

## **NOTICE ACCOMPANYING THE ELECTRONIC PROSPECTUS OF L&P GLOBAL BERHAD (“L&P GLOBAL” OR “COMPANY”) DATED 13 DECEMBER 2022 (“ELECTRONIC PROSPECTUS”)**

*(Unless otherwise indicated, specified or defined in this notice, the definitions in the Prospectus shall apply throughout this notice)*

### **Website**

The Electronic Prospectus can be viewed or downloaded from Bursa Malaysia Securities Berhad’s (“**Bursa Securities**”) website at [www.bursamalaysia.com](http://www.bursamalaysia.com) (“**Website**”).

### **Availability and Location of Paper/Printed Prospectus**

Any applicant in doubt concerning the validity or integrity of the Electronic Prospectus should immediately request a paper/printed copy of the Prospectus directly from the Company, Alliance Islamic Bank Berhad (“**AIS**”) or Malaysian Issuing House Sdn Bhd. Alternatively, the applicant may obtain a copy of the Prospectus from participating organisations of Bursa Securities, members of the Association of Banks in Malaysia and members of the Malaysian Investment Banking Association.

Prospective investors should note that the Application Forms are not available in electronic format.

### **Jurisdictional Disclaimer**

The IPO and the distribution of the Electronic Prospectus are subject to the laws of Malaysia. Bursa Securities, AIS and L&P Global have not authorised anyone and take no responsibility for the distribution of the Electronic Prospectus outside Malaysia. No action has been taken to permit any offering of the IPO Shares based on the Electronic Prospectus in any jurisdiction other than Malaysia. The Electronic Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe for or purchase, any of our IPO Shares in any jurisdiction or in any circumstances in which such an offer is not authorised or is unlawful or to any person to whom it is unlawful to make such offer or invitation. Prospective applicants who may be in possession of the Electronic Prospectus are required to take note, to inform themselves and to observe such restrictions.

### **Close of Application**

Applications for the IPO Shares will be accepted from **10.00 a.m.** on **13 December 2022** and will close at **5.00 p.m.** on **19 December 2022**. Any change to the timetable will be advertised by L&P Global in a widely circulated Bahasa Malaysia and English daily newspapers within Malaysia.

The Electronic Prospectus made available on the Website after the closing of the application period is made available solely for informational and archiving purposes. No securities will be allotted or issued on the basis of the Electronic Prospectus after the closing of the application period.

### **Persons Responsible for the Internet Site in which the Electronic Prospectus is Posted**

The Electronic Prospectus which is accessible at the Website is owned by Bursa Securities. Users’ access to the website and the use of the contents of the Website and/or any information in whatsoever form arising from the Website shall be conditional upon acceptance of the terms and conditions of use as contained in the Website.

The contents of the Electronic Prospectus as provided by the Company to Bursa Securities are for informational and archiving purposes only and are not intended to provide investment advice of any form or kind, and shall not at any time be relied upon as such.

## PROSPECTUS

THIS PROSPECTUS IS DATED  
13 DECEMBER 2022



### **L&P GLOBAL BERHAD**

*(formerly known as Berjayapak International Holdings Sdn Bhd)*  
(Registration No. 202101028085 (1428385-M))  
(Incorporated in Malaysia under the Companies Act 2016)

INITIAL PUBLIC OFFERING (“**IPO**”) IN CONJUNCTION WITH THE LISTING OF L&P GLOBAL BERHAD (FORMERLY KNOWN AS BERJAYAPAK INTERNATIONAL HOLDINGS SDN BHD) (“**L&P GLOBAL**” OR THE “**COMPANY**”) ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“**BURSA SECURITIES**”) COMPRISING:

(I) PUBLIC ISSUE OF 113,000,000 NEW ORDINARY SHARES IN L&P GLOBAL (“**SHARES**”) IN THE FOLLOWING MANNER:

- 24,000,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY THE MALAYSIAN PUBLIC;
- 13,000,000 NEW SHARES MADE AVAILABLE FOR APPLICATION BY OUR ELIGIBLE DIRECTORS, EMPLOYEES AND PERSONS WHO HAVE CONTRIBUTED TO THE SUCCESS OF OUR GROUP;
- 6,000,000 NEW SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS; AND
- 70,000,000 NEW SHARES MADE AVAILABLE BY WAY OF PRIVATE PLACEMENT TO SELECTED BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY (“**MITI**”);

AND

(II) OFFER FOR SALE OF 33,800,000 EXISTING SHARES BY WAY OF PRIVATE PLACEMENT TO SELECTED INVESTORS;

AT AN IPO PRICE OF RM0.30 PER SHARE, PAYABLE IN FULL UPON APPLICATION.

PRINCIPAL ADVISER, SPONSOR,  
SOLE UNDERWRITER AND JOINT PLACEMENT AGENT



JOINT PLACEMENT AGENT



**AFFIN HWANG INVESTMENT BANK BERHAD**  
(197301000792 (14389-U))  
(A Participating Organisation of Bursa Malaysia Securities Berhad)

**INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.**

**FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE “RISK FACTORS” COMMENCING ON PAGE 196.**

NO SECURITIES WILL BE ALLOTTED OR ISSUED BASED ON THIS PROSPECTUS AFTER SIX MONTHS FROM THE DATE OF THIS PROSPECTUS.

THIS PROSPECTUS HAS BEEN REGISTERED BY BURSA SECURITIES. THE APPROVAL AND REGISTRATION OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE OFFERING OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE, OPINION EXPRESSED OR REPORT CONTAINED IN THIS PROSPECTUS. BURSA SECURITIES HAS NOT, IN ANY WAY, CONSIDERED THE MERITS OF THE SHARES BEING OFFERED FOR INVESTMENT.

BURSA SECURITIES IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROSPECTUS.

**THE ACE MARKET IS AN ALTERNATIVE MARKET DESIGNED PRIMARILY FOR EMERGING CORPORATIONS THAT MAY CARRY HIGHER INVESTMENT RISK WHEN COMPARED WITH LARGER OR MORE ESTABLISHED CORPORATIONS LISTED ON THE MAIN MARKET. THERE IS ALSO NO ASSURANCE THAT THERE WILL BE A LIQUID MARKET IN THE SHARES OR UNITS OF SHARES TRADED ON THE ACE MARKET. YOU SHOULD BE AWARE OF THE RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER CAREFUL CONSIDERATION.**

**THE ISSUE, OFFER OR INVITATION FOR THE OFFERING IS A PROPOSAL NOT REQUIRING APPROVAL, AUTHORISATION OR RECOGNITION OF THE SECURITIES COMMISSION MALAYSIA (“SC”) UNDER SECTION 212(8) OF THE CAPITAL MARKETS AND SERVICES ACT 2007.**

## **RESPONSIBILITY STATEMENTS**

Our Directors and Promoters (as defined in this Prospectus) have seen and approved this Prospectus. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in the Prospectus false or misleading.

Alliance Islamic Bank Berhad, being our Principal Adviser, Sponsor, Sole Underwriter and Joint Placement Agent, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning the offering. It is to be noted that the role of Affin Hwang Investment Bank Berhad in our IPO is limited to being a Joint Placement Agent.

## **STATEMENTS OF DISCLAIMER**

Approval has been granted by Bursa Malaysia Securities Berhad for the listing of and quotation for the securities being offered. Admission to the Official List of Bursa Malaysia Securities Berhad is not to be taken as an indication of the merits of the offering, our Company or our Shares.

Bursa Malaysia Securities Berhad is not liable for any non-disclosure on our Company's part and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

This Prospectus, together with the Application Forms (as defined in this Prospectus), has also been lodged with the Registrar of Companies, who takes no responsibility for its contents.

## **OTHER STATEMENTS**

You should note that you may seek recourse under Sections 248, 249 and 357 of the Capital Markets and Services Act 2007 for breaches of securities laws including any statement in the Prospectus that is false, misleading, or from which there is a material omission, or for any misleading or deceptive act in relation to this Prospectus or the conduct of any other person in relation to our Company.

Shares listed on Bursa Malaysia Securities Berhad are offered to the public on the premise of full and accurate disclosure of all material information concerning the offering, for which any person set out in Section 236 of the Capital Markets and Services Act 2007, is responsible.

Our Shares are classified as Shariah compliant by the Shariah Advisory Council of the Securities Commission Malaysia. This classification remains valid from the date of issue of this Prospectus until the next Shariah compliance review undertaken by the Shariah Advisory Council of the Securities Commission Malaysia. The new status is released in the updated list of Shariah compliant securities, on the last Friday of May and November.

This Prospectus has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or with or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

We will not, prior to acting on any acceptance in respect of our IPO, make or be bound to make any enquiry as to whether you have a registered address in Malaysia and will not accept or be deemed to accept any liability in relation thereto whether or not any enquiry or investigation is made in connection therewith.

This Prospectus is prepared and published solely for our IPO in Malaysia under the laws of Malaysia. Our IPO shares are issued in Malaysia solely based on the contents of this Prospectus. Our Directors, Promoters, Principal Adviser, Sponsor, Sole Underwriter and Joint Placement Agents take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia. Our Directors, Promoters, Principal Adviser, Sponsor, Sole Underwriter and Joint Placement Agents have not authorised anyone to provide you with information which is not contained in this Prospectus.

It shall be your sole responsibility, if you are or may be subjected to the laws of any countries or jurisdictions other than Malaysia, to consult your professional advisers as to whether your application for our IPO would result in the contravention of any laws of such countries or jurisdictions. Neither we nor our Principal Adviser nor any other advisers in relation to our IPO shall accept any responsibility or liability in the event that any application made by you shall become illegal, unenforceable, voidable or void in any such country or jurisdiction.

Further, it shall be your sole responsibility to ensure that your application for our IPO would be in compliance with the terms of our IPO and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted our IPO in Malaysia and will be subjected only to the laws of Malaysia in connection therewith.

However, we reserve the right, in our absolute discretion, to treat any acceptances as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

### **ELECTRONIC PROSPECTUS**

This Prospectus can also be viewed or downloaded from Bursa Malaysia Securities Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The contents of the Electronic Prospectus (as defined in this Prospectus) and the copy of this Prospectus registered by Bursa Malaysia Securities Berhad are the same.

You are advised that the internet is not a fully secured medium, and that your Internet Share Application (as defined in this Prospectus) is subject to the risk of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined in this Prospectus). These risks cannot be borne by the Internet Participating Financial Institutions.

If you are in doubt as to the validity or integrity of the Electronic Prospectus, you should immediately request from us, our Principal Adviser or our Issuing House (as defined in this Prospectus), a paper / printed copy of this Prospectus.

In the event of any discrepancies arising between the contents of the Electronic Prospectus and the contents of the paper / printed copy of this Prospectus for any reason whatsoever, the contents of the paper / printed copy of this Prospectus, which is identical to the copy of the Prospectus registered by Bursa Malaysia Securities Berhad, shall prevail.

In relation to any reference in this Prospectus to third party internet sites ("**Third Party Internet Sites**"), whether by way of hyperlinks or by way of description of the third party internet sites, you acknowledge and agree that:

- (i) we and our Principal Adviser do not endorse and are not affiliated in any way with the Third Party Internet Sites and are not responsible for the availability of, or the contents or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) we and our Principal Adviser are not responsible for the quality of products or services in the Third Party Internet Sites or for fulfilling any of the terms of your agreements with the Third Party Internet Sites. We and our Principal Adviser are also not responsible for any loss, damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and

- (iii) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We and our Principal Adviser are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an electronic prospectus is hosted on the website of the Internet Participating Financial Institutions, you are advised that:

- (i) the Internet Participating Financial Institutions are liable in respect of the integrity of the contents of the Electronic Prospectus, to the extent of the contents of the Electronic Prospectus situated on the web server of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software;
- (ii) the Internet Participating Financial Institutions shall not be responsible in any way for the integrity of the contents of the Electronic Prospectus which has been downloaded or otherwise obtained from the web server of the Internet Participating Financial Institutions and thereafter communicated or disseminated in any manner to you or other parties; and
- (iii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in the Electronic Prospectus, the accuracy and reliability of the Electronic Prospectus cannot be guaranteed as the internet is not a fully secured medium.

The Internet Participating Financial Institutions shall not be liable (whether in tort or contract or otherwise) for any loss, damage or cost, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in the Electronic Prospectus which may arise in connection with or as a result of any fault or faults with web browsers or other relevant software, any fault or faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the website of the Internet Participating Financial Institutions, and / or problems occurring during data transmission, which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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**INDICATIVE TIMETABLE**

The following events are intended to take place on the following tentative dates:

<b>Event(s)</b>	<b>Tentative Date(s)</b>
Opening of the application period for the IPO	13 December 2022
Closing of the application period for the IPO	19 December 2022
Balloting of applications	21 December 2022
Allotment of Issue Shares / Transfer of Offer Shares to successful applicants	29 December 2022
Listing on the ACE Market	3 January 2023

In the event there is any change to the indicative timetable above, we will advertise the notice of the changes in a widely circulated daily English and Bahasa Malaysia newspapers in Malaysia.

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## DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:

### COMPANIES WITHIN OUR GROUP

<b>BPSB</b>	: Bejay Presswood Sdn Bhd (200201002861 (570524-K))
<b>BSB</b>	: Berjayapak Sdn Bhd (198901009394 (186695-U))
<b>BTSB</b>	: Bejay Timber Sdn Bhd (200201022839 (590502-U))
<b>BV</b>	: Berjayapak Vietnam Company Limited (3702756586)
<b>Group or L&amp;P Global Group</b>	: L&P Global, BSB, BPSB, BTSB and BV, collectively
<b>L&amp;P Global or Company</b>	: L&P Global Berhad (202101028085 (1428385-M)) ( <i>formerly known as Berjayapak International Holdings Sdn Bhd</i> )

### GENERAL

<b>ACE Market</b>	: ACE Market of Bursa Securities
<b>Acquisition of BSB</b>	: Acquisition by L&P Global of the entire issued share capital of BSB from the BSB Vendors for a purchase consideration of RM40,453,499.10, which was entirely satisfied by the issuance of 446,999,990 new Shares at an issue price of RM0.0905 each. The Acquisition of BSB was completed on 9 November 2022
<b>Act</b>	: Companies Act 2016, as may be amended from time to time
<b>ADA</b>	: Authorised Depository Agent
<b>AGM</b>	: Annual General Meeting
<b>Affin Hwang IB or Joint Placement Agent</b>	: Affin Hwang Investment Bank Berhad (197301000792 (14389-U))
<b>AIS or Principal Adviser or Sponsor or Sole Underwriter or Joint Placement Agent</b>	: Alliance Islamic Bank Berhad (200701018870 (776882-V))
<b>Application(s)</b>	: The application(s) for the Issue Shares by way of Application Form, Electronic Share Application and / or Internet Share Application
<b>Application Form(s)</b>	: The printed application form(s) for the application of the Issue Shares
<b>ATM</b>	: Automated Teller Machine
<b>B Line</b>	: B Line Sdn Bhd (202101020447 (1420747-U))
<b>B Pack</b>	: B Pack Holdings Sdn Bhd (202101021504 (1421804-V))
<b>Board</b>	: Board of Directors of L&P Global
<b>BSB Vendors</b>	: Vendors of the Acquisition of BSB, namely B Pack, Moviente and B Line
<b>Bursa Depository</b>	: Bursa Malaysia Depository Sdn Bhd (198701006854 (165570-W))

**DEFINITIONS (Cont'd)**

<b>Bursa Securities</b>	: Bursa Malaysia Securities Berhad (200301033577 (635998-W))
<b>By-Laws</b>	: By-laws governing the ESOS
<b>CAGR</b>	: Compound annual growth rate
<b>CDS</b>	: Central Depository System
<b>CDS Account(s)</b>	: Account(s) established for a Depositor by Bursa Depository for the recording of deposits or withdrawals of securities and for dealings in such securities by the Depositor
<b>CEO</b>	: Chief Executive Officer
<b>CF / CCC</b>	: Certificate of fitness for occupation / Certificate of completion and compliance
<b>CFO</b>	: Chief Financial Officer
<b>CMSA</b>	: Capital Markets and Services Act 2007
<b>Constitution</b>	: The constitution of L&P Global
<b>COO</b>	: Chief Operating Officer
<b>COVID-19</b>	: An infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
<b>Depositor</b>	: A holder of a CDS Account
<b>Director(s)</b>	: Director(s) of our Company and within the meaning given in Section 2 of the CMSA
<b>EIS</b>	: Employment Insurance System
<b>Electronic Prospectus</b>	: A copy of this Prospectus that is issued, circulated or disseminated via the Internet, and / or an electronic storage medium, including but not limited to CD-ROMs (compact disc read-only memory)
<b>Electronic Share Application</b>	: An application for the Issue Shares through Participating Financial Institutions' ATM
<b>Eligible Persons</b>	: Eligible Directors, employees and persons who have contributed to the success of our Group, as further detailed in Section 4.1.1(b)(ii) of this Prospectus
<b>EPF</b>	: Employees Provident Fund
<b>EPS</b>	: Earnings per share
<b>ESOS</b>	: Employees' share option scheme of our Company of up to ten percent (10%) of our total number of issued Share(s) at any point in time during the existence of the employees' share option scheme
<b>ESOS Committee</b>	: The committee established pursuant to the By-Laws to implement and administer the ESOS in accordance with the terms and conditions of the By-laws



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**DEFINITIONS (Cont'd)**

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<b>ESOS Offer</b>	: An award of ESOS Options made in writing by the ESOS Committee to a Director or employee of our Group, who meets the eligibility criteria stipulated in the By-Laws, to participate in the ESOS
<b>ESOS Options</b>	: Right of a Grantee to subscribe for new Shares in accordance with the terms and conditions of the By-laws
<b>Financial Years and Period Under Review</b>	: FYE 2019, FYE 2020, FYE 2021 and FPE 2022, collectively
<b>First Tranche of ESOS</b>	: Up to 11,200,000 ESOS Options, representing up to two percent (2%) of our enlarged issued share capital upon Listing, to be granted under the ESOS in conjunction with our Listing
<b>FPE</b>	: 7-month financial period ended 31 July
<b>FYE</b>	: Financial year ended / ending 31 December, as the case may be
<b>Government</b>	: Government of Malaysia
<b>GP</b>	: Gross profit
<b>Grantee(s)</b>	: A Director(s) or employee(s) of our Group, who meets the eligibility criteria for participation in the ESOS stipulated in the By-Laws and has(ve) accepted the ESOS Offer in accordance with the terms and conditions of the By-Laws
<b>IMR Report</b>	: Independent Market Research Report on the Wooden Industrial Packaging Industry in Malaysia and Vietnam prepared by Smith Zander as set out in Section 7 of this Prospectus
<b>Internet Participating Financial Institution(s)</b>	: Participating financial institution(s) for the Internet Share Application, as listed in Section 14 of this Prospectus
<b>Internet Share Application</b>	: Application for the Issue Shares through an online share application service provided by the Internet Participating Financial Institution(s)
<b>IPO</b>	: Initial public offering of the IPO Shares in conjunction with the Listing comprising the Public Issue and Offer for Sale
<b>IPO Price</b>	: The price of RM0.30 per IPO Share
<b>IPO Shares</b>	: The Issue Share(s) and Offer Share(s), collectively
<b>IRB</b>	: Inland Revenue Board of Malaysia
<b>Issue Share(s)</b>	: 113,000,000 new Shares, representing approximately 20.18% of our enlarged issued share capital, which are to be issued pursuant to the Public Issue and subject to the terms and conditions of this Prospectus
<b>Issuing House or MIH</b>	: Malaysian Issuing House Sdn Bhd (199301003608 (258345-X))
<b>Joint Placement Agents</b>	: AIS and Affin Hwang IB, collectively
<b>Listing</b>	: The admission of L&P Global to the Official List and the listing of and quotation for our entire enlarged issued share capital on the ACE Market
<b>Listing Requirements</b>	: ACE Market Listing Requirements of Bursa Securities

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**DEFINITIONS (Cont'd)**

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<b>Listing Scheme</b>	: Comprising the Acquisition of BSB, Public Issue, Offer for Sale, ESOS, Share Transfer and Listing, collectively
<b>LPD</b>	: 18 November 2022, being the latest practicable date prior to the issuance of this Prospectus
<b>Malaysian Public</b>	: Malaysian citizens and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
<b>Market Day(s)</b>	: Any day(s) on which Bursa Securities is open for trading of securities
<b>MCO</b>	: The nationwide Movement Control Order imposed by the Government under the Prevention and Control of Infectious Diseases Act 1988 and the Police Act 1967 as a measure to contain the outbreak of COVID-19 pandemic
<b>MITI</b>	: Ministry of International Trade and Industry of Malaysia
<b>MNC</b>	: Multinational corporation
<b>Moviente</b>	: Moviente Sdn Bhd (202101020442 (1420742-H))
<b>N/A</b>	: Not applicable or not available
<b>NA</b>	: Net assets
<b>NBV</b>	: Net book value
<b>Offer for Sale</b>	: Offer for sale of the Offer Shares at the IPO Price by the Offeror by way of private placement to selected investors
<b>Offer Share(s)</b>	: 33,800,000 existing Shares, representing approximately 6.04% of our enlarged issued share capital, which are to be offered pursuant to the Offer for Sale and subject to the terms and conditions of this Prospectus
<b>Offeror</b>	: B Pack, our Promoter and substantial shareholder
<b>Official List</b>	: A list specifying all securities which have been admitted for listing on the ACE Market and not removed
<b>Participating Financial Institution(s)</b>	: Participating financial institution(s) for the Electronic Share Application, as listed in Section 14 of this Prospectus
<b>PAT</b>	: Profit after taxation
<b>PBT</b>	: Profit before taxation
<b>PE Multiple</b>	: Price earnings multiple
<b>Pink Form Allocation</b>	: The allocation of 13,000,000 Issue Shares to the Eligible Persons
<b>Placement Agreement</b>	: The placement agreement dated 21 November 2022 entered into between our Company, Offeror and our Joint Placement Agents pursuant to our IPO
<b>Pre-Listing Investor(s)</b>	: Moviente, B Line, Ong Kah Hong, Ooi Hooi Kiang, Tan Ee Lin and Lim Cheng Wei, collectively

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**DEFINITIONS (Cont'd)**


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<b>Prescribed Security</b>	: Securities of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the SICDA and the Rules
<b>Promoter(s)</b>	: B Pack, Ooi Lay Pheng, Lee Soon Swee, Ooi Chang Seaw, Ooi Eng Leng, Ooi Yuen Wei, Ooi Hooi Kiang and Ong Kah Hong
<b>Prospectus</b>	: This Prospectus dated 13 December 2022 in relation to the IPO
<b>Prospectus Guidelines</b>	: Prospectus Guidelines issued by the SC
<b>PRP</b>	: Pallet Recycling Programme
<b>Public Issue</b>	: Public issue of 113,000,000 Issue Shares at the IPO Price comprising: <ul style="list-style-type: none"> <li>(a) 24,000,000 new Shares, representing 4.29% of our enlarged issued share capital, made available for application by the Malaysian Public;</li> <li>(b) 13,000,000 new Shares, representing 2.32% of our enlarged issued share capital, made available for application by the Eligible Persons;</li> <li>(c) 6,000,000 new Shares, representing 1.07% of our enlarged issued share capital, made available by way of private placement to selected investors; and</li> <li>(d) 70,000,000 new Shares, representing 12.50% of our enlarged issued share capital, made available by way of private placement to selected Bumiputera investors approved by MITI.</li> </ul>
<b>Q1</b>	: First quarter of the year
<b>Q2</b>	: Second quarter of the year
<b>Q3</b>	: Third quarter of the year
<b>Q4</b>	: Fourth quarter of the year
<b>QC</b>	: Quality control
<b>Rules</b>	: Rules of Bursa Depository
<b>SAC</b>	: Shariah Advisory Council of the SC
<b>SC</b>	: Securities Commission Malaysia
<b>Share(s) or L&amp;P Global Share(s)</b>	: Ordinary shares in L&P Global
<b>Share Transfer</b>	: Transfer by Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei of their respective shareholdings in B Pack, amounting to an aggregate of 4,678 ordinary shares in B Pack, to Ooi Lay Pheng and Lee Soon Swee, during the prescription period
<b>SICDA</b>	: Securities Industry (Central Depositories) Act 1991

**DEFINITIONS (Cont'd)**

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<b>Smith Zander or IMR</b>	:	SMITH ZANDER INTERNATIONAL SDN BHD (201301028298 (1058128-V)), our independent market researcher
<b>SOCISO</b>	:	Social Security Organisation, also known as PERKESO (Pertubuhan Keselamatan Sosial)
<b>SOP(s)</b>	:	Standard operating procedure(s)
<b>Specified Shareholder(s)</b>	:	The specified shareholders comprising:  (a) B Pack and the shareholders of B Pack, namely Ooi Lay Pheng, Lee Soon Swee, Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei; and  (b) Moviente and the shareholders of Moviente, namely Ooi Hooi Kiang and Ong Kah Hong.
<b>sq ft</b>	:	Square feet
<b>sq m</b>	:	Square metres
<b>Underwriting Agreement</b>	:	The underwriting agreement dated 28 November 2022 entered into between our Company and AIS pursuant to our IPO

**CURRENCY**

<b>EUR</b>	:	Euro
<b>RM and sen</b>	:	Ringgit Malaysia and sen respectively
<b>RMB</b>	:	Renminbi
<b>SGD</b>	:	Singapore Dollar
<b>THB</b>	:	Thai Baht
<b>USD</b>	:	United States Dollar
<b>VND</b>	:	Vietnamese Dong

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## GLOSSARY OF TECHNICAL TERMS

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The following technical terms in this Prospectus bear the same meanings as set out below unless the terms are defined otherwise or the context requires otherwise:

Block-class pallet	:	Base of the pallets is made of blocks secured with wood planks
Choking wood	:	A piece of wood used to fill in gaps in boxes or crates to hold an object steadily
Close boarded	:	Pallets with only a piece of plank on the top surface
Double-face	:	Pallets with planks on both the top and bottom surfaces
Double-face non-reversible	:	Pallets with planks on both the top and bottom surfaces, but one surface has more densely packed planks than the other to place goods
Engineered wood	:	Engineered wood is produced from derivative of wood products through the process of binding wood strands, particles, fibres or veneers with adhesives to form the wood. As engineered wood has undergone heat and pressure treatment which prevents infestation of wood-related pests and diseases, it is not required to undergo heat treatment during the manufacturing of wooden industrial packaging products. Our Group uses engineered wood which comprises mainly plywood and laminated veneer lumber (LVL)
Heat treatment	:	Heat treatment is conducted on wooden industrial packaging products as required under ISPM 15 to treat wooden industrial packaging products used for international trade. The treatment involves increasing the core temperature of the wooden industrial packaging products to 56 degree Celsius for a minimum 30 minutes to reduce moisture content and destroy timber pest in the wooden industrial packaging products
Heat treatment chamber	:	Chamber with temperature and humidity-controlled environment for the heat treatment process
International Standards for Phytosanitary Measures No. 15 ("ISPM 15")	:	ISPM 15 standard is an international standard to regulate the movement of timber packaging and dunnage used for international trade to prevent the global spread of timber pests (including fungal growth)
Just-in-time delivery	:	An inventory management strategy where the delivery of products is based on customers' requests
L-clips	:	L-shaped clips used to fasten industrial packaging products
Loading performance	:	The amount of load that can be placed on pallets
Maximum working load	:	The highest load value that a pallet is permitted to carry in a specific loading and support condition
Moulding	:	A process to smoothen surfaces of wood materials
Natural wood	:	Natural wood is processed by sawing logs into wood planks. Natural wood is required to undergo heat treatment during the manufacturing of wooden industrial packaging products to prevent infestation of wood-related pests and diseases. Our Group uses natural wood which comprises mainly local natural wood and imported pine wood

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**GLOSSARY OF TECHNICAL TERMS (Cont'd)**


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Nominal load	:	The lowest safe load value that a pallet can carry in specified support conditions
Notching	:	A process to cut wood materials with grooves
Open boarded	:	Pallets with long pieces of planks to form the top surface
Pallet jacks	:	A lightweight equipment for handling, storing, and transporting pallets, as well as inserting goods into boxes and crates
Perimeter base	:	Pallets with planks around the edge, below the blocks
Protective and insulation materials	:	Protective and insulation materials include sponge and foams vacuum pack, bubble foam, high durable plastic and anti-static durable plastic, that are used to protect and insulate goods that are being transported in boxes and crates
Radio frequency process	:	A process to remove excess moisture content of wood materials using radio frequency
Ripping	:	A process to rip wood materials into desired width
Shock watch	:	An indicator which provides evidence on potential external impacts during shipment
Single-face	:	Pallets with planks only on the top surface
Stringer-class pallet	:	Base of the pallets is made of stringers (long pieces of wood)
T-nuts	:	A threaded fasteners with prongs that burrow into the wood materials when tightened
Tilt watch	:	An indicator which provides evidence of mishandling if a shipment is tilted
Wing type	:	Pallets with planks extending beyond the stringers or blocks

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## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

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All references to “our Company” or “L&P Global” in this Prospectus are to L&P Global Berhad, while references to “our Group” are to our Company and our subsidiaries. References to “we”, “us”, “our” and “ourselves” are to our Company or our Group or any member of our Group, as the context requires. Unless the context otherwise requires, references to “Management” are to our Executive Directors and our key senior management personnel as disclosed in this Prospectus and statements as to our beliefs, expectations, estimates and opinions are those of our Management.

Certain abbreviations, acronyms and technical terms used are defined in the “Definitions” and “Glossary of Technical Terms” sections of this Prospectus. Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include companies and corporations.

In this Prospectus, references to the “Government” are to the Government of Malaysia, and references to “RM” and “sen” are to the lawful currency of Malaysia. The word “approximately” used in this Prospectus is to indicate that a number is not an exact one, but that number is usually rounded off to the nearest hundredth or 2 decimal places. Any discrepancies in the tables included in this Prospectus between the amounts listed and the total thereof are due to rounding.

Unless otherwise stated, any reference to dates and times in this Prospectus shall be a reference to dates and times in Malaysia.

Any reference to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange in this Prospectus shall (where the context admits) be construed as a reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactments to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force.

This Prospectus includes statistical data provided by our Management and various third parties and cites third party projections regarding growth and performance of the market and industry in which our Group operates or is exposed to. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus. Where no source is stated, it can be assumed that the information originates from our Management.

In particular, certain information in this Prospectus is extracted or derived from the IMR Report prepared by Smith Zander, an independent market researcher. We have appointed Smith Zander to provide an independent market and industry review. In compiling their data for the review, Smith Zander had relied on their research methodology, industry sources, published materials, their own private databases and direct contacts within the industry. We believe that the information on the industry and other statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate.

The information on our website, or any website directly and indirectly linked to such website does not form part of this Prospectus and should not be relied upon.

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## **FORWARD-LOOKING STATEMENTS**

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This Prospectus includes forward-looking statements, which include all statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, prospects, plans and objectives of our Management for future operations. Some of these statements can be identified by words that have a bias towards or are forward-looking such as “may”, “will”, “would”, “could”, “believe”, “expect”, “anticipate”, “estimate”, “aim”, “plan”, “forecast”, “project” or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond our control that could cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements include, without limitation, statements relating to:

- (i) demand for our products and services;
- (ii) our business strategies;
- (iii) our plans and objectives for future operations;
- (iv) our future financial position, earnings, cash flows and liquidity; and
- (v) our ability to pay dividends.

Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we operate. Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 8 – Risk Factors and Section 11.3 – Management’s Discussion and Analysis of Financial Conditions and Results of Operations of this Prospectus. We cannot assure you that the forward-looking statements in this Prospectus will be realised.

These forward-looking statements are based on information available to us as at the LPD and are made only as at the LPD. Should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of registration of this Prospectus but before the date of allotment of the IPO Shares / transfer of the Offer Shares, we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238(1) of the CMA and Paragraph 1.02, Chapter 1 of Part II (Division 6) of the Prospectus Guidelines (Supplementary and Replacement Prospectus).



**TABLE OF CONTENTS**

		<b>PAGE</b>
<b>1.</b>	<b>CORPORATE DIRECTORY</b>	1
<b>2.</b>	<b>APPROVALS AND CONDITIONS</b>	
	2.1 APPROVALS FROM RELEVANT AUTHORITIES	5
	2.2 MORATORIUM ON OUR SHARES	7
<b>3.</b>	<b>PROSPECTUS SUMMARY</b>	
	3.1 PRINCIPAL DETAILS RELATING TO OUR IPO	10
	3.2 BACKGROUND AND OVERVIEW	10
	3.3 COMPETITIVE ADVANTAGES AND KEY STRENGTHS	12
	3.4 BUSINESS STRATEGIES AND PLANS	13
	3.5 RISK FACTORS	14
	3.6 OUTBREAK OF COVID-19 PANDEMIC	15
	3.7 DIRECTORS AND KEY SENIOR MANAGEMENT	16
	3.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS	17
	3.9 USE OF PROCEEDS FROM OUR IPO	18
	3.10 FINANCIAL HIGHLIGHTS	19
	3.11 DIVIDEND POLICY	19
<b>4.</b>	<b>PARTICULARS OF OUR IPO</b>	
	4.1 DETAILS OF OUR IPO	20
	4.2 BASIS OF ARRIVING AT THE IPO PRICE	35
	4.3 DILUTION	36
	4.4 USE OF PROCEEDS FROM OUR IPO	38
	4.5 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE	42
	4.6 SALIENT TERMS OF THE UNDERWRITING AGREEMENT	42
	4.7 PLACEMENT	45
<b>5.</b>	<b>INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT</b>	
	5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS	46
	5.2 DIRECTORS AND KEY SENIOR MANAGEMENT	55
	5.3 BOARD PRACTICES	78
	5.4 REMUNERATION OF DIRECTORS AND KEY SENIOR MANAGEMENT	83
	5.5 MANAGEMENT REPORTING STRUCTURE	85
	5.6 DECLARATIONS BY EACH PROMOTER, DIRECTOR AND KEY SENIOR MANAGEMENT	86
	5.7 FAMILY RELATIONSHIPS AND ASSOCIATIONS	86
	5.8 SERVICE AGREEMENTS	87
	5.9 MANAGEMENT SUCCESSION PLAN	87
<b>6.</b>	<b>INFORMATION ON OUR GROUP</b>	
	6.1 INFORMATION ON OUR GROUP	89
	6.2 SHARE CAPITAL INFORMATION ON OUR SUBSIDIARIES	97
	6.3 MATERIAL CAPITAL EXPENDITURE AND DIVESTITURES	100
	6.4 BUSINESS OVERVIEW	102
	6.5 MAJOR CUSTOMERS	149
	6.6 MAJOR SUPPLIERS	153
	6.7 PROPERTIES, PLANT AND EQUIPMENT	156
	6.8 BUSINESS STRATEGIES AND PLANS	170
	6.9 GOVERNING LAWS AND REGULATIONS	177
	6.10 ENVIRONMENTAL, SOCIAL AND GOVERNANCE	182
<b>7.</b>	<b>IMR REPORT</b>	184
<b>8.</b>	<b>RISK FACTORS</b>	
	8.1 RISKS RELATING TO OUR BUSINESS OPERATIONS	196
	8.2 RISKS RELATING TO OUR INDUSTRY	201
	8.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES	204

**TABLE OF CONTENTS (Cont'd)**

		<b>PAGE</b>
<b>9.</b>	<b>RELATED PARTY TRANSACTIONS</b>	
9.1	RELATED PARTY TRANSACTIONS	207
9.2	RELATED PARTY TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITION	210
9.3	LOANS AND / OR FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF THE RELATED PARTIES	211
9.4	LOANS AND / OR FINANCIAL ASSISTANCE FROM THE RELATED PARTIES TO OUR GROUP	211
9.5	MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS AND CONFLICTS OF INTEREST	217
<b>10.</b>	<b>CONFLICT OF INTEREST</b>	
10.1	CONFLICT OF INTEREST	218
10.2	DECLARATION BY ADVISERS ON CONFLICT OF INTEREST	218
<b>11.</b>	<b>FINANCIAL INFORMATION</b>	
11.1	HISTORICAL AUDITED COMBINED FINANCIAL INFORMATION	220
11.2	CAPITALISATION AND INDEBTEDNESS	223
11.3	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS	224
11.4	KEY FINANCIAL RATIOS	256
11.5	TREND INFORMATION	260
11.6	ORDER BOOK	261
11.7	SIGNIFICANT CHANGES	261
11.8	DIVIDEND POLICY	261
11.9	REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	263
<b>12.</b>	<b>ACCOUNTANTS' REPORT</b>	275
<b>13.</b>	<b>ADDITIONAL INFORMATION</b>	
13.1	EXTRACT OF OUR CONSTITUTION	366
13.2	SHARE CAPITAL	371
13.3	LIMITATION ON THE RIGHT TO OWN SECURITIES	372
13.4	PUBLIC TAKE-OVERS	372
13.5	EXCHANGE CONTROLS	373
13.6	MATERIAL LITIGATION, CLAIMS AND ARBITRATION	373
13.7	MATERIAL CONTRACTS	373
13.8	CONSENTS	373
13.9	RESPONSIBILITY STATEMENTS	374
13.10	DOCUMENTS FOR INSPECTION	374
<b>14.</b>	<b>SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE</b>	
14.1	OPENING AND CLOSING OF APPLICATIONS	375
14.2	METHODS OF APPLICATIONS	375
14.3	ELIGIBILITY	376
14.4	PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS	377
14.5	PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS	378
14.6	PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS	378
14.7	AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE	378
14.8	OVER / UNDER-SUBSCRIPTION	379
14.9	UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS	379
14.10	SUCCESSFUL APPLICANTS	380
14.11	ENQUIRIES	381
<b>ANNEXURE A:</b>	<b>BY-LAWS FOR THE ESOS</b>	<b>A-1</b>

## 1. CORPORATE DIRECTORY

### BOARD OF DIRECTORS

Name / (Designation)	Address	Nationality
<b>Ooi Hooi Kiang</b> (Non-Independent Non-Executive Chairperson)	9-15, 231 TR Service Suite Jalan Tun Razak 50400 Kuala Lumpur Wilayah Persekutuan Kuala Lumpur, Malaysia	Malaysian
<b>Ooi Lay Pheng</b> (Executive Director / CEO)	11-A, Jalan Tembaga Island Park 11600 Jelutong Pulau Pinang, Malaysia	Malaysian
<b>Ong Kah Hong</b> (Executive Director / COO)	32A, Lorong Rajawali 4 Tree Residency 11900 Bayan Lepas Pulau Pinang, Malaysia	Malaysian
<b>Dato' Seri Lee Kah Choon</b> (Independent Non-Executive Director)	1, Lebuhraya Tembaga 11600 Jelutong Pulau Pinang, Malaysia	Malaysian
<b>Dato' Mohamed Amin Bin Mohd Kassim</b> (Independent Non-Executive Director)	No. 40, Jalan SS17/1B 47500 Subang Jaya Selangor, Malaysia	Malaysian
<b>Phoon Yee Min</b> (Independent Non-Executive Director)	1-15-1, Fiera Vista Medan Rajawali 11900 Bayan Lepas Pulau Pinang, Malaysia	Malaysian

### AUDIT AND RISK MANAGEMENT COMMITTEE

Name	Designation	Directorship
Phoon Yee Min	Chairperson	Independent Non-Executive Director
Dato' Seri Lee Kah Choon	Member	Independent Non-Executive Director
Dato' Mohamed Amin Bin Mohd Kassim	Member	Independent Non-Executive Director

### NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Seri Lee Kah Choon	Chairman	Independent Non-Executive Director
Dato' Mohamed Amin Bin Mohd Kassim	Member	Independent Non-Executive Director
Phoon Yee Min	Member	Independent Non-Executive Director

### REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Mohamed Amin Bin Mohd Kassim	Chairman	Independent Non-Executive Director
Dato' Seri Lee Kah Choon	Member	Independent Non-Executive Director
Phoon Yee Min	Member	Independent Non-Executive Director

**1. CORPORATE DIRECTORY (Cont'd)**

---

**COMPANY SECRETARIES**

: Tai Yit Chan  
79, Jalan SS22/32  
Damansara Jaya  
47400 Petaling Jaya  
Selangor, Malaysia

Telephone No. : (03) 7890 4800

SSM Practicing : 202008001023  
Certificate No.

