition (cont'd)

#### Annual Assessment on Effectiveness of the Board, Board Committees and Individual Directors (cont'd)

The NC has received assurance from all the Independent Non-Executive Directors vide their Letters of Declaration, confirming their independence and have undertaken to inform the Company immediately should there be any change which could interfere with the exercise of their independent judgement or ability to act in the best interest of the Company.

Based on the outcome of the abovementioned assessment conducted by the NC, the Board is satisfied with the level of independence demonstrated by the Independent Non-Executive Directors and their ability to act in the best interest of the Company. The Board has also concluded that there are no relationships or circumstances which could interfere with the judgement of the individual Independent Non-Executive Director.

### III. Remuneration Committee

The RC comprises two (2) Independent Non-Executive Directors as follows:-

Mr. Koh Song Heng	<i>(Chairman, Independent Non-Executive Director)</i>
Ms. Anita Chew Cheng Im	<i>(Member, Independent Non-Executive Director)</i>

The Board believes that competitive remuneration is important to attract, retain and motivate Directors of the necessary caliber, expertise and experience to lead the Group. The Executive Directors are to be appropriately rewarded giving due regard to the corporate and individual performance. The level of remuneration of Non-Executive Directors reflects their experience and the level of responsibility undertaken by them. The remuneration of Directors shall be the ultimate responsibility of the full Board after considering the recommendations of the RC.

The remuneration of the Executive Directors is performance-related which is compatible if not higher to the market rate in order to attract, motivate and retain them to run the Company. The Company also reimburses reasonable expenses incurred by Directors where required, in the course of carrying out their duties as Directors.

The RC shall meet at least once a year or more frequently as deemed necessary. The following activities were carried out during the financial year under review:-

- Reviewed the remuneration packages of the Executive Directors and recommended the same to the Board for consideration;
- Reviewed the annual performance bonus for the Group's Executive Directors and recommended the same to the Board for consideration; and
- Reviewed the Directors' Fees and recommended the same to the Board for consideration.

In compliance with the MCCG, the Board has established a Remuneration Policy which sets out the remuneration principles and guidelines for the Executive Directors and Non-Executive Directors of the Company.

The RC, when recommending the remuneration package of the Executive Directors and Senior Management, shall be guided by the main components and procedures provided in the Remuneration Policy.

It is the existing practice of the Company that all the Directors to abstain from deliberation and voting on fixing their own remuneration package or Directors' fee.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### III. Remuneration Committee (cont'd)

#### Remuneration of Directors

For the FYE 2022, the aggregate of remuneration received and receivable by the Executive Directors and Non-Executive Directors of the Company and the Group categorised into appropriate components are set out below:-

	Received from the Company					Total (RM)
	Fee (RM)	Allowances (RM)	Salary (RM)	Benefit- In-Kind (RM)	Other Emoluments (RM)	
<b>Executive Directors</b>						
Dato' Gan Kim Huat	55,000	-	-	-	-	55,000
Gan Poh San	50,000	-	-	-	-	50,000
<b>TOTAL</b>	<b>105,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105,000</b>

#### Non-Executive Directors

Koh Chin Koon	50,000	-	-	-	-	50,000
Koh Song Heng	50,000	-	-	-	-	50,000
Anita Chew Cheng Im	50,000	-	-	-	-	50,000
Goh Kah Im	50,000	-	-	-	-	50,000
<b>TOTAL</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,000</b>

	Received from the Group					Total (RM)
	Fee (RM)	Allowances (RM)	Salary (RM)	Benefit- In-Kind (RM)	Other Emoluments (RM)	
<b>Executive Directors</b>						
Dato' Gan Kim Huat	55,000	-	6,982,375	-	-	7,037,375
Gan Poh San	50,000	-	6,455,960	-	-	6,505,960
<b>TOTAL</b>	<b>105,000</b>	<b>-</b>	<b>13,438,335</b>	<b>-</b>	<b>-</b>	<b>13,543,335</b>

#### Non-Executive Directors

Koh Chin Koon	50,000	-	-	-	-	50,000
Koh Song Heng	50,000	-	-	-	-	50,000
Anita Chew Cheng Im	50,000	-	-	-	-	50,000
Goh Kah Im	50,000	-	-	-	-	50,000
<b>TOTAL</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>200,000</b>

Note: Salary includes EPF, SOCSO and EIS

The Directors have abstained from the deliberation and voting on the agenda item in relation to their individual remuneration.

For FYE 2022, the total Directors' fee payable to the Directors of the Company has been recommended to the shareholders for approval at the forthcoming AGM of the Company.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

### III. Remuneration Committee (cont'd)

#### Remuneration of Key Senior Management

In compliance with the MCCG, a band of remuneration for the Key Senior Management (excluding the Managing Director and Executive Director of the Company) for the FYE 2022 is set out below:-

Range of remuneration (RM)	Number of Key Senior Management
RM350,001 – RM400,000	1
<b>Total</b>	<b>1</b>

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. Audit Committee

The AC is chaired by Mr. Koh Song Heng, the Independent Non-Executive Director of the Company, who is not the Chairman of the Board. The AC comprises a majority of Independent Non-Executive Directors.

The membership, a summary of activities of the AC and Internal Audit Function in respect of FYE 2022 are stated in the **AC Report** of this Annual Report.

In compliance with the MCCG 2021, the TOR of the AC requires that a former audit partner is to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. The TOR of the AC has been updated accordingly and is available at the Company's website at [www.skpres.com](http://www.skpres.com).

None of the members of the AC was former audit partners and notwithstanding that in order to uphold the utmost independence, the Board has no intention to appoint any former audit partner as a member of the AC.

#### Assessment of External Auditors

During the financial year under review, the AC conducted an assessment of the suitability and independence of the External Auditors. In this assessment, the AC had considered inter alia, the following factors:-

For "**suitability**" assessment:-

- The external auditors have the adequate resources, skills, knowledge and experience to perform their duties with professional competence and due care in accordance with approved professional auditing standards and applicable regulatory and legal requirements;
- To the knowledge of the AC, the external auditors do not have any record of disciplinary actions taken against them for unprofessional conduct by the Malaysian Institute of Accountants ("**MIA**") which has not been reserved by the Disciplinary Board of MIA;
- The external auditors firm has the geographical coverage required to audit the Group;
- The external auditors firm advises the AC on significant issues and new developments pertaining to risk management, corporate governance, financial reporting standards and internal controls on a timely basis;
- The external auditors firm consistently meets the deadlines set by the Group;
- The level of quality control procedures in the external audit firm, including the audit review procedures; and
- The external auditors' scope is adequate to cover the key financial and operational risks of the Group.

For "**objectivity**" assessment:-

- The nature and extent of the non-audit services rendered and the appropriateness of the level of fees.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

### I. Audit Committee (cont'd)

For “*independence*” assessment:-

- The engagement partner has not served for a continuous period of more than seven (7) years with the Company;
- The AC receives written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
- Tenure of the current auditors.

The AC has obtained confirmation from the External Auditors, Ernst & Young PLT that they are independent in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

Moreover, the AC has also formalised a Non-Audit Services Policy governing the types of non-audit services permitted to be provided by the External Auditors. The said Policy provides for safeguards which may be considered, including having an engagement team different from the External Audit team to provide non-audit services.

Upon completion of its assessment, the AC was satisfied with the performance and independence of the External Auditors and recommended the re-appointment of the External Auditors for FYE 2023. The Board approved the recommendation of the AC for the shareholders' approval to be sought at the forthcoming AGM of the Company on the re-appointment of the External Auditors.

### II. Risk Management and Internal Control Framework

Risk management is an integral element in the Group's business management, strategic planning and operational goal setting. The task of risk management is to identify, manage and track major risks in the Company's business and business environment to enable the Company to achieve its strategic and financial goals in the best possible way. Identified risks are assessed and prioritised according to their likelihood and their potential impact on the Company's operations and financial performance.

During FYE 2022, both the risk management and internal control functions were assumed and overseen by the AC. The Senior Management and Heads of departments have delegated the responsibility to monitor and manage risks covering their respective areas of responsibility. During the management meetings, key risks and mitigating controls are assessed, reviewed and deliberated upon. Significant risks, if any, affecting the Group's strategic and business plan are then presented to the AC and onwards to the Board for deliberations.

In compliance with the MCCG, the Board has established a framework for risk management and internal control. Further details on the features of the risk management and internal control framework, and the adequacy and effectiveness of this framework have been disclosed in the Statement of Risk Management and Internal Control of this Annual Report.

#### Risk Management Committee

The Board has formed a RMC to oversee the Company's risk management framework and policies, which would subsequently take over the duties in relation to oversight of the risk management function. The composition of RMC comprises a majority of Independent Directors.

The memberships of the Risk Management Working Group and RMC are stated in the Statement on Risk Management and Internal Control of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

### II. Risk Management and Internal Control Framework (cont'd)

#### Internal Audit Function

The internal audit function is independent of the operations of the Group and provides reasonable assurance that the Group's system of internal control is satisfactory and operating effectively.

The internal audit function was performed by an external consultant during the financial year under review to identify and assess the principal risks and to review the adequacy and effectiveness of the internal controls of the Group. Areas for improvement were highlighted and the implementation of recommendations was monitored. None of the internal control weaknesses has resulted in any material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

Details of the Company's risk management and internal control system and framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

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

### I. Communication with Stakeholders

The Board recognises the value of transparent, consistent and coherent communications with the investing community consistent with commercial confidentiality and regulatory considerations. Accordingly, the Board has formalised the Corporate Disclosure Policy and Procedures aimed to assist the Board and relevant personnel within the Company in proper disclosure practices which is comprehensive, accurate and made on a timely basis without any bias and selective disclosure.

The Company aims to build long-term relationships with shareholders and potential investors through appropriate channels for disclosure of information. The Group has established a comprehensive website at [www.skpres.com](http://www.skpres.com) which includes a dedicated section on Investor Relations, to further enhance shareholder communication.

Investors are provided with sufficient business, operations and financial information on the Group through the website to enable them to make informed investment decisions.

The Company's website provides all relevant information on the Company and is accessible to the public. This Investor Relations section enhances the Investor Relations function by including all announcements made by the Company, annual reports as well as the corporate and governance structure of the Company.

### II. Conduct of General Meetings

The Company provides information to the shareholders with regard to, amongst others, details of the AGM, their entitlement to attend the AGM, the right to appoint a proxy and also the qualifications of a proxy.

All shareholders are encouraged to attend the Company's AGM and participate in the proceedings. Opportunities will be given to the shareholders to ask questions and seek clarification on the business and performance of the Group. The Board members, Senior Management and the External Auditors are present at the Company's AGM to respond to shareholders' queries.

Apart from contacts at General Meetings, the Directors and/or Senior Management have the option of calling for meetings with investors/analysts if they deem necessary.

The Notice of the Twenty-First AGM ("21st AGM") held on 29 September 2021 was issued more than 28 days prior to the AGM. This is to ensure that shareholders are given sufficient time to read and consider the resolutions to be resolved.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

### II. Conduct of General Meetings (cont'd)

All the Directors were present at the 21st AGM of the Company held in 2021 to engage with the shareholders personally and proactively.

The proceedings of the AGM included the presentation of financial statements to the shareholders, and a question-and-answer session in which the Chairman of the AGM would invite shareholders to raise questions on the Company's financial statements and other items for adoption at the AGM, before putting a resolution to vote.

The Chairman of the AGM ensures that sufficient opportunities are given to shareholders to raise issues relating to the affairs of the Company and that adequate responses are given.

The Chairmen of the Board Committees are also readily available to address the questions posted by the shareholders at the general meetings.

In addition to the above, members of the Senior Management and External Auditors of the Company have also attended and will continue to attend the AGM to respond to the shareholders' queries.

In line with the MMLR on the requirement for poll voting for any resolution set out in the notice of general meetings, at the 21st AGM held last year, all the resolutions tabled at the 21st AGM were all voted by poll.

In light of the Covid-19 pandemic, the Company will continue to conduct virtual general meetings through live streaming and using Remote Participation and Voting Facilities to enhance the quality of engagement with its shareholders and facilitate further participation by shareholders at the forthcoming AGM in accordance with the Company's Constitution. The shareholders who attend the AGM via Remote Participation could also submit their questions during the Meetings for the Boards to respond.

The summary of key matters discussed at the 21st AGM held on 29 September 2021 was published on the Company's corporate website at [www.skpres.com](http://www.skpres.com).

## KEY FOCUS AREAS AND FUTURE PRIORITIES

Looking ahead to the financial year ending 2023, the Board and its respective Board Committees will:-

- Focus on major strategic issues to ensure sustainability and growth;
- Understand how management is ensuring that stakeholder considerations and Environmental, Social, and Governance (ESG) matters are integrated into strategic and business decisions, as well as Enterprise Risk Management;
- Continue to monitor succession planning for the senior leadership team, to ensure a healthy pipeline of talent is emerging for future senior executive management;
- Consider other variety of approaches and independent sources to identify a suitable candidate for appointment of Directors, should the need arise;
- Continue to review the balance, experience & skills of the Board; and
- Understand through discussions with Management how the current market for talent is affecting the Group, including the impact of return-to-work policies, and how Management is addressing any human capital issues and labour shortages, including plans to invest in employees training, wages, and benefits.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors dated 25 July 2022.

## STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

This statement is prepared as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are required to prepare annual financial statements which are in accordance with applicable approved accounting standards; to give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year; and of their results and their cash flows for that year then ended.

The Directors consider that in preparing the financial statements of the Group and the Company for the financial year ended 31 March 2022,

- the Group and the Company have adopted appropriate accounting policies and applied them consistently;
- the statements are supported by reasonable and prudent judgements and estimates;
- all applicable approved accounting standards in Malaysia, including but not limited to Malaysian Financial Reporting Standards and International Financial Reporting Standards have been followed; and
- prepared the financial statements on a going concern basis.

The Directors are also responsible for ensuring that the Group and the Company keep proper accounting records that disclose the financial position of the Group and of the Company with reasonable accuracy at any time, thus enabling the financial statements to have complied with the requirements of the Companies Act 2016 and have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for taking the necessary steps as are reasonably open to them to ensure appropriate systems are in place to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities. The systems, by their nature, can only provide reasonable and not absolute assurance against material misstatements, whether due to fraud or error.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“the Board”) of SKP Resources Bhd is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 March 2022, which has been prepared in accordance with the “Statement on Risk Management & Internal Control – Guideline for Directors of Public Listed Issuers” (“SORMIC”) issued by Bursa Malaysia Securities Berhad and taking into consideration the Malaysian Code of Corporate Governance 2021 (“MCCG 2021”). The statement below outlines the nature and scope of internal controls of the Group during the financial year under review.

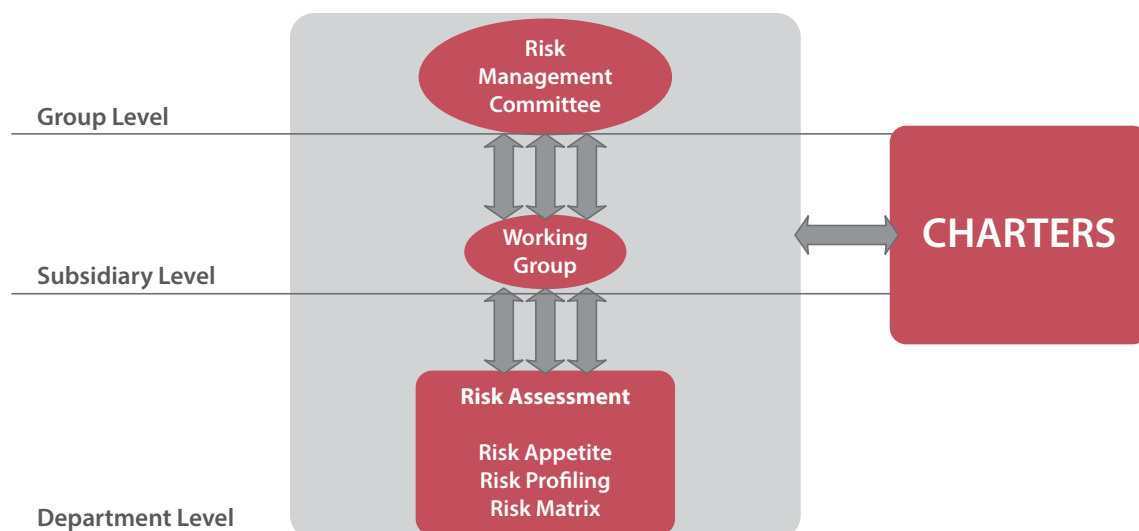
For the purposes of this statement, associate is not dealt with as part of the Group, and therefore not covered by this statement.

