



SKP RESOURCES BHD

Registration No. 200001021690 (524297-T)

An abstract graphic on the left side of the page consisting of various overlapping semi-circular and circular shapes in shades of orange, yellow, and dark red. Some shapes are solid, while others are outlines or have different colors in different segments.

**AN INTEGRATED
EMS PROVIDER**

ANNUAL
REPORT **2023**



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third (23rd) 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, 29 September 2023 |
| 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 2023 together with the Reports of the Directors and Auditors thereon. | Please refer to the Explanatory Notes |
| 2. | To re-elect Ms. Anita Chew Cheng Im, a Director of the Company, who retires in accordance with Clause 119 of the Company’s Constitution and being eligible, has offered herself for re-election. | Ordinary Resolution 1 |
| 3. | To re-elect Tan Sri Datuk Hussin Bin Haji Ismail, a Director of the Company, who retires in accordance with Clause 118 of the Company’s Constitution and being eligible, has offered himself for re-election. | Ordinary Resolution 2 |
| 4. | To approve the payment of Directors’ fees of RM455,000 for the period from 1 October 2023 to 30 September 2024, to be payable on a quarterly basis in arrears. | Ordinary Resolution 3 |
| 5. | 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:-

- | | | |
|----|--|------------------------------|
| 6. | AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS | 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 (“**General Mandate**”);

AND THAT approval be and is hereby given for the pre-emptive rights of the shareholders of the Company under Section 85 of the Act read together with Clause 14 of the Constitution, over all the new shares to be issued pursuant to and/or arising from the General Mandate ranking equally to the existing issued shares, being in proportion as nearly as the circumstances admit, to the amount of the existing shares held by the shareholders of the Company as at the date of issuance and allotment of such new shares (“**Pre-emptive Rights**”), be irrevocably and unconditionally waived (“**Waiver of Pre-emptive Rights**”);

NOTICE OF ANNUAL GENERAL MEETING

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AND THAT the Company be exempted from the obligation to offer such new shares to be issued and allotted pursuant to the General Mandate to the shareholders of the Company in accordance with the Pre-emptive Rights;

AND THAT the Directors and/or the Company Secretary be hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Waiver of Pre-emptive Rights for and on behalf of the Company;

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 the Main Market of 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."

7. **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 dividends 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

NOTICE OF ANNUAL GENERAL MEETING

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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.

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."

- 8. 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)
YAU JYE YEE (MAICSA 7059233) (SSM PC NO.: 202008000733)
 Company Secretaries

Kuala Lumpur
 31 July 2023

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.

Clause 118 of the Constitution of the Company states that any Director who is appointed either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next AGM and shall be eligible for re-election but shall not be taken into account in determining the Directors or the number of Directors to retire by rotation at such meeting.

NOTICE OF ANNUAL GENERAL MEETING

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In determining the eligibility of the Directors to stand for re-election at the forthcoming 23rd AGM, the Nomination Committee (“**NC**”) has considered the following:-

- (i) satisfactory performance and have met Board’s expectations in discharging their duties and responsibilities;
- (ii) met the fit and proper criteria in discharging their roles as directors of the Company;
- (iii) For Independent Non-Executive Directors (“**INEDs**”) only, the level of independence demonstrated by the INEDs; and
- (iv) their ability to act in the best interest of the Company.

The Board endorsed the NC’s recommendation for the re-election of the retiring Directors pursuant to Clauses 118 and 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 decisions 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 and to facilitate payment of Directors’ fees on a current financial year basis. This resolution, if passed, will authorise the payment of Directors’ fees to Directors of the Company for the period from 1 October 2023 to 30 September 2024, i.e. until the next AGM in 2024 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 2024. 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 23rd AGM of the Company.

Ordinary Resolution 5 – Authority to Issue Shares Pursuant to the Act and waiver of pre-emptive rights

The proposed ordinary resolution is intended to renew the authority granted to the Directors of the Company at the Twenty-Second (22nd) AGM of the Company held on 23 September 2022 (“**Previous Mandate**”) to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company for the time being (hereinafter referred to as the “**General Mandate**”).

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.

As at the date of this Notice, no new shares were issued pursuant to the Previous Mandate and hence, no proceeds were raised therefrom.

The proposed ordinary resolution, if passed, the shareholders of the Company shall agree to waive their statutory pre-emptive right and thus will allow the Directors to issue new shares to any person under general mandate without having to offer the new shares to all existing shareholders of the Company prior to issuance of the new shares.

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 31 July 2023 for further information.

NOTICE OF ANNUAL GENERAL MEETING

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Notes:

- (a) As part of the initiatives to curb the spread of COVID-19, the 23rd 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 **21 September 2023** ("**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 23rd 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 23rd 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 during the 23rd 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.**
- (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

Electronic appointment

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

NOTICE OF ANNUAL GENERAL MEETING

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- (i) *Should you wish to personally participate in the 23rd 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 23rd 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 23rd AGM by yourself, please write in to eservices@sshsb.com.my to revoke the earlier appointed proxy twenty-four (24) 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 23rd 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

Tan Sri Datuk Hussin Bin Haji Ismail

Independent Non-Executive Chairman

Gan Poh San

Managing Director

Koh Chin Koon

Non-Independent Non-Executive Director

Anita Chew Cheng Im

Independent Non-Executive Director

Goh Kah Im

Independent Non-Executive Director

AUDIT COMMITTEE

Goh Kah Im (*Chairman*)

Koh Chin Koon

Anita Chew Cheng Im

NOMINATION COMMITTEE

Anita Chew Cheng Im (*Chairperson*)

Koh Chin Koon

Goh Kah Im

REMUNERATION COMMITTEE

Goh Kah Im (*Chairman*)

Anita Chew Cheng Im

Koh Chin Koon

RISK MANAGEMENT COMMITTEE

Koh Chin Koon (*Chairman*)

Anita Chew Cheng Im

Goh Kah Im

COMPANY SECRETARIES

Chua Siew Chuan (MAICSA 0777689)

(SSM PC No. 201908002648)

Yau Jye Yee (MAICSA 7059233)

(SSM PC No. 202008000733)

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 Damanlela,

Pusat Bandar Damansara,

Damansara Heights,

50490 Kuala Lumpur

Telephone : 603-2084 9000

Facsimile : 603-2094 9940

Email Address : info@sshsb.com.my

HEAD OFFICE

No. 421, 4th 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)]

11th 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

Email Address : BSR.Helpdesk@
boardroomlimited.com

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Market)

Sector : Industrial Products

Stock Code : 7155

Stock Name : SKPRES

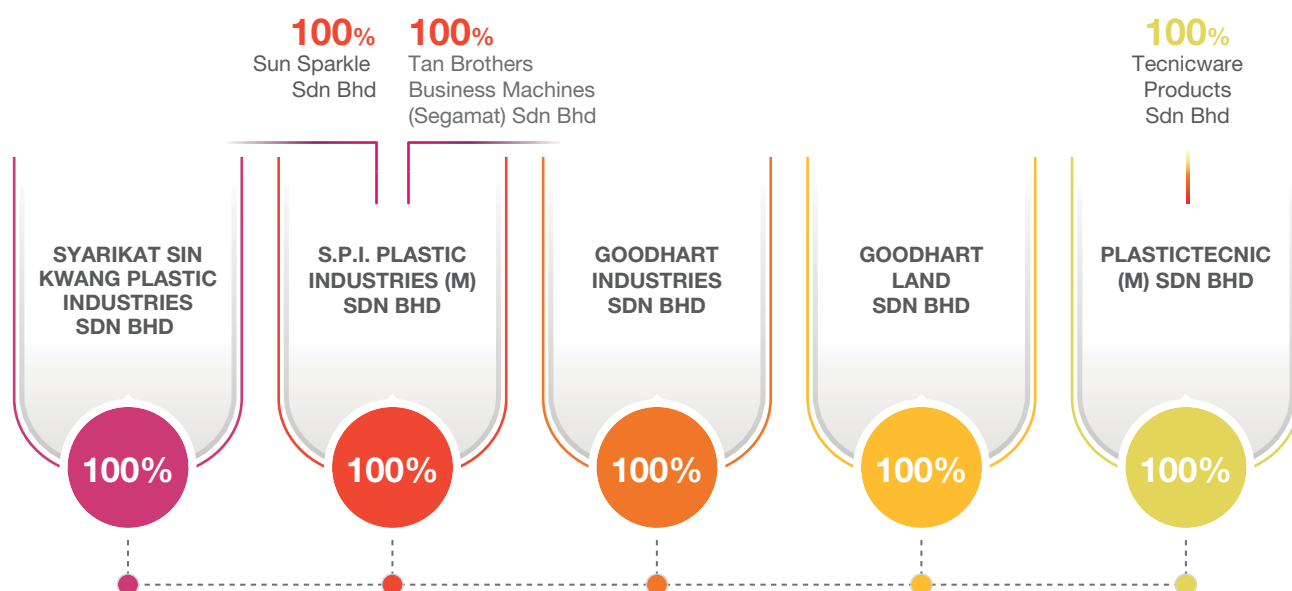
WEBSITE

www.skpres.com

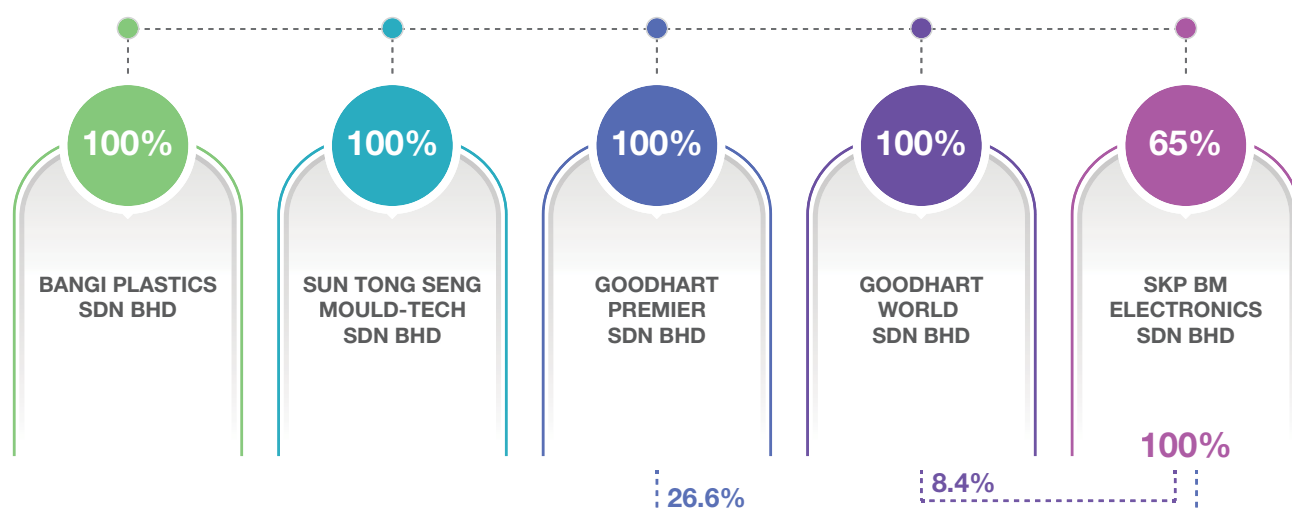


CORPORATE STRUCTURE

AS AT 3 JULY 2023



SK★P
SKP RESOURCES BHD
 [Registration No. 200001021690 (524297-T)]
 (Listed on Main Market
 of Bursa Malaysia)



DIRECTORS' PROFILE

TAN SRI DATUK HUSSIN BIN HAJI ISMAIL

Independent Non-Executive Chairman

Age 70 • Malaysian • Male

| | |
|---|---|
| Date of Appointment | 9 December 2022 |
| Membership in Board Committees | Nil |
| Qualification and Working Experience | <p>Tan Sri Datuk began his career in the Royal Malaysia Police (RMP) in 1971. During his tenure with RMP for over 39 years, Tan Sri Datuk held various positions including Head of Special Branch of Perlis (1989-1992) and Officer in Charge of Police District of Shah Alam (2000-2002). He was seconded to the Ministry of Foreign Affairs and served in Moscow, Russia from 1992 to 1994.</p> <p>In 2002 Tan Sri Datuk was appointed as the Head of Special Branch of Perak before taking on the position of Chief of Police for Terengganu in 2004. In 2006, Tan Sri Datuk was appointed as the Chief of Police for Johor. In 2008 Tan Sri Datuk was made the Director of Internal Security and Public Order Department in Bukit Aman. Subsequently, Tan Sri Datuk was promoted to the rank of Deputy Inspector General (DIG) in 2010 before his retirement in 2011. As DIG, his key responsibilities included assisting the Inspector General of Police (IGP) in the process of achieving the vision, missions and objectives of the RMP. While holding the position of DIG, Tan Sri Datuk also worked closely with the IGP in formulating policies and the guiding principles in ensuring the preservation of peace and security of the nation.</p> <p>Tan Sri Datuk is presently an Independent Non-Executive Chairman of Ecomate Holdings Berhad. He was previously the Chairman of Koperasi Polis DiRaja Malaysia (2016-2018). Currently, he is the Deputy Chairman of Yayasan Pengaman Malaysia.</p> |
| Present Directorship(s) | |
| (i) Other Listed Entities | Ecomate Holdings 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 | 1/1 |

DIRECTORS' PROFILE

cont'd

GAN POH SAN

Managing Director
Age 47 • Malaysian • Male

| | |
|---|---|
| Date of Appointment | 3 December 2002 - Appointed as an Executive Director 9 December 2022 - Re-designated as Managing Director |
| 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 the late Dato' Gan Kim Huat, 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 | 5/5 |

DIRECTORS' PROFILE

cont'd

KOH CHIN KOON

Non-Independent Non-Executive Director

Age 53 • Malaysian • Male

| | |
|---|---|
| Date of Appointment | 4 March 2005 - Appointed as Independent Non-Executive Director 27 July 2014 - Re-designated as the Senior Independent Non-Executive Director 24 September 2020 - Re-designated as the Non-Independent Non-Executive Director |
| Membership in Board Committees | Chairman of Risk Management Committee Member of Audit Committee Member of Nomination Committee Member of Remuneration Committee (<i>Appointed on 23 September 2022</i>) |
| 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 | 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 | 5/5 |

DIRECTORS' PROFILE

cont'd

ANITA CHEW CHENG IM

Independent Non-Executive Director
Age 56 • Malaysian • Female

| | |
|---|--|
| Date of Appointment | 14 December 2020 |
| Membership in Board Committees | Chairperson of Nomination Committee (<i>Appointed on 23 September 2022</i>) Member of Audit Committee (<i>Appointed on 23 September 2022</i>) 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> <p>She graduated from Monash University, Australia with a Bachelor of Economics Degree, majoring in Accounting in April 1990.</p> <p>Ms. Anita presently is an Independent Directors of Fortress Minerals Ltd, a company listed on the Catalist Board of the Singapore Exchange Trading Ltd (SGX Ltd).</p> |
| Present Directorship(s) | |
| (i) Other Listed Entities | (i) K-One Technology Berhad (ii) Kimlun Corporation Berhad (iii) Kuchai Development Berhad |
| (ii) Other Public Companies | Plytec Holding 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 | 4/5 |

DIRECTORS' PROFILE

cont'd

GOH KAH IM

Independent Non-Executive Director

Age 57 • Malaysian • Male

| | |
|---|---|
| Date of Appointment | 14 December 2020 |
| Membership in Board Committees | Chairman of Audit Committee (<i>Re-designated on 23 September 2022</i>) Member of Nomination Committee Chairman of Remuneration Committee (<i>Appointed on 23 September 2022</i>) Member of Risk Management Committee (<i>Appointed on 23 September 2022</i>) |
| Qualification and Working Experience | <p>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.</p> <p>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.</p> <p>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).</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 | 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 | 5/5 |

PROFILE OF KEY SENIOR MANAGEMENT

KAU WAI FAUN

Group Financial Controller

Age 55 • Malaysian • Male

Mr. Kau has 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.

A TRIBUTE

In Loving Memory of

Our Esteemed Ex Executive Chairman cum Managing Director,

the late Dato' Gan Kim Huat.

Dear Shareholders and Stakeholders,

It is with profound sadness and a heavy heart that I address you in our Annual Report. We gather here not only to review the Group's achievements and progress but also to pay a heartfelt tribute to a visionary leader, a compassionate mentor, and a dearest friend – our beloved ex Executive Chairman cum Managing Director, the late Dato' Gan Kim Huat ("Dato' Gan").

The demise of Dato' Gan has left an irreplaceable wound in our hearts and in the corridors of SKP Resources Berhad and Its Subsidiaries ("the Group"). His exceptional leadership and unwavering commitment towards the Group's values have been instrumental in shaping our journey of success.

Throughout his tenure at the helm, Dato' Gan demonstrated an unparalleled dedication to excellence, integrity, and innovation. His visionary outlook led the Group to new heights, expanding our horizons and paving the way for sustained growth. Under his astute leadership, we navigated through challenges with determination and emerged stronger, consistently delivering value to our shareholders and stakeholders.

Beyond his strategic brilliance, it was his compassionate nature, empathy, and genuine concern for the well-being of each employee that truly set him apart as a leader. He treated everyone with respect and encouraged a collaborative and inclusive work culture that fostered creativity and nurtured talent. His leadership philosophy was not just about financial success, but also about nurturing a family-like bond among all members of the Group.

Dato' Gan was not only an exceptional business leader, but he also believed in the power of giving back to communities. Throughout his tenure as Executive Chairman cum Managing Director of our company, he demonstrated a steadfast commitment to making a positive difference in the lives of others. His philanthropic endeavors touched various causes, leaving a lasting legacy of kindness and compassion.

As we face the obstacles of the future, we take comfort in knowing that Dato' Gan has prepared us well. His vision and forward-thinking approach have ingrained in us a strong sense of purpose and utmost determination to overcome any obstacles that come our way. The values he instilled will forever remain the guiding principles that shape our decisions and actions.

To our shareholders, thank you for entrusting Dato' Gan with the leadership of the Group. Your confidence in him was rewarded with years of growth and prosperity. We assure you that his legacy will live on through our continued commitment to delivering value and sustainable growth.

As we move forward, let us honor Dato' Gan by embracing the same spirit of unity and dedication that he embodied. Let us strive to make him proud by continuing to build a brighter future for the Group, its employees, stakeholders, and the communities we serve.

In conclusion, I humbly accept the responsibility of leading the Group, knowing that I follow in the footsteps of a true visionary. We will hold on to the memories and teachings of Dato' Gan with great reverence, and with his value instilled as our guide, we will face the future with confidence and determination.

May his soul rest in eternal peace.

Sincerely,
Gan Poh San
 Managing Director



CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

**“Remarkable Year of Execution and Growth,
Delivering a Strong Performance”**

SKP Resources Berhad and its subsidiaries (collectively “the Group”) continues to deliver strong financial performance persistently. We have a concise and effective strategy which built on a solid foundation that has allowed us to invest in future business opportunities. The Group is one of the leading companies in the contract manufacturing industry that the Group operates in. The Group now ranked 45th in the Manufacturing Market Insider (“MMI”) Annual List of the Top 50 Largest EMS Providers in the World for The Calendar Year Ended 31 December 2022 which published on March 2023.

Dear Shareholders,

The year in review marked my first year as Independent Non-Executive Chairman of the Board, and I am pleased to report that the Group delivered a strong financial performance under exceptional leadership and unwavering commitment demonstrated by Managing Director in the journey of the Group pursuing further growth in future and reach another new height.

Current financial year ended 31 March 2023 (“FY 2023”) was another outstanding year for the Group. Our team continued to demonstrate perseverance, utmost focus to deliver a truly remarkable result in a challenging operating environment that remains to be impacted by the severe lingering effects of the global pandemic, inflation as well as ongoing Russia-Ukraine conflict.

In FY2023, the Group delivered another set of commendable results which demonstrate our strong foundation and the ability of our teams to consistently meet our long-term strategy. The Group recorded a revenue amounted to approximately RM2.52 billion (2022: approximately RM2.32 billion) which represents a growth of 8.3% which marked the fourth consecutive year of growth in terms of revenue.

The Group generated business momentum throughout FY2023 as the Group registered the strongest growth from the revenue stand point in the third quarter of FY2023. For the quarter ended 31 December 2022, the Group recorded a revenue of RM740.13 million, an increase of 10.1% or RM67.63 million as compared to the previous year corresponding quarter.

The Group also cognizant the importance of upholding business resilience at all time, particularly throughout the period the Group operates in a challenging operating environment. The Group recorded positive cash flows generated from operations amounted to approximately RM183.02 million for the financial year ended 31 March 2023 (for the financial year ended 31 March 2022: RM50.98 million).

FY2023 will be remembered as a record year for the Group. Our main business portfolio, Electronics Manufacturing Services (“EMS”) remains to be major contributor to a relatively well and strong financial results for the Group in FY2023. Against the backdrop of an extremely challenging environment, the Group continues to achieve strong financial performance, accomplished another record growth in revenue, strengthen our supply chain management besides demonstrated strong ability to execute seamless global deliveries of products that are compliant to quality and world class standards for our clientele. Our ability to fulfil our commitments is a strong testimony to our reputation for our operation excellence.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

cont'd

As of the date of this statement, the Group completed the construction of brand new 650,000 square feet manufacturing facility in Johor Bahru. This new facility will further expand our footprint in Malaysia and provide our existing and new customers with state-of-the-art manufacturing in order to cater for an increased complexity in regards of product requirements which became norm to the Group. The completion of the abovementioned facility will certainly augur well for the Group as the global outsourcing strategy continue to accelerate in upcoming years. In addition to this, in line with the completion of the abovementioned facility, the Group increased its readiness to tap on business opportunities in view of the ongoing trade war between United State of America and China which have further encouraged end user (i.e. customers) to adopt China Plus One strategy.

Non electronics manufacturing services ("non-EMS") business segment of the Group continues to command a dominant position in most of our chosen packaging segments in consumer staples, industrials, automotive and healthcare end markets. The Group is recognised as one of the leading companies in developing and producing sustainable packaging solutions for food and beverage ("F&B"), personal care amongst other products.

During FY2023, the Group have successfully launched several new products for our customers, particularly in regards of products that are designed to be recyclable. The Group continued to adopt consumer centric and innovative approach in providing the best-in-class packaging products in order to deepen its relationship with both existing and potential customers.

The Group have managed to strengthen the base business and embedded sustainable & organic sales and margin growth over the past few years. We are driven by the plenty business opportunities in non-EMS segment and hence, we are increasing our investments to cater for future growth.

Towards this end, we have invested approximately RM13.53 million and RM100.58 million in non-EMS segment and EMS segment respectively in FY2023 and will participate in future expansion and investments, whenever deemed fit in the upcoming years to cater for accelerating demands.

FINANCIAL PERFORMANCE REVIEW

The Group recorded a revenue amounted to approximately RM2.52 billion in FY2023 (2022: approximately RM2.32 billion) which represents a further growth of 8.3% in comparison to revenue recorded in previous financial year ended 31 March 2022. The record-breaking revenue is made possible by another year-on-year exceptional growth in revenue contributed by sale of goods revenue stream amounted to approximately RM2.48 billion as the sale of goods revenue stream climbed by RM201.54 million from RM2.27 billion revenue achieved by the Group in previous financial year ended 31 March 2022.

The Group is mindful of the need of maintenance of efficient manufacturing operations as much as possible in order for the abovementioned all-time high revenue to be translated to bottom line that meet the industry-specific and peer benchmarking. The Group accomplished gross profit amounted to approximately to RM319.66 million or 12.7% gross profit margin equivalent for FY2023 (FY2022: RM324.83 million or 14.0% gross profit margin equivalent) despite operated in challenging environment that remains to be impacted by the severe lingering effects of the global pandemic, inflation as well as ongoing Russia-Ukraine conflict.

The Group will continuously challenge itself to achieve better measure of operational efficiency that objectively measured in relevant margins and ratios such as gross profit margin, net profit margin and others as the Group seeks to maximise value to be shareholders who have placed utmost trust and supports the Group wholeheartedly.

FINANCIAL POSITION REVIEW

The Group is cognizant that the need to maintain business resilience, particularly throughout the period the Group continues to operates in challenging operating environment. The Group maintained relatively strong capital structure and resources to ensure business continuity in general and also, the Group readiness to venture into any forms of expansion and diversification, whenever opportunity arose.

As at 31 March 2023, the equity attributable to owners of the company stood at approximately RM868.32 million which further expanded by RM53.81 million or 6.6% from RM814.51 million as at 31 March 2022. Meanwhile, the total assets of the Group as at 31 March 2023 stood at approximately RM1.29 billion which seen a further increase by RM41.39 million or 3.3% from RM1.25 billion as at 31 March 2022.

The Group maintained high extent of financial flexibility as the Group is backed up by strong net cash position and continues to be in a financial position with favourable capital ratio such as minimal gearing ratio of 7.0% gearing ratio as at 31 March 2023 (2022: nil gearing ratio). The Group will continue to leverage on sets of banking facilities with various banking institutions to cater for potential utilisation of banking facilities during any unforeseen or unwanted circumstances occurred.

The Group have faith that the utilisation of banking facilities in FY2023 is necessitated by the incurrence of large capital expenditure in property, plant and equipment ("PPE") amounted to RM114.11 million. Majority of the large capital expenditure in PPE relates to the abovementioned brand new 650,000 square feet manufacturing facility in Johor Bahru that completed as of the date of this statement which instrumental to enable the Group to expand its manufacturing capacity and reach another new height.

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION & ANALYSIS

cont'd

Moving forward, the Group is mindful that there are further authorised capital expenditure amounted to approximately RM26.07 million to be fulfilled which not provided for in the financial statement for FY2023.

| | FY2023 RM'000 | FY2022 RM'000 | Variance RM'000 | Variance % |
|--|------------------|------------------|--------------------|---------------|
| Revenue | 2,515,038 | 2,321,428 | 193,610 | 8.3 |
| EBITDA | 223,774 | 261,806 | (38,032) | (14.5) |
| PBT | 177,184 | 222,383 | (45,199) | (20.3) |
| PAT | 140,518 | 173,396 | (32,878) | (19.0) |
| Inventories | 252,836 | 254,658 | (1,822) | (0.7) |
| Trade and other receivables | 475,025 | 533,189 | (58,164) | (10.9) |
| Other investments (current portion) | 70,099 | 21,566 | 48,533 | >100 |
| Cash and bank balances | 46,907 | 51,260 | (4,353) | (8.5) |
| Trade and other payables (current portion) | 304,535 | 375,745 | (71,210) | (19.0) |
| Loans and Borrowings (current portion) | 48,720 | - | 48,720 | 100 |
| Loans and Borrowings (non-current portion) | 11,950 | - | 11,950 | 100 |

OUTLOOK

Our loyal and hard-working management, executive and non-executive proven to be instrumental to the continued success celebrated by the Group. The Group strongly believe that the enabler for the Group to enjoy the state of being prosperous as of date of this statement and in upcoming years is retention of best talent pools and industry-specific capabilities. We will continue to nourish the wellbeing and developments of our employee.

The Group has maintained consistent strategy and business model throughout these years. Our unique talent workforce, capabilities, scale and operation excellence will enable us to deliver and serve our customers better in sustainable and long-term manner.

We will remain focused on our key strategy and our value proposition which in turn, will drive the growth and generation of strong returns for our shareholders.

DIVIDEND

The Group has adopted a dividend policy which of paramount importance to uphold the Group's reputation as a reliable dividend stock amongst investors by consistently delivering dividend amounted to 50% of profit after tax of the Group.

The Group has accounted for the need of maintaining a balance between creation of long-term value for its shareholders and preservation of adequate liquidation and financial reserves to meet future working capital commitments and investment plans, as well as other factors as the Board may deem relevant in determination of appropriate dividend policy.

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.