Professional : Malaysian Institute of Chartered Secretaries  
Qualification and Administrators ("**MAICSA**")  
(Membership No.: MAICSA 7009143)

Ong Tze-En  
Villa Batu Bukit  
7-2-1, Jalan Batu Bukit  
10470 Tanjung Tokong  
Pulau Pinang, Malaysia

Telephone No. : (04) 229 4390

SSM Practicing : 202008003397  
Certificate No.

Professional : Malaysian Institute of Chartered Secretaries  
Qualification and Administrators ("**MAICSA**")  
(Membership No.: MAICSA 7026537)

Lau Yoke Leng  
109-13A-05  
Gambier Height Apartment Persiaran Bukit Gambir 1  
11700 Gelugor  
Pulau Pinang, Malaysia

Telephone No. : (04) 229 4390

SSM Practicing : 202008003368  
Certificate No.

Professional : Malaysian Institute of Chartered Secretaries  
Qualification and Administrators ("**MAICSA**")  
(Membership No.: MAICSA 7034778)

Boardroom Corporate Services Sdn Bhd  
170-09-01, Livingston Tower  
Jalan Argyll  
10050 George Town  
Pulau Pinang, Malaysia

Telephone No. : (04) 229 4390

**1. CORPORATE DIRECTORY (Cont'd)**

---

**REGISTERED OFFICE** : 170-09-01, Livingston Tower  
Jalan Argyll  
10050 George Town  
Pulau Pinang, Malaysia

Telephone No. : (04) 229 4390  
Facsimile No. : (04) 226 5860

**HEAD OFFICE** : 1328, Jalan Sungai Baong  
Furniture Industrial Estate  
14200 Sungai Bakap  
Pulau Pinang, Malaysia

Telephone No. : (04) 582 9980  
Facsimile No. : (04) 582 8980  
Email : sales@berjayapak.com  
Website : www.berjayapak.com

**PRINCIPAL ADVISER,  
SPONSOR, SOLE  
UNDERWRITER AND JOINT  
PLACEMENT AGENT** : Alliance Islamic Bank Berhad  
Level 3, Menara Multi-Purpose  
Capital Square  
8, Jalan Munshi Abdullah  
50100 Kuala Lumpur

Telephone No. : (03) 2604 3333

**EXTERNAL AUDITORS AND  
REPORTING ACCOUNTANTS** : BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206)  
51-21-F, Menara BHL  
Jalan Sultan Ahmad Shah  
10050 Penang

Telephone No. : (04) 222 0288

Partner-in-charge : Lee Beng Tuan  
Approval No. : 03271/07/2024 J  
Professional : Chartered Accountant,  
Qualification : Malaysian Institute of Accountants ("MIA")  
(MIA Membership No. : 15129)

**SOLICITORS**

*To our Group as to the laws of Malaysia*

Rosli Dahlan Saravana Partnership  
Level 16, Menara 1 Dutamas  
Solaris Dutamas  
No. 1, Jalan Dutamas 1  
50480 Kuala Lumpur

Telephone No. : (03) 6209 5400  
Partner-in-charge : Ong Eu Jin

**1. CORPORATE DIRECTORY (Cont'd)**

---

- SOLICITORS (Cont'd)** : *To our Group as to the laws of Vietnam*
- Dilinh Legal  
3F Broadway C  
150 Nguyen Luong Bang St.  
Tan Phu Ward, Dist. 7  
Ho Chi Minh City  
Vietnam
- Telephone No. : +84 28 6298 3778  
Partner-in-charge : Hoang Thi Ngoc Diep (Diep Hoang)
- INDEPENDENT MARKET RESEARCHER** : SMITH ZANDER INTERNATIONAL SDN BHD  
15-01, Level 15, Menara MBMR  
1, Jalan Syed Putra  
58000 Kuala Lumpur
- Telephone No. : (03) 2732 7537
- Managing Partner : Dennis Tan Tze Wen
- Qualification : Bachelor of Science  
Memorial University of Newfoundland,  
Canada
- JOINT PLACEMENT AGENT** : Affin Hwang Investment Bank Berhad  
27th Floor, Menara Boustead  
69, Jalan Raja Chulan  
50200 Kuala Lumpur
- Telephone No. : (03) 2142 3700
- ISSUING HOUSE** : Malaysian Issuing House Sdn Bhd  
11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya, Selangor
- Telephone No. : (03) 7890 4700
- SHARE REGISTRAR** : Boardroom Share Registrars Sdn Bhd  
11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya, Selangor
- Telephone No. : (03) 7890 4700
- LISTING SOUGHT** : ACE Market of Bursa Securities
- SHARIAH STATUS** : Approved by the SAC

## 2. APPROVALS AND CONDITIONS

### 2.1 APPROVALS FROM RELEVANT AUTHORITIES

#### 2.1.1 Bursa Securities

Bursa Securities had, vide its letter dated 13 October 2022, approved our admission to the Official List and the listing of and quotation for our entire enlarged issued share capital of RM74,353,509 comprising 560,000,000 Shares and the new Shares of up to ten percent (10%) of our total number of issued Shares at any point in time pursuant to the ESOS on the ACE Market. The approval from Bursa Securities is subject to the following conditions:

Details of conditions imposed	Status of compliance
<p>1. Submission of the following information with respect to the moratorium on the shareholdings of the Specified Shareholders and Pre-Listing Investors to Bursa Depository:</p> <p>(a) Name of shareholders;</p> <p>(b) Number of Shares; and</p> <p>(c) Date of expiry of the moratorium for each block of Shares.</p>	To be complied prior to Listing.
<p>2. Approvals from other relevant authorities have been obtained for implementation of the listing proposal;</p>	Complied.
<p>3. Bumiputera equity requirements for public listed companies as approved/exempted by the SC including any conditions imposed thereon;</p>	Complied.
<p>4. Make the relevant announcements pursuant to Rules 8.1 and 8.2 of Guidance Notes 15 of Listing Requirements;</p>	To be complied prior to Listing.
<p>5. Furnish Bursa Securities a copy of the schedule of distribution showing compliance with the public shareholding spread requirements based on the entire issued share capital of L&amp;P Global on the first day of Listing;</p>	To be complied upon Listing.
<p>6. In relation to the public offering to be undertaken by L&amp;P Global, to announce at least 2 Market Days prior to the Listing date, the result of the offering including the following:</p> <p>(a) Level of subscription of public balloting and placement;</p> <p>(b) Basis of allotment/allocation;</p> <p>(c) A table showing the distribution for placement tranche as per the format attached in Appendix I of the approval letter of Bursa Securities; and</p> <p>(d) Disclosure of placees who become substantial shareholders of L&amp;P Global arising from the public offering, if any.</p> <p>AIS to ensure that the overall distribution of the Company's securities is properly carried out to mitigate any disorderly trading in the secondary market;</p>	To be complied prior to Listing.

**2. APPROVALS AND CONDITIONS (Cont'd)**

Details of conditions imposed	Status of compliance
7. L&P Global and AIS to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to Rule 6.43 of the Listing Requirements and stating the effective date of implementation of the ESOS. L&P Global is also required to furnish Bursa Securities on a quarterly basis, a summary of the total number of new Shares listed arising from the issuance of new Shares pursuant to the ESOS as at the end of each quarter together with a detailed computation of listing fees payable; and	To be complied where applicable.
8. L&P Global / AIS to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval upon the admission of L&P Global to the Official List.	To be complied upon Listing.

**2.1.2 SC**

Our Listing Scheme is an exempt transaction under Section 212(8) of the CMSA and is therefore not subject to the approval of the SC.

The SC had, vide its letter dated 14 October 2022, approved the resultant equity structure of L&P Global under the Bumiputera equity requirement for public listed companies pursuant to our Listing, subject to our Company allocating Shares equivalent to 12.50% of its enlarged number of issued Shares at the point of Listing to Bumiputera investors to be approved by MITI. In addition, our Company is to make available at least 50.00% of the Shares offered to the Malaysian public investors via balloting to Bumiputera public investors at the point of Listing.

The effects of our Listing on the equity structure of our Group are as follows:

Category of shareholders	As at 31 May 2022 <sup>(1)</sup>		After our Listing	
	No. of Shares	% of number of issued Shares	No. of Shares	% of enlarged number of issued Shares
<b>Bumiputera</b>				
Bumiputera investors to be approved by MITI	-	-	<sup>(2)</sup> 70,000,000	12.50%
Bumiputera public investors via balloting	-	-	<sup>(2)</sup> 14,000,000	2.50%
<b>Total Bumiputera</b>	-	-	<b>84,000,000</b>	<b>15.00%</b>
Non-Bumiputera	10	100.00%	476,000,000	85.00%
<b>Malaysians</b>	<b>10</b>	<b>100.00%</b>	<b>560,000,000</b>	<b>100.00%</b>
Foreigners	-	-	-	-
<b>Total</b>	<b>10</b>	<b>100.00%</b>	<b>560,000,000</b>	<b>100.00%</b>



**2. APPROVALS AND CONDITIONS (Cont'd)****Notes:**

- (1) Being the latest practicable date, prior to the submission of our Listing to Bursa Securities.
- (2) Based on the assumption that the Shares offered to Bumiputera investors to be approved by MITI and Bumiputera public investors via balloting shall be fully subscribed.

**2.1.3 MITI**

The MITI had, vide its letter dated 1 August 2022, taken note of and has no objection to our Listing.

**2.1.4 SAC**

The SAC had, vide its letter dated 28 June 2022, classified our Shares as Shariah-compliant based on the latest audited combined financial statements of L&P Global for the FYE 2021.

**2.2 MORATORIUM ON OUR SHARES****2.2.1 Moratorium on Specified Shareholders' Shares**

In compliance with the Rule 3.19(1A)(b) of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of the Shares held by our Specified Shareholders for a period of 6 months from the date of our admission to the Official List.

Our Specified Shareholders are:

- (a) B Pack and its shareholders, namely Ooi Lay Pheng, Lee Soon Swee, Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei; and
- (b) Moviente and its shareholders, namely Ooi Hooi Kiang and Ong Kah Hong.

Details of our Specified Shareholders and their Shares which will be subject to moratorium are as set out in the table below. For avoidance of doubt, Lee Soon Swee, Ooi Chang Seaw and Ooi Eng Leng do not have any direct equity interest in our Company before and after our IPO, save for their direct equity interest in B Pack. Please refer to Section 5.1.1 of this Prospectus for further details of their shareholdings in our Company.

Name of Specified Shareholders	Moratorium shares	
	No. of Shares	% of enlarged issued share capital <sup>(1)</sup>
B Pack	368,500,000	65.80
Ooi Lay Pheng	<sup>(2)</sup> 2,000,000	0.36
Ooi Yuen Wei	<sup>(2)</sup> 500,000	0.09
Moviente <sup>(3)</sup>	26,820,000	4.79
Ooi Hooi Kiang <sup>(3)</sup>	<sup>(2)</sup> 300,000	0.06
Ong Kah Hong <sup>(3)</sup>	<sup>(2)</sup> 1,000,000	0.18
<b>Total</b>	<b>399,120,000</b>	<b>71.28</b>

**Notes:**

- (1) Based on our enlarged issued share capital of 560,000,000 Shares after our IPO.
- (2) Issue Shares allocated under the Pink Form Allocation.

**2. APPROVALS AND CONDITIONS (Cont'd)**

- (3) On 18 September 2021, Moviente entered into a share sale agreement to acquire 6% equity interest in BSB, comprising 408,000 ordinary shares in BSB, from Ooi Lay Pheng, Lee Soon Swee, Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei for a cash consideration of RM1.80 million. The purchase consideration was arrived at after taking into account the net tangible assets of BSB based on its audited financial statements for the FYE 2020. The acquisition was completed on 13 October 2021. As at the LPD, Ooi Hooi Kiang and Ong Kah Hong hold 80% and 20% equity interests in Moviente, respectively.

Ooi Hooi Kiang is our Non-Independent Non-Executive Chairperson. Her extensive experience in business and corporate will be of contribution to our Company's future business growth and financial strategies. She will also be able to guide our Company, as a public listed company, in terms of Corporate Governance and sustainability with her experience with other public listed companies. Ong Kah Hong is our Executive Director / COO. He had joined our Group since 2003 and has contributed significantly over the past 19 years. His in-depth knowledge with our Group is important in managing the overall operations and production of our Group. As such, we have provided them with the opportunity to participate in the equity of our Company as Specified Shareholders and Pre-Listing Investors via Moviente, as both of them are Directors of our Company.

Our Specified Shareholders above have provided written undertaking letters that they will not sell, transfer or assign any part of their interest in the Shares during the moratorium period. In addition, the shareholders of B Pack namely, Ooi Lay Pheng, Lee Soon Swee, Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei, and the shareholders of Moviente, namely Ooi Hooi Kiang and Ong Kah Hong, have also undertaken not to sell, transfer or assign any part of their shareholdings in B Pack and Moviente, respectively, during the moratorium period.

The moratorium, which is fully accepted by our Specified Shareholders above, is specifically endorsed on our share certificate representing their shareholdings, which is under moratorium to ensure that our Share Registrar will not register any transfer and sale that are not in compliance with the aforesaid restriction imposed.

**2.2.2 Moratorium on Pre-Listing Investors' Shares**

In accordance with Rule 3.19A of the Listing Requirements, a moratorium will be imposed on the sale, transfer or assignment of the Shares held by our Pre-Listing Investors for a period of 6 months from the date of our admission to the Official List.

Our Pre-Listing Investors include Moviente, B Line, Ooi Hooi Kiang, Ong Kah Hong, Tan Ee Lin and Lim Cheng Wei. Details of our Pre-Listing Investors and their Shares which will be subject to moratorium are as set out in the table below. Please refer to Section 2.2.1 of this Prospectus for the details of moratorium on Moviente, Ooi Hooi Kiang and Ong Kah Hong's Shares.

Name of Pre-Listing Investors	Moratorium shares	
	No. of Shares	% of enlarged issued share capital <sup>(1)</sup>
B Line <sup>(3)</sup>	17,880,000	3.19
Tan Ee Lin <sup>(3)</sup>	<sup>(2)</sup> 500,000	0.09
Lim Cheng Wei <sup>(3)</sup>	<sup>(2)</sup> 400,000	0.07
<b>Total</b>	<b>18,780,000</b>	<b>3.35</b>

**Notes:**

- (1) Based on our enlarged issued share capital of 560,000,000 Shares after our IPO.
- (2) Issue Shares allocated under the Pink Form Allocation.

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**2. APPROVALS AND CONDITIONS (Cont'd)**

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- (3) On 18 September 2021, B Line entered into a share sale agreement to acquire 4% equity interest in BSB, comprising 272,000 ordinary shares in BSB, from Ooi Lay Pheng, Lee Soon Swee, Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei for a cash consideration of RM1.20 million. The purchase consideration was arrived at after taking into account the net tangible assets of BSB based on its audited financial statements for the FYE 2020. The acquisition was completed on 21 September 2021. As at the LPD, Tan Ee Lin and Lim Cheng Wei hold 50% equity interests in B Line, respectively.

Tan Ee Lin is our Senior Business Development Manager, responsible in overseeing the account management team and order fulfilment team. Lim Cheng Wei is our Account Manager, responsible in business development plan, implementing plans for business growth and sourcing strategy in order to achieve effective sourcing and enhance supply chain management (mainly for foreign suppliers). Both of them are our key staff in business development and sourcing department. Lim Cheng Wei is also being identified as a key personnel from our middle management for grooming and training to further develop his competencies and skills to fill leadership positions within our Group in future. As such, we have also provided them with the opportunity to participate in the equity of our Company as Pre-Listing Investors and ultimately, participate in the prospects and future growth of our Group.

Our Pre-Listing Investors have provided written undertaking letters that they will not sell, transfer or assign any part of their interest in the Shares during the moratorium period. The shareholders of B Line, namely Tan Ee Lin and Lim Cheng Wei, have also undertaken not to sell, transfer or assign any part of their shareholdings in B Line during the moratorium period

The moratorium, which is fully accepted by our Pre-Listing Investors is specifically endorsed on our share certificate representing their shareholdings, which is under moratorium to ensure that our Share Registrar will not register any transfer and sale that are not in compliance with the aforesaid restriction imposed.

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### 3. PROSPECTUS SUMMARY

This Prospectus Summary only highlights the key information from other parts of this Prospectus. It does not contain all the information that may be important to you. You should read and understand the contents of the whole Prospectus prior to deciding on whether to invest in our Shares.

#### 3.1 PRINCIPAL DETAILS RELATING TO OUR IPO

The following details relating to our IPO are derived from the full text of this Prospectus and should be read in conjunction with that text:

<b>Number of Shares to be issued under the Public Issue</b>	<b>113,000,000</b>
- <i>Malaysian Public</i>	24,000,000
- <i>Eligible Persons</i>	13,000,000
- <i>Private placement to selected investors</i>	6,000,000
- <i>Private placement to selected Bumiputera investors approved by the MITI</i>	70,000,000
<b>Number of Shares to be offered under the Offer for Sale</b>	<b>33,800,000</b>
Enlarged issued share capital upon Listing	RM74,353,509 comprising 560,000,000 Shares
Enlarged issued share capital assuming full exercise of the First Tranche of ESOS <sup>^</sup>	RM77,713,509 comprising 571,200,000 Shares
IPO Price	RM0.30
Market capitalisation upon Listing (based on the IPO Price and our enlarged issued share capital after the IPO)	RM168,000,000

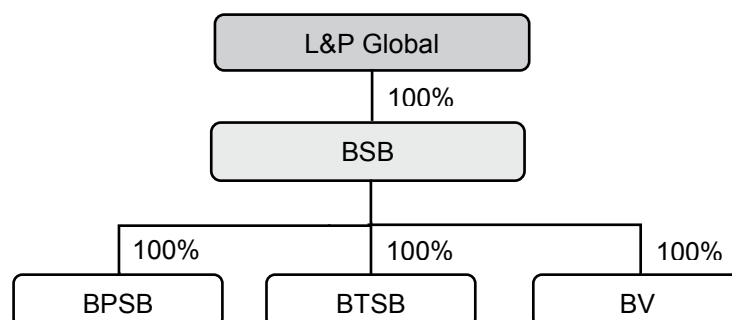
**Note:**

<sup>^</sup> For illustration purposes, assuming the First Tranche of ESOS is granted and vested immediately upon Listing, and that all ESOS Options under the First Tranche of ESOS are exercised at an exercise price of RM0.30 each, being the IPO Price. Please refer to Section 4.1.1(d)(vi) of this Prospectus for the details of the vesting period of the First Tranche of ESOS.

The entire shareholdings of our Specified Shareholders and Pre-Listing Investors after our IPO will be held under moratorium for 6 months from the date of our Listing. Further details on our IPO and moratorium on our Shares are set out in Sections 4.1 and 2.2 of this Prospectus, respectively.

#### 3.2 BACKGROUND AND OVERVIEW

Our Group have been in business for 38 years. Our Company was incorporated in Malaysia under the Act on 30 August 2021 as a private limited company under the name of Berjayapak International Holdings Sdn Bhd and changed the name to L&P Global Sdn Bhd on 27 January 2022. Our company was subsequently converted to a public limited company on 22 March 2022. Our Company is principally involved in investment holding and provision of management services. Our Group's current corporate structure is illustrated below:

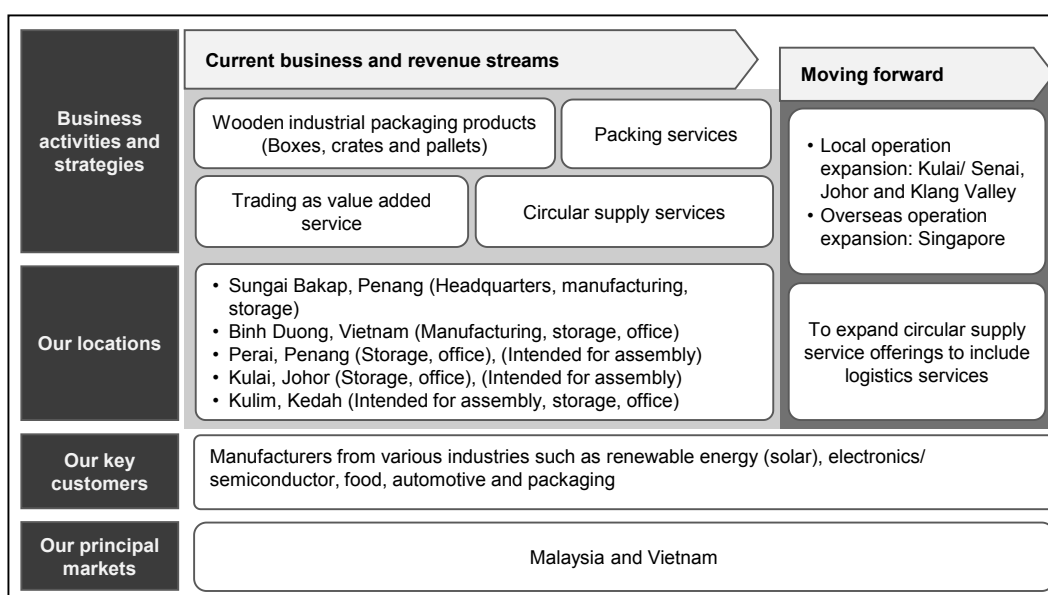


### 3. PROSPECTUS SUMMARY (Cont'd)

The principal activities of our subsidiaries are as follows:

Company	Place of incorporation / Principal place of business	Principal activities
BSB	Malaysia	Design and manufacture of integrated wooden based industrial packaging solutions
<b>Subsidiaries of BSB</b>		
BPSB	Malaysia	Letting of premises
BTSB	Malaysia	Manufacture of wooden based industrial packaging solutions, provide packaging services, letting of premises
BV	Vietnam	Design and manufacture of integrated wooden based industrial packaging solutions

We are an integrated industrial packaging solutions provider where our solutions are integral parts of supply chain management that enable optimal use of industrial packaging products through cost-effective and efficient movement of goods throughout the supply chain, inventory management and space usage. The following is an overview of our Group's business model:



Our integrated industrial packaging solutions comprise the following:

**(i) Design and manufacturing of wooden industrial packaging products**

Industrial packaging is specialised and customisable packaging that provides protection to the products packaged during storage and transportation. We are involved in the design and manufacturing of wooden industrial packaging products comprising boxes, crates and pallets where all our boxes and crates are customised products while our pallets can be customised or sold as standard products with standard dimensions.

**(ii) Provision of packing services**

We provide packing services as value-added services when supplying boxes and crates to our customers, where we pack our customers' goods into our boxes and crates at our customers' premises. The goods that are packed into boxes and crates are generally high value, sensitive and large products such as machinery and equipment, which require added protection against impact due to movement.

**(iii) Provision of circular supply services**

We collect, repair and re-manufacture worn and broken pallets into usable recycled pallets. Repair works include replacing components or complete dismantling of the pallet to salvage any usable components. We also collect used pallets from scrap collectors.

### 3. PROSPECTUS SUMMARY (Cont'd)

#### (iv) Trading as value added services

We source and supply related products and raw materials when requested by our existing customers as value-added services. Examples of products we trade are plastic pallets, wood materials and packaging accessories.

Our revenue segmentation by principal business activities is as follows:

	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Boxes, crates and provision of packing services	33,041	49.83	56,591	64.09	83,262	68.85	58,651	69.97
Pallets	26,129	39.41	27,103	30.69	32,939	27.24	22,654	27.03
Provision of circular supply services	3,411	5.14	2,073	2.35	1,554	1.29	712	0.85
Trading as value added service	3,723	5.62	2,538	2.87	3,169	2.62	1,807	2.15
<b>Total revenue</b>	<b>66,304</b>	<b>100.00</b>	<b>88,305</b>	<b>100.00</b>	<b>120,924</b>	<b>100.00</b>	<b>83,824</b>	<b>100.00</b>

Further details of our Group and business model are set out in Section 6 of this Prospectus.

### 3.3 COMPETITIVE ADVANTAGES AND KEY STRENGTHS

Our Group's competitive advantages and key strengths are set out below:

**(i) We offer integrated and end-to-end industrial packaging solutions that complement our customers' supply chain management requirements and goals**

Our integrated industrial packaging solutions provide our customers end-to-end solutions from sourcing of materials, designing, manufacturing, assembly and supply of industrial packing products, packing of goods into our boxes and crates, to reusing, recycling and repairing of pallets. Further, we also offer trading as value added services to source any related products to meet our customers' complete industrial packaging needs.

**(ii) We have 38 years of experience in the industrial packaging industry, with in depth technical product and manufacturing expertise**

Our Group has been operating in the industrial packaging industry for 38 years. We have the in-depth technical knowledge on wood materials to advise our customers on the appropriate types of wood materials, designs and sizes of industrial packaging products that are suitable to their requirements and specifications. Our in-depth technical knowledge on wood materials also allows us to tailor our manufacturing processes of the wood materials according to our customers' requirements on different industrial packaging products.

**(iii) Our industrial packaging products meet international standards, giving our customers the confidence and assurance to use our industrial packaging products in their global supply chain needs**

Our industrial packaging products are manufactured in-house according to the ISPM 15 standard which is an international standard for regulating the movement of timber packaging and dunnage through international trade to prevent the global spread of timber pests (including fungal growth). To be compliant with the ISPM 15 standard, the natural wood used in the manufacturing of our industrial packaging products must undergo the heat treatment process and/or radio frequency process to reduce moisture content, which we carry out in-house. Industrial packaging products made from engineered wood are exempted from the ISPM 15 certification. However, if required by our customers, which is optional, industrial packaging products made from engineered wood can also undergo additional heat treatment and be applied with ISPM 15 marks.

### 3. PROSPECTUS SUMMARY (Cont'd)

Further, we have established our in-house testing capability for pallets based on the methods and steps outlined in in ISO 8611-1:2011, ASTM 1815-98a and GB/T 4996 in 2019 in terms of nominal load, maximum working load and durability comparison, to ensure that the products are sturdy for packaging goods.

- (iv) **We have established longstanding relationships with our major customers comprising notable MNCs and a customer base covering various manufacturing industries**

We have provided industrial packaging solutions to notable customers which are locally and/or globally recognised, including MNCs. Further, we are able to serve customers from various manufacturing industries such as renewable energy (solar), electronics /semiconductor, food, automotive, packaging and others.

- (v) **We have established relationships with our wood material suppliers which allow us to secure sufficient supply of wood materials that meets our manufacturing requirements**

We have developed and established business relationships with our local and foreign suppliers, primarily sawmills, wood manufacturers and traders which have allowed us to secure a selection of wood materials, to cater to the demand for industrial packaging products. Our ability to build a large network of suppliers has allowed us to have access to wood material supplies in a timely manner, as well as enabling us to carry sufficient wood material inventory.

- (vi) **Our key senior management team has corporate and industry experience to drive the future growth of our Group**

Our Group is led by our key senior management team that has corporate experience and possesses in-depth knowledge of the industry and/or in their respective fields.

Further details of our competitive advantages and key strengths are set out in Section 6.1.3 of this Prospectus.

### 3.4 BUSINESS STRATEGIES AND PLANS

Our Group's business strategies and plans are summarised as below:

- (i) **We plan to strengthen our presence in the Northern region by expanding our operations in Perai, Penang and Kulim, Kedah**

Our Group plans to relocate part of its assembly activities for boxes and crates from Sungai Bakap Factory to Perai Branch and install new assembly lines at the Perai Branch to allow ready-to-use components for boxes and crates that are manufactured at the Sungai Bakap Factory to be assembled into final products (boxes and crates) at the Perai Branch. We also intend to set up an office, storage space, relocate part of its assembly activities for boxes and crates to Kulim Branch and install new assembly line to assemble boxes and crates at the Kulim Branch.

By relocating part of our assembly activities for boxes and crates from Sungai Bakap Factory to Perai Branch and Kulim Branch, it will also free up some manufacturing space in the Sungai Bakap Factory which will allow us to expand our manufacturing capacity in the Sungai Bakap Factory. Our Group will still continue to carry out assembly activities in the Sungai Bakap Factory, based on the requirements of respective customers.

- (ii) **We plan to strengthen our presence in the Southern region by expanding our operations in Johor**

Our Group plans to install assembly lines at the Kulai Branch to allow ready-used components that are manufactured at the Sungai Bakap Factory to be assembled into final product at the Kulai Branch.

### 3. PROSPECTUS SUMMARY (Cont'd)

Further, we plan to expand our operations in Johor by constructing a new, larger factory (“**Proposed New Johor Factory**”) which will include manufacturing of components, and larger assembly and storage space. Our Proposed New Johor Factory will produce boxes and crates, as well as provide packing services and facilitate our circular supply services.

(iii) **We plan to expand our geographical presence domestically to Klang Valley and regionally to Singapore**

We plan to set up an assembly plant and storage in the Klang Valley (“**Proposed New KV Factory**”) and Singapore (“**Proposed New Singapore Factory**”). We plan to carry out assembly works for final products comprising boxes and crates at the Proposed New KV Factory and Proposed New Singapore Factory, as well as providing packing services and facilitate our circular supply services. Our wood materials will continue to undergo heat treatment and processing at our Sungai Bakap Factory, and delivered for assembly and storage at our Proposed New KV Factory and Proposed New Singapore Factory.

(iv) **We intend to purchase new machineries to support the expansion of our business operations**

To support the expansion of our business operations, we intend to purchase the new machineries, including forklift, lorry and truck, packing truck, cutting machine, multi ripping machine and sanding machine, to facilitate the setting up of the Proposed New Johor Factory, Proposed New KV Factory and Proposed New Singapore Factory.

(v) **We plan to expand our circular supply services to offer a more comprehensive circular supply chain solution to our customers**

We intend to expand our circular supply service offerings by extending logistics services to our customers who purchase industrial packaging products from us where we will transport our customers’ products to their customers’ premises, and collect and send the used industrial packaging products back to our nearest branch, before delivering the same to our Sungai Bakap Factory for reuse or recycling. As such, we will be able to play a bigger role in facilitating our customers’ supply chain management and allow us to generate additional income streams. We intend to leverage on our new planned factories, to cater for assembly and storage of industrial packaging products throughout Malaysia to support the growth of our extended circular supply services in the future.

Further details of our business strategies and plans are set out in Section 6.8 of this Prospectus.

### 3.5 RISK FACTORS

Before investing in our Shares, you should carefully consider, along with other matters in this Prospectus, certain risks and investment considerations (which may occur either individually or in combination, at the same time or around the same time) that may have a significant impact on our future financial performance.

The following are the key risks and investment considerations that we are currently facing or that may develop in the future:

(i) **We are dependent on First Solar Group of Companies (“First Solar”) as our major customer**

We are dependent on First Solar which contributed 41.78%, 57.70%, 59.40% and 55.39% to our total revenue for the past 3 FYEs 2019 to 2021 and FPE 2022, respectively. Further, First Solar Vietnam Manufacturing Co Ltd is our sole customer in Vietnam which contributed 100% of our revenue generated from Vietnam operations for the past 3 FYEs 2019 to FYE 2021 and FPE 2022.



### 3. PROSPECTUS SUMMARY (Cont'd)

Any decrease in the value of orders from First Solar could have an adverse effect on our financial performance. Although they have been our customer since 2008, there is no assurance that they will continue to purchase from our Group or that demand from them will be sustained at current, or higher levels in the future.

**(ii) We are dependent on the availability of foreign workers for our manufacturing activities**

Our Group is reliant on foreign workers to carry out our manufacturing works due to the labour intensive nature of the industry, as it is difficult to hire and retain local workers. The loss of our existing foreign workers without timely replacements may adversely disrupt our operations. Further, costs of foreign labour may continue to increase in the future as the Government continues to revise the relevant policies which may negatively affect our financial performance.

Our Group was also affected by the hiring freeze announced by the Human Resources Minister in June 2020 as we have insufficient workforce to support our production activities during the hiring freeze period. If the hiring freeze is reimposed, we may face insufficiency of workers which may result in disruption to our operations.

**(iii) Our business is exposed to unexpected interruptions or delays caused by equipment failures, fire, environmental factors (including natural disasters), some of which may be beyond our control, which may lead to interruptions in our operation**

We rely on machinery and equipment such as the heat treatment chamber, radio frequency machines, boilers and multi-ripping machine to carry out manufacturing activities in our factories, which may, on occasion, be out of service due to unanticipated failures or damages sustained during operations. As one of the main raw materials to our manufacturing activities is wood, we are subject to higher inherent risks of fires as wood is a flammable material.

**(iv) We are dependent on our CEO, COO and key senior management personnel for continued success and the loss of their continued services may affect our business**

Our continued and future success largely depends on the continuing contribution of our CEO, COO and key senior management personnel with their corporate experience and in-depth knowledge of the industry and/or in their respective fields. As such, any loss of these personnel, and our inability to find a suitable replacement in a timely manner, may create an unfavourable or material impact on our Group's operations.

Please refer to Section 8 of this Prospectus for further details and the full list of risk factors which should be considered before investing in our Shares.

#### 3.6 OUTBREAK OF COVID-19 PANDEMIC

Our business and operations faced minor temporary interruption pursuant to the outbreak of the COVID-19 virus in the countries we operate in and transact. As we are supporting the logistics industry which was categorised as essential services, our Group obtained an approval letter from MITI to operate and were required to comply with the changes in the SOP outlined by MITI throughout the period. From 20 July 2021 to 25 July 2021, the office of our Sungai Bakap Factory was temporarily closed for disinfection as instructed by the Ministry of Health Malaysia ("KKM") due to 23 positive cases amongst our employees in the Sungai Bakap Factory. Nevertheless, our manufacturing area in Sungai Bakap Factory was allowed to continue operating.

The operations of BV were not affected as factories in Vietnam were allowed to operate during the period of the lockdown while complying with the control measures issued by the Ministry of Health, Vietnam. From July 2021 to October 2021, we set up accommodation, medical establishments and canteen in our Vietnam Factory in accordance with the relevant requirement by the authorities and as such our operations in Vietnam were not affected.

### 3. PROSPECTUS SUMMARY (Cont'd)

Since the outbreak of COVID-19 in March 2020, our sales activities have been able to continue to be carried out through online meetings so we have not faced any major disruption for our sales and marketing activities. Although we experienced occasional short term reduction in our sales volume, we were able to secure more sales and recorded higher growth in our revenue for the FYE 2020 and FYE 2021.

While we faced temporary supply disruptions and delays in the receipt of wood materials due to the movement restrictions imposed by various countries and disruptions in logistics, we have sufficient inventory of wood materials, especially engineered wood. Hence, the temporary supply disruptions and delays did not cause any major or prolonged disruptions to our manufacturing and delivery schedule as we placed orders for our wood materials in-advance in anticipation of the movement restrictions. Further, we focused on the sale and manufacturing of industrial packaging products made from engineered wood which are higher value products and require lesser amount of labour. There was no delay in order delivery to our customers which were operating during this period.

Despite the slight reduction of sales volume during the MCO period, Phase-1 NRP up to August 2021 of the Phase-2 NRP, our sales volume increased after these movement restrictions as our customers resumed their operations and increased their purchase orders. Hence, we were able to record higher revenue growth and there was no negative impact to our revenue recognition for the FYE 2020 and FYE 2021.

Beginning 1 April 2022, Malaysia entered into the "Transition to Endemic" phase. The operations at our headquarters and factories were not impacted and there was no material impact on our cash flows, liquidity, financial position and financial performance. Although Vietnam has not considered COVID-19 to be an endemic disease, there has been no further restrictions imposed on our operations in Vietnam up to date.

Please refer to Section 6.4.16 of this Prospectus for further details on interruptions to our business and operations due to the COVID-19 pandemic.

#### 3.7 DIRECTORS AND KEY SENIOR MANAGEMENT

Our Directors and key senior management are as follows:

Name	Designation
<b>Directors</b>	
Ooi Hooi Kiang	Non-Independent Non-Executive Chairperson
Ooi Lay Pheng	Executive Director / CEO
Ong Kah Hong	Executive Director / COO
Dato' Seri Lee Kah Choon	Independent Non-Executive Director
Dato' Mohamed Amin Bin Mohd Kassim	Independent Non-Executive Director
Phoon Yee Min	Independent Non-Executive Director
<b>Key Senior Management</b>	
Ooi Lay Pheng	Executive Director / CEO
Ong Kah Hong	Executive Director / COO
Ow Chooi Khim	CFO
Tan Ee Lin	Senior Business Development Manager
Ng So Yin	Senior Operations Manager
Ong Bee Ngoh	Senior Order Fulfilment Manager
Ch'ng Chun Geet	Senior Finance Manager

Further details on our Directors and key senior management are disclosed in Section 5 of this Prospectus.