## THE BOARD’S RESPONSIBILITY

The Board acknowledges its responsibility and re-affirms its commitment in maintaining a sound system of internal control and effective risk management practices to safeguard shareholders’ investments and the Group’s assets as well as reviewing the adequacy and integrity of the system of internal controls.

In addition, the Board welcomed the development of a risk management framework in order to improve the corporate governance. The risk framework that the Board adopted will involve the integration of policies and procedures, charters and people in driving the risk framework, as depicted below:

### RISK MANAGEMENT FRAMEWORK



Following the establishment of the Risk Management Committee (“RMC”) on the 22 February 2018, a Working Group at all respective subsidiaries level had been established. The Working Group conducted two rounds of meeting to fine tune the risk assessment. Thereafter, selected personnel will be entrusted to conduct an overall review of the risk assessment of the Group.

Together with the RMC and Audit Committee, both Committees will deliberate on the Risk assessment and the proposed annual audit plan. The proposed audit plan will be on risk-based approach. Audit will be conducted based on the priority of the risk.

Periodically the Working Group will review the risk and update the risk assessment result. This risk assessment results will then be tabled to the RMC for update and consideration. The audit plan may also be revised based on the result of the risk assessment.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

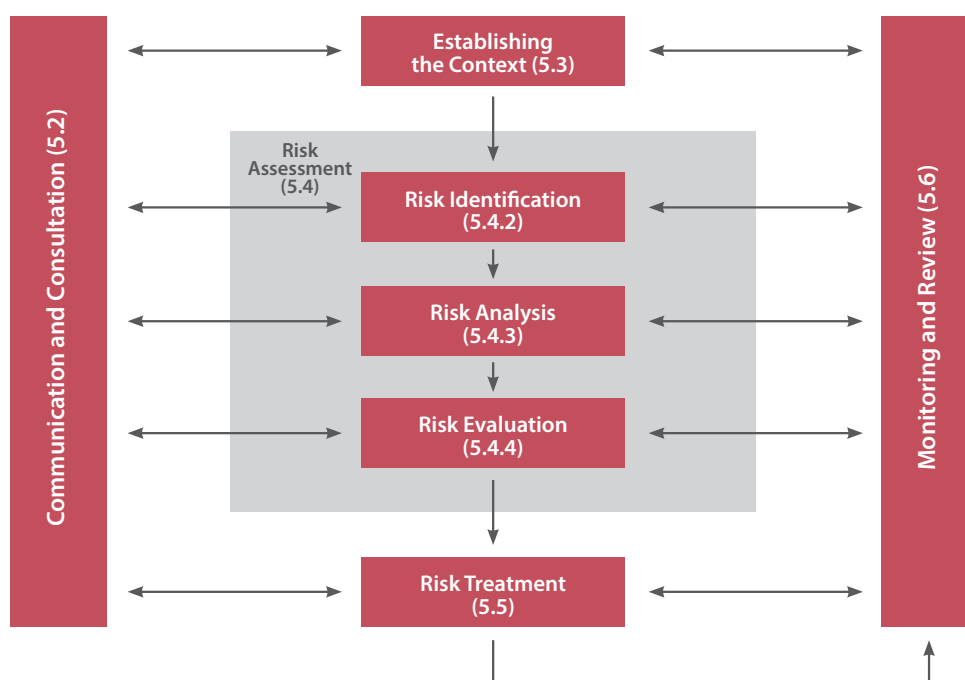
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## THE BOARD'S RESPONSIBILITY (cont'd)

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group that has been put in place for the year and up to the date of approval of this statement for inclusion in the annual report. The process is being regularly reviewed by the Board through its RMC.

## RISK MANAGEMENT

The RMC shall assist the Board in evaluating the adequacy of the Group's risk management. On 22 February 2018, the RMC has adopted its terms of reference (i.e. the Risk Management Charter). The RMC has also appointed MAC & ASSOCIATES PLT, a professional consulting firm to assist the Group in the implementation of the risk management framework. In the subsequent RMC meeting, the RMC has accepted the formation of the Risk Management Working Group ("RMWG") at all levels of the subsidiaries. In addition, the RMC has accepted and adopted the risk assessment framework to be used by the risk owners to identify and manage the risk, and determined the Board's risk appetite.



ISO 31000: Risk Management process

Process for Managing Risk

## INTERNAL CONTROL

The Group has established the internal control procedures with clear lines of accountability and delegated authority to identify, evaluate and manage significant risks. The Group has an ongoing process for identifying, evaluating and managing key risks in the context of its business objectives. These processes are embedded within the Group's management systems. Members of Senior Management and Heads of Departments are delegated with the responsibility to monitor and manage risks based on their respective areas of responsibilities. During the monthly management meetings, key risks and mitigating controls are assessed, reviewed and deliberated. Significant risks, if any, affecting the Group's strategic and business plan are then presented to the Audit Committee and onwards to the Board at their scheduled meetings. The Board shall continue to evaluate the Group's risk management process to ensure it remains relevant to the Group's requirements. However, as there are inherent limitations in any system of internal controls, such systems put into effect by management can only reduce but cannot eliminate all risks that may impede the achievement of the Group's business objectives. Therefore, the internal control system can only provide reasonable but not absolute assurance against material misstatement or loss.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## MONITORING MECHANISM AND MANAGEMENT STYLE

The Board entrusts the daily running of the business to the Executive Chairman cum Managing Director and his management team. The Executive Chairman cum Managing Director and his management team received timely and regular information pertaining to performance and profitability of the Group and the subsidiaries through quarterly reports, which include quantitative and qualitative trends, as well as analysis through a computerised system. The Executive Chairman cum Managing Director plays a pivotal role in communicating the Board's expectations of the system of internal control to management. This is achieved through his active participation in the operations of the business as well as attendance at various scheduled management committee meetings. The management committee which comprises Heads of Departments meets regularly to discuss production, operational, sales and human resource issues. The Executive Chairman cum Managing Director monitors the progress of these issues through regular interaction with management and the review of the management meeting minutes.

In addition to the internal reporting system, as a contract manufacturer, the Group also constantly has close and regular reporting with their vendors. The vendors provide unbiased and constant feeding of the business performance of respective business unit. Management welcome this feedback from the vendors. This information enables the Group to actively improve operation effectiveness and efficiency.

## INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to MAC & ASSOCIATES PLT, a professional consulting firm which provides reasonable independent assurance on the effectiveness of the Group's system of internal control. The internal audit function reports directly to the Audit Committee to provide feedback regarding the adequacy and integrity of the Group's system of internal control. The internal audit function conducts risk-based audit reviews based on the annual audit plan approved by the Audit Committee.

During the financial year, the cost incurred for the internal audit function amounted to approximately RM48,500.

## OTHER KEY ELEMENTS OF THE GROUP'S SYSTEM OF INTERNAL CONTROL

The other key elements of the Group's system of internal control are described below:

- Establishment of an environment in respect of the overall attitude, awareness and actions of directors, managers as well as employees regarding the internal control system and its importance to the entity.
- Specific responsibilities have been delegated to the relevant Board Committees, all of which have written terms of reference. These committees have the authority to examine all matters within their scope of responsibility and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters however lies with the Board.
- Monitoring of performance including discussion of any significant issues at quarterly management meetings which are attended by heads of subsidiaries under the Group.
- Financial and operational reporting by subsidiaries are discussed at the Group management meetings on a monthly basis.
- The Audit Committee, on behalf of the Board, is responsible for the review of the effectiveness and adequacy of the Group's system of internal control with the Internal Auditors and External Auditors.
- Review of all proposals for material capital expenditure and investment acquisitions.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

## CONCLUSION

The Board has received assurance from the Executive Chairman cum Managing Director and Group Financial Controller that the Group's overall risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control systems of the Group. The Board is satisfied that for the financial year ended 31 March 2022, there were no material losses, contingencies or uncertainties as a result of weakness in the system of internal control. The risks are considered to be kept at an acceptable level within the context of the Group's business environment. The Board and management continue to take proactive measures to strengthen the control environment and internal control system of the Group. This statement is made in accordance with a resolution of the Board of Directors on 25 July 2022.

## REVIEW OF THE STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The external auditors have reviewed the Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the financial year ended 31 March 2022 and reported to the Board that nothing has come to their attention that causes them to believe that the Statement intended to be included in the annual report of the Group, in all material aspects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the SORMIC or is factually inaccurate. The external auditors' report was made solely for, and directed solely to the Board of Directors in connection with their compliance in the listing requirements of Bursa Malaysia Securities Berhad and for no other purpose or parties. As stated in their report, the external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon.

## AUDIT COMMITTEE REPORT

The Audit Committee (“**AC**” or “**the Committee**”) is pleased to present the AC Report to provide insight on the discharge of the AC’s functions and duties during the financial year ended 31 March 2022 (“**FYE 2022**”).

### COMPOSITION OF THE AC

The current composition of the AC is as follows:-

Mr. Koh Song Heng	(Chairman, Independent Non-Executive Director)
Mr. Koh Chin Koon	(Member, Non-Independent Non-Executive Director)
Mr. Goh Kah Im	(Member, Independent Non-Executive Director)

The composition of the AC is in compliance with Paragraph 15.09 of the Main Market Listing Requirement (“**MMLR**”) of the Bursa Malaysia Securities Berhad (“**Bursa Securities**”), where the AC comprises three (3) members, which consist of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

Both Mr. Koh Chin Koon and Mr. Goh Kah Im are members of the Malaysian Institute of Accountants that fulfills the requirements under Paragraph 15.09(1)(c)(i) of the MMLR of Bursa Securities.

### MEETINGS AND ATTENDANCES

During the FYE 2022, the AC held a total of four (4) meetings. The details of attendance of the Committee members are as follows:-

AC Members	Number of AC Meetings Attended	%
Mr. Koh Song Heng	4/4	100
Mr. Koh Chin Koon	4/4	100
Mr. Goh Kah Im	4/4	100

The lead audit engagement partner and engagement team member of the External Auditors of the Company attended three (3) AC meetings held during the financial year. The External Auditors were encouraged to raise to the AC any matters that require the AC’s attention. During the FYE 2022, there were two (2) private sessions held between the AC and the External Auditors without the presence of the Executive Directors and Management personnel.

The Chairman of the AC also sought information on the communication flow between the External Auditors and the Management which is necessary to allow unrestricted access to information for the external auditors to effectively perform their duties.

All deliberations during the AC Meetings were duly recorded in the minutes of meetings. Minutes of the AC Meetings were tabled for confirmation at every succeeding AC Meeting.

### TERMS OF REFERENCE (“**TOR**”)

A copy of the TOR of the AC is available for viewing under the “Corporate Governance” section of the Company’s website at [www.skpres.com](http://www.skpres.com).

# AUDIT COMMITTEE REPORT

cont'd

## SUMMARY OF WORKS UNDERTAKEN BY THE AC

The AC had established a policy on the provision of non-audit services to be provided by External Auditors and had carried out the following works during the FYE 2022 in discharging its functions and duties in accordance with its TOR:-

1. reviewed the quarterly reports of the Group to ensure adherence to legal and regulatory reporting requirements;
2. reviewed the audited annual financial statements of the Company and the Group before recommending for the Board's approval;
3. reviewed the results of the audit of the annual financial statements of the Company and the Group by the External Auditors which includes:-
  - changes in accounting policies and practices;
  - significant adjustments arising from the audit;
  - going concern assumption;
  - compliance with accounting standards and other legal requirements;
  - significant matters highlighted in the financial statements;
  - significant judgements made by the Management; and
  - significant and unusual events or transactions, if any.
4. reviewed and approved the draft AC Report and Statement on Risk Management and Internal Control to be incorporated in the Annual Report;
5. reviewed the following in respect of internal audit:-
  - a) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work; and
  - b) the internal audit program, processes, the results of the internal audit program, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
6. reviewed the internal audit reports, audit recommendations made and management response to those recommendations and reviewed the follow-up audits to ensure that appropriate actions were taken and recommendations of the Internal Auditors were implemented;
7. reviewed and approved the External Auditors' scope of work, fees, and audit plan for the financial year and made recommendation to the Board for approval on their remuneration;
8. reviewed and discussed the External Auditors' audit report, covering the key audit matters ("KAM") raised and areas for concern highlighted in the Management letter, including Management's response to the concerns raised by the External Auditors, and evaluation of the system of internal controls;
9. Discussed significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements;
10. met with the External Auditors, in the absence of the Executive Directors and Management, to discuss problems and reservations arising from their final audit;
11. reviewed and assessed the performance, suitability and independence of the External Auditors for FYE 2022 and recommended for their re-appointment as Auditors of the Company until the conclusion of the next Annual General Meeting;
12. reviewed the audit and non-audit fees payable to the External Auditors for FYE 2022 to ensure the level of non-audit services rendered by the External Auditors would not impair their independence;

# AUDIT COMMITTEE REPORT

cont'd

## SUMMARY OF WORKS UNDERTAKEN BY THE AC (cont'd)

13. reviewed the Group's trade debtors listing on a quarterly basis and updates in relation thereto; and
14. reviewed any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises a question of management integrity.

## INTERNAL AUDIT FUNCTION

The Group's internal audit function was outsourced to MAC & Associates PLT. The key role of the Internal Auditors is to provide the AC with independent and systematic assessments and reviews on the systems of internal control of the Group. The Internal Audit function provides independent and objective feedback to the AC and the Board on the adequacy, effectiveness and efficiency of the internal control system within the Group.

During the financial year, the summary of works undertaken by the Internal Auditors were as follows:-

- understand and evaluate business processes and related business controls from a risk perspective;
- reviewed compliance with policies, standards of procedure and relevant external rules and regulations;
- assessed the adequacy and effectiveness of the Group's system of internal control and recommended appropriate actions to be taken where necessary;
- presentation of the internal audit findings and the corrective actions to be taken by Management; and
- ensured that those weaknesses were appropriately addressed within the stipulated timeframe.

At the AC meeting held on 3 June 2021, MAC & Associates PLT presented the Internal Audit Plan for years 2022 to 2023 and the AC has agreed to the proposed audited areas as tabled.

Subsequently at the AC meeting held on 27 May 2022, MAC & Associates PLT presented the Internal Audit Plan for years 2022 to 2024 and the AC has agreed to the proposed audited areas as tabled.

The AC during the financial year reviewed the internal audit report in relation to the following audits:-

Audit Activities	Audit entity/area
Incoming (Receiving) and Outgoing (Issuing) Function of Stock and Physical Stock Take Process	SKP BM Electronics Sdn. Bhd.
Handling of Scraps, Replacement and Reject Function	SKP BM Electronics Sdn. Bhd.
Purchasing Function	SKP BM Electronics Sdn. Bhd.
Incoming (Receiving) and Outgoing (Issuing) Function of Stock and Physical Stock Take	Syarikat Sin Kwang Plastic Industries Sdn. Bhd (Batu Pahat Branch)

Effective 1 June 2020, Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("**MACC Act**") was amended to include the corporate liability of Malaysian commercial organisations ("**CO**") for corruption offences under the new provision.

During the FYE 2022, the Company, defined as a CO under the Guidelines on Adequate Procedures ("**GAP**") issued by the Prime Minister's Office in December 2018 (which set out adequate procedures a CO would need to put in place as a defence to a corporate liability charge under the MACC Act), has established the Integrity Policy and the supporting programmes.

During their review, there was no material internal control failure that was reported that would have resulted in any significant loss to the Group, the total fees incurred for internal audit function incurred for the FYE 2022 was RM48,500 (FYE 2021: RM41,250).

# FINANCIAL STATEMENTS

<b>53</b>	Directors' Report
<b>57</b>	Statement By Directors
<b>57</b>	Statutory Declaration
<b>58</b>	Independent Auditors' Report
<b>62</b>	Statements Of Comprehensive Income
<b>63</b>	Statements Of Financial Position
<b>65</b>	Consolidated Statement Of Changes In Equity
<b>67</b>	Company Statement Of Changes In Equity
<b>68</b>	Statements Of Cash Flows
<b>70</b>	Notes To The Financial Statements

## DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2022.

### PRINCIPAL ACTIVITIES

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

The principal activities and other information relating to the subsidiaries are described in Note 19 to the financial statements.

### RESULTS

	Group RM'000	Company RM'000
Profit net of tax	173,396	59,102
Profit attributable to:		
Equity holders of the Company	173,396	59,102

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

In the opinion of the directors, 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.