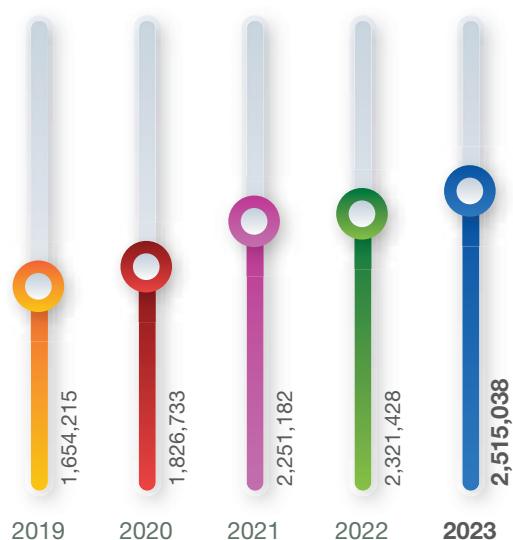
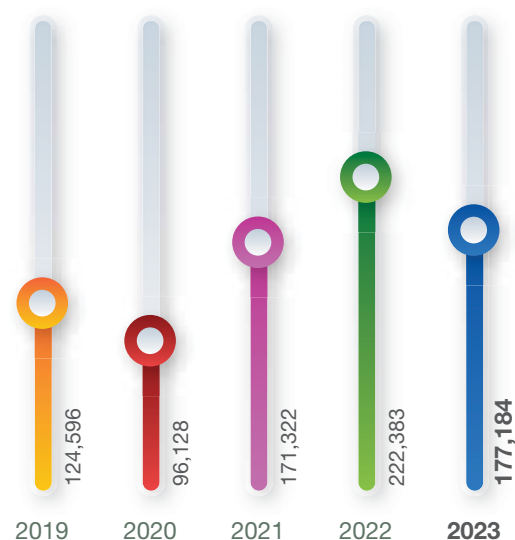
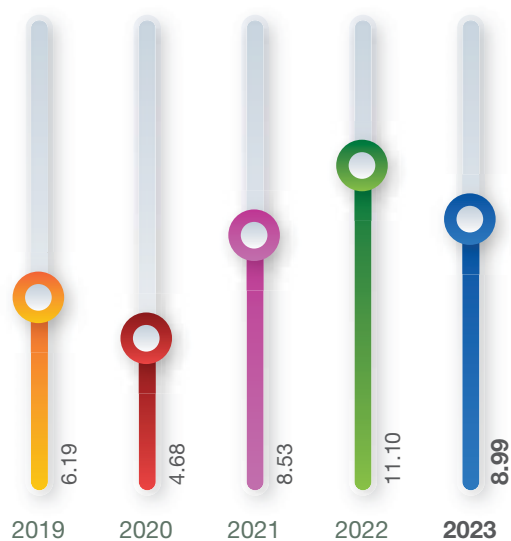
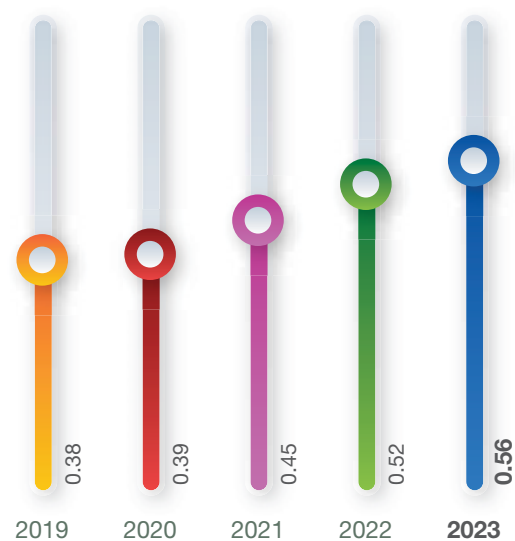
Tan Sri Datuk Hussin Bin Haji Ismail
Independent Non-Executive Chairman

FIVE YEARS GROUP FINANCIAL SUMMARY

| | | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|--------|------------------|-----------|-----------|-----------|-----------|
| OPERATING RESULTS | | | | | | |
| Revenue | RM'000 | 2,515,038 | 2,321,428 | 2,251,182 | 1,826,733 | 1,654,215 |
| EBITDA | RM'000 | 223,774 | 261,806 | 206,898 | 124,763 | 146,681 |
| EBIT | RM'000 | 178,900 | 222,560 | 171,590 | 96,355 | 124,609 |
| Profit Before Taxation | RM'000 | 177,184 | 222,383 | 171,322 | 96,128 | 124,596 |
| Profit After Taxation | RM'000 | 140,518 | 173,396 | 133,243 | 72,136 | 96,004 |
| Profit Attributable to equity holders | RM'000 | 140,518 | 173,396 | 133,243 | 73,161 | 96,658 |
| KEY BALANCE SHEET DATA | | | | | | |
| Total Assets | RM'000 | 1,293,542 | 1,252,152 | 1,048,766 | 1,002,609 | 873,108 |
| Total Borrowings | RM'000 | 60,670 | - | - | 175 | 275 |
| Paid-up Capital | RM'000 | 296,126 | 296,126 | 296,126 | 296,126 | 296,126 |
| Equity Attributable to Owners of the Company | RM'000 | 868,321 | 814,514 | 707,831 | 611,210 | 587,652 |
| VALUATION | | | | | | |
| Basic Earnings/Net Earnings Per Share * | sen | 8.99 | 11.10 | 8.53 | 4.68 | 6.19 |
| Gross Dividend * | sen | 4.50 | 5.55 | 4.27 | 2.34 | 3.07 |
| Net Asset Per Share * | RM | 0.56 | 0.52 | 0.45 | 0.39 | 0.38 |
| PROFITABILITY RATIOS | | | | | | |
| Return on Total Assets | % | 14 | 18 | 16 | 10 | 14 |
| Return on Capital Employed | % | 20 | 27 | 24 | 15 | 21 |
| Return on Equity ("ROE") | % | 16.2 | 21.3 | 18.8 | 11.8 | 16.3 |
| GEARING RATIO | | | | | | |
| Net Debt to Equity Attributable to Owners of the Company | times | 0.07 | - | - | 0.00 | 0.00 |

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

FINANCIAL HIGHLIGHT

REVENUE
(RM'000)PROFIT BEFORE TAXATION
(RM'000)BASIC EARNINGS/NET
EARNINGS PER SHARE
(SEN)NET ASSET PER SHARE
(RM)

SUSTAINABILITY STATEMENT



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SUSTAINABILITY STATEMENT

cont'd

About This Statement

SKP Resources Berhad and our subsidiaries ("SKP" or "the Group") are pleased to present our Sustainability Statement for the financial year ended 31st March 2023 ("FY2023"). This statement details our sustainability performance, disclosures of material topics and our commitment towards a decarbonised economy as we strive to reach net zero by 2050.

The Group has over 40 years of manufacturing experience in the electrical and electronics plastic industries. We cater to a diversified customer base while remain dedicated to quality and staying abreast of technological advancements. SKP is actively integrating sustainability into our business approach, strategy, and operations to reach new heights in terms of ESG performance and achieve our long-term goals.

We implemented our Sustainability Policy in 2016 to emphasise SKP's stance on sustainable development in line with our Group's core values. This year, we embarked on our journey to adopt the early-phase elements of the Task Force on Climate-Related Financial Disclosures ("TCFD") as part of our efforts to mitigate climate change. In doing so, we continue to place emphasis on addressing climate-related issues and aligning our initiatives towards effective climate risk management.

We identified 13 material matters in line with Bursa's common material matters and sector-specific material matters. By doing so, we were able to recognise key sustainability issues that impacted the Group and our stakeholders. This serves as a guide for our efforts and our sustainable strategic planning processes accordingly.

The Group embraced a global outlook and adopted four United Nations Sustainable Development Goals ("UN SDGs") namely SDG 8 (Decent Work and Economic Growth), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action) and SDG 16 (Peace, Justice and Strong Institutions) and developed corresponding ESG initiatives to contribute to the Global Sustainability Agenda.

As we continue to report on our ESG performance, we avidly endeavour to strike a balance between maintaining financial health and functioning as a sustainable and equitable business as we proactively participate in this new era of global sustainability.

Scope and Boundary

Our Sustainability Statement covers the reporting period from 1st April 2022 to 31st March 2023. Disclosures provided within this statement encompass information on active subsidiaries under SKP Resources Berhad:

- Syarikat Sin Kwang Plastic Industries Sdn Bhd
- S.P.I. Plastic Industries (M) Sdn Bhd
- Goodhart Industries Sdn Bhd
- Plastictecnic (M) Sdn Bhd
- Bangi Plastics Sdn Bhd
- Sun Tong Seng Mould-Tech Sdn Bhd
- SKP BM Electronics Sdn Bhd

Operational disclosures for inactive subsidiaries are not included due to their dormant state:

- Goodhart Land Sdn Bhd
- Goodhart Premier Sdn Bhd
- Goodhart World Sdn Bhd
- Sun Sparkle Sdn Bhd
- Tan Brothers Business Machines (Segamat) Sdn Bhd
- Tecnicware Products Sdn Bhd

SUSTAINABILITY STATEMENT

cont'd

Reporting Framework and Guidelines

This statement has been prepared with reference to the guidelines set out in the Main Market Listing Requirements and the Sustainability Reporting Guide (3rd edition) issued by Bursa Malaysia Securities Berhad. Disclosures within the statement also refer to the Global Reporting Initiative ("GRI") Standards to provide comprehensive ESG disclosures and year-to-year comparability of our sustainability performance. We adopted the TCFD recommendations as part of our climate change reporting.



Bursa Malaysia's
Sustainability
Reporting Guide
(3rd Edition)



Global Reporting
Initiatives ("GRI")
Sustainability
Standards



Task Force on Climate-Related Financial
Disclosures Recommendations

Assurance Statement

The sustainability indicators disclosed in this statement have been internally sourced, verified and validated. SKP acknowledges the credibility of third-party verification and is dedicated to continually improving our data collection and analysis processes. Thus, these processes may be subject to modification in future reporting cycles.

Feedback

We welcome questions, comments, or suggestions on how to improve our sustainability reporting and initiatives. All comments or inquiries about this statement can be directed to:



















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Email : kauwf@skpres.com
Telephone no. : 07-432 5707 / 07-433 1273
Office address : No. 421, 4th Miles, Jalan Kluang, 83000 Batu Pahat, Johor.

SUSTAINABILITY STATEMENT

cont'd

Our Accomplishments

This fiscal year, we achieved several notable achievements under each of our four ESG pillars to demonstrate our perseverance and steadfast approach towards a sustainable future. We aspire to enhance our ESG performance across our operations, aligning our efforts with the global sustainability agenda and contributing to the betterment of society as a whole.

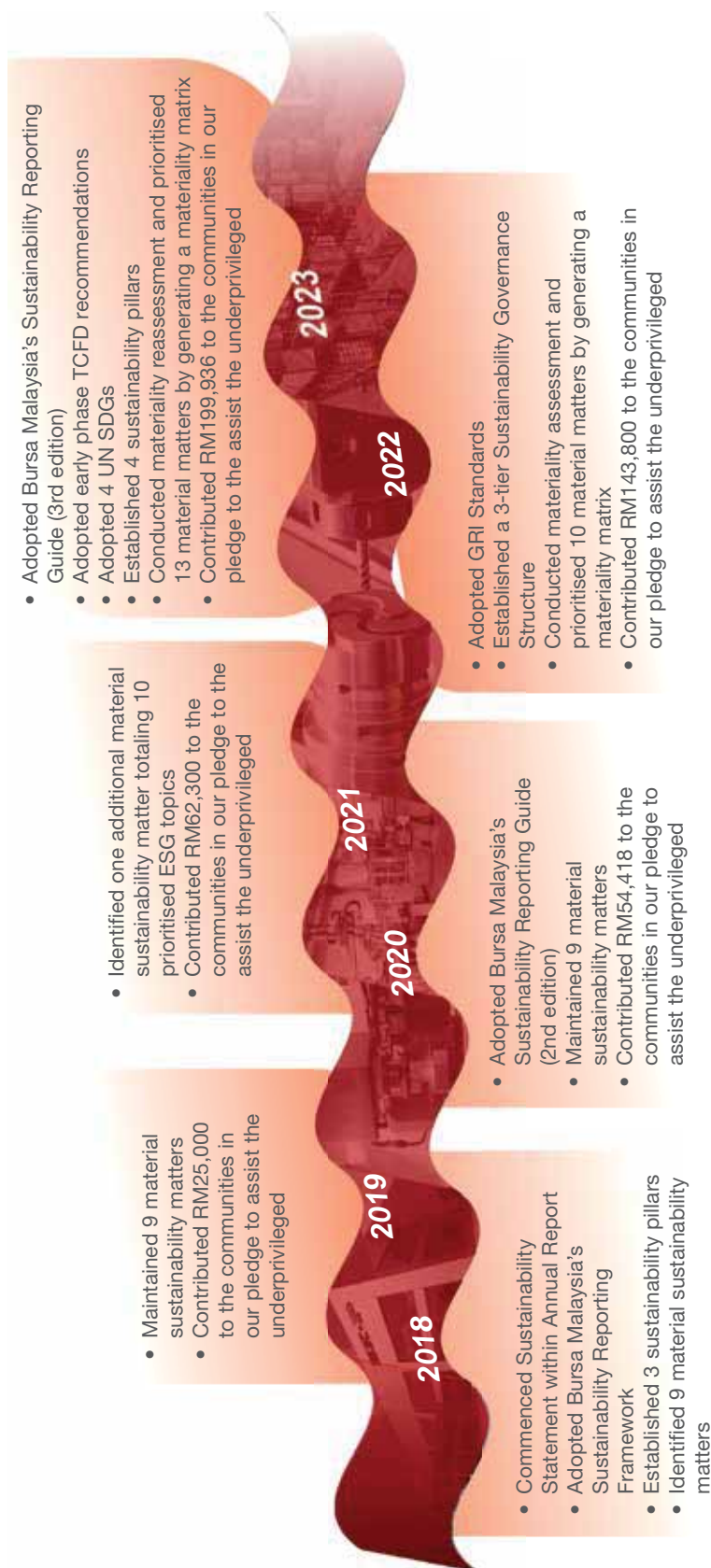
| | | | |
|---|---|---|---|
|  <p>Governance</p> | <p>Recorded ZERO cases of bribery and corruption </p> <p>Recorded ZERO cases of non-compliance with major laws and regulations </p> | <p>Recorded ZERO substantiated cases of cybersecurity breaches </p> <p>Women represent 20% of the Board </p> | <p>FY2023 ESG HIGHLIGHTS</p> |
|  <p>Economic</p> | <p>5 subsidiaries expended over 60% of procurement budget on local suppliers </p> | <p>Recorded 3,484 new hires Group-wide </p> | |
|  <p>Environment</p> | <p>Board oversight on climate risks and opportunities </p> <p>Good maintenance practices to ensure efficiency of manufacturing processes </p> | <p>Incorporated climate-related risks into Risk Management processes </p> <p>Diverted waste from landfill by purchasing 1,814,352 kg of R-PET and R-PP </p> | |
|  <p>Social</p> | <p>Provided a total of 16,912 training hours to employees </p> <p>Provided a total of 8,789 training hours on health and safety training </p> | <p>Implemented Productivity-Linked Wage System ("PLWS") at Syarikat Sin Kwang Plastic Industries Sdn Bhd </p> <p>Contributed a total of RM199,936 to non-profit organisations, schools and underprivileged individuals </p> | |

SUSTAINABILITY STATEMENT

cont'd

Advancing Sustainability

Numerous accomplishments have lined SKP's path to sustainability over the years. Since our first Sustainability Statement in 2018, we have expanded our scope to four ESG pillars, adopted four UN SDGs, and identified 13 material matters. As our journey towards sustainability continues, it reinforces our determination to mitigate climate change and achieve net zero. Consequently, we aim to enhance our annual sustainability performance and play our part in addressing pertinent global issues.



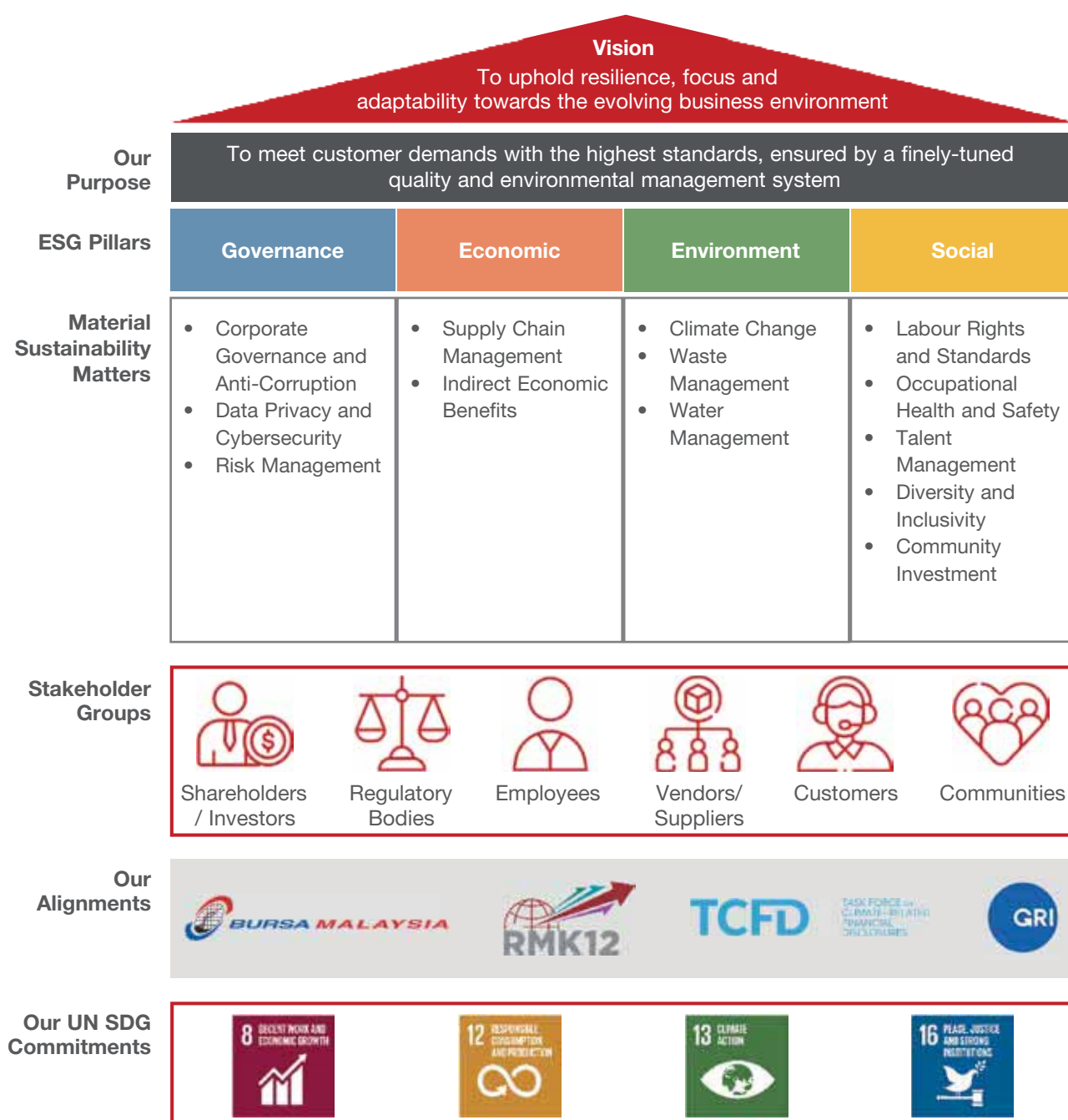
SUSTAINABILITY STATEMENT

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How We Approach Sustainability

Our Sustainability Framework

As sustainability has become a necessary part of every business, plastic manufacturers are accountable for the potential impacts of their manufacturing processes on the environment. Consequently, SKP takes an integrated approach to sustainability linking our overall vision to our purpose, with the four ESG pillars as our foundation, outlining our material sustainability matters as well as our commitment to the UN SDGs. This comprehensive framework underpins all our sustainability efforts as we continue to make our mark as responsible corporate citizens.



SUSTAINABILITY STATEMENT

cont'd

Sustainability Policy

SKP has established an overarching Sustainability Policy to promote sustainable development and achieve profitable growth. We steer the direction of our sustainability strategy by means of our Policy, which outlines our commitment and reinforces our pledge to manage both our direct and indirect ESG-related impacts.

All our products and services, subsidiaries, operational units, and supply chains are subject to the Policy. We communicate the Policy to our internal and external stakeholders through our corporate website.

Key Tenets of our Sustainability Policy

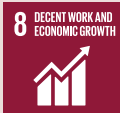



| | |
|-------------|--|
| GOVERNANCE | <ul style="list-style-type: none"> Adhering to relevant laws and regulatory requirements, standards and industry best practices Adopting high ethical values and enforcing these through our Code of Ethics and Conduct Establishing policies and procedures to ensure the adequacy and integrity of the Group's internal control and management information systems |
| ENVIRONMENT | <ul style="list-style-type: none"> Identifying, managing and minimising the environmental impacts of our business operations and environmental factors in all operating decisions Exploring feasible opportunities to minimise any adverse impact from manufacturing operations, waste disposal, product design and packaging Ensuring best practices at all times by measuring environmental performance through regular assessments with internal guidelines, procedures and external regulations |
| SOCIAL | <ul style="list-style-type: none"> Ensuring high safety standards whilst conforming to all procedures laid out for ensuring the safety and health of our employees and communities surrounding our operations Communicating safety matters to employees at all levels through regular briefings |

SUSTAINABILITY STATEMENT

cont'd

Supporting the UN SDGs

The UN SDGs are central to SKP's sustainability agenda. As a result, we have aligned our focus areas with specific UN SDG goals so that our business operations have the greatest possible impact. The setting of these SDG targets and the implementation of our sustainability initiatives in tandem with these targets continue to guide us.

| Alignment with UN SDG Targets | | Our Focus |
|---|--|--|
|  | 8.5 Full and productive employment and decent work for all | <ul style="list-style-type: none"> • Safeguarding the rights of workers according to labour laws and regulations • Providing training programmes for employees • Establishing the Code of Ethics and Conduct to guide employees on professional conduct |
| | 8.8 Protection of labour rights and promotion of safe and secure working environments for all | |
|  | 12.4 Environmentally sound management of waste | <ul style="list-style-type: none"> • Responsible management of manufacturing waste by appointing authorised contractors to discard waste effluent • Minimisation of waste during production |
| | 12.5 Significant reduction in waste generation | |
|  | 13.2 Integration of climate change measures into policies, strategies, and planning | <ul style="list-style-type: none"> • Replaced old amenities to increase energy efficiency |
|  | 16.4 Reduction in illicit financial and arms flow and combat all forms of organised crime 16.5 Reduction in all forms of corruption and bribery | <ul style="list-style-type: none"> • Established codes, policies and procedures: <ul style="list-style-type: none"> o Integrity Policy o Whistleblowing Policy |

SUSTAINABILITY STATEMENT

cont'd

Our Governance Structure

At the helm of SKP's approach to sustainability is our robust and effective sustainability governance structure, which positions our management philosophy at the centre of our plastic manufacturing operations. Within this structure, we define the policies, roles and responsibilities at each level in order to control and assure the Group's sustainability across our operations.



Stakeholder Communication

To ensure that our sustainability initiatives align with our stakeholders' requirements and expectations, we place a high value on stakeholder engagement. As such, feedback and concerns from our stakeholders help us identify and prioritise the short-term, medium-term, and long-term management of ESG topics. Through these exchanges, we are able to develop a distinct and shared vision for the Group's future.



SUSTAINABILITY STATEMENT

cont'd



Regulatory Bodies

Areas of Concern:

Regulatory compliance

Anti-corruption practices

Data privacy and cybersecurity

Waste management

Labour practices

Engagement Channel and
Engagement Frequency:

Maintaining awareness of latest regulations that pertain to our business operations and fostering good relationships with regulatory bodies, ensuring that the required processes run smoothly.

OUR RESPONSE

- Upholding stringent compliance with relevant laws and regulations
- Ensuring relevance of legal registers to current regulatory requirements
- Conducting assessment against corruption on operations
- Inspections and audit by regulatory bodies

A Audits

A Site inspections

M Meetings and consultations

Q Discussions and briefings



Employees

Areas of Concern:

Occupational health
and safety

Labour standards

Job security

Employee benefits

Engagement Channel and
Engagement Frequency:

Understanding the needs of employees and cultivating a supportive and conducive working environment are important as they drive our business operations.

OUR RESPONSE

- Establishing strict Occupational Health and Safety procedures
- Providing safety training to increase awareness within employees
- Providing skill development training programmes to support employee career growth
- Providing employee benefits and competitive remuneration packages
- Conducting employee engagement activities

Ad Safety briefings

Ad Safety trainings

A Skills development trainings

Q Management meetings with employees



Vendors/ Suppliers

Areas of Concern:

Supply chain management

Procurement practices
and policies

Business integrity

Engagement Channel and
Engagement Frequency:

By ensuring a smooth supply of quality materials for our operations and upholding sustainable principles, we are able to hold our value chain to a certain standard.

OUR RESPONSE

- Ensuring a fair and transparent tender process
- Conducting supplier and vendor evaluations

A Supplier audit and evaluation

Ad Site visits

A Business partnership review

Q Meetings and consultations

SUSTAINABILITY STATEMENT

cont'd



Customers

Providing exceptional products and services that meet the evolving needs of our customers and gathering feedback on room for improvement are important to the success of the business.

Areas of Concern:

Product quality and delivery performance

Customer service and experience

OUR RESPONSE

- Conducting quality control processes to ensure product quality
- Striving to reduce rejection rate in manufacturing through Six Sigma Programme

Engagement Channel and Engagement Frequency:

A

Customer satisfaction survey

Ad

Dialogue sessions



Communities

By fostering good relationships with communities and playing our part as a corporate citizen, we are able to contribute to the well-being of our society as a whole.

Areas of Concern:

Supply chain management

Procurement practices and policies

Business integrity

OUR RESPONSE

- Contributing to the underprivileged through monetary donations
- Encouraging employees to donate items that are of good quality to charity

Engagement Channel and Engagement Frequency:

A

Donations and financial contributions

A

Community programmes

Legend

Engagement Frequency

A

: Annually

M

: Monthly

Q

: Quarterly

Ad

: Ad-hoc

SUSTAINABILITY STATEMENT

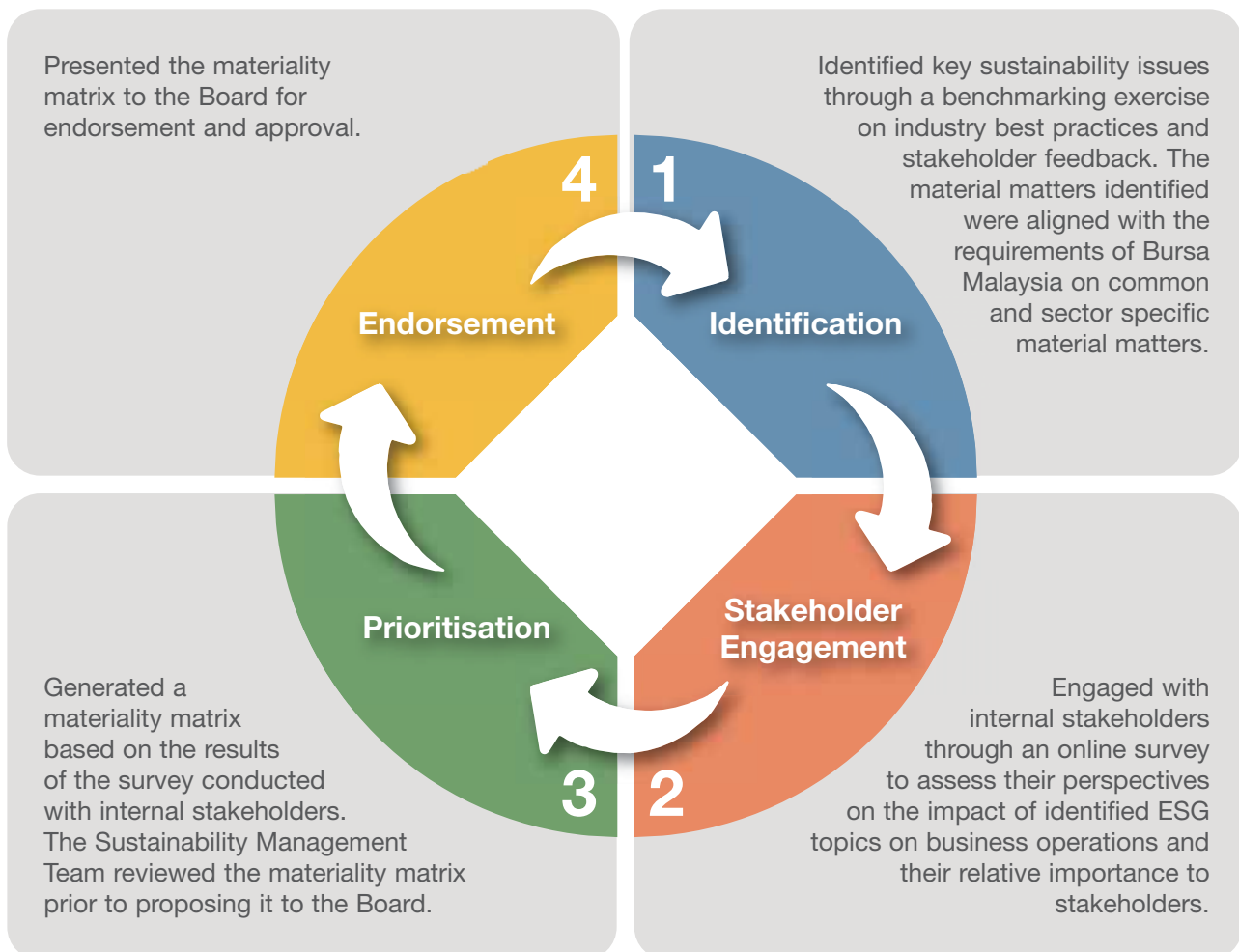
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Considering What Matters Most

Materiality Assessment

This year, we conducted a materiality reassessment with input and perspectives from our stakeholders to ensure our material matters remained relevant. Through this medium, we also ensure that our strategies align with current local and international best practices. By understanding our stakeholders' concerns and expectations, we are able to identify our material issues and areas in which we can provide the most value, drive our strategy, allocate resources and direct our reporting.