### 3. PROSPECTUS SUMMARY (Cont'd)

#### 3.8 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

The details of our Promoters and substantial shareholders, and their respective shareholdings in our Company before and after our IPO are as follows:

Name	Nationality / Country of Incorporation	Before our IPO / As at the LPD		After our IPO <sup>(2)</sup>		Assuming full exercise of the First Tranche of ESOS upon Listing						
		Direct	Indirect	Direct	Indirect	Direct	Indirect					
		No. of Shares	No. of Shares	No. of Shares	No. of Shares	No. of Shares	No. of Shares					
		% <sup>(1)</sup>	% <sup>(1)</sup>	% <sup>(3)</sup>	% <sup>(3)</sup>	% <sup>(4)</sup>	% <sup>(4)</sup>					
<b>Promoters and substantial shareholders</b>												
B Pack	Malaysia	402,300,000	90.00	-	368,500,000	65.80	-	368,500,000	64.51	-		
Ooi Lay Pheng	Malaysian	-	402,300,000	<sup>(5)</sup> 90.00	2,000,000	0.36	368,500,000	<sup>(5)</sup> 65.80	4,000,000	0.70	368,500,000	<sup>(5)</sup> 64.51
Lee Soon Swee	Malaysian	-	402,300,000	<sup>(5)</sup> 90.00	-	-	368,500,000	<sup>(5)</sup> 65.80	-	-	368,500,000	<sup>(5)</sup> 64.51
Ooi Hooi Kiang	Malaysian	-	26,820,000	<sup>(6)</sup> 6.00	300,000	0.06	26,820,000	<sup>(6)</sup> 4.79	1,100,000	0.19	26,820,000	<sup>(6)</sup> 4.70
Ong Kah Hong	Malaysian	-	26,820,000	<sup>(6)</sup> 6.00	1,000,000	0.18	26,820,000	<sup>(6)</sup> 4.79	2,500,000	0.44	26,820,000	<sup>(6)</sup> 4.70
<b>Substantial shareholders</b>												
Moviente	Malaysia	26,820,000	6.00	-	26,820,000	4.79	-	-	26,820,000	4.70	-	-
<b>Promoters</b>												
Ooi Chang Seaw	Malaysian	-	-	-	-	-	-	-	-	-	-	-
Ooi Eng Leng	Malaysian	-	-	-	-	-	-	-	-	-	-	-
Ooi Yuen Wei	Malaysian	-	-	-	500,000	0.09	-	-	600,000	0.11	-	-

### 3. PROSPECTUS SUMMARY (Cont'd)

#### Notes:

- (1) Based on our issued share capital of 447,000,000 Shares after the Acquisition of BSB, but before our IPO.
- (2) Assuming our Directors / employees will fully subscribe for their respective allocation under the Pink Form Allocation.
- (3) Based on our enlarged issued share capital of 560,000,000 Shares after the Public Issue and Offer for Sale.
- (4) For illustration purposes, based on our enlarged issued share capital of 571,200,000 Shares after assuming full exercise of the First Tranche of ESOS as described in Section 4.1.1(d) of this Prospectus. Please refer to Section 4.1.1(d)(vi) of this Prospectus for the details of the vesting period of the First Tranche of ESOS.
- (5) Deemed interested by virtue of their shareholdings in B Pack pursuant to Section 8(4) of the Act.
- (6) Deemed interested by virtue of their shareholdings in Moviente pursuant to Section 8(4) of the Act.

Further details on our Promoters and substantial shareholders are disclosed in Section 5.1 of this Prospectus.

#### 3.9 USE OF PROCEEDS FROM OUR IPO

The total gross proceeds from our Public Issue amounting to RM33.90 million based on the IPO Price are intended to be used in the following manner:

Purposes	RM'000	%	Estimated time frame for use (from the Listing date)
Capital expenditure	10,000	29.50	Within 36 months
Business expansion	2,000	5.90	Within 36 months
Repayment of borrowings	5,000	14.75	Within 6 months
Working capital	13,000	38.35	Within 12 months
Estimated listing expenses	3,900	11.50	Within 3 months
<b>Total</b>	<b>33,900</b>	<b>100.00</b>	

There is no minimum subscription to be raised from our IPO. Further details on the use of proceeds are set out in Section 4.4 of this Prospectus.

Our Company will not receive any proceeds from the Offer for Sale. Based on the IPO Price, the gross proceeds from the Offer for Sale of approximately RM10.14 million will accrue entirely to the Offeror. The Offeror shall bear the entire incidental expenses and fees in relation to the Offer for Sale, amounting to approximately RM0.11 million.

The financial impact of the use of proceeds from our Public Issue is illustrated in the Pro Forma Consolidated Statements of Financial Position as at 31 July 2022 set out in Section 11.9 of this Prospectus.

**3. PROSPECTUS SUMMARY (Cont'd)****3.10 FINANCIAL HIGHLIGHTS**

The key financial highlights based on the historical audited combined financial statements of our Group for the Financial Years and Period Under Review are set out below:

	<b>FYE 2019 RM'000</b>	<b>FYE 2020 RM'000</b>	<b>FYE 2021 RM'000</b>	<b>FPE 2022 RM'000</b>
Revenue	66,304	88,305	120,924	83,824
Cost of sales	(52,892)	(69,898)	(91,734)	(66,708)
GP	13,412	18,407	29,190	17,116
PBT	5,649	10,971	18,200	10,071
PAT	4,393	9,852	14,330	7,941
GP margin <sup>(1)</sup> (%)	20.23	20.84	24.14	20.42
PBT margin <sup>(2)</sup> (%)	8.52	12.42	15.05	12.01
PAT margin <sup>(3)</sup> (%)	6.63	11.16	11.85	9.47

**Notes:**

- (1) GP margin is calculated based on GP divided by revenue.
- (2) PBT margin is calculated based on PBT divided by revenue.
- (3) PAT margin is calculated based on PAT divided by revenue.

Please refer to Section 11 of this Prospectus for further discussion on our historical audited combined financial information.

**3.11 DIVIDEND POLICY**

It is the intention of our Board to recommend and distribute a dividend of 20% - 50% of the profit attributable to the owners of the Company. Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business.

Investors should note that the intention to recommend dividends should not be treated as a legal obligation on our Company to do so. The level of dividends should also not be treated as an indication of our Company's future dividend policy. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. In determining dividends in respect of subsequent financial years, consideration will be given to maximising shareholders' value. Save for certain financial covenants which our subsidiaries are subject to, there is no dividend restriction being imposed on our Group currently.

Our Company had declared and paid dividend amounting to RM3.00 million for the FYE 2020 which represented approximately 30.45% of our PAT attributable to shareholders for FYE 2020. Our Group did not declare any dividend for the FYE 2019 and FYE 2021. Our Company had also declared and paid dividend amounting to RM5.60 million for the FYE 2022.

As at LPD, our Company has no intention to declare further dividends prior to the Listing.

Further details on our dividend policy are disclosed in Section 11.8 of this Prospectus.

#### 4. PARTICULARS OF OUR IPO

##### 4.1 DETAILS OF OUR IPO

##### 4.1.1 Listing Scheme

Our Listing Scheme in conjunction with and as an integral part of the listing of and quotation for our entire enlarged issued share capital on the ACE Market of Bursa Securities involves the following:

- (a) Acquisition of BSB;
- (b) Public Issue;
- (c) Offer for Sale;
- (d) ESOS;
- (e) Share Transfer; and
- (f) Listing.

##### (a) Acquisition of BSB

On 15 March 2022, our Company entered into a conditional share sale agreement to acquire the entire issued share capital of BSB of RM6,800,000 comprising 6,800,000 ordinary shares from the BSB Vendors set out below for a total purchase consideration of RM40,453,499.10. The purchase consideration was entirely satisfied by the issuance of 446,999,990 new Shares at an issue price of RM0.0905 per Share to the BSB Vendors as follows:

<b>BSB Vendors</b>	<b>Shareholdings held in BSB (%)</b>	<b>Purchase consideration (RM)</b>	<b>No. of L&amp;P Global Shares issued</b>
B Pack	90.00	36,408,149.19	402,299,991
Moviente	6.00	2,427,209.91	26,819,999
B Line	4.00	1,618,140.00	17,880,000
<b>Total</b>	<b>100.00</b>	<b>40,453,499.10</b>	<b>446,999,990</b>

The conditions precedent of the above share sale agreement included among others, the approval-in-principle of Bursa Securities for the Listing, the SC, MITI and SAC's approvals or notifications set out in Sections 2.1.2, 2.1.3 and 2.1.4 of this Prospectus, our Company's Directors' and shareholders' approvals for the Acquisition of BSB, BSB's Directors' approval for the registration of the transfer of the entire issued share capital of BSB under our Company's name in BSB's register of members, and all relevant approvals, consents and provisions required in relation to the Acquisition of BSB being obtained.

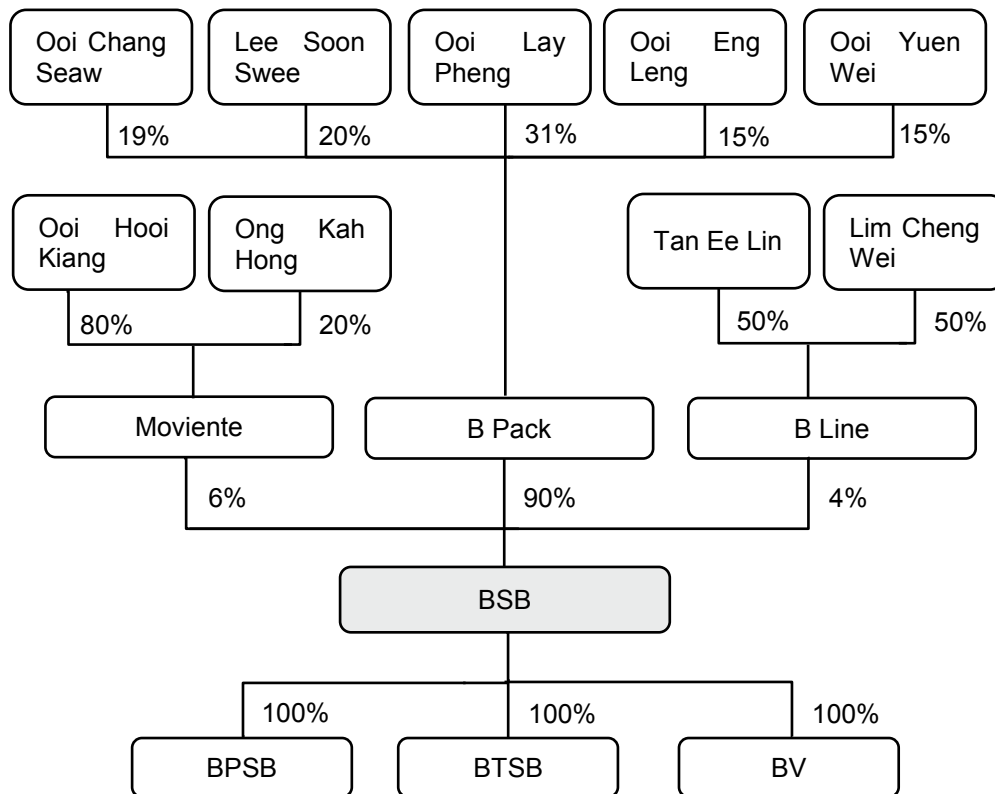
The purchase consideration of RM40,453,499.10 was arrived at on a willing buyer-willing seller basis and after taking into account the audited NA of BSB as at 31 December 2021 of RM40.45 million. The Acquisition of BSB was completed on 9 November 2022 and BSB subsequently became a wholly-owned subsidiary of our Company.

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**4. PARTICULARS OF OUR IPO (Cont'd)**

Our group structure before the Acquisition of BSB is as follows:

**Before the Acquisition of BSB**

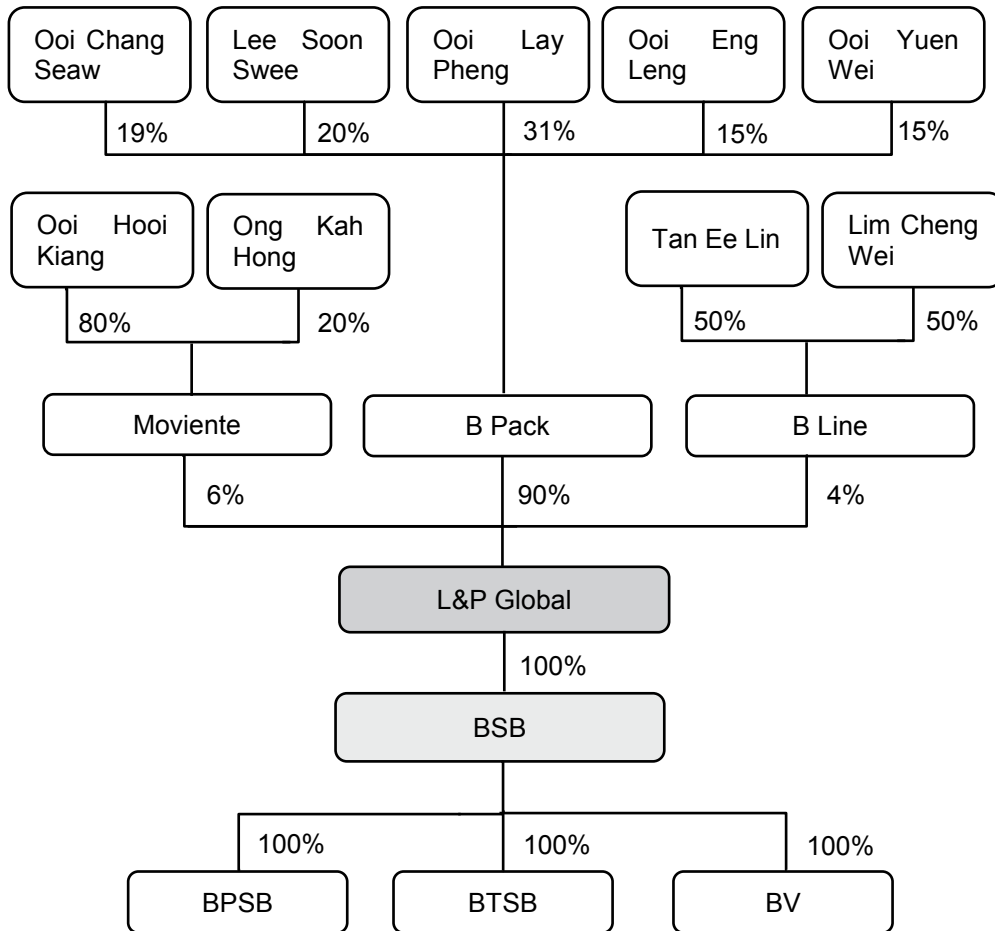


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**4. PARTICULARS OF OUR IPO (Cont'd)**

Our group structure after the completion of the Acquisition of BSB but before our IPO is as follows:

**After the Acquisition of BSB**



**(b) Public Issue**

The Public Issue of 113,000,000 new Shares, representing approximately 20.18% of our enlarged issued share capital upon Listing, at the IPO Price, is payable in full on Application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner:

**(i) Malaysian Public**

24,000,000 new Shares, representing approximately 4.29% of our enlarged issued share capital, will be made available for application by the Malaysian Public via balloting, of which 14,000,000 new Shares is to be set aside strictly for Bumiputera investors. Any Issue Shares reserved under the Malaysian Public balloting portion which are not fully subscribed for by the Malaysian Public will be made available for subscription as follows:

- (a) firstly, by the Eligible Persons (excluding the eligible Directors) under the Pink Form Allocation as described in Section 4.1.1(b)(ii) of this Prospectus;
- (b) secondly, by our selected investors as described in Section 4.1.1(b)(iii) of this Prospectus; and
- (c) lastly, by our Sole Underwriter based on the terms of the Underwriting Agreement.



**4. PARTICULARS OF OUR IPO (Cont'd)**

**(ii) Eligible Persons**

13,000,000 new Shares, representing approximately 2.32% of our enlarged issued share capital, will be made available for application by the Eligible Persons.

We will allocate the Issue Shares to the Eligible Persons in the following manner:

<b>Eligibility</b>	<b>No. of persons</b>	<b>Aggregate number of Issue Shares allocated</b>
Directors of L&P Global <sup>(1)</sup>	6	4,050,000
Employees <sup>(2)</sup>	Up to 100	8,060,000
Persons who have contributed to the success of our Group <sup>(3)</sup>	Up to 50	890,000
<b>Total</b>	<b>Up to 156</b>	<b>13,000,000</b>

**Notes:**

- (1) The criteria of allocation to our eligible Directors are based on, among others, their respective roles and responsibilities in our Group.
- (2) The criteria of allocation to the eligible employees of our Group (as approved by our Board) are based on, among others, the following factors:
  - (i) The employee must be a full time employee and on the payroll of our Group; and
  - (ii) The number of Issue Shares allocated to the eligible employees is based on their position, their length of service and their past performance / contribution as well as other factors deemed relevant by our Board.
- (3) The Issue Shares to be allocated to the persons who have contributed to the success of our Group, comprising our business associates and suppliers, shall be based on their contribution to our Group and as approved by our Board.

The number of Issue Shares to be allocated to our Directors are as follows:

<b>Name</b>	<b>Designation</b>	<b>Number of Issue Shares allocated</b>
Ooi Hooi Kiang	Non-Independent Non-Executive Chairperson	300,000
Ooi Lay Pheng	Executive Director / CEO	2,000,000
Ong Kah Hong	Executive Director / COO	1,000,000
Dato' Seri Lee Kah Choon	Independent Non-Executive Director	250,000
Dato' Mohamed Amin Bin Mohd Kassim	Independent Non-Executive Director	250,000
Phoon Yee Min	Independent Non-Executive Director	250,000
<b>Total</b>		<b>4,050,000</b>

**4. PARTICULARS OF OUR IPO (Cont'd)**

The number of Issue Shares to be allocated to our key senior management are as follows:

<b>Name</b>	<b>Designation</b>	<b>Number of Issue Shares allocated</b>
Ow Chooi Khim	CFO	800,000
Tan Ee Lin	Senior Business Development Manager	500,000
Ng So Yin	Senior Operations Manager	700,000
Ong Bee Ngoh	Senior Order Fulfilment Manager	450,000
Ch'ng Chun Geet	Senior Finance Manager	450,000
<b>Total</b>		<b>2,900,000</b>

Any Issue Shares reserved under the Pink Form Allocation which are not taken up will be made available for subscription as follows (subject always to the availability of the Issue Shares):

- (a) firstly, by other Eligible Persons (excluding the eligible Directors);
- (b) secondly, by the Malaysian Public and our selected investors as described in Sections 4.1.1(b)(i) and 4.1.1(b)(iii) of this Prospectus, respectively; and
- (c) lastly, by our Sole Underwriter based on the terms of the Underwriting Agreement.

As at the LPD, save as disclosed in Section 4.3 of this Prospectus, to the extent known to our Company:

- (a) there are no substantial shareholders, Directors or key senior management of our Company who have indicated to us that they intend to subscribe for the IPO Shares; and
- (b) there are no persons who have indicated to us that they intend to subscribe for more than 5.00% of the IPO Shares.

**(iii) Private placement to selected investors**

6,000,000 new Shares, representing approximately 1.07% of our enlarged issued share capital, will be made available by way of private placement to selected investors.

The Issue Shares reserved under the private placement to selected investors are not underwritten as written irrevocable undertakings to subscribe for these Issue Shares have been obtained from the respective identified investors.

**(iv) Private placement to Bumiputera investors approved by the MITI**

70,000,000 new Shares, representing 12.50% of our enlarged issued share capital, will be allocated by way of private placement to Bumiputera investors approved by the MITI ("**MITI Tranche**").

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**4. PARTICULARS OF OUR IPO (Cont'd)**

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The Issue Shares reserved under the private placement to Bumiputera investors approved by the MITI are not underwritten as written irrevocable undertakings to subscribe for these Issue Shares have been obtained from the respective Bumiputera investors.

In the event of under-subscription of the MITI Tranche by the Bumiputera investors approved by the MITI and subject to a corresponding over-subscription by selected investors or over-subscription by the Malaysian Public, the remaining portion will be clawed-back and be placed to the investors as follows:

- (a) firstly, the selected investors under Section 4.1.1(b)(iii) of this Prospectus (whom are institutional investors); and
- (b) secondly, the Bumiputera public investors under Section 4.1.1(b)(i) of this Prospectus.

Any remaining portion from the MITI Tranche which are not taken up by the selected investors and the Bumiputera public investors will be made available to the other public investors under Section 4.1.1(b)(i) of this Prospectus.

The basis of allocation of our Issue Shares shall take into account the desirability of distributing our Issue Shares to a reasonable number of applicants with a view of broadening the shareholding base of our Company to meet the public spread requirements and to establish a liquid and adequate market for our Shares. Applicants will be selected on a fair and equitable manner.

There is no over-allotment or "greenshoe" option that will result in an increase in the amount of our Issue Shares.

The salient terms of the Underwriting Agreement are set out in Section 4.6 of this Prospectus.

**(c) Offer for Sale**

33,800,000 Offer Shares, representing approximately 6.04% of our enlarged issued share capital, are offered by our Offeror to selected investors by way of private placement at the IPO Price. Our Offer for Sale is subject to the terms and conditions of this Prospectus.

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**4. PARTICULARS OF OUR IPO (Cont'd)**

The details of our Offeror and its relationship with our Group are as follows:

Name and address	Nature of relationship	Before our IPO / As at the LPD		Offer for Sale		After our IPO	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
B Pack No. 9A, Jalan Medan Tuanku Medan Tuanku Kuala Lumpur	Promoter and substantial shareholder	402,300,000	(1)90.00	33,800,000	(1)7.56 / (2)6.04	368,500,000	(2)65.80

**Notes:**

- (1) Based on our issued share capital of 447,000,000 Shares after the Acquisition of BSB, but before our IPO.
- (2) Based on our enlarged issued share capital of 560,000,000 Shares after the Public Issue and Offer for Sale.

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**4. PARTICULARS OF OUR IPO (Cont'd)****(d) ESOS**

In conjunction of our Listing, we will implement an ESOS of up to ten percent (10%) of our total number of issued Share(s) at any point in time during the existence of the ESOS, to be granted to the eligible Directors and employees of our Group.

The ESOS is part of the Group's employee retention programme, intended to motivate, retain and reward the eligible Directors and employees who have contributed to the growth and success of our Group. The ESOS will be administered by the ESOS Committee of our Group and will be governed by the By-Laws. The salient features of the ESOS are as follows:

**(i) Maximum number of new L&P Global Share(s) available under the ESOS**

The maximum number of Shares which may be made available under the ESOS shall not in aggregate exceed ten percent (10%) of the total number of issued shares of L&P Global (excluding treasury shares, if any) at any point in time throughout the duration of ESOS ("**Maximum ESOS Shares**"). The Maximum ESOS Shares upon Listing is 56,000,000 ESOS Options.

In conjunction with our Listing, we intend to offer up to 11,200,000 ESOS Options under the First Tranche of ESOS to our eligible Directors and employees of our Group, representing up to two percent (2%) of our enlarged issued share capital upon Listing.

The following is the proposed specific allocation of the ESOS Options to our eligible Directors and key senior management under the First Tranche of ESOS:

<b>Name</b>	<b>Designation</b>	<b>Number of ESOS Options allocated</b>
<b><u>Directors</u></b>		
Ooi Hooi Kiang	Non-Independent Non-Executive Chairperson	800,000
Ooi Lay Pheng	Executive Director / CEO	2,000,000
Ong Kah Hong	Executive Director / COO	1,500,000
Dato' Seri Lee Kah Choon	Independent Non-Executive Director	300,000
Dato' Mohamed Amin Bin Mohd Kassim	Independent Non-Executive Director	300,000
Phoon Yee Min	Independent Non-Executive Director	300,000
<b><u>Key senior management</u></b>		
Ow Chooi Khim	CFO	800,000
Tan Ee Lin	Senior Business Development Manager	700,000
Ng So Yin	Senior Operations Manager	700,000
Ong Bee Ngoh	Senior Order Fulfilment Manager	200,000
Ch'ng Chun Geet	Senior Finance Manager	200,000
<b>Total</b>		<b>7,800,000</b>

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**4. PARTICULARS OF OUR IPO (Cont'd)**


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**(ii) Basis of allocation and maximum allowable allocation**

Subject to any adjustments which may be made under the By-laws, the aggregate number of new Shares that may be allocated to any eligible Directors and employees of our Group shall be determined by the ESOS Committee, provided that:

- (a) the number of new Shares allocated to any eligible Directors and employees of our Group who, either singly or collectively through persons connected with the eligible Directors and employees, holds twenty percent (20%) or more of the total number of issued shares of the Company (excluding treasury shares, if any), shall not exceed ten percent (10%) of the Maximum ESOS Shares ("**Maximum Allowable Allocation**"); and
- (b) the eligible Directors and employees shall not participate in any deliberation or discussion of their own allocation and those of persons connected to them.

The basis for determining the aggregate number of Shares that may be offered and/or allocated under the ESOS to the eligible Directors and employees of our Group shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration *inter alia*, the provisions of the Listing Requirements or other applicable regulatory requirements relating to employees' and/or directors' share issuance scheme and after taking into consideration factors which may include the eligible Directors and employees' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of our Group.

**(iii) Eligibility**

The Directors or employees of our Group who fulfill the following criteria as at the date on which the ESOS Offer is made by the ESOS Committee ("**ESOS Offer Date**") shall be eligible for consideration by the ESOS Committee to participate in the ESOS:

- (a) has attained the age of eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b)
  - (i) has been employed by our Group as a full-time employee or serving in a specific designation under an employment contract with our Group for a fixed duration (or any other contract as may be determined by the ESOS Committee) and is on the payroll of any subsidiary within our Group for a continuous period of at least twelve (12) months in our Group and has not served a notice of resignation or received a notice of termination prior to and up to the ESOS Offer Date; or
  - (ii) is employed by a corporation which is acquired by our Group during the duration of the ESOS and becomes a subsidiary of our Group upon such acquisition, he/she must have completed a continuous employment service for a period of at least twelve (12) months with our Group and/or for such period as may be determined by the ESOS Committee and has not served a notice to resign or received a notice of termination prior to and up to the ESOS Offer Date;
- (c) has been confirmed in writing and is not under any probation;

**4. PARTICULARS OF OUR IPO (Cont'd)**

- (d) if he/she is a Director, Chief Executive or major shareholder of the Company, the ESOS Offer by the Company to him/her in his/her capacity as a Director or Chief Executive of the Company or his/her persons connected under the ESOS has been approved by the shareholders of the Company at a general meeting (if applicable); and
- (e) is under such categories and/or fulfills any other criteria as may be set by the ESOS Committee from time to time.

The selection of any Eligible Person for participation in the ESOS shall be at the sole discretion of the ESOS Committee whose decision shall be final and binding.

**(iv) Exercise Price**

The exercise price at which the Grantee will be entitled to subscribe for every Share by exercising the ESOS Options shall be:

- (i) in respect of the First Tranche of ESOS, the IPO Price; and
- (ii) in respect of any offer which is made subsequent to our Listing, as determined by the ESOS Committee based on the five (5)-day volume weighted average market price of the Shares immediately preceding the ESOS Offer Date with a discount of not more than 10%.

**(v) Duration of ESOS**

The ESOS, upon implementation, shall continue to be in force for a period of five (5) years commencing from the effective date of the ESOS and may be extended or renewed (as the case may be) for a further period of up to five (5) years or such shorter period, at the sole and absolute discretion of our Board upon the recommendation by the ESOS Committee, provided that the total duration of the ESOS shall not in aggregate exceed a duration of ten (10) years from the effective date of the ESOS.

**(vi) Vesting period**

Subject to the terms and conditions set out in the offer letter to be issued to the respective eligible Directors and employees of our Group, the vesting period for the First Tranche of ESOS shall be as follows:

<b>Vesting period</b>	<b>First Tranche of ESOS</b>
18 months from date of Listing	20%
30 months from date of Listing	30%
42 months from date of Listing	50%

The ESOS Committee shall have the sole and absolute discretion in determining whether the granting of the ESOS Options to the eligible Director or employee will be based on staggered granting over the duration of the ESOS or in one single grant. The ESOS Committee shall also have sole and absolute discretion in determining whether the ESOS Options granted are subject to any vesting period and if so the vesting conditions and whether such vesting conditions are subject to any performance targets.

**4. PARTICULARS OF OUR IPO (Cont'd)****(vii) Retention period**

The new Shares to be allotted and issued and/or existing Shares (which are held as treasury shares, if any) to be transferred to a Grantee pursuant to the exercise of the ESOS Options will not be subject to any retention period and/or such other restrictions of transfer.

Further details of the ESOS are set out in ESOS By-Laws in Annexure A of this Prospectus.

**(e) Share Transfer**

B Pack is an investment holding company held by our Promoters, namely Ooi Lay Pheng with equity interest of 31.00%, Lee Soon Swee with equity interest of 20.00%, Ooi Chang Seaw with equity interest of 19.00%, and Ooi Eng Leng and Ooi Yuen Wei each with equity interest of 15.00%, respectively.

During the prescribed period (1 day after the launching date of the Prospectus and up to a period of 30 days therefrom), Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei will transfer their respective shareholdings in B Pack as set out below, amounting to an aggregate of 4,678 ordinary shares in B Pack, to Ooi Lay Pheng and Lee Soon Swee in consideration of Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei receiving all the proceeds from the Offer for Sale accruing to B Pack as the Offeror. In this regard, the proceeds from the Offer for Sale will be utilised towards partial repayment of the amount owing by B Pack to its shareholders, whereby Ooi Lay Pheng and Lee Soon Swee will renounce and assign their entitlement in respect of the same to Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei. After the Share Transfer, the shareholdings of Ooi Lay Pheng and Lee Soon Swee in B Pack will increase to 33.84% and 21.83%, respectively.

Further details of the Share Transfer are set out below:

	Before the Share Transfer			After the Share Transfer	
	No. of shares held in B Pack	%	No. of shares to be transferred	No. of shares held in B Pack	%
Ooi Lay Pheng	31,000	31.00	2,844	33,844	33.84
Lee Soon Swee	20,000	20.00	1,834	21,834	21.83
Ooi Chang Seaw	19,000	19.00	(428)	18,572	18.57
Ooi Eng Leng	15,000	15.00	(2,125)	12,875	12.88
Ooi Yuen Wei	15,000	15.00	(2,125)	12,875	12.88
<b>Total</b>	<b>100,000</b>	<b>100.00</b>	<b>-</b>	<b>100,000</b>	<b>100.00</b>

The Share Transfer above was based on the mutual agreement between the shareholders of B Pack. The consideration was arrived at on a willing buyer-willing seller basis and after taking into account the NA per share of B Pack and the renunciation and assignment by Ooi Lay Pheng and Lee Soon Swee of their respective entitlement to the proceeds from the Offer for Sale. The Share Transfer is undertaken as part of our Listing Scheme, considering that Ooi Lay Pheng will remain as the key personnel in leading our Group's strategic direction and business development after Listing, and at the same time, it serves as a recognition to some of our Promoters and existing shareholders, namely Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei, for their past contributions to our Group.

The Share Transfer does not involve any issuance of new shares and will not have any effect on B Pack's shareholdings in our Company. Upon Listing, B Pack will hold in aggregate 65.80% of our enlarged issued share capital. Please refer to Section 5.1.2(i) of this Prospectus for further details on B Pack.



**4. PARTICULARS OF OUR IPO (Cont'd)**

Further details of the amount owing by B Pack to its shareholders and the proceeds from the Offer for Sale to be utilised for repayment are set out below:

Shareholders of B Pack	Amount owing by B Pack (RM'000)	*Amount to be renounced (RM'000)	Amount to be repaid (RM'000)	Balance amount owing by B Pack (RM'000)
Ooi Lay Pheng	8,370	(3,143)	-	5,227
Lee Soon Swee	5,400	(2,028)	-	3,372
Ooi Chang Seaw	5,130	-	(1,927)	3,203
Ooi Eng Leng	4,050	-	(1,521)	2,529
Ooi Yuen Wei	4,050	-	(1,521)	2,529
<b>Total</b>	<b>27,000</b>	<b>(5,171)</b>	<b>(4,969)</b>	<b>16,860</b>

**Note:**

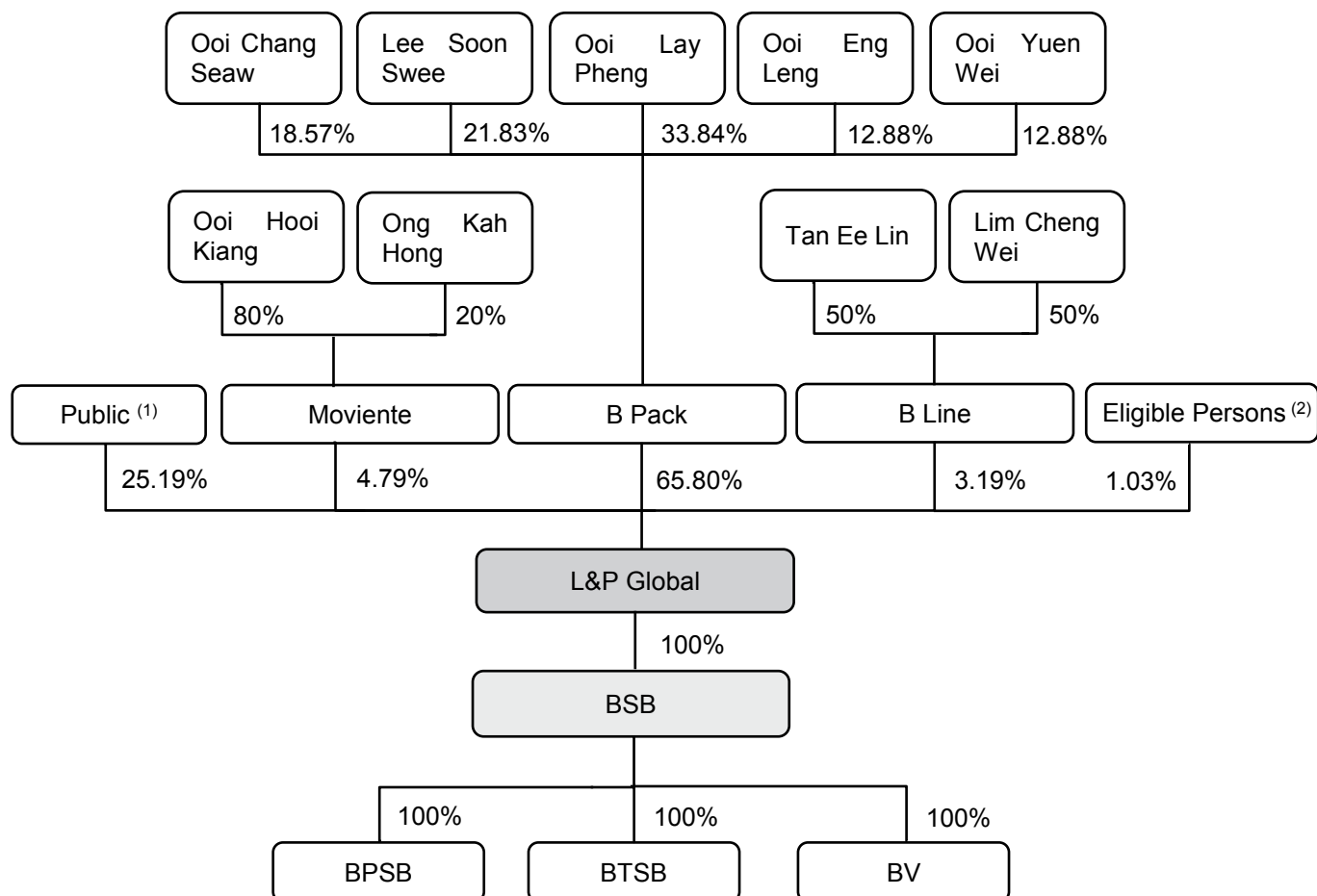
\* Ooi Lay Pheng and Lee Soon Swee will renounce and assign their entitlement to the proceeds from the Offer for Sale to Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei in the following manner:

Shareholders of B Pack	Entitlement for the renunciation and assignment by Ooi Lay Pheng and Lee Soon Swee (RM'000)
Ooi Chang Seaw	473
Ooi Eng Leng	2,349
Ooi Yuen Wei	2,349
<b>Total</b>	<b>5,171</b>

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**4. PARTICULARS OF OUR IPO (Cont'd)**

Our group structure after the Listing is as follows:



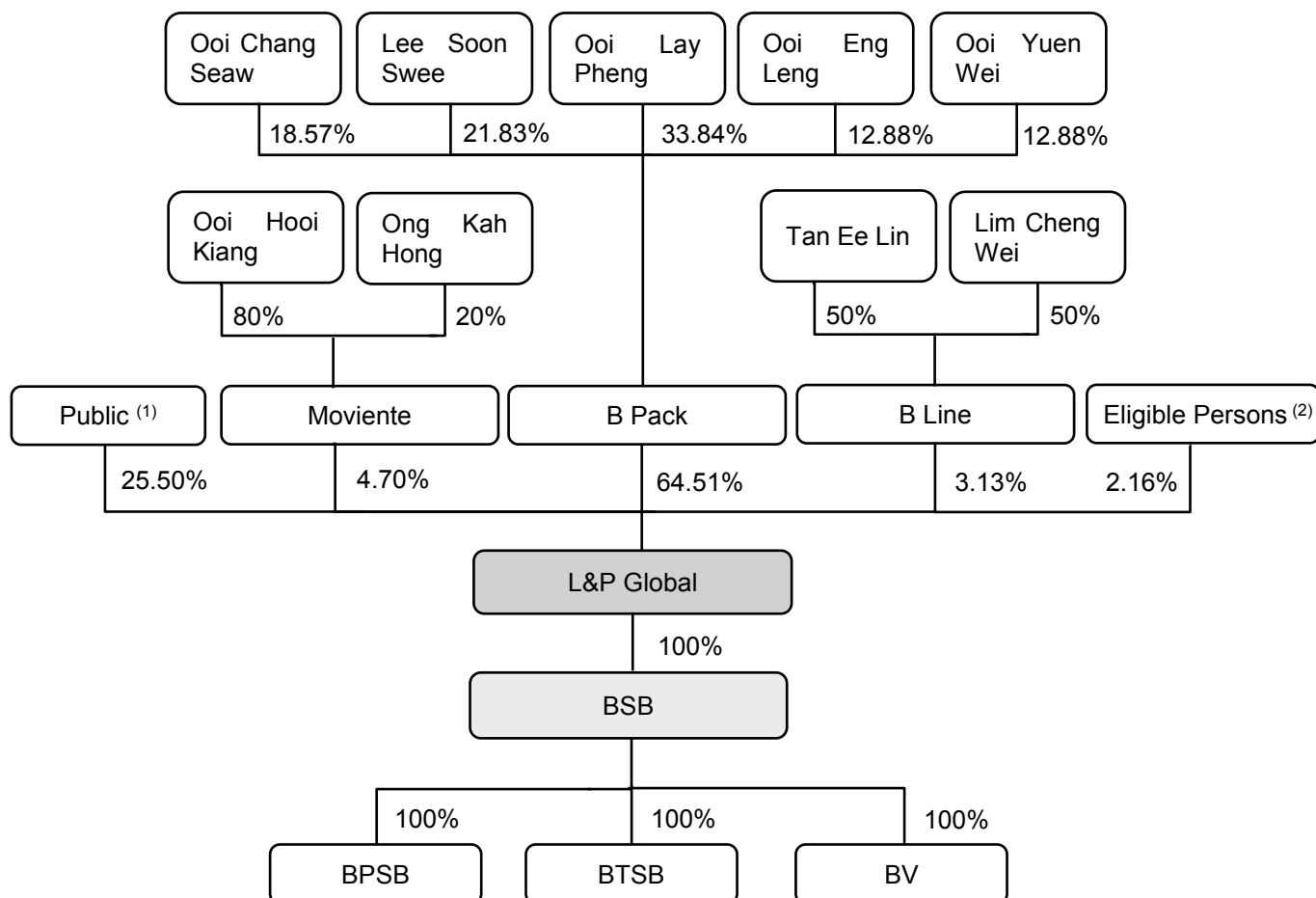
**Notes:**

- (1) The public shareholding spread upon Listing will be 25.19%.
- (2) Being the Eligible Persons who are not included as public and assuming the pink form to be allocated to them are fully subscribed.