### DIVIDEND

The amount of dividend paid by the Company since 31 March 2021 was as follows:

	RM'000
In respect of the financial year ended 31 March 2021:	
Final single-tier dividend of 4.27 sen, on 1,562,360,337 ordinary shares (which excluded 375,000 treasury shares), approved on 25 August 2021 and paid on 29 October 2021	66,713

On 25 July 2022, the directors have approved a final single-tier dividend in respect of the financial year ended 31 March 2022 amounting to a dividend payable of approximately RM86,711,000 (5.55 sen per ordinary share for 1,562,360,337 shares which excluded 375,000 treasury shares), payable on 28 October 2022. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2023.

# DIRECTORS' REPORT

cont'd

## DIRECTORS

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

Dato' Gan Kim Huat \*  
 Gan Poh San \*  
 Koh Chin Koon  
 Koh Song Heng  
 Goh Kah Im  
 Anita Chew Cheng Im

\* These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Gan Poh Chuan  
 Chua Huai Eng  
 Kau Wai Faun  
 Gan Chia Siang  
 Lou Swee Chen

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 37 to the financial statements.

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Salaries and other emoluments	6,110	-
Fees	305	305
Bonus	5,184	-
Defined contribution plan	2,144	-
	13,743	305

There was no insurance effected to indemnify any directors and officers of the Company for the financial year ended 31 March 2022.

# DIRECTORS' REPORT

cont'd

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	1.4.2021	Number of ordinary shares		31.3.2022
		Bonus Issue	Acquired	
Dato' Gan Kim Huat				
- Direct interest	55,885,318	13,971,329	1,000,000	70,856,647
- Indirect interests	444,408,828	111,102,206	2,124,915 *	557,635,949 <sup>@</sup>
Gan Poh San				
- Direct interest	62,494,400	15,623,600	-	78,118,000
- Indirect interests	204,455,580	51,113,894	-	255,569,474 <sup>#</sup>
	1.4.2021	Number of warrants 2021/2026		31.3.2022
		Bonus Issue	Acquired	
Dato' Gan Kim Huat				
- Direct interest	-	11,177,063	-	11,177,063
- Indirect interests	-	88,881,764	339,986*	89,221,750 <sup>@</sup>
Gan Poh San				
- Direct interest	-	12,498,880	-	12,498,880
- Indirect interests	-	40,891,115	-	40,891,115 <sup>#</sup>

<sup>@</sup> Indirect interests held through Renown Million Sdn. Bhd., Beyond Imagination Sdn. Bhd., Graceful Assessment Sdn. Bhd., Zenith Highlight Sdn. Bhd. and shareholdings held by his spouse and children.

<sup>#</sup> Indirect interests held through Beyond Imagination Sdn. Bhd. and Zenith Highlight Sdn. Bhd.

<sup>\*</sup> Deemed interested in shares of the Company by including shares held by spouse.

Dato' Gan Kim Huat and Gan Poh San, by virtue of their interests in shares in the Company, are also deemed interested in the shares of all the Company's subsidiaries to the extent the Company has an interest.

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

## OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

# DIRECTORS' REPORT

cont'd

## OTHER STATUTORY INFORMATION (cont'd)

- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances 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.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 11 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 March 2022.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 July 2022.

Dato' Gan Kim Huat

Gan Poh San

## STATEMENT BY DIRECTORS

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

We, Dato' Gan Kim Huat and Gan Poh San, being two of the directors of SKP Resources Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 62 to 124 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 March 2022 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 25 July 2022.

**Dato' Gan Kim Huat**

**Gan Poh San**

## STATUTORY DECLARATION

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

I, Gan Poh San, being the director primarily responsible for the financial management of SKP Resources Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 62 to 124 are in my opinion 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 Gan Poh San )  
on 25 July 2022 )  
at Batu Pahat, Johor. )

**Gan Poh San**

Before me,

**CHIANG EE CHIN**  
Commissioner for Oaths  
(No.: J247)

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SKP RESOURCES BHD (INCORPORATED IN MALAYSIA)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *Opinion*

We have audited the financial statements of SKP Resources Bhd, which comprise the statements of financial position as at 31 March 2022 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 124.

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 March 2022, and of their financial performance and their cash flows for the 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 audit opinion.

### *Independence and other ethical responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International 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 year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

### Revenue recognition

(We would like to draw your attention to Note 3.19(a) and Note 7 to the financial statements.)

During the year, the sale of goods recorded by the Group amounted to RM2.27 billion representing 98% of the Group's revenue. We have identified sale of goods to be a key audit matter as we consider the voluminous sales transactions during the year to be the possible cause for higher risk of material misstatements.

Our audit procedures included, amongst others, the following procedures:

- (a) we obtained an understanding on the Group's internal controls over the point when the Group recognises the revenue upon the transfer of the promised goods to customers and the transaction price recorded as revenue;

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SKP RESOURCES BHD (INCORPORATED IN MALAYSIA)

cont'd

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS cont'd

### Key audit matters cont'd

#### Revenue recognition cont'd

- (b) we performed correlation analysis between revenue, trade receivables and cash and bank balances using data analytics;
- (c) on a sampling basis, we:
  - i) inspected the terms of significant sales transactions to determine the point of transfer of control and assessed whether revenue was recognised in accordance with the terms stated in the respective sales invoices;
  - ii) traced from the sales records to the supporting acknowledged delivery orders or bills of lading which evidenced the sales of goods to customers; and
  - iii) traced from the sales records several days preceding and post year end to the supporting acknowledged delivery orders, bills of lading or other supporting shipping documents and we reviewed the debit and credit notes issued subsequent to year end to assess whether the transactions were recorded within the correct financial year.

#### Review of costing of inventories

(We would like to draw your attention to the summary of significant accounting policies in Note 3.12, significant accounting judgement and estimate in Note 6.2(d) and Note 23 to the financial statements.)

As at 31 March 2022, the Group's inventories amounted to RM254.7 million, representing 20% of the Group's total assets.

Inventories are carried at the lower of cost and net realisable value. Included in the inventories are raw materials, work-in-progress and finished goods. Work-in-progress and finished goods comprise cost of raw materials, labour and manufacturing overheads. The Group applies cost of raw materials and predetermined labour and overhead expenses to derive at the costs of work-in-progress and finished goods which involved significant management estimates.

Given the significance of the account balances and the significant management estimates involved in deriving at the cost of inventories, we have identified the valuation of inventories to be an area of audit focus.

Our audit procedures included, amongst others, the following procedures:

- (a) we obtained an understanding of the Group's inventories valuation policy, production processes and the types of costs included in the valuation of inventories;
- (b) we assessed whether the inventories costing method used in deriving the cost of work-in-progress and finished goods is consistent with the Group's policy;
- (c) we reviewed management's working on apportionment of production overhead to assess whether the apportionment basis is applied consistently across the Group; and
- (d) agreed, on sampling basis, the cost of raw materials to suppliers' invoices.

#### 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 Director's Report and other 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.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SKP RESOURCES BHD (INCORPORATED IN MALAYSIA)  
cont'd

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS cont'd

### *Information other than the financial statements and auditors' report thereon cont'd*

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

### *Responsibilities of the directors for the financial statements*

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

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

### *Auditors' responsibilities for the audit of the financial statements*

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

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

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

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SKP RESOURCES BHD (INCORPORATED IN MALAYSIA)

cont'd

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS cont'd

### *Auditors' responsibilities for the audit of the financial statements cont'd*

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## OTHER MATTERS

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

**Ernst & Young PLT**  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Melaka, Malaysia  
25 July 2022

**Lee Ming Li**  
02983/03/2024J  
Chartered Accountant

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Revenue</b>	7	2,321,428	2,251,182	59,800	40,300
Cost of sales		(1,996,602)	(1,984,089)	-	-
<b>Gross profit</b>		324,826	267,093	59,800	40,300
<b>Other items of income</b>					
Interest income	8	2,107	2,985	133	331
Other income	9	21,051	12,426	-	-
<b>Other items of expense</b>					
Administrative expenses		(117,256)	(103,834)	(810)	(687)
Selling and marketing expenses		(8,168)	(7,080)	-	-
Finance costs	10	(177)	(268)	-	-
<b>Profit before tax</b>	11	222,383	171,322	59,123	39,944
Income tax expense	14	(48,987)	(38,079)	(21)	(15)
<b>Profit net of tax, representing total comprehensive income for the year</b>		173,396	133,243	59,102	39,929
<b>Profit attributable to:</b>					
Owners of the Company		173,396	133,243	59,102	39,929
<b>Earnings per share attributable to equity holders of the Company (sen per share)</b>					
- Basic	15	11.10	8.53		
- Diluted	15	11.10	8.53		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2022

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	16	289,963	267,265	8	18
Investment properties	17	2,885	3,871	-	-
Right-of-use assets	18	69,891	31,756	-	-
Investment in subsidiaries	19	-	-	307,914	294,914
Investment in an associate	20	-	-	-	-
Other investments	21	139	139	-	-
Other non-current asset	22	74	74	-	-
Deferred tax assets	32	-	892	-	-
		362,952	303,997	307,922	294,932
<b>Current assets</b>					
Inventories	23	254,658	221,498	-	-
Trade and other receivables	24	533,189	338,250	1,446	14,426
Tax recoverable		-	-	2	13
Contract assets	25	10,176	1,773	-	-
Prepayments	26	18,351	10,414	-	-
Other investments	21	21,566	116,221	-	3,753
Cash and bank balances	27	51,260	56,613	6,938	11,025
		889,200	744,769	8,386	29,217
<b>Total assets</b>		1,252,152	1,048,766	316,308	324,149
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	28	375,745	288,897	63	293
Contract liabilities	29	4,528	6,342	-	-
Lease liabilities	30	4,294	2,038	-	-
Provisions	31	30,661	23,710	-	-
Tax payable		1,439	3,806	-	-
		416,667	324,793	63	293
<b>Net current assets</b>		472,533	419,976	8,323	28,924

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2022

cont'd

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
<b>Non-current liabilities</b>					
Deferred tax liabilities	32	17,527	13,973	-	-
Lease liabilities	30	3,444	2,169	-	-
		20,971	16,142	-	-
<b>Total liabilities</b>		437,638	340,935	63	293
<b>Net assets</b>		814,514	707,831	316,245	323,856
<b>Equity attributable to equity holders of the company</b>					
Share capital	33	296,126	296,126	296,126	296,126
Treasury shares	33	(208)	(208)	(208)	(208)
Merger deficit	34	(95,002)	(95,002)	-	-
Retained earnings	35	614,986	508,303	20,327	27,938
Other reserves		(1,388)	(1,388)	-	-
<b>Shareholders' equity</b>		814,514	707,831	316,245	323,856
<b>Total equity and liabilities</b>		1,252,152	1,048,766	316,308	324,149

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Attributable to owners of the Company		Non-distributable				Distributable	
	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Treasury shares RM'000	Merger deficit RM'000	Other reserves RM'000	Retained earnings RM'000	
<b>2022</b>								
<b>Opening balance at 1 April 2021</b>	707,831	707,831	296,126	(208)	(95,002)	(1,388)	508,303	
Profit for the year, net of tax	173,396	173,396	-	-	-	-	173,396	
<b>Transaction with owners</b>								
Dividend on ordinary shares (Note 36)	(66,713)	(66,713)	-	-	-	-	(66,713)	
	814,514	814,514	296,126	(208)	(95,002)	(1,388)	614,986	
<b>Closing balance at 31 March 2022</b>	814,514	814,514	296,126	(208)	(95,002)	(1,388)	614,986	

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

	Attributable to owners of the Company		Non-distributable			Distributable	
	Equity, total RM'000	Equity attributable to owners of the Company, total RM'000	Share capital RM'000	Treasury shares RM'000	Merger deficit RM'000	Other reserves RM'000	Retained earnings RM'000
<b>2021</b>							
<b>Opening balance at 1 April 2020</b>	611,210	611,210	296,126	(208)	(95,002)	(1,388)	411,682
Profit for the year, net of tax	133,243	133,243	-	-	-	-	133,243
<b>Transaction with owners</b>							
Dividend on ordinary shares (Note 36)	(36,622)	(36,622)	-	-	-	-	(36,622)
	707,831	707,831	296,126	(208)	(95,002)	(1,388)	508,303
<b>Closing balance at 31 March 2021</b>	707,831	707,831	296,126	(208)	(95,002)	(1,388)	508,303

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Equity, total RM'000	Non-distributable Share capital RM'000	Distributable Treasury shares RM'000	Distributable Retained earnings RM'000
<b>2022</b>				
<b>Opening balance as at 1 April 2021</b>	323,856	296,126	(208)	27,938
Profit for the year, net of tax	59,102	-	-	59,102
<b>Transaction with owners</b>				
Dividend on ordinary shares (Note 36)	(66,713)	-	-	(66,713)
<b>Closing balance at 31 March 2022</b>	316,245	296,126	(208)	20,327
<b>2021</b>				
<b>Opening balance at 1 April 2020</b>	320,549	296,126	(208)	24,631
Profit for the year, net of tax	39,929	-	-	39,929
<b>Transaction with owners</b>				
Dividend on ordinary shares (Note 36)	(36,622)	-	-	(36,622)
<b>Closing balance at 31 March 2021</b>	323,856	296,126	(208)	27,938

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Operating activities</b>				
Profit before tax	222,383	171,322	59,123	39,944
Adjustments for:				
Depreciation of:				
- right-of-use assets	4,110	2,614	-	-
- property, plant and equipment	35,078	32,638	10	10
- investment properties	58	56	-	-
Impairment loss on trade and other receivables	-	897	-	-
Reversal of impairment loss on trade receivables	(227)	-	-	-
Reversal of impairment loss on investment properties	-	(265)	-	-
Gain on disposals of:				
- property, plant and equipment	(1,295)	(474)	-	-
- investment properties	(5,072)	-	-	-
Gain on derecognition of right-of-use assets	(15)	(18)	-	-
Gain on lease modification of right-of-use assets	(111)	-	-	-
Property, plant and equipment written off	171	635	-	-
Bad debt written off	-	3	-	-
Inventories written down	223	469	-	-
Provision of slow moving and obsolete inventories	4,140	9,447	-	-
Gain on unrealised foreign exchange	(680)	(1,248)	-	-
Dividend income	-	-	(59,800)	(40,300)
Interest expense	177	268	-	-
Interest income	(2,107)	(2,985)	(133)	(331)
<b>Operating profit/(loss) before working capital changes</b>	<b>256,833</b>	<b>213,359</b>	<b>(800)</b>	<b>(677)</b>
<b>Changes in working capital</b>				
Increase in inventories	(37,523)	(67,276)	-	-
(Increase)/decrease in receivables	(195,920)	16,156	-	-
Increase in prepayments	(7,937)	(1,752)	-	-
Increase in contract assets	(8,403)	(1,773)	-	-
(Decrease)/increase in contract liabilities	(1,814)	1,085	-	-
Increase/(decrease) in payables	92,830	(51,651)	(230)	33
<b>Total changes in working capital</b>	<b>(158,767)</b>	<b>(105,211)</b>	<b>(230)</b>	<b>33</b>

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows generated from/(used in) operations</b>	98,066	108,148	(1,030)	(644)
Interest paid	(177)	(268)	-	-
Tax refunded	59	-	11	-
Tax paid	(46,967)	(31,431)	(21)	(14)
<b>Net cash flows generated from/(used in) operating activities</b>	50,981	76,449	(1,040)	(658)
<b>Investing activities</b>				
Dividend received	-	-	59,800	40,300
Interest received	2,107	2,985	133	331
Purchase of:				
- property, plant and equipment	(57,540)	(46,514)	-	-
- right-of-use assets	(34,119)	(3,104)	-	-
Withdrawal of other investments	94,655	9,904	3,753	10,859
Proceeds from disposals of				
- property, plant and equipment	2,196	574	-	-
- investment properties	6,000	-	-	-
<b>Net cash flows generated from/(used in) investing activities</b>	13,299	(36,155)	63,686	51,490
<b>Financing activities</b>				
Repayment of finance lease liability	-	(175)	-	-
Payment of principal portion of lease liabilities	(3,045)	(1,952)	-	-
Dividend paid	(66,713)	(36,622)	(66,713)	(36,622)
Advances to subsidiaries	-	-	(20)	(13,030)
<b>Net cash flows used in financing activities</b>	(69,758)	(38,749)	(66,733)	(49,652)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(5,478)	1,545	(4,087)	1,180
<b>Effects of foreign exchange rate changes</b>	125	(271)	-	-
<b>Cash and cash equivalents at 1 April</b>	56,613	55,339	11,025	9,845
<b>Cash and cash equivalents at 31 March (Note 27)</b>	51,260	56,613	6,938	11,025

## Significant non-cash transaction

During the financial year, the Company subscribed 13,000,000 new ordinary shares in SKP BM Electronics Sdn. Bhd. by way of capitalisation of RM13,000,000 advances extended to SKP BM Electronics Sdn. Bhd..