Our Materiality Process

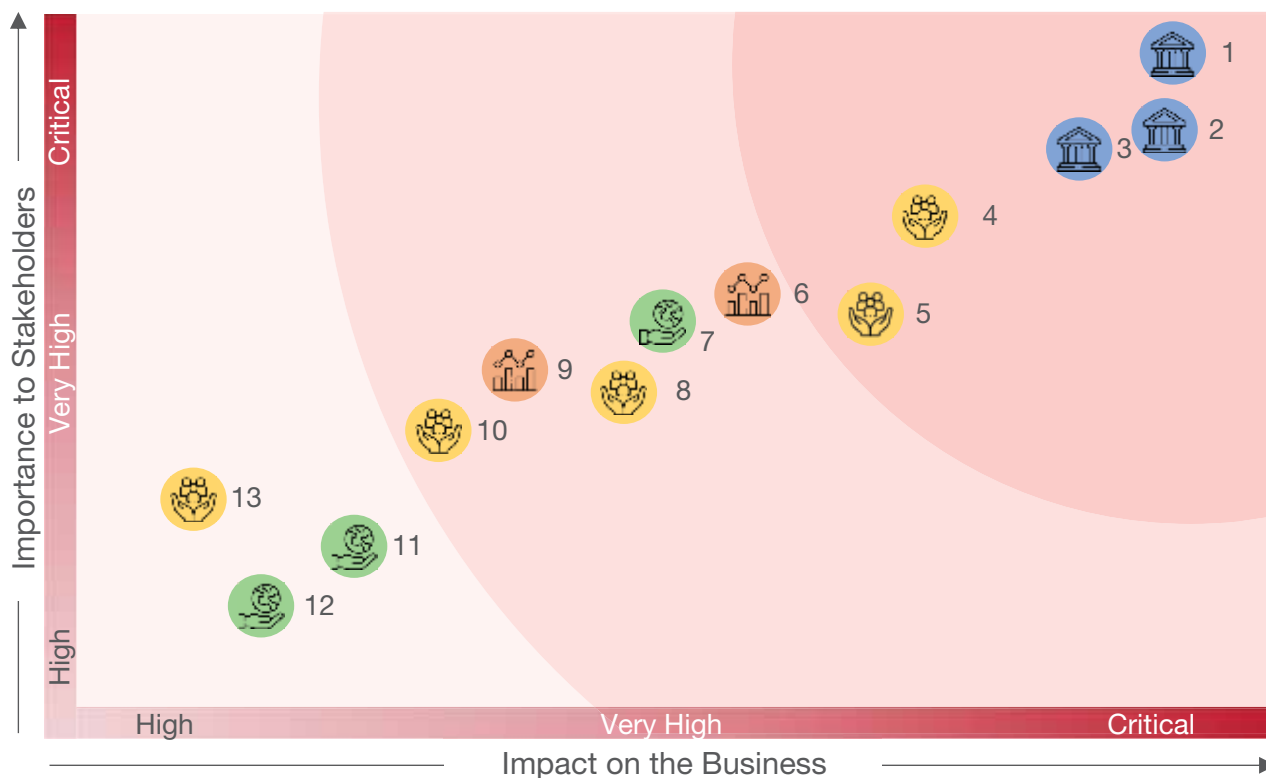






SUSTAINABILITY STATEMENT

cont'd

Materiality Matrix

For FY2023, we identified 13 material matters crucial to our business operations and stakeholders. As depicted in the accompanying materiality matrix, we have determined the top five material issues that significantly impact business operations and are of high importance to stakeholders: Risk Management, Data Privacy and Security, Corporate Governance and Anti-Corruption, Labour Rights and Standards and Occupational Health and Safety.













|  Governance |  Economic |  Environment |  Social |
|--|--|---|--|
| 1. Risk Management 2. Data Privacy and Cybersecurity 3. Corporate Governance and Anti-Corruption | 6. Supply Chain Management 9. Indirect Economic Benefits | 7. Climate Change 11. Waste Management 12. Water Management | 4. Labour Rights and Standards 5. Occupational Health and Safety 8. Talent Management 10. Diversity and Inclusivity 13. Community Investment |

SUSTAINABILITY STATEMENT

cont'd

Mapping Our Material Sustainability Matters

Each of our material sustainability matters is related to specific UN SDGs and the relevant stakeholder groups. Through this mapping, we determined the significance of our materiality matters to the Group as well as the global goals that they are aligned with.

| | Material Matters | Key Stakeholder Groups | UN SDGs |
|--------------------|---|---|--|
| Governance | Corporate Governance and Anti-Corruption Data Privacy and Cybersecurity Risk Management |  |  |
| Economic | Supply Chain Management Indirect Economic Benefits |  |   |
| Environment | Climate Change Waste Management Water Management |  |   |
| Social | Labour Rights and Standards Occupational Health and Safety Talent Management Diversity and Inclusion Community Investment |  |  |

Legend

Shareholder/ Investor :



Vendors/ Suppliers :



Regulatory Bodies :



Customers :



Employees :



Communities :



SUSTAINABILITY STATEMENT

cont'd

TCFD Reporting Recommendations

Our Journey to Net Zero

The growing urgency to mitigate climate change is evident throughout the world. For SKP, this entails communicating our stance on climate change as a corporate citizen, the initial stage in incorporating TCFD Recommendations into our sustainability approach.

The Task Force on Climate-Related Financial Disclosures ("TCFD") is a globally accepted framework that sets out best practices for the management of climate risk disclosures. It aims to facilitate more informed financial and business decision-making in addressing climate-related risks.

The recommendations are structured around four thematic areas that represent core elements of an organisation operations: governance, strategy, risk management and metrics and targets.



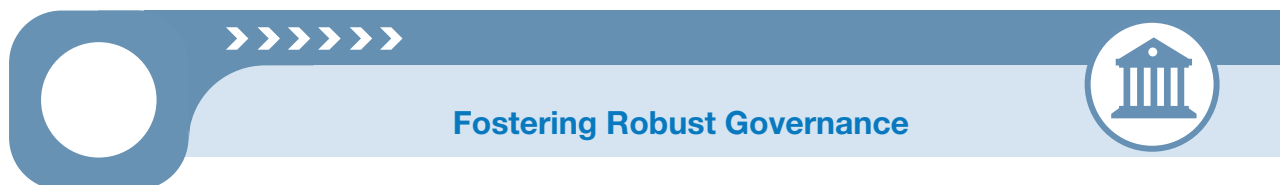
SKP acknowledges the impact of plastic use on climate change and the threat it poses to maintaining global temperatures below 1.5°C. In addressing this issue, we have aligned our climate-related disclosures with the early-phase TCFD recommendations. This was accomplished by integrating the four areas of governance, strategy, risk management, and metrics and targets for the identification and assessment of climate-related risks and opportunities in our operations.

| Governance | Strategy | Risk Management | Metrics and Targets |
|--|--|--|--|
| <ul style="list-style-type: none"> The Board oversees the Group's climate-related risks and opportunities. The Senior Management Team ("SMT") assists the Board in assessing and in the strategic management of climate-related risks and opportunities. | <ul style="list-style-type: none"> Identified material ESG matters, inclusive of climate issues by conducting the materiality assessment. | <ul style="list-style-type: none"> Incorporated climate-related risks into the Group's Risk Management processes. | <ul style="list-style-type: none"> Identified climate change as a material sustainability matter. Commenced GHG emissions monitoring and disclosure in Sustainability Statement. |

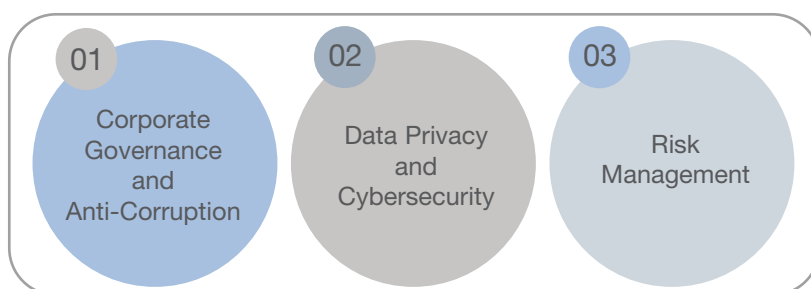
Moving forward, we strive to be more progressive in our climate change management and mitigation initiatives. We are dedicated to integrating climate change risks and opportunities into the Group's Risk Management processes to develop effective strategies for sustainable growth. Furthermore, in our commitment towards decarbonisation, we are also working to establish measurable and timely targets to reduce our carbon footprint.

SUSTAINABILITY STATEMENT

cont'd



Material Matters:



UN SDGs:



SKP believes that good governance is characterised by clear regulations and procedures, and strong leadership while providing a comprehensive idea of our Group's direction and business integrity to our stakeholders. As such, we hold fast to the principles of accountability, fairness, responsibility and risk mitigation across our management operations. We are working towards enhancing the financial health and sustainability of our business to achieve long-term goals.

Corporate Governance and Anti-Corruption

A robust governance structure serves as an important foundation for the success of our organisation. SKP maintains high standards of ethics in carrying out management roles and responsibilities as well as in incorporating relevant policies, codes and procedures into our strategic framework.

Our corporate policies act as guiding principles for our business conduct and are communicated to employees and stakeholders through briefings and the corporate website.

Key Policies

Directors' Fit and Proper Policy

Governance starts from the top. SKP is focused on ensuring that the highest governance bodies are competent to perform their duties effectively. To ensure proper nomination of the Board of Directors, SKP has established a Nomination Committee ("NC") bearing the responsibility of assessing and recommending to the Board, candidates for directorships of the Board and membership of Board Committees. This includes candidates proposed by any Director or shareholder, as well as Directors due for re-election and/or re-appointment.

Directors' Fit and Proper Criteria

| |
|-----------------|
| Skills |
| Character |
| Experience |
| Integrity |
| Competence |
| Time Commitment |

Board Diversity Policy

The Board Diversity Policy considers diversity from a number of aspects including gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. Board members' appointments are based on meritocracy and candidates will be considered against certain objective criteria.

SUSTAINABILITY STATEMENT

cont'd

Code of Ethics and Conduct

SKP has established a Code of Ethics and Conduct to ensure the ethical conduct of all directors, officers, managers and employees of the Group. The Code also applies to vendors or suppliers who are working on behalf of the Group through the outsourcing of services, processes or any business activity. They will be required to act consistently with this Code which is communicated to employees through briefings as well as independent third parties. Violations of the Code may result in disciplinary action including termination of employment.

Regulatory Compliance



The Code of Ethics and Conduct addresses compliance with the law. To ensure good governance, it is important for SKP to maintain stringent adherence to relevant laws and regulations. Compliance applies not only to employees of the Group but also to vendors and suppliers. Compliance with the law ensures smooth operations and protects the reputation of the Group. For FY2023, the Group recorded zero cases of non-compliance with relevant laws and regulations.

Conflicts of Interest



The Code of Ethics and Conduct also addresses conflicts of interest stating that employees of SKP are required to disclose and discuss with their immediate superiors any matter that may create conflicts between their personal interests and the interests of the Group. The Audit Committee ("AC") reviews 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.

The Code is reviewed periodically to ensure it remains relevant to the needs of the Group in accordance with new regulations that may have an impact on the discharge of duties and responsibilities by employees.

Integrity Policy

SKP has adopted a zero-tolerance policy against all forms of bribery and corruption. The Group is committed to cultivating an ethical working environment that is transparent and free of corruption, creating a more efficient business climate that will result in growth. The Integrity Policy is aimed at providing guidance to employees on how to cope with improper solicitation, bribery and other corrupt operations, activities and issues that may occur in the course of business. This Integrity Policy is approved by the Board of Directors and is reviewed on a yearly basis.

SKP has a mechanism in place to ensure continuous communication of the Policy to employees as well as with third parties working with the Group, providing training for employees on anti-corruption.

For FY2023, SKP has assessed 100% of our operations for anti-corruption risk and recorded zero incidents of anti-corruption.

Whistleblowing Policy

The Whistleblowing Policy provides a platform for employees and stakeholders to report suspected misconduct such as corruption, bribery or blackmail, criminal offences, theft or embezzlement, abuse of power, conflict of interest, misuse of SKP's property, failure to comply with legal or regulatory obligations, injustice, endangerment of an individual's health and safety, money laundering, concealment of any kind or a combination of these. Disclosures can be made in a strict confidential manner through reporting channels to the Chairman of the Audit Committee.

Remuneration Policy

SKP has a Remuneration Policy in place to support the Company's key strategies and create a strong performance-oriented environment to attract, motivate and retain talent. The Policy provides a guideline for the Remuneration Committee ("RC") to perform their responsibilities of reviewing the remuneration packages, annual performance bonus and fees for the Executive Directors and providing recommendations to the Board for consideration. The remuneration levels are structured to enable the Company to attract and retain the most qualified Executive Board members.

SUSTAINABILITY STATEMENT

cont'd

Data Privacy and Cybersecurity

Cybersecurity is an emerging matter of importance as digital technologies have advanced and changed how we operate and serve our customers. The risk of data breaches can severely impact business continuity and the Group's credibility.




The Group ensures adherence to applicable privacy and personal data protection laws. We ensure that our collection, use, processing and storage of personal data for our employees, directors, customers and other third parties are in line with relevant laws and regulations.

In FY2023, we recorded zero substantiated complaints concerning breaches of customer privacy and losses of customer data.

Risk Management

ESG risks are integrated into the Group's Risk Management framework as they play a fundamental role in developing a sustainable business strategy. The ESG risks and our responses to mitigating these risks are also identified accordingly.

ESG-related Risks and Opportunities

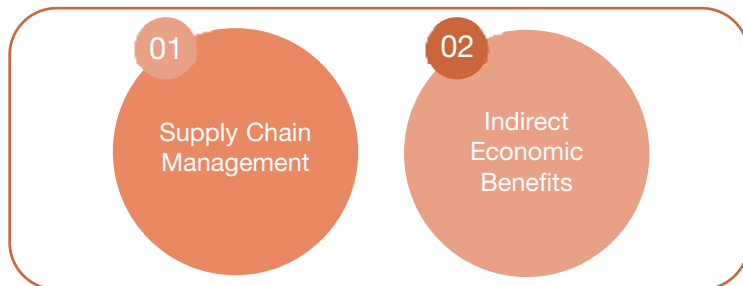
| | | | |
|--|--|---------|---|
| Climate-related Risks Climate change may have adverse impacts on the Group. Thus, measures should be taken to identify the transitional and physical risks of climate change and strategies should be developed to mitigate these risks. | | UN SDG: |  |
| Risk: <ul style="list-style-type: none"> Generation of GHG emissions from machinery in the manufacturing process which consumes fossil fuel. Generation of GHG emissions from organisational electricity consumption. | Our Response: <ul style="list-style-type: none"> Utilisation of energy-efficient machineries Replacing light bulbs and air conditioners with lower energy levels Implementation of the Servo Motor System to increase energy efficiency Energy-saving practices such as switching off lights and air conditioning during down times and maintaining optimum air conditioning temperatures | | |
| Waste Management As manufacturers, minimising waste and effluent generated is not only good for the environment but also helps reduce costs related to waste management. | | UN SDG: |  |
| Risk: <ul style="list-style-type: none"> Disposal of rejected products | Our Response: <ul style="list-style-type: none"> Reduce rejection rate through the Six Sigma Programme | | |
| Occupational Health and Safety Employees are exposed to risks of injuries and ill-health due to their nature of work in the manufacturing industry. | | UN SDG: |  |
| Risk: <ul style="list-style-type: none"> Workplace injuries and ill-health | Our Response: <ul style="list-style-type: none"> Providing Health and Safety training for employees | | |

SUSTAINABILITY STATEMENT

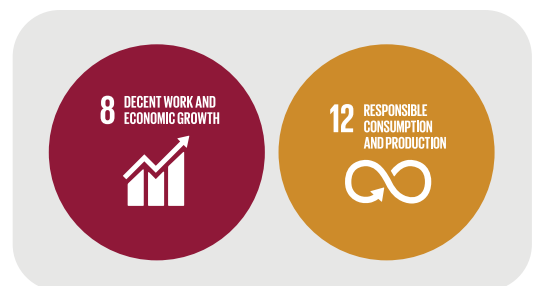
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Material Matters:



UN SDGs:



SKP is committed to creating long-term value and contributing to sustainable economic development. We recognise that our business operations have both direct and indirect economic impacts on our various stakeholders. Hence, we continue our efforts to improve our economic performance while staying true to our sustainability goals and aspirations.

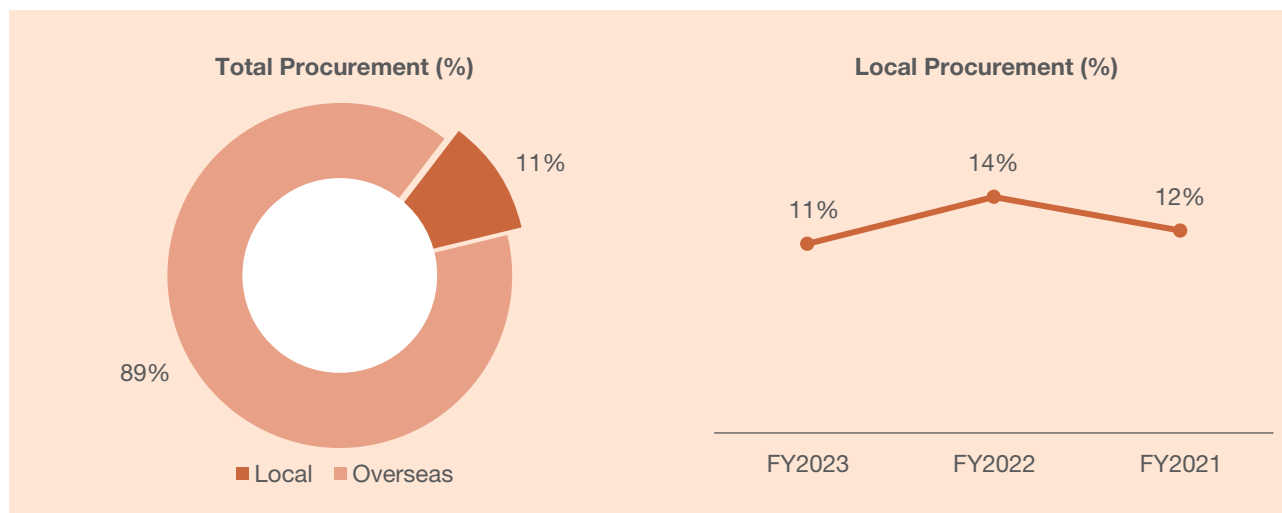
Supply Chain Management

In becoming a more sustainable business, we are positioning the Group to secure collaborations with value-driven suppliers that are closely related to our operations. To ensure alignment with our sustainability goals, we established an ESG screening system for our suppliers, to create a more sustainable and responsible supply chain while protecting our business from financial and operational setbacks.



SUSTAINABILITY STATEMENT

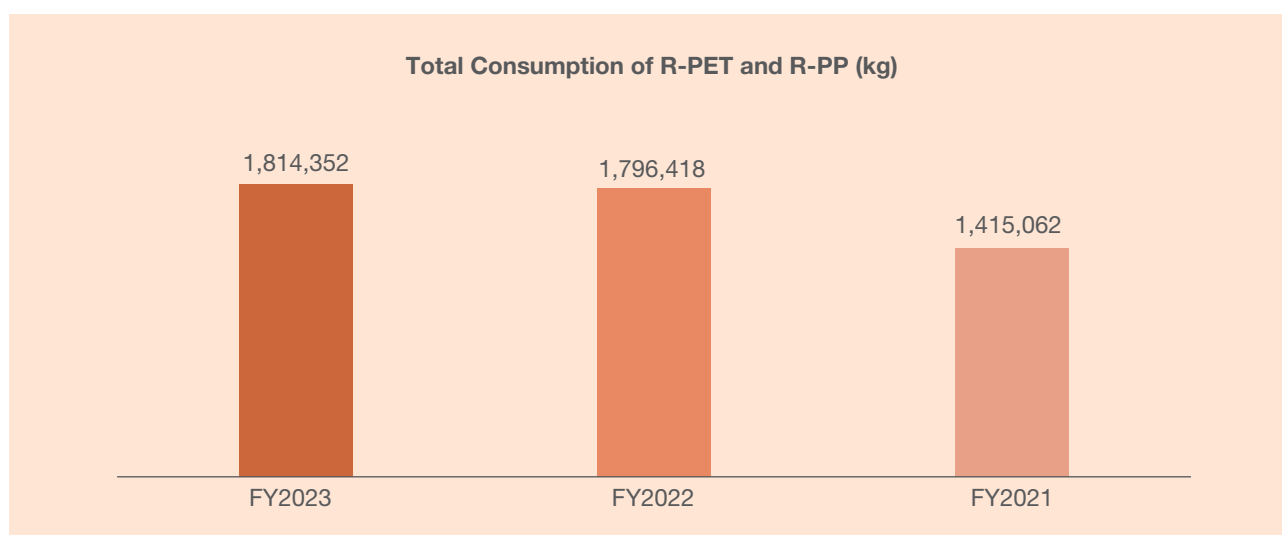
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In FY2023, the Group expended approximately 11% of total procurement on local suppliers. However, the percentage spent on local suppliers may vary significantly depending on the nature of business operations and the production line, ranging from 1% to 90%. This is primarily due to clients' stringent supply chain requirements, which place limitations and restrictions on local purchasing.

Recycled- Polyethylene ("R-PET") and Polypropylene ("R-PP")

The Group has taken significant strides in our commitment to sustainability by implementing initiatives focused on consumption of R-PET and R-PP as much as is viable for use in our manufacturing processes. Due to technological advancements and the rising demand for recycled plastic products, our manufacturers are now able to manufacture products incorporating recycled materials.



Our progressive approach towards a circular economy is exemplified through Plastictecnic (M) Sdn Bhd, one of our esteemed plastic manufacturers. Mindful of sustainability, they seamlessly integrate environmentally friendly R-PET and R-PP, sourced as post-customer recycled material ("PCR") resins from recycling suppliers, into their operations.

SUSTAINABILITY STATEMENT

cont'd

In FY2023, Plastictecnic (M) Sdn Bhd consumed a total of 1,814,352 kg of R-PET and R-PP, emphasising the use of recycled materials and supporting recycling efforts. The consumption of recycled resin represents 19% of total consumption of resin by Plastictecnic (M) Sdn Bhd, which demonstrated their dedication towards sustainability. Through this commitment, we actively contribute to reducing plastic waste and mitigating its environmental impact.

Indirect Economic Benefits

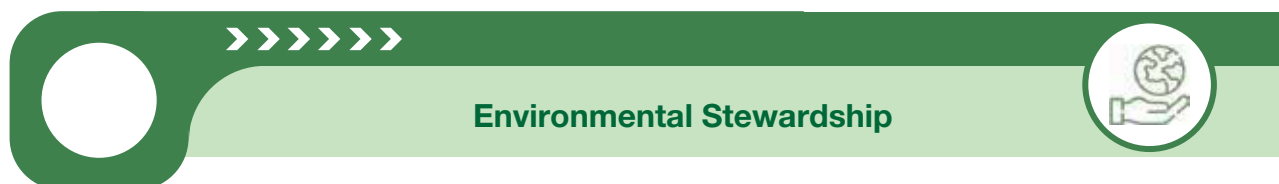
Dividends

The Group has adopted a dividend policy which of paramount importance to uphold the Group's reputation as a reliable dividend stock amongst investors by consistently delivering dividend amounted to 50% of profit after tax of the Group.

The Group has accounted for the need of maintaining a balance between creation of long-term value for its shareholders and preservation of adequate liquidation and financial reserves to meet future working capital commitments and investment plans, as well as other factors as the Board may deem relevant in determination of appropriate dividend policy.

SUSTAINABILITY STATEMENT

cont'd



Material Matters:



UN SDGs:



SKP continuously assesses the environmental impacts of the Group's operations and scaled up our sustainable practices to strengthen our approach to climate action and conservation of the environment. Additionally, we constantly seek out novel technologies and initiatives in order to meet our sustainability objectives and fulfil our environmental responsibilities.

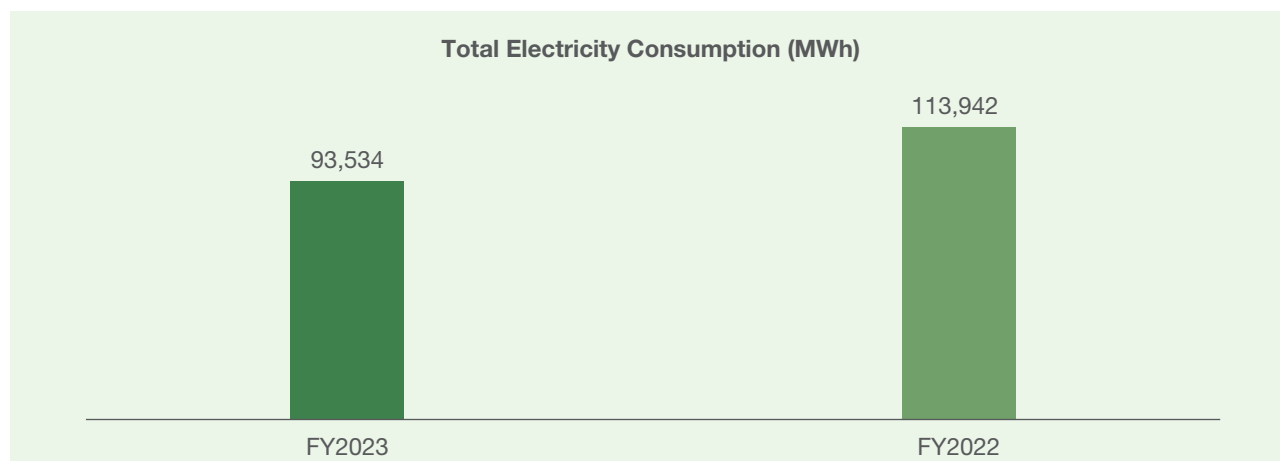
When dealing with environmental issues, the Group ensures conformance with the rules and regulations specified by local environmental laws. Recognising that our manufacturing operations account for the largest revenue contribution to the Group, SKP recognises the need for a robust management system and has successfully achieved accreditation against the globally recognised ISO 14001 and 9001 standards in the majority of our manufacturing operations.

Climate Change

Catastrophic climate-related events are on the rise and climate change has implications for the stability of the environment and also supply chains and business operations. SKP shifted concern into action via focused efforts on minimising our environmental footprint through decarbonisation and increased production efficiency, paving the way to net zero.

Energy Management

The plastics manufacturing industry accounts for a large portion of total energy consumption due to energy-intensive processes in the production line. In line with SKP's adoption of UN SDG 12 (Responsible Consumption and Production), we continuously monitor our energy consumption to reduce our carbon footprint while ensuring our manufacturing processes are carried out in a sustainable manner.



* Total electricity consumption in FY2022 differs from our 2022 Sustainability Statement as it has been rectified to include all active subsidiaries.