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**4. PARTICULARS OF OUR IPO (Cont'd)**

The First Tranche ESOS is subject to the vesting period as described in Section 4.1.1(d)(vi) of this Prospectus. For illustrative purposes, our group structure after the Listing and assuming full exercise of the First Tranche of ESOS upon Listing is as follows:



**Notes:**

- (1) The public shareholding spread upon Listing and assuming full exercise of the First Tranche of ESOS upon Listing will be 25.50%.
- (2) Being the Eligible Persons who are not included as public and assuming the pink form to be allocated to them are fully subscribed and the ESOS Options to be granted to them under the First Tranche of ESOS are fully exercised into Shares.

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**4. PARTICULARS OF OUR IPO (Cont'd)****(f) Listing**

The admission of our Company to the Official List and the listing of and quotation for our entire enlarged issued share capital of RM74,353,509 comprising 560,000,000 Shares on the ACE Market of Bursa Securities have been approved by Bursa Securities.

	<b>No. of Shares</b>	<b>Share capital (RM)</b>
Issued share capital as at the date of this Prospectus	447,000,000	40,453,509
New Shares to be offered pursuant to the Public Issue	113,000,000	33,900,000
<b>Enlarged issued share capital upon Listing</b>	<b>560,000,000</b>	<b>74,353,509</b>
New Shares to be issued assuming full exercise of the First Tranche of ESOS	11,200,000	3,360,000
<b>Enlarged issued share capital assuming full exercise of the First Tranche of ESOS <sup>(1)</sup></b>	<b>571,200,000</b>	<b>77,713,509</b>
<b>Offer for Sale <sup>(2)</sup></b>	<b>33,800,000</b>	<b>10,140,000</b>
<b>IPO Price</b>		<b>RM 0.30</b>
<b>Pro forma consolidated NA per Share as at 31 July 2022 <sup>(3)</sup></b> <i>(based on our enlarged issued share capital after our IPO, the use of proceeds raised from our Public Issue and net of listing expenses)</i>		<b>RM 0.13</b>
<b>Market capitalisation upon Listing</b> <i>(based on the IPO Price and our enlarged issued share capital after our IPO)</i>		<b>168,000,000</b>

**Notes:**

- (1) For illustration purposes, assuming the First Tranche of ESOS is granted and vested immediately upon Listing, and that all ESOS Options under the First Tranche of ESOS are exercised at an exercise price of RM0.30 each, being the IPO Price. Please refer to Section 4.1.1(d)(vi) of this Prospectus for the details of the vesting period of the First Tranche of ESOS.
- (2) Our Offer for Sale will not have any effect on our share capital.
- (3) For illustration purposes, the pro forma consolidated NA per Share as at 31 July 2022 based on our enlarged issued share capital after our IPO, the use of proceeds raised from our Public Issue and net of listing expenses as well as assuming full exercise of the First Tranche of ESOS is RM0.14. Please refer to Section 4.1.1(d)(vi) of this Prospectus for the details of the vesting period of the First Tranche of ESOS.

The IPO Price is payable in full upon Application.

#### 4. PARTICULARS OF OUR IPO (Cont'd)

We only have one (1) class of shares, being ordinary shares, all of which rank equally with each other. Our Issue Shares will, upon allotment and issuance, rank equally in all respects with our existing issued share capital, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment of our Issue Shares.

Our Offer Shares rank equally in all respects with our existing issued share capital, including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of transfer of our Offer Shares.

Subject to special rights attaching to any Share which may be issued by us in the future, our shareholders shall, in proportion to the Shares held by them, be entitled to share in the whole of the profits paid out by us as dividends and other distributions, and the whole of any surplus in the event of our liquidation, such surplus to be distributed among the shareholders in proportion to the issued share capital at the commencement of the liquidation, in accordance with our Constitution and provisions of the Act.

At any general meeting of our Company, each shareholder shall be entitled to vote in person, or by proxy, or by his / its representative under the instrument of proxy or certificate of appointment of corporate representative or power of attorney ("**Representative**"). On a vote by show of hands, each shareholder present (either in person, or by proxy, or by Representative) shall have one (1) vote. On a vote by way of poll, each shareholder present (either in person, or by proxy, or by Representative) shall have one (1) vote for each Share held. A proxy may but need not be a shareholder of our Company.

#### 4.2 BASIS OF ARRIVING AT THE IPO PRICE

Our Directors and AIS, as the Principal Adviser, Sponsor, Sole Underwriter and Joint Placement Agent, had determined and agreed upon the IPO Price after taking into consideration the following factors:

**(i) Financial and operating history**

Based on the historical audited combined statements of profit or loss and other comprehensive income of our Group for the FYE 2021, we recorded a PAT of RM14.33 million representing an EPS of 3.21 sen (based on the existing issued share capital of 447,000,000 Shares) and 2.56 sen (based on the enlarged issued share capital of 560,000,000 Shares upon Listing) resulting in PE Multiple of 9.35 times and 11.72 times, respectively.

For information, our Group recorded a PAT of RM7.94 million for the FPE 2022. Our detailed operating and financial history is outlined in Sections 6 and 11 of this Prospectus, respectively.

**(ii) Business strategies**

Our business strategies are outlined in Section 6.8 of this Prospectus.

**(iii) Competitive advantages and key strengths, and IMR Report**

Our competitive advantages and key strengths, and the IMR Report are outlined in Sections 6.1.3 and 7 of this Prospectus, respectively.

**(iv) Pro forma consolidated NA**

The pro forma consolidated NA per Share as at 31 July 2022 of RM0.13 based on the enlarged issued share capital of 560,000,000 Shares in our Company upon Listing and after use of proceeds.

#### 4. PARTICULARS OF OUR IPO (Cont'd)

You should note that the market price of our Shares upon and subsequent to our Listing is subject to the vagaries of market forces and other uncertainties, which may affect the trading price of our Shares. You are reminded to consider the risk factors set out in Section 8 of this Prospectus before deciding to invest in our Shares.

#### 4.3 DILUTION

Dilution is the amount by which the IPO Price to be paid by investors for our Issue Shares / Offer Shares exceeds our pro forma consolidated NA per Share after our IPO and is as follows:

	RM
IPO Price	0.30
Pro forma consolidated NA per Share as at 31 July 2022 before the Public Issue	0.09
Pro forma consolidated NA per Share as at 31 July 2022 after the Public Issue and use of proceeds	0.13
Increase in NA per Share attributable to existing shareholders	0.04
Dilution in NA per Share to new investors	0.17
Dilution in NA per Share as a percentage of the IPO Price	56.67%

Save as disclosed below and Section 2.2 of this Prospectus, there has been no acquisition of any existing equity securities in our Company by our Promoters, substantial shareholders, Directors and / or key senior management, or persons connected with them from the date of our incorporation to the date of this Prospectus, or which they have the right to acquire:

	No. of Shares held before IPO <sup>(1)</sup>	No. of Shares held from IPO <sup>(2)</sup>	Total consideration RM	Effective cash cost per Share RM
<b>Promoters, substantial shareholders and Director</b>				
Ooi Lay Pheng	-	2,000,000	600,000	0.30
Ong Kah Hong	-	1,000,000	300,000	0.30
Ooi Hooi Kiang	-	300,000	90,000	0.30
<b>Promoters and substantial shareholders</b>				
B Pack	<sup>(3)</sup> 402,300,000	-	<sup>(6)</sup> 36,408,150	0.09
Lee Soon Swee	-	-	-	-
<b>Substantial shareholder</b>				
Moviente				
- prior to the Acquisition of BSB	<sup>(4)</sup> 26,820,000	-	<sup>(5)</sup> 1,800,000	0.07
- pursuant to the Acquisition of BSB	<sup>(4)</sup> 26,820,000	-	<sup>(6)</sup> 2,427,210	0.09
<b>Promoters</b>				
Ooi Chang Seaw	-	-	-	-
Ooi Eng Leng	-	-	-	-
Ooi Yuen Wei	-	500,000	150,000	0.30

**4. PARTICULARS OF OUR IPO (Cont'd)**

	No. of Shares held before IPO <sup>(1)</sup>	No. of Shares held from IPO <sup>(2)</sup>	Total consideration RM	Effective cash cost per Share RM
<b>Directors</b>				
Dato' Seri Lee Kah Choon	-	250,000	75,000	0.30
Dato' Mohamed Amin Bin Mohd Kassim	-	250,000	75,000	0.30
Phoon Yee Min	-	250,000	75,000	0.30
<b>Key senior management</b>				
Tan Ee Lin	-	500,000	150,000	0.30
Ow Chooi Khim	-	800,000	240,000	0.30
Ng So Yin	-	700,000	210,000	0.30
Ong Bee Ngoh	-	450,000	135,000	0.30
Ch'ng Chun Geet	-	450,000	135,000	0.30

**Notes:**

- (1) After the Acquisition of BSB.
- (2) Assuming all Pink Form Allocations are fully subscribed.
- (3) Including 9 Shares held by Ooi Lay Pheng which were transferred to B Pack after the Acquisition of BSB. Please refer to Section 5.1.3 of this Prospectus for the details of changes in our Promoters' and substantial shareholders' shareholdings.
- (4) Including 1 Share held by Ong Kah Hong which was transferred to Moviente after the Acquisition of BSB. Please refer to Section 5.1.3 of this Prospectus for the details of changes in our Promoters' and substantial shareholders' shareholdings.
- (5) Based on the purchase consideration pursuant to the share sale agreement dated 18 September 2021. Please refer to Section 2.2.1 of this Prospectus for further information.
- (6) Based on purchase consideration for the Acquisition of BSB.

As at the date of this Prospectus, save for the Pink Form Allocation and ESOS, there is no outstanding right granted to anyone to acquire our Shares. The Pink Form Allocation and the First Tranche of ESOS is based on our IPO Price.

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**4. PARTICULARS OF OUR IPO (Cont'd)****4.4 USE OF PROCEEDS FROM OUR IPO**

The total gross proceeds from the Public Issue will amount to RM33.90 million based on the IPO Price. We expect the proceeds to be used in the following manner:

<b>Purposes</b>	<b>RM'000</b>	<b>%</b>	<b>Estimated time frame for use (from the Listing date)</b>
Capital expenditure	10,000	29.50	Within 36 months
Business expansion	2,000	5.90	Within 36 months
Repayment of borrowings	5,000	14.75	Within 6 months
Working capital	13,000	38.35	Within 12 months
Estimated listing expenses	3,900	11.50	Within 3 months
<b>Total</b>	<b>33,900</b>	<b>100.00</b>	

There is no minimum subscription to be raised from the IPO.

Pending the eventual use of proceeds raised from the Public Issue, the proceeds will be placed in interest-bearing short-term deposits or money market instruments with licensed financial institutions.

**4.4.1 Capital expenditure**

Part of our Group's business strategies and plans is to expand our operations in Johor by constructing a new, larger factory ("**Proposed New Johor Factory**") which will include manufacturing of components, and larger assembly and storage space. Our Proposed New Johor Factory will produce boxes and crates as well as provide packing services and facilitate our circular supply services. It will also support our planned expansion into Singapore as disclosed in Section 6.8.3(ii) of this Prospectus. As at the LPD, we are in the midst of identifying suitable land in the Kulai/Senai area measuring around 130,000 sq ft. The built-up area of the Proposed New Johor Factory is estimated at approximately 85,000 sq. ft. based on the initial planning, which include floor space for manufacturing activities, storage and office.

The construction for the Proposed New Johor Factory is expected to be commenced by Q2 2024 and completed by Q3 2025. The estimated construction costs based on the initial planning is as follows:

<b>Estimated construction costs</b>	<b>RM'000</b>
Preliminaries (including, among others, site clearing, site management, insurance, stamp duty and contract documents)	1,590
Piling work	900
Substructural works	5,860
External works	1,220
Mechanical and electrical works	1,890
Others (including, among others, earthworks and guard house)	640
<b>Total</b>	<b>12,100</b>



#### 4. PARTICULARS OF OUR IPO (Cont'd)

We intend to allocate RM10.00 million, representing approximately 29.50% of the gross proceeds from our Public Issue, to pay part of the construction cost for our Proposed New Johor Factory. Any excess amount required for the above capital expenditure will be funded by internally generated funds and/or bank borrowings. Conversely, if the actual amount for the above capital expenditure is lower than budgeted, the excess will be used for working capital purposes to purchase raw materials. The actual size and construction costs for the Proposed New Johor Factory may be subject to change depending on the availability of the suitable location, cost involved and other relevant factors not within the control of our Group. Please refer to Section 6.8.2 of this Prospectus for further details on our plan to strengthen our presence in the Southern region.

##### 4.4.2 Business expansion

###### (i) Setting up of an assembly plant and storage in the Klang Valley (“Proposed New KV Factory”)

Our Group’s business strategies and plans include to expand our geographical presence domestically to the Klang Valley. We intend to set up the Proposed New KV factory to carry out assembly works for final products comprising boxes and crates, as well as providing packing services and facilitate our circular supply services.

As at the LPD, we are in the midst of identifying a factory lot for rental in a suitable light industrial area within the Klang Valley, with estimated size of approximately 12,000 sq ft. We intend to allocate RM0.61 million, representing approximately 1.81% of the gross proceeds from our Public Issue, for the rental of the Proposed New KV Factory for 24 months, while the total cost of setting up the Proposed New KV Factory is estimated at RM0.50 million, which will be funded by internally generated funds and/or bank borrowings.

###### (ii) Purchase of machineries

In conjunction with our plan to expand our operations / geographical presence in Johor, Klang Valley and Singapore, additional machineries are required to support the business operations in various locations. We intend to allocate RM1.39 million, representing approximately 4.09% of the gross proceeds from our Public Issue, to purchase the following new machineries:

Type of machinery / equipment	Purpose / Function	No. of units	RM '000
Forklift	A vehicle with a pronged device in front for lifting and carrying heavy loads	2	300
Lorry and truck	Transportation of products from its storage to customers' premises	2	500
Packing truck	To carry workers and packing accessories from its storage to customers' premises	1	135
Cutting machine	A machine used to cut wood materials into desired length	1	50
Multi ripping machine	A machine used to rip wood materials into desired width	1	250
Sanding machine	A machine used to smoothen surfaces of wood materials by abrasion with sandpaper	2	150
<b>Total</b>		<b>9</b>	<b>1,385</b>

**4. PARTICULARS OF OUR IPO (Cont'd)**

Any excess amount required for the above business expansion will be funded by internally generated funds and/or bank borrowings. Conversely, if the actual amount for the above business expansion is lower than budgeted, the excess will be used for working capital purposes to purchase raw materials. Please refer to Sections 6.8.3(i) and 6.8.4 of this Prospectus for further details on our business expansion.

**4.4.3 Repayment of borrowings**

We intend to allocate RM5.00 million, representing approximately 14.75% of the gross proceeds from our Public Issue, to pare down part of our Group's outstanding borrowings with priority given to the higher interest bearing facilities as follows:

<b>Name of financial institution / type of facility</b>	<b>Purpose</b>	<b>Interest rate per annum</b>	<b>Maturity date</b>	<b>Principal amount RM'000</b>	<b>Balance as at the LPD RM'000</b>	<b>Amount to be repaid from gross proceeds RM'000</b>
AmBank Islamic (M) Berhad / Term loan	Working capital	7.70%	Jun 2025	1,700	1,047	1,000
OCBC Al-Amin Bank Berhad / Term loan	Working capital	5.26%	November 2024	940	515	500
Hong Leong Bank Berhad / Bankers' acceptance	Working capital	4.77%- 5.49%	December 2022 – January 2023	3,740	3,740	3,500
<b>Total</b>					<b>5,302</b>	<b>5,000</b>

The repayment of the above-mentioned borrowings is expected to have a positive financial impact on our Group with interest savings of approximately RM0.28 million per annum based on existing prevailing interest rates. However, the actual interest savings may vary depending on the applicable interest rate.

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**4. PARTICULARS OF OUR IPO (Cont'd)****4.4.4 Working capital**

Our Group's working capital requirements are expected to increase in tandem with the expected growth in our business. Cost of raw materials are the main component of our cost of sales, representing approximately 78.00%, 82.95%, 83.51% and 82.78% of our total cost of sales for the past 3 FYEs 2019, 2020, 2021 and FPE 2022, respectively. We intend to allocate RM13.00 million, representing 38.35% of the gross proceeds from our Public Issue, to supplement the working capital requirements of our Group. The proceeds will be used for purchase of raw materials, mainly consisting of engineered wood and natural wood.

Our Group had in the past and currently been funding our working capital via bank borrowings and internally generated funds. Therefore, the above working capital allocation from our Public Issue is expected to enhance our Group's liquidity and cash flow position to support the expected growth in our daily operations.

**4.4.5 Estimated listing expenses**

Our listing expenses are estimated to be RM3.90 million, details of which are as follows:

Description	RM'000
Professional fees <sup>(1)</sup>	2,348
Fees to authorities	96
Estimated underwriting, placement and brokerage fees	845
Printing and advertising	200
Contingencies <sup>(2)</sup>	411
<b>Total</b>	<b>3,900</b>

**Notes:**

- (1) Includes professional and advisory fees for, among others, Principal Adviser, Solicitors, Reporting Accountants and IMR.
- (2) Other incidental or related expenses in connection with the IPO, which include translators, media related expenses and IPO event expenses.

If the actual listing expenses are higher than budgeted, the deficit will be funded out of the portion allocated for working capital. Conversely, if the actual listing expenses are lower than budgeted, the excess will be used for working capital purposes to purchase raw materials.

Our Company will not receive any proceeds from the Offer for Sale. Based on the IPO Price, the gross proceeds from the Offer for Sale of approximately RM10.14 million will accrue entirely to the Offeror. The Offeror shall bear the entire incidental expenses and fees in relation to the Offer for Sale, amounting to approximately RM0.11 million.

The financial impact of the use of proceeds from our Public Issue is illustrated in the Pro Forma Consolidated Statements of Financial Position as at 31 July 2022 set out in Section 11.9 of this Prospectus.

#### 4. PARTICULARS OF OUR IPO (Cont'd)

##### 4.5 BROKERAGE FEE, UNDERWRITING COMMISSION AND PLACEMENT FEE

###### 4.5.1 Brokerage fee

We will bear the brokerage fees to be incurred on the issue of the 37,000,000 Issue Shares pursuant to our IPO under Sections 4.1.1(b)(i) and 4.1.1(b)(ii) of this Prospectus at the rate of 1.00% of the IPO Price in respect of successful Applications which bear the stamp of AIS, participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association or the Issuing House.

###### 4.5.2 Underwriting commission

AIS, as our Sole Underwriter has agreed to underwrite 37,000,000 Issue Shares as set out in Sections 4.1.1(b)(i) and 4.1.1(b)(ii) of this Prospectus. We will pay our Sole Underwriter an underwriting commission at the rate of 2.50% of the total value of the Shares underwritten at the IPO Price.

###### 4.5.3 Placement fee

Our Joint Placement Agents have agreed to place out 76,000,000 Issue Shares and 33,800,000 Offer Shares available under the placement to selected investors as well as Bumiputera investors approved by the MITI as set out in Sections 4.1.1(b)(iii), 4.1.1(b)(iv) and 4.1.1(c) of this Prospectus, at the rate of up to 2.00% of the IPO Price for each Issue Share / Offer Share to be placed out by the Joint Placement Agents.

The placement fees to be incurred on the sale of 33,800,000 Offer Shares will be fully borne by the Offeror.

##### 4.6 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

On 28 November 2022, we have entered into the Underwriting Agreement with the Sole Underwriter to underwrite 37,000,000 Issue Shares ("**Underwritten Shares**"), upon the terms and subject to the conditions as set out in the Underwriting Agreement.

The salient terms of the Underwriting Agreement are as follows:

- 4.6.1 The obligations of the Sole Underwriter under the Underwriting Agreement are conditional on, amongst others, the following:
- (a) the approvals referred to in Section 2.1 of this Prospectus remaining valid and have not been revoked or amended and all the conditions imposed therein which have to be complied by the Company prior to Listing, have been complied by the Company;
  - (b) the receipt by the Sole Underwriter of all relevant documentation and placement monies in respect of the Offer for Sale;
  - (c) all other necessary approvals and consents required in relation to the IPO and the IPO Shares including but not limited to governmental approvals having been obtained and are in full force and effect;
  - (d) the issue of the IPO Shares having been approved by the shareholders of the Company in an extraordinary general meeting;
  - (e) the issue and subscription of the IPO Shares in accordance with the provisions of the Underwriting Agreement is not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any legislative, executive or regulatory body or authority of Malaysia (including Bursa Securities);

#### 4. PARTICULARS OF OUR IPO (Cont'd)

- (f) the Prospectus having been lodged with the Registrar of Companies and registered with the Bursa Securities together with all the required documents in accordance with the CMSA, the Act and the relevant laws and regulations;
  - (g) there having been, on or prior to the last date and time for the receipt of applications and payment for the Issue Shares in accordance with the Prospectus or such later date as the Company and the Sole Underwriter may mutually agree upon consultation with Bursa Securities ("**Closing Date**") or the extended closing date for the receipt of applications and payment for the Issue Shares pursuant to the Public Issue which will be notified in a widely circulated Bahasa Malaysia and English daily newspaper in Malaysia ("**Extended Closing Date**"), as the case may be, no material breach of any representation, warranty, covenant, undertaking or obligation of the Company in the Underwriting Agreement or which is contained in any certificate, statement, or notice provided under or in connection with the Underwriting Agreement or which proves to be incorrect in any material respect;
  - (h) there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no material adverse change, or any development involving a prospective material adverse change, in the financial condition or business or operations of the Group or in the prospects or future financial condition or business or operations of the Group (which in the reasonable opinion of the Sole Underwriter, is or will be material in the context of the Public Issue and the sale of any Underwritten Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering materially inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company contained in the Underwriting Agreement;
  - (i) the Sole Underwriter receiving a copy certified by a director or secretary of the Company to be a true resolution of the Board approving the Listing, the Prospectus and the Underwriting Agreement, the issue and offer of the IPO Shares and authorizing a person or persons to sign the Underwriting Agreement on behalf of the Company; and
  - (j) the Sole Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in the Underwriting Agreement.
- 4.6.2 The Sole Underwriter may terminate, cancel and withdraw its commitment before the Closing Date or the Extended Closing Date, if:
- (a) the approval of Bursa Securities and other relevant authorities for the Listing is revoked, withdrawn or procured but subject to the conditions not acceptable to the Sole Underwriter;
  - (b) there is any material breach by the Company of any of the representations, warranties or undertakings contained in the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company;
  - (c) there is a material failure on the part of the Company to perform any of its obligations contained in the Underwriting Agreement;
  - (d) there is withholding of information of a material nature from the Sole Underwriter which is required to be disclosed pursuant to the Underwriting Agreement which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO or Listing, or the distribution or sale of the IPO Shares;
  - (e) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group;
  - (f) the Listing does not take place within three (3) months from the date of the Underwriting Agreement or such other extended date as may be agreed by the Sole Underwriter;

#### 4. PARTICULARS OF OUR IPO (Cont'd)

(g) the imposition of any moratorium, suspension or material restriction on trading in securities generally on ACE Market of Bursa Securities due to exceptional financial circumstances which, in the reasonable opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the IPO, or the distribution or sale of the IPO Shares;

(h) a material adverse change in the stock market condition occurs, and for the purposes of this clause, a material adverse change in the stock market condition shall be deemed to have occurred if the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:

(i) on or after the date of the Underwriting Agreement; and

(ii) prior to the close of the offering of the Public Issue,

lower than eighty-five per centum (85%) of the level of Index at the last close of normal trading on Bursa Securities on the Market Day immediately prior to the date of the Underwriting Agreement and remains at or below that level for at least three (3) consecutive Market Days or any other adverse change in the market conditions which the parties mutually agree to be sufficiently material and adverse to render it to be a terminating event; or

(i) there shall have occurred, or happened any of the following circumstances:

(i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or

(ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Sole Underwriter (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, pandemic, civil commotion, sabotage, acts of war or accidents);

which, in the opinion of the Sole Underwriter, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Group as a whole or the success of the IPO or Listing which has or is likely to have the effect of making any material part of the Underwriting Agreement incapable of performance in accordance with its terms.

In the event that the Underwriting Agreement is terminated pursuant to Section 4.6.2 above, the Sole Underwriter and the Company may confer with a view to deferring the Public Issue by amending the terms of the Underwriting Agreement and entering into a new underwriting agreement accordingly, but neither the Sole Underwriter nor the Company shall be under any obligation to enter into a fresh agreement.

4.6.3 Upon any such notice(s) being given pursuant to Section 4.6.2 above, the Sole Underwriter shall be released and discharged from their obligations under the Underwriting Agreement whereupon the following shall take place within three (3) Market Days of the receipt of such notice:

(a) the Company shall make payment of Underwriting Commission to the Sole Underwriter in accordance with the Underwriting Agreement;

(b) the Company shall pay or reimburse to the Sole Underwriter the costs and expenses referred to in the Underwriting Agreement; and

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**4. PARTICULARS OF OUR IPO (Cont'd)**

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- (c) each party shall return all other monies (in the case of the Sole Underwriter, after deducting the Underwriting Commission due and owing to the Sole Underwriter under the Underwriting Agreement) including but not limited to the subscription monies paid to the other under the Underwriting Agreement (except for monies paid by the Company for the payment of the expenses as provided under the Underwriting Agreement);

and thereafter, the Underwriting Agreement shall be terminated and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

**4.7 PLACEMENT**

On 21 November 2022, our Company and Offeror have entered into the Placement Agreement with the Joint Placement Agents pursuant to our IPO. Our Company and Offeror will be requested to give various representations, warranties and undertakings, and to indemnify the Joint Placement Agents against certain liabilities in relation to the IPO.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT**

**5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS**

**5.1.1 Promoters' and substantial shareholders' shareholdings**

The details of our Promoters and substantial shareholders, and their respective shareholdings in our Company before and after our IPO are as follows:

Name	Nationality / Country of Incorporation	Before our IPO / As at the LPD				After our IPO <sup>(2)</sup>				Assuming full exercise of the First Tranche of ESOS upon Listing			
		Direct		Indirect		Direct		Indirect		Direct		Indirect	
		No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(3)</sup>	No. of Shares	% <sup>(3)</sup>	No. of Shares	% <sup>(4)</sup>	No. of Shares	% <sup>(4)</sup>
<b>Promoters and substantial shareholders</b>													
B Pack	Malaysia	402,300,000	90.00	-	-	368,500,000	65.80	-	-	368,500,000	64.51	-	-
Ooi Lay Pheng	Malaysian	-	-	402,300,000	<sup>(5)</sup> 90.00	2,000,000	0.36	368,500,000	<sup>(5)</sup> 65.80	4,000,000	0.70	368,500,000	<sup>(5)</sup> 64.51
Lee Soon Swee	Malaysian	-	-	402,300,000	<sup>(5)</sup> 90.00	-	-	368,500,000	<sup>(5)</sup> 65.80	-	-	368,500,000	<sup>(5)</sup> 64.51
Ooi Hooi Kiang	Malaysian	-	-	26,820,000	<sup>(6)</sup> 6.00	300,000	0.06	26,820,000	<sup>(6)</sup> 4.79	1,100,000	0.19	26,820,000	<sup>(6)</sup> 4.70
Ong Kah Hong	Malaysian	-	-	26,820,000	<sup>(6)</sup> 6.00	1,000,000	0.18	26,820,000	<sup>(6)</sup> 4.79	2,500,000	0.44	26,820,000	<sup>(6)</sup> 4.70
<b>Substantial shareholder</b>													
Moviente	Malaysia	26,820,000	6.00	-	-	26,820,000	4.79	-	-	26,820,000	4.70	-	-
<b>Promoter</b>													
Ooi Chang Seaw	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Ooi Eng Leng	Malaysian	-	-	-	-	-	-	-	-	-	-	-	-
Ooi Yuen Wei	Malaysian	-	-	-	-	500,000	0.09	-	-	600,000	0.11	-	-



**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**Notes:**

- (1) Based on our issued share capital of 447,000,000 Shares after the Acquisition of BSB, but before our IPO.
- (2) Assuming our Directors / employees will fully subscribe for their respective allocation under the Pink Form Allocation.
- (3) Based on our enlarged issued share capital of 560,000,000 Shares after the Public Issue and Offer for Sale.
- (4) For illustration purposes, based on our enlarged issued share capital of 571,200,000 Shares after assuming full exercise of the First Tranche of ESOS as described in Section 4.1.1(d) of this Prospectus. Please refer to Section 4.1.1(d)(vi) of this Prospectus for the details of the vesting period of the First Tranche of ESOS.
- (5) Deemed interested by virtue of their shareholdings in B Pack pursuant to Section 8(4) of the Act.
- (6) Deemed interested by virtue of their shareholdings in Moviente pursuant to Section 8(4) of the Act.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

### 5.1.2 Profile of Promoters and substantial shareholders

#### (i) B Pack

*Promoter and substantial shareholder*

B Pack, our Promoter and substantial shareholder, was incorporated on 16 June 2021 in Malaysia under the Act as a private limited company under its present name. B Pack is an investment holding company.

As at the LPD, the issued share capital of B Pack is RM100 comprising 100,000 ordinary shares.

As at the LPD, the directors and shareholders of B Pack are as follows:

Directors and shareholders	Nationality	Direct	
		No. of shares	%
Ooi Lay Pheng	Malaysian	31,000	31.00
Lee Soon Swee	Malaysian	20,000	20.00
Ooi Chang Seaw	Malaysian	19,000	19.00
Ooi Eng Leng	Malaysian	15,000	15.00
Ooi Yuen Wei	Malaysian	15,000	15.00

Please see Section 5.7 of this Prospectus for further details of the family relationship between the Promoters, substantial shareholders and Directors.

#### (ii) Ooi Lay Pheng

*Promoter, substantial shareholder and Executive Director / CEO*

Ooi Lay Pheng, a Malaysian, aged 51, is our Promoter, substantial shareholder and Executive Director / CEO. She was appointed to our Board on 30 August 2021. She was appointed as the CEO of BSB since 2017, helping our Group's strategic direction and business development.

She obtained her Bachelor of Business Administration degree in 1994 and Master of Arts in Economics in 1996 from Wichita State University, USA.

Shortly after 1996, she took time off to support her spouse's career in USA and Singapore. She was relocated back to Malaysia in 2000. Between 1996 to 2000, she had the opportunity to enrich her time in USA, cultivating her skills and earning certifications in the food and beverage industry.

In 2001, she joined BSB as a Project Specialist, supporting product quality and assurance as well as playing an integral role in assisting our Group to secure the ISO 9001:2000 certification. In 2002, she became a shareholder of BSB after acquiring 10% equity interest in BSB.

She left BSB in 2003 and took a career break to focus on her family. In early 2007 to 2008, she was recruited by Validus International Pty Ltd ("**Validus**"), a healthcare company based in Australia. She held the title of Business Manager cum International Patient Manager, and was based in Kuala Lumpur. She assisted in the setting up of a company branch and was tasked to develop and coordinate healthcare programs between medical centres in the Klang Valley.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 2009, she joined Tropicana Medical Centre (M) Sdn Bhd (“**TMC**”) and held the office of an International Patient Care Centre Manager. She was the liaison for overseas healthcare representatives while facilitating marketing activities and healthcare programs. A year later, up to 2013, she pursued her passion in Non-Governmental Organisation (“**NGO**”) work. As an event coordinator and group facilitator at Yayasan Generasi Gemilang, she mentored young children and teenagers through value based and character building programs.

In the years between 2009 and 2014, she also freelanced as a cake decorating instructor at International Centre of Cake Artistry Sdn Bhd and startup a baking curriculum at Sri Sempurna International School in Kuala Lumpur.

In 2015, she rejoined BSB as Director, heading the sales and marketing, human resource, IT, quality assurance and finance departments. She subsequently acquired another 10% equity interest in BSB in 2016, increasing her direct shareholding in BSB to 20%.

In 2017, she was promoted to the position of CEO of BSB, a position she currently holds, to develop and oversee our Group’s business and strategic goals. She formulates short and long-term business plans in line with our strategic goals which focus on business expansion in new products, acquiring new customers and new market development. Since then, she has guided and sustained our Group towards substantial growth. Her leadership not only brought many accolades to our Group but also for herself, as she was awarded Women Entrepreneur of the Year, 2021 from EY Entrepreneur of the Year.

She is also a director of various other private limited companies in Malaysia, details of which are as set out in Section 5.2.4 of this Prospectus. Please also see Section 5.7 of this Prospectus for further details of the family relationship between the Promoters, substantial shareholders and Directors.

### (iii) **Lee Soon Swee**

*Promoter and substantial shareholder*

Lee Soon Swee, a Malaysian, aged 52, is our Promoter and substantial shareholder. He obtained his Bachelor of Science in Aerospace Engineering in 1994 and Master of Science in Mechanical Engineering in 1995 from the Wichita State University, USA.

He started his career in 1993 with National Institute of Aviation Research in USA as a Lab Researcher, assisted in lab research work. He was then promoted to the position of Composite Lab Manager – Educator in 1996 where he designed and lectured on composite manufacturing courses.

In 1996, he left National Institute of Aviation Research and joined MEMC Electronic Materials Inc (“**MEMC**”) as a Process Engineer. MEMC was a USA based producer of silicon wafers for semiconductor device manufacturers. He mainly supported the technology transfer of silicon growing and wafering processes, and research and development functions of the company as well as production.

In 2000, he left MEMC and joined Applied Materials South East Asia Pte Ltd (“**AMSEA**”) as a Regional Process Engineer. AMSEA is a materials engineering solutions provider based in Singapore. He was then promoted to the position of Senior Regional Process Engineer in 2002. His main responsibility in the company is to qualify and develop best-known methods and recipes for thin film processes.

In 2004, he left AMSEA and joined Pall Corporation (Malaysia) Sdn Bhd, a company that provides filtration, separation and purification solutions, as a Technical Manager. In 2019, he was relocated to Pall Filtration Pte Ltd in Singapore to assume the position of Regional Senior Technical Specialist, a position he is currently holds. He is responsible in providing technical leadership and customer support for regional sales and distributors, as well as validating product performance and quality.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

In 2015, he was appointed as the Director of BSB. He was not involved in the day-to-day operations of our Group and hence, in 2021, he had resigned as the Director of BSB.

Please see Section 5.7 of this Prospectus for further details of the family relationship between the Promoters, substantial shareholders and Directors.

**(iv) Ooi Chang Seaw**  
*Promoter*

Ooi Chang Seaw, a Malaysian, aged 75, is our Promoter and the co-founder of BSB.

He started his career in 1964 by helping his father in a family business of sundry shop, Kean Hin. He then took over Kean Hin as the sole proprietor in 1970. In 1984, he established Syarikat Perusahaan Berjaya ("**SPB**") together with Ooi Eng Leng and venture into the manufacturing of industrial packaging products, mainly serving customers of manufacturer in rubber products, lift manufacturing, semiconductor and electrical and electronics industries. Subsequently in 1989, he co-founded BSB together with Ooi Eng Leng as a shareholder and Director of BSB, which assumed the business in the manufacturing of industrial packaging products of SPB. SPB gradually ceased operations and was discontinued in 1992. As the business of BSB was expanding, he had also withdrawn himself from the involvement in Kean Hin in 2000.

He has been instrumental and played an essential role on every aspect of the operation during the initial years of BSB's growth. He took charge of the pallet recycling and scrap collection programs and actively facilitated environmental conservation and converting wood waste into profitable raw materials. In 2021, he had retired and resigned as the Director of BSB and currently, he is not involved in the day-to-day operations of our Group.

Please see Section 5.7 of this Prospectus for further details of the family relationship between the Promoters, substantial shareholders and Directors.

**(v) Ooi Eng Leng**  
*Promoter*

Ooi Eng Leng, a Malaysian, aged 61, is our Promoter and the co-founder of BSB.

He started his career in 1979 with Federal Fertiliser Sdn Bhd, a fertiliser production company, as factory assistant until 1984 when he established SPB together with Ooi Chang Seaw. Subsequently in 1989, he co-founded BSB together with Ooi Chang Seaw as a shareholder and Director of BSB.

He was mainly responsible in overseeing the production of the wood pallets, boxes and crates and transportation in BSB. He was awarded the Pingat Kelakuan Terpuji by the Penang Governor in 2019, recognising his contribution to the society. In 2021, he had retired and resigned as the Director of BSB and currently, he is not involved in the day-to-day operations of our Group.

Please see Section 5.7 of this Prospectus for further details of the family relationship between the Promoters, substantial shareholders and Directors.

**(vi) Ooi Yuen Wei**  
*Promoter*

Ooi Yuen Wei, a Malaysian, aged 34, is our Promoter. He obtained his Bachelor of Arts (major in Political Science and minor in International Trade) from the Chinese Culture University, Taiwan in 2012.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

He started his career in 2012 with Be Fuwell Enterprise Co., Ltd (“**Fuwell**”), a company primarily trading in dye materials based in Taiwan, as a Management Trainee being assigned to the field of research and development. He left Fuwell in 2013 and return to Malaysia and join BSB in 2014 as an Executive in the sourcing department, mainly responsible for the sourcing of local material and purchasing of timber.

He was then promoted to the position of Manager in 2021, a position he currently holds. He is overseeing the local material procurement and material planning, which is a key process in our Group’s operation to ensure consistent supply and quality for production of pallets, boxes and crates. He is also our Company’s representative in Malaysian Wood Industries Association. He has contributed significantly in developing the supply chain network of our Group for local supplier, particularly local natural wood. His experiences, expertise and competencies are important and are expected to contribute in continuously enhancing the effectiveness (in terms of quality and cost) of our Group’s supply chain management moving forward.

Please see Section 5.7 of this Prospectus for further details of the family relationship between the Promoters, substantial shareholders and Directors.

### (vii) **Moviente**

*Substantial shareholder*

Moviente, our substantial shareholder, was incorporated on 2 June 2021 in Malaysia under the Act as a private limited company under its present name. Moviente is an investment holding company.

As at the LPD, the issued share capital of Moviente is RM10,000 comprising 10,000 ordinary shares.

As at the LPD, the directors and shareholders of Moviente are as follows:

Directors and shareholders	Nationality	Direct		Indirect	
		No. of shares	%	No. of shares	%
Ooi Hooi Kiang	Malaysian	8,000	80.00	-	-
Ong Kah Hong	Malaysian	2,000	20.00	-	-

Please see Section 5.7 of this Prospectus for further details of the family relationship between the Promoters, substantial shareholders and Directors.

### (viii) **Ooi Hooi Kiang**

*Promoter, substantial shareholder and Non-Independent Non-Executive Chairperson*

Ooi Hooi Kiang, a Malaysian, aged 53, is our Promoter, substantial shareholder and Non-Independent Non-Executive Chairperson. She was appointed to our Board on 1 January 2022.

She graduated from the University of Florida, USA with Bachelor of Science in Accounting in 1993 and Master in Accounting in 1994. She is a member of the Malaysian Institute of Accountants since 2013 and a member of Institute of Corporate Directors Malaysia since 2021.