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

### 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. The principal place of business is located at No. 421, 4th Miles, Jalan Kluang, 83000 Batu Pahat, Johor Darul Takzim.

The principal activities of the Company are investment holding and provision of management services to the subsidiaries. The principal activities and other information relating to the subsidiaries are described in Note 19.

### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on a historical cost basis, unless otherwise indicated in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000"), except when otherwise indicated.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (collectively the "Group") as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group controls an investee if and only if the Group has all the following:

- (i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Group, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.1 Basis of consolidation (cont'd)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in statement of comprehensive income. Any investment retained is recognised at fair value.

### 3.2 Business combinations

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

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is crucial to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or if significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be 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 changes in fair value recognised in the statements of profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.2 Business combinations (cont'd)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed off, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combinations involving entities under common control are accounted for by applying the merger method of accounting. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital and capital reserves of the "acquired" entity is reflected within equity as merger reserve or deficit. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

### 3.3 Foreign currency translation

#### (a) Functional and presentation currency

The Group's and the Company's financial statements are presented in Ringgit Malaysia ("RM") which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

#### (b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.3 Foreign currency translation (cont'd)

#### (b) Transactions and balances (cont'd)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

### 3.4 Property, plant and equipment

Capital in progress is stated at cost, net of accumulated impairment losses, if any. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group/ Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of comprehensive income as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Factory buildings	: 50 years
Renovations	: 5 to 10 years
Plant, machinery and factory equipment	: 3 to 10 years
Motor vehicles	: 7 to 10 years
Other assets	: 5 to 10 years

Capital work in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.5 Leases

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

#### (a) Group as lessee

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

##### (i) Right-of-use assets

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

Leasehold lands	50 - 99 years
Buildings	2 - 9 years
Forklift	2 - 5 years

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

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.11 Impairment of non-financial assets.

##### (ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.5 Leases (cont'd)

#### (a) Group as lessee (cont'd)

##### (iii) Short-term leases and leases of low-value assets

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

#### (b) Group as lessor

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

### 3.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at historical cost less provisions for depreciation and impairment.

Investment properties are derecognised when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment set out in Note 3.4 up to the date of change.

### 3.7 Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.8 Investment in an associate

An associate is equity accounted for from the date on which the investee becomes an associate.

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investment in an associate is accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

### 3.9 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 3.10 Financial instruments

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.10 Financial instruments (cont'd)

#### (a) Financial assets

##### (i) Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payment of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

##### (ii) Subsequent measurement

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

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

#### Financial assets at amortised cost (debt instruments)

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 asset 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.10 Financial instruments (cont'd)

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

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

##### Financial assets at amortised cost (debt instruments) (cont'd)

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

The Group's and the Company's financial assets at amortised cost include trade and other receivables, deposits and cash and bank balances.

##### Financial assets at fair value through OCI (debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; 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.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to statement of comprehensive income.

The Group's and the Company's debt instruments at fair value through OCI includes investments in quoted equity shares included under other non-current financial assets.

##### Financial assets designated at fair value through OCI (equity instruments)

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

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

Unquoted shares in Malaysia previously classified as available-for-sale financial assets is now classified and measured as fair value through OCI. The Group and the Company elected to classify irrevocably its non-listed equity investments under this category as it intends to hold these investments for the foreseeable future. There was no impairment losses recognised in profit or loss for these investments in prior periods.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.10 Financial instruments (cont'd)

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

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

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes cash management fund under other investment.

#### (iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (such as removed from the statements of financial position) when:

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.10 Financial instruments (cont'd)

#### (b) Financial liabilities

##### (i) Initial recognition and measurement

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

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

The Group's and the Company's financial liabilities include trade and other payables.

##### (ii) Subsequent measurement

##### Financial liabilities carried at amortised cost

After initial recognition, trade and other payables, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

##### (iii) Derecognition

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

#### (c) Offsetting of financial instruments

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

#### (d) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost and fair value through OCI. 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 EIR. 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.10 Financial instruments (cont'd)

#### (d) Impairment of financial assets (cont'd)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade 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 recognise 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 its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other financial assets including investment securities, short-term deposits and cash and cash equivalents are placed with reputable financial institutions. The Group and the Company consider these counterparties have a low risk of default and a strong capacity to meet contractual cash flows, and are of low credit risk. The impairment provision is determined based on the 12-month ECL.

The Group and the Company consider a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 3.11 Impairment of non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the recoverable amount of the asset or CGU is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statements of comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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

### 3.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, short-term deposits with a maturity of three months or less and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash as defined above, net of outstanding bank overdrafts.

### 3.14 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and 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. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 3.15 Treasury shares

Treasury shares are recognised at cost and deducted from equity. No gain or loss is recognised in statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the retained earnings.

### 3.16 Dividend distributions

The Company recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorised and is no longer at the discretion of the Company. A corresponding amount is recognised directly in equity. Non-cash distributions are measured at the fair value of the assets to be distributed. Upon settlement of the distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in income as a separate line in the statement of comprehensive income.

### 3.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.17 Provisions (cont'd)

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. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 3.18 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

### 3.19 Revenue and other income

The Group and the Company recognise revenue from contracts with customers for the sales of goods and moulding and modification works based on the five-step model as set out below:

- (i) Identify contracts with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

The Group and the Company satisfy a performance obligation and recognise revenue over time if one of the following criteria is met;

- (i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.19 Revenue and other income (cont'd)

Revenue and other income are measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The followings describes the performance obligations in contracts with customers:

#### (a) Sale of goods

Sales of goods are recognised net of returns and trade discount when the services or goods are rendered at a point in time.

#### (b) Moulding and modification works

Revenue from moulding and modification works is recognised at a point in time and over time depending on the contractual terms with the customers.

#### (c) Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature.

#### (d) Dividend income

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

#### (e) Interest income

Interest income recognised on an accrual basis based on effective interest rate.

### 3.20 Contract balances

#### (a) Contract assets

A contract asset is initially recognised for revenue earned from moulding and modification works recognised over time as the receipt of consideration is conditional on successful completion of moulding and modification works. Upon completion of moulding and modification works, the amount recognised as contract assets are reclassified to trade receivables.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in Note 3.10.

#### (b) Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 3.10.

#### (c) Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfer control of the related goods or services to the customer).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.21 Taxes

#### (a) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investment in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investment in subsidiaries deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.21 Taxes (cont'd)

#### (b) Deferred tax (cont'd)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (c) Sales and Service Tax ("SST")

Revenues, expenses and assets are recognised net of the amount of SST except:

- Where the amount of SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of SST included.

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

### 3.22 Employee benefits

#### (i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. 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 leave are recognised when the absences occur.

#### (ii) Defined contribution plans

The Group makes contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

### 3.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Additional disclosures on the reportable segments are shown in Note 42, including the factors used to identify the reportable segment and the measurement basis of segment information.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.24 Current versus non-current classification

Assets and liabilities in statement of financial position are presented based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 3.25 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

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

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

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.25 Fair value measurement (cont'd)

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

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the senior management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed according to the accounting policies of the Company. For this analysis, the senior management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The senior management, in conjunction with the external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

### 3.26 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all the attached conclusion will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as deduction in calculating the carrying amount of the asset. The grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

## 4. CHANGES IN ACCOUNTING POLICIES

On 1 April 2021, the Group and the Company adopted the following Amendments mandatory for annual financial periods beginning on or after 1 January 2021.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

Description	Effective for annual periods beginning on or after
Amendment to MFRS 16: Leases - Covid-19 Related Rent Concessions	1 June 2020
Amendments to MFRS 4 Insurance Contracts: Extension of the Temporary Exemption from Applying MFRS 9	17 August 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendment to MFRS 16: Leases - Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 4. CHANGES IN ACCOUNTING POLICIES (cont'd)

The adoption of the above Amendments did not have any significant impact on the financial statements of the Group and of the Company.

## 5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Standards and Amendments issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3: Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements - Classification of Liabilities as Current or Non-current - Disclosure of Accounting Policies	1 January 2023 1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Income Tax - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendment to MFRS 17: Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

With the exception of the following Amendments, the directors expect that the Standard and Amendments above would not have any material impact on the financial statements in the year of initial adoption.

- Amendments to MFRS 101: Presentation of Financial Statements (Disclosure of Accounting Policies)

The requirement for entities to disclose their 'significant' accounting policies have been replaced with a requirement to disclose their 'material' accounting policies. The Amendments may impact the accounting disclosures of the Group and of the Company.

## 6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group'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 periods.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

### 6.1 Judgements made in applying accounting policies

In the process of applying the above accounting policies, management has not made any critical judgements, apart from those involving estimations, which significantly affect the amounts recognised in these financial statements.

### 6.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### (a) Useful lives of property, plant and equipment

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

#### (b) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile. As the Group assesses the probability for litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognised.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses 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 the level of future taxable profits together with future tax planning strategies.

#### (c) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

### 6.2 Key sources of estimation uncertainty (cont'd)

#### (c) Provision for expected credit losses of trade receivables (cont'd)

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 24.

#### (d) Valuation of inventories

In determining the valuation of inventories, management's judgement is required in determining the basis of valuation for finished goods and work-in-progress which comprise costs of raw materials, direct labour, other direct costs, and the appropriate allocation of overheads based on normal operating capacity.

#### (e) Provision for slow moving and obsolete inventories

The Group evaluates its inventory to ensure that it is carried at the lower of cost or net realisable value. Provision is made against slow moving and obsolete inventories when events or changes in circumstances indicate that the carrying amounts may not be recoverable. When calculating provision for slow moving and obsolete inventories, management considers the nature and condition of the inventory, as well as applying assumptions in respect of anticipated saleability of finished goods and future usage of raw materials. Further details on the carrying amount of inventories are disclosed in Note 23 to the financial statements.

## 7. REVENUE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Dividend income from subsidiaries	-	-	59,800	40,300
Rental income	151	152	-	-
Moulding and modification works	46,968	30,544	-	-
Sale of goods	2,274,309	2,220,486	-	-
Total revenue	2,321,428	2,251,182	59,800	40,300
<b>Timing of revenue recognition:</b>				
Transferred at a point in time	2,292,907	2,233,328	59,800	40,300
Transferred over time	28,521	17,854	-	-
	2,321,428	2,251,182	59,800	40,300

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 7. REVENUE (cont'd)

	Group	
	2022	2021
	RM'000	RM'000
<b>Contract balances</b>		
Contract assets	10,176	1,773
Contract liabilities	(4,528)	(6,342)
Trade receivables	515,311	323,277

## 8. INTEREST INCOME

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
- financial assets at amortised cost	387	324	3	2
- financial assets at fair value through profit or loss	1,720	2,661	130	329
	2,107	2,985	133	331

Interest income from financial assets at fair value through profit or loss represent interests from cash management fund with licensed financial institutions.

## 9. OTHER INCOME

	Group	
	2022	2021
	RM'000	RM'000
Gain on disposals of:		
- property, plant and equipment	1,295	474
- investment properties	5,072	-
Gain on derecognition of right-of-use assets	15	18
Gain on lease modification of right-of-use assets	111	-
Gain on foreign exchange		
- realised	-	963
- unrealised	680	1,248
Rental income	246	204
Insurance claim	1,072	59
Sundry income	8,774	5,823
Government subsidies	3,559	3,372
Reversal of impairment loss on investment properties (Note 17)	-	265
Reversal of impairment loss on trade receivables (Note 24(a))	227	-
	21,051	12,426

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 10. FINANCE COSTS

	Group	
	2022	2021
	RM'000	RM'000
Interest expense on:		
- Bankers' acceptance	1	37
- Lease liabilities	176	210
- Obligation under finance lease	-	21
Total finance costs	177	268

## 11. PROFIT BEFORE TAX

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- statutory audit:				
- current year	354	308	52	50
- under/(over)provision in respect of prior year	32	(21)	2	(5)
- other services	10	5	10	5
Direct operating expenses arising from rental generating investment properties	66	47	-	-
Depreciation of:				
- Right-of-use assets (Note 18)	4,110	2,614	-	-
- Property, plant and equipment (Note 16)	35,078	32,638	10	10
- Investment properties (Note 17)	58	56	-	-
Employee benefits expense (Note 12) *	228,872	200,461	105	69
Bad debt written off	-	3	-	-
Impairment loss on trade and other receivables (Note 24(a) and 24(b))	-	897	-	-
Inventories written down (Note 23)	223	469	-	-
Provision of slow moving and obsolete inventories (Note 23)	4,140	9,447	-	-
Loss on realised foreign exchange	1,150	-	-	-
Non-executive directors' remuneration (Note 13)	200	115	200	115
Property, plant and equipment written off	171	635	-	-
Rental expenses on short-term leases and low value assets	5,903	4,758	-	5

\* Included in employee benefits expense of the Group are expenses amounting to RM13,811,788 in relation to reimbursement of recruitment fees for migrant workers as part of the Group's effort in meeting the Environmental, Social and Governance ("ESG") responsibilities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 12. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	211,011	187,218	-	-
Defined contribution plan	12,575	9,812	-	-
Other related costs	5,286	3,431	105	69
	228,872	200,461	105	69

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM13,543,000 (2021: RM13,514,000) and RM105,000 (2021: RM69,000) respectively as further disclosed in Note 13.

## 13. DIRECTORS' REMUNERATION

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Executive:</b>				
Salaries and other emoluments	6,110	6,116	-	-
Fees	105	69	105	69
Bonus	5,184	5,184	-	-
Defined contribution plan	2,144	2,145	-	-
Total directors' remuneration (Note 12)	13,543	13,514	105	69
<b>Non executive:</b>				
Fees (Note 11)	200	115	200	115
Total non-executive directors' remuneration	200	115	200	115
Total directors' remuneration	13,743	13,629	305	184

The number of directors of the Company whose total remuneration during the year categories within the following bands are analysed below:

	Number of Directors	
	2022	2021
<b>Executive directors:</b>		
RM6,450,001 - RM6,550,000	1	1
RM7,000,001 - RM7,050,000	1	1
<b>Non-Executive directors:</b>		
RM10,001 - RM50,000	4	5

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 14. INCOME TAX EXPENSE

### Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2022 and 2021 are:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Statement of comprehensive income:</b>				
Current income tax				
- Malaysian income tax	49,745	39,941	20	15
- Real property gain tax	453	-	-	-
- (Over)/underprovision in respect of previous years	(5,657)	277	1	-
	44,541	40,218	21	15
Deferred tax (Note 32):				
- Origination and reversal of temporary difference	4,706	(1,232)	-	-
- Overprovision in respect of previous years	(260)	(907)	-	-
	4,446	(2,139)	-	-
Income tax expense recognised in profit or loss	48,987	38,079	21	15

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

Effective for YA2022, in order to support the Government's initiative to assist parties affected by the pandemic, a special one-off tax which is called "cukai makmur" be imposed on non-Micro, Small and Medium Enterprises (MSMEs) companies which generate high profits during the period of the pandemic as follows:

Chargeable income for the first RM100 million - 24%  
 Portion of chargeable income in excess of RM100 million - 33%

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 14. INCOME TAX EXPENSE (cont'd)

### Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2022 and 31 March 2021 are as follows:

Group	2022 RM'000	2021 RM'000
Accounting profit before tax	222,383	171,322
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	53,372	41,117
<u>Adjustments:</u>		
Effect of income subject to special one-off income tax rate at 33%	4,056	-
Effect of income taxed at real property gains tax rate	453	-
Expenses not deductible for tax purposes	4,859	1,910
Income not subject to tax	(1,615)	(726)
Utilisation of previously unrecognised unabsorbed capital allowances	-	(3)
Utilisation of previously unrecognised tax losses	(449)	-
Utilisation of current year reinvestment allowances	(5,772)	(3,589)
Overprovision of deferred tax in respect of previous years	(260)	(907)
(Over)/underprovision of tax expense in respect of previous years	(5,657)	277
Income tax expense recognised in profit or loss	48,987	38,079
<b>Company</b>		
Accounting profit before tax	59,123	39,944
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	14,190	9,587
<u>Adjustments:</u>		
Income not subject to tax	(14,364)	(9,737)
Expenses not deductible for tax purposes	194	165
Underprovision of tax expense in respect of previous years	1	-
Income tax expense recognised in profit or loss	21	15

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 15. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company.