SUSTAINABILITY STATEMENT

cont'd

In FY2023, we are pleased to report that our electricity consumption decreased by approximately 18% compared to the previous year. This achievement is particularly remarkable considering the introduction of new models during the financial year which required a higher start-up cost, leading to increased electricity utilisation due to the new assembly lines coming into operations. Despite these initial challenges, we remained committed to our sustainability goals and actively worked to limit our electricity consumption. Through efficient management and resource optimisation strategies, we were able to successfully decrease our electricity consumption throughout the reporting year.

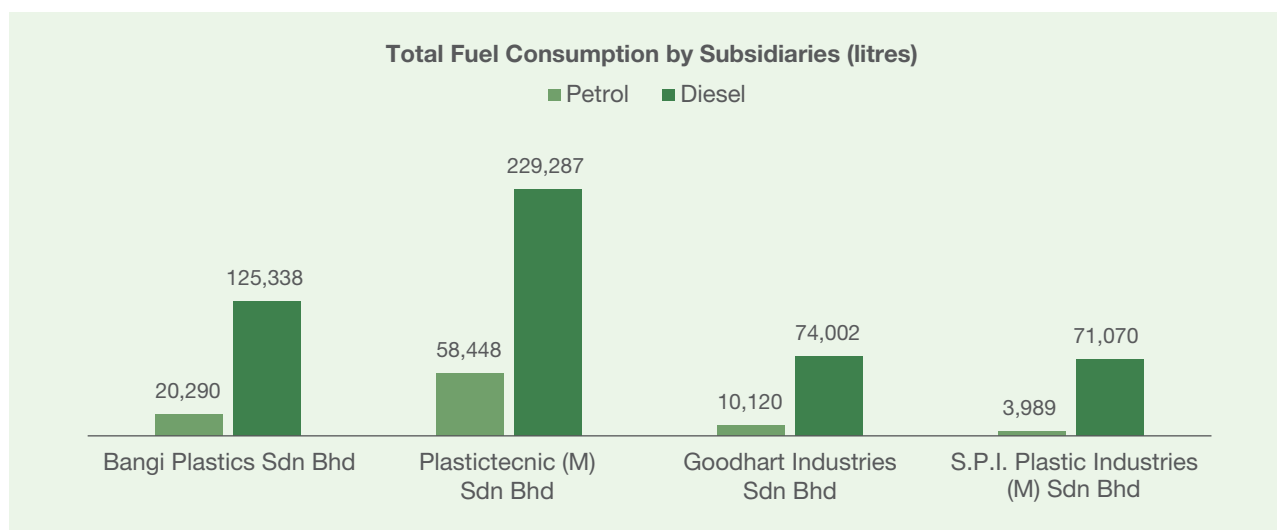
SKP takes a proactive stance in recognising the significance of energy conservation, and we are fully committed to reducing our electricity consumption across the entire Group. To achieve this goal, we continually explore cutting-edge technologies, transition to energy-efficient facilities, and reduce our reliance on fossil fuels in our power plants. In FY2023, we took a significant step towards sustainable energy practices by considering to invest considerable sum in the installation of solar panels at one of our main manufacturing sites, Plastictecnic (M) Sdn Bhd. This investment aligns with our dedication to harnessing renewable energy sources and reducing our carbon footprint.

Furthermore, we will implement rigorous monitoring and energy auditing procedures to identify potential energy-saving measures in the near future. By conducting these assessments, we aim to uncover opportunities for greater efficiency and optimise our electricity consumption. We endeavour to achieve a substantial reduction in our overall electricity consumption through these efforts, thereby contributing to a greener and more sustainable future.

Greenhouse Gas ("GHG") Emissions

SKP is taking steps to reduce our GHG emissions in response to the climate crisis. This year, we initiated the reporting of our Scope 1 and Scope 2 GHG emissions. Moving forward, we aim to evaluate our Scope 3 GHG emissions such as business travel and employee commutes. This comprehensive approach provides us with a better understanding of the Group's carbon footprint, enabling us to allocate efforts and develop strategies to effectively minimise GHG emissions.

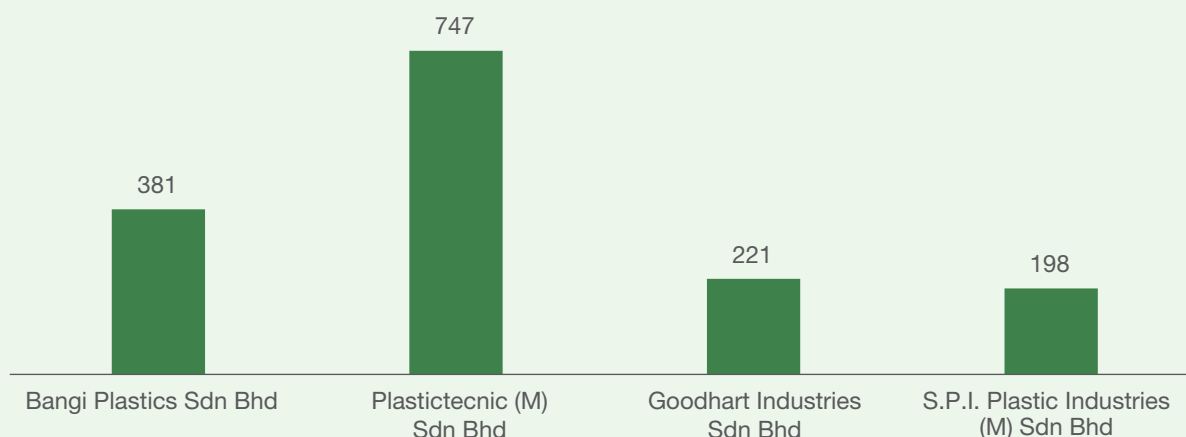
While production sites are significant contributors to GHG emissions, it is crucial to recognise that non-production sites, including headquarters and administrative offices, should also be considered with regards to the Group's carbon footprint, albeit to a lesser extent.



SUSTAINABILITY STATEMENT

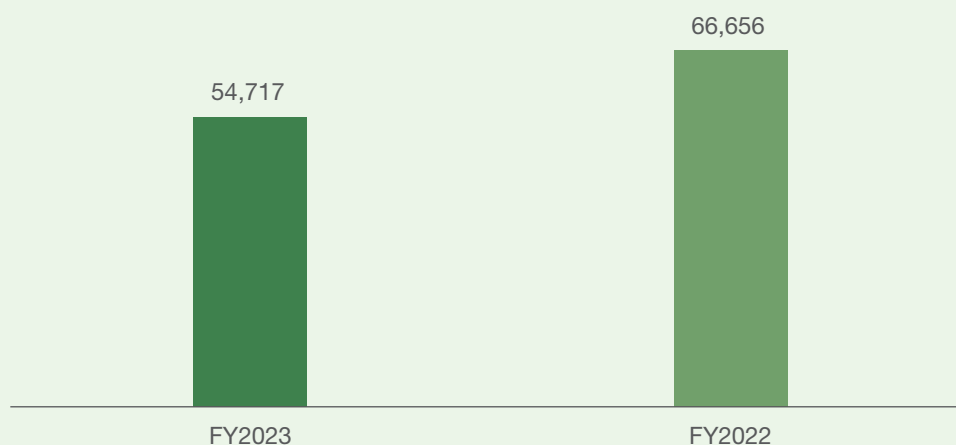
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Total Scope 1 GHG Emissions by Subsidiaries (tCO₂/litre)



Scope 1 Greenhouse Gas (“GHG”) emissions represent direct emissions resulting from the Group’s fuel consumption during its operations. In the fiscal year 2023, the Group started tracking our data on petrol and diesel consumption. We observed a total of 1,547 tCO₂/litres of Scope 1 GHG emissions in four of our subsidiaries. Moving forward, we endeavour to strengthen our monitoring processes so that we can disclose Scope 1 GHG emissions for all our subsidiaries.

Total Scope 2 GHG Emissions (tCO₂/MWh)



Scope 2 GHG emissions refer to indirect GHG emissions associated with electricity generation sourced from the grid. The noteworthy reduction in Scope 2 GHG emissions is a direct outcome of decreased electricity consumption and intensity. In FY2023, SKP reported a total of 54,717 tCO₂/MWh from Scope 2 emissions, signifying a reduction of 18% compared to the previous year. Our continuous efforts to optimise electricity usage have contributed to this positive result.

SUSTAINABILITY STATEMENT

cont'd

Waste Management

Proper management of waste is a top priority for SKP as waste and effluents are inevitable by-products that arise from the operations of plastic manufacturing. SKP complies with relevant regulatory requirements and legislation in terms of the management and disposal of both scheduled and non-scheduled waste, along with the discharge of effluent.

Additionally, SKP has adopted the Six Sigma Programme to reduce waste generation by reducing defects, minimising variations and enhancing overall performance. In this way, we are able to deliver quality products and reduce rejected items resulting from process errors.

Scheduled Waste Management



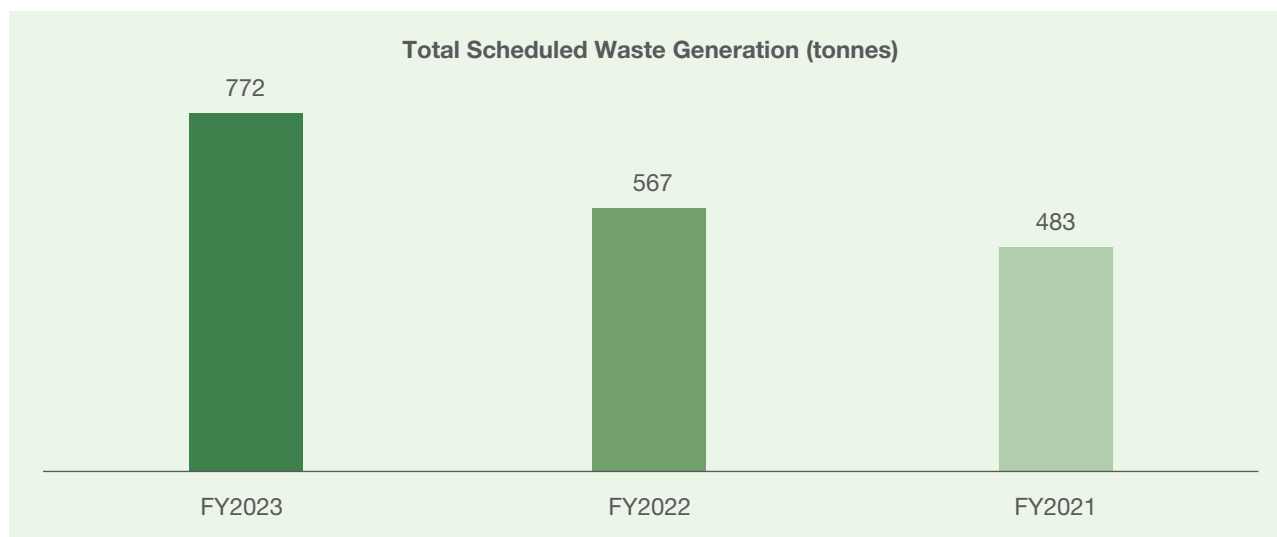
The main types of hazardous waste generated during production comprise spent alkalis containing heavy metals, paint sludge and waste of non-halogenated organic solvents. As these are considered scheduled waste, they cannot be indiscriminately released into the environment and, thus are separated from general waste. SKP has authorised a third-party waste contractor to conduct proper waste collection and disposal on a monthly basis.

Main Types of Scheduled Waste

| Waste | Description |
|-------|---|
| SW103 | Waste of batteries containing cadmium, nickel, lithium |
| SW110 | Waste from electrical and electronic assemblies |
| SW322 | Waste solvents |
| SW401 | Spent alkalis containing heavy metals |
| SW409 | Contaminated container with chemicals, scheduled waste |
| SW410 | Contaminated rags, plastics, papers, filters with scheduled waste |
| SW416 | Paint sludge |

SUSTAINABILITY STATEMENT

cont'd



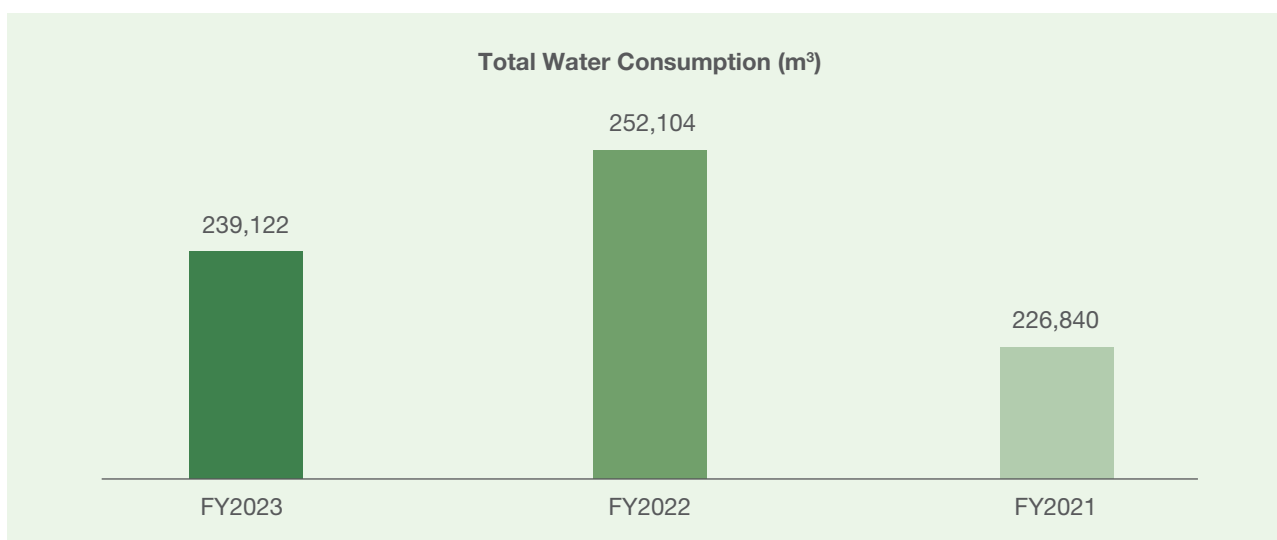
* Total scheduled waste generated in FY2022 differs from our 2022 Sustainability Statement as it has been rectified to include all active subsidiaries.

In FY2023, our total scheduled waste generation amounted to 772 tonnes, representing a 36% increase compared to the previous financial year. The increase can be attributed primarily to the introduction of new models and assembly lines that commenced operations during this period. The incorporation of these new models required a steeper learning curve to achieve efficient manufacturing operations which in turn, contributed to the increase in scheduled waste.

Nevertheless, we ensure all our hazardous waste is handled carefully and effectively in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005 and other applicable environmental legislation outlined in the Environmental Quality Act 1974.

Water Management

Water is an essential resource across all industries and the increasing demand for water has led to water scarcity, which is exacerbated by water pollution and climate change. In line with this, SKP is constantly exploring sustainable initiatives and measures to reduce water consumption.



SUSTAINABILITY STATEMENT

cont'd

In FY2023, all subsidiaries within the scope of the report collectively utilised a total of 239,122 m³ of water. Notably, the highest amount of water consumption was observed at Syarikat Sin Kwang Plastic Industries Sdn Bhd, accounting for approximately 61% of the total water consumption. This higher water consumption can be attributed to the fact that Syarikat Sin Kwang Plastic Industries Sdn Bhd is considered a major subsidiary, contributing to a substantial portion of the Group's revenue of approximately 70% to 80%. Consequently, its significant manufacturing operations naturally result in higher water consumption.

The Group achieved an overall reduction of 5% in water consumption during FY2023. This reduction demonstrates our commitment to sustainable water management and reflects our efforts to improve water efficiency across the organisation. Moving forward, we will continue to prioritise responsible water usage, implement water conservation measures and explore further opportunities for reducing our water footprint.

SUSTAINABILITY STATEMENT

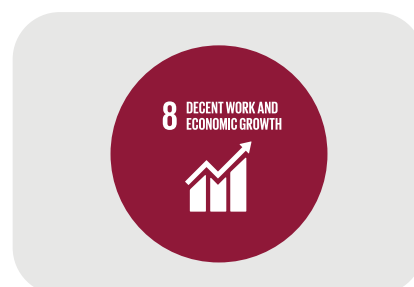
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Material Matters:



UN SDGs:



People are the driving force behind our operations. By prioritising the well-being of our workforce, including those within our supply chain, SKP looks forward to improving our social sustainability performance while establishing meaningful relationships with the communities.

Labour Rights and Standards

SKP places high importance on safeguarding universal and fundamental labour rights and standards within our operations. The well-being of our employees is of the utmost importance to us and we believe that the protection of their rights in compliance with labour standards is the foundation of decent work.

Our commitments to Safeguarding Labour Rights

| | | |
|----|---|----|
| 01 | Prohibiting forced labour and child labour in any form | |
| | Implementing fair disciplinary practices and treating all employees with respect and fairness | 02 |
| 03 | Creating a safe working environment that is free from discrimination, violence and harassment | |
| | Establishing proper standard procedures to address and resolve grievances | 04 |

SUSTAINABILITY STATEMENT

cont'd

Occupational Health and Safety

SKP has over 7,983 employees in our workforce. Hence, we are fully committed to ensuring a safe and healthy workplace for all employees. As a baseline, we ensure compliance with all applicable laws and regulations set forth by the Department of Occupational Safety and Health ("DOSH"). The implementation of our Occupational Health and Safety ("OHS") Policy reflects our efforts to promote a safety culture in all manufacturing facilities within the Group. This has led to the accreditation of ISO 45001 in our electrical and electronics manufacturing operations under SKP BM Electronics Sdn Bhd.

We are dedicated to equipping our employees with valuable training programmes that focus on enhancing health and safety knowledge and skills, providing them with the necessary confidence to excel in their duties. This approach has enhanced our operations' productivity, morale, and efficiency and enabled us to attract and retain top industry talent, thereby positioning us for sustainable business growth.

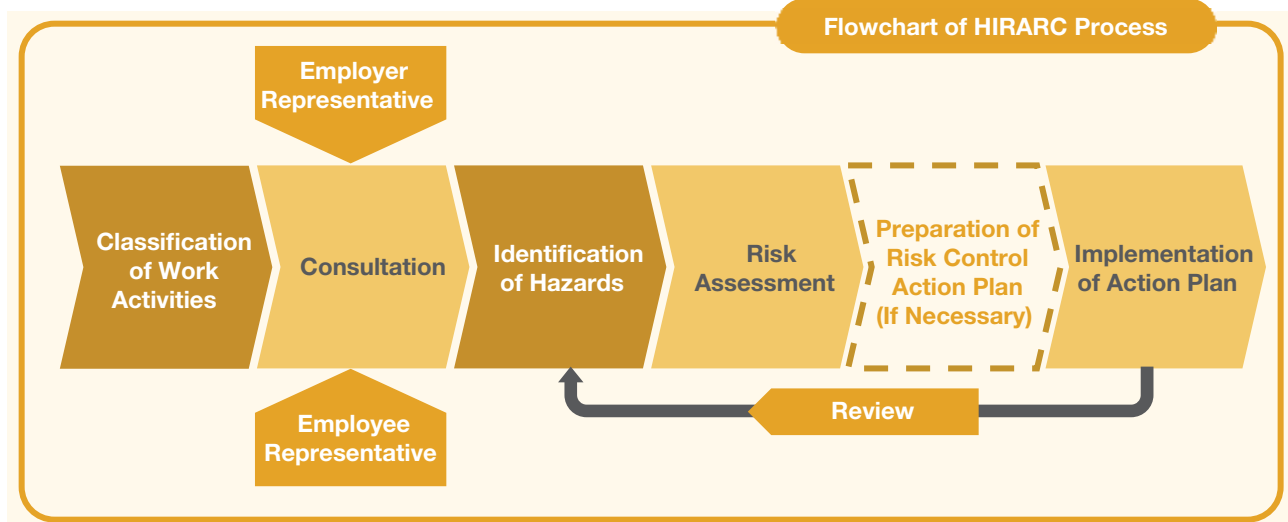


8,789

hours spent on OHS training in FY2023

A total of 8,789 hours of training were conducted on OHS topics in the fiscal year ended 31 March 2023.

Hazard Identification Risk Assessment Risk Control (HIRARC)



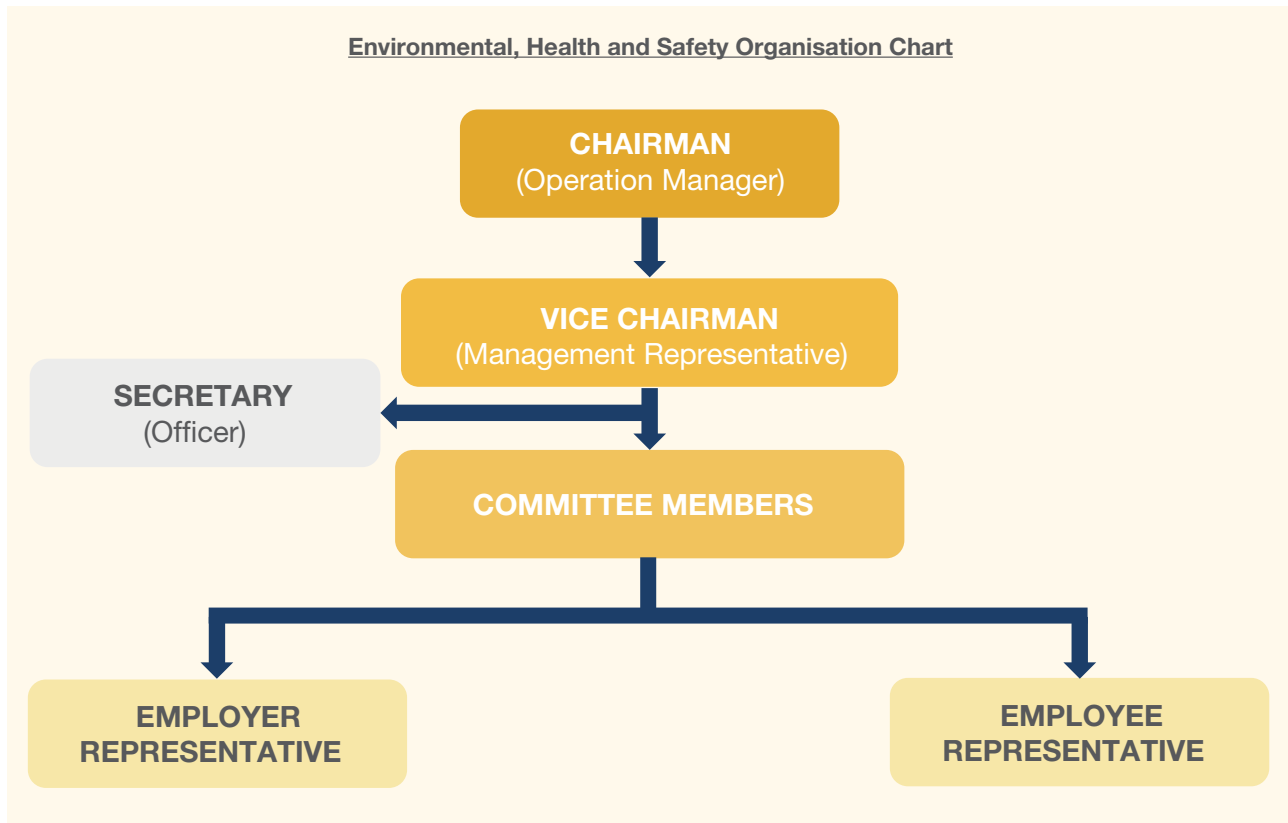
HIRARC acts as the basis for achieving the objectives of OHS standards and is a core process necessary to effectively identify and evaluate potential hazards and risks in the workplace and implement control measures to manage workplace safety. Therefore, the HIRARC process is regularly reviewed and updated to adapt to changing circumstances and ensure ongoing safety improvements.

SUSTAINABILITY STATEMENT

cont'd

OHS Committee

SKP has established a dedicated OHS committee to uphold the highest standards in providing a working environment that ensures the safety, health and well-being of employees. The committee comprises individuals from various departments and levels of the organisation, bringing together a diverse range of perspectives and expertise.

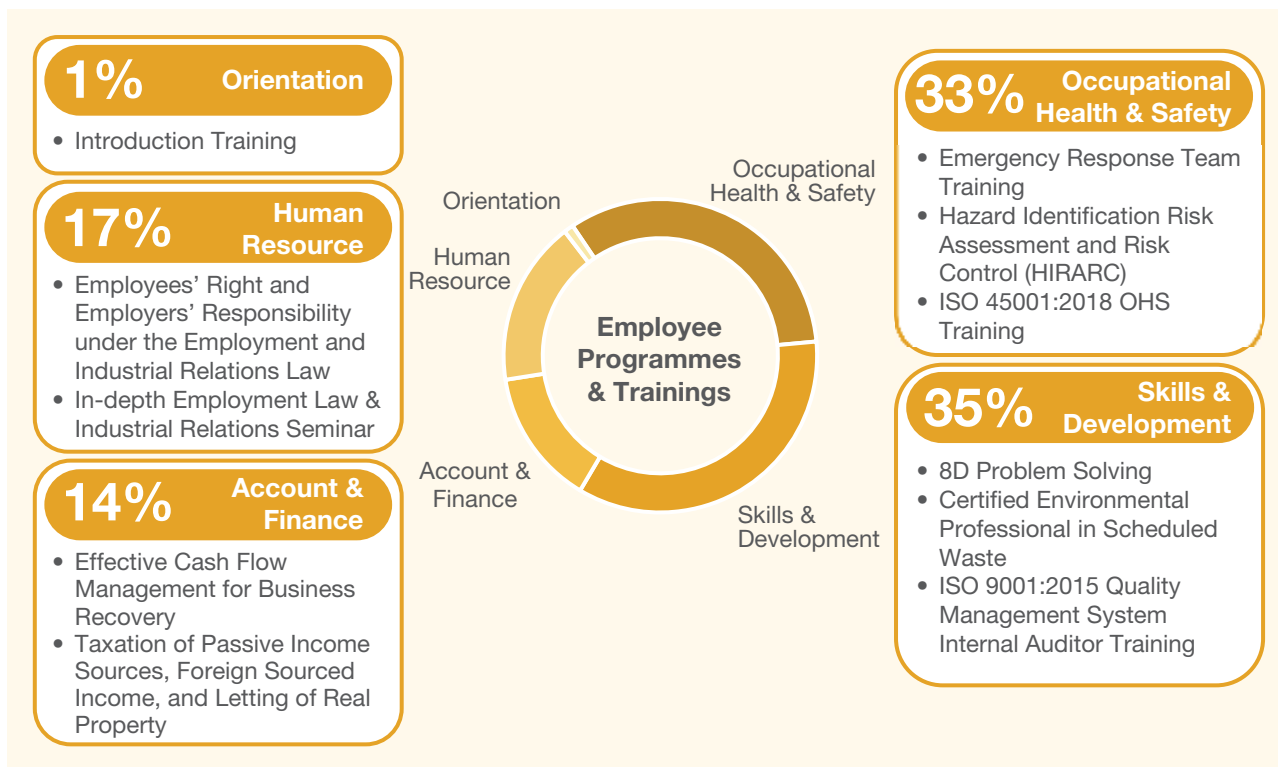


Through collaborative efforts and close cooperation with relevant stakeholders, the committee plays a pivotal role in implementing and maintaining effective health and safety policies and procedures across all aspects of our operations. Through these efforts, we aim to create a workplace where employees feel secure and protected.

SUSTAINABILITY STATEMENT

cont'd

Talent Management



SKP acknowledges the significant contribution of employees' knowledge, skills and expertise to the Group's intellectual capital and competitive advantages. We demonstrate our commitment by continually investing in the development of our human capital through a combination of external and in-house training programmes and workshops. By fostering on-going skill enhancement and intellectual growth, we empower our employees to unlock their full potential and cultivate a culture of continuous improvement.

In FY2023, a total of 16,912 hours of training were provided to 4,896 employees, with an average of three hours per employee. The Group stays updated on the latest industry trends, providing learning opportunities that are aligned with technological advancements and ensuring that employees are equipped with the necessary information.

Health and safety, quality, and technical training are top priorities for SKP. Skills and Development training accounted for the highest percentage (35%) among all types of training, followed by the OHS training (33%). With OHS regulations, SKP ensures both employers and employees are protected by preventing workplace injuries, illnesses and deaths.