She started her career in auditing with Coopers & Lybrand LLP (*now known as PricewaterhouseCoopers*) in 1995 as an Audit Assistant and was promoted to Audit Senior in 1997, where she involved in the audit of a wide range of companies which included public listed companies and multinationals in various industries.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 1999, she joined KE-ZAN Securities Sdn Bhd (“**KE-ZAN**”) as an Accountant and was responsible for finance and accounting, as well as credit control and credit management. In 2000, she left KE-ZAN and joined Kuala Lumpur City Securities Sdn Bhd, as Head of Operations of Alor Setar branch and subsequently promoted to Head of Kangar branch in 2001. She was responsible for managing the day-to-day operations of the branches during the tenure, respectively. In 2002, she moved back to Penang to join PM Securities Sdn Bhd (“**PM Securities**”) where she worked as Head of Operations and subsequently, she was promoted to Head of branch in 2007 and oversaw the day-to-day operations of the branch.

In 2008, she left PM Securities to join Tamouh Investment LLC, a property development company located in Abu Dhabi, United Arab Emirates. She worked in Abu Dhabi as a Manager of Planning and Corporate Reporting where she was in charge of overall operations of the finance department. She returned to Malaysia in 2011 and joined Mercury Securities Sdn Bhd as Head of Operations, where she was in charge of setting up the first branch in East Malaysia and being the key liaison with the SC, Bursa Securities and other financial institutions.

In 2012, she joined Olympia Industries Berhad as a Senior Manager in the group finance department, where she was implementing strategic initiatives for the group, financial performance and efficiency. In 2013, she joined JWPB Sdn Bhd as their CFO and was responsible for managing the group’s finance and human resource departments.

She then left in 2014 to join Anchor Resources Limited (“**Anchor**”), a company listed on Singapore Stock Exchange, as a CFO, where she was responsible for managing the group’s overall finances and commercial arrangement functions. During her tenure with Anchor, she was the key liaison of a merger and acquisition exercise and the corporate listing exercise on Singapore Stock Exchange. She left Anchor in 2018 and joined PG Automotive Holdings Pte Ltd as a CFO until 2022, with her responsibilities being managing the group’s overall finance and commercial arrangement functions. In 2021, she founded WCoach Sdn Bhd, which is involved in the provision of advisory and consultancy services.

Ooi Hooi Kiang was appointed as the Director of BSB since 1 September 2021. She contributed to our Group by providing advice to our Group on corporate related matters such as corporate governance, risk management and other financial related matters, as well as independent views to the key strategies and initiatives planned by the key senior management. In addition, she is also our Pre-Listing Investor. Her extensive experience in business and corporate will be of contribution to our Company’s future business growth and financial strategies. She will also be able to guide our Company, as a public listed company, in terms of Corporate Governance and sustainability with her experience with other public listed companies. Notwithstanding the above, her aligned visions and goals with our Company is also expected to add further value to our Company in achieving our objectives and missions.

Presently, she is an Independent Non-Executive Chairperson of Greatech Technology Berhad and an Independent Non-Executive Director of Ge-Shen Corporation Berhad, both being companies listed on the Main Market of Bursa Securities.

She is also a director of various other private limited companies in Malaysia, details of which are as set out in Section 5.2.4 of this Prospectus. Please also see Section 5.7 of this Prospectus for further details of the family relationship between the Promoters, substantial shareholders and Directors.

### (ix) **Ong Kah Hong**

*Promoter, substantial shareholder and Executive Director / COO*

Ong Kah Hong, a Malaysian, aged 61, is our Promoter, substantial shareholder and Executive Director / COO. He was appointed to our Board on 30 August 2021.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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He graduated from the University of Windsor, Canada with a Bachelor of Arts major in Mathematics in 1983. After graduating, he joined Hitachi Semiconductor (M) Sdn Bhd (“**Hitachi**”) in 1983 as a Production Control Officer and was subsequently promoted to the position of Deputy Department Manager of their Production Control Department in 1999. He was responsible for the management, direction and control of production and material planning and scheduling for all manufacturing operations. He also assisted in the development of long-term production plans as well as managed the security and utilisation of the company’s inventory.

He left Hitachi in 2000 and joined SR Technology Sdn Bhd (“**SR Technology**”) as the General Manager, where he oversaw the operations of the plant as well as coordinated different departments to ensure efficient operation. He left SR Technology in 2002 for a career break before joining BSB in 2003 as the Material Manager, where he was responsible for sourcing timber and other materials.

He was subsequently promoted to the position of General Manager in the same year, where he was directly responsible for the operations in the logistics, planning, engineering and production departments. In addition, he assisted our CEO in budget planning to ensure effective cost control to maximise the output and profitability.

In 2021, he was promoted to the position of COO, a position he currently holds, where he leads and oversees the business operations of our Group, including logistics and warehouse, production, planning, facility and engineering. He has played a key role in contributing to the growth and development of our Group’s business operations.

He is also a director of various other private limited companies in Malaysia, details of which are as set out in Section 5.2.4 of this Prospectus. Please also see Section 5.7 of this Prospectus for further details of the family relationship between the Promoters, substantial shareholders and Directors.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**5.1.3 Changes in our Promoters' and substantial shareholders' shareholdings**

The changes in our Promoters' and substantial shareholders' shareholdings in our Company since incorporation up to the LPD are as follows:

Name	As at 30 August 2021 (Date of incorporation)				As at the LPD			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(2)</sup>	No. of Shares	% <sup>(2)</sup>
<b>Promoters and substantial shareholders</b>								
B Pack	-	-	-	-	<sup>(3)</sup> 402,300,000	90.00	-	-
Ooi Lay Pheng	9	90.00	-	-	-	-	402,300,000	<sup>(4)</sup> 90.00
Lee Soon Swee	-	-	-	-	-	-	402,300,000	<sup>(4)</sup> 90.00
Ooi Hooi Kiang	-	-	-	-	-	-	26,820,000	<sup>(5)</sup> 6.00
Ong Kah Hong	1	10.00	-	-	-	-	26,820,000	<sup>(5)</sup> 6.00
<b>Substantial Shareholder</b>								
Moviente	-	-	-	-	<sup>(6)</sup> 26,820,000	6.00	-	-

**Notes:**

- (1) Based on our issued share capital of 10 Shares as at the date of incorporation.
- (2) Based on our issued share capital of 447,000,000 Shares after the Acquisition of BSB, but before our IPO.
- (3) Including 9 Shares held by Ooi Lay Pheng which were transferred to B Pack after the Acquisition of BSB.
- (4) Deemed interested by virtue of their shareholdings in B Pack pursuant to Section 8(4) of the Act.
- (5) Deemed interested by virtue of their shareholdings in Moviente pursuant to Section 8(4) of the Act.
- (6) Including 1 Share held by Ong Kah Hong which was transferred to Moviente after the Acquisition of BSB.

As at the LPD, our Promoters and substantial shareholders have the same voting rights with the other shareholders of our Group and there is no arrangement between L&P Global and its shareholders with any third parties, the operation of which may at a subsequent date result in a change in control of our Company.

Save as disclosed above, we are not aware of any persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.



## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

### 5.1.4 Promoters and substantial shareholders' remuneration and benefits

Save for the aggregate remuneration and benefits paid or proposed to be paid to our Promoters and substantial shareholders for services rendered to our Group in all capacities for the FYE 2021 and FYE 2022 as set out in Section 5.4 of this Prospectus and dividends to our shareholders as set out in Section 11.8 of this Prospectus, there are no other amounts or benefits that have been paid or intended to be paid to our Promoters and substantial shareholders within the 2 years preceding the date of this Prospectus.

## 5.2 DIRECTORS AND KEY SENIOR MANAGEMENT

### 5.2.1 Directors

Our Board comprises the following members:

<u>Name</u>	<u>Age</u>	<u>Nationality</u>	<u>Date of appointment</u>	<u>Designation</u>
Ooi Hooi Kiang (F)	53	Malaysian	1 January 2022	Non-Independent Non-Executive Chairperson
Ooi Lay Pheng (F)	51	Malaysian	30 August 2021	Executive Director / CEO
Ong Kah Hong (M)	61	Malaysian	30 August 2021	Executive Director / COO
Dato' Seri Lee Kah Choon (M)	62	Malaysian	1 January 2022	Independent Non-Executive Director
Dato' Mohamed Amin Bin Mohd Kassim (M)	69	Malaysian	1 January 2022	Independent Non-Executive Director
Phoon Yee Min (F)	41	Malaysian	1 January 2022	Independent Non-Executive Director

#### Notes:

(M) Male.

(F) Female.

None of our Directors represents any corporate shareholder on our Board. For details on the association of family relationship between our Promoters, Directors and key senior management, please refer to Section 5.7 of this Prospectus.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

### 5.2.2 Profile of Directors

Save for our Non-Independent Non-Executive Chairperson Ooi Hooi Kiang, Executive Director / CEO Ooi Lay Pheng and Executive Director / COO Ong Kah Hong whose profiles have been set out in Section 5.1.2 of this Prospectus, the profiles of our Directors are as follows:

(i) **Dato' Seri Lee Kah Choon**

*Independent Non-Executive Director, Chairman of the Nomination Committee, member of the Audit and Risk Management Committee and Remuneration Committee*

Dato' Seri Lee Kah Choon, a Malaysian, aged 62, is our Non-Independent Non-Executive Director. He was appointed to our Board on 1 January 2022.

He graduated with a Bachelor of Laws from Southampton University, United Kingdom in 1985 and a Master of Arts in Law and Practice from City University London in 1987. He was admitted as an advocate and solicitor of the High Court of Malaya in 1987.

He started his career as a Legal Assistant with Wong-Chooi and Mohd Nor after his admission and was subsequently promoted to a Partner in 1991. He left Wong-Chooi and Mohd Nor in 1998 to set up his own private legal practice, K.C. Lee and Partners from 1999 to 2004 and had been principally involved in the practice area of conveyancing, corporate and banking.

Apart from his legal career, he was appointed as the Municipal Councillor for Seberang Perai from 1997 to 1999. He then started his political career as the member of Parliament for the Jelutong Constituency from 1999 to 2008. He was also the Parliamentary Secretary of the Ministry of Health from 2004 to 2008. Currently, he is the Special Investment Advisor to the Chief Minister of Penang.

Presently, he is a director of Invest-in-Penang Berhad, a non-profit entity of the Penang State Government; the Independent Non-Executive Chairman of Aemulus Holdings Berhad, a company listed on ACE Market of Bursa Securities; and an Independent Non-Executive Director of Nationgate Holdings Berhad, a non-listed public company seeking listing on ACE Market of Bursa Securities. He is also a board member of various Penang state government linked companies and corporations.

He is also a director of various other private limited companies in Malaysia, details of which are as set out in Section 5.2.4 of this Prospectus.

(ii) **Dato' Mohamed Amin Bin Mohd Kassim**

*Independent Non-Executive Director, Chairman of the Remuneration Committee and member of the Audit and Risk Management Committee and Nomination Committee*

Dato' Mohamed Amin Bin Mohd Kassim, a Malaysian, aged 69, is our Independent Non-Executive Director. He was appointed to our Board on 1 January 2022.

He completed the Degree awarded by the Chartered Institute of Logistics and Transport ("CILT"), United Kingdom in 1975. He was elected as a Chartered Member of CILT in 2008 and subsequently as a Chartered Fellow of CILT in 2018. He is currently the Chairman of CILT Malaysia, Selangor section.

He started his career in Guthrie Boustead Shipping Agencies Sdn Bhd (now known as Boustead Shipping Agencies Sdn Bhd) ("Boustead"), a shipping company as a Cadet Executive in Port Klang from 1975 to 1977. He was then promoted to Operations Executive in 1977 in their Penang Branch and oversaw the shipping and container operations in Penang. In 1980, he was promoted as Branch Executive and assisted in the establishment of the Johor branch office in Pasir Gudang.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 1981, he left Boustead and joined EPASA Shipping Agency Sdn Bhd (“**EPASA**”) as a Shipping Manager, where he assisted in the expansion of EPASA’s shipping agency business to also include project logistics. He left EPASA in 1983 and joined Kontena Nasional Sdn Bhd (now known as Kontena Nasional Berhad) (“**Kontena**”) as a Manager of the Freight Forwarding Division, and was promoted to Group Marketing Manager in 1986. His involvement in Kontena includes spearheading the setting up of branches in Tokyo, Los Angeles and Bremen, as well as coordinating contract agreements from government ministries and agencies.

In 1987, he left Kontena and was appointed as the General Manager of Chergas Marine (Malaysia) Sdn Bhd, a general shipping agency for Evergreen Group in Malaysia. In 1989, he left and joined Green Peninsula Agencies Sdn Bhd (“**GPA**”), another general shipping agency for Evergreen Group as the General Manager from 1989 to 1995, where he was responsible for managing and expanding the business of the agency. He also assisted in negotiating the landing rights for EVA Air in Malaysia. In 1995, he left GPA and was appointed as the Deputy Managing Director for Century Logistics Holdings Berhad (now known as CJ Century Logistics Holdings Berhad) (“**Century Logistics**”) where he contributed towards the successful listing of the company on the Second Board of the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia) in 2001. He is also responsible for the overall corporate management and setting of business directions for Century Logistics. He left the company in 2014 after working for 19 years and retired.

He has been an active speaker in symposiums and seminars in the field of value-added logistics and supply chain management. He has also contributed to the writing of the Industrial Master Plan for Malaysia in 2007.

He is also a director of various other private limited companies in Malaysia, details of which are as set out in Section 5.2.4 of this Prospectus.

### (iii) **Phoon Yee Min**

*Independent Non-Executive Director, Chairperson of the Audit and Risk Management Committee and member of the Nomination Committee and Remuneration Committee*

Phoon Yee Min, a Malaysian, aged 41, is our Independent Non-Executive Director. She was appointed to our Board on 1 January 2022.

She graduated from Universiti Sains Malaysia with Bachelor of Accounting (Honors) in 2004. In 2006, she was admitted as an Affiliate of the Association of Chartered Certified Accountants (“**ACCA**”). She was then admitted as a Professional Member of The Institute of Internal Auditors Malaysia in 2009 and as a Chartered Accountant of the Malaysia Institute of Accountants (“**MIA**”) in 2015. She qualified as a Certified Internal Auditor from The Institute of Internal Auditors in 2020. Subsequently in 2022, she was admitted as a member of the ACCA. She is a member of the Institute of Corporate Directors Malaysia since April 2022.

She started her career in KPMG PLT as an audit assistant in 2004, where she assisted with the audit on a wide range of companies which included public listed companies and multinationals of various industries. In 2006, she was transferred to the Internal Audit, Risk and Compliance Services department (“**IARCS**”) as an Executive and was later promoted to Manager in 2011. During her tenure in IARCS, she was responsible for pre-audit planning, execution of audit programs and communication of engagement results to clients in various industry segments.

She left KPMG PLT in 2012 and joined Dell Global Business Center Sdn Bhd (“**Dell**”) as a Senior Advisor in Project Program Management, where she was in charge of advising on cost controlling for the Technical Support Division of the organisation. She left Dell and joined GUH Holdings Berhad in 2015 as a Senior Manager in Internal Audit where she was in charge of reviewing the internal audit plans and reports as well as conducting risk management workshops in the organisation. She re-joined KPMG Management & Risk Consulting Sdn Bhd in 2018 as a Director of the IARCS Division, where she is the Head of Department mainly responsible in business development and providing internal audit, risk and compliance services to external clients.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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Since 2021, she became the partner of MCM International Consultancy PLT, which is involved in the provision of consultancy services including internal audit and enterprise risk management services, due diligence services, business proposals, policies and procedure establishment, corporate governance and compliance services. Presently, she is an Independent Non-Executive Director of Mi Technovation Berhad and GUH Holdings Berhad, both being companies listed on the Main Market of Bursa Securities. She is also an Independent Non-Executive Director of Coraza Integrated Technology Berhad, a company listed on the ACE Market of Bursa Securities. Please refer to Section 5.2.4 of this Prospectus for further details.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**5.2.3 Directors' shareholdings**

The direct and indirect shareholdings of our Directors as at the LPD and after the IPO are as follows:

Directors	Before our IPO / As at the LPD			After our IPO <sup>(2)</sup>			Assuming full exercise of the First Tranche of ESOS upon Listing					
	Direct		Indirect	Direct		Indirect	Direct		Indirect			
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(3)</sup>	No. of Shares	% <sup>(4)</sup>	No. of Shares	% <sup>(4)</sup>		
Ooi Hooi Kiang	-	-	26,820,000	<sup>(5)</sup> 6.00	300,000	0.06	26,820,000	<sup>(5)</sup> 4.79	1,100,000	0.19	26,820,000	<sup>(5)</sup> 4.70
Ooi Lay Pheng	-	-	402,300,000	<sup>(6)</sup> 90.00	2,000,000	0.36	368,500,000	<sup>(6)</sup> 65.80	4,000,000	0.70	368,500,000	<sup>(6)</sup> 64.51
Ong Kah Hong	-	-	26,820,000	<sup>(5)</sup> 6.00	1,000,000	0.18	26,820,000	<sup>(5)</sup> 4.79	2,500,000	0.44	26,820,000	<sup>(5)</sup> 4.70
Dato' Seri Lee Kah Choon	-	-	-	-	250,000	0.044	-	-	550,000	0.096	-	-
Dato' Mohamed Amin Bin Mohd Kassim	-	-	-	-	250,000	0.044	-	-	550,000	0.096	-	-
Phoon Yee Min	-	-	-	-	250,000	0.044	-	-	550,000	0.096	-	-

**Notes:**

- (1) Based on our issued share capital of 447,000,000 Shares after the Acquisition of BSB, but before our IPO.
- (2) Assuming our Directors will fully subscribe for their respective allocation under the Pink Form Allocation.
- (3) Based on our enlarged issued share capital of 560,000,000 Shares after the Public Issue and Offer for Sale.
- (4) For illustration purposes, based on our enlarged issued share capital of 571,200,000 Shares after assuming full exercise of the First Tranche of ESOS as described in Section 4.1.1(d) of this Prospectus. Please refer to Section 4.1.1(d)(vi) of this Prospectus for the details of the vesting period of the First Tranche of ESOS.
- (5) Deemed interested by virtue of their shareholdings in Moviente pursuant to Section 8(4) of the Act.
- (6) Deemed interested by virtue of her shareholding in B Pack pursuant to Section 8(4) of the Act.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**5.2.4 Principal business activities and directorships in other corporations outside of our Group for the past 5 years**

Save as disclosed below, none of our Directors have any principal business activities and directorships in any other corporations outside of our Group, at the present and in the past 5 years preceding the LPD:

(i) **Ooi Hooi Kiang**

Company	Position held	Date appointed as Director / Date of joining as partner	Date resigned as Director	Direct and indirect equity interest (%)	Principal activities
<b>Present Directorships</b> Ge-Shen Corporation Berhad <sup>(1)</sup>	Director	17 November 2022	-	-	Investment holding, where its subsidiaries are principally involved in innovative mould design, fabrication, stamping, injection moulding, surface finishing and sub-assembly
Roncelli Plastics Sdn Bhd	Director	1 October 2021	-	-	Manufacturing of commodity plastics, high performance polymers, engineering-grade thermoplastics, etc.
Moviente Sdn Bhd	Director / Shareholder	2 June 2021	-	Direct: 80% Indirect: Nil	Investment holding in our Group
WCoach Sdn Bhd	Director / Shareholder	26 March 2021	-	Direct: 100% Indirect: Nil	Provision of advisory and consultancy services
Greatech Technology Berhad <sup>(1)</sup>	Director	20 August 2018	-	Direct: Negligible Indirect: Nil	Investment holding, where its subsidiaries are principally involved in the manufacturing of automated production line system and equipment

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Company	Position held	Date appointed as Director / Date of joining as partner	Date resigned as Director	Direct and indirect equity interest (%)	Principal activities
<b>Previous Directorships</b> Forbes Electronics Sdn Bhd	Director	14 June 2019	17 February 2022	-	Manufacturing of automotive audio components
Stonetrade Sdn Bhd	Director	8 May 2018	31 January 2019	-	Quarrying and processing of stones, granite, etc
Angka Mining Sdn Bhd	Director	13 October 2017	31 January 2019	-	Quarrying and processing of stones, granite, etc
Greatech Integration (M) Sdn Bhd <sup>(2)</sup>	Director	1 August 2017	20 August 2018	-	Manufacturer of automated equipment
IPS Strategic Advisors Sdn Bhd	Director	6 February 2009	30 January 2018	-	Provision of advisory and consultancy services. Company was struck off on 25 January 2019

**Other business involvement outside our Group**

Nil

**Notes:**

- (1) A company listed on the Main Market of Bursa Securities.
- (2) A subsidiary of Greatech Technology Berhad.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

(ii) Ooi Lay Pheng

Company	Position held	Date appointed as Director / Date of joining as partner	Date resigned as Director	Direct and indirect equity interest (%)	Principal activities
<b><u>Present Directorships</u></b> B Pack Holdings Sdn Bhd	Director / Shareholder	16 June 2021	-	Direct: 31% Indirect: Nil	Investment holding in our Group
<b><u>Previous Directorships</u></b> Summer Kitchen Sdn Bhd	Director/ Shareholder	17 August 2010	Company was struck off on 13 November 2020	Direct: 50% Indirect: Nil	Dormant. Company was struck off on 13 November 2020

**Other business involvement outside our Group**

Nil

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

(iii) **Ong Kah Hong**

<b>Company</b>	<b>Position held</b>	<b>Date appointed as Director / Date of joining as partner</b>	<b>Date resigned as Director</b>	<b>Direct and indirect equity interest (%)</b>	<b>Principal activities</b>
<b><u>Present Directorships</u></b> Moviente Sdn Bhd	Director / Shareholder	2 June 2021	-	Direct: 20% Indirect: Nil	Investment holding in our Group
<b><u>Previous Directorships</u></b> Malayan Timber Preservation Sdn Bhd	Director / Shareholder	15 April 2006	Company was dissolved on 20 January 2018 <sup>(1)</sup>	Direct: 6.28% Indirect: Nil	Dormant. Company was dissolved on 20 January 2018 <sup>(1)</sup>
<b><u>Other business involvement outside our Group</u></b> FEC Cables (M) Sdn Bhd	Shareholder	-	-	Direct: Negligible Indirect: Nil	Manufacturer of power telephone cables
Chin Hua Sawmill Company Sdn Bhd	Shareholder	-	-	Direct: 1.72% Indirect: Nil	Renting of sawmill factory

**Note:**

(1) Dissolved by way of members' voluntary winding up.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

(iv) **Dato' Seri Lee Kah Choan**

<b>Company</b>	<b>Position held</b>	<b>Date appointed as Director / Date of joining as partner</b>	<b>Date resigned as Director</b>	<b>Direct and indirect equity interest (%)</b>	<b>Principal activities</b>
<b><u>Present Directorships</u></b> Nationgate Holdings Berhad	Director	7 February 2022	-	-	Investment holding, where its subsidiary is involved in the provision of electronics manufacturing services
Aemulus Holdings Berhad <sup>(1)</sup>	Director	9 February 2021	-	-	Investment holding, where its subsidiary is involved in design, engineering and development of semiconductor testers
Cereal Products (M) Sdn Bhd <sup>(2)</sup>	Director	1 August 2011	-	-	Manufacturing and marketing of cereal products
Federal Oats Mills Sdn Bhd	Director	1 August 2011	-	-	Manufacturer of oats and yellow dhal
Leong Hong Oil Mill Sdn Bhd <sup>(2)</sup>	Director	12 November 2014	-	-	Marketing of pollard and bran, investment holding
Khong Guan Vegetable Oil Refinery Sdn Bhd <sup>(2)</sup>	Director	1 August 2011	-	-	Repacking, refining and marketing of edible oil
Invest-In-Penang Berhad <sup>(3)</sup>	Director	26 May 2008	-	-	Investment holding and provision of consultancy services

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

<b>Company</b>	<b>Position held</b>	<b>Date appointed as Director / Date of joining as partner</b>	<b>Date resigned as Director</b>	<b>Direct and indirect equity interest (%)</b>	<b>Principal activities</b>
PDC Premier Holdings Sdn Bhd <sup>(3)</sup>	Director	29 September 2008	-	-	Investment holding, where its subsidiaries are principally involved in the provision of building management, landscaping and construction services, development of telecommunication base transceiver stations in Penang, and housing and property development
<b>Previous Directorships</b>					
D'Nonce Technology Berhad <sup>(4)</sup>	Director / Shareholder	20 December 2013	30 November 2018	-	Investment holding, where its subsidiaries are principally involved in contract manufacturing in wire harness, paper packaging and plastic products, etc, provision of packaging design solution, provision of vendor-managed inventory services and provision of precision polymer engineering services
BPO Premier Sdn Bhd <sup>(3)</sup>	Director	2 October 2015	10 June 2019	-	Property development. Company was struck off on 31 January 2022
Premier Horizon Ventures Sdn Bhd <sup>(3)</sup>	Director	2 October 2015	10 June 2019	-	Property development

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Company	Position held	Date appointed as Director / Date of joining as partner	Date resigned as Director	Direct and indirect equity interest (%)	Principal activities
Malaysia Debt Ventures Berhad <sup>(3)</sup>	Director	13 December 2018	28 October 2020	-	Provision of project and financing facilities to high-potential technology and technology-based companies
Island Golf Properties Berhad <sup>(3)</sup>	Director	1 November 2017	21 August 2020	-	Operating the Penang golf club which provides golfing and social facilities Property development (subsidiary of Penang Development Corporation)

**Other business involvement outside our Group**

Nil

**Notes:**

- (1) A company listed on the ACE Market of Bursa Securities.
- (2) Subsidiaries of Federal Oats Mill Sdn Bhd.
- (3) Subsidiaries of Penang Development Corporation.
- (4) A company listed on the Main Market of Bursa Securities.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

(v) **Dato' Mohamed Amin Bin Mohd Kassim**

<b>Company</b>	<b>Position held</b>	<b>Date appointed as Director / Date of joining as partner</b>	<b>Date resigned as Director</b>	<b>Direct and indirect equity interest (%)</b>	<b>Principal activities</b>
<b><u>Present Directorships</u></b> Nuramin Sdn Bhd	Director	12 February 2015	-	-	Provision of consultancy services and training for logistics and supply chain services
<b><u>Previous Directorships</u></b> H&H Hotels Resorts & Residences Sdn Bhd	Director	8 March 2017	Company struck off on 16 September 2022	-	Dormant. Company was struck off on 16 September 2022.
Glenhill Capital Sdn Bhd	Director	16 March 2016	10 December 2020	-	Private equity investment with key portfolio involving a company involved in logistics
Corporate Appeal Sdn Bhd	Director / Shareholder	26 February 2002	Company struck off on 3 August 2020	Direct: 50% Indirect: Nil	Dormant. Company was struck off on 3 August 2020
Mutiara Nexus (M) Sdn Bhd	Director / Shareholder	16 April 2009	Company struck off on 3 August 2020	Direct: 50% Indirect: Nil	General trading in commodities (oil and gas). Company was struck off on 3 August 2020.

**Other business involvement outside our Group**  
Nil

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

(vi) **Phoon Yee Min**

Company	Position held	Date appointed as Director / Date of joining as partner	Date resigned as Director	Direct and indirect equity interest (%)	Principal activities
<b><u>Present Directorships</u></b> Mi Technovation Berhad <sup>(1)</sup>	Director	21 February 2022	-	Direct: Negligible Indirect: Nil	Investment holding company, where its subsidiaries designs, develops and manufactures wafer level chip scale packaging sorting machines and related spare parts for the semiconductor industry
Coraza Integrated Technology Berhad <sup>(2)</sup>	Director	27 May 2022	-	-	Investment holding company, where its subsidiary is principally involved in the fabrication of sheet metal and precision machined components, as well as the provision of related services, such as design and development as well as value-added sub-module assembly services
GUH Holdings Berhad <sup>(1)</sup>	Director	30 May 2022	-	-	Investment holding company, where its subsidiaries are principally involved in the manufacture and sales of printed circuit boards, property development and water/wastewater solutions

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

Company	Position held	Date appointed as Director / Date of joining as partner	Date resigned as Director	Direct and indirect equity interest (%)	Principal activities
<b><u>Previous Directorships</u></b>					
Nil					
<b><u>Other business involvement outside our Group</u></b>					
MCM International Consultancy PLT	Partner	26 April 2021	-	Direct: 50% Indirect: Nil	Provision of consultancy services including internal audit and enterprise risk management services, due diligence services, business proposals, policies and procedure establishment, corporate governance and compliance services

**Notes:**

- (1) A company listed on the Main Market of Bursa Securities.
- (2) A company listed on the ACE Market of Bursa Securities.

As at the LPD, there are no transactions between our Group and the companies in which our Directors are involved in as set out above.

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## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

### 5.2.5 Involvement of our Executive Director in other businesses or corporations

Save as disclosed in Section 5.2.4 of this Prospectus, our Executive Directors are not involved in other businesses or corporations. Their involvement in other businesses or corporations is not expected to affect the operations of our Group as their involvement in the aforesaid companies are minimal. They do not hold executive position in the aforesaid companies and such businesses' or corporations' operations do not require their involvement on a day-to-day basis as these businesses or corporations are managed by or have their own independent management teams. Hence, our Board is of the view that this would not affect their contribution and performance in our Group.

### 5.2.6 Key senior management

Our key senior management comprises the following:

<b>Name</b>	<b>Age</b>	<b>Nationality</b>	<b>Designation</b>
Ooi Lay Pheng (F)	51	Malaysian	Executive Director / CEO
Ong Kah Hong (M)	61	Malaysian	Executive Director / COO
Ow Chooi Khim (F)	53	Malaysian	CFO
Tan Ee Lin (F)	56	Malaysian	Senior Business Development Manager
Ng So Yin (F)	54	Malaysian	Senior Operations Manager
Ong Bee Ngoh (F)	50	Malaysian	Senior Order Fulfilment Manager
Ch'ng Chun Geet (M)	51	Malaysian	Senior Finance Manager

**Notes:**

(M) Male.

(F) Female.

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**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**5.2.7 Key senior management's shareholdings**

The direct and indirect shareholdings of our key senior management in our Company as at the LPD and after our IPO are as follows:

Key senior management	Before our IPO / As at the LPD			After our IPO <sup>(2)</sup>			Assuming full exercise of the First Tranche of ESOS upon Listing					
	Direct		Indirect	Direct		Indirect	Direct		Indirect			
	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>	No. of Shares	% <sup>(3)</sup>	No. of Shares	% <sup>(4)</sup>	No. of Shares	% <sup>(4)</sup>		
Ooi Lay Pheng	-	-	402,300,000	<sup>(5)</sup> 90.00	2,000,000	0.36	368,500,000	<sup>(5)</sup> 65.80	4,000,000	0.70	368,500,000	<sup>(5)</sup> 64.51
Ong Kah Hong	-	-	26,820,000	<sup>(6)</sup> 6.00	1,000,000	0.18	26,820,000	<sup>(6)</sup> 4.79	2,500,000	0.44	26,820,000	<sup>(6)</sup> 4.70
Ow Chooi Khim	-	-	-	-	800,000	0.14	-	-	1,600,000	0.28	-	-
Tan Ee Lin	-	-	17,880,000	<sup>(7)</sup> 4.00	500,000	0.09	17,880,000	<sup>(7)</sup> 3.19	1,200,000	0.21	17,880,000	<sup>(7)</sup> 3.13
Ng So Yin	-	-	-	-	700,000	0.13	-	-	1,400,000	0.25	-	-
Ong Bee Ngoh	-	-	-	-	450,000	0.08	-	-	650,000	0.11	-	-
Ch'ng Chun Geet	-	-	-	-	450,000	0.08	-	-	650,000	0.11	-	-

**Notes:**

- (1) Based on our issued share capital of 447,000,000 Shares after the Acquisition of BSB, but before our IPO.
- (2) Assuming our Directors / key senior management will fully subscribe for their respective allocation under the Pink Form Allocation.
- (3) Based on our enlarged issued share capital of 560,000,000 Shares after the Public Issue and Offer for Sale.
- (4) For illustration purposes, based on our enlarged issued share capital of 571,200,000 Shares after assuming full exercise of the First Tranche of ESOS as described in Section 4.1.1(d) of this Prospectus. Please refer to Section 4.1.1(d)(vi) of this Prospectus for the details of the vesting period of the First Tranche of ESOS.
- (5) Deemed interested by virtue of her shareholding in B Pack pursuant to Section 8(4) of the Act.
- (6) Deemed interested by virtue of his shareholding in Moviente pursuant to Section 8(4) of the Act.
- (7) Deemed interested by virtue of her shareholding in B Line pursuant to Section 8(4) of the Act.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

### 5.2.8 Profile of key senior management

Save for our Executive Director / CEO Ooi Lay Pheng and Executive Director / COO Ong Kah Hong whose profiles have been set out in Section 5.1.2 of this Prospectus, the profiles of the key senior management of our Group are as follows:

(i) **Ow Chooi Khim**  
*Chief Financial Officer*

Ow Chooi Khim, a Malaysian, aged 53, is our CFO. Her responsibilities include managing the financial matters of the company, including internal and external financial reporting, stewardship of company's assets, ownership of cash management and advise the management on strategic financial direction of the company.

She obtained a Bachelor in Accounting from the Northern University of Malaysia (Universiti Utara Malaysia) in 1994. She qualified as a Chartered Accountant in 1997 and was admitted as a member of the Malaysia Institute of Accountants. She subsequently obtained a Master in Business Administration from the University of South Australia in 2008.

Upon graduation, she started her career in Deloitte Kassim Chan ("**Deloitte**") as an Audit Assistant in 1994 where she assisted in a wide range of audit work. She left Deloitte in 1998 as an Assistant Audit Manager to join Uchi Optoelectronic (M) Sdn Bhd ("**Uchi**") as an Accountant mainly responsible in overseeing the finance department of the company. She was promoted to the position of Head of Finance Department in 2000 where she was mainly responsible for the company's overall cashflow management and financial reporting. Subsequently, she was appointed as the Senior Finance Manager of Uchi Technologies Berhad ("**UTB**"), the holding company of Uchi, where she assisted the Managing Director in corporate risk assessment, managing the overall financial control and cashflow of the company as well as partaking in the listing exercise of UTB where UTB was listed on the Second Board of Bursa Securities in 2002 (now listed on the Main Market of Bursa Securities). She left UTB in 2019 after serving the group for 21 years to take a short career break before joining our Group in 2021 as the CFO.

(ii) **Tan Ee Lin**  
*Senior Business Development Manager*

Tan Ee Lin, a Malaysian, aged 56, is our Senior Business Development Manager. She is responsible in overseeing the account management and order fulfilment team.

She graduated with a Bachelor of Technology (Food Science and Technology) from Universiti Sains Malaysia in 1991. She has also obtained a Master in Business Administration from Nottingham Trent University, United Kingdom in 2003.

She commenced her career in Highland Chocolate & Confectionery Sdn Bhd as a Food Technologist in 1991, taking care of the quality assurance of the products of the company. In the same year, she left the company and joined Seapack Food Sdn Bhd (now known as Sea Master Food Sdn Bhd, a subsidiary of Texchem Resources Berhad) ("**Seapack**") as a Food Technologist, taking care of the quality assurance of the products. She was then promoted to the position of Senior Material Executive in 1995, Assistant Material Manager in 1996, Materials Manager in 1997 and Assistant Factory Manager in 1999 where she led the research and development as well as the quality assurance team.

In 2002, she left Seapack and joined Worldfish Center, a NGO involved in aquaculture and fishery, as an Associate, responsible for setting up the system and documentation for procurement. She was promoted to the position of Administration and Operation Manager in 2004 where she worked with international researchers and scientists and was involved in the implementation of ISO and quality management system (QMS).

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

In 2008, she joined Integrascreeen (Malaysia) Sdn Bhd (now acquired by Thomson Reuters) (“**Integrascreeen**”) as Deputy General Manager. Her involvement in Integrascreeen include finances and procurement related work, overseeing the administration and operations and employee engagement activities and establishing coaching programmes for managers. She was subsequently promoted to the position of Site Manager in 2015 where she acted as the representative for the Penang branch office and was in charge of government-related work and communications between stakeholders.

She was appointed as director in Jora Reignmakers Sdn Bhd (“**Jora**”) in 2014 and became actively involved in Jora in 2018, after she left Integrascreeen in the same year, as Leadership and Business Coach where she worked with the business owners based in Penang in setting goals, strategies as well as the internal operation policies for the company. In 2020, she concurrently joined The Spark Group Asia as a freelance associate (as part of a collaborative arrangement between The Spark Group Asia and Jora) where she provides business, executive and leadership coaching to clients based in the Klang Valley. Subsequently, she left Jora as well as ceased her involvement with The Spark Group Asia, and joined our Group in 2021 as the Senior Business Development Manager.

She is also a director of B Line, details of which are as set out in Section 5.2.9 of this Prospectus. Please also see Section 5.7 of this Prospectus for further details of the family relationship between the Promoters, Directors and key senior management.

### (iii) **Ng So Yin** *Senior Operations Manager*

Ng So Yin, a Malaysian, aged 54, is our Senior Operations Manager. Her responsibilities include overseeing production, planning, engineering and facilities and to improve productivity and profitability of our Group.

She graduated with a Bachelor of Applied Science (Hons) Major in Physics from Universiti Sains Malaysia in 1993.

She then started her career as an Industrial Engineer in Sony Electronics (M) Sdn Bhd in 1993 and later Seagate (M) Sdn Bhd (“**Seagate**”) in 1996, where her roles included planning and factory layout requirement analysis, establishing standards and key performance indicators for production, determining process cycle time and lead time. She left Seagate in 1998 and joined Advanced Micro Devices Export Sdn Bhd as a Senior Industrial Engineer, mainly in charge of capacity planning. In 2001, she rejoined Seagate (*now known as Benchmark (M) Sdn Bhd*) as Staff Industrial Engineer, a managerial position for similar roles.

In 2010, she joined Mattel (M) Sdn Bhd (“**Mattel**”) as Manufacturing Manager where she was responsible for managing various production areas. Subsequently in 2011, she left Mattel and joined Maica Laminates Sdn Bhd (“**Maica**”) as Industrial Engineering Manager. She was in charge of setting up the industrial engineering department in Maica. Later, she was promoted to the position of Assistant General Manager in 2012 and subsequently General Manager in 2013, mainly responsible for formulating the company’s operational strategy and was in charge of the production, planning and engineering department. She left Maica in 2018 and join Jabil Circuit Sdn Bhd as Senior Workcell Manager, where she worked closely with sourcing department and was responsible for planning, production and engineering work. In 2021, she joined our Group as the Senior Operations Manager.