Diluted earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares held by the Company, plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Potential ordinary shares from warrants issued during the year are anti-dilutive as their inclusion in the diluted profit per share calculation would increase the profit per share, and hence have been excluded from the computation of diluted earnings per share.

	Group	
	2022	2021
Profit net of tax attributable to equity holders of the Company used in the computation of basic earnings per share (RM'000)	173,396	133,243
Weighted average number of ordinary shares in issue ('000)	1,249,889	1,249,889
Bonus shares issued during the year, excluding treasury shares held by the Company ('000) (Note 33)	312,472	-
Bonus shares issued subsequent to year end, excluding treasury shares held by the Company ('000) (Note 33)	-	312,472
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,562,361	1,562,361
Basic earnings per share (sen)	11.10	8.53

Diluted earnings per share is equal to basic earnings per share as there are no potential dilutive ordinary shares as at 31 March 2022.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 16. PROPERTY, PLANT AND EQUIPMENT

	* Land and buildings RM'000	Plant, machinery and factory equipment RM'000	Motor vehicles RM'000	Capital work in progress RM'000	** Other assets RM'000	Total RM'000
<b>Group</b>						
<b>Cost</b>						
<b>At 1 April 2020</b>	112,149	294,729	34,680	7,936	30,067	479,561
Additions	5,000	44,014	1,291	581	1,260	52,146
Disposals	-	(1,288)	(2,323)	-	(80)	(3,691)
Written off	-	(9,911)	-	-	(1,769)	(11,680)
Adjustment	(970)	(2,331)	(452)	-	(3,802)	(7,555)
Reclassification	-	8,460	-	(8,460)	-	-
<b>At 31 March 2021 and 1 April 2022</b>	116,179	333,673	33,196	57	25,676	508,781
Additions	2,912	38,765	3,417	11,259	2,495	58,848
Disposals	-	(11,630)	(2,287)	-	-	(13,917)
Written off	-	(1,400)	(3)	-	(191)	(1,594)
Adjustment	-	628	-	-	(626)	2
<b>At 31 March 2022</b>	119,091	360,036	34,323	11,316	27,354	552,120
<b>Accumulated depreciation</b>						
<b>At 1 April 2020</b>	24,641	168,139	21,086	-	17,203	231,069
Depreciation charge for the year (Note 11)	2,263	25,506	2,678	-	2,191	32,638
Disposals	-	(1,245)	(2,266)	-	(80)	(3,591)
Written off	-	(9,276)	-	-	(1,769)	(11,045)
Adjustment	(198)	(5,007)	(462)	-	(1,888)	(7,555)
<b>At 31 March 2021 and 1 April 2022</b>	26,706	178,117	21,036	-	15,657	241,516
Depreciation charge for the year (Note 11)	2,358	28,059	2,569	-	2,092	35,078
Disposals	-	(11,342)	(1,674)	-	-	(13,016)
Written off	-	(1,240)	(3)	-	(191)	(1,434)
Adjustment	-	270	-	-	(257)	13
<b>At 31 March 2022</b>	29,064	193,864	21,928	-	17,301	262,157
<b>Net carrying amount</b>						
At 31 March 2021	89,473	155,556	12,160	57	10,019	267,265
At 31 March 2022	90,027	166,172	12,395	11,316	10,053	289,963

\*\* Other assets comprise office equipment, furniture, fittings and office renovation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

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

\* The details of the land and buildings are as follows:

	Freehold land RM'000	Factory buildings RM'000	Building work in progress RM'000	Total RM'000
<b>Group</b>				
<b>Cost</b>				
<b>At 1 April 2020</b>	2,668	109,481	-	112,149
Additions	-	1,672	3,328	5,000
Adjustment	-	(970)	-	(970)
<b>At 31 March 2021 and 1 April 2022</b>	2,668	110,183	3,328	116,179
Additions	-	2,291	621	2,912
<b>At 31 March 2022</b>	2,668	112,474	3,949	119,091
<b>Accumulated depreciation</b>				
<b>At 1 April 2020</b>	-	24,641	-	24,641
Depreciation charge for the year	-	2,263	-	2,263
Adjustment	-	(198)	-	(198)
<b>At 31 March 2021 and 1 April 2022</b>	-	26,706	-	26,706
Depreciation charge for the year	-	2,358	-	2,358
<b>At 31 March 2022</b>	-	29,064	-	29,064
<b>Net carrying amount</b>				
At 31 March 2021	2,668	83,477	3,328	89,473
At 31 March 2022	2,668	83,410	3,949	90,027

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

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

	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
<b>Company</b>			
<b>Cost</b>			
At 1 April 2020/31 March 2021/1 April 2021/31 March 2022	100	21	121
<b>Accumulated depreciation</b>			
At 1 April 2020	72	21	93
Depreciation charge for the year (Note 11)	10	-	10
At 31 March 2021 and 1 April 2021	82	21	103
Depreciation charge for the year (Note 11)	10	-	10
At 31 March 2022	92	21	113
<b>Net carrying amount</b>			
At 31 March 2021	18	-	18
At 31 March 2022	8	-	8

### Additions during the year

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM58,848,000 (2021: RM52,146,000) by means of:

	Group	
	2022 RM'000	2021 RM'000
Additions during the financial year	58,848	52,146
Placement/(utilisation) of deposits paid to suppliers of property, plant and equipment	256	(3,092)
Increase in amount due to suppliers of property, plant and equipment	(1,564)	(2,540)
Total cash outflows on acquisition of property, plant and equipment	57,540	46,514

### Assets pledged as security

The factory buildings with carrying values of RM8,504,000 (2021: RM8,704,000) respectively are pledged to financial institutions for bank guarantee facilities and are subject to negative pledge in relation to banking facilities granted to the Group. As at reporting date of both current and prior year, the approved bank guarantee facilities are not utilised.

### Assets held in trust

Motor vehicles with net carrying amount of RM5,943,000 (2021: RM6,228,000) are registered in the name of directors of the Company and directors of the Company's subsidiaries. These motor vehicles are held in trust on behalf of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022  
cont'd

## 17. INVESTMENT PROPERTIES

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
<b>Group</b>				
<b>Cost</b>				
At 1 April 2020, 31 March 2021 and 1 April 2021	797	310	3,459	4,566
Disposal	(797)	-	(450)	(1,247)
<b>At 31 March 2022</b>	-	310	3,009	3,319
<b>Accumulated depreciation</b>				
At 1 April 2020	-	28	611	639
Depreciation charge for the year (Note 11)	-	22	34	56
At 31 March 2021 and 1 April 2021	-	50	645	695
Disposal	-	-	(319)	(319)
Depreciation charge for the year (Note 11)	-	22	36	58
<b>At 31 March 2022</b>	-	72	362	434
<b>Impairment</b>				
At 1 April 2020	-	-	265	265
Reversal of impairment loss (Note 9)	-	-	(265)	(265)
At 31 March 2021, 1 April 2021 and 31 March 2022	-	-	-	-
<b>Net carrying amount</b>				
At 31 March 2021	797	260	2,814	3,871
At 31 March 2022	-	238	2,647	2,885
<b>Fair value</b>				
At 31 March 2021	4,200	1,930	4,890	11,020
At 31 March 2022	-	1,950	3,100	5,050

The fair values of the investment properties were determined by independent professional valuers using the comparison and income method. The comparison method involves comparing and adopting recent transactions as a yardstick as well as using sales evidence involving other similar properties in the vicinity. The Group has assessed that the highest and best use of its properties does not differ from their current use. The income method involves making reference to estimated market rental values and equivalent yields.

The fair value of the investment properties was determined based on Level 2 and Level 3 valuation techniques of the fair value hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 18. RIGHT-OF-USE ASSETS

	Leasehold lands RM'000	Buildings RM'000	Forklift RM'000	Total RM'000
<b>Group</b>				
<b>Cost</b>				
<b>At 1 April 2021</b>	29,880	6,461	464	36,805
Additions	3,384	1,070	198	4,652
Reclassification	326	(326)	-	-
Derecognition	-	(822)	-	(822)
<b>At 31 March 2021</b>	33,590	6,383	662	40,635
Additions	35,543	6,326	833	42,702
Derecognition	-	(1,131)	(79)	(1,210)
<b>At 31 March 2022</b>	69,133	11,578	1,416	82,127
<b>Accumulated depreciation</b>				
<b>At 1 April 2021</b>	5,279	1,552	58	6,889
Depreciation charge for the year (Note 11)	606	1,875	133	2,614
Reclassification	49	(49)	-	-
Derecognition	-	(624)	-	(624)
<b>At 31 March 2021</b>	5,934	2,754	191	8,879
Depreciation charge for the year (Note 11)	1,025	2,808	277	4,110
Derecognition	-	(674)	(79)	(753)
<b>At 31 March 2022</b>	6,959	4,888	389	12,236
<b>Net carrying amount</b>				
At 31 March 2021	27,656	3,629	471	31,756
At 31 March 2022	62,174	6,690	1,027	69,891

### Additions during the year

During the financial year, the Group acquired right-of-use assets with an aggregate cost of RM42,702,000 (2021: RM4,652,000) by means of:

	Group	
	2022 RM'000	2021 RM'000
Additions during the financial year	42,702	4,652
Recognition of additional lease liabilities (Note 30)	(7,159)	(1,268)
Utilisation of deposit paid for acquisition of leasehold land	(1,424)	(280)
Total cash outflows on acquisition of right-of-use assets	34,119	3,104

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 18. RIGHT-OF-USE ASSETS (cont'd)

### Assets pledged as security

The long term leasehold land with carrying values of RM3,580,000 (2021: RM3,669,000) respectively are pledged to financial institutions for bank guarantee facilities and are subject to negative pledge in relation to banking facilities granted to the Group. As at reporting date of both current and prior year, the approved bank guarantee facilities are not utilised.

## 19. INVESTMENT IN SUBSIDIARIES

	Note	Company	
		2022 RM'000	2021 RM'000
Unquoted shares, at costs		294,914	294,914
Reclassification from investment in an associate due to subscription of additional shares in an associated company	(b)	**	-
Subscription of shares in a subsidiary	(c)	13,000	-
		307,914	294,914

\*\* Represents cost of investment amounted to RM100

### (a) Details of the Group's subsidiaries are as follows:

	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest held by the Group	
Name			2022	2021
<b><i>Held by the Company</i></b>				
Syarikat Sin Kwang Plastic Industries Sdn. Bhd.	Malaysia	Manufacturing of plastic products	100%	100%
Goodhart Industries Sdn. Bhd.	Malaysia	Manufacturing of plastic products	100%	100%
Goodhart Land Sdn. Bhd.	Malaysia	Letting of property and property holding	100%	100%
S.P.I. Plastic Industries (M) Sdn. Bhd.	Malaysia	Manufacturing of plastic products	100%	100%
Plastictecnic (M) Sdn. Bhd.	Malaysia	Manufacturing of plastic products	100%	100%
Bangi Plastics Sdn. Bhd.	Malaysia	Manufacturing of plastic products	100%	100%
Sun Tong Seng Mould-Tech Sdn. Bhd.	Malaysia	Manufacture, fabrication and sales of moulds	100%	100%
Goodhart Premier Sdn. Bhd.	Malaysia	Investment holding	100%	100%
Goodhart World Sdn. Bhd.	Malaysia	Investment holding	100%	100%
SKP BM Electronics Sdn. Bhd.	Malaysia	Manufacturing of electronic integrated circuits micro assemblies, consumer electronic and printed circuit boards	100%*	-%

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

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

### (a) Details of the Group's subsidiaries are as follows: (cont'd)

	Country of incorporation/ Principal place of business	Principal activities	% of ownership interest held by the Group	
Name			2022	2021
<i>Held through S.P.I. Plastic Industries (M) Sdn. Bhd.</i>				
Sun Sparkle Sdn. Bhd.	Malaysia	Investment holding	100%	100%
Tan Brothers Business Machines (Segamat) Sdn. Bhd.	Malaysia	Investment holding	100%	100%
<i>Held through Goodhart Premier Sdn. Bhd. and Goodhart World Sdn. Bhd.</i>				
SKP BM Electronics Sdn. Bhd.	Malaysia	Manufacturing of electronic integrated circuits micro assemblies, consumer electronics and printed circuit boards	-%*	100%
<i>Held through Plastictecnic (M) Sdn. Bhd.</i>				
Tecnicware Products Sdn. Bhd.	Malaysia	Manufacturing of plastic products	100%	49%

\* 65% held by the Company, 26.6% held through Goodhart Premier Sdn. Bhd. and 8.4% held through Goodhart World Sdn. Bhd. (2021: 76% held through Goodhart Premier Sdn. Bhd. and 24% through Goodhart World Sdn. Bhd.).

### (b) Subscription of additional shares in an associated company

During the financial year, a wholly-owned subsidiary of the Company, Plastictecnic (M) Sdn Bhd further subscribed for an additional 51% equity interest in its associate company, Tecnicware Products Sdn Bhd ("TPSB") comprising 51 ordinary shares in TPSB at a total cash consideration of RM51. Upon completion of the abovementioned subscription on 4 May 2021, TPSB became an indirect wholly-owned subsidiary of the Company.

The fair values and carrying amounts of the identifiable assets and liabilities of TPSB as at the date of completion of the abovementioned subscription on 4 May 2021 were not presented as the effects of the abovementioned subscription to the financial position of the Group is not material. The financial year end of TPSB is coterminous with those of the Group.

### (c) Subscription of shares in a subsidiary

During the financial year, the Company subscribed 13,000,000 new ordinary shares, representing 65% ownership interests in SKP BM Electronics Sdn. Bhd. by way of capitalisation of RM13,000,000 advances extended to SKP BM Electronics Sdn. Bhd.. The remaining ownership interests of 26.6% and 8.4% were held by Goodhart Premier Sdn. Bhd. and Goodhart World Sdn. Bhd., respectively. The proportion of ownership interests of SKP BM Electronics Sdn. Bhd. held by the Group remain unchanged.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 20. INVESTMENT IN AN ASSOCIATE

	Note	Group	
		2022 RM'000	2021 RM'000
Unquoted shares, at costs	19(b)	-	**
Share of post acquisition reserve	19(b)	-	(**)
		-	-

\*\* Represents cost of investment amounted to RM49

### (a) Details of the associate was as follows:

Name of company	Country of incorporation	Principal activities	% of ownership interest held by the Company *		Accounting model applied
			2022	2021	
<i>Held through Plastictecnic (M) Sdn. Berhad</i>					
Tecnicware Products Sdn. Bhd.	Malaysia	Manufacturing of plastic products	#	49	# (2021: Equity method)

\* equals to the proportion of voting rights held

# became an indirect wholly-owned subsidiary of the Company on 4 May 2021

### (b) Summarised financial information in respect of the Group's associate was set out below.

#### (i) Summarised statement of financial position

	2021 RM'000
Current liabilities	(7)
Net liabilities	(7)

#### (ii) Summarised statement of comprehensive income

	2021 RM'000
Loss before tax	(5)
Loss for the year	(5)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 20. INVESTMENT IN AN ASSOCIATE (cont'd)

(b) Summarised financial information in respect of the Group's associate was set out below. (cont'd)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in an associate

	2021 RM'000
Net liabilities at 1 April	(2)
Loss for the year	(5)
Net liabilities at 31 March	(7)
Interest in an associate	49%
Carrying value of Group's interest in an associate	(3)

(iv) Unrecognised share of losses in an associate

	2021 RM'000
The unrecognised share of loss in an associate **	(3)

\*\* Restricted to cost of investment

## 21. OTHER INVESTMENTS

	2022 RM'000	2021 RM'000
<b>Group</b>		
<b>Non-current</b>		
<i>Financial asset carried at amortised cost</i>		
Fixed deposits with licensed banks	139	139
	139	139
<b>Current</b>		
<i>Fair value through profit or loss</i>		
Investment in Malaysia:		
- Cash management fund	21,538	116,193
<i>Financial asset carried at amortised cost</i>		
Fixed deposits with licensed banks	28	28
	21,566	116,221
<b>Total other investments</b>	21,705	116,360

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 21. OTHER INVESTMENTS (cont'd)

	2022 RM'000	2021 RM'000
<b>Company</b>		
<b>Current</b>		
<i>Fair value through profit or loss</i>		
Investment in Malaysia:		
- Cash management fund	-	3,753

Investment in cash management fund are placed with licensed investment banks and asset management companies in Malaysia which are highly liquid and not readily convertible to known amounts of cash.