SUSTAINABILITY STATEMENT

cont'd



SKP understands that a motivated and content workforce is vital for the success of the Group. To this end, we provide a comprehensive range of employee benefits that aim to enhance the work experience, promote personal and professional growth, and improve quality of life. We believe that by offering attractive employee benefits, we can foster a positive and rewarding work environment that nurtures talent, encourages loyalty and inspires excellence.



Productivity-Linked Wage System ("PLWS")

In August 2022, one of our subsidiaries, Syarikat Sin Kwang Plastic Industries Sdn Bhd, attained eSPO certification for the successful implementation of PLWS. This system promotes mutual benefits and functions as an efficient method for sharing gains. It fosters a dynamic environment of shared prosperity that enhances organisational competitiveness.

S.P.I. Plastic Industries (M) Sdn Bhd and Goodhart Industries Sdn Bhd
Long Service Award 2022

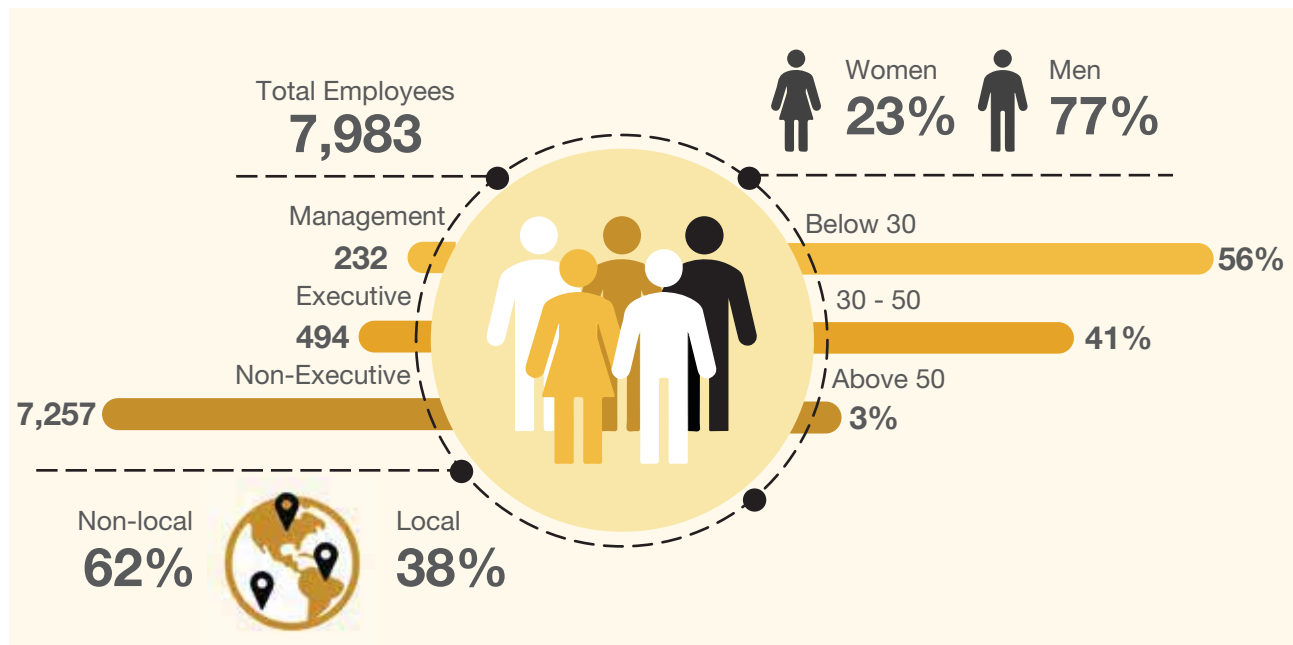
To celebrate the dedication of our employees, we organised an appreciation event for our long-serving employees and prepared tokens of appreciation which symbolised our gratitude for their hard work and loyalty.



SUSTAINABILITY STATEMENT

cont'd

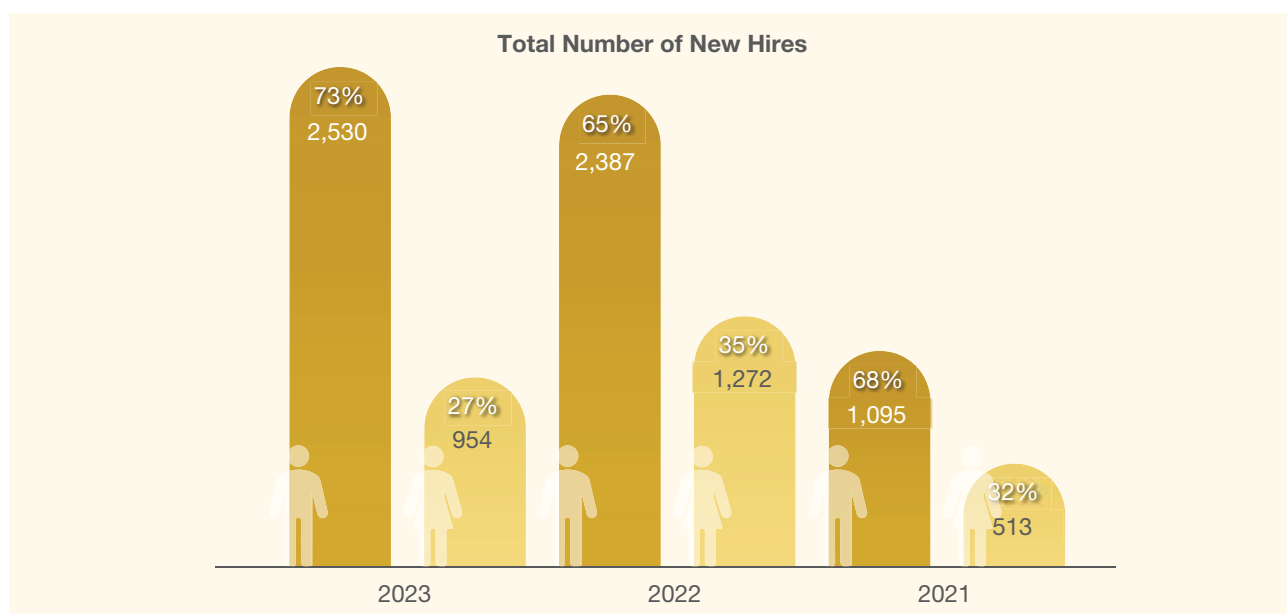
Diversity and Inclusivity



* Includes employees of Goodhart Land Sdn Bhd

SKP fosters a work environment that promotes diversity and inclusivity. We believe that embracing a diverse workforce with individuals from various backgrounds, perspectives and experiences will enhance creativity and innovation and contribute to overall business success.

The Group assures equal opportunities to all current and prospective employees, regardless of age, gender, ethnicity, religion or physical disability. We enforce zero-tolerance for any form of discrimination, harassment or unfair treatment, setting the foundation to create a workplace where we treat everyone with dignity and respect. We established inclusive policies and practices, along with diversity training and education.



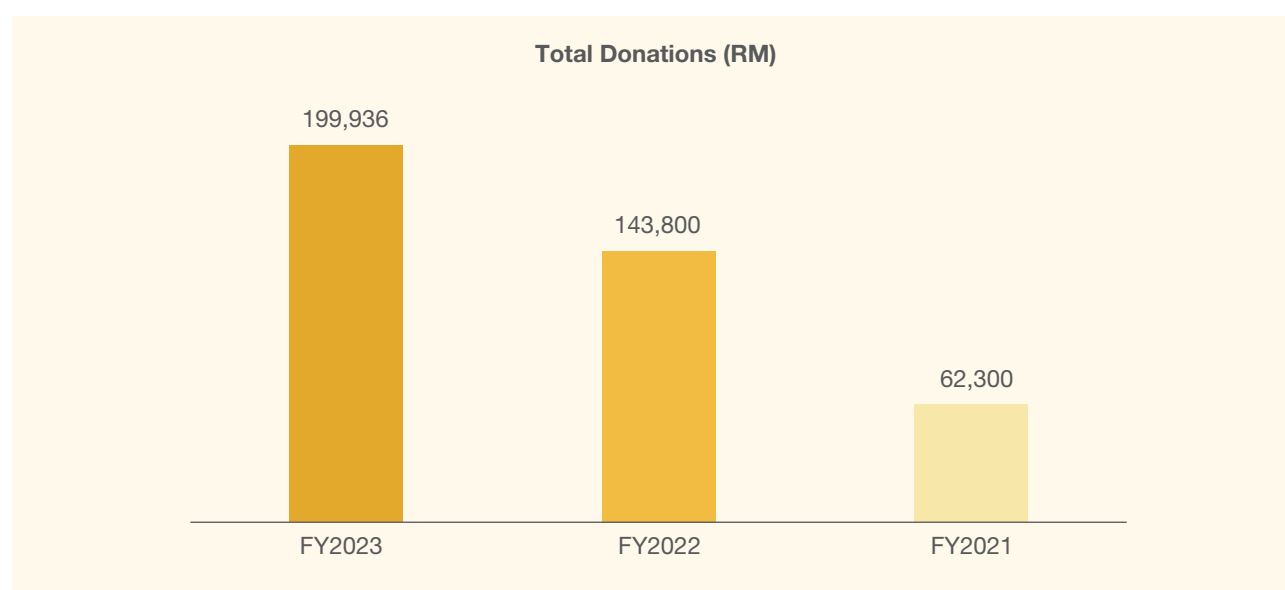
SUSTAINABILITY STATEMENT

cont'd

| Financial Year | FY2023 | FY2022 | FY2021 |
|---------------------------------|--------|--------|--------|
| Workforce by Gender | | | |
| Men | 77% | 78% | 81% |
| Women | 23% | 22% | 19% |
| Workforce by Age | | | |
| <30 | 56% | 56% | 59% |
| 30-50 | 41% | 41% | 38% |
| >50 | 3% | 3% | 3% |
| Workforce by Category | | | |
| Management | 232 | 197 | 189 |
| Executive | 494 | 476 | 499 |
| Non-Executive | 7,257 | 5,666 | 6,126 |
| Workforce by Citizenship | | | |
| Local | 38% | 40% | 36% |
| Non-local | 62% | 60% | 64% |

We deeply value and acknowledge the contributions of our dedicated employees who have been instrumental in driving our success over the past years. Their commitment and hard work exemplify our dedication to upholding the highest standards of fairness, equality and respect within SKP. As we move forward, we remain steadfast in fostering a positive and inclusive work environment that empowers every individual to thrive and contribute to our collective growth and prosperity.

Community Investment



SUSTAINABILITY STATEMENT

cont'd

The Group embraces its role as a responsible corporate citizen by actively empowering and supporting the communities whenever the need arises. Throughout FY2023, the Group made sizeable donations totaling RM199,936 to non-profit organisations, schools and underprivileged individuals. As such, we hope to make a positive impact on the communities by uplifting those who are in need and contributing to charitable causes. Moving forward, we remain dedicated to our mission of making a difference in society in the years to come.



On the 21st and 22nd of March 2023, Syarikat Sin Kwang Plastic Industries Sdn Bhd organised a blood donation drive in collaboration with Hospital Sultan Ismail. The blood donation drive was open to the Group's employees and received overwhelming support with around 100 blood donation bags collected. Syarikat Sin Kwang Plastic Industries Sdn Bhd also participated in a separate blood donation programme, cooperating with Hospital Sultanah Nora Ismail.

Both efforts demonstrated our commitment towards contributing to the well-being of the communities through vital healthcare initiatives. By organising these blood donation drives, we addressed the constant need for blood supply in hospitals and medical facilities.

Syarikat Sin Kwang Plastic Industries Sdn Bhd also took part in various community cleaning programmes, including the 'LOVE OUR EARTH' beach cleaning at Pantai Minyak Beku, Batu Pahat and local roadside cleanup activities in collaboration with the Batu Pahat Municipal Council, covering areas between factory owned by Syarikat Sin Kwang Plastic Industries Sdn Bhd and Masjid Seri Beroleh. These initiatives showcased our dedication to environmental responsibility and making a positive impact on the local surroundings.

We firmly believe that these contributions have a profound effect on people's lives, while benefiting the broader communities. Our ongoing commitment to social and environmental initiatives remains steadfast, as we continue to play an active role in making a difference in the lives of others.



Conclusion

SKP's contribution to promoting sustainability throughout our operations includes minimising our environmental footprint, conserving resources and mitigating operational impacts. To accomplish our ESG goals, we will continue to pursue innovative solutions and implement industry best practices in the future. We will continue to align our operations with aspirations for a shared vision of a more sustainable future through open communication and active engagement with our valued stakeholders.

SUSTAINABILITY STATEMENT

cont'd

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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 is pleased to present this Corporate Governance Overview Statement (“**Statement**”) to provide shareholders and investors with a summary of the corporate governance practices of the Company for the financial year ended 31 March 2023 (“**FYE 2023**”) as set out in the Malaysian Code on Corporate Governance (“**MCCG**”) regarding the following three (3) key principles under the leadership of the Board:

| Principle A | Principle B | Principle C |
|---|---|---|
| Board leadership and effectiveness | Effective audit and risk management | Integrity in corporate reporting and meaningful relationship with stakeholders |
| <ul style="list-style-type: none"> ■ Board responsibilities ■ Board composition ■ Remuneration | <ul style="list-style-type: none"> ■ Audit Committee ■ Risk management and internal control framework | <ul style="list-style-type: none"> ■ Engagement with stakeholders ■ Conduct of general meetings |

This Statement is made in compliance with Paragraph 15.25 of the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and it is to be read in conjunction with the Corporate Governance Report for FYE 2023, which is published on the Company’s corporate website at 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 following 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 Managing Director (“**MD**”) / Executive Directors (“**ED**”) and Key Senior Management. The Board Committees are also entrusted with specific responsibilities to oversee the Company’s affairs, under their respective Terms of Reference (“**TOR**”). At each Board meeting, minutes of the Board Committee meetings are presented to the Board for their notation. The respective Chairmen of the Board Committees will also report to the Board on key issues deliberated by the Board Committees 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:

- Together with Key Senior Management, promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- Ensuring that the Group’s goals are clearly established and that a strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability, is in place to achieve them;
- The Board identifies a designated person within Management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group;
- Overseeing and evaluating the conduct and performance of the Group’s business to evaluate whether the business is being properly managed;
- Reviewing, challenging and deciding on Management’s proposals for the Company, and monitoring its implementation by Management;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

I. Board Responsibilities (cont'd)

- f) 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;
- g) Identifying and managing the principal risks affecting the Group and ensuring the implementation of appropriate internal controls and mitigation measures;
- h) 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;
- i) Ensuring that Key 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 Key Senior Management of the Group;
- j) Reviewing the adequacy and the integrity of the management information and internal control systems of the Group, including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines; and
- k) 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 MD and the Senior Management. Such delegations are subject to approved authority limits. These are matters on:-

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

The Chairman and the Managing Director

The roles of the Chairman of the Board and the MD of the Company are held by separate individuals and each has a clear division of responsibilities to ensure that there is a balance of power and authority to promote accountability. The Chairman provides leadership to the Board and ensures that all Directors receive sufficient and relevant information on financial and non-financial matters to enable them to participate actively in Board's deliberations. The MD is responsible for the overall day-to-day business operations of the Group and oversees the implementation of strategies directed by the Board.

On 9 December 2022, Tan Sri Datuk Hussin Bin Haji Ismail was appointed as an Independent Non-Executive Chairman of the Company and Mr. Gan Poh San was re-designated from an Executive Director to MD of the Company, after the demise of the late Dato' Gan Kim Huat, the former Executive Chairman cum Managing Director of SKP, on 20 September 2022. The roles of the Chairman and the MD are held by separate individuals and this facilitates a clear segregation of roles and responsibilities between them and a balance of power and authority as intended in the Board Charter.

The Company has applied the recommendation of Practice 1.4 of the MCCG 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 Secretaries

In compliance with Practice 1.5 of the MCCG, the Board members have full access to the two (2) Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016. The Company Secretaries play an advisory role to the Board concerning 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, the Company Secretary also attends all the Board and Board Committees meetings and ensures that all meetings are properly convened, and the proceedings and deliberations at the meetings are properly recorded in the minutes of meetings.

Access to information and advice

The Board meets every quarter 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.

Before Board meetings, an agenda of the meeting together with the relevant meeting papers 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 before 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 MD and/or other relevant Board members and/or Key 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 before decision-making. Proceedings of Board meetings are recorded in the minutes.

All Directors have access to the advice and services of the Company Secretaries, Key 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 MCCG, 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 Key Senior Management, the Board Committees established by the Board, and between the Chairman and the MD.

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 its individual Directors.

A copy of the Board Charter is available on the Company's website at 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 to ensure 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 must declare immediately to the Board their interests in any transactions to be entered into directly or indirectly within the Company/Group, 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 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 provide 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 honestly and ethically 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.

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 the 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 the AC
SKP Resources Bhd
No. 421, 4th Miles, Jalan Kluang,
83000 Batu Pahat,
Johor Darul Takzim
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.

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 five (5) members, comprising the MD, 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 and at least one (1) woman Director are fulfilled. The Company also complied with Practice 5.2 of MCGG which stipulates that at least 50% of the Board comprises Independent Non-Executive Directors. The profiles of the Board members are set out in the Directors' Profile section of 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 believes 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 MD is 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 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. Upon completion of the nine (9) years, such Independent Directors may continue to serve on the Board subject to the director's re-designation as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years, the Board should justify and seek annual shareholders' approval through a two-tier voting process in accordance with Practice 5.3 of MCGG.

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 of SKP and their ability to act in the best interests of the Company.

None of the Independent Directors has served more than nine (9) years on the Board as of the date of this CG Statement.

Appointment of Directors and Key Senior Management and Re-Appointment of Directors

Based on the 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 Director's Fit and Proper Policy is available for viewing under the "Corporate Governance" section of the Company's website at www.skpres.com.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

II. Board Composition (cont'd)

Appointment of Directors and Key Senior Management and Re-Appointment of Directors (cont'd)

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

In the process of selecting and evaluating candidates for the Board member, the NC has adopted the following selection criteria for new appointment of Director(s) 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, integrity and conflict of interest check;
- 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, gender and including conflict of interest check.

On 9 December 2022, Tan Sri Datuk Hussin Bin Haji Ismail was appointed as the Independent Non-Executive Chairman of SKP. The Board, having reviewed the skillset, expertise and experience of Tan Sri Datuk Hussin Bin Haji Ismail, and approved the appointment of Tan Sri Datuk Hussin Bin Haji Ismail as Independent Non-Executive Chairman of SKP with effect from 9 December 2022.

There were no new Key Senior Management personnel appointed to the Company and the Group during the financial year under review.

Re-election of Directors

According to the Directors' Fit and Proper Policy, the NC before recommending to the Board the re-election of the Directors seeking re-election completes an evaluation of the retiring Directors. The NC and the Board shall assess individual Directors seeking re-election with due regard to, among others, the considerations listed in the Directors' Fit and Proper Policy by way of Fit and Proper assessment via diligence, screening and declarations from the concerned individuals. In addition, the assessment shall also be performed based on a review of the Board Effectiveness Evaluation results and performance appraisal records respectively.

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 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, according to Clause 119 of the Constitution, Ms. Anita Chew Cheng Im is to retire at the forthcoming Twenty-Third AGM of the Company.

Clause 118 of the Constitution of the Company states that any Director who is appointed either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the next AGM and shall be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotations at that meeting. According to Clause 118 of the Constitution, Tan Sri Datuk Hussin Bin Haji Ismail is to retire at the forthcoming Twenty-Third AGM of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

II. Board Composition (cont'd)

Re-election of Directors (cont'd)

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;
- Conflict of Interest check; and
- Time commitment to discharge their roles.

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

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 employment are based strictly on merits and are not driven by any racial, age or gender bias.

For the FYE 2023, 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 | 1 | 4 | 0 | 5 | 4 | 1 | 5 |

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 | 0 | 5 |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

II. Board Composition (cont'd)

Nomination Committee

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

| Name | Designation |
|---|---|
| Ms. Anita Chew Cheng Im (Appointed as NC Chairperson on 23 September 2022) | Chairperson (Independent Non-Executive Director) |
| Mr. Goh Kah Im | Member (Independent Non-Executive Director) |
| Mr. Koh Chin Koon | Member (Non-Independent Non-Executive Director) |
| Mr. Koh Song Heng (Ceased as NC Chairman on 23 September 2022) | Chairman (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:-

- reviewed the draft Directors' Fit and Proper Policy and recommended the same to the Board of Directors for approval and adoption;
- assessed the performance of the Board as a 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 are eligible for re-election;
- discussed the retention of the Independent Director of the Company according to the MCCG;
- assessed the independence of each of the Independent Directors;
- reviewed the term of office and performance of the AC and each of its members;
- reviewed and recommended to the Board the changes in the composition of the Board Committees;
- reviewed and recommended to the Board the re-designation of Mr. Gan Poh San from Executive Director of the Company to Managing Director of the Company; and
- reviewed and recommended to the Board the appointment of Tan Sri Datuk Hussin Bin Haji Ismail as the Independent Non-Executive Chairman of the Company.

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 2023, 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.

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 | % |
|--|---|-----|
| Tan Sri Datuk Hussin Bin Haji Ismail (Appointed on 9 December 2022) | 1/1 | 100 |
| Mr. Gan Poh San | 5/5 | 100 |
| Mr. Koh Chin Koon | 5/5 | 100 |
| Ms. Anita Chew Cheng Im | 4/5 | 80 |
| Mr. Goh Kah Im | 5/5 | 100 |
| Dato' Gan Kim Huat (Demised on 20 September 2022) | 1/3 | 33 |
| Mr. Koh Song Heng (Resigned on 23 September 2022) | 2/3 | 67 |

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 to facilitate efficient implementation of the Board's decision. The Director who is unable to be 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 continuously 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 2023 are as below:-

| Name of Directors | Training Programmes/Seminars/Forums Attended |
|--------------------------------------|--|
| Tan Sri Datuk Hussin Bin Haji Ismail | <ul style="list-style-type: none"> Malaysia Tax Budget Conference 2023: Riding the Post-Pandemic TIDE |
| Gan Poh San | <ul style="list-style-type: none"> Understanding Financial Management for Company Directors and Senior Management |
| Koh Chin Koon | <ul style="list-style-type: none"> 2023 Budget Seminar |
| Anita Chew Cheng Im | <ul style="list-style-type: none"> Talk on ESC under the Listed Entity Director Programme organised by Singapore Institute of Directors Securities Commission Malaysia's Audit Oversight Board Conversation with audit committee members |
| Goh Kah Im | <ul style="list-style-type: none"> ESG Essentials, core module of SGX Listed Entity Director by Singapore Institute of Directors ESG: Living Up to the Sustainability Promise by Malaysia Institute of Accountants. |

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 2023:-

i. Directors' self and peer performance evaluation

The evaluation forms were circulated to 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.

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 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.

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 three (3) Non-Executive Directors as follows:-

| Name | Designation |
|--|--|
| Mr. Goh Kah Im (Appointed as RC Chairman on 23 September 2022) | Chairman (Independent Non-Executive Director) |
| Mr. Koh Chin Koon (Appointed as RC member on 23 September 2022) | Member (Non-Independent Non-Executive Director) |
| Ms. Anita Chew Cheng Im | Member (Independent Non-Executive Director) |
| Mr. Koh Song Heng (Ceased as RC Chairman on 23 September 2022) | Chairman (Independent Non-Executive Director) |

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 for 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 MD is performance-related which is compatible if not higher with the market rate 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;
- Reviewed the Directors' Fees and recommended the same to the Board for consideration;
- Reviewed the proposed remuneration package for the Managing Director and recommended the same to the Board for consideration; and
- Reviewed the proposed Chairman fee for the Independent Non-Executive Chairman and recommended the same to the Board for consideration.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

III. Remuneration Committee (cont'd)

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 abstain from deliberation and voting on fixing their own remuneration package or Directors' fee.

Remuneration of Directors

For the FYE 2023, 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 | | | | | | |
|---|---------------------------|------------|----------|----------|-----------------|------------------|------------|
| | Fee | Allowances | Salary | Bonus | Benefit-In-Kind | Other Emoluments | Total |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Executive Directors | | | | | | | |
| Dato' Gan Kim Huat (demised on 20 September 2022) | 33 | - | - | - | - | - | 33 |
| Gan Poh San | 60 | - | - | - | - | - | 60 |
| Subtotal | 93 | - | - | - | - | - | 93 |
| Non-Executive Directors | | | | | | | |
| Tan Sri Datuk Hussin Bin Haji Ismail (appointed on 9 December 2022) | 20 | - | - | - | - | - | 20 |
| Koh Chin Koon | 60 | - | - | - | - | - | 60 |
| Anita Chew Cheng Im | 60 | - | - | - | - | - | 60 |
| Goh Kah Im | 60 | - | - | - | - | - | 60 |
| Koh Song Heng (resigned on 23 September 2022) | 30 | - | - | - | - | - | 30 |
| TOTAL | 230 | - | - | - | - | - | 230 |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

III. Remuneration Committee (cont'd)

Remuneration of Directors (cont'd)

| | Received from the Group | | | | | | |
|--|-------------------------|------------|--------------|--------------|---------------------|---------------------|---------------|
| | Fee | Allowances | Salary | Bonus | Benefit- In-Kind | Other Emoluments | Total |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) | (RM'000) | (RM'000) | (RM'000) |
| Executive Directors | | | | | | | |
| Dato' Gan Kim Huat (demised on 20 September 2022) | 33 | - | 2,409 | 2,679 | 998 | - | 6,119 |
| Gan Poh San | 60 | - | 3,954 | 2,505 | - | - | 6,519 |
| Subtotal | 93 | - | 6,363 | 5,184 | 998 | - | 12,638 |
| Non-Executive Directors | | | | | | | |
| Tan Sri Datuk Hussin Bin Haji Ismail (appointed on 9 December 2022) | 20 | - | - | - | - | - | 20 |
| Koh Chin Koon | 60 | - | - | - | - | - | 60 |
| Anita Chew Cheng Im | 60 | - | - | - | - | - | 60 |
| Goh Kah Im | 60 | - | - | - | - | - | 60 |
| Koh Song Heng (resigned on 23 September 2022) | 30 | - | - | - | - | - | 30 |
| TOTAL | 230 | - | - | - | - | - | 230 |

Note: Salary includes EPF, SOCSO and EIS

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

For FYE 2023, 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.

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 2023 is set out below:-

| Range of remuneration (RM) | Number of Key Senior Management |
|----------------------------|---------------------------------|
| RM450,001 – RM500,000 | 1 |
| Total | 1 |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The AC is chaired by Mr. Goh Kah Im, 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 and a summary of activities of the AC and Internal Audit Function in respect of FYE 2023 are stated in the **AC Report** of this Annual Report.

In compliance with the MCCG, 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.

None of the members of the AC was former audit partners and notwithstanding that 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 on 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

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 2023, 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 onward 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 an RMC to oversee the Company's risk management framework and policies, which would subsequently take over the duties concerning 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.

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 which includes a dedicated section on Investor Relations, to further enhance shareholder communication.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

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

I. Communication with Stakeholders (cont'd)

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 concerning, 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 it necessary.

The Notice of the Twenty-Second AGM ("**22nd AGM**") held on 23 September 2022 was issued more than 28 days before the AGM. This is to ensure that shareholders are given sufficient time to read and consider the resolutions to be resolved.

All the Directors were present at the 22nd AGM of the Company held in 2022 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 meeting 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 22nd AGM held last year, all the resolutions tabled at the 22nd AGM were 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 Minutes of the 22nd AGM held on 23 September 2022 was published on the Company's corporate website at www.skpres.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

KEY FOCUS AREAS AND FUTURE PRIORITIES

Looking ahead to the financial year ending 2024, 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 by a resolution of the Board of Directors dated 27 July 2023.