### (iv) **Ong Bee Ngoh** *Senior Order Fulfilment Manager*

Ong Bee Ngoh, a Malaysian, aged 50, is our Senior Order Fulfilment Manager and has been with our Group for 20 years since 2002. She obtained her Bachelor of Arts (Honours) in Mathematics from University of Malaya in 1997.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

Upon graduating in 1997, she joined Fujisash (M) Sdn Bhd (“**Fujisash**”) as a Management Trainee and was subsequently assigned to the position of Quality Assurance Section Head. During her time at Fujisash she assisted the Company in achieving the ISO 9001 Quality Management Systems. She was also responsible for documentation and data control to ensure only approved, current Quality Management System documentations are used throughout the organisation and oversaw calibration and testing activities. She left Fujisash in 2000 to join Teleplan Technology Services Sdn Bhd (“**Teleplan**”) as a Document Control Officer, where she was responsible for implementing document control activities plantwide via intranet to ensure accurate and timely distribution of information such as customer drawings throughout an organisation, as well as maintaining intranet systems for document storage and retrieval. She was also responsible for document security and the assigning of user access. Similar to her role at Fujisash, she played a key role in assisting Teleplan to achieve the ISO 9001 Quality Management Systems.

She subsequently left Teleplan to join our Group in 2002 as a Sales Administration Executive and was subsequently promoted to Senior Sales Administration Executive in 2004. During this period, she facilitated the setting up of the document control for our Group on Product Specification and Drawing prepared by our sales team as well as the development and improvisation of procedures and policies to facilitate customer orders. She was promoted to the position of Sales Manager in 2008 where she took on more responsibilities such as managing the sales team and operating the Pallet Design System software for our Group to meet the design requirements of the customers.

She was redesignated to act as our Sales and Operation Manager between 2014 to 2015 where she was instrumental in overseeing the purchase process in our Malaysia operations by overseeing the purchase, administration and operations. In 2018, she was promoted to the position of Sales Support Manager where she managed the sales operation of our Group and assisted in the setting up of the Vietnam Factory. In 2021, she was promoted to the position of Senior Order Fulfilment Manager where she takes charge of the order fulfilment resource planning and acts as an administrator to coordinate the operation process flow.

(v) **Ch'ng Chun Geet**  
*Senior Finance Manager*

Ch'ng Chun Geet, a Malaysian, aged 51, is our Senior Finance Manager and has been with our Group since 2001. He graduated from Bukit Mertajam High School with the Sijil Tinggi Persekolahan Malaysia (STPM) certification.

He started his career at Skelchy Su Lim & Associates as an Audit Assistant in 1995 and subsequently held the title of Senior Auditor from 1998 to 1999, where he was responsible in auditing of client's financials. In 1999 he left the firm to join Leader Video Sdn Bhd (“**Leader**”), a company that distributes, records and advertises video films, as a Finance and Administration Manager, where he directly reported to the Managing Director and the holding company. His responsibility spanned across Human Resource, Administration and Accounting matters.

He left Leader after it was dissolved and joined our Group as Finance and Administrative Manager in 2001. During this period, he was responsible for overseeing the Company's Human Resource, Administrative and Finance Departments. His responsibilities include liaising with both internal departments and external parties such as bankers, government bodies and auditors. From 2004 to 2021, he was reassigned to Finance Manager reporting to the General Manager and subsequently reporting to the CFO from 2021 onwards, with his sole focus on the finances of the Company in both Malaysia and Vietnam. Since 2021, he has been promoted to the position of Senior Finance Manager, managing the financial position of the whole group. He has been the key figure for our Group's finances and has been with our group for 21 years. He also assisted in setting up the finance department of our Vietnam operations.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**5.2.9 Involvement of our key senior management in other businesses / corporations**

Save as disclosed below and in Section 5.2.4 of this Prospectus, none of our key senior management has any principal business activities and directorships in any other corporation outside of our Group, at the present and in the past 5 years preceding the LPD:

(i) **Ow Chooi Khim**

<u>Company</u>	<u>Position held</u>	<u>Date appointed as Director / Date of joining as partner</u>	<u>Date resigned as Director</u>	<u>Direct and indirect equity interest (%)</u>	<u>Principal activities</u>
<u>Present Directorships</u> Nil					
<u>Previous Directorships</u> Uchi Technologies Berhad <sup>(1)</sup>	Alternate Director	1 April 2011	28 May 2019	Direct: Negligible Indirect: Nil	Principally involved in Original Design Manufacturing (ODM), specializing in the design of electronic control systems
Uchi Optoelectronic (M) Sdn Bhd <sup>(2)</sup>	Director	8 March 2005	30 September 2019	-	Design, research, development and manufacture of touch screen advance display, high precision light measurement (optoelectronic) equipment, mix signal control system for centrifuge or laboratory equipment, mixed signal microprocessor based application and system integration products

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

<b>Company</b>	<b>Position held</b>	<b>Date appointed as Director / Date of joining as partner</b>	<b>Date resigned as Director</b>	<b>Direct and indirect equity interest (%)</b>	<b>Principal activities</b>
Uchi Electronic (M) Sdn Bhd <sup>(2)</sup>	Director	8 March 2005	30 September 2019	-	Assembly of electrical components onto printed circuit boards (" <b>PCB</b> ") and the trading of complete electric module and saturated paper for PCB lamination
Uchi Technologies (Dongguan) Co. Ltd <sup>(2)</sup>	Director	8 April 2007	12 December 2019	-	Production and sales of optoelectronic products (electronic controllers, etc.) and new electronic components, and the research and development of develop electronic control systems

**Other business involvement outside our Group**

Nii

**Notes:**

- (1) A company listed on the Main Market of Bursa Securities.
- (2) Subsidiaries of Uchi Technologies Berhad.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

(ii) **Tan Ee Lin**

Company	Position held	Date appointed as Director / Date of joining as partner	Date resigned as Director	Direct and indirect equity interest (%)	Principal activities
<b><u>Present Directorships</u></b>					
B Line Sdn Bhd	Director / Shareholder	15 September 2021	-	Direct: 50% Indirect: Nil	Investment holding in our Group
<b><u>Previous Directorships</u></b>					
Lifeequip Sdn Bhd	Director	1 June 2016	24 May 2021	-	Provision of training and coaching services
Jora Reignmakers Sdn Bhd	Director	26 June 2014	20 May 2021	-	Provision of training and coaching services
Integrascreeen (Malaysia) Sdn Bhd	Director	30 November 2015	6 April 2018	-	Provision of business partner screening, corporate information and other background screening solutions

**Other business involvement outside our Group**  
Nil

The involvement of the abovementioned key senior management in other business activities outside our Group will not affect their contributions to our Group and would not be expected to affect the operations of our Group as the abovementioned key senior management's involvement in other business activities does not require their involvement on a day-to-day basis. Further, this does not give rise to any conflict of interest with our business. They have and will continue to ensure that they would be able to fulfil and discharge their respective duties and responsibilities in our Group effectively.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

### 5.3 BOARD PRACTICES

#### 5.3.1 Directorship

As at the LPD, the details of the date of expiration of the current term of office for each of the Directors and the period for which the Directors have served in that office are as follows:

Name	Designation	Date of expiration of the current term of office*	No. of years in office
Ooi Hooi Kiang	Non-Independent Non-Executive Chairperson	Subject to retirement at AGM 2025	Less than 1 year
Ooi Lay Pheng	Executive Director / CEO	Subject to retirement at AGM 2023	Less than 1 year
Ong Kah Hong	Executive Director / COO	Subject to retirement at AGM 2024	Less than 1 year
Dato' Seri Lee Kah Choon	Independent Non-Executive Director	Subject to retirement at AGM 2023	Less than 1 year
Dato' Mohamed Amin Bin Mohd Kassim	Independent Non-Executive Director	Subject to retirement at AGM 2025	Less than 1 year
Phoon Yee Min	Independent Non-Executive Director	Subject to retirement at AGM 2024	Less than 1 year

#### Note:

- \* In accordance with the Company's Constitution, at every AGM, 1/3 of the Directors for the time being or if their number is not 3 or a multiple of 3, then the number nearest to 1/3 shall retire from office and be eligible for re-election, provided that all Directors shall retire from office once at least in every 3 years. A retiring Director shall be eligible for re-election. A Director retiring at a meeting shall retain office until the conclusion of the meeting.

Our Board acknowledges and takes cognisance of the Malaysian Code on Corporate Governance ("MCCG") which contains best practices and guidance for listed companies to improve upon or to enhance their corporate governance as it forms an integral part of their business operations and culture. Our Board believes that our current Board composition provides an appropriate balance in terms of skills, knowledge and experience to promote the interest of all shareholders and to govern our Group effectively. Our Company has adopted the recommendations under the MCCG to have at least half of the Board comprising Independent Non-Executive Directors, that our chairperson of the Board should not be a member of our Audit and Risk Management Committee, Nomination Committee or Remuneration Committee, and to have at least 30% women directors on our Board.



## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

### 5.3.2 Audit and Risk Management Committee

Our Audit and Risk Management Committee was established on 10 June 2022 and its members are appointed by our Board. Our Audit and Risk Management Committee comprises the following members:

Name	Designation	Directorship
Phoon Yee Min	Chairperson	Independent Non-Executive Director
Dato' Seri Lee Kah Choon	Member	Independent Non-Executive Director
Dato' Mohamed Amin Bin Mohd Kassim	Member	Independent Non-Executive Director

The main functions of our Audit and Risk Management Committee (“**ARMC**”) include among others:

- (i) Review the audit scope, nature and plan with external auditors to ensure that it has the necessary authority to carry out its work, including any changes to the planned audit scope and ensure co-ordination where more than one firm of auditors is involved and report on the same to the Board.
- (ii) Discuss problems and reservations, if any, arising from the interim and final audits, and any matter (including all key audit matters highlighted in the auditors' report) which the external auditors wish to discuss in the absence of the management, where necessary.
- (iii) Set policies and procedures to assess the suitability, objectivity and independence of the external auditors. Consider and make recommendations to the Board in relation to the nomination and re-appointments of external auditors and their audit fees by taking into account the objectivity, suitability, competence, resource capacity and independence of the external auditors, the services and audit fee (to ensure the balance between objectivity, quality of audit and value for money) and any question of resignation or dismissal including any written explanations, and the letter of resignation from external auditors, if applicable.

The assessment should also consider information presented in the Annual Transparency Report of the audit firm, if such report is prepared by the external auditors.

- (iv) Review the non-audit services provided by the external auditors and/or its network firms to the Company for the financial year, including the nature and extent of the non-audit services, fee of the non-audit services, individually and in aggregate, relative to the external audit fees and safeguards deployed to eliminate or reduce the threat to objectivity and independence in the conduct of the external audit resulting from the non-audit services provided. The contracts that cannot be entered into should include:
  - (a) Management consulting;
  - (b) Strategic decision;
  - (c) Internal audit; and
  - (d) Policy and standard operating procedures documentation.
- (v) Ensure the internal audit function is independent of the activities it audits and the head of internal audit reports functionally to the ARMC directly. The head of internal audit shall be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control, and governance processes within the Company.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

- (vi) Review the internal audit plan, processes and results of the internal audit assessments, investigation undertaken and where necessary, ensure that appropriate and prompt action is taken by management on deficiencies in controls or procedures that are identified for the recommendations of the internal audit function.
- (vii) Review the performance of the internal auditors on an annual basis.
- (viii) Review the adequacy and effectiveness of internal control systems, including management information systems and the internal auditors and or external auditors' assessment of these systems and policies.
- (ix) Review the quarterly and year-end financial statements of the Company, focusing particularly on the following to determine whether the financial statements taken as a whole provide a true and fair view of its financial position and performance:
  - (a) any changes in or implementation of major accounting policies changes and practices;
  - (b) significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events and/or transactions, significant adjustments arising from the audit and how these matters are addressed;
  - (c) litigation or actions that could affect the financial position, performance or results materially;
  - (d) the going concern assumption;
  - (e) integrity of financial statements; and
  - (f) compliance with accounting standards and other legal requirements.
- (x) Oversee the Group's internal control framework to ensure operational effectiveness and efficiency, reduce risk of inaccurate financial reporting, protect the Group's assets from misappropriation and encourage legal and regulatory compliance.
- (xi) Review major audit findings (including the status of previous audit recommendations) of the Group's systems of internal controls and management's responses with management, external auditors, internal auditors and other consultants (if applicable).
- (xii) Report to the Board any suspected frauds or irregularities, serious internal control deficiencies or suspected infringement of laws, rules and regulations which come to its attention and are of sufficient importance to warrant the attention of the Board.
- (xiii) Review and approve policies and procedures on whistle-blowing established to address allegations raised by whistle-blowers, to ensure independent investigation is conducted and follow-up action is taken and highlighted to the Committee.
- (xiv) Review the Enterprise Risk Management ("ERM") Framework document, which outlines the risk management framework for the Group and offers practical guidance to all employees on risk management issues and recommend changes as needed to ensure that the Group has in place a risk management policy which addresses the strategic, operational, financial and compliance risks for the Board's approval.
- (xv) Review the reporting information of the contents and operations of the Anti-Bribery management system at regular intervals and order a regular review (at least once every three (3) years) of the Anti-Bribery and Anti-Corruption Policy to ensure the system is kept effective and up to date.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

### 5.3.3 Nomination Committee

Our Nomination Committee was established on 10 June 2022 and its members are appointed by our Board. Our Nomination Committee comprises the following members:

Name	Designation	Directorship
Dato' Seri Lee Kah Choon	Chairman	Independent Non-Executive Director
Dato' Mohamed Amin Bin Mohd Kassim	Member	Independent Non-Executive Director
Phoon Yee Min	Member	Independent Non-Executive Director

The main functions of our Nomination Committee include among others:

- (i) Recommend to the Board suitable candidates for directorships on the Board, taking into consideration the following aspects when considering new appointments on the Board:
  - (a) the candidates' skills, qualifications, knowledge, expertise, experience, professionalism and integrity;
  - (b) in the case of candidates for the position of Independent Non-Executive Directors, the ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors; and
  - (c) the Board's diversity in terms of skills, experience, age, gender and culture.
- (ii) Evaluate, review and recommend on an annual basis to the Board the appropriate size, structure, balance and composition of the Board, required mix of skills, experience and other qualities, including core competencies to function effectively and efficiently which Non-Executive Director shall bring to the Board to ensure that they are in line with L&P's and the Group's requirements and is in compliance with the Listing Requirements.
- (iii) Assess the effectiveness of the Board, the committees of the Board and the contributions of each individual Director, including the independence of Independent Non-Executive Directors, as well as the CEO, COO and CFO (where these positions are not Board members), based on the process and procedures laid out by the Board; and to provide the necessary feedback to directors in respect of their performance.
- (iv) Ensure that appropriate actions are taken based on the results of the annual assessments, to continuously enhance the Board's overall performance and identify opportunities for improvement.
- (v) Identify, consider and recommend suitable persons for appointment as Directors of L&P, its Group and members of the Board Committee and also key senior management positions relying on sources from existing Board members, Management, major shareholders, independent search firms and other independent sources.
- (vi) Ensure that there is a formal, rigorous and transparent process for the appointment of directors (including reappointments) and key senior management. The candidate selection process should be guided by clear criteria of fit and proper policy as required under the Listing Requirements and the MCCG.
- (vii) Ensure that every Director, including the Executive Directors, shall be subject to retirement at least once every three (3) years. A retiring Director shall be eligible for re-election. Recommend Director(s) who are retiring (by casual vacancy and by rotation) for re-election at the Company's Annual General Meeting in accordance with the fit and proper policy and the Company's Constitution.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

- (viii) The CEO shall assist the Nomination Committee in ensuring that an appropriate succession planning framework, talent management and human capital development programme is in place for the position of the CEO and key pivotal positions. The Nomination Committee shall be apprised of the progress of the programme on a regular basis.
- (ix) Require the directors to attend training courses, where necessary.

### 5.3.4 Remuneration Committee

Our Remuneration Committee was established on 10 June 2022 and its members are appointed by our Board. Our Remuneration Committee comprises the following members:

<b>Name</b>	<b>Designation</b>	<b>Directorship</b>
Dato' Mohamed Amin Bin Mohd Kassim	Chairman	Independent Non-Executive Director
Dato' Seri Lee Kah Choon	Member	Independent Non-Executive Director
Phoon Yee Min	Member	Independent Non-Executive Director

The main functions of our Remuneration Committee include among others:

- (i) Review, and recommend to the Board for approval the remuneration policies and procedures for the Directors, Board Committees (if any) and key senior management. Independent professional advice may be obtained in determining the remuneration framework. For the purposes of the terms of reference, Board Committees is a collective term for the Audit and Risk Management Committee, the Nomination Committee and the Remuneration Committee.
- (ii) Establish and agree goals and objectives and key performance indicators for the Executive Directors and key senior management and review their performance in comparison thereof.
- (iii) Recommend to the Board, proposal on remuneration and benefits for Executive Directors and key senior management including share option and compensation payment in the event of termination of the employment/service contracts (if any) by the Company and/or the Group. The recommendations should be made based on their respective performance relative to the key performance indicators set taking the following into consideration:
- fair reward for their individual contributions to overall performance of the Group;
  - compensation is reasonable and aligned with business strategy and long-term objectives of the Group; and
  - compensation is similar to other companies of similar size in the same industry.
- (iv) Review and recommend to the Board the Directors' Fees and benefits (if any) payable to the Non Executive Directors (in relation to their level of contribution) for recommendation to the shareholders of the Company for approval.
- (v) Consider the appropriate level of remuneration of Non Executive Directors taking into consideration that remuneration of Non Executive Directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the said Directors. Non Executive Directors should not be over-compensated to the extent that their independence may be compromised.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

**5.4 REMUNERATION OF DIRECTORS AND KEY SENIOR MANAGEMENT**

**5.4.1 Directors' Remuneration and material benefits in-kind**

The details of the remuneration and material benefits in-kind paid and proposed to be paid to our Directors for services rendered to our Group in all capacities for the FYE 2021 and FYE 2022 are as follows:

FYE 2021 (Actual)	Fees	Salary	Bonus	Allowances	Statutory Contributions (EPF, SOCSO and EIS)	Benefits in- kind	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Executive Directors</b>							
Ooi Lay Pheng	-	215	22	29	38	18	322
Ong Kah Hong	-	64	18	16	7	6	111
<b>Non-Executive Directors</b>							
Ooi Hooi Kiang	40 <sup>(1)</sup>	-	-	-	-	-	40 <sup>(1)</sup>
Dato' Seri Lee Kah Choon	-	-	-	-	-	-	-
Dato' Mohamed Amin Bin Mohd Kassim	-	-	-	-	-	-	-
Phoon Yee Min	-	-	-	-	-	-	-

**Note:**

- (1) Ooi Hooi Kiang was appointed as the Director of BSB since 1 September 2021. She has been contributed to our Group in guiding and developing proper corporate governance, risk management and other financial related matters as well as providing independent views to key strategies and initiatives planned by the key senior management.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

FYE 2022 (Proposed)	Statutory Contributions					Total	
	Fees RM'000	Salary RM'000	Bonus <sup>(1)</sup> RM'000	Allowances RM'000	(EPF, SOCSO and EIS) RM'000		Benefits in- kind RM'000
<b>Executive Director</b>							
Ooi Lay Pheng	-	240	-	49	49	24	362
Ong Kah Hong	-	192	-	49	49	5	268
<b>Non-Executive Directors</b>							
Ooi Hooi Kiang	132 <sup>(2)</sup>	-	-	8	-	-	140 <sup>(2)</sup>
Dato' Seri Lee Kah Choon	12	-	-	8	-	-	20
Dato' Mohamed Amin Bin Mohd Kassim	12	-	-	8	-	-	20
Phoon Yee Min	12	-	-	21	-	-	33

**Notes:**

- (1) Bonuses, if any, will be determined later based on the individual's performance as well as our Group's performance at the time of assessment.
- (2) Including Director fees paid to Ooi Hooi Kiang for her directorship in BSB.

The remuneration, which includes our Directors' salaries, bonuses and allowances as well as other benefits of our Directors, must be considered and recommended by our Nomination and Remuneration Committee and subsequently be approved by our Board. Our Directors' fees and / or benefits must be further approved by our shareholders at a general meeting.

## 5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)

### 5.4.2 Key senior management's remuneration and material benefits in-kind

The aggregate remuneration and material benefits in-kind of our Executive Director / CEO Ooi Lay Pheng and Executive Director / COO Ong Kah Hong are set out in Section 5.4.1 of this Prospectus. The aggregate remuneration and material benefits in-kind paid and proposed to be paid to our key senior management for services rendered to our Group in all capacities for the FYE 2021 and FYE 2022 are as follows:

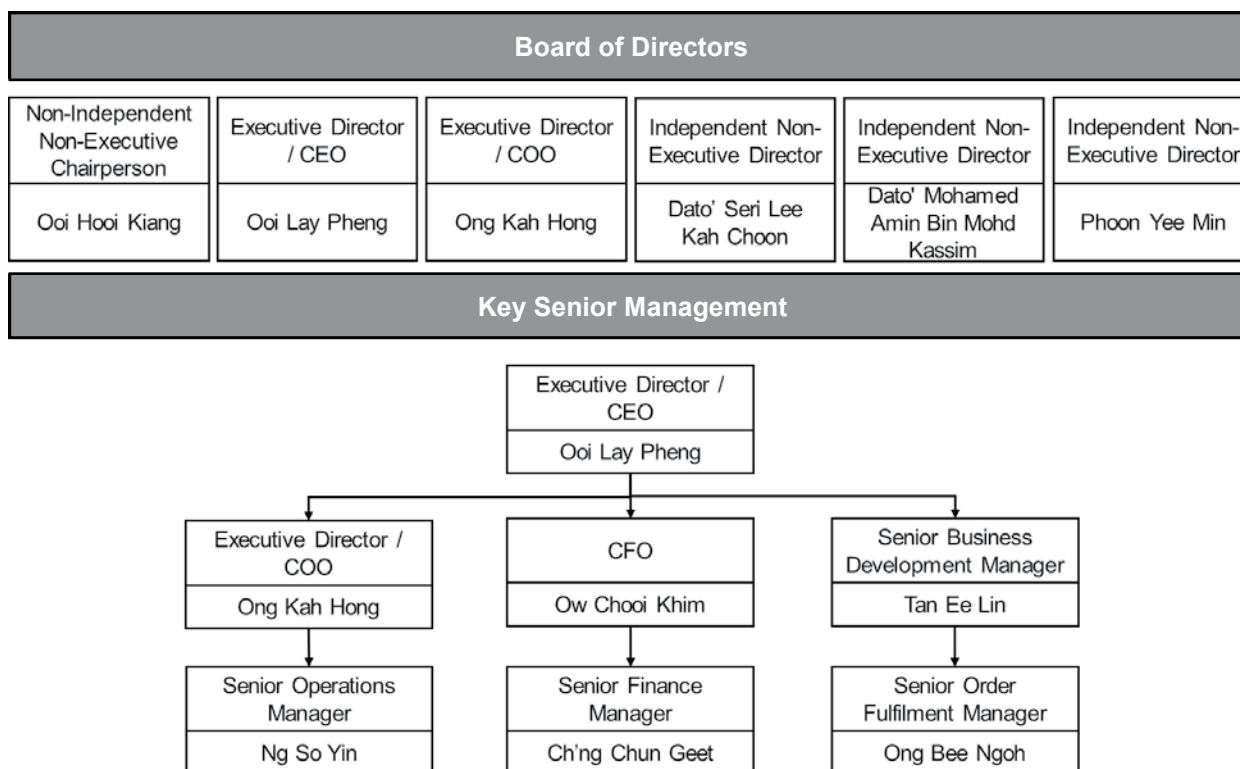
Key senior management	Remuneration band	
	FYE 2021 RM'000	Proposed for the FYE 2022 <sup>(1)</sup> RM'000
Ow Chooi Khim	100 - 150	250 - 300
Tan Ee Lin	50 - 100	200 - 250
Ng So Yin	50 - 100	200 - 250
Ong Bee Ngoh	100 - 150	150 - 200
Ch'ng Chun Geet	50 - 100	150 - 200

**Note:**

- (1) Bonuses, if any, will be determined later based on the individual's performance as well as our Group's performance at the time of assessment.

## 5.5 MANAGEMENT REPORTING STRUCTURE

The management reporting structure of our Group is as follows:



## **5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

### **5.6 DECLARATIONS BY EACH PROMOTER, DIRECTOR AND KEY SENIOR MANAGEMENT**

None of our Promoters, Directors and key senior management is or was involved in any of the following events, whether within or outside Malaysia:

- (i) a petition under any bankruptcy or insolvency law was filed (and not struck out) against such person or any partnership in which he was a partner, or any corporation of which he was a director or member of key senior management in the last 10 years;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (iii) charged or convicted in a criminal proceeding, or is a named subject of a pending criminal proceeding in the last 10 years;
- (iv) any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market in the last 10 years;
- (v) the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market in the last 10 years;
- (vi) the subject of any order, judgment or ruling of any court, government, or regulatory authority or body, temporarily enjoining him from engaging in any type of business practice or activity;
- (vii) reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency in the last 10 years; and
- (viii) any unsatisfied judgment against such person.

### **5.7 FAMILY RELATIONSHIPS AND ASSOCIATIONS**

Save as disclosed below, there are no family relationships and associations among our Promoters, substantial shareholders, Directors and key senior management as at the LPD:

- (i) Ooi Lay Pheng, our Promoter, substantial shareholder and Executive Director/CEO, is the:
  - spouse of Lee Soon Swee;
  - daughter of Ooi Chang Seaw;
  - cousin of Ooi Eng Leng; and
  - aunty of Ooi Yuen Wei;
- (ii) Lee Soon Swee, our Promoter and substantial shareholder, is the spouse of Ooi Lay Pheng;
- (iii) Ooi Chang Seaw, our Promoter, is the:
  - father of Ooi Lay Pheng; and
  - uncle of Ooi Eng Leng;
- (iv) Ooi Eng Leng, our Promoter, is the:
  - nephew of Ooi Chang Seaw;
  - cousin of Ooi Lay Pheng; and
  - father of Ooi Yuen Wei;



## **5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

- (v) Ooi Yuen Wei, our Promoter, is the:
- son of Ooi Eng Leng; and
  - nephew of Ooi Lay Pheng;
- (vi) Ooi Lay Pheng, Lee Soon Swee, Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei are directors and shareholders of B Pack, which is also our Promoter and substantial shareholder. Please refer to Section 5.1.2 of this Prospectus for further details of B Pack.

Ooi Hooi Kiang, our Promoter, substantial shareholder and Non-Independent Non-Executive Chairperson, and Ong Kah Hong, our Promoter, substantial shareholder and Executive Director/COO, do not have any family relationships or associations with each other nor with other Promoters, substantial shareholders, Directors and key senior management, save for their 80% and 20% shareholdings in Moviente, respectively.

Tan Ee Lin, our Pre-Listing Investors and key senior management, and Lim Cheng Wei, our Pre-Listing Investors, do not have any family relationships or associations with each other nor with other Promoters, substantial shareholders, Directors and key senior management, save for their 50% shareholdings in B Line, respectively.

### **5.8 SERVICE AGREEMENTS**

As at the LPD, none of our Directors and / or key senior management has any existing or proposed service agreement with our Group.

### **5.9 MANAGEMENT SUCCESSION PLAN**

Our Board believes that the success of our Group depends on the ability and retention of our key senior management personnel. Therefore, we have made efforts to train our employees and remunerate them accordingly. Our future success will also depend on our ability to attract and retain skilled personnel.

We have a management succession plan consisting of:

- (i) structured career planning and development;
- (ii) competitive remuneration and employee benefits; and
- (iii) continuous training and development.

Additionally, our key senior management team, comprising Ooi Lay Pheng, Ong Kah Hong, Ow Chooi Khim, Tan Ee Lin, Ng So Yin, Ong Bee Ngoh and Ch'ng Chun Geet, have clearly defined leadership roles and responsibilities within our Group's technical, operational and finance areas, respectively. Our key senior management team has been set up to provide support to our Directors to facilitate the growth of our Group. Amidst the above, Ong Kah Hong, our Executive Director / COO, plays a pivotal role in the business operation of our Group, particularly the logistic and warehouse operation, production, planning, facility and engineering operation areas. Recognising the importance of his role and to ensure smooth running and continuity of the operations of our Group, Ng So Yin has been identified as the potential successor of Ong Kah Hong. Ng So Yin joined our Group in 2021 as a Senior Operations Manager. She has vast experience in industrial engineering of approximately 29 years, where she had been actively involving in the areas of production, planning and engineering of various manufacturing companies in her past employments prior joining our Group. She has the required knowledge and competencies to fill the leadership position of our Group.

**5. INFORMATION ON PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY SENIOR MANAGEMENT (Cont'd)**

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As part of our management succession plan, we have put in place processes to groom new management staff to gradually assume the responsibilities of key senior management. Our Group's strategy for management continuity is driven by our top management who is responsible for identifying key competencies and recruitment of candidates with knowledge and expertise of our business to enhance operations.

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## 6. INFORMATION ON OUR GROUP

### 6.1 INFORMATION ON OUR GROUP

#### 6.1.1 Overview and history

Our Company was incorporated in Malaysia under the Act on 30 August 2021 as a private limited company under the name of Berjayapak International Holdings Sdn Bhd. On 27 January 2022, our name was changed to L&P Global Sdn Bhd, and our Company was subsequently converted to a public limited company on 22 March 2022. Our Company is principally involved in investment holding and provision of management services.

We are an integrated industrial packaging solutions provider where our solutions are integral parts of supply chain management that enable optimal use of industrial packaging through cost-effective and efficient movement of goods throughout the supply chain, inventory management and space usage. Our integrated industrial packaging solutions comprise the following:

- (a) Design and manufacturing of wooden industrial packaging products;
- (b) Provision of packing services;
- (c) Provision of circular supply services; and
- (d) Trading as value added services.

We have been in business for 38 years and the history of our Group can be traced back to 1984, which started as a family business when Ooi Chang Seaw and Ooi Eng Leng founded a partnership, Syarikat Perusahaan Berjaya to venture into the manufacturing of industrial packaging product. The table below sets out the key events and milestones of our history and development of our Group and business operations:

Year	Key events and milestones
1984	<ul style="list-style-type: none"> <li>• Syarikat Perusahaan Berjaya was established to venture into the manufacturing of industrial packaging products in Bukit Tengah, Penang.</li> <li>• During the initial years of our business, our customers mainly comprised manufacturers in the rubber products, lift manufacturing, semiconductor and electrical and electronics industries.</li> <li>• We also provide packing services to our customers who require their goods to be packed and secured into boxes and crates, and ready to be loaded and delivered.</li> </ul>
1989	<ul style="list-style-type: none"> <li>• BSB was incorporated and remained dormant.</li> </ul>
1992	<ul style="list-style-type: none"> <li>• To support the growth of our business, BSB assumed the business in the manufacturing of industrial packaging products from Syarikat Perusahaan Berjaya, a sole proprietorship, which gradually ceased operations and was discontinued on 25 June 1992.</li> </ul>
<b>1997 to 2004: Corporate restructuring and adoption of modern management practices</b>	
1998	<ul style="list-style-type: none"> <li>• We expanded our manufacturing facility by purchasing and relocating to a larger factory located in Sungai Bakap, Penang which has a land area of approximately 117,000 sq ft ("<b>Sungai Bakap Factory</b>").</li> </ul>
2002	<ul style="list-style-type: none"> <li>• BSB was certified compliant with ISO 9001 by SGS United Kingdom Ltd.</li> </ul>
2003	<ul style="list-style-type: none"> <li>• We began providing pallet recycling and repair services under our Circular Economy Project – Pallet Recycling Programme ("<b>PRP</b>"), to provide our customers with an alternative choice of pallets, namely recycled pallets.</li> </ul>

**6. INFORMATION ON OUR GROUP (Cont'd)**

Year	Key events and milestones
<b>2005 to 2014: Technical advancement and operations expansion</b>	
2005	<ul style="list-style-type: none"> <li>We installed a heat treatment chamber in Sungai Bakap Factory which allow us to treat our wood materials by removing moisture content, as well as repurpose our wood wastes by using them as feedstock in our boilers to power the heat treatment chamber. With this, we are also able to manufacture industrial packaging products that are compliant with the International Standards for Phytosanitary Measures No.15 (“<b>ISPM 15</b>”) in-house (applicable to natural wood).</li> </ul>
2007	<ul style="list-style-type: none"> <li>We expanded our Sungai Bakap Factory with the purchase of an adjacent factory which has a land area of approximately 117,000 sq ft to increase our storage capacity in order to support the expansion of our manufacturing capacity.</li> </ul>
2010	<ul style="list-style-type: none"> <li>We expanded our Sungai Bakap Factory with the purchase of another adjacent factory which has a land area of approximately 54,000 sq ft to increase our storage capacity in order to support our pallet recycling activities.</li> </ul>
<b>2015 to present: Transformational growth: New leadership, material and manufacturing technology upgrades, local and overseas expansion</b>	
2015	<ul style="list-style-type: none"> <li>Invested in a design software (i.e. LoadSync software and Solidworks) for planning, visualising and designing of wooden industrial packaging products.</li> <li>Ooi Lay Pheng joined our Group as a Director, heading the sales and marketing, human resource, IT, quality assurance, and finance departments and was promoted to the position of CEO in 2017.</li> </ul>
2016	<ul style="list-style-type: none"> <li>We began using engineered wood for the manufacturing of industrial packaging products. As engineered wood has consistent quality and dimension, lesser processing of wood materials is required, hence, reducing the amount of labour required in our factory.</li> <li>We purchased a radio frequency machine, an advanced drying machine to shorten the drying time of wood material.</li> </ul>
2019	<ul style="list-style-type: none"> <li>BV was incorporated.</li> <li>We rented a factory in Binh Duong, Vietnam which has a built-up area of approximately 27,000 sq ft, and began manufacturing boxes and crates to expand our market reach to potential customers in Vietnam (“<b>Vietnam Factory 1</b>”).</li> <li>We secured First Solar Vietnam Manufacturing Co Ltd as our first customer in Vietnam.</li> </ul>
2020	<ul style="list-style-type: none"> <li>We rented another adjacent factory in Binh Duong, Vietnam which has a built-up area of approximately 15,000 sq ft to support the expansion of our manufacturing capacity in Vietnam (“<b>Vietnam Factory 2</b>”) (“<b>Vietnam Factory 1</b>” and “<b>Vietnam Factory 2</b>” collectively referred as “<b>Vietnam Factory</b>”).</li> </ul>
2021	<ul style="list-style-type: none"> <li>We rented premises in Kulai, Johor which has a built-up area of approximately 14,000 sq ft and is used for storage of boxes and crates to serve our customers in the southern region and in Singapore (“<b>Kulai Branch</b>”).</li> </ul>

**6. INFORMATION ON OUR GROUP (Cont'd)**

Year	Key events and milestones
	<ul style="list-style-type: none"> <li>We had entered into sale and purchase agreements to acquire two adjacent premises in Perai, Penang which has a built-up area of approximately 47,000 sq ft (“<b>Perai Branch 1</b>”) and 33,000 sq ft (“<b>Perai Branch 2</b>”), respectively (collectively, “<b>Perai Branch</b>”) for total cash consideration of RM14.80 million.</li> <li>The acquisition of the Perai Branch was completed in July 2022. Perai Branch 2 is currently used for storage of boxes and crates to serve the customers surrounding the Perai area. We intend to use Perai Branch for the assembly and storage of boxes and crates which is expected to commence by Q2 of 2023.</li> </ul>
2022	<ul style="list-style-type: none"> <li>We had entered into sale and purchase agreement to acquire a premise in Kulim, Kedah which has a built-up area of approximately 65,000 sq ft (“<b>Kulim Branch</b>”) for cash consideration of RM9.50 million and the acquisition was completed in July 2022. We intend to use it for the assembly and storage of boxes and crates which is expected to commence by Q3 of 2023.</li> </ul>

**6.1.2 Key awards and recognitions**

The table below sets out various awards that we have received in recent years:

Year	Award	Awarding body
2017	Lean Creanova Award – Champion	Malaysian Timber Industry Board
2017	SME 100 Awards – Fast Moving Companies	Business Media International
2018	Golden Bull Award – Outstanding SME	Business Media International and Sphere Exhibits
2019	Lean Management – Silver	Malaysia Productivity Corporation
2019	Penang Top Achievers – Industry Excellence in Packaging	The Leaders and My Events International
2020	Asia Corporate Excellence & Sustainability Awards – Asia's Leading SMEs	MORS Group
2021	Sustainable Business Awards – Supply Chain Management	Global Initiatives

## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.1.3 Our competitive strengths

Our competitive advantages and key strengths which provide us with the platform to grow our business are as follows:

**(i) We offer integrated and end-to-end industrial packaging solutions that complement our customers' supply chain management requirements and goals**

Our integrated industrial packaging solutions provide our customers end-to-end solutions from sourcing of materials, designing, manufacturing, assembly and supply of industrial packing products, packing of goods into our boxes and crates, to reusing, recycling and repairing of pallets. Further, we also offer trading as value added services to source any related products to meet our customers' complete industrial packaging needs.

Our integrated industrial packaging solutions are integral parts of supply chain management that enable optimal use of industrial packaging through cost-effective and efficient movement of goods throughout the supply chain, inventory management and space usage.

We have the capabilities to offer industrial packaging solutions that take into consideration all factors including cost, safety and environmental concerns to ensure our industrial packaging solutions meet our customers' packaging and supply chain management requirements. For example, we use suitable types of packaging and materials and minimise wood wastage in our production and product design for cost effectiveness which allow us to offer competitively priced industrial packaging products, and ensure the materials used will comply with international regulations based on the destination of our customers' products. We provide the right specification in terms of size, loading performance and protective and/or insulation materials, if required, for the packaging to ensure our customers' products can be securely packed as any damage to the products in the packaging may affect their reputation and/or cause them to incur extra cost due to delay in shipment of products to their customers. Further, with the rise of the eco-conscious consumers which require companies to use more sustainable packaging, we put strong emphasis on environmental sustainability in our business where our industrial packaging products are made of wood which is a recyclable material, and we also provide pallet recycling and repair services under our PRP as part of our circular supply services.

Our facilities' storage spaces store sufficient inventory of raw materials, consumables (i.e. nails, glue, sponge, foams, amongst others), components that are ready to be assembled into finished products, and finished products. We have the capacity to store up to 4 months' worth of raw materials and to store our finished products for up to 10 days before delivering to our customers. This allows us to offer just-in-time delivery to our customers based on their manufacturing schedules and supply chain management requirements.

We have a team of skilled personnel to offer packing services to pack our customers' products into the boxes and crates at our customers' premises. This team of skilled personnel are trained to lift and maneuver high value, sensitive and large items using pallet jacks into our boxes/ crates, to wrap the products with the required inserts and to secure the boxes/ crates with the necessary tools and equipment to ensure the products are well handled during packaging and securely packaged. As each of the boxes and crates is uniquely customised to precisely fit our customers' product, our team has the technical understanding in handling each of the components of the boxes and crates, including the inserts and other accessories such as choking wood and ramp to complete the packing process smoothly and to prevent delay to our customers' product delivery schedule. We are also able to carry out minor adjustments (i.e. cutting and shaping) to the components of the boxes and crates during packing to ensure the products are precisely fitted and secured.

**6. INFORMATION ON OUR GROUP (Cont'd)**

Moving forward, we intend to expand our circular supply service offerings by extending logistics services to our customers who purchase industrial packaging products from us where we will transport our customers' products to their customers' premises while collecting the used industrial packaging products and send them back to our nearest branch, before delivering the same to our Sungai Bakap Factory for reuse or recycle. This allows comprehensive and convenient adoption of circular supply chain practices for our customers. For further information on our circular supply services, please refer to Section 6.8.5 of this Prospectus.