Financial asset carried at amortised cost consist of deposits with licensed financial institutions with maturity period of more than three months. The weighted average effective interest rate of fixed deposits with licensed banks of the Group at the reporting date was 1.80% (2021: 2.01%) per annum.

## 22. OTHER NON-CURRENT ASSET

	Group 2022 RM'000	2021 RM'000
Golf club membership	74	74

## 23. INVENTORIES

	Group 2022 RM'000	2021 RM'000
Raw materials	151,015	129,535
Work-in-progress	12,345	17,505
Finished goods	91,298	74,458
Total inventories at the lower of cost and net realisable value	254,658	221,498

During the financial year, the following amounts were recognised as an expense in:

	Group 2022 RM'000	2021 RM'000
<b>Cost of sales of the Group:</b>		
- amount of inventories recognised as expense	1,992,239	1,974,173
- provision for slow moving and obsolete inventories (Note 11)	4,140	9,447
- inventories written down (Note 11)	223	469

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 24. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Trade receivables</b>				
Third parties	515,711	323,904	-	-
Less: Allowance for impairment	(400)	(627)	-	-
Trade receivable, net	515,311	323,277	-	-
<b>Other receivables</b>				
Sundry receivables	4,492	3,707	-	-
Amount due from subsidiaries	-	-	1,445	14,425
Deposits paid to suppliers of property, plant and equipment	7,659	8,827	-	-
Advances	2,014	638	-	-
Sundry deposits	3,671	2,429	1	1
Goods and service tax ("GST") claimable	42	42	-	-
	17,878	15,643	1,446	14,426
Less: Allowance for impairment	-	(670)	-	-
	17,878	14,973	1,446	14,426
Total trade and other receivables	533,189	338,250	1,446	14,426
Less: GST claimable	(42)	(42)	-	-
	533,147	338,208	1,446	14,426
Add: Fixed deposits with licensed banks (Note 21)	167	167	-	-
Add: Cash and bank balances (Note 27)	51,260	56,613	6,938	11,025
Total financial asset carried at amortised cost	584,574	394,988	8,384	25,451

### (a) Trade receivables

The receivables are non-interest bearing and are generally on 30 to 90 day (2021: 30 to 90 day) terms. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

#### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2022	2021
	RM'000	RM'000
Neither past due nor impaired	415,067	308,964
1 to 30 days past due not impaired	89,625	9,950
31 to 60 days past due not impaired	7,812	2,769
More than 61 days past due not impaired	2,807	1,594
	100,244	14,313
Impaired	400	627
	515,711	323,904

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022  
cont'd

## 24. TRADE AND OTHER RECEIVABLES (cont'd)

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

#### Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM100,244,000 (2021: RM14,313,000) that are past due at the reporting date but not impaired. The directors are of the opinion that the receivables are collectible in view of long term business relationships with the customers. These receivables are unsecured in nature.

#### Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance for ECL used to record the impairment are as follows:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Receivables - nominal amounts	400	627
Less: Allowance for impairment	(400)	(627)
	-	-

Movement in allowance accounts:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 April	627	494
Charge for the year (Note 11)	-	227
Written off	-	(94)
Reversal (Note 9)	(227)	-
At 31 March	400	627

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 24. TRADE AND OTHER RECEIVABLES (cont'd)

### (b) Other receivables

#### Receivables that are impaired

The Group's other receivables that are impaired at the reporting date and the movement of the allowance for ECL used to record the impairment are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Receivables - nominal amounts	-	670
Less: Allowance for impairment	-	(670)
	-	-

Movement in allowance accounts:

	Group	
	2022	2021
	RM'000	RM'000
At 1 April	670	-
Charge for the year (Note 11)	-	670
Written off	(670)	-
At 31 March	-	670

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

### (c) Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

## 25. CONTRACT ASSETS

	Group	
	2022	2021
	RM'000	RM'000
Progress completion in respect of revenue derived from moulding and modification works recognised over time	10,176	1,773

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 26. PREPAYMENTS

	Group	
	2022	2021
	RM'000	RM'000
Prepaid operating expenses	18,351	10,414

## 27. CASH AND BANK BALANCES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Cash at banks and on hand, representing total cash and cash equivalents (Note 24)	51,260	56,613	6,938	11,025

Cash at banks earns interest at floating rates based on daily bank deposit rates. Included in cash at banks amounting to RM5,011,000 (2021: RM10,026,000) is share buy back account designated for the purpose of share buy back.

## 28. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Trade payables</b>				
Third parties	333,857	247,864	-	-
<b>Other payables</b>				
Due to suppliers of property, plant and equipment	1,564	2,540	-	-
Sundry payables	29,146	29,253	-	65
Deposits received	16	369	-	-
Accrued operating expenses	11,049	8,694	63	228
Sales tax payables	113	177	-	-
	41,888	41,033	63	293
Total trade and other payables, representing financial liabilities carried at amortised cost	375,745	288,897	63	293

### (a) Trade payables

Trade payables are non-interest bearing and normally settled on 30 to 90 day (2021: 30 to 60 day) terms.

### (b) Other payables

Other payables are non-interest bearing and normally settled on 30 to 90 day (2021: 30 to 60 day) terms.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 29. CONTRACT LIABILITIES

	Group	
	2022	2021
	RM'000	RM'000
Advances billing in respect of revenue derived from moulding and modification works recognised at point in time	4,528	6,342

## 30. LEASE LIABILITIES

	Group	
	2022	2021
	RM'000	RM'000
<b>Current liability</b>		
Lease liabilities	4,294	2,038
<b>Non-current liability</b>		
Lease liabilities	3,444	2,169
Total lease liabilities	7,738	4,207

The movement of lease liabilities during the financial year is as follows:

	Group	
	2022	2021
	RM'000	RM'000
<b>At 1 April</b>	4,207	5,120
Accretion of interest	176	210
Additions	7,159	1,268
Derecognition	(583)	(229)
Payments		
- principal	(3,045)	(1,952)
- interest	(176)	(210)
<b>At 31 March</b>	7,738	4,207

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 31. PROVISIONS

	Bonus RM'000	Unutilised annual leave RM'000	Price variance RM'000	Transportation charges RM'000	Utilities RM'000	Others RM'000	Total RM'000
<b>Group</b>							
At 1 April 2020	3,068	1,583	6,975	1,356	172	731	13,885
Utilised	(9,263)	(199)	-	(1,355)	(172)	(706)	(11,695)
Reversal of overprovision	(2,387)	-	-	-	-	-	(2,387)
Provision made	11,988	733	8,621	2,315	-	250	23,907
At 31 March 2021/ At 1 April 2021	3,406	2,117	15,596	2,316	-	275	23,710
Utilised	(12,288)	(230)	(433)	(2,316)	-	(194)	(15,461)
Reversal of overprovision	(1,169)	(9)	-	-	-	(114)	(1,292)
Provision made	13,954	212	5,111	4,195	-	232	23,704
At 31 March 2022	3,903	2,090	20,274	4,195	-	199	30,661

## 32. DEFERRED TAX

	Group	
	2022 RM'000	2021 RM'000
At 1 April	13,081	15,220
Recognised in profit or loss (Note 14)	4,446	(2,139)
At 31 March	17,527	13,081
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	17,527	13,973
Deferred tax assets	-	(892)
	17,527	13,081

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 32. DEFERRED TAX (cont'd)

The components and movements of deferred tax liabilities and deferred tax assets during the financial year are as follows:

	At 1 April 2021 RM'000	Recognised in profit or loss (Note 14) RM'000	At 31 March 2022 RM'000
<b>Deferred tax liabilities of the Group:</b>			
Subject to income tax rate:			
Accelerated capital allowances	27,049	5,670	32,719
	27,049	5,670	32,719
Offsetting	(13,076)	(2,116)	(15,192)
	13,973	3,554	17,527

### Deferred tax assets of the Group:

Subject to income tax rate:			
Unutilised business losses	(1,666)	401	(1,265)
Unabsorbed capital allowances	(2,065)	1,743	(322)
Unutilised reinvestment allowances	(1,334)	(1,169)	(2,503)
Other deductible temporary differences	(8,903)	(2,199)	(11,102)
	(13,968)	(1,224)	(15,192)
Offsetting	13,076	2,116	15,192
	(892)	892	-
	13,081	4,446	17,527

	At 1 April 2020 RM'000	Recognised in profit or loss (Note 14) RM'000	At 31 March 2021 RM'000
<b>Deferred tax liabilities of the Group:</b>			
Subject to income tax rate:			
Accelerated capital allowances	24,145	2,904	27,049
	24,145	2,904	27,049
Offsetting	(6,657)	(6,419)	(13,076)
	17,488	(3,515)	13,973

### Deferred tax assets of the Group:

Subject to income tax rate:			
Unutilised business losses	(1,680)	14	(1,666)
Unabsorbed capital allowances	(2,634)	569	(2,065)
Unutilised reinvestment allowances	(499)	(835)	(1,334)
Other deductible temporary differences	(4,112)	(4,791)	(8,903)
	(8,925)	(5,043)	(13,968)
Offsetting	6,657	6,419	13,076
	(2,268)	1,376	(892)
	15,220	(2,139)	13,081

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 33. SHARE CAPITAL AND TREASURY SHARES

### (a) Share capital

	Number of ordinary shares		Amount	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
<b>Group and Company</b>				
<u>Issued and fully paid:</u>				
At 1 April	1,250,188	1,250,188	296,126	296,126
Issuance of bonus shares	312,547	-	-	-
At 31 March	1,562,735	1,250,188	296,126	296,126

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

There were no new ordinary shares issued during the financial year. The ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

#### (i) Bonus issue

The issuance of 312,546,788 Bonus Shares on the basis of one (1) Bonus Share for every four (4) shares were listed and quoted on the Main Market of Bursa Securities on 23 April 2021, marked the completion of the Bonus Issue of Shares.

#### (ii) Warrants 2021/2026

The issuance of 249,977,463 free warrants ("Warrants B") on the basis of one (1) Warrant B for every five (5) existing ordinary shares were listed and quoted on the Main Market of Bursa Securities on 4 May 2021. Each warrant will entitle its registered holder during the exercise period to subscribe for one new ordinary share at the exercise price, which has been fixed at RM3.00 per share. The warrants may be exercised at any time before the end of the tenure of the Warrants on 25 April 2026.

No warrants have been exercised during the financial year and the number of unexercised warrants at the end of the financial year is 249,977,463.

### (b) Treasury shares

	Number of treasury shares			
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
At 1 Apr	300	300	208	208
Issuance of bonus shares	75	-	-	-
At 31 March	375	300	208	208

The issuance of 75,000 Bonus Shares on the basis of one (1) Bonus Share for every four (4) shares were listed and quoted on the Main Market of Bursa Securities on 23 April 2021, marking the completion of the Bonus Issue of Shares.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 34. MERGER DEFICIT

The merger deficit relating to the business combination involving entities under common control is accounted for by applying the pooling of interest method. The difference between the consideration paid and the share capital and reserves of the subsidiaries acquired is reflected as a merger deficit.

## 35. RETAINED EARNINGS

The Company can distribute dividends out of its entire retained earnings as at 31 March 2022 under the single-tier system.

## 36. DIVIDENDS

	Group and Company	
	2022	2021
	RM'000	RM'000
<b>Recognised during the financial year</b>		
Dividends on ordinary shares:		
- Final single-tier dividend for 2020: 2.930 sen per share	-	36,622
- Final single-tier dividend for 2021: 4.270 sen per share	66,713	-
	66,713	36,622

On 25 July 2022, the directors have approved a final single-tier dividend in respect of the financial year ended 31 March 2022 amounting to a dividend payable of approximately RM86,711,000 (5.55 sen per ordinary share for 1,562,360,337 shares which excluded 375,000 treasury shares), payable on 28 October 2022. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2023.

## 37. RELATED PARTY DISCLOSURES

### (a) Sales and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

The related party with which the Group has had transactions during the financial year are as follows:

	2022	2021
	RM'000	RM'000
<u>Expenses/(income)</u>		
<b>Group</b>		
<b>Transactions with related parties:</b>		
Rental expense to spouse of a director (i)	60	60
Rental expense to a company controlled by certain directors	1,640	1,332
Rental income from a company controlled by close family member of certain directors	(59)	(57)
Disposal of an investment property to close family member of certain directors	(6,000)	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022  
cont'd

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

### (a) Sales and purchase of goods and services (cont'd)

	2022 RM'000	2021 RM'000
<b>Company</b>		
Gross dividend income from subsidiaries	(59,800)	(40,300)
Advances given to subsidiaries	(20)	(13,030)

- (i) Deceased in prior years and the beneficiary interest is transferred to an executor of the estate who is a director of the Company.

### (b) Compensation of key management personnel

Key management personnel ("KMP") are persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. The remuneration of directors, representing the sole members of key management during the year were as disclosed in Note 13.

## 38. COMMITMENTS

### (a) Capital commitments

Authorised capital expenditures not provided for in the financial statement are as follows:

	2022 RM'000	Group 2021 RM'000
Property, plant and equipment:		
Approved and contracted for	77,193	25,763
Approved but not contracted for	2,293	1,068
	79,486	26,831

## 39. FAIR VALUE

### (a) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Other investments (current and non-current)	21
Trade and other receivables	24
Cash and bank balances	27
Trade and other payables	28

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 39. FAIR VALUE (cont'd)

### (b) Fair value hierarchy

As at reporting date, the Group and the Company held the following assets that are measured or information is disclosed at fair value:

Group				
Fair value measurement using				
	Quoted prices in active market Level 1 RM'000	Significant observable inputs Level 2 RM'000	Significant unobservable inputs Level 3 RM'000	Total RM'000
At 31 March 2022				
Assets measured at fair value:				
Investment in cash management fund	-	21,538	-	21,538
Assets for which fair value information is disclosed:				
Investment properties	-	3,450	1,600	5,050
At 31 March 2021				
Assets measured at fair value:				
Investment in cash management fund	-	116,193	-	116,193
Assets for which fair value information is disclosed:				
Investment properties	-	9,420	1,600	11,020
Company				
Fair value measurement using				
	Quoted prices in active market Level 1 RM'000	Significant observable inputs Level 2 RM'000	Significant unobservable inputs Level 3 RM'000	Total RM'000
At 31 March 2022				
Assets measured at fair value:				
Investment in cash management fund	-	-	-	-
At 31 March 2021				
Assets measured at fair value:				
Investment in cash management fund	-	3,753	-	3,753

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022  
cont'd

## 39. FAIR VALUE (cont'd)

### (b) Fair value hierarchy (cont'd)

The Group classifies fair value measurement using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

No transfers between any levels of the fair value hierarchy took place during the reporting period. There was also no changes in the purpose of any financial assets that subsequently resulted in a different classification of that asset.

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

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

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including other investments and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

#### Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

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

#### Corporate guarantees

As at 31 March 2022, the Company has corporate guarantees with a nominal amount of RM 228,489,000 (2021: RM218,176,000) provided to licensed banks in respect of secured banking facilities granted to certain subsidiaries. As at 31 March 2022 and 31 March 2021, the mentioned banking facilities remained unutilised by the subsidiaries. As at reporting date, the Company has not recognised any financial liability relating to the corporate guarantees given to the subsidiaries as there is no drawdown of the banking facilities by the subsidiaries.

As at 31 March 2022, the Company has corporate guarantees with a nominal amount of RM4,000,000 (2021: RM4,000,000) provided to a supplier as security for purchases of goods by a subsidiary. As at 31 March 2022 and 31 March 2021, the Company has not recognised any financial liability relating to the corporate guarantees given to the subsidiary as the subsidiary did not default on any payment to the supplier.

#### Credit risk concentration profile

At the reporting date, the Group has significant concentration of credit risk that may arise from 1 (2021: 1) customer who accounted for 76% (2021: 76%) of total trade receivables. The directors believe that this will not create significant credit risk for the Group in view of the length of relationship with this customer and the Group works closely with the customer to provide customer satisfaction through timely delivery and the provision of high quality products and services at competitive cost.

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 24(a).

Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 24(a).