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 2023,

- 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 OF RISK MANAGEMENT AND INTERNAL CONTROL

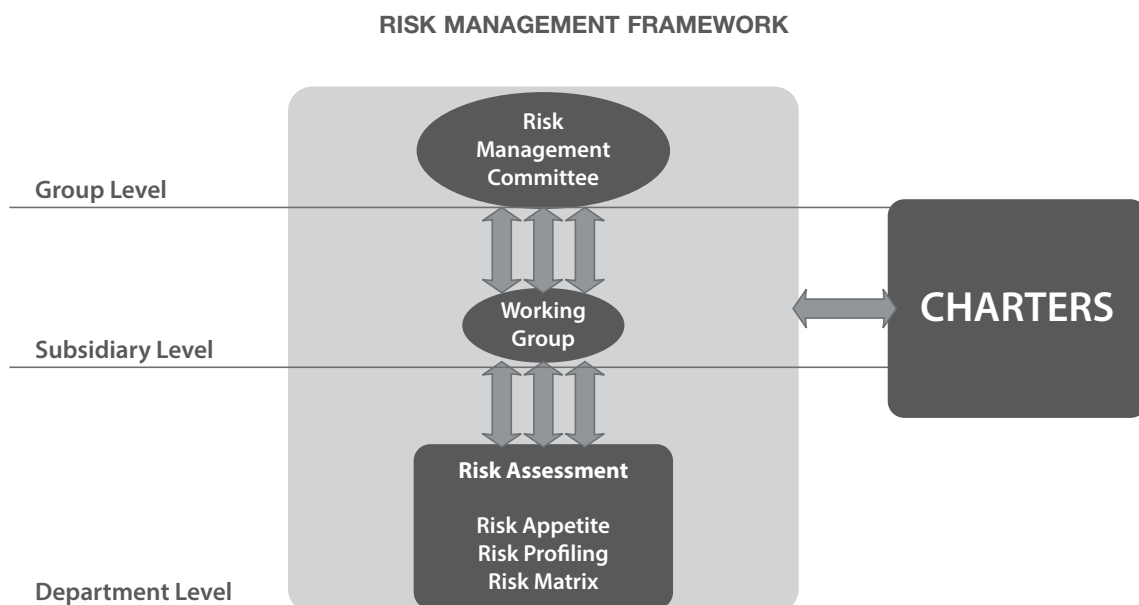
INTRODUCTION

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 2023, which has been prepared in accordance with the “Statement on Risk Management & Internal Control – Guideline for Directors of Public Listed Issuers” (“SRMICG”) 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.

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:



Following the establishment of the Risk Management Committee (“RMC”) on 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 based 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.

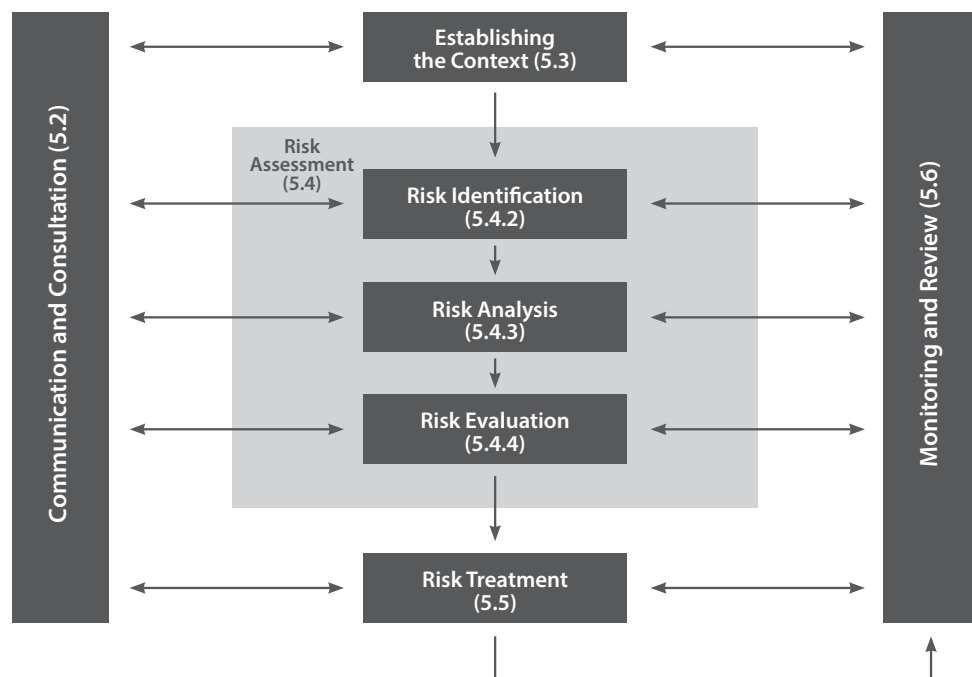
The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group that has been put in place for the year and up to the date of approval of this statement for inclusion in the annual report. The process is being regularly reviewed by the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

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

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 Messrs 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 OF RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

MONITORING MECHANISM AND MANAGEMENT STYLE

The Board entrusts the daily running of the business to the Managing Director (from 9 December 2022 onwards) / the ex Executive Chairman cum Managing Director (prior to demise of Dato' Gan Kim Huat ("Dato' Gan") on 20 September 2022) and his management team. The Managing Director (from 9 December 2022 onwards) / the ex Executive Chairman cum Managing Director (prior to demise of Dato' Gan on 20 September 2022) 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 Managing Director (from 9 December 2022 onwards) / the ex Executive Chairman cum Managing Director (prior to demise of Dato' Gan on 20 September 2022) 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 Managing Director (from 9 December 2022 onwards) / the ex Executive Chairman cum Managing Director (prior to demise of Dato' Gan on 20 September 2022) 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 welcomes 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 Messrs 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 RM29,000.

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 OF RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

CONCLUSION

The Board has received assurance from the 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 2023, 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 27 July 2023.

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 2023 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 SRMIG 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 2023 (“FYE 2023”).

COMPOSITION OF THE AC

During the FYE 2023, Mr. Koh Song Heng, who has served the Company for more than nine (9) years resigned as an Independent Non-Executive Director at the conclusion of the Twenty-Second Annual General Meeting held on 23 September 2022, as such he also ceased as a Chairman of the AC on even date.

Subsequently, Mr. Goh Kah Im was re-designated as the Chairman of the AC and Ms. Anita was appointed as a member of the AC, both effective from 23 September 2022.

During the FYE 2023, the composition of the AC is as follows:-

| | |
|---|--|
| Mr. Goh Kah Im (re-designated w.e.f. 23 September 2022) | (Chairman, Independent Non-Executive Director) |
| Mr. Koh Chin Koon | (Member, Non-Independent Non-Executive Director) |
| Ms. Anita Chew Cheng Im (appointed w.e.f. 23 September 2022) | (Member, Independent Non-Executive Director) |
| Mr. Koh Song Heng (ceased w.e.f. 23 September 2022) | (Chairman, 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 fulfils the requirements under Paragraph 15.09(1)(c)(i) of the MMLR of Bursa Securities.

MEETINGS AND ATTENDANCES

During the FYE 2023, the AC held a total of five (5) meetings. The details of attendance of the Committee members are as follows:-

| AC Members | Number of AC Meetings Attended | % |
|--|--------------------------------|-----|
| Mr. Goh Kah Im (re-designated w.e.f 23 September 2022) | 5/5 | 100 |
| Ms. Anita Chew Cheng Im (appointed w.e.f 23 September 2022) | 2/2 | 100 |
| Mr. Koh Chin Koon | 5/5 | 100 |
| Mr. Koh Song Heng (ceased w.e.f 23 September 2022) | 2/3 | 67 |

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 2023, there were three (3) 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.

AUDIT COMMITTEE REPORT

cont'd

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.

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 2023 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 FYE 2023 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, the 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 2023 and recommended their re-appointment as Auditors of the Company until the conclusion of the next Annual General Meeting;

AUDIT COMMITTEE REPORT

cont'd

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

12. Reviewed the audit and non-audit fees payable to the External Auditors for FYE 2023 to ensure the level of non-audit services rendered by the External Auditors would not impair their independence;
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 work undertaken by the Internal Auditors was 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 27 May 2022, MAC & Associates PLT presented the Internal Audit Plan for years 2023 to 2025 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 | Goodhart Industries Sdn. Bhd. |
| Rejects, Replacements and Scrap Inventory Function | Syarikat Sin Kwang Plastic Industries Sdn. Bhd. (Batu Pahat Branch) |
| Payroll Management function | Plastictecnic (M) Sdn. Bhd. |

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 2023, 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 2023 was RM29,000 (FYE 2022: RM48,500.00).

FINANCIAL STATEMENTS

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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 2023.

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 | 140,518 | 79,862 |
| Profit attributable to: | | |
| Equity holders of the Company | 140,518 | 79,862 |

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 2022 was as follows:

| | RM'000 |
|---|--------|
| In respect of the financial year ended 31 March 2022: | |
| Final single-tier dividend of 5.55 sen, on 1,562,360,337 ordinary shares (which excluded 375,000 treasury shares), approved on 25 July 2022 and paid on 28 October 2022 | 86,711 |

On 27 July 2023, the directors have approved a final single-tier dividend in respect of the financial year ended 31 March 2023 amounting to a dividend payable of approximately RM70,306,000 (4.50 sen per ordinary share for 1,562,360,337 shares which excluded 375,000 treasury shares), payable on 26 October 2023. 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 2024.

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:

| | |
|--------------------------------------|---------------------------------|
| Gan Poh San * | |
| Koh Chin Koon | |
| Goh Kah Im | |
| Anita Chew Cheng Im | |
| Tan Sri Datuk Hussin Bin Haji Ismail | (Appointed on 9 December 2022) |
| Dato' Gan Kim Huat | (Deceased on 20 September 2022) |
| Koh Song Heng | (Resigned on 23 September 2022) |

* This director is also one of the 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 | 4,521 | - |
| Fees | 323 | 323 |
| Bonus | 5,184 | - |
| Defined contribution plan | 1,842 | - |
| Benefits-in-kind | 998 | - |
| | 12,868 | 323 |

There was no insurance effected to indemnify any directors and officers of the Company for the financial year ended 31 March 2023.

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:

| | 1.4.2022 | Number of ordinary shares | | 31.3.2023 |
|----------------------|-------------|---------------------------|------|--------------------------|
| | | Acquired | Sold | |
| Gan Poh San | | | | |
| - Direct interest | 78,118,000 | - | - | 78,118,000 |
| - Indirect interests | 255,569,474 | - | - | 255,569,474 [#] |

| | 1.4.2022 | Number of warrants 2021/2026 | | 31.3.2023 |
|----------------------|------------|------------------------------|------|-------------------------|
| | | Acquired | Sold | |
| Gan Poh San | | | | |
| - Direct interest | 12,498,880 | - | - | 12,498,880 |
| - Indirect interests | 40,891,115 | - | - | 40,891,115 [#] |

[#] Indirect interests held through Beyond Imagination Sdn. Bhd. and Zenith Highlight Sdn. Bhd.

Gan Poh San, by virtue of his interests in shares in the Company, is 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:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts 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.

DIRECTORS' REPORT

cont'd

OTHER STATUTORY INFORMATION cont'd

(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 2023.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 July 2023.

Gan Poh San

Koh Chin Koon

STATEMENT BY DIRECTORS

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

We, Gan Poh San and Koh Chin Koon, 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 94 to 153 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 2023 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 27 July 2023

Gan Poh San

Koh Chin Koon

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) 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 94 to 153 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 27 July 2023)
at Bandar Baru Bangi, Selangor.)

Gan Poh San

Before me,

NOR AZIZAH BINTI JOHARUDDIN

Commissioner of Oaths

(No. B248)

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 2023 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 94 to 153.

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 2023, 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 3.18(a) and Note 7 to the financial statements.)

During the year, the sale of goods recorded by the Group amounted to RM2.48 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;
- (b) we performed correlation analysis between revenue, trade receivables and cash and bank balances using data analytics;

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

(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 contracts, sales invoices and shipping documents;
- 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 3.11, significant accounting judgement and estimate in Note 6.2(d) and Note 22 to the financial statements.)

As at 31 March 2023, the Group's inventories amounted to RM252.8 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
Date: 27 July 2023

Lee Ming Li
02983/03/2024J
Chartered Accountant

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 | 2023 RM'000 | 2022 RM'000 |
| Revenue | 7 | 2,515,038 | 2,321,428 | 80,400 | 59,800 |
| Cost of sales | | (2,195,377) | (1,996,602) | - | - |
| Gross profit | | 319,661 | 324,826 | 80,400 | 59,800 |
| Other items of income | | | | | |
| Interest income | 8 | 1,838 | 2,107 | 254 | 133 |
| Other income | 9 | 10,983 | 21,051 | - | - |
| Other items of expense | | | | | |
| Administrative expenses | | (143,268) | (117,256) | (730) | (810) |
| Selling and marketing expenses | | (10,314) | (8,168) | - | - |
| Finance costs | 10 | (1,716) | (177) | - | - |
| Profit before tax | 11 | 177,184 | 222,383 | 79,924 | 59,123 |
| Income tax expense | 14 | (36,666) | (48,987) | (62) | (21) |
| Profit net of tax, representing total comprehensive income for the year | | 140,518 | 173,396 | 79,862 | 59,102 |
| Profit attributable to: | | | | | |
| Owners of the Company | | 140,518 | 173,396 | 79,862 | 59,102 |
| Earnings per share attributable to equity holders of the Company (sen per share) | | | | | |
| - Basic | 15 | 8.99 | 11.10 | | |
| - Diluted | 15 | 8.99 | 11.10 | | |

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

| | | Group | | Company | |
|-------------------------------|------|-----------|-----------|---------|---------|
| | Note | 2023 | 2022 | 2023 | 2022 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Assets | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 16 | 362,628 | 289,963 | - | 8 |
| Investment properties | 17 | 2,067 | 2,885 | - | - |
| Right-of-use assets | 18 | 68,251 | 69,891 | - | - |
| Investment in subsidiaries | 19 | - | - | 307,914 | 307,914 |
| Other investments | 20 | 139 | 139 | - | - |
| Other non-current asset | 21 | 74 | 74 | - | - |
| Prepayment | 25 | 4,344 | - | - | - |
| | | 437,503 | 362,952 | 307,914 | 307,922 |
| Current assets | | | | | |
| Inventories | 22 | 252,836 | 254,658 | - | - |
| Trade and other receivables | 23 | 475,025 | 533,189 | 1,446 | 1,446 |
| Tax recoverable | | - | - | - | 2 |
| Contract assets | 24 | 2,090 | 10,176 | - | - |
| Prepayments | 25 | 9,082 | 18,351 | - | - |
| Other investments | 20 | 70,099 | 21,566 | - | - |
| Cash and bank balances | 26 | 46,907 | 51,260 | 111 | 6,938 |
| | | 856,039 | 889,200 | 1,557 | 8,386 |
| Total assets | | 1,293,542 | 1,252,152 | 309,471 | 316,308 |
| Equity and liabilities | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | 27 | 304,535 | 375,745 | 67 | 63 |
| Contract liabilities | 28 | 25,029 | 24,802 | - | - |
| Loans and borrowings | 29 | 48,720 | - | - | - |
| Lease liabilities | 30 | 5,100 | 4,294 | - | - |
| Provisions | 31 | 7,680 | 10,387 | - | - |
| Tax payable | | 2,663 | 1,439 | 8 | - |
| | | 393,727 | 416,667 | 75 | 63 |
| Net current assets | | 464,213 | 472,533 | 1,482 | 8,323 |

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2023

cont'd

| | | Group | | Company | |
|---|------|-----------|-----------|---------|---------|
| | Note | 2023 | 2022 | 2023 | 2022 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-current liabilities | | | | | |
| Trade and other payables | 27 | 222 | - | - | - |
| Deferred tax liabilities | 32 | 17,137 | 17,527 | - | - |
| Loans and borrowings | 29 | 11,950 | - | - | - |
| Lease liabilities | 30 | 2,185 | 3,444 | - | - |
| | | 31,494 | 20,971 | - | - |
| Total liabilities | | 425,221 | 437,638 | 75 | 63 |
| Net assets | | 868,321 | 814,514 | 309,396 | 316,245 |
| Equity attributable to equity holders of the company | | | | | |
| 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 | 668,793 | 614,986 | 13,478 | 20,327 |
| Other reserves | | (1,388) | (1,388) | - | - |
| Shareholders' equity | | 868,321 | 814,514 | 309,396 | 316,245 |
| Total equity and liabilities | | 1,293,542 | 1,252,152 | 309,471 | 316,308 |

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

| | | Equity attributable to owners of the Company, total | Share capital | Treasury shares | Merger deficit | Other reserves | Retained earnings |
|---|--|--|------------------|--------------------|-------------------|-------------------|----------------------|
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| | | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| 2023 | | | | | | | |
| Opening balance at 1 April 2022 | | 814,514 | 296,126 | (208) | (95,002) | (1,388) | 614,986 |
| Profit for the year, net of tax | | 140,518 | - | - | - | - | 140,518 |
| Transaction with owners | | | | | | | |
| Dividend on ordinary shares (Note 36) | | (86,711) | - | - | - | - | (86,711) |
| Closing balance at 31 March 2023 | | 868,321 | 296,126 | (208) | (95,002) | (1,388) | 668,793 |
| 2022 | | | | | | | |
| Opening balance at 1 April 2021 | | 707,831 | 296,126 | (208) | (95,002) | (1,388) | 508,303 |
| Profit for the year, net of tax | | 173,396 | - | - | - | - | 173,396 |
| Transaction with owners | | | | | | | |
| Dividend on ordinary shares (Note 36) | | (66,713) | - | - | - | - | (66,713) |
| Closing balance at 31 March 2022 | | 814,514 | 296,126 | (208) | (95,002) | (1,388) | 614,986 |

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 2023

| | Equity, total RM'000 | I--- Non-distributable ---I Share capital RM'000 | Treasury shares RM'000 | Distributable Retained earnings RM'000 |
|---|----------------------------|---|------------------------------|---|
| 2023 | | | | |
| Opening balance as at 1 April 2022 | 316,245 | 296,126 | (208) | 20,327 |
| Profit for the year, net of tax | 79,862 | - | - | 79,862 |
| Transaction with owners | | | | |
| Dividend on ordinary shares (Note 36) | (86,711) | - | - | (86,711) |
| Closing balance at 31 March 2023 | 309,396 | 296,126 | (208) | 13,478 |
| 2022 | | | | |
| Opening balance at 1 April 2021 | 323,856 | 296,126 | (208) | 27,938 |
| Profit for the year, net of tax | 59,102 | - | - | 59,102 |
| Transaction with owners | | | | |
| Dividend on ordinary shares (Note 36) | (66,713) | - | - | (66,713) |
| Closing balance at 31 March 2022 | 316,245 | 296,126 | (208) | 20,327 |

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

| | Group | | Company | |
|---|----------------|------------------|--------------|----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Operating activities | | | | |
| Profit before tax | 177,184 | 222,383 | 79,924 | 59,123 |
| Adjustments for: | | | | |
| Depreciation of: | | | | |
| - right-of-use assets | 6,443 | 4,110 | - | - |
| - property, plant and equipment | 38,401 | 35,078 | 2 | 10 |
| - investment properties | 30 | 58 | - | - |
| Fair value gain on financial assets at fair value through profit and loss | (6) | - | - | - |
| Impairment loss on trade and other receivables | 243 | - | - | - |
| Reversal of impairment loss on trade receivables | - | (227) | - | - |
| Gain on disposals of: | | | | |
| - property, plant and equipment | (1,397) | (1,295) | - | - |
| - investment properties | - | (5,072) | - | - |
| Gain on derecognition of right-of-use assets | (6) | (15) | - | - |
| Gain on lease modification of right-of-use assets | - | (111) | - | - |
| Property, plant and equipment written off | 47 | 171 | 6 | - |
| Inventories written down | 20 | 223 | - | - |
| Provision of slow moving and obsolete inventories | 3,220 | 4,140 | - | - |
| Provision of onerous contract | 221 | - | - | - |
| Loss/(gain) on unrealised foreign exchange | 345 | (680) | - | - |
| Dividend income | - | - | (80,400) | (59,800) |
| Interest expense | 1,716 | 177 | - | - |
| Interest income | (1,838) | (2,107) | (254) | (133) |
| Operating profit/(loss) before working capital changes | 224,623 | 256,833 | (722) | (800) |
| Changes in working capital | | | | |
| Increase in inventories | (1,639) | (37,523) | - | - |
| Decrease/(increase) in receivables | 55,336 | (195,920) | - | - |
| Decrease/(increase) in prepayments | 9,269 | (7,937) | - | - |
| Decrease/(increase) in contract assets | 8,086 | (8,403) | - | - |
| Increase in contract liabilities | 227 | 2,864 | - | - |
| (Decrease)/increase in payables | (75,337) | 88,152 | 4 | (230) |
| Total changes in working capital | (4,058) | (158,767) | 4 | (230) |
| Cash flows generated from/(used in) operations | 220,565 | 98,066 | (718) | (1,030) |
| Interest paid | (1,716) | (177) | - | - |
| Tax refunded | 455 | 59 | - | 11 |
| Tax paid | (36,287) | (46,967) | (52) | (21) |
| Net cash flows generated from/(used in) operating activities | 183,017 | 50,981 | (770) | (1,040) |

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

| | Group | | Company | |
|---|------------------|-----------------|-----------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Investing activities | | | | |
| Dividend received | - | - | 80,400 | 59,800 |
| Interest received | 1,838 | 2,107 | 254 | 133 |
| Purchase of: | | | | |
| - property, plant and equipment | (114,574) | (57,540) | - | - |
| - right-of-use assets | - | (34,119) | - | - |
| (Placement)/withdrawal of other investments | (48,527) | 94,655 | - | 3,753 |
| Proceeds from disposals of | | | | |
| - property, plant and equipment | 4,909 | 2,196 | - | - |
| - investment properties | - | 6,000 | - | - |
| Net cash flows (used in)/generated from investing activities | (156,354) | 13,299 | 80,654 | 63,686 |
| Financing activities | | | | |
| Repayment of bank borrowings | (11,548) | - | - | - |
| Drawdown of bank borrowings | 72,218 | - | - | - |
| Payment of principal portion of lease liabilities | (4,977) | (3,045) | - | - |
| Dividend paid | (86,711) | (66,713) | (86,711) | (66,713) |
| Advances to subsidiaries | - | - | - | (20) |
| Net cash flows used in financing activities | (31,018) | (69,758) | (86,711) | (66,733) |
| Net decrease in cash and cash equivalents | (4,355) | (5,478) | (6,827) | (4,087) |
| Effects of foreign exchange rate changes | 2 | 125 | - | - |
| Cash and cash equivalents at 1 April | 51,260 | 56,613 | 6,938 | 11,025 |
| Cash and cash equivalents at 31 March (Note 26) | 46,907 | 51,260 | 111 | 6,938 |

Significant non-cash transaction

In previous 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. as disclosed in Note 19(c). The increase in investment was not included in cash flows used in investing activities as it was non-cash transaction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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 Damansara, 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 2023

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 off 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 2023

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.

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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

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 statements 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 to 52 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.5 Leases cont'd

(a) Group as lessee cont'd

(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 - 73 years |
| Buildings | 1 - 7 years (2022: 2 - 5 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 3.10 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.5 Leases cont'd

(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 properties only when there is a change in use. For a transfer from investment properties to owner-occupied property, transfers between categories do not change the carrying amount of the property transferred. If owner-occupied property becomes an investment properties, the Group accounts for such property in accordance with the policy stated under property, plant and equipment as 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.

3.8 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023
cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.9 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.

(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 2023

cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.9 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 statements 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 statements 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 statements 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 2023

cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.9 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 statements 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 2023

cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.9 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 2023

cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.9 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.

3.10 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 2023

cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.11 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.

3.12 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.

3.13 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.

3.14 Treasury shares

Treasury shares are recognised at cost and deducted from equity. No gain or loss is recognised in statements 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.

3.15 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 statements of comprehensive income.

3.16 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 statements of comprehensive income net of any reimbursement.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023
cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.17 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.

3.18 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.18 Revenue and other income cont'd

(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 statements 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.

3.19 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 3.9.

(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 3.9.

(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).

3.20 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.20 Taxes cont'd

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.21 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.

3.22 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.

3.23 Current versus non-current classification

Assets and liabilities in statements 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.

3.24 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont'd

3.24 Fair value measurement cont'd

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 |

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.

3.25 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

4. CHANGES IN ACCOUNTING POLICIES

On 1 April 2022, the Group and the Company adopted the following Amendments mandatory for annual financial periods beginning on or after 1 January 2022.

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 |
|--|--|
| 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 |

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 |
|--|--|
| MFRS 17 Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 101: Presentation of Financial Statements | |
| - Classification of Liabilities as Current or Non-current | 1 January 2023 |
| - Disclosure of Accounting Policies | 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 |
| Amendment to MFRS 16: Leases - Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to MFRS 101: Presentation of Financial Statements - Non-current Liabilities with Covenants | 1 January 2024 |
| 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 the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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

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).

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 23.

(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 inventories 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 22 to the financial statements.

7. REVENUE

| | Group | | Company | |
|---------------------------------------|-----------|-----------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Dividend income from subsidiaries | - | - | 80,400 | 59,800 |
| Rental income | 11 | 151 | - | - |
| Moulding and modification works | 39,179 | 46,968 | - | - |
| Sale of goods | 2,475,848 | 2,274,309 | - | - |
| Total revenue | 2,515,038 | 2,321,428 | 80,400 | 59,800 |
| Timing of revenue recognition: | | | | |
| Transferred at a point in time | 2,487,118 | 2,292,907 | 80,400 | 59,800 |
| Transferred over time | 27,920 | 28,521 | - | - |
| | 2,515,038 | 2,321,428 | 80,400 | 59,800 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

7. REVENUE cont'd

| | Group | |
|--------------------------------|----------|----------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Contract balances | | |
| Contract assets (Note 24) | 2,090 | 10,176 |
| Contract liabilities (Note 28) | (25,029) | (24,802) |
| Trade receivables | 462,195 | 515,311 |

8. INTEREST INCOME

| | Group | | Company | |
|---|--------|--------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income from: | | | | |
| - financial assets at amortised cost | 1,074 | 387 | 8 | 3 |
| - financial assets at fair value through profit or loss | 764 | 1,720 | 246 | 130 |
| | 1,838 | 2,107 | 254 | 133 |

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 | |
|--|--------|--------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Fair value gain on financial assets at fair value through profit or loss | 6 | - |
| Gain on disposals of: | | |
| - property, plant and equipment | 1,397 | 1,295 |
| - investment properties | - | 5,072 |
| Gain on derecognition of right-of-use assets | 6 | 15 |
| Gain on lease modification of right-of-use assets | - | 111 |
| Gain on unrealised foreign exchange | - | 680 |
| Rental income | 175 | 246 |
| Insurance claims | 258 | 1,072 |
| Sundry income | 8,520 | 8,774 |
| Government subsidies | 621 | 3,559 |
| Reversal of impairment loss on trade receivables (Note 23(a)) | - | 227 |
| | 10,983 | 21,051 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

10. FINANCE COSTS

| | Group | |
|-----------------------|--------|--------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Interest expense on: | | |
| - Bankers' acceptance | 545 | 1 |
| - Revolving credit | 865 | - |
| - Term loans | 108 | - |
| - Lease liabilities | 198 | 176 |
| Total finance costs | 1,716 | 177 |

11. PROFIT BEFORE TAX

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

| | Group | | Company | |
|--|---------|---------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Auditors' remuneration: | | | | |
| - statutory audit: | | | | |
| - current year | 463 | 354 | 57 | 52 |
| - underprovision in respect of prior year | 58 | 32 | 5 | 2 |
| - other services | 10 | 10 | 10 | 10 |
| Direct operating expenses arising from rental generating investment properties | 28 | 66 | - | - |
| Depreciation of: | | | | |
| - Right-of-use assets (Note 18) | 6,443 | 4,110 | - | - |
| - Property, plant and equipment (Note 16) | 38,401 | 35,078 | 2 | 10 |
| - Investment properties (Note 17) | 30 | 58 | - | - |
| Employee benefits expense (Note 12) * | 237,410 | 228,872 | 93 | 105 |
| Impairment loss on trade and other receivables (Note 23(a)) | 243 | - | - | - |
| Inventories written down (Note 22) | 20 | 223 | - | - |
| Provision of slow moving and obsolete inventories (Note 22) | 3,220 | 4,140 | - | - |
| Provision of onerous contract (Note 22) | 221 | - | - | - |
| Loss on foreign exchange | | | | |
| - realised | 9,575 | 1,150 | - | - |
| - unrealised | 345 | - | - | - |
| Non-executive directors' remuneration (Note 13) | 230 | 200 | 230 | 200 |
| Property, plant and equipment written off | 47 | 171 | 6 | - |
| Rental expenses on short-term leases and low value assets | 6,675 | 5,903 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

11. PROFIT BEFORE TAX cont'd

- * In previous financial year, included in employee benefits expense of the Group were 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.