We work closely with our customers, particularly amongst the MNCs which generally have stringent requirements for industrial packaging products and lengthy supplier and product qualification process, to support their supply chain management requirements and goals. Our ability to adapt and enhance our product and service offerings, business processes, manufacturing expertise and technology, product and material knowledge, has allowed us to keep ourselves updated to the latest trends and customers' demands, and provide us a strong foundation for further expansion and growth of our business.

**(ii) We have 38 years of experience in the industrial packaging industry, with in depth technical product and manufacturing expertise**

Our Group has been operating in the industrial packaging industry for 38 years. We have successfully established ourselves as a reputable and reliable industrial packaging solutions provider and grew our Group's revenue from RM66.30 million in FYE 2019 to RM120.92 million in FYE 2021 at a CAGR of 35.05%.

We have the in-depth technical knowledge on wood materials, where we leverage on this knowledge to advise our customers on the appropriate types of wood materials, designs and sizes of industrial packaging products that are suitable to their requirements and specifications. Our in-depth technical knowledge on wood materials also allows us to tailor our manufacturing processes of the wood materials according to our customers' requirements on different industrial packaging products.

As we continue to improve our manufacturing process and technology used through mechanisation to reduce reliance on manual labour, shorten manufacturing time, and achieve higher consistency of workmanship, we are able to improve the effectiveness of our manufacturing process and optimise our output. With strong manufacturing expertise, we are able to manufacture industrial packaging products with precise performance and physical dimensions. This in particular will allow us to grow our boxes and crates segment as we secure orders from customers in renewable energy, electronics and semiconductor, and machining industries which typically require highly precise boxes and crates to ensure the high value and sensitive products are securely fitted and protected in the packaging during storage and transportation.

In recognition of our efforts and experience in the industrial packaging industry, we have received awards and accolades, namely "Sustainable Business Awards – Supply Chain Management, 2021" from Global Initiatives, "Asia Corporate Excellence & Sustainability Awards – Asia's Leading SMEs, 2020" from MORS Group, "Golden Bull Award – Outstanding SME, 2018" from Business Media International, and "Lean Creanova Award – Champion, 2017" from Malaysian Timber Industry Board.

**6. INFORMATION ON OUR GROUP (Cont'd)****(iii) Our industrial packaging products meet international standards, giving our customers the confidence and assurance to use our industrial packaging products in their global supply chain needs**

Our industrial packaging products are manufactured in-house according to the ISPM 15 standard which is an international standard for regulating the movement of timber packaging and dunnage through international trade to prevent the global spread of timber pests (including fungal growth). Thus, ensuring that our industrial packaging products do not contain any timber pests, fungus or mould that may potentially damage the ecosystem of importing countries or contaminate goods that are packaged in our products.

To be compliant with the ISPM 15 standard, the natural wood used in the manufacturing of our industrial packaging products must undergo the heat treatment process and/or radio frequency process to reduce moisture content, which we carry out in-house. We are a registered and accredited heat treatment provider by the Department of Agriculture Malaysia under the Malaysian Heat Treatment Accreditation Scheme where our heat treatment facility meets the ISPM 15 standard. For further information on ISPM 15 standard and Malaysian Heat Treatment Accreditation Scheme, please refer to Section 6.4.9 of this Prospectus. Pallets made from natural wood are stored in a dedicated enclosed storage under humidity and temperature-controlled environment. All our industrial packaging products that contain natural wood which have been heat treated will be applied with ISPM 15 marks. This is to ensure that timber pests are destroyed, as well as to prevent fungus or mould growth which will cause reinfestation of timber pests.

Industrial packaging products made from engineered wood are not required to undergo heat treatment process as engineered wood has undergone heat treatment process during their manufacturing process, hence, industrial packaging products made from engineered wood are exempted from the ISPM 15 certification. However, if required by our customers, which is optional, industrial packaging products made from engineered wood can also undergo additional heat treatment and be applied with ISPM 15 marks. This indicates that our industrial packaging products are compliant with the ISPM 15 standard and can be shipped globally, allowing us to capture demand for industrial packaging products in the global supply chain based on our customers' respective supply chain needs and requirements.

Further, we have established our in-house testing capability for pallets based on the methods and steps outlined in ISO 8611-1:2011, ASTM 1185-98a and GB/T 4996 in 2019. We test pallets according to the terms of ISO 8611-1:2011, ASTM 1185-98a and GB/T 4996 in 2019, and we test boxes and crates according to the transportation and handling test requirements determined by our customers. We test our industrial packaging products in terms of nominal load, maximum working load and durability comparison, to ensure that the products are sturdy for packaging goods. As a result of the establishment of our in-house testing capability, there were no incident that occur where our customers return defective products to us in the past 3 FYEs 2019 to 2021 and FPE 2022.

**(iv) We have established longstanding relationships with our major customers comprising notable MNCs and a customer base covering various manufacturing industries**

Due to our capabilities and track record, we have provided industrial packaging solutions to notable customers which are locally and/or globally recognised, including MNCs. Our track record with these customers is a testament to our quality and proven industry track record. In the last 3 FYEs and FPE 2022, we have between 2 and 21 years of business relationship with our major customers. Our longstanding relationships with our major customers allow us to develop our reputation in the industrial packaging industry providing solutions that meet customers' requirements, and simultaneously attract new customers through referrals from existing customers.



**6. INFORMATION ON OUR GROUP (Cont'd)**

Further, we have complied with stringent supplier selection processes prior to securing our customers, especially amongst the MNC customers, and have been able to accommodate any further assessments required by them such as business reviews and factory visits. Please refer to Section 6.4.9 for further information on our customers' supplier selection processes. This has allowed us to continuously expand our portfolio of notable MNCs as our major customers and continue to be their qualified suppliers for industrial packaging solutions since the beginning of our business relationship with them. For further information on our major customers, please refer to Section 6.5 of this Prospectus.

Further, we are able to serve customers from various manufacturing industries such as renewable energy (solar), electronics/semiconductor, food, automotive, packaging and others. As we can customise our industrial packaging products based on our customers' requirements and the goods to be packaged, as well as changing supply chain management requirements, we are able to meet multiple product requirements and varied specifications from our customers in different industries and their respective logistics arrangements.

Our customer relationships have sustained our growth over the years as well as expand our expertise by developing solutions to meet our customers' latest packaging and supply chain requirements and goals. Having a strong relationship with our existing customers provides us a platform for our future growth and expansion, allowing our Group to continue strengthening our market position in the industrial packaging industry in Malaysia.

**(v) We have established relationships with our wood material suppliers which allow us to secure sufficient supply of wood materials that meets our manufacturing requirements**

We have developed and established business relationships with our local and foreign suppliers, primarily sawmills, wood manufacturers and trading companies which have allowed us to secure a selection of wood materials, to cater to the demand for industrial packaging products. The relationships with our suppliers have been fundamental to our success to-date and will continue to be pivotal in supporting the future growth of our Group. As at the LPD, we have approximately 60 suppliers in our list of approved wood material suppliers from different countries such as China, Vietnam, Europe and New Zealand.

Our ability to build a large network of suppliers has allowed us to have access to wood material supplies in a timely manner, as well as enabling us to carry sufficient wood material inventory, which in turn enable us to meet our customers' demand for our products. This has also enabled us to retain our reputation in the industry as a reputable supplier to our customers.

As at the LPD, we have approximately 2 months' worth of wood material inventory after taking into account our manufacturing needs and longer estimated lead time for importing the imported wood materials to prevent potential major disruptions to our delivery time.

**(vi) Our key senior management team has corporate and industry experience to drive the future growth of our Group**

Our Group is led by our key senior management team that has corporate experience and possesses in-depth knowledge of the industry and/or in their respective fields.

**6. INFORMATION ON OUR GROUP (Cont'd)**

Our Executive Director / CEO, Ooi Lay Pheng, has an aggregate of approximately 21 years of experience in various industries, which includes healthcare, non-Governmental organisation, entrepreneurship and also 9 years of experience in the industrial packaging industry. Her corporate experience and industry knowledge is instrumental in steering the overall strategic direction and business development of our Group. In recognition of her leadership, she has received several notable awards and accolades, namely Women Entrepreneur of the Year, 2021 from EY Entrepreneur of the Year, "Par Excellence Award for Female Entrepreneur of the Year, 2018" from The Star Outstanding Business Awards (SOBA) and "Masterclass Woman Achiever of the Year, 2019" from The Leaders.

Our Executive Director / COO, Ong Kah Hong, has an aggregate of approximately 39 years of experience in production planning and operation of manufacturing industry, with 19 years of experience in the industrial packaging manufacturing industry. His experiences contribute to the growth and development of our Group's business operations.

Ooi Lay Pheng and Ong Kah Hong are supported by the following key senior management personnel:

<b>Name</b>	<b>Designation</b>	<b>Years of relevant working experience</b>
Ow Chooi Khim	CFO	28
Tan Ee Lin	Senior Business Development Manager	31
Ng So Yin	Senior Operations Manager	29
Ong Bee Ngoh	Senior Order Fulfilment Manager	25
Ch'ng Chun Geet	Senior Finance Manager	27

Each of our key senior management personnel takes an active, hands-on role in spearheading their respective departments to support the growth of our Group. As a result, there is a transference of skills and knowledge to employees at all levels in our organisational structure. Their hands-on involvement in our Group demonstrates their strong commitment to our growth as we continue to expand.

**6.1.4 Share capital and changes in share capital**

As at the LPD, our issued share capital is RM40,453,509 comprising 447,000,000 ordinary shares.

The details of the changes in our issued share capital since incorporation up to the LPD are as follows:

<b>Date of allotment</b>	<b>No. of Shares allotted</b>	<b>Consideration</b>	<b>Nature of transaction</b>	<b>Cumulative issued share capital</b>	
				<b>RM</b>	<b>No. of shares</b>
30 August 2021	10	Cash	Subscribers' shares	10	10
9 November 2022	446,999,990	Otherwise than cash	Allotment of shares pursuant to the Acquisition of BSB	40,453,509	447,000,000

There were no discounts, special terms or installment payment terms given in consideration of the allotment.

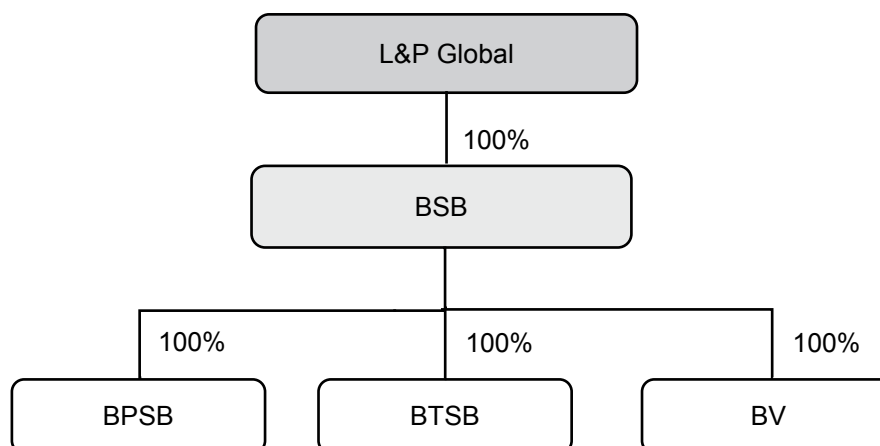
## 6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, we do not have any outstanding warrants, options, convertible securities and uncalled capital.

Upon completion of our Listing, our issued share capital will increase to RM74,353,509 comprising 560,000,000 Shares and up to 11,200,000 ESOS Options will be granted under the First Tranche of ESOS in conjunction with our Listing.

### 6.2 SHARE CAPITAL INFORMATION ON OUR SUBSIDIARIES

Our current corporate Group structure is illustrated below:



As at the LPD, we have 4 subsidiaries and we do not have any associate company. The details of our subsidiaries are set out below:

Company name	Date and place of incorporation	Principal place of business	Issued share capital (RM)	Effective equity interest (%)	Principal activities
BSB	14 September 1989 / Malaysia	Malaysia	6,800,000	100.00	Design and manufacture of integrated wooden based industrial packaging solutions
<b>Wholly-owned subsidiaries of BSB</b>					
BPSB	4 February 2002 / Malaysia	Malaysia	2,400,000	100.00	Letting of properties <sup>(1)</sup>
BTSB	23 August 2002 / Malaysia	Malaysia	500,000	100.00	Manufacture of wooden based industrial packaging solutions, provide packaging services, letting of premises <sup>(2)</sup>

## 6. INFORMATION ON OUR GROUP (Cont'd)

Company name	Date and place of incorporation	Principal place of business	Issued share capital (RM)	Effective equity interest (%)	Principal activities
BV	1 April 2019 / Vietnam	Vietnam	VND11,650,000,000 (equivalent to USD500,000)	100.00	Design and manufacture of integrated wooden based industrial packaging solutions

### Notes:

- (1) As at the LPD, BPSB do not carry out any business activities, save for the renting of properties to the holding company, namely BSB.
- (2) As at the LPD, BPSB has not commenced any business activities, save for the renting of properties to the holding company, namely BSB.

### 6.2.1 BSB

BSB was incorporated on 14 September 1989 in Malaysia under the Companies Act 1965 as a private limited company.

As at the LPD, the issued share capital of BSB is RM6,800,000 comprising 6,800,000 ordinary shares. BSB does not have any outstanding warrants, options, convertible securities or uncalled capital.

For the Financial Years and Period Under Review and up to the LPD, there has been no changes to the issued share capital of BSB. The changes in the shareholders and their shareholdings in BSB for the past 3 financial years and up to the LPD are as follows:

Name	As at 31 December 2019 and 31 December 2020		As at 31 December 2021		As at LPD	
	No. of shares held	%	No. of shares held	%	No. of shares held	%
Ooi Lay Pheng	1,360,000	20	-	-	-	-
Lee Soon Swee	1,360,000	20	-	-	-	-
Ooi Chang Seaw	2,040,000	30	-	-	-	-
Ooi Eng Leng	1,020,000	15	-	-	-	-
Ooi Yuen Wei	1,020,000	15	-	-	-	-
B Pack	-	-	6,120,000	90	-	-
Moviente	-	-	408,000	6	-	-
B Line	-	-	272,000	4	-	-
L&P Global	-	-	-	-	6,800,000	100

As at the LPD, the directors of BSB are Ooi Lay Pheng, Ong Kah Hong and Ooi Hooi Kiang.

**6. INFORMATION ON OUR GROUP (Cont'd)****6.2.2 BPSB**

BPSB was incorporated on 4 February 2002 in Malaysia under the Companies Act 1965 as a private limited company.

As at the LPD, the issued share capital of BSB is RM2,400,000 comprising 2,400,000 ordinary shares. BPSB does not have any outstanding warrants, options, convertible securities or uncalled capital.

For the Financial Years and Period Under Review and up to the LPD, there has been no changes to the issued share capital and the shareholder of BPSB, save as disclosed below:

Date of allotment / notification of confirming capital reduction	No. of Shares allotted / (reduced)	Consideration	Nature of transaction	Cumulative issued share capital	
				RM	No. of shares
As at 25 August 2022	-	-	-	8,454,104	8,454,104
26 August 2022	(6,054,104)	Not applicable	Capital reduction via the cancellation of RM6,054,104 of the issued share capital and 6,054,104 ordinary shares	2,400,000	2,400,000

As at the LPD, the directors of BPSB are Ooi Lay Pheng and Ong Kah Hong.

**6.2.3 BTSB**

BTBSB was incorporated on 23 August 2002 in Malaysia under the Companies Act 1965 as a private limited company.

As at the LPD, the issued share capital of BSB is RM500,000 comprising 500,000 ordinary shares. BTBSB does not have any outstanding warrants, options, convertible securities or uncalled capital.

For the Financial Years and Period Under Review and up to the LPD, there has been no changes to the issued share capital and shareholder of BTBSB.

As at the LPD, the directors of BTBSB are Ooi Lay Pheng and Ong Kah Hong.

**6.2.4 BV**

BV was incorporated on 1 April 2019 in Vietnam under the Law on Enterprises 2014 (now replaced by the Law on Enterprises 2020) as a single-member limited liability company.

As at the LPD, the charter capital of BV is VND11,650,000,000 (equivalent to USD500,000). BV does not have any outstanding warrants, options, convertible securities or uncalled capital.

Since the incorporation of BV and up to the LPD, there has been no changes to the charter capital and shareholder of BV.

As at the LPD, the director of BV is Ooi Lay Pheng.

**6. INFORMATION ON OUR GROUP (Cont'd)****6.3 MATERIAL CAPITAL EXPENDITURE AND DIVESTITURES**

Our Group's material capital expenditure or investments in Malaysia for the Financial Years and Period Under Review and up to the LPD are as follows:

<b>Investments / Divestments</b>	<b>FYE</b>	<b>FYE</b>	<b>FYE</b>	<b>FPE</b>	<b>From 1 August</b>
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2022 up to the LPD</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Plant and Machinery	1,817	639	1,131	37	-
Motor Vehicle	559	463	834	1,326	218
Office Equipment	200	67	300	308	56
Furniture and Fittings	30	12	24	259	-
Renovation	40	34	148	3,639	-
Capital Work in Progress <sup>(1)</sup>	-	-	1,943	(1,943)	6
Investment in Subsidiary	2,072	-	-	-	-
Leasehold Land	-	-	-	10,355	-
Buildings	-	-	-	15,267	-
<b>Total</b>	<b>4,718</b>	<b>1,215</b>	<b>4,380</b>	<b>29,248</b>	<b>280</b>

**Note:**

- (1) Capital expenditure for the retrofitting and renovation of the Sungai Bakap Factory, which was completed and reclassified in the FPE 2022.

Our material capital expenditure during the Financial Years and Period Under Review and up to the LPD comprised mainly acquisition of properties, namely the Perai Branch and Kulim Branch, purchase of plant and machinery and motor vehicle, renovation of our premises, capital work in progress and investment in subsidiary. Our material capital expenditure was primarily funded via a combination of bank borrowings and/or internally generated funds.

During the FYE 2019, our capital expenditure incurred for plant and machinery and motor vehicle amounted to RM1.82 million and RM0.56 million, respectively, were mainly for the purchase of silo and forklift for Malaysia's operation and purchase of plant and machinery and motor vehicle in Vietnam for new start-up operation. We also incurred capital expenditure for investment in subsidiary amounted to RM2.07 million for the incorporation of BV and related expenses of setting up the operation in Vietnam.

During the FYE 2020, our capital expenditure incurred for plant and machinery and motor vehicle amounted to RM0.64 million and RM0.46 million, respectively, were mainly for notching machine and vehicle fleet for Director.

During the FYE 2021, our capital expenditure incurred for plant and machinery and motor vehicle amounted to RM1.13 million and RM0.83 million, respectively, were mainly for the purchase of heat treatment chamber for Malaysia's operation and vehicle fleet for Director, lorry and packing truck, respectively. We had also incurred capital expenditure for retrofitting the Sungai Bakap Factory which recorded a capital work in progress amounted to RM1.94 million.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

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During the FPE 2022, our capital expenditure incurred mainly for the acquisitions of Perai Branch and Kulim Branch, which were completed in July 2022, amounted to RM25.62 million in aggregate. Besides, our capital expenditure incurred for motor vehicle amounted to RM1.33 million were mainly for the purchase of lorry, packing truck and forklifts. We had also incurred capital expenditure for renovation of the Sungai Bakap Factory which amounted to RM3.64 million.

From 1 August 2022 up to the LPD, our capital expenditure for motor vehicle amounted to RM0.22 million was mainly for the purchase of pickup trucks.

Our Group has no material divestment for the Financial Years and Period Under Review and up to the LPD.

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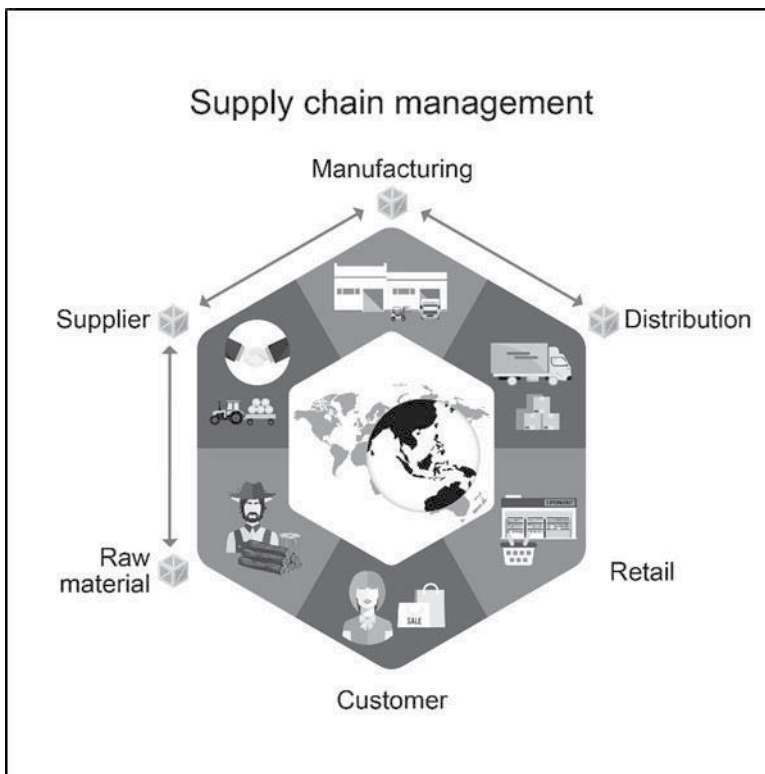
**6. INFORMATION ON OUR GROUP (Cont'd)**

**6.4 BUSINESS OVERVIEW**


**6.4.1 Principal activities and business model**

We are an integrated industrial packaging solutions provider. Our integrated industrial packaging solutions are integral parts of supply chain management that enable optimal use of industrial packaging products through cost-effective and efficient movement of goods throughout the supply chain, inventory management and space usage.

Further, we also contribute to the environment aspect of supply chain management with the use of recyclable materials and recycling of industrial packaging products. Ultimately, our solutions contribute to effective supply chain management which consequently enhance the value and profitability of supply chain participants including suppliers, manufacturers, logistic service providers, distributors and retailers.



**Note:**

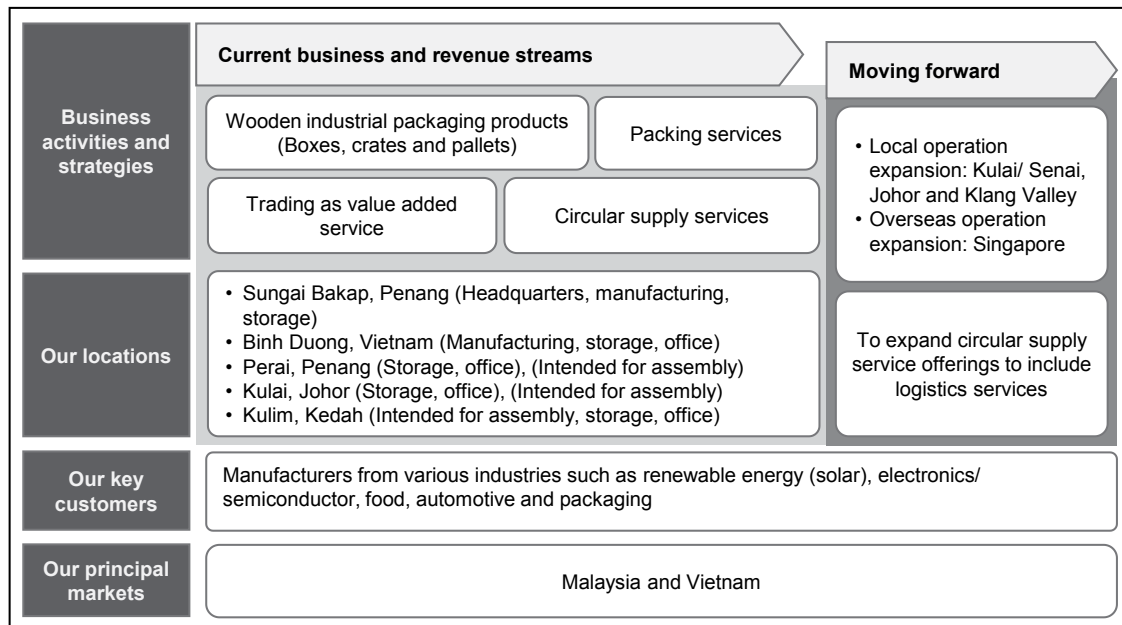
 indicates where our industrial packaging products are used within the supply chain management

Supply chain management is the management of the flow of goods and services throughout the supply chain from point of origin to point of consumption which include the movement and storage of raw materials, semi-finished goods and finished goods from suppliers, manufacturers, distributors, retailers to end customers. Our industrial packaging products facilitate the flow of goods at point of raw material supply, production, manufacturing and distribution of products within the supply chain.



**6. INFORMATION ON OUR GROUP (Cont'd)**

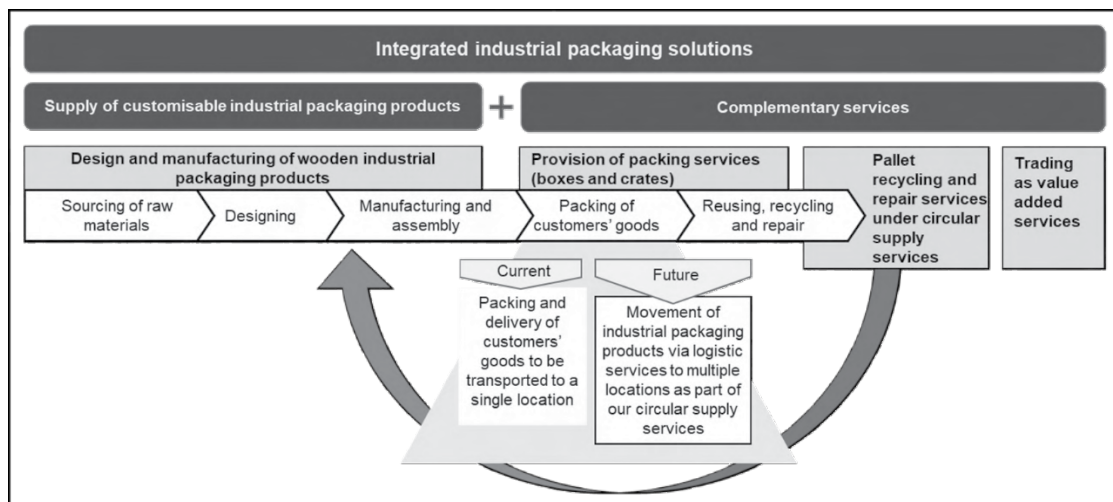
Our Group's business model is as illustrated below:



Our integrated industrial packaging solutions comprise the following:

- (a) Design and manufacturing of wooden industrial packaging products;
- (b) Provision of packing services;
- (c) Provision of circular supply services; and
- (d) Trading as value added services,

which is illustrated and detailed as follows:



**(a) Design and manufacturing of wooden industrial packaging products**

Industrial packaging is specialised and customisable packaging that provides protection to the products packaged during storage and transportation.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

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We are involved in the design and manufacturing of wooden industrial packaging products comprising boxes, crates and pallets where all our boxes and crates are customised products while our pallets can be customised or sold as standard products with standard dimensions.

Our boxes and crates are mainly made of engineered wood and pine wood. Local natural wood is also used to manufacture some parts of the base/ pallet base and sides of the boxes and crates. Our pallets are made of engineered wood, local natural wood and pine wood.

Our design and manufacturing take into consideration all factors including cost, safety and environmental concerns of the industrial packaging as elaborated below to ensure our industrial packaging solutions meet our customers' packaging requirements:

- (i) Based on the products our customers need to protect and hold during storage and transportation, we will use suitable types of packaging and materials and minimise wood wastage in our production and product design for cost effectiveness, and ensure the materials used will comply with international regulations based on the destination of our customers' products.
- (ii) We offer industrial packaging products of different characteristics/ specifications, from small delicate pieces to large heavy items, and with precise loading performance and physical measurements. We provide the right size and additional protective and/or insulation materials, if required, for the packaging as properly fitted packaging can lower the chances of damage and/or breakage. For further information on our products, please refer to Section 6.4.2 of this Prospectus.

It is important to our customers that their products can be securely packed by using our industrial packaging products as any damage to the products in the packaging may affect their reputation and/or cause them to incur extra cost due to delay in shipment of products to their customers.

- (iii) With the rise of the eco-conscious consumers which require companies to use more sustainable packaging, we put strong emphasis on environmental sustainability in our business where our industrial packaging products are made of wood which is a recyclable material. Using wood as the base material of all our in-house manufactured industrial packaging products enables us to design our industrial packaging solutions to facilitate circular supply chain practises. For further information on circular supply services, please refer to Section 6.4.1(c) of this Prospectus. We have established a network of suppliers to secure sufficient wood materials to meet our customers' needs. For further information on the wood we use, please refer to Section 6.4.6 of this Prospectus.
- (iv) Our manufacturing activities are supported by on-premise storage to store sufficient inventory of raw materials, components ready to be assembled into finished products, and finished products. This allows us to offer just-in-time delivery to our customers based on their manufacturing schedules and supply chain management requirements.

We design our industrial packaging products with engineering software (e.g. LoadSync software and Solidworks) and generate 2D or 3D visuals for manufacturing process. Our industrial packaging products are manufactured in-house according to the ISPM 15 standard (applicable to natural wood) which is an international standard for regulating the movement of timber packaging and dunnage through international trade to prevent the global spread of timber pests (including fungal growth). Our industrial packaging products are tested against ISPM 15 standards in-house (applicable to natural wood). For further information on ISPM 15 standard, please refer to Section 6.4.9 of this Prospectus.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

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**(b) Provision of packing services**

We provide packing services as value-added services when supplying boxes and crates to our customers, where we pack our customers' goods into our boxes and crates at our customers' premises. The goods that are packed into boxes and crates are generally high value, sensitive and large products such as machinery and equipment, which require added protection against impact due to movement.

Subject to our customers' requirement, our boxes and crates are generally delivered to our customers' premises in completely knocked-down ("**CKD**") form where the individual parts are flat-packed and unassembled. The assembly of the complete boxes and crates from CKD form will be carried out by us or our customers at their premises. We also deliver completely assembled boxes and crates to our customers' premises.

We have a team of skilled personnel to offer packing services to pack our customers' products into the boxes and crates at our customers' premises. This team of skilled personnel is trained to lift and maneuver high value, sensitive and large items using pallet jacks into our boxes/ crates, to wrap the products with the required inserts and to secure the boxes/ crates with the necessary tools and equipment to ensure the products are well handled during packaging and securely packaged. Further, we are also able to carry out minor adjustments (i.e. cutting and shaping) to the components of the boxes and crates during packing to ensure the products are precisely fitted and secured. Please refer to Section 6.4.8(d) of this Prospectus for further information on our packing process.

**(c) Provision of circular supply services**

Circular supply chain is a system aimed at minimising waste and continual use of resources whereby used or end-of-life materials are repaired or repurposed, and resold to customers. In circular supply chain, products, components and materials are designed for multiple rounds of applications and recover for recycling at end of life to maximise their utility and value. Using wood as the base material of all our in-house manufactured industrial packaging products enables us to design our industrial packaging solutions to facilitate circular supply chain practises.

In line with our emphasis on environmentally sustainable practises in our business and the increased adoption of sustainable supply chain management by our customers, especially amongst the MNCs, we provide pallet recycling and repair services under our Circular Economy Project - PRP as part of our circular supply services.

Under our PRP, we collect, repair and re-manufacture worn and broken pallets into usable recycled pallets. Repair works include replacing components or complete dismantling of the pallet to salvage any usable components. As such, our PRP allows our customers to reuse pallets, maximise the usability of pallets and facilitate proper disposal of broken parts/ pallets from our customers' premises. We also collect used pallets from scrap collectors. We ensure that the durability and strength of our recycled pallets will meet our customers' requirements. Our recycled pallets are ISPM 15 standard compliant if required by our customers, where these pallets will undergo heat treatment and a new ISPM 15 mark will be applied onto the recycled pallets while the old ISPM 15 mark will be removed.

Further, we recover wood wastes produced during our manufacturing process. Wood wastes which are in good condition can be reused to manufacture parts or components of pallets, where suitable. The remaining wood wastes will be used as fuel for our boiler to power the heat treatment chamber. This allows us to maximise the usage of our wood materials and reduce wastage.

**6. INFORMATION ON OUR GROUP (Cont'd)**

Moving forward, we intend to expand our circular supply service offerings by extending logistic services to our customers who purchase industrial packaging products from us where we will transport our customers' products to their customers' premises while collecting the used industrial packaging products and send it back to our nearest branch, before delivering the same to our Sungai Bakap Factory for reuse or recycle. This solution is designed to allow comprehensive and convenient adoption of circular supply chain practises for our customers, and the scope of our offerings will be customised based on our customers' supply chain requirements. Please refer to Section 6.8.5 for further information on this future plan.

**(d) Trading as value added service**

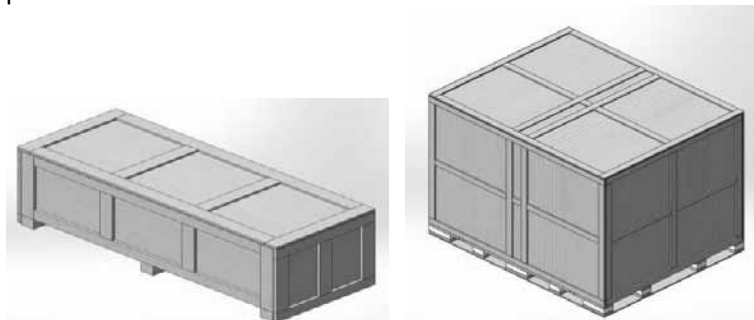
We source and supply related products and raw materials when requested by our existing customers as value-added services, whereby we extend our service as a one-stop supplier to complement our existing offerings and to support our customers' other packaging or manufacturing requirements. Examples of products we trade are plastic pallets, wood materials and packaging accessories.

**6.4.2 Our products**

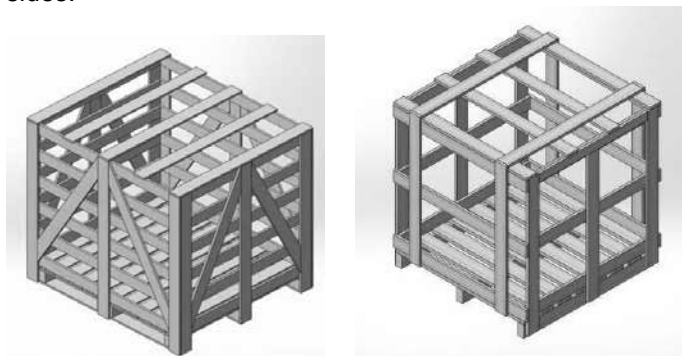
Our industrial packaging products comprise boxes, crates and pallets. These industrial packaging products are reusable and recyclable, allowing the life of the industrial packaging products to be extended and be more environmentally friendly, reducing environmental impact and costs. They are also affordable, come in variety of sizes and easy to disassemble, allowing parts to be easily replaced or repaired.

Details of our products are as follows:

<b>Products</b>	<b>Description</b>
<b>Boxes and crates</b>	<ul style="list-style-type: none"> <li>Boxes are containers with 6 closed sides, including a lid and a base/pallet base.</li> </ul>



- Crates are containers with gaps between the boards and generally not fully enclosed. It has 6 sides comprising 1 base/pallet base, 1 lid and 4 sides.

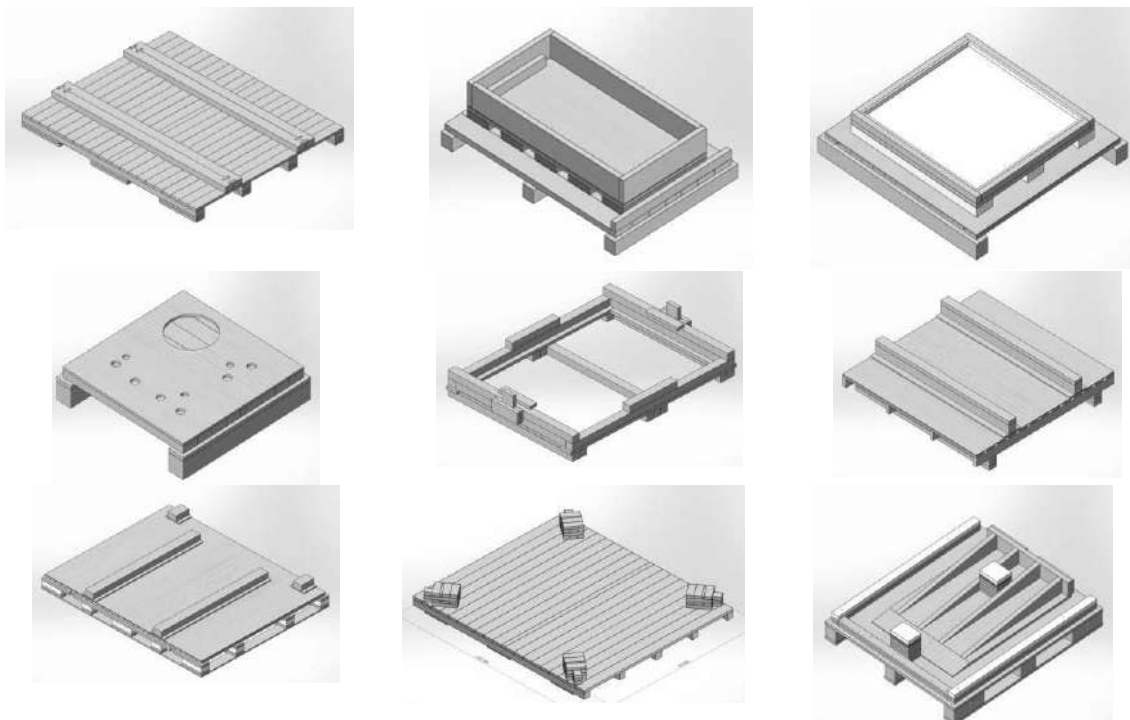


**6. INFORMATION ON OUR GROUP (Cont'd)**

Products	Description
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- Boxes and crates provide protection to the products packaged during storage and transportation.
- All boxes and crates are customised in terms of size, materials used, inserts (i.e. sponge and foams vacuum pack, bubble foam, high durable plastic, anti-static durable plastic), based on our customers' requirements.
- Size of boxes and crates ranges between 0.5 ft<sup>3</sup> and 400 ft<sup>3</sup>.
- Inserts can be installed on the base/pallet base or on the sides.
- Pallet bases are designed based on dimension and size of our customers' products in order to hold the product securely and must be precisely fitted. Sponge, bubble foam and compartments can be added onto the pallet bases according to customers' product requirements.
- Foams vacuum pack, bubble foam, high durable plastic and anti-static durable plastic can be added to wrap around our customer product to provide additional protection against impact, water and dust, before closing and securing the boxes.
- Type of woods used: engineered wood, pine wood. Local natural wood is also used to manufacture some parts of the base/ pallet base and sides of the boxes and crates.
- Boxes and crates are sealed with nails, L-clips, plastic strips, belts, metal straps making them difficult to open, and to decrease the risk of unauthorised access to the goods inside, safety indicators for vibration (e.g. shock watch and tilt watch) are attached to the boxes.
- More examples of different designs of pallet base and boxes:

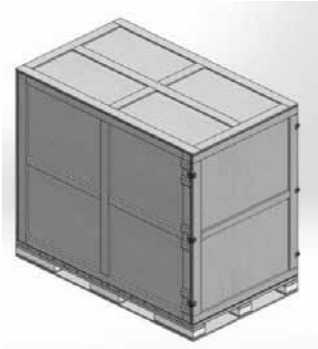
**Pallet bases of different designs**



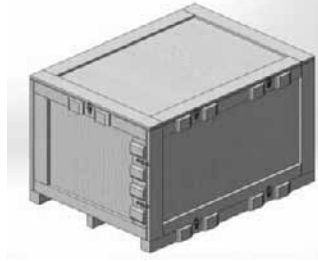
**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>Products</b>	<b>Description</b>
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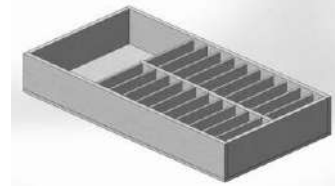
**Boxes secured with metal straps**



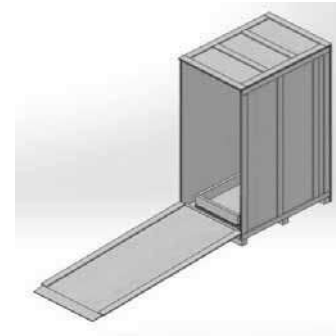
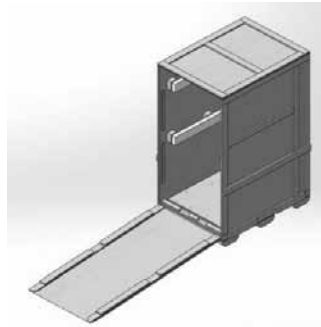
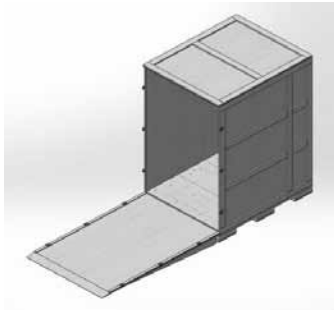
**Boxes secured with L-clips**



**Boxes with interior compartments**



**Boxes with sides which are convertible into ramps**



**Pallets**

- Pallets are platforms or rigid frames on which goods are placed and secured with strapping that provide protection to the products during storage and transportation.
- We manufacture standard and customised sized pallets.
- Typical standard sized pallets are 800mm x 1,200mm, 1,000mm x 1,200mm and 1,100mm x 1,100 mm; while the size of customised pallets ranges between 660mm x 600mm and 2,500mm x 1,200mm.
- Type of woods used: Engineered wood, local natural wood and pine wood.