### (b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022  
cont'd

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

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

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Total RM'000
<b>Group</b>			
<b>At 31 March 2022</b>			
<b>Financial liabilities:</b>			
Trade and other payables	375,745	-	375,745
Lease liabilities	4,448	3,541	7,989
Total undiscounted financial liabilities	380,193	3,541	383,734
<b>At 31 March 2021</b>			
Financial liabilities:			
Trade and other payables	288,897	-	288,897
Lease liabilities	2,180	2,252	4,432
Total undiscounted financial liabilities	291,077	2,252	293,329
	On demand or within one year		
	2022	2021	
	RM'000	RM'000	
<b>Company</b>			
<b>Financial liability:</b>			
Trade and other payables, representing total financial liability	63	293	

### (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to transactional currency risk primarily respective through sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollars ("USD"), Singapore Dollars ("SGD"), Japanese Yen ("JPY"), Great Britain Pound ("GBP"), Euro ("EUR"), Thailand Baht ("THB") and Chinese Renminbi ("RMB"). Such transactions are kept to an acceptable level.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

### (c) Foreign currency risk (cont'd)

The net unhedged financial assets and financial liabilities of the Group as at 31 March 2022 and 2021 that are not denominated in their functional currencies are as follows:

Group	Net financial assets/ (liabilities) held in non-functional currencies	
	2022 RM'000	2021 RM'000
USD	(83,296)	(55,231)
SGD	511	296
JPY	(53)	(23)
GBP	(6)	(6)
EUR	(767)	(178)
THB	(6)	(8)
RMB	(4,281)	(3,842)
	(87,898)	(58,992)

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD, EUR and RMB exchange rates at the reporting date against the functional currency of the Group, assuming all other variables held constant.

Group	(Decrease)/Increase in profit before tax	
	2022 RM'000	2021 RM'000
USD strengthened by 10%	(8,330)	(5,523)
USD weakened by 10%	8,330	5,523
EUR strengthened by 10%	(77)	(18)
EUR weakened by 10%	77	18
RMB strengthened by 10%	(428)	(384)
RMB weakened by 10%	428	384

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022  
cont'd

## 41. CAPITAL MANAGEMENT

The main objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business operations and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 March 2022 and 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group includes within net debt, trade and other payables, less cash and bank balances and cash management fund. Capital includes equity attributable to equity holders of the Company.

	Note	Group 2022 RM'000	2021 RM'000
Trade and other payables	28	375,745	288,897
Less: Cash management fund	21	(21,538)	(116,193)
Cash and bank balances	27	(51,260)	(56,613)
<i>Net debt</i>		302,947	116,091
Equity attributable to equity holders of the Company, representing total capital		814,514	707,831
<b>Capital and net debt</b>		<b>1,117,461</b>	<b>823,922</b>
<b>Gearing ratio</b>		<b>27%</b>	<b>14%</b>

## 42. SEGMENT INFORMATION

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance.

The Group has identified sale of goods as the sole reportable operating segment.

### Information on a major customer

Revenue from 1 major customer amounted to RM1,755,934,000 (2021: RM1,791,920,000), arising from sales of plastic products segment.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

cont'd

## 42. SEGMENT INFORMATION (cont'd)

### Geographical Segmental Information

The Group principally operates in Malaysia and sells its good in Malaysia. Geographically, the main business segments of the Group are concentrated in Malaysia and the Group deals with mainly local customers. Accordingly, no separate geographical segment information is presented.

	Sales of goods RM'000	Other segments RM'000	Total RM'000
<b>2022</b>			
<b>Revenue</b>			
External revenue	2,274,309	47,119	2,321,428
<b>Income/(Expenses)</b>			
Amount of inventories recognised as expense	(1,967,496)	(24,743)	(1,992,239)
Depreciation and amortisation	(37,432)	(1,814)	(39,246)
Employee benefits expenses	(219,933)	(8,939)	(228,872)
<b>Segment profit</b>	206,691	15,692	222,383
<b>Segment assets</b>	1,203,339	48,813	1,252,152
<b>Segment liabilities</b>	425,941	11,697	437,638
<b>2021</b>			
<b>Revenue</b>			
External revenue	2,220,486	30,696	2,251,182
<b>Income/(Expenses)</b>			
Amount of inventories recognised as expense	(1,958,200)	(15,973)	(1,974,173)
Depreciation and amortisation	(33,605)	(1,703)	(35,308)
Employee benefits expenses	(192,228)	(8,233)	(200,461)
<b>Segment profit</b>	164,952	6,370	171,322
<b>Segment assets</b>	1,003,082	45,684	1,048,766
<b>Segment liabilities</b>	327,400	13,535	340,935

## 43. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2022 were authorised for issue in accordance with a resolution of the directors on 25 July 2022.

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2022

## SHARE CAPITAL

Total Number of Issued Shares	:	1,562,735,337 ordinary shares (including 375,000 treasury shares)
Class of securities	:	Ordinary shares
Voting Rights	:	One vote per ordinary share held

## DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	Number of Shareholders	%	Number of Shares Held	%
Less than 100	729	10.86	32,715	0.00
100 – 1,000	696	10.36	382,698	0.02
1,001 – 10,000	3,129	46.59	13,531,307	0.87
10,001 – 100,000	1,641	24.43	49,681,933	3.18
100,001 to less than 5% of issued shares	518	7.71	1,031,877,862	66.05
5% and above of issued shares	3	0.05	466,853,822	29.88
<b>Total</b>	<b>6,716</b>	<b>100.00</b>	<b>1,562,360,337</b>	<b>100.00</b>

## DIRECTORS' SHAREHOLDINGS

as per Register of Directors' Shareholdings as at 30 June 2022

No.	Name	Direct interest		Indirect interest	
		No. of Shares	%	No. of Shares	%
1.	Dato' Gan Kim Huat	70,856,647	4.54	557,635,949 <sup>1</sup>	35.69 <sup>1</sup>
2.	Gan Poh San	78,118,000	5.00	255,569,474 <sup>2</sup>	16.36 <sup>2</sup>
3.	Koh Chin Koon	0	0.00	0	0.00
4.	Koh Song Heng	0	0.00	0	0.00
5.	Anita Chew Cheng Im	0	0.00	0	0.00
6.	Goh Kah Im	0	0.00	0	0.00

### Notes:

- Deemed interested in the shares held by Renown Million Sdn. Bhd., Beyond Imagination Sdn. Bhd., Graceful Assessment Sdn. Bhd. and Zenith Highlight Sdn. Bhd., pursuant to Section 8 of the Companies Act 2016 ("the Act") and shares held by his spouse and children pursuant to Section 59(1)(c) of the Act.
- Deemed interested in the shares held by Beyond Imagination Sdn. Bhd. and Zenith Highlight Sdn. Bhd., in accordance with Section 8 of the Act.
- Excluding a total of 375,000 ordinary shares bought-back by the Company and retained as treasury shares as at 30 June 2022.

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2022

cont'd

## SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

as per Register of Substantial Shareholders' Shareholdings as at 30 June 2022

Name	Direct	% <sup>3</sup>	Indirect	% <sup>3</sup>
Beyond Imagination Sdn Bhd	225,302,550	14.42	-	-
Kumpulan Wang Persaraan (Diperbadankan)	116,433,100	7.45	25,454,400	1.63
Employees Provident Fund Board	82,914,825	5.31	-	-
Dato' Gan Kim Huat	70,856,647	4.54	557,635,949 <sup>1</sup>	35.69 <sup>1</sup>
Gan Poh San	78,118,000	5.00	255,569,474 <sup>2</sup>	16.36 <sup>2</sup>
Renown Million Sdn. Bhd.	127,212,435	8.14	-	-
Graceful Assessment Sdn. Bhd.	94,337,375	6.04	-	-

### Notes:

1. Deemed interested in the shares held by Renown Million Sdn. Bhd., Beyond Imagination Sdn. Bhd., Graceful Assessment Sdn. Bhd. and Zenith Highlight Sdn. Bhd., pursuant to Section 8 of the Companies Act 2016 ("the Act") and shares held by his spouse and children pursuant to Section 59(1)(c) of the Act.
2. Deemed interested in the shares held by Beyond Imagination Sdn. Bhd. and Zenith Highlight Sdn. Bhd., in accordance with Section 8 of the Companies Act 2016.
3. Excluding a total of 375,000 ordinary shares bought-back by the Company and retained as treasury shares as at 30 June 2022.

## THIRTY (30) LARGEST SHAREHOLDERS

As per Record of Depositors as at 30 June 2022

No	Name of Shareholders	No of Shares Held	%
1	Beyond Imagination Sdn. Bhd.	225,302,550	14.42
2	Renown Million Sdn. Bhd.	127,212,435	8.14
3	Kumpulan Wang Persaraan (Diperbadankan)	114,338,837	7.32
4	Gan Poh San	78,118,000	5.00
5	Dato' Gan Kim Huat	69,856,647	4.47
6	Lembaga Tabung Haji	59,525,625	3.81
7	Graceful Assessment Sdn. Bhd.	51,551,000	3.30
8	Graceful Assessment Sdn. Bhd.	42,786,375	2.74
9	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)	29,515,875	1.89
10	Amanahraya Trustees Berhad Public Islamic Opportunities Fund	21,963,375	1.41
11	Zenith Highlight Sdn. Bhd.	18,732,442	1.20
12	Cartaban Nominees (Tempatan) Sdn Bhd PAMB for Prulink Equity Fund	15,765,000	1.01
13	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)	14,542,775	0.93

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 JUNE 2022

cont'd

## THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

As per Record of Depositors as at 30 June 2022

No	Name of Shareholders	No of Shares Held	%
14	Cartaban Nominees (Tempatan) Sdn Bhd <i>PBTB for Takafulink Dana Ekuiti</i>	14,526,425	0.93
15	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Nomura)</i>	13,852,375	0.89
16	Amanahraya Trustees Berhad <i>Public Islamic Select Treasures Fund</i>	13,771,250	0.88
17	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (AsianIslamic)</i>	13,394,625	0.86
18	Citigroup Nominees (Asing) Sdn Bhd <i>CBNY for Norges Bank (F117)</i>	12,639,500	0.81
19	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Commerce Trustee Berhad for Kenanga Shariah Growth Opportunities Fund (50156 TR01)</i>	12,233,225	0.78
20	Zenith Highlight Sdn. Bhd.	11,534,482	0.74
21	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt AN for State Street Bank &amp; Trust Company (West CLT OD67)</i>	11,460,425	0.73
22	CIMB Group Nominees (Tempatan) Sdn Bhd <i>CIMB Commerce Trustee Berhad - Kenanga Growth Fund</i>	11,458,175	0.73
23	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (F Templeton)</i>	11,300,800	0.72
24	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (Aberdeen)</i>	10,826,975	0.69
25	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund</i>	10,742,100	0.69
26	Amanahraya Trustees Berhad <i>Public Islamic Treasures Growth Fund</i>	10,458,625	0.67
27	Maybank Nominees (Tempatan) Sdn Bhd <i>Affin Hwang Asset Management Berhad for Hong Leong Assurance Berhad (PAR-220082)</i>	8,891,250	0.57
28	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for Citibank New York (Norges Bank 19)</i>	8,796,600	0.56
29	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (BNP Najmah EQ)</i>	8,526,150	0.55
30	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AFF HWG6939-403)</i>	8,497,375	0.54

# ANALYSIS OF WARRANT HOLDINGS

AS AT 30 JUNE 2022

## WARRANTS B

Number of Outstanding Issued : 249,977,463 Warrants B (2021/2026)

Number of Warrant Holders : 6,014

## DISTRIBUTION OF WARRANTS HOLDINGS

Size of Warrants Holdings	Number of Warrants Holders	%	Number of Warrants Held	%
Less than 100	590	9.81	19,392	0.01
100 – 1,000	2,048	34.05	983,407	0.39
1,001 – 10,000	2,007	33.37	8,010,663	3.21
10,001 – 100,000	1,100	18.29	40,304,626	16.12
100,001 to less than 5% of issued shares	266	4.43	131,758,098	52.71
5% and above of issued shares	3	0.05	68,901,277	27.56
<b>Total</b>	<b>6,014</b>	<b>100.00</b>	<b>249,977,463</b>	<b>100.00</b>

## DIRECTORS' WARRANTS HOLDINGS

as per Register of Directors' Warrant Holdings as at 30 June 2022

No.	Name	Direct interest		Deemed interest	
		No. of Shares	%	No. of Shares	%
1.	Dato' Gan Kim Huat	11,177,063	4.47	89,221,750 <sup>1</sup>	35.69 <sup>1</sup>
2.	Gan Poh San	12,498,880	5.00	40,891,115 <sup>2</sup>	16.36 <sup>2</sup>
3.	Koh Chin Koon	0	0.00	0	0.00
4.	Koh Song Heng	0	0.00	0	0.00
5.	Anita Chew Cheng Im	0	0.00	0	0.00
6.	Goh Kah Im	0	0.00	0	0.00

### Notes:

- Deemed interested in the shares held by Renown Million Sdn. Bhd., Beyond Imagination Sdn. Bhd., Graceful Assessment Sdn. Bhd. and Zenith Highlight Sdn. Bhd., pursuant to Section 8 of the Companies Act 2016 ("the Act") and shares held by his spouse and children pursuant to Section 59(1)(c) of the Act.
- Deemed interested in the shares held by Beyond Imagination Sdn. Bhd. and Zenith Highlight Sdn. Bhd., in accordance with Section 8 of the Act.

# ANALYSIS OF WARRANT HOLDINGS

AS AT 30 JUNE 2022

cont'd

## THIRTY (30) LARGEST WARRANT HOLDERS

As per Record of Depositors as at 30 June 2022

No	Name of Warrant Holders	No of Warrants Held	%
1	Beyond Imagination Sdn. Bhd.	36,048,408	14.42
2	Renown Million Sdn. Bhd.	20,353,989	8.14
3	Gan Poh San	12,498,880	5.00
4	Dato' Gan Kim Huat	11,177,063	4.47
5	Graceful Assessment Sdn. Bhd.	8,248,160	3.30
6	Graceful Assessment Sdn. Bhd.	6,845,820	2.74
7	Amanahraya Trustees Berhad <i>Public Islamic Opportunities Fund</i>	3,514,140	1.41
8	Zenith Highlight Sdn Bhd	2,997,190	1.20
9	Yik Phooi Har	2,070,000	0.83
10	Amanahraya Trustees Berhad <i>Public Islamic Select Treasures Fund</i>	1,945,880	0.78
11	Boh Min Chek	1,859,200	0.74
12	Zenith Highlight Sdn Bhd	1,845,517	0.74
13	Goh Ming Yong	1,747,400	0.70
14	Khoo Lee Hiang	1,600,000	0.64
15	Koh Soon Kiat	1,500,000	0.60
16	Hor Kok Wah	1,400,000	0.56
17	Kenanga Nominees (Tempatan) Sdn Bhd <i>Rakuten Trade Sdn Bhd for Ng Chin Leong</i>	1,397,300	0.56
18	Lim Boon Kheng @ Lim Boon Chee	1,385,500	0.55
19	Chin Tai Ying	1,365,800	0.55
20	Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (LSF)</i>	1,343,340	0.54
21	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)</i>	1,299,100	0.52
22	Teoh Swee Huat	1,282,300	0.51
23	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Choong Pik Wei (MY3734)</i>	1,258,200	0.50

# ANALYSIS OF WARRANT HOLDINGS

AS AT 30 JUNE 2022

cont'd

## THIRTY (30) LARGEST WARRANT HOLDERS (cont'd)

As per Record of Depositors as at 30 June 2022

No	Name of Warrant Holders	No of Warrants Held	%
24	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)</i>	1,207,660	0.48
25	Lim Boon Hee	1,200,000	0.48
26	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Manulife Insurance Berhad (Equity Fund)</i>	1,179,760	0.47
27	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Teo Hock Kar (8038771)</i>	1,100,000	0.44
28	Ong Gim Hai	1,030,000	0.41
29	Low Yoke Chen	1,009,000	0.40
30	Sukhwinder Singh A/L Harbans Singh	1,000,500	0.40

## ADDITIONAL COMPLIANCE INFORMATION

The information disclosed below is in compliance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

### 1. UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposals during the financial year ended 31 March 2022.

### 2. AUDIT AND NON-AUDIT FEES

For the financial year ended 31 March 2022, Ernst & Young PLT, the External Auditors has rendered audit and non-audit services to the Company and Group. A breakdown of fees paid or payable to the External Auditors is listed as below:-

	Group (RM)	Company (RM)
Audit services rendered	354,000	52,000
Non-audit services rendered	10,000	10,000

### 3. MATERIAL CONTRACTS

There was no material contract entered into by the Company and its subsidiaries (not being contracts entered into in the ordinary course of business) involving the interests of Directors, chief executive who is not a director or major shareholders either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