12. EMPLOYEE BENEFITS EXPENSE

| | Group | | Company | |
|---------------------------|---------|---------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Wages and salaries | 217,903 | 211,011 | - | - |
| Defined contribution plan | 12,583 | 12,575 | - | - |
| Other related costs | 6,924 | 5,286 | 93 | 105 |
| | 237,410 | 228,872 | 93 | 105 |

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM12,638,000 (2022: RM13,543,000) and RM93,000 (2022: RM105,000) 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 | |
|--|--------|--------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Executive: | | | | |
| Salaries and other emoluments | 4,521 | 6,110 | - | - |
| Fees | 93 | 105 | 93 | 105 |
| Bonus | 5,184 | 5,184 | - | - |
| Defined contribution plan | 1,842 | 2,144 | - | - |
| Total executive directors' remuneration (excluding benefits-in-kind) | 11,640 | 13,543 | 93 | 105 |
| Benefits-in-kind | 998 | - | - | - |
| Total executive directors' remuneration (including benefits-in-kind) (Note 12) | 12,638 | 13,543 | 93 | 105 |
| Non-executive: | | | | |
| Fees (Note 11) | 230 | 200 | 230 | 200 |
| Total non-executive directors' remuneration | 230 | 200 | 230 | 200 |
| Total directors' remuneration | 12,868 | 13,743 | 323 | 305 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

13. DIRECTORS' REMUNERATION cont'd

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

| | Number of Directors | |
|---------------------------------|---------------------|------|
| | 2023 | 2022 |
| Executive directors: | | |
| RM6,000,001 - RM6,500,000 | 1 | - |
| RM6,500,001 - RM6,550,000 | 1 | 1 |
| RM7,000,001 - RM7,050,000 | - | 1 |
| Non-Executive directors: | | |
| RM10,001 - RM50,000 | 2 | 4 |
| RM50,001 - RM100,000 | 3 | - |

14. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 March 2023 and 2022 are:

| | Group | | Company | |
|--|---------|---------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Statements of comprehensive income: | | | | |
| Current income tax | | | | |
| - Malaysian income tax | 38,339 | 49,745 | 62 | 20 |
| - Real property gain tax | - | 453 | - | - |
| - (Over)/underprovision in respect of previous years | (1,283) | (5,657) | - | 1 |
| | 37,056 | 44,541 | 62 | 21 |
| Deferred tax (Note 32): | | | | |
| - Origination and reversal of temporary difference | 1,496 | 4,706 | - | - |
| - Overprovision in respect of previous years | (1,886) | (260) | - | - |
| | (390) | 4,446 | - | - |
| Income tax expense recognised in profit or loss | 36,666 | 48,987 | 62 | 21 |

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 24%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023
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 2023 and 31 March 2022 are as follows:

| Group | 2023 RM'000 | 2022 RM'000 |
|--|----------------|----------------|
| Accounting profit before tax | 177,184 | 222,383 |
| Tax at Malaysian statutory tax rate of 24% (2022: 24%) | 42,524 | 53,372 |
| <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 | 1,901 | 4,859 |
| Income not subject to tax | (212) | (1,615) |
| Deferred tax assets recognised on unutilised reinvestment allowances | (168) | (449) |
| Utilisation of current year reinvestment allowances | (4,210) | (5,772) |
| Overprovision of deferred tax in respect of previous years | (1,886) | (260) |
| Overprovision of tax expense in respect of previous years | (1,283) | (5,657) |
| Income tax expense recognised in profit or loss | 36,666 | 48,987 |
| Company | | |
| Accounting profit before tax | 79,924 | 59,123 |
| Tax at Malaysian statutory tax rate of 24% (2022: 24%) | 19,182 | 14,190 |
| <u>Adjustments:</u> | | |
| Income not subject to tax | (19,296) | (14,364) |
| Expenses not deductible for tax purposes | 176 | 194 |
| Underprovision of tax expense in respect of previous years | - | 1 |
| Income tax expense recognised in profit or loss | 62 | 21 |

* In previous financial year, there was a special one-off tax termed as Cukai Makmur imposed for companies other than small and medium enterprises, where a 33% corporate income tax rate have been levied on chargeable income exceeding RM100 million for the year of assessment 2022.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

15. EARNINGS PER SHARE cont'd

Potential ordinary shares from warrants issued in year 2022 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 in previous financial year.

| | Group | |
|--|-----------|-----------|
| | 2023 | 2022 |
| Profit net of tax attributable to equity holders of the Company used in the computation of basic earnings per share (RM'000) | 140,518 | 173,396 |
| Weighted average number of ordinary shares in issue ('000) | 1,562,360 | 1,249,888 |
| Bonus shares issued during the year, excluding treasury shares held by the Company ('000) (Note 33) | - | 312,472 |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | 1,562,360 | 1,562,360 |
| Basic earnings per share (sen) | 8.99 | 11.10 |

Diluted earnings per share is equal to basic earnings per share as there are no potential dilutive ordinary shares as at 31 March 2023.

16. PROPERTY, PLANT AND EQUIPMENT

| Group | * 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 |
|---|--------------------------------|--|--------------------------|------------------------------------|---------------------------|-----------------|
| Cost | | | | | | |
| At 1 April 2021 | 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 |
| At 31 March 2022 and 1 April 2022 | 119,091 | 360,036 | 34,323 | 11,316 | 27,354 | 552,120 |
| Additions | 6,269 | 41,324 | 3,971 | 58,816 | 3,730 | 114,110 |
| Disposals | - | (13,510) | (1,319) | - | - | (14,829) |
| Written off | - | (1,511) | (455) | - | (72) | (2,038) |
| Reclassification | - | - | - | (633) | 633 | - |
| Transfer from investment properties (Note 17) | 591 | - | - | - | - | 591 |
| At 31 March 2023 | 125,951 | 386,339 | 36,520 | 69,499 | 31,645 | 649,954 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

16. PROPERTY, PLANT AND EQUIPMENT cont'd

| Group | * 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 |
|---|--------------------------------|--|--------------------------|------------------------------------|---------------------------|-----------------|
| Accumulated depreciation | | | | | | |
| At 1 April 2021 | 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 |
| At 31 March 2022 and 1 April 2022 | 29,064 | 193,864 | 21,928 | - | 17,301 | 262,157 |
| Depreciation charge for the year (Note 11) | 2,469 | 30,801 | 2,718 | - | 2,413 | 38,401 |
| Disposals | - | (10,132) | (1,185) | - | - | (11,317) |
| Written off | - | (1,469) | (450) | - | (72) | (1,991) |
| Transfer from investment properties (Note 17) | 76 | - | - | - | - | 76 |
| At 31 March 2023 | 31,609 | 213,064 | 23,011 | - | 19,642 | 287,326 |
| Net carrying amount | | | | | | |
| At 31 March 2022 | 90,027 | 166,172 | 12,395 | 11,316 | 10,053 | 289,963 |
| At 31 March 2023 | 94,342 | 173,275 | 13,509 | 69,499 | 12,003 | 362,628 |

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

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

| Group | Freehold land RM'000 | Factory buildings RM'000 | Building work in progress RM'000 | Total RM'000 |
|---|-------------------------|-----------------------------|-------------------------------------|-----------------|
| Cost | | | | |
| At 1 April 2021 | 2,668 | 110,183 | 3,328 | 116,179 |
| Additions | - | 2,291 | 621 | 2,912 |
| At 31 March 2022 and 1 April 2022 | 2,668 | 112,474 | 3,949 | 119,091 |
| Additions | - | 3,709 | 2,560 | 6,269 |
| Reclassification | - | 6,509 | (6,509) | - |
| Transfer from investment properties (Note 17) | - | 591 | - | 591 |
| At 31 March 2023 | 2,668 | 123,283 | - | 125,951 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

16. PROPERTY, PLANT AND EQUIPMENT cont'd

| Group | Freehold land RM'000 | Factory buildings RM'000 | Building work in progress RM'000 | Total RM'000 |
|---|----------------------------|--------------------------------|---|-----------------|
| Accumulated depreciation | | | | |
| At 1 April 2021 | - | 26,706 | - | 26,706 |
| Depreciation charge for the year | - | 2,358 | - | 2,358 |
| At 31 March 2022 and 1 April 2022 | - | 29,064 | - | 29,064 |
| Depreciation charge for the year | - | 2,469 | - | 2,469 |
| Transfer from investment properties (Note 17) | - | 76 | - | 76 |
| At 31 March 2023 | - | 31,609 | - | 31,609 |
| Net carrying amount | | | | |
| At 31 March 2022 | 2,668 | 83,410 | 3,949 | 90,027 |
| At 31 March 2023 | 2,668 | 91,674 | - | 94,342 |

| Company | Motor vehicles RM'000 | Office equipment RM'000 | Total RM'000 |
|---|-----------------------------|-------------------------------|-----------------|
| Cost | | | |
| At 1 April 2021, 31 March 2022 and 1 April 2022 | 100 | 21 | 121 |
| Written off | (100) | - | (100) |
| At 31 March 2023 | - | 21 | 21 |
| Accumulated depreciation | | | |
| At 1 April 2021 | 82 | 21 | 103 |
| Depreciation charge for the year (Note 11) | 10 | - | 10 |
| At 31 March 2022 and 1 April 2022 | 92 | 21 | 113 |
| Depreciation charge for the year (Note 11) | 2 | - | 2 |
| Written off | (94) | - | (94) |
| At 31 March 2023 | - | 21 | 21 |
| Net carrying amount | | | |
| At 31 March 2022 | 8 | - | 8 |
| At 31 March 2023 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

16. PROPERTY, PLANT AND EQUIPMENT cont'd

Additions during the year

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM118,010,000 (2022: RM58,848,000) by means of:

| | Group | |
|--|---------|---------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Additions during the financial year | 114,110 | 58,848 |
| (Utilisation)/placement of deposits paid to suppliers of property, plant and equipment | (2,660) | 256 |
| Increase in amount due to suppliers of property, plant and equipment | (1,220) | (1,564) |
| Net prepayments made to suppliers of property, plant and equipment | 4,344 | - |
| Total cash outflows on acquisition of property, plant and equipment | 114,574 | 57,540 |

Assets pledged as security

The factory buildings in previous financial year with carrying values of RM8,504,000 were pledged to financial institutions for bank guarantee facilities and were subject to negative pledge in relation to banking facilities granted to the Group. The properties have been released from the charge in the current financial year. 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 RM6,258,000 (2022: RM5,943,000) 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.

17. INVESTMENT PROPERTIES

| Group | Freehold land RM'000 | Long term leasehold land RM'000 | Buildings RM'000 | Total RM'000 |
|---|-------------------------|------------------------------------|---------------------|-----------------|
| Cost | | | | |
| At 1 April 2021 | 797 | 310 | 3,459 | 4,566 |
| Disposal | (797) | - | (450) | (1,247) |
| At 31 March 2022 and 1 April 2022 | - | 310 | 3,009 | 3,319 |
| Transfer to property, plant and equipment (Note 16) | - | - | (591) | (591) |
| Transfer to right-of-use assets (Note 18) | - | (310) | - | (310) |
| At 31 March 2023 | - | - | 2,418 | 2,418 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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17. INVESTMENT PROPERTIES cont'd

| Group | Freehold land RM'000 | Long term leasehold land RM'000 | Buildings RM'000 | Total RM'000 |
|---|----------------------------|--|---------------------|-----------------|
| Accumulated depreciation | | | | |
| At 1 April 2021 | - | 33 | 662 | 695 |
| Disposal | - | - | (319) | (319) |
| Depreciation charge for the year (Note 11) | - | 4 | 54 | 58 |
| At 31 March 2022 and 1 April 2022 | - | 37 | 397 | 434 |
| Depreciation charge for the year (Note 11) | - | - | 30 | 30 |
| Transfer to property, plant and equipment (Note 16) | - | - | (76) | (76) |
| Transfer to right-of-use assets (Note 18) | - | (37) | - | (37) |
| At 31 March 2023 | - | - | 351 | 351 |
| Net carrying amount | | | | |
| At 31 March 2022 | - | 273 | 2,612 | 2,885 |
| At 31 March 2023 | - | - | 2,067 | 2,067 |
| Fair value | | | | |
| At 31 March 2022 | - | 1,950 | 3,100 | 5,050 |
| At 31 March 2023 | - | - | 2,420 | 2,420 |

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 2023

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18. RIGHT-OF-USE ASSETS

| Group | Leasehold lands RM'000 | Buildings RM'000 | Forklift RM'000 | Total RM'000 |
|---|------------------------------|---------------------|--------------------|-----------------|
| Cost | | | | |
| At 1 April 2021 | 33,590 | 6,383 | 662 | 40,635 |
| Additions | 35,543 | 6,326 | 833 | 42,702 |
| Derecognition | - | (1,131) | (79) | (1,210) |
| At 31 March 2022 and 1 April 2022 | 69,133 | 11,578 | 1,416 | 82,127 |
| Additions | - | 4,913 | 183 | 5,096 |
| Transfer from investment properties (Note 17) | 310 | - | - | 310 |
| Derecognition | - | (1,581) | - | (1,581) |
| At 31 March 2023 | 69,443 | 14,910 | 1,599 | 85,952 |
| Accumulated depreciation | | | | |
| At 1 April 2021 | 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) |
| At 31 March 2022 and 1 April 2022 | 6,959 | 4,888 | 389 | 12,236 |
| Depreciation charge for the year (Note 11) | 1,338 | 4,735 | 370 | 6,443 |
| Transfer from investment properties (Note 17) | 37 | - | - | 37 |
| Derecognition | - | (1,015) | - | (1,015) |
| At 31 March 2023 | 8,334 | 8,608 | 759 | 17,701 |
| Net carrying amount | | | | |
| At 31 March 2022 | 62,174 | 6,690 | 1,027 | 69,891 |
| At 31 March 2023 | 61,109 | 6,302 | 840 | 68,251 |

Additions during the year

During the financial year, the Group acquired right-of-use assets with an aggregate cost of RM5,096,000 (2022: RM42,702,000) by means of:

| | Group | |
|---|----------------|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| Additions during the financial year | 5,096 | 42,702 |
| Recognition of additional lease liabilities (Note 30) | (5,096) | (7,159) |
| Utilisation of deposit paid for acquisition of leasehold land | - | (1,424) |
| Total cash outflows on acquisition of right-of-use assets | - | 34,119 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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18. RIGHT-OF-USE ASSETS cont'd

Assets pledged as security

The long term leasehold land in previous year with carrying values of RM3,580,000 were pledged to financial institutions for bank guarantee facilities and were subject to negative pledge in relation to banking facilities granted to the Group. The properties have been released from the charge in the current financial year. As at reporting date of both current and prior year, the approved bank guarantee facilities are not utilised.

19. INVESTMENT IN SUBSIDIARIES

| | Note | Company | |
|--|------|----------------|----------------|
| | | 2023 RM'000 | 2022 RM'000 |
| Unquoted shares, at costs | | 307,914 | 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 | 307,914 |

** Represents cost of investment amounted to RM100

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

| | Country of incorporation/ Principal place of business | Principal activities | % of ownership interest held by the Group | |
|---|--|--|---|------|
| Name | | | 2023 | 2022 |
| <i>Held by the Company</i> | | | | |
| 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% |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023
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19. INVESTMENT IN SUBSIDIARIES cont'd

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

| | Country of incorporation/ Principal place of business | Principal activities | % of ownership interest held by the Group | |
|---|--|---|---|-------|
| Name | | | 2023 | 2022 |
| Held by the Company cont'd | | | | |
| 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 electronics and printed circuit boards | 100%* | 100%* |
| Held through S.P.I. Plastic Industries (M) Sdn. Bhd. | | | | |
| Tan Brothers Business Machines (Segamat) Sdn. Bhd. | Malaysia | Investment holding | 100% | 100% |
| Sun Sparkle Sdn. Bhd. | Malaysia | Investment holding | 100% | 100% |
| Held through Plastictecnic (M) Sdn. Bhd. | | | | |
| Tecnicware Products Sdn. Bhd. | Malaysia | Manufacturing of plastic products | 100% | 100% |

* 65% held by the Company, 26.6% held through Goodhart Premier Sdn. Bhd. and 8.4% held through Goodhart World Sdn. Bhd.

(b) Subscription of additional shares in an associated company

In previous 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

In previous 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 2023

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20. OTHER INVESTMENTS

| | Group | |
|--|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Non-current | | |
| <i>Financial asset carried at amortised cost</i> | | |
| Fixed deposits with licensed banks | 139 | 139 |
| | 139 | 139 |
| Current | | |
| <i>Fair value through profit or loss</i> | | |
| Investment in Malaysia: | | |
| - Cash management fund | 70,068 | 21,538 |
| <i>Financial asset carried at amortised cost</i> | | |
| Fixed deposits with licensed banks | 31 | 28 |
| | 70,099 | 21,566 |
| Total other investments | 70,238 | 21,705 |

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 2.13% (2022: 1.80%) per annum.

21. OTHER NON-CURRENT ASSET

| | Group | |
|----------------------|--------|--------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Golf club membership | 74 | 74 |

22. INVENTORIES

| | Group | |
|---|---------|---------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Raw materials | 182,393 | 151,015 |
| Work-in-progress | 9,432 | 12,345 |
| Finished goods | 61,011 | 91,298 |
| Total inventories at the lower of cost and net realisable value | 252,836 | 254,658 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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22. INVENTORIES cont'd

During the financial year, the following amounts were recognised as an expense in:

| | Group | |
|--|-----------|-----------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Cost of sales of the Group: | | |
| - amount of inventories recognised as expense | 2,191,916 | 1,992,239 |
| - provision for slow moving and obsolete inventories (Note 11) | 3,220 | 4,140 |
| - provision for onerous contract (Note 11) | 221 | - |
| - inventories written down (Note 11) | 20 | 223 |

23. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---------|---------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Trade receivables | | | | |
| Third parties | 462,838 | 515,711 | - | - |
| Less: Allowance for impairment | (643) | (400) | - | - |
| Trade receivable, net | 462,195 | 515,311 | - | - |
| Other receivables | | | | |
| Sundry receivables | 2,483 | 4,492 | - | - |
| Amounts due from subsidiaries | - | - | 1,445 | 1,445 |
| Deposits paid to suppliers of property, plant and equipment | 4,999 | 7,659 | - | - |
| Advances | 473 | 2,014 | - | - |
| Sundry deposits | 4,875 | 3,671 | 1 | 1 |
| Goods and service tax ("GST") claimable | - | 42 | - | - |
| | 12,830 | 17,878 | 1,446 | 1,446 |
| Total trade and other receivables | 475,025 | 533,189 | 1,446 | 1,446 |
| Less: GST claimable | - | (42) | - | - |
| Add: Fixed deposits with licensed banks (Note 20) | 170 | 167 | - | - |
| Add: Cash and bank balances (Note 26) | 46,907 | 51,260 | 111 | 6,938 |
| Total financial asset carried at amortised cost | 522,102 | 584,574 | 1,557 | 8,384 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

23. TRADE AND OTHER RECEIVABLES cont'd

(a) Trade receivables

The receivables are non-interest bearing and are generally on 30 to 135 days (2022: 30 to 135 days) 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 | |
|---|---------|---------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Neither past due nor impaired | 304,127 | 415,067 |
| 1 to 30 days past due not impaired | 154,075 | 89,625 |
| 31 to 60 days past due not impaired | 2,464 | 7,812 |
| More than 61 days past due not impaired | 1,529 | 2,807 |
| | 158,068 | 100,244 |
| Impaired | 643 | 400 |
| | 462,838 | 515,711 |

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 RM158,068,000 (2022: RM100,244,000) 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:

| | Group | |
|--------------------------------|--------|--------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Receivables - nominal amounts | 643 | 400 |
| Less: Allowance for impairment | (643) | (400) |
| | - | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023
cont'd

23. TRADE AND OTHER RECEIVABLES cont'd

(a) Trade receivables cont'd

Receivables that are impaired cont'd

Movement in allowance accounts:

| | Group | |
|-------------------------------|--------|--------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| At 1 April | 400 | 627 |
| Charge for the year (Note 11) | 243 | - |
| Reversal (Note 9) | - | (227) |
| At 31 March | 643 | 400 |

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.

(b) Amounts due from subsidiaries

The amounts due from subsidiaries is unsecured, interest free and repayable on demand.

24. CONTRACT ASSETS

| | Group | |
|---|--------|--------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Progress completion in respect of revenue derived from moulding and modification works recognised over time | 2,090 | 10,176 |

25. PREPAYMENTS

| | Group | |
|---|---------------|---------------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Non-current | | |
| Prepayments for purchase of property, plant and machinery | 4,344 | - |
| Current | | |
| Prepaid operating expenses | 9,082 | 18,351 |
| Total prepayments | 13,426 | 18,351 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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26. Cash and bank balances

| | Group | | Company | |
|---|--------|--------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash at banks and on hand, representing total cash and cash equivalents (Note 23) | 46,907 | 51,260 | 111 | 6,938 |

Cash at banks earns interest at floating rates based on daily bank deposit rates. Included in cash at banks amounting to RM NIL (2022: RM5,011,000) is share buy back account designated for the purpose of share buy back.

27. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|--|---------|---------|---------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current | | | | |
| Trade payables | | | | |
| Third parties | 270,687 | 333,857 | - | - |
| Other payables | | | | |
| Due to suppliers of property, plant and equipment | 344 | 1,564 | - | - |
| Sundry payables | 26,256 | 29,146 | - | - |
| Deposits received | 14 | 16 | - | - |
| Accrued operating expenses | 6,872 | 11,049 | 67 | 63 |
| Sales tax payables | 141 | 113 | - | - |
| Retention sum payable | 221 | - | - | - |
| | 33,848 | 41,888 | 67 | 63 |
| Non-current | | | | |
| Other payables | | | | |
| Retention sum payable | 222 | - | - | - |
| Total trade and other payables | 304,757 | 375,745 | 67 | 63 |
| Add: Loans and borrowings (Note 29) | 60,670 | - | - | - |
| Total trade and other payables, representing financial liabilities carried at amortised cost | 365,427 | 375,745 | 67 | 63 |

(a) Trade payables

Trade payables are non-interest bearing and normally settled on 30 to 120 days (2022: 30 to 120 days) terms.

(b) Other payables

Other payables are non-interest bearing and normally settled on 30 to 90 days (2022: 30 to 90 days) terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023
cont'd

28. CONTRACT LIABILITIES

| | Group | |
|---|--------|--------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Variable considerations in respect of: | | |
| - Price variances payable to customer* | 16,994 | 20,274 |
| - Sales return* | 2,599 | - |
| - Forex difference payable to customer* | 5,098 | - |
| | 24,691 | 20,274 |
| Advances billing in respect of revenue derived from moulding and modification works recognised at point in time | 338 | 4,528 |
| | 25,029 | 24,802 |

* The Group applies the most likely amount method to estimate the variable considerations.

29. LOANS AND BORROWINGS

| | | Group | |
|-------------------------|------|--------|--------|
| | | 2023 | 2022 |
| | Note | RM'000 | RM'000 |
| Current | | | |
| Unsecured: | | | |
| Revolving credits | | 45,000 | - |
| Banker acceptance | | 720 | - |
| Secured: | | | |
| Term loan | (a) | 3,000 | - |
| | | 48,720 | - |
| Non-current | | | |
| Secured: | | | |
| Term loan | (a) | 11,950 | - |
| Total borrowings | | 60,670 | - |

The remaining maturity of the borrowings as at reporting dates is as follows:

| | Group | |
|------------------------------|--------|--------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| On demand or within one year | 48,720 | - |
| One to five years | 11,950 | - |
| | 60,670 | - |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

29. LOANS AND BORROWINGS cont'd

(a) Term loan

Term loan of the Group was secured by corporate guarantee from the Company.

The borrowings bear interest at the follow rates:

| | Group | |
|-------------------|-------------|------|
| | 2023 | 2022 |
| | % | % |
| Revolving credits | 4.00 - 5.14 | - |
| Banker acceptance | 3.36 | - |
| Term loan | 4.16 | - |

Movement in loans and borrowings was as follows:

| | Group | |
|-----------------------|---------|--------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| At 1 April | - | - |
| Drawdown: | | |
| - bankers' acceptance | 6,518 | - |
| - revolving credit | 50,000 | - |
| - term loans | 15,700 | - |
| Repayment: | | |
| - bankers' acceptance | (5,798) | - |
| - revolving credit | (5,000) | - |
| - term loans | (750) | - |
| At 31 March | 60,670 | - |

30. LEASE LIABILITIES

| | Group | |
|--------------------------------|--------|--------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Current liability | | |
| Lease liabilities | 5,100 | 4,294 |
| Non-current liability | | |
| Lease liabilities | 2,185 | 3,444 |
| Total lease liabilities | 7,285 | 7,738 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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30. LEASE LIABILITIES cont'd

The movement of lease liabilities during the financial year is as follows:

| | Group | |
|-----------------------|---------|---------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| At 1 April | 7,738 | 4,207 |
| Accretion of interest | 198 | 176 |
| Additions | 5,096 | 7,159 |
| Derecognition | (572) | (583) |
| Payments | | |
| - principal | (4,977) | (3,045) |
| - interest | (198) | (176) |
| At 31 March | 7,285 | 7,738 |

31. PROVISIONS

| | At 1 April 2022 | Provision made | Utilised | Reversal | At 31 March 2023 |
|-------------------------|-----------------------|-------------------|----------|----------|------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | |
| Bonus | 3,903 | 13,614 | (12,157) | (1,752) | 3,608 |
| Unutilised annual leave | 2,090 | 183 | (177) | (38) | 2,058 |
| Transportation charges | 4,195 | 1,770 | (3,620) | (575) | 1,770 |
| Others | 199 | 244 | (199) | - | 244 |
| Total | 10,387 | 15,811 | (16,153) | (2,365) | 7,680 |

| | At 1 April 2021 | Provision made | Utilised | Reversal | At 31 March 2022 |
|-------------------------|-----------------------|-------------------|----------|----------|------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | |
| Bonus | 3,406 | 13,954 | (12,288) | (1,169) | 3,903 |
| Unutilised annual leave | 2,117 | 212 | (230) | (9) | 2,090 |
| Transportation charges | 2,316 | 4,195 | (2,316) | - | 4,195 |
| Others | 275 | 232 | (194) | (114) | 199 |
| Total | 8,114 | 18,593 | (15,028) | (1,292) | 10,387 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

32. DEFERRED TAX

| | Group | |
|--|--------|--------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| At 1 April | 17,527 | 13,081 |
| Recognised in profit or loss (Note 14) | (390) | 4,446 |
| At 31 March | 17,137 | 17,527 |
| Presented after appropriate offsetting as follows: | | |
| Deferred tax liabilities | 17,137 | 17,527 |
| Deferred tax assets | - | - |
| | 17,137 | 17,527 |

The components and movements of deferred tax liabilities and deferred tax assets during the financial year are as follows:

| | At 1 April 2022 RM'000 | Recognised in profit or loss (Note 14) RM'000 | At 31 March 2023 RM'000 |
|---|---------------------------------|---|----------------------------------|
| Deferred tax liabilities of the Group: | | | |
| Subject to income tax rate: | | | |
| Accelerated capital allowances | 32,719 | 4,677 | 37,396 |
| | 32,719 | 4,677 | 37,396 |
| Offsetting | (15,192) | (5,067) | (20,259) |
| | 17,527 | (390) | 17,137 |
| Deferred tax assets of the Group: | | | |
| Subject to income tax rate: | | | |
| Unutilised business losses | (1,265) | (224) | (1,489) |
| Unabsorbed capital allowances | (322) | (1,587) | (1,909) |
| Unutilised reinvestment allowances | (2,503) | (966) | (3,469) |
| Other deductible temporary differences | (11,102) | (2,290) | (13,392) |
| | (15,192) | (5,067) | (20,259) |
| Offsetting | 15,192 | 5,067 | 20,259 |
| | - | - | - |
| | 17,527 | (390) | 17,137 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023
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32. DEFERRED TAX cont'd

| | At 1 April 2021 RM'000 | Recognised in profit or loss (Note 14) RM'000 | At 31 March 2022 RM'000 |
|---|---------------------------------|---|----------------------------------|
| Deferred tax liabilities of the Group: | | | |
| 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 reporting date, the Group has unutilised business losses, unabsorbed capital allowances, unabsorbed reinvestment allowances that are available for offset against future taxable profits of the Group subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation. Details are as below.

| | 2023 RM'000 | 2022 RM'000 |
|--|----------------|----------------|
| Unabsorbed capital allowances | 7,956 | 4,140 |
| Unutilised business losses, expires in year 2029 | 1,210 | 1,210 |
| Unutilised business losses, expires in year 2030 | 4,997 | 4,997 |
| Unabsorbed reinvestment allowances, expires in year 2031 | 10,025 | 8,563 |
| Unabsorbed reinvestment allowances, expires in year 2043 | 4,420 | 3,718 |

The unutilised business losses are allowed to be carried forward for a maximum period of 10 consecutive years of assessment immediately following that originating year of assessment and any balance of the unutilised business losses thereafter shall be disregarded.

The unabsorbed reinvestment allowances can only be carried forward to be absorbed for a maximum period of 7 consecutive years of assessment after the expiry of the qualifying period for reinvestment allowances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

cont'd

33. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

| | Number of ordinary shares | | Amount | |
|-------------------------------|------------------------------|--------------|----------------|----------------|
| | 2023 '000 | 2022 '000 | 2023 RM'000 | 2022 RM'000 |
| Group and Company | | | | |
| <u>Issued and fully paid:</u> | | | | |
| At 1 April | 1,562,735 | 1,250,188 | 296,126 | 296,126 |
| Issuance of bonus shares | - | 312,547 | - | - |
| At 31 March | 1,562,735 | 1,562,735 | 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

In previous financial year, 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

In previous financial year, 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 (2022: 249,977,463).

(b) Treasury shares

| | Number of treasury shares | | | |
|--------------------------|------------------------------|--------------|----------------|----------------|
| | 2023 '000 | 2022 '000 | 2023 RM'000 | 2022 RM'000 |
| At 1 Apr | 375 | 300 | 208 | 208 |
| Issuance of bonus shares | - | 75 | - | - |
| At 31 March | 375 | 375 | 208 | 208 |

In previous financial year, 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 2023
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 2023 under the single-tier system.

36. DIVIDENDS

| | Group and Company | |
|---|-------------------|--------|
| | 2023 | 2022 |
| | RM'000 | RM'000 |
| Recognised during the financial year | | |
| Dividends on ordinary shares: | | |
| - Final single-tier dividend for 2021: 4.27 sen per share | - | 66,713 |
| - Final single-tier dividend for 2022: 5.55 sen per share | 86,711 | - |
| | 86,711 | 66,713 |

On 27 July 2023, the directors have approved a final single-tier dividend in respect of the financial year ended 31 March 2023 amounting to a dividend payable of approximately RM70,306,000 (4.50 sen per ordinary share for 1,562,360,337 shares which excluded 375,000 treasury shares), payable on 26 October 2023. 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 2024.

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:

| | 2023 | 2022 |
|---|--------|---------|
| | RM'000 | RM'000 |
| Group | | |
| Transactions with related parties: | | |
| Rental expense to spouse of a director (i) | 60 | 60 |
| Rental expense to a company controlled by certain directors | 1,680 | 1,640 |
| Rental income from a company controlled by close family member of certain directors | - | (59) |
| 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 2023

cont'd

37. RELATED PARTY DISCLOSURES cont'd

(a) Sales and purchase of goods and services cont'd

The related party with which the Group has had transactions during the financial year are as follows: cont'd

| | 2023 RM'000 | 2022 RM'000 |
|---|----------------|----------------|
| Company | | |
| Gross dividend income from subsidiaries | (80,400) | (59,800) |
| Advances given to subsidiaries | - | (20) |

(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:

| | 2023 RM'000 | Group 2022 RM'000 |
|---------------------------------|----------------|-------------------------|
| Property, plant and equipment: | | |
| Approved and contracted for | 23,471 | 77,193 |
| Approved but not contracted for | 2,600 | 2,293 |
| | 26,071 | 79,486 |

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) | 20 |
| Trade and other receivables | 23 |
| Cash and bank balances | 26 |
| Trade and other payables | 27 |
| Borrowings | 29 |

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 2023

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 | Significant observable inputs Level 2 | Significant unobservable inputs Level 3 | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 31 March 2023 | | | | |
| Assets measured at fair value: | | | | |
| Investment in cash management fund | - | 70,068 | - | 70,068 |
| Assets for which fair value information is disclosed: | | | | |
| Investment properties | - | 820 | 1,600 | 2,420 |
| 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 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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 2023
cont'd

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES cont'd

(a) Credit risk cont'd

Corporate guarantees

As at 31 March 2023, the Company has corporate guarantees with a nominal amount of RM351,783,000 (2022: RM221,012,000) provided to licensed banks in respect of secured banking facilities granted to certain subsidiaries. As at 31 March 2023 and 31 March 2022, the Company has not recognised any financial liability relating to corporate guarantees given to subsidiaries as the subsidiaries did not default on any credit facilities.

As at 31 March 2023, the Company has corporate guarantees with a nominal amount of RM4,000,000 (2022: RM4,000,000) provided to a supplier as security for purchases of goods by a subsidiary. As at 31 March 2023 and 31 March 2022, 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 (2022: 1) customer who accounted for 83% (2022: 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 23(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 23(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 2023

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 |
|--|--|---------------------------------|-----------------|
| Group | | | |
| At 31 March 2023 | | | |
| Financial liabilities: | | | |
| Trade and other payables | 304,535 | 222 | 304,757 |
| Lease liabilities | 5,244 | 2,265 | 7,509 |
| Loans and borrowings | 49,396 | 12,962 | 62,358 |
| Total undiscounted financial liabilities | 359,175 | 15,449 | 374,624 |
| At 31 March 2022 | | | |
| Financial liabilities: | | | |
| 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 |
| | | On demand or within one year | |
| | | 2023 | 2022 |
| | | RM'000 | RM'000 |
| Company | | | |
| Financial liability: | | | |
| Trade and other payables, representing total financial liability | | 67 | 63 |

(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 2023
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 2023 and 2022 that are not denominated in their functional currencies are as follows:

| Group | Net financial assets/ (liabilities) held in non-functional currencies | |
|-------|--|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| USD | (63,471) | (83,296) |
| SGD | 964 | 511 |
| JPY | (1,207) | (53) |
| GBP | (5) | (6) |
| EUR | (1,347) | (767) |
| THB | (15) | (6) |
| RMB | (4,731) | (4,281) |
| | (69,812) | (87,898) |

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, SGD, JPY, GBP, EUR, THB 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 | |
|-------------------------|---|----------------|
| | 2023 RM'000 | 2022 RM'000 |
| USD strengthened by 10% | (6,347) | (8,330) |
| USD weakened by 10% | 6,347 | 8,330 |
| SGD strengthened by 10% | 96 | 51 |
| SGD weakened by 10% | (96) | (51) |
| JPY strengthened by 10% | (121) | (5) |
| JPY weakened by 10% | 121 | 5 |
| GBP strengthened by 10% | (1) | (1) |
| GBP weakened by 10% | 1 | 1 |
| EUR strengthened by 10% | (135) | (77) |
| EUR weakened by 10% | 135 | 77 |
| THB strengthened by 10% | (2) | (1) |
| THB weakened by 10% | 2 | 1 |
| RMB strengthened by 10% | (473) | (428) |
| RMB weakened by 10% | 473 | 428 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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 2023 and 2022.

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 and loans and borrowings, less cash and bank balances and cash management fund. Capital includes equity attributable to equity holders of the Company.

| | Note | Group 2023 RM'000 | 2022 RM'000 |
|---|------|-------------------------|------------------|
| Trade and other payables | 27 | 304,757 | 375,745 |
| Loans and borrowings | 29 | 60,670 | - |
| | | 365,427 | 375,745 |
| Less: Cash management fund | 20 | (70,068) | (21,538) |
| Cash and bank balances | 26 | (46,907) | (51,260) |
| <i>Net debt</i> | | 248,452 | 302,947 |
| Equity attributable to equity holders of the Company, representing total capital | | 868,321 | 814,514 |
| Capital and net debt | | 1,116,773 | 1,117,461 |
| Gearing ratio | | 22% | 27% |

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 RM1,953,284,000 (2022: RM1,755,934,000), arising from sales of plastic products segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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 |
|---|-----------------------------|-----------------------------|-----------------|
| 2023 | | | |
| Revenue | | | |
| External revenue | 2,475,848 | 39,190 | 2,515,038 |
| Income/(Expenses) | | | |
| Amount of inventories recognised as expense | (2,168,377) | (23,539) | (2,191,916) |
| Depreciation and amortisation | (42,899) | (1,975) | (44,874) |
| Employee benefits expenses | (227,966) | (9,444) | (237,410) |
| Segment profit | 167,397 | 9,787 | 177,184 |
| Segment assets | 1,249,337 | 44,205 | 1,293,542 |
| Segment liabilities | 418,711 | 6,510 | 425,221 |
| | Sales of goods RM'000 | Other segments RM'000 | Total RM'000 |
| 2022 | | | |
| Revenue | | | |
| External revenue | 2,274,309 | 47,119 | 2,321,428 |
| Income/(Expenses) | | | |
| 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) |
| Segment profit | 206,691 | 15,692 | 222,383 |
| Segment assets | 1,203,339 | 48,813 | 1,252,152 |
| Segment liabilities | 425,941 | 11,697 | 437,638 |

43. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directors on 27 July 2023.

ANALYSIS OF SHAREHOLDINGS

AS AT 3 JULY 2023

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 | 760 | 11.08 | 33,882 | 0.00 |
| 100 – 1,000 | 659 | 9.60 | 363,707 | 0.02 |
| 1,001 – 10,000 | 3,303 | 48.14 | 14,828,403 | 0.95 |
| 10,001 – 100,000 | 1,671 | 24.35 | 51,393,424 | 3.29 |
| 100,001 to less than 5% of issued shares | 466 | 6.79 | 1,033,432,536 | 66.15 |
| 5% and above of issued shares | 3 | 0.04 | 462,308,385 | 29.59 |
| Total | 6,862 | 100.00 | 1,562,360,337 | 100.00 |

DIRECTORS' SHAREHOLDINGS

as per Register of Directors' Shareholdings as at 3 July 2023

| No. | Name | Direct interest | | Indirect interest | |
|-----|--------------------------------------|-----------------|----------------|--------------------------|--------------------|
| | | No. of Shares | % ² | No. of Shares | % ² |
| 1. | Tan Sri Datuk Hussin Bin Haji Ismail | 0 | 0.00 | 0 | 0.00 |
| 2. | Gan Poh San | 78,118,000 | 5.00 | 255,569,474 ¹ | 16.36 ¹ |
| 3. | Koh Chin Koon | 0 | 0.00 | 0 | 0.00 |
| 4. | Anita Chew Cheng Im | 0 | 0.00 | 0 | 0.00 |
| 5. | Goh Kah Im | 0 | 0.00 | 0 | 0.00 |

Notes:

1. 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 ("the Act").
2. Excluding a total of 375,000 ordinary shares bought-back by the Company and retained as treasury shares as at 3 July 2023.

ANALYSIS OF SHAREHOLDINGS

AS AT 3 JULY 2023
cont'd

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

as per Register of Substantial Shareholders' Shareholdings as at 3 July 2023

| Name | Direct | % ³ | Indirect | % ³ |
|---|-------------|----------------|--------------------------|--------------------|
| Beyond Imagination Sdn Bhd | 225,302,550 | 14.42 | - | - |
| Kumpulan Wang Persaraan (Diperbadankan) | 109,993,400 | 7.04 | 24,197,050 | 1.55 |
| Employees Provident Fund Board | 123,424,725 | 7.90 | - | - |
| Dato' Gan Kim Huat (Deceased) | 70,856,647 | 4.54 | 557,635,949 ¹ | 35.69 ¹ |
| Gan Poh San | 78,118,000 | 5.00 | 255,569,474 ² | 16.36 ² |
| 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 Act and shares held by his spouse and children pursuant to Section 59(11)(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 Act.
3. Excluding a total of 375,000 ordinary shares bought-back by the Company and retained as treasury shares as at 3 July 2023.

THIRTY (30) LARGEST SHAREHOLDERS

As per Record of Depositors as at 3 July 2023

| 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) | 109,793,400 | 7.03 |
| 4 | Gan Poh San | 78,118,000 | 5.00 |
| 5 | Dato' Gan Kim Huat (Deceased) | 69,856,647 | 4.47 |
| 6 | Lembaga Tabung Haji | 59,375,625 | 3.80 |
| 7 | Graceful Assessment Sdn. Bhd. | 51,551,000 | 3.30 |
| 8 | Graceful Assessment Sdn. Bhd. | 42,786,375 | 2.74 |
| 9 | Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board | 25,412,300 | 1.63 |
| 10 | HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF) | 24,860,975 | 1.59 |
| 11 | Citigroup Nominees (Asing) Sdn. Bhd. Exempt an for Citibank New York (Norges Bank 19) | 22,854,900 | 1.46 |
| 12 | Amanahraya Trustees Berhad Public Islamic Opportunities Fund | 22,341,375 | 1.43 |

ANALYSIS OF SHAREHOLDINGS

AS AT 3 JULY 2023

cont'd

THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

As per Record of Depositors as at 3 July 2023

| No | Name of Shareholders | No of Shares Held | % |
|----|--|----------------------|------|
| 13 | Zenith Highlight Sdn. Bhd. | 18,732,442 | 1.20 |
| 14 | Cartaban Nominees (Tempatan) Sdn. Bhd. <i>PAMB for Prulink Equity Fund</i> | 18,498,800 | 1.18 |
| 15 | Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (Asianislamic)</i> | 17,163,825 | 1.10 |
| 16 | Cartaban Nominees (Tempatan) Sdn. Bhd. <i>PBTB for Takafulink Dana Ekuiti</i> | 15,387,825 | 0.98 |
| 17 | Cartaban Nominees (Tempatan) Sdn. Bhd. <i>Prudential Assurance Malaysia Berhad for Prulink Strategic Fund</i> | 14,760,000 | 0.94 |
| 18 | Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (Nomura)</i> | 13,852,375 | 0.89 |
| 19 | Amanahraya Trustees Berhad <i>Public Islamic Select Treasures Fund</i> | 13,771,250 | 0.88 |
| 20 | Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (Aberdeen)</i> | 13,526,375 | 0.87 |
| 21 | Citigroup Nominees (Asing) Sdn. Bhd. <i>CBNY For Norges Bank (FI 17)</i> | 13,043,700 | 0.83 |
| 22 | Cartaban Nominees (Asing) Sdn. Bhd. <i>Exempt AN for State Street Bank & Trust Company (West CLT OD67)</i> | 12,457,125 | 0.80 |
| 23 | 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 |
| 24 | HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)</i> | 11,991,375 | 0.77 |
| 25 | Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (Amundi)</i> | 11,739,900 | 0.75 |
| 26 | Zenith Highlight Sdn. Bhd. | 11,534,482 | 0.74 |
| 27 | Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Great Eastern Life Assurance (Malaysia) Berhad (LEEF)</i> | 11,248,000 | 0.72 |
| 28 | Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Employees Provident Fund Board (F Templeton)</i> | 11,187,000 | 0.72 |
| 29 | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund</i> | 10,742,100 | 0.69 |
| 30 | Amanahraya Trustees Berhad <i>Public Islamic Treasures Growth Fund</i> | 10,458,625 | 0.67 |

ANALYSIS OF WARRANT B HOLDINGS

AS AT 3 JULY 2023

WARRANTS B

Number of Outstanding Issued : 249,977,463 Warrants B (2021/2026)
 Number of Warrant Holders : 5,670

DISTRIBUTION OF WARRANTS HOLDINGS

| Size of Warrants Holdings | Number of Warrants Holders | % | Number of Warrants Held | % |
|--|----------------------------|---------------|-------------------------|---------------|
| Less than 100 | 607 | 10.71 | 19,990 | 0.01 |
| 100 – 1,000 | 1,961 | 34.59 | 942,337 | 0.38 |
| 1,001 – 10,000 | 1,801 | 31.76 | 6,991,785 | 2.80 |
| 10,001 – 100,000 | 1,006 | 17.74 | 37,955,562 | 15.18 |
| 100,001 to less than 5% of issued shares | 292 | 5.15 | 135,166,512 | 54.07 |
| 5% and above of issued shares | 3 | 0.05 | 68,901,277 | 27.56 |
| Total | 5,670 | 100.00 | 249,977,463 | 100.00 |

DIRECTORS' WARRANTS HOLDINGS

as per Register of Directors' Warrant Holdings as at 3 July 2023

| No. | Name | Direct interest | | Deemed interest | |
|-----|--------------------------------------|-----------------|------|-------------------------|--------------------|
| | | No. of Shares | % | No. of Shares | % |
| 1. | Tan Sri Datuk Hussin Bin Haji Ismail | 0 | 0.00 | 0 | 0.00 |
| 2. | Gan Poh San | 12,498,880 | 5.00 | 40,891,115 ¹ | 16.36 ¹ |
| 3. | Koh Chin Koon | 0 | 0.00 | 0 | 0.00 |
| 4. | Anita Chew Cheng Im | 0 | 0.00 | 0 | 0.00 |
| 5. | Goh Kah Im | 0 | 0.00 | 0 | 0.00 |

Notes:

1. Deemed interested in the shares held by Beyond Imagination Sdn. Bhd. and Zenith Highlight Sdn. Bhd., in accordance with Section 8 of the Act.

THIRTY (30) LARGEST WARRANT HOLDERS

As per Record of Depositors as at 3 July 2023

| No | Name of Warrants 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 (Deceased) | 11,177,063 | 4.47 |
| 5 | Graceful Assessment Sdn. Bhd. | 8,248,160 | 3.30 |

ANALYSIS OF WARRANT B HOLDINGS

AS AT 3 JULY 2023

cont'd

THIRTY (30) LARGEST WARRANT HOLDERS (cont'd)

As per Record of Depositors as at 3 July 2023

| No | Name of Warrants Holders | No of Warrants Held | % |
|----|--|---------------------|------|
| 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 | Amanahraya Trustees Berhad <i>Public Islamic Select Treasures Fund</i> | 1,945,880 | 0.78 |
| 10 | Boh Min Chek | 1,859,200 | 0.74 |
| 11 | Zenith Highlight Sdn. Bhd. | 1,845,517 | 0.74 |
| 12 | Wong Siu Chung | 1,830,200 | 0.73 |
| 13 | Wong Siu Chung | 1,802,700 | 0.72 |
| 14 | Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teo Hock Kar (8038771)</i> | 1,700,000 | 0.68 |
| 15 | Kenanga Nominees (Tempatan) Sdn. Bhd. Rakuten Trade Sdn Bhd for Wong Kon Ching | 1,687,400 | 0.68 |
| 16 | Lim Boon Kheng @ Lim Boon Chee | 1,485,500 | 0.59 |
| 17 | Chin Tai Ying | 1,365,800 | 0.55 |
| 18 | Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (LSF)</i> | 1,343,340 | 0.54 |
| 19 | Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Rakuten Trade Sdn Bhd for Ng Chin Leong</i> | 1,300,000 | 0.52 |
| 20 | HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)</i> | 1,299,100 | 0.52 |
| 21 | HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)</i> | 1,207,660 | 0.48 |
| 22 | HSBC Nominees (Tempatan) Sdn. Bhd. <i>HSBC (M) Trustee Bhd for Manulife Insurance Berhad (Equity Fund)</i> | 1,179,760 | 0.47 |
| 23 | Eow Kheng It | 1,050,000 | 0.42 |
| 24 | Ong Gim Hai | 1,030,000 | 0.41 |
| 25 | Low Yoke Chen | 1,009,000 | 0.40 |
| 26 | Sukhwinder Singh A/L Harbans Singh | 1,000,500 | 0.40 |
| 27 | RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Karich Sdn. Bhd.</i> | 1,000,000 | 0.40 |
| 28 | Chong Yoke Lan | 998,900 | 0.40 |
| 29 | Soon Teck Seng | 980,000 | 0.39 |
| 30 | Kee Cheng Hwee | 805,000 | 0.32 |

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 2023.

2. AUDIT AND NON-AUDIT FEES

For the financial year ended 31 March 2023, 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 | 463,000 | 57,000 |
| 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 2023

| 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 31/3/2023 (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/ 11-42 year | 3/8/1994 | 2.94 | 80,000 | 8,395 |
| | Lot 4021 GM172 Mukim Simpang Kanan (V) Daerah Batu Pahat Johor Darul Takzim | Private resident for staff accommodation | Freehold/ 37 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 2066/18 years | 1/10/2004 | 5.45 | 176,000 | 10,147 |
| | PN 39897 Lot 75069 Mukim Kulai, Kulaijaya Johor Darul Takzim | Industrial land and building | Leasehold for 60 years expiring 2066/8 years | 28/3/2014 | 4.999 (2.023 Hectare) | 126,000 | 37,141 |
| | PTD 113275, Jalan Teknologi 5 Taman Teknologi Johor 81400 Johor Bahru Johor Darul Takzim | Industrial land and building | Leasehold for 60 years expiring 2068/15 years | 22/11/2019 | 2.155 (0.8722 Hectare) | 63,125 | 14,488 |
| | PLO 19, Jalan Persiaran Teknologi Taman Teknologi Johor 81400 Johor Bahru Johor Darul Takzim | Industrial building | 2 years | 1/11/2021 | - | 95,952 | 966 |
| | 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 | - | 14,286 |
| | 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) | - | 20,312 |
| Goodhart Land Sdn. Bhd. | Greran 60042 Lot PTD 23496 No. 477, 4th Miles Jalan Kluang 83000 Batu Pahat Johor Darul Takzim | Industrial land and building | Freehold/ 28 years | 13/12/1994 | 4.31 | 99,869 | 2,021 |
| | 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 2037/33 years | 8/5/1996 | 0.5 | 12,000 | 36 |

PROPERTIES OF THE GROUP

AS AT 31 MARCH 2023

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 31/3/2023 (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 2042/24 years | 8/5/1996 | 0.88 | 23,200 | 439 |
| Goodhart Industries Sdn. Bhd. | 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/ 22 years | 18/9/2000 | 2.00 | 78,675 | 3,422 |
| | 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/ 24 years | 1/6/1999 | 0.10 | 6,048 | 526 |
| | 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 2058/21 years | 1/8/2000 | 1.00 | 30,800 | 944 |
| | H.S.(D) No. 38417 PTD No. 35118 Mukim Simpang Kanan Daerah Batu Pahat Johor Darul Takzim | Industrial Land and building | Leasehold for 60 years expiring 2058 | 10/6/2019 | 1.00 | 50,000 | 9,290 |
| S.P.I. Plastic Industries (M) Sdn. Bhd. | Lot PTD 1325 Mukim Linau Daerah Batu Pahat Johor Darul Takzim | Industrial land and building | Leasehold for 60 years expiring 2039/44 years | 12/1/1980 | 0.50 | 11,760 | 379 |
| | Lot PTD 1172 Mukim Linau Daerah Batu Pahat Johor Darul Takzim | Industrial land and building | Leasehold for 60 years expiring 2038/31 years | 31/12/1992 | 0.50 | 10,560 | 397 |
| | Lot PTD 1494 Mukim Linau Daerah Batu Pahat Johor Darul Takzim | Industrial land and building | Leasehold for 60 years expiring 2039/27 years | 30/3/1996 | 2.00 | 54,786 | 2,060 |
| | Lot PTD35114 & 35086 Mukim Simpang Kanan Daerah Batu Pahat Johor Darul Takzim | Industrial building | 22 years | 28/2/2001 | - | 57,200 | 2,135 |

PROPERTIES OF THE GROUP

AS AT 31 MARCH 2023

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 31/3/2023 (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/ 22 years | 14/11/2011 | 0.04 | 1,500 | 87 |
| | 8, Jalan Putera Indah 1/3 Taman Putera Indah Tongkang Pecah Batu Pahat Johor Darul Takzim | Single storey terrace house | Freehold/ 22 years | 12/3/2014 | 0.04 | 1,500 | 142 |
| | PTD 3333 HS(M) 1534 & PTD 3334 HS(M) 1535 Mukim Linau Daerah Batu Pahat Johor Darul Takzim | Dwelling house and land | Freehold/ 15 years | 1/11/2016 | 0.19 | 4,126 | 399 |
| | No. 11, Jalan Bayam Taman Anggerik 83010 Tongkang Pecah Daerah Batu Pahat Johor Darul Takzim | Single storey terrace house | Freehold/ 31 years | 15/1/2021 | 0.04 | 1,640 | 232 |
| | No. 6, Jalan Lobak Taman Anggerik 83010 Tongkang Pecah Daerah Batu Pahat Johor Darul Takzim | Single storey terrace house | Freehold/ 31 years | 15/1/2021 | 0.04 | 1,540 | 217 |
| | No. 10, Jalan Petola Taman Anggerik 83010 Tongkang Pecah Daerah Batu Pahat Johor Darul Takzim | Single storey terrace house | Freehold/ 31 years | 30/6/2021 | 0.04 | 1,540 | 205 |
| | No. 7, Jalan 4 Taman Bintang Emas 83010 Tongkang Pecah Daerah Batu Pahat Johor Darul Takzim | Double storey terrace house | Freehold/ 26 years | 1/1/2022 | 0.04 | 1,870 | 403 |
| | No. 9, Jalan Putera Indah 2/4H Taman Putera Indah 83010 Tongkang Pecah Daerah Batu Pahat Johor Darul Takzim | Single storey terrace house | Freehold/ 20 years | 1/1/2022 | 0.04 | 1,539 | 201 |
| 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 | - | 153 |

PROPERTIES OF THE GROUP

AS AT 31 MARCH 2023

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 31/3/2023 (RM'000) |
|---|--|---|--|------------------------|----------------------------|-------------------------------------|------------------------------|
| Tan Brothers Business Machines (Segamat) Sdn. Bhd. | 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 | - | 153 |
| Plastictecnic (M) Sdn. Bhd. | 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 2086/37 years | 31/12/1993 | 2.43 | 57,776 | 5,382 |
| | 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 2086/34 years | 3/5/1994 | 0.24 | 5,886 | 771 |
| | No. 407, Blok 7 Jalan 6C/11 Bandar Baru Bangi 43650 Bandar Baru Bangi | Medium cost apartment | Leasehold for 99 years expiring 2095/27 years | 22/11/2018 | N/A | 667 | 108 |
| Bangi Plastics Sdn. Bhd. | 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 2051/25 years | 17/4/1995 | 5.00 | 67,940 | 5,419 |
| | 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 2051/14 years | 1/10/2008 | 5.00 | 115,284 | 8,242 |
| | Geran 46112/M1/2/17 Petak 17, Tingkat No.2 Bangunan No. M1 Lot 16366, Mukim Labu District of Seremban Negeri Sembilan | Apartment | Freehold/ 29 years | 1/3/2018 | N/A | 720 | 46 |
| | 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 2093/29 years | 1/3/2018 | N/A | 720 | 46 |
| | 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 2108/12 years | 1/1/2020 | N/A | 4,664 | 2,793 |

PROPERTIES OF THE GROUP

AS AT 31 MARCH 2023

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 31/3/2023 (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/ 22 years | 1/3/2020 | N/A | 678 | 44 |
| | PT 5118, Jalan 2/E Taman Semarak 71800 Nilai Negeri Sembilan | Double storey terrace house | Freehold/ 30 years | 1/2/2010 | 0.04 | 1,920 | 127 |
| | 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 | 2,888 |
| 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 2086/35 years | 3/5/1994 | 0.57 | 13,587 | 1,414 |
| | 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 2086/35 years | 20/9/1994 | 0.24 | 5,867 | 487 |

**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-Third Annual General Meeting ("**23rd 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, 29 September 2023 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 Ms. Anita Chew Cheng Im as Director of the Company | | |
| 2. | To re-elect Tan Sri Datuk Hussin Bin Haji Ismail as Director of the Company | | |
| 3. | To approve the payment of Directors' fees of RM455,000 for the period from 1 October 2023 to 30 September 2024, to be payable on a quarterly basis in arrears | | |
| 4. | To re-appoint Ernst & Young PLT as Auditors of the Company | | |
| As Special Business | | | |
| 5. | Authority to issue shares pursuant to the Companies Act 2016 and Waiver of Pre-Emptive Rights | | |
| 6. | Proposed Renewal of Share Buy-Back Authority | | |

* Strike out whichever is not desired.

Signed this day of....., 2023.

.....
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 23rd 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 **21 September 2023** ("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 23rd 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 23rd 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 during the 23rd 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

1st Fold Here

- (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

Electronic appointment

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

- (i) Should you wish to personally participate in the 23rd 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 23rd 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 23rd AGM by yourself, please write in to eservices@sshsb.com.my to revoke the earlier appointed proxy twenty-four (24) 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 31 July 2023.

www.skpres.com

SKP RESOURCES BHD [Registration No. 200001021690 (524297-T)]

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