# PROPERTIES OF THE GROUP

AS AT 31 MARCH 2022

Registered / Beneficial Owner	Location of Property	Description of Property	Tenure/Age of building (years)	Date of Acquisition	Total Land Area (Acres)	Total Built Up Area (Sq. ft.)	NBV 31/3/2022 (RM'000)
Syarikat Sin Kwang Plastic Industries Sdn. Bhd.	Lot PTD 2492 Mukim Simpang Kanan Daerah Batu Pahat Johor Darul Takzim	Industrial land and building	Freehold/ 11-41 year	3/8/1994	2.94	80,000	8,480
	Lot 4021 GM172 Mukim Simpang Kanan (V) Daerah Batu Pahat Johor Darul Takzim	Private resident for staff accommodation	Freehold/ 36 years	19/1/1998	0.22	7,982	175
	No. 6, Jalan Teknologi 5 Taman Teknologi Johor 81400 Johor Bahru Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2066/17 years	1/10/2004	5.45	176,000	10,432
	PN 39897 Lot 75069 Mukim Kulai, Kulaijaya Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2066/7 years	28/3/2014	4.999 (2.023 Hectare)	126,000	37,731
	PTD 113275, Jalan Teknologi 5 Taman Teknologi Johor 81400 Johor Bahru Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2068/14 years	22/11/2019	2.155 (0.8722 Hectare)	63,125	14,804
	PLO 19, Jalan Persiaran Teknologi Taman Teknologi Johor 81400 Johor Bahru Johor Darul Takzim	Industrial building	1 year	1/11/2021	-	95,952	941
	PLO 52, Jalan Persiaran Teknologi Taman Teknologi Johor 81400 Johor Bahru Johor Darul Takzim	Industrial land	Leasehold for 60 years expiring 2081	10/2/2021	6.409	-	14,533
	PLO 6, Jalan Persiaran Teknologi Taman Teknologi Johor 81400 Johor Bahru Johor Darul Takzim	Industrial land	Leasehold for 60 years expiring 2081	10/3/2022	7.877 (3.188 Hectare)	-	20,690
Goodhart Land Sdn. Bhd.	Greran 60042 Lot PTD 23496 477, 4th Miles Jalan Kluang 83000 Batu Pahat Johor Darul Takzim	Industrial land and building	Freehold/ 27 years	13/12/1994	4.31	99,869	2,079
	HS(D) 6731 Lot PTD 1124 No. 4, Jalan Jorak Estate Kawasan Perindustrian Tongkang Pecah 83010 Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2037/32 years	8/5/1996	0.5	12,000	37

# PROPERTIES OF THE GROUP

AS AT 31 MARCH 2022

cont'd

Registered / Beneficial Owner	Location of Property	Description of Property	Tenure/Age of building (years)	Date of Acquisition	Total Land Area (Acres)	Total Built Up Area (Sq. ft.)	NBV 31/3/2022 (RM'000)
Goodhart Land Sdn. Bhd.	HS(D) 16496 Lot PTD 1994 No. 4A, Jalan Kolek Kawasan Perindustrian Tongkang Pecah 83010 Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2042/23 years	8/5/1996	0.88	23,200	456
	GRN 44655 Lot 39702 No. 6 & 8, Jalan Wawasan 9 Kws. Perindustrian Sri Gading 83300 Batu Pahat Johor Darul Takzim	Industrial land and building	Freehold/ 21 years	18/9/2000	2.00	78,675	3,515
	HS(D) 38503 PTD 33275 No. 33, Jalan Damai Utama Taman Industri Damai Plus 83000 Batu Pahat Johor Darul Takzim	Industrial land and building	Freehold/ 23 years	1/6/1999	0.10	6,048	538
	HSD 38424 PTD 35117 No. 10, Jalan Wawasan 9 Kws. Perindustrian Sri Gading 83300 Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2058/20 years	1/8/2000	1.00	30,800	976
S.P.I. Plastic Industries (M) Sdn. Bhd.	H.S.(D) No. 38417 PTD No. 35118 Mukim Simpang Kanan Daerah Batu Pahat Johor Darul Takzim	Industrial Land	Leasehold for 60 years expiring 2058	10/6/2019	1.00	-	1,763
	Lot PTD 1325 Mukim Linau Daerah Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2039/43 years	12/1/1980	0.50	11,760	400
	Lot PTD 1172 Mukim Linau Daerah Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2038/30 years	31/12/1992	0.50	10,560	421
	Lot PTD 1494 Mukim Linau Daerah Batu Pahat Johor Darul Takzim	Industrial land and building	Leasehold for 60 years expiring 2039/26 years	30/3/1996	2.00	54,786	2,152
	Lot PTD35114 & 35086 Mukim Simpang Kanan Daerah Batu Pahat Johor Darul Takzim	Industrial building	21 years	28/2/2001	-	57,200	2,222

# PROPERTIES OF THE GROUP

AS AT 31 MARCH 2022

cont'd

Registered / Beneficial Owner	Location of Property	Description of Property	Tenure/Age of building (years)	Date of Acquisition	Total Land Area (Acres)	Total Built Up Area (Sq. ft.)	NBV 31/3/2022 (RM'000)
S.P.I. Plastic Industries (M) Sdn. Bhd.	8, Jalan Putera Indah 2/5 Taman Putera Indah Tongkang Pecah Batu Pahat Johor Darul Takzim	Single storey terrace house	Freehold/ 21 years	14/11/2011	0.04	1,500	90
	8, Jalan Putera Indah 1/3 Taman Putera Indah Tongkang Pecah Batu Pahat Johor Darul Takzim	Single storey terrace house	Freehold/ 21 years	12/3/2014	0.04	1,500	144
	PTD 3333 HS(M) 1534 & PTD 3334 HS(M) 1535 Mukim Linau Daerah Batu Pahat Johor Darul Takzim	Dwelling house and land	Freehold/ 14 years	1/11/2016	0.19	4,126	407
	No. 11, Jalan Bayam Taman Anggerik 83010 Tongkang Pecah Daerah Batu Pahat Johor Darul Takzim	Single storey terrace house	Freehold/ 30 years	15/1/2021	0.04	1,640	237
	No. 6, Jalan Lobak Taman Anggerik 83010 Tongkang Pecah Daerah Batu Pahat Johor Darul Takzim	Single storey terrace house	Freehold/ 30 years	15/1/2021	0.04	1,540	222
	No. 10, Jalan Petola Taman Anggerik 83010 Tongkang Pecah Daerah Batu Pahat Johor Darul Takzim	Single storey terrace house	Freehold/ 30 years	30/6/2021	0.04	1,540	209
	No. 7, Jalan 4 Taman Bintang Emas 83010 Tongkang Pecah Daerah Batu Pahat Johor Darul Takzim	Double storey terrace house	Freehold/ 25 years	1/1/2022	0.04	1,870	411
	No. 9, Jalan Putera Indah 2/4H Taman Putera Indah 83010 Tongkang Pecah Daerah Batu Pahat Johor Darul Takzim	Single storey terrace house	Freehold/ 19 years	1/1/2022	0.04	1,539	206
Sun Sparkle Sdn. Bhd.	Lot PTD 35114 Mukim Simpang Kanan Daerah Batu Pahat Johor Darul Takzim	Industrial land	Leasehold for 60 years expiring 2058	30/5/2000	1.00	-	157

# PROPERTIES OF THE GROUP

AS AT 31 MARCH 2022

cont'd

Registered / Beneficial Owner	Location of Property	Description of Property	Tenure/Age of building (years)	Date of Acquisition	Total Land Area (Acres)	Total Built Up Area (Sq. ft.)	NBV 31/3/2022 (RM'000)
<b>Tan Brothers Business Machines (Segamat) Sdn. Bhd.</b>	Lot PTD 35086 Mukim Simpang Kanan Daerah Batu Pahat Johor Darul Takzim	Industrial land	Leasehold for 60 years expiring 2057	30/5/2000	1.00	-	157
<b>Plastictecnic (M) Sdn. Bhd.</b>	PT No. 11438 HS(M) 9609 Mukim of Kajang District of Kajang Selangor Darul Ehsan	3-storey office factory annexe with an adjoining single warehouse/ factory	Leasehold for 99 years expiring 2086/36 years	31/12/1993	2.43	57,776	5,580
	PT No. 11500 HS (M) 9669 Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan	Semi-attached factory with a mezzanine office annexe	Leasehold for 99 years expiring 2086/33 years	3/5/1994	0.24	5,886	787
	No. 407, Blok 7 Jalan 6C/11 Bandar Baru Bangi 43650 Bandar Baru Bangi	Medium cost apartment	Leasehold for 99 years expiring 2095/26 years	22/11/2018	N/A	667	109
<b>Bangi Plastics Sdn. Bhd.</b>	PT No 1804 HS (D) 70319 Kawasan Perusahaan Nilai Mukim of Setul Negeri Sembilan	2 blocks of single storey factory lot	Leasehold for 60 years expiring 2051/24 years	17/4/1995	5.00	67,940	5,605
	P.N.No. 9560 Lot 784, Jln. Lengkok Emas Kawasan Perindustrian Nilai 71800 Nilai Negeri Sembilan	2 blocks of single storey factory lot	Leasehold for 60 years expiring 2051/13 years	1/10/2008	5.00	115,284	6,376
	Geran 46112/M1/2/17 Petak 17, Tingkat No.2 Bangunan No. M1 Lot 16366, Mukim Labu District of Seremban Negeri Sembilan	Apartment	Freehold/ 28 years	1/3/2018	N/A	720	49
	PN9493/M1/3/32 Petak 32, Tingkat No. 3 Bangunan No. M1 Lot 16366, Mukim Labu District of Seremban Negeri Sembilan	Apartment	Leasehold for 99 years expiring 2093/28 years	1/3/2018	N/A	720	49
	13-G, 13-1, 13-2 & 13-3 Master Title Pajakan Negeri 91580 Lot 100010, Mukim Petaling Daerah Petaling Selangor	4 storey shoplots	Leasehold for 99 years expiring 2108/11 years	1/1/2020	N/A	4,664	2,826

# PROPERTIES OF THE GROUP

AS AT 31 MARCH 2022

cont'd

Registered / Beneficial Owner	Location of Property	Description of Property	Tenure/Age of building (years)	Date of Acquisition	Total Land Area (Acres)	Total Built Up Area (Sq. ft.)	NBV 31/3/2022 (RM'000)
Bangi Plastics Sdn. Bhd.	GRN 60415/M2/4/114 Petak 114, Tingkat No. 4 Bangunan No. M2 Lot 9132, Mukim Sentul District of Seremban Negeri Sembilan	Apartment	Freehold/ 21 years	1/3/2020	N/A	678	47
	PT 5118, Jalan 2/E Taman Semarak 71800 Nilai Negeri Sembilan	Double storey terrace house	Freehold/ 29 years	1/2/2010	0.04	1,920	130
	Lot 785, Jln. Lengkok Emas Kawasan Perindustrian Nilai 71800 Nilai Negeri Sembilan	Industrial land	Leasehold for 60 years expiring 2051	1/3/2021	3.65	158,800	2,992
Sun Tong Seng Mould-Tech Sdn. Bhd.	PT No.11479 & 11481 Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan	2 adjoining units of semi-attached factories each having mezzanine office annexe	Leasehold for 99 years expiring 2086/34 years	3/5/1994	0.57	13,587	1,479
	PT No.11478 (M) 9647 Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan	Semi-attached factories with a mezzanine office annexe	Leasehold for 99 years expiring 2086/34 years	20/9/1994	0.24	5,867	504

**SKP RESOURCES BHD**

[Registration No. 200001021690 (524297-T)]  
(Incorporated in Malaysia)

**FORM OF PROXY****CDS Account No.****No. of Shares held**

I/We \_\_\_\_\_  
(Full Name in Block Letters and NRIC No./ Passport No./ Company No.)  
of \_\_\_\_\_  
(Full Address)  
and \*telephone no./ email address \_\_\_\_\_

being a member of SKP Resources Bhd ("**the Company**"), hereby appoint the following person(s)

Full Name and Address (in Block Letters) (First Proxy)		NRIC / Passport No.	No. of Shares	% of Shareholding
Email:	Contact No.:			

\*and/or

Full Name and Address (in Block Letters) (Second Proxy)		NRIC / Passport No.	No. of Shares	% of Shareholding
Email:	Contact No.:			

or failing \*him/her, THE CHAIRMAN OF THE MEETING as \*my/our \*proxy/proxies, to vote for \*me/us on \*my/our behalf at the Twenty-Second Annual General Meeting ("**22nd AGM**") of the Company, to be held on a **fully virtual basis** vide the Online Meeting Platform hosted on Securities Services e-Portal at <https://sshsb.net.my/> on Friday, 23 September 2022 at 11:00 a.m. or any adjournment thereof.

Please indicate with an "x" in the appropriate space(s) provided below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at \*his/her discretion.

No.	Ordinary Resolution	For	Against
1.	To re-elect Dato' Gan Kim Huat as Director		
2.	To re-elect Mr. Gan Poh San as Director		
3.	To approve the payment of Directors' fees of RM395,000/- for the period from 1 October 2022 to 30 September 2023, to be payable on a quarterly basis in arrears		
4.	To re-appoint Ernst & Young PLT as Auditors of the Company		
<b>As Special Business</b>			
5.	To authorise Directors to issue shares pursuant to the Companies Act 2016 (" <b>the Act</b> ")		
6.	To approve the Proposed Renewal of Share Buy-Back Authority		

\* Strike out whichever is not desired.

Signed this ..... day of ....., 2022.

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

Fold This Flap For Sealing

Notes:

- (a) As part of the initiatives to curb the spread of COVID-19, the 22<sup>nd</sup> AGM will be conducted on a fully virtual basis by way of live streaming and online remote voting via the Remote Participation and Voting ("**RPV**") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal's platform at <https://sshsb.net.my/>. Please read carefully and follow the procedures provided in the Administrative Guide to register, participate and vote remotely via the RPV facilities.
- (b) In respect of deposited securities, only members whose names appear in the Record of Depositors on **15 September 2022** ("General Meeting Record of Depositors") shall be eligible to participate, speak and vote at the Meeting.
- (c) A member entitled to attend and vote at the Meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- (d) A proxy may but does not need to be a member of the Company and a member may appoint any person to be his proxy without limitation. There shall be no restriction as to the qualification of the proxy. A proxy appointed to participate, speak and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

As guided by the Securities Commission Malaysia's Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers as revised, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the 22<sup>nd</sup> AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the 22<sup>nd</sup> AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies or corporate representatives may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the 22<sup>nd</sup> AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be broadcasted and responded to by the Chairman, Board of Directors and/or Management during the Meeting.

- (e) In the case of a corporate member, the instrument appointing a proxy must be either under its common seal or under the hand of its officer or attorney duly authorised.
- (f) 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 is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (g) A member who has appointed a proxy or attorney or authorised representative to participate, speak and vote at the AGM via RPV facilities must request his/her proxy to register himself/herself for RPV facilities at Securities Services e-Portal at <https://sshsb.net.my/>. **Please refer to the Administrative Guide for procedures to utilise the RPV facilities.**

Then Fold Here

Please  
Affix  
Stamp

**SKP RESOURCES BHD**

[Registration No. 200001021690 (524297-T)]

c/o The Poll Administrator  
SS E Solutions Sdn. Bhd.  
[Registration No. 202001010461 (1366781-T)]  
Level 7, Menara Milenium, Jalan Damanlela,  
Pusat Bandar Damansara,  
Damansara Heights,  
50490 Kuala Lumpur

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(h) **Submission of Proxy Form in either hard copy form or electronic form**

The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, must be deposited not less than forty-eight (48) hours before the time for holding the meeting or adjournment thereof through either one of the following avenues:-

**Mode of Submission**

Hard copy

**Designated Address**

SS E Solutions Sdn Bhd  
Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara,  
Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan  
Fax: 03-2094 9940 and/ or 03-2095 0292  
Email: [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my)  
Securities Services e-Portal  
Weblink: <https://sshsb.net.my/>

Electronic appointment

- (i) Should you wish to personally participate in the 22<sup>nd</sup> AGM remotely, please register electronically via Securities Services e-Portal at <https://sshsb.net.my/> by the registration cut-off date and time. Please follow the procedures provided in the Administrative Guide for the 22<sup>nd</sup> AGM to register, participate, speak and vote remotely.
- (j) If you have submitted your proxy form(s) and subsequently decide to appoint another person or wish to participate in the 22<sup>nd</sup> AGM by yourself, please write in to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) to revoke the earlier appointed proxy forty-eight (48) hours before this meeting.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 29 July 2022.

[www.skpres.com](http://www.skpres.com)

SKP RESOURCES BHD [Registration No. 200001021690 (524297-T)]

Level 7, Menara Milenium, Jalan Damanlela,  
Pusat Bandar Damansara, Damansara Heights,  
50490 Kuala Lumpur

Tel : (603) 2084 9000

Fax: (603) 2094 9940