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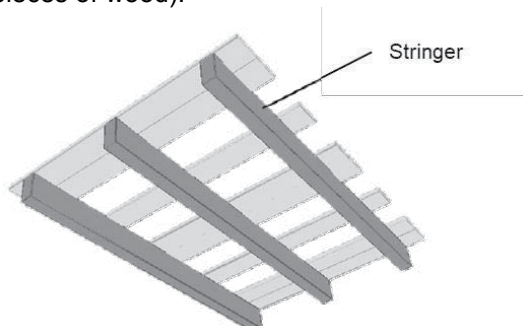
**6. INFORMATION ON OUR GROUP (Cont'd)**

**Products**

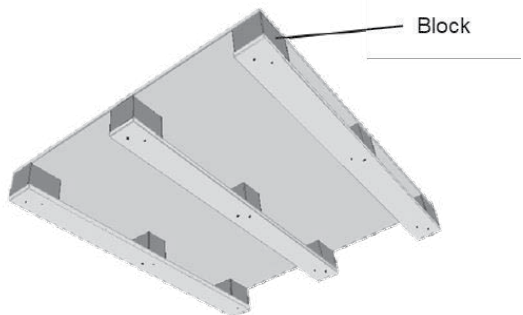
**Description**

- Generally, there are 2 types of pallets, namely stringer-class and block-class as illustrated below:

Stringer-class pallets: Base of the pallets is made of stringers (long pieces of wood).



Block-class pallets: Base of the pallets is made of blocks secured with wood planks.

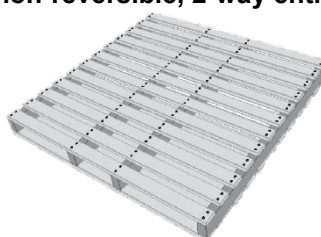


The examples of pallets that are designed and manufactured by our Group, are as follows:

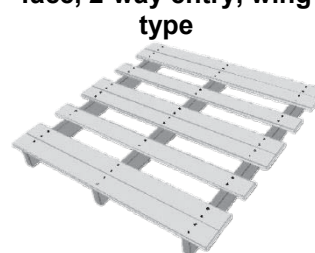
**Stringer-class, single-face, 2-way entry**



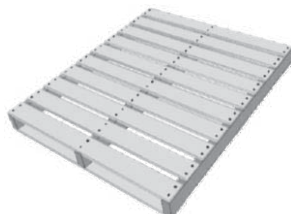
**Stringer-class, double-face non-reversible, 2-way entry**



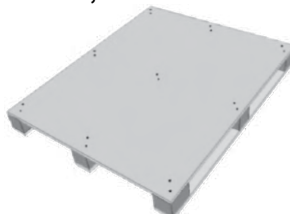
**Stringer-class, single-face, 2-way entry, wing type**



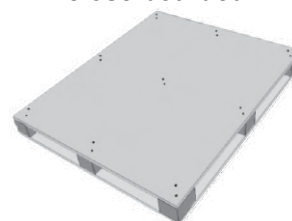
**Stringer-class, double-face non-reversible, 2-way entry, 3 bottom runners**



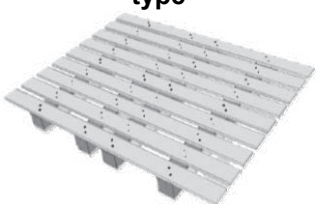
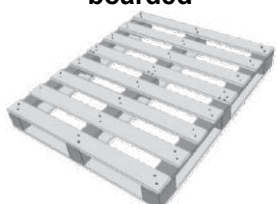
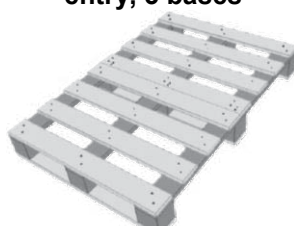
**Block-class, double-face non-reversible, 4-way entry, 3 bases, close boarded**



**Block-class, double-face non-reversible, 4-way entry, perimeter base, close boarded**



**6. INFORMATION ON OUR GROUP (Cont'd)**

<b>Products</b>	<b>Description</b>		
<b>Block-class, double-face non-reversible, 4-way entry, wing type</b>	<b>Block-class, double-face non-reversible, 4-way entry, open boarded</b>	<b>Block-class, double-face non-reversible, 4-way entry, 3 bases</b>	
			

**6.4.3 Our key customers**

Our Group had a total of approximately 307 customers, 300 customers, 270 customers and 210 customers in the FYEs 2019 to FYE 2021 and FPE 2022, respectively. The drop in our number of customers in FPE 2022 was mainly due to the reduction in the number of customers who purchase pallets from us in smaller quantities. These customers are from various industries and there is no specific industry concentration.

Our key customers comprise manufacturers from various industries such as renewable energy (solar), electronics/semiconductor, food, automotive, packaging and others. Breakdown of revenue contributed by our key customers industry (contributed more than 2% of our Group's revenue) in the past 3 FYEs 2019 to 2021 are as follows:

<b>Key customer industry</b>	<b>FYE 2019</b>		<b>FYE 2020</b>		<b>FYE 2021</b>		<b>FPE 2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Renewable Energy	38,749	58.44	63,106	71.47	87,203	72.11	56,608	67.53
Electronics/Semiconductor	11,901	17.95	13,073	14.80	20,139	16.65	19,151	22.85
Food	3,682	5.55	3,120	3.53	3,795	3.14	2,964	3.54
Automotive	4,083	6.16	2,864	3.24	2,549	2.11	906	1.08
Packaging <sup>(i)</sup>	2,244	3.39	1,058	1.20	1,160	0.96	646	0.77
Others <sup>(ii)</sup>	5,645	8.51	5,084	5.76	6,078	5.03	3,549	4.23
<b>Total</b>	<b>66,304</b>	<b>100.00</b>	<b>88,305</b>	<b>100.00</b>	<b>120,924</b>	<b>100.00</b>	<b>83,824</b>	<b>100.00</b>

**Notes:**

- (i) Comprises mainly companies who are involved in the manufacturing and/or trading of packaging materials such as carton boxes.
- (ii) Other types of customer industries which each contributed less than 2% of our revenue. Some examples of these customer industries are power tools, medical, pharmaceutical, logistics, machinery, consumer products and furniture.

Over the FYEs 2019 to FYE 2021 and FPE 2022, although we had reduction in the number of customers, however, we had secured higher revenue as we focused and sold more higher value products (e.g. pallets, boxes and crates made from engineered wood) and reduced the sales of pallets made from natural wood to customers who purchase in smaller quantity(ies).



## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.4.4 Our locations

The details of our business premises are as follows:

Factory	Location	Usage	Built-up area
Sungai Bakap Factory	Sungai Bakap, Penang	Headquarters, manufacturing of components, assembly of pallets, boxes and crates, recycling of pallets and storage	<ul style="list-style-type: none"> <li>• Office: 13,392 sq ft</li> <li>• Manufacturing: 83,493 sq ft</li> <li>• Storage: 94,662 sq ft</li> </ul>
Vietnam Factory	Binh Duong, Vietnam	Office, manufacturing of components, assembly of boxes and crates, and storage	<ul style="list-style-type: none"> <li>• Office: 1,292 sq ft</li> <li>• Manufacturing and assembly: 12,271 sq ft</li> <li>• Storage: 29,062 sq ft</li> </ul>
Perai Branch	Perai, Penang	Office, storage and intended for assembly of boxes and crates	<ul style="list-style-type: none"> <li>• Office: 16,174 sq ft</li> <li>• Assembly: 49,716 sq ft</li> <li>• Storage: 14,466 sq ft</li> </ul>
Kulai Branch	Kulai, Johor	Office, storage and intended for assembly of boxes and crates	<ul style="list-style-type: none"> <li>• Office: 2,325 sq ft</li> <li>• Assembly: 2,969 sq ft</li> <li>• Storage: 8,656 sq ft</li> </ul>
Kulim Branch <sup>(i)</sup>	Kulim, Kedah	Intended to be used as office, assembly of boxes and crates, and storage	<ul style="list-style-type: none"> <li>• Office: 3,628 sq ft</li> <li>• Assembly: 17,532 sq ft</li> <li>• Storage: 43,428 sq ft</li> </ul>

**Note:**

(i) Our Group has yet to commence operations in the Kulim Branch as at the LPD.

For our operations in Malaysia, the manufacturing of components required for the assembly of our boxes, crates and pallets are located in Sungai Bakap Factory, where wood materials (natural wood) are heat treated, cut to length and surface treated (where relevant) into ready-used components for assembly into final product. Further, the recycling of pallets is also located in Sungai Bakap Factory where pallets for recycling are collected throughout Malaysia and are sent to Sungai Bakap Factory for processing. For our operations in Vietnam, all manufacturing and assembly of boxes and crates and storage are conducted within our Vietnam Factory.

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**6. INFORMATION ON OUR GROUP (Cont'd)****6.4.5 Our revenue segmentation**

The breakdown of our Group's revenue segmentation by principal business activities is as follows:

Revenue by principal business activities	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Boxes, crates and provision of packing services <sup>(1)</sup>	33,041	49.83	56,591	64.09	83,262	68.85	58,651	69.97
Pallets	26,129	39.41	27,103	30.69	32,939	27.24	22,654	27.03
Provision of circular supply services	3,411	5.14	2,073	2.35	1,554	1.29	712	0.85
Trading as value added service	3,723	5.62	2,538	2.87	3,169	2.62	1,807	2.15
<b>Total revenue</b>	<b>66,304</b>	<b>100.00</b>	<b>88,305</b>	<b>100.00</b>	<b>120,924</b>	<b>100.00</b>	<b>83,824</b>	<b>100.00</b>

**Note:**

- (1) Packing services are only applicable for boxes and crates, which are provided by our Group as value-added services when supplying boxes and crates to our customers, when requested. Any packing services fees will be priced-in with the sales of boxes and crates.

The breakdown of our Group's revenue segmentation by geographical region is as follows:

Revenue by geographical region	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	60,259	90.88	63,516	71.93	94,885	78.47	68,228	81.39
Vietnam	6,045	9.12	24,789	28.07	26,039	21.53	15,596	18.61
<b>Total revenue</b>	<b>66,304</b>	<b>100.00</b>	<b>88,305</b>	<b>100.00</b>	<b>120,924</b>	<b>100.00</b>	<b>83,824</b>	<b>100.00</b>

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## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.4.6 Types, sources and availability of supplies

Our purchases in the past 3 FYEs 2019 to 2021, and FPE 2022 are as follows:

Supplies	Locations of suppliers	FYE 2019		FYE 2020		FYE 2021		FPE 2022		
		RM'000	%	RM'000	%	RM'000	%	RM'000	%	
<b>Wood materials</b>										
Engineered wood <sup>(i)</sup>	Malaysia, Vietnam, China <sup>(ii)</sup>	26,929	64.50	45,006	73.66	65,695	79.77	44,721	77.91	
Natural wood <sup>(iii)</sup>	Malaysia, Europe, New Zealand <sup>(iv)</sup>	11,809	28.29	12,399	20.29	10,888	13.22	7,228	12.59	
Consumables <sup>(v)</sup>	Malaysia	3,009	7.21	3,697	6.05	5,776	7.01	5,454	9.50	
<b>Total purchases</b>		<b>41,747</b>	<b>100.00</b>	<b>61,102</b>	<b>100.00</b>	<b>82,359</b>	<b>100.00</b>	<b>57,403</b>	<b>100.00</b>	

**Notes:**

(i) Engineered wood comprises mainly plywood and laminated veneer lumber.

(ii) The breakdown of engineered wood purchases by country of origin is as follows:

Country of origin	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
China	20,819	77.31	15,049	33.44	9,436	14.36	2,265	5.06
Vietnam	6,110	22.69	29,957	66.56	56,259	85.64	42,456	94.94
<b>Total</b>	<b>26,929</b>	<b>100.00</b>	<b>45,006</b>	<b>100.00</b>	<b>65,695</b>	<b>100.00</b>	<b>44,721</b>	<b>100.00</b>

(iii) Natural wood comprises mainly local natural wood and imported pine wood.

(iv) The breakdown of natural wood purchases by country of origin is as follows:

Country of origin	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	10,994	93.10	8,779	70.80	8,137	74.73	5,792	80.13
Europe	98	0.83	2,902	23.41	2,453	22.53	1,143	15.81
New Zealand	717	6.07	718	5.79	298	2.74	293	4.06
<b>Total</b>	<b>11,809</b>	<b>100.00</b>	<b>12,399</b>	<b>100.00</b>	<b>10,888</b>	<b>100.00</b>	<b>7,228</b>	<b>100.00</b>

(v) Consumables comprise nails, glue, sponge, foams, plastic films, L-clips, plastic strips, belts, metal straps, paint, shock watches, tilt watches, amongst others.

**6. INFORMATION ON OUR GROUP (Cont'd)**

The key supplies that we purchase are wood materials, which accounted for 92.79%, 93.95%, 92.99% and 90.50% of our total purchases in the past 3 FYEs 2019 to 2021 and FPE 2022, respectively. With the continuous active effort in widening our raw material sourcing network since 2016, the majority of wood materials used in the past 3 FYEs 2019 to 2021 and FPE 2022, was engineered wood. The engineered wood that the Group purchases has uniform and consistent moisture content of 20% and below, and is easy to process and assemble into different industrial packaging products. This resulted in higher yield rates, more consistent quality and enabled the adoption of mechanisation or automation in the Group's manufacturing lines.

We source wood materials from local and overseas sawmills, wood manufacturers and trading companies (e.g. China, Vietnam, Europe and New Zealand). The supply of wood materials which are sourced locally may be affected by rainy seasons in Malaysia, typically from June to December, while the supply of wood materials sourced from overseas generally does not experience similar weather disruption. We have established a stock planning strategy with a planned buffer system by taking into account our manufacturing needs, weather factors and longer estimated lead time required for importing wood materials, to prevent potential major disruptions to our production and delivery schedule. Our Group does not enter into any non-disclosure agreement with our wood material suppliers. In the past 3 FYEs 2019 to 2021 and FPE 2022, the engineered wood sourced from China was generally of higher price and quality than those sourced from Vietnam. Nevertheless, the quality of the engineered wood in Vietnam has been improving and the prices of engineered wood in Vietnam have gradually become more competitive with China.

We have established a sourcing strategy for our wood materials, as follows:

- (i) Source supplies from sawmills, wood manufacturers and trading companies;
- (ii) Purchase wood materials from various sources globally. We keep an approved list of suppliers with a few suppliers for each type of wood materials;
- (iii) Ensure that wood materials costing take into account foreign currency fluctuations;
- (iv) Network with international and local industry associations namely National Wooden Pallet & Container Association, Malaysia Wood Industries Association, Federation of Malaysia Manufacturers, Penang Furniture and Timber Industry Association and Global Wood Packaging Forum which enable us to identify new sources of wood materials;
- (v) Maintain approximately 2 months' worth of wood material inventory to mitigate risks in relation to disruption of wood material supplies; and
- (vi) Establish long term and strong business relationships with wood material suppliers.

The prices of wood materials are subject to fluctuations according to the supply and demand conditions. In the event of any significant hike in prices of certain wood materials, we will suggest alternative wood materials or designs to our customers to assist them in managing their cost. However, in the event our customers still require the existing wooden industrial packaging products, and we are unable to absorb any increase in these costs, we will provide our customers with timely notice on the changes in prices and upon agreement, new purchase orders with the adjusted pricing will be issued for future orders. In the past 3 FYEs 2019 to 2021 and FPE 2022, we have experienced increase in some of our wood material prices, however, the increase in costs did not materially impact our financial performance. For further information on the impact of wood material prices to our financial performance, please refer to Section 8.2.4 of this Prospectus.

## 6. INFORMATION ON OUR GROUP (Cont'd)

Further, most of our customers provide us with demand forecast order information which enable our Group to plan our manufacturing schedule and purchase of wood materials in advance when prices of wood materials are at reasonable levels. It also provides us time to renegotiate with our customers on any change in pricing or use of raw materials in advance.

During MCO, there was a shortage of local natural wood. Therefore, alternative materials such as engineered wood was recommended to our customers hence increased in purchase of engineered wood in FYE 2020 and FYE 2021. Further, the increased in purchase of engineered wood was in line with the increased in sales of boxes and crates for renewable energy sector. Consumables accounted for 7.21%, 6.05%, 7.01% and 9.50% of our total purchases in the past 3 FYEs 2019 to 2021 and FPE 2022, respectively. These consumables are readily available and can be easily sourced from local and overseas suppliers.

All our selected suppliers are evaluated in terms of pricing, production capacity, range and specifications of raw materials, ability to meet our quality requirements and ability to deliver in a timely manner. Purchases from our suppliers are conducted on as needed basis and we do not have any long-term agreements with our suppliers.

Our purchase of supplies which are denominated in foreign currencies (i.e. USD, VND, RMB, EURO, THB and SGD) accounted for 61.99%, 74.65%, 79.02% and 75.65% of our total purchases in the past 3 FYEs 2019 to 2021 and FPE 2022, respectively.

### 6.4.7 Production output, capacity and utilisation

We are primarily involved in the manufacturing of industrial packaging products which can be categorised into 3 main categories based on its respective manufacturing process:

- (i) boxes and crates;
- (ii) pallets made from natural wood and recycled pallets; and
- (iii) pallets made from engineered wood.

Our capacity to manufacture these products is dependent on the available manpower of our factories and the maximum production capacity of the machineries installed at our factories. Hence, our annual manufacturing capacity is calculated based on the following:

- Total production hours of 11 hours per day which includes average over-time undertaken by workers and an average 26 working days per month. The assumption on the total production hours is based on our available workforce.
- Average daily capacity of 942 pieces for boxes and crates for FYE 2021 and FPE 2022.
- Average daily capacity of 1,272 pieces and 1,005 pieces for pallets made from natural wood and recycled pallets for FYE 2021 and FPE 2022, respectively.
- Average daily capacity of 1,250 pieces and 1,429 pieces for pallets made from engineered wood for FYE 2021 and FPE 2022, respectively.

In FYE 2021, our factories operated at utilisation rates for boxes and crates, pallets made from natural wood and recycled pallets, and pallets made from engineered woods, are at 85.01%, 88.05% and 86.41%, respectively; while in FPE 2022, our factories operated at utilisation rates for boxes and crates, pallets made from natural wood and recycled pallets, and pallets made from engineered woods, are at 91.05%, 96.86% and 82.15%, respectively. Breakdown of the annual manufacturing capacity, annual manufacturing output and utilisation rate is as follows:

**6. INFORMATION ON OUR GROUP (Cont'd)**

FYE 2021

<u>Type of products</u>	<u>Annual manufacturing capacity (pieces)</u>	<u>Annual manufacturing output (pieces)</u>	<u>Utilisation rate (%)</u>
Boxes and crates <sup>(1)</sup>	294,038	249,950	85.01
Pallets made from natural wood and recycled pallets	396,911	349,493	88.05
Pallets made from engineered wood	390,115	337,103	86.41

FPE 2022

<u>Type of products</u>	<u>Manufacturing capacity, January to July (pieces)</u>	<u>Manufacturing output, January to July (pieces)</u>	<u>7-month utilisation rate (%)<sup>(ii)</sup></u>
Boxes and crates <sup>(i)</sup>	171,522	156,165	91.05
Pallets made from natural wood and recycled pallets	182,883 <sup>(iii)</sup>	177,143	96.86
Pallets made from engineered wood	260,000 <sup>(iii)</sup>	213,600	82.15

**Notes:**

- (i) Comprises manufacturing capacity for boxes and crates in Malaysia and Vietnam as follows:

FYE 2021

<u>Location</u>	<u>Annual manufacturing capacity (pieces)</u>	<u>Annual manufacturing output (pieces)</u>	<u>Utilisation rate (%)</u>
Malaysia	210,038	174,448	83.06
Vietnam	84,000	75,502	89.88
<b>Total</b>	<b>294,038</b>	<b>249,950</b>	

FPE 2022

<u>Location</u>	<u>Manufacturing capacity, January to July (pieces)</u>	<u>Manufacturing output, January to July (pieces)</u>	<u>7-month utilisation rate (%)<sup>(ii)</sup></u>
Malaysia	122,522	112,760	92.03
Vietnam	49,000	43,405	88.58
<b>Total</b>	<b>171,522</b>	<b>156,165</b>	

- (ii) Computed based on manufacturing capacity and manufacturing output between January 2022 and July 2022.
- (iii) In FPE 2022, some of the manufacturing capacity for pallets made from natural wood and recycle pallets was converted to the manufacturing capacity for pallets made from engineered wood due to increased demand for pallets made from engineered wood. The annual manufacturing capacity for pallets made from natural wood and recycled pallets, and pallets made from engineered woods in the FYE 2022 will be 313,513 pieces and 445,714 pieces, respectively.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

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As part of our business strategies and plans, we intend to expand our annual manufacturing capacity as follows:

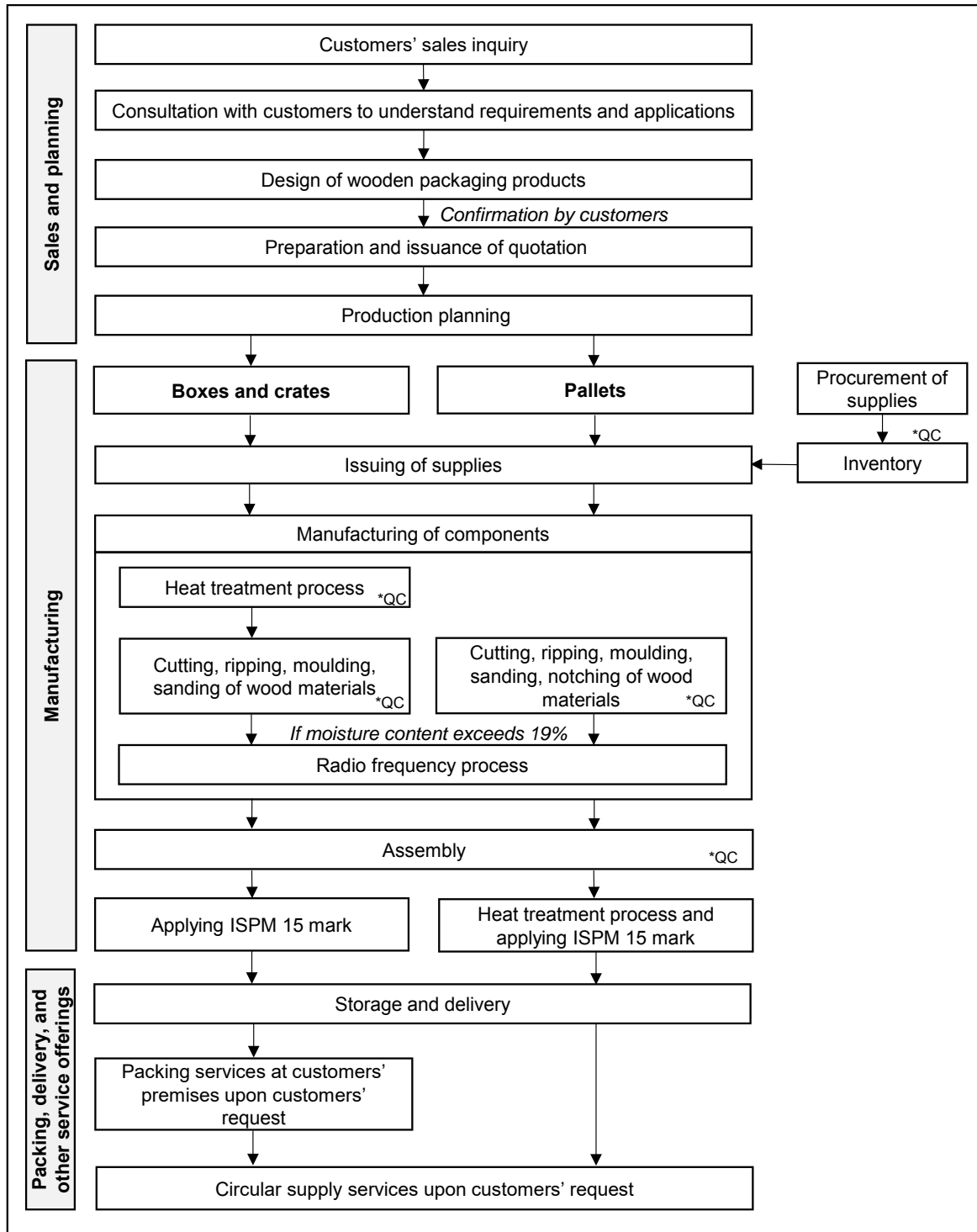
- (a) boxes and crates: by 21.00% to 355,800 pieces through setting up of new assembly lines in Perai, Kulim, Kulai, Johor, Klang Valley and Singapore, based on the annual manufacturing capacity in the FYE 2021;
- (b) pallets made from natural wood and recycled pallets: by 36.05% to 540,000 pieces through expansion of existing manufacturing lines in Sungai Bakap Factory, based on the annual manufacturing capacity in the FYE 2021; and
- (c) pallets made from engineered wood: by 84.56% to 720,000 pieces through expansion of existing manufacturing lines in Sungai Bakap Factory, based on the annual manufacturing capacity in the FYE 2021; and

Please refer to Section 6.8 for further information of our business strategies and plans.

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6. INFORMATION ON OUR GROUP (Cont'd)

6.4.8 Process flow





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**6. INFORMATION ON OUR GROUP (Cont'd)**

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**(a) Sales and planning**

The sale process for our industrial packaging products begins at the receipt of product enquiries from potential customers and followed by initial product discussion to evaluate how our industrial packaging products would be used for and if any customisation would be required to achieve the desired use. All boxes and crates are customised according to our customers' product requirements while pallets can be customised or purchased in standard sizes by our customers.

If customisation is required, we will enquire on the requirements and specifications required and will suggest to our customers the types of wood materials, design and sizes of industrial packaging products that are suitable to their requirements and specifications. Thereafter, we will utilise Solidworks and LoadSync software to plan, visualise and design the industrial packaging products and thereafter generate 2D and/or 3D drawings; as well as LoadSync software to analyse the structure, load and durability of pallets. Upon receiving approval on the drawings from our customers, we will manufacture sample industrial packaging products for our customers' testing and confirmation on the specification. Once we receive confirmation on the sample industrial packaging products, we will prepare a quotation which states the product details and charges. Once the customers agree on the quotation, purchase orders will be placed and confirmed. Thereafter, our production planning team will develop production plans and set out all relevant product details, supplies required, production schedule and delivery details.

We will source the required supplies (e.g. wood materials in the form of sawn timbers or panels and consumables) from our list of approved suppliers, if we do not have sufficient stock in our storage. These supplies will undergo visual inspection upon arrival to ensure that there are no dimensional damages, fungus or mould growth, and infestation of timber pests prior to storage. On the other hand, if customisation is not required, we will obtain the requirements and specifications from our customers and provide our proposal on the types of wood materials, design and sizes of pallets and standard components that meet our customer requirements. Once we receive confirmation from our customers, we will proceed to prepare a quotation with the product details, prices and delivery timeline. Once the customers agree on the quotation, purchase orders will be placed and confirmed. Following this, a logistic dispatch order is sent to the storage for the products to be delivered. The standard sized pallets are generally readily available at our storage to be delivered.

**(b) Manufacturing**

All the required supplies will be sent to the manufacturing line to begin the manufacturing process.

**(i) Boxes and crates**

All boxes and crates are customised and manufactured by order or based on forecast sales provided by our existing customers.

The manufacturing process for boxes and crates will begin with the manufacturing of the components required (i.e. each sides of the boxes and crates, pallet base as well as other accessories such as choking wood and ramps) to assemble the boxes and crates which begin with heat treatment process of natural wood. Engineered wood are not required to undergo heat treatment process as engineered wood has undergone heat treatment process during their manufacturing process, hence, boxes and crates made from engineered wood are exempted from the ISPM 15 certification.

**6. INFORMATION ON OUR GROUP (Cont'd)**

However, if requested by our customers, which is optional, engineered wood can also undergo additional heat treatment and be applied with ISPM 15 marks. Thereafter, the wood materials will undergo cutting and ripping into various length and width, and thereafter undergo moulding or sanding to smoothen the surface and the thickness.

Each component will be manufactured as individual pieces. Each box and crate has 5 to 6 sides, including 4 side panels, a base/ pallet base and a lid. If a floater base is required to be installed on any of the sides of the boxes and crates, foams will be cut and glued, aluminium and plastic will be cut and sealed and lastly secured with T-nuts onto the required sides. The inner face of each side panels, including the lid, can be layered with coated fabric (i.e Duraskin) to provide extra protection to our customers' products, if required.

In the event the moisture content of the wood materials exceeds 19%, these components will undergo the radio frequency process to remove excess moisture content. ISPM 15 marks will be applied on the boxes and crates after heat treatment is completed.

For boxes and crates to be delivered to our customers in CKD form, individual pieces of each component of the boxes and crates will be flat-packed.

For boxes and crates to be delivered in a completely assembled form, the assembly works are carried out in our factories. First, 4 side panels and a top (excluding the base/ pallet base) will be assembled together with nails, L-clips and/or glue, to form the cover of the boxes/crates, based on the 2D and/or 3D drawings. The cover will be placed on top of the base/ pallet base to form a box/ crate and any accessories such as choking wood and ramps will be packed inside the box/ crate.

**(ii) Pallets**

Customised pallets are manufactured by order or based on forecast sales provided by our existing customers. The manufacturing schedule for standard size pallets are planned according to forecast sales provided by our existing customers where they are generally manufactured in advance and we keep inventory of standard size pallets.

The manufacturing process for pallets will begin with manufacturing of the components required to assemble the pallets which comprises cutting and ripping of wood materials into various length and width, and thereafter moulding or sanding to smoothen the surface and the thickness. The wood materials used in the manufacturing of the base of pallets may also undergo notching to cut grooves.

In the event the moisture content of the wood materials exceeds 19%, these components will undergo the radio frequency process to remove excess moisture content. Thereafter, the components will be assembled and nailed into pallets based on the 2D and/or 3D drawings. Thereafter, pallets made from natural wood will undergo heat treatment process to destroy timber pests and will be applied with ISPM 15 marks. Pallets made from engineered wood are not required to undergo heat treatment process as engineered wood has undergone heat treatment process during their manufacturing process, hence pallets made from engineered wood are exempted from the ISPM 15 certification.

Our heat treatment facility is located in our Sungai Bakap Factory. As we use engineered wood only to manufacture boxes and crates in Vietnam, no heat treatment facility is required for our operations in Vietnam. We perform QC checks throughout the manufacturing process to ensure that the industrial packaging products are manufactured according to the specifications required by our customers, and to adhere to the ISPM 15 standard.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

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**(c) Storage and delivery**

All finished products will be stored in our enclosed storage prior to delivery. Our storage has a dedicated area under humidity and temperature-controlled environment to store pallets made from natural wood, to prevent fungus or mould growth. Finished products will be delivered to our customers by our fleet of vehicles or third-party logistics service providers according to the delivery schedule.

As all boxes and crates are customised and manufactured by order or based on forecast sales provided by our existing customers, we keep minimal inventory of boxes and crates. On the other hand, manufacturing schedule for standard size pallets are planned according to forecast sales provided by our existing customers where they are generally manufactured in advance, hence, we keep inventory of standard size pallets.

**(d) Packing services at customers' premises**

Our packing services are only applicable for boxes and crates and at the request of our customers. According to the packing requirements by our customers, we may mobilise packing equipment such as pallet jacks, vacuum pack machines, power tools and sealers. Our customers engage us to precisely and skilfully secure their goods, which are generally high value, sensitive and large in size, into the boxes or crates. This allows them to prevent improper packing of goods which may cause damages or delays in their delivery schedules.

For boxes and crates which are delivered to our customers' premises in CKD form, the assembly works will be carried out at our customers' premises during product packing stage. For completely assembled boxes and crates, the cover will be removed to move the products onto the base/ pallet base.

Our customers' products will first be secured onto the base/ pallet base of the boxes or crates. Ramps and pallet jacks can be used to facilitate the movement of products onto the pallet base and chocking wood can be used to provide additional support to hold and secure the products in place. Inserts such as sponge, foam vacuum pack, bubble foam, high durable plastics or anti-static durable plastic can be added to wrap around the product if required by our customers. Thereafter, the cover of the boxes or crates will be placed on the base/ pallet base, covering the product in it and secured with nails, L-clips and/or glue. Once secured, belts, metal straps, shock watch or tilt watch will be installed to provide additional security to the boxes and crates, if required by our customers.

We also carry out minor adjustments (i.e. cutting and shaping) to the components of the boxes and crates, if required during packing to ensure the products are precisely fitted and secured.

We will load the boxes and crates into our vehicle to be transported to the locations requested by our customers or into the vehicles employed by our customers or logistic providers.

**(e) Circular supply services**

We provide pallet recycling and repair services under our PRP as part of our circular supply services. Upon request, we will collect used pallets from our customers' premises and deliver to our nearest branch. We may also collect used boxes and crates from our customers, when requested. All the collected used industrial packaging products will be delivered to our Sungai Bakap Factory for processing.

## 6. INFORMATION ON OUR GROUP (Cont'd)

For recycling, seals (e.g. nails and clips) and accessories (e.g. forms and inserts) on the pallets, boxes or crates will be removed and the condition of each piece of wood will be assessed and sorted. Wood that are in good condition will be set aside to be reused to manufacture recycled pallets or parts and components of pallets. The treatment of wood materials and manufacturing process for recycled industrial products are the same as new products. Wood materials that cannot be reused to manufacture industrial packaging products will be used as fuel for our boiler to power the heat treatment chamber.

For repairs, we will assess the condition of the damage and replace the damaged components accordingly. Once completed, the repaired industrial packaging products will be packed and delivered to our customers.

### 6.4.9 Quality control and quality assurance

Our Group places emphasis on the quality of all products manufactured in our factories. We are committed to ensure that the quality control procedures that we have put in place fulfil the requirements of our customers and local authorities (i.e. customs). Our quality control procedures are as follows:

<u>Objective</u>	<u>Quality control procedures</u>
Quality control checks on in-coming supplies	<ul style="list-style-type: none"> <li>Undergo visual inspection to ensure that the supplies meet the required order specifications, quality standards (i.e. no dimensional damages, fungus or mould growth and infestation of timber pests), moisture content and density</li> <li>Notify suppliers if the in-coming supplies do not meet the required order specifications and quality standards, moisture content and density. We may arrange for claims and a new batch of supplies for replacement. We generally do not return the faulty in-coming supplies to the suppliers</li> </ul>
Quality control checks during manufacturing	<ul style="list-style-type: none"> <li>Conduct quality control checks throughout the manufacturing processes to ensure that the industrial packaging products are manufactured as per the specifications</li> <li>Repair rejected industrial packaging products or completely dismantle them to salvage usable components which are to be used as components for recycled pallets</li> <li>Conduct moisture content tests after heat treatment process to reduce the moisture content of the finished products</li> <li>Conduct nominal load testing, maximum working load testing and durability comparison testing according to the terms of ISO 8611-1:2011, ASTM 1185-98a and GB/T 4996</li> <li>Ensure that the ISPM 15 mark is marked, if required, and visually clear on the industrial packaging products</li> </ul>
Quality control checks on out-going products	<ul style="list-style-type: none"> <li>Conduct visual and mechanical inspection to ensure the industrial packaging products do not have dimensional damages, fungus or mould growth, and infestation of timber pests before packing and prior to delivery to customers' premises</li> <li>Issue certificate of conformance and heat treatment certificate to customers, upon request</li> </ul>

## 6. INFORMATION ON OUR GROUP (Cont'd)

As a testament of our ongoing commitment to quality, our Group is certified compliant with the following standards:

<b>Name of subsidiary</b>	<b>Name of certificate</b>	<b>Certification body</b>	<b>Scope of certification</b>	<b>Date first awarded</b>	<b>Validity period</b>
BSB and BV	ISO 9001:2015	SGS United Kingdom Ltd	Quality management system in the provision of manufacturing of pallets, boxes and crates, recycling pallets and packing of industrial products	24 April 2002	17 June 2021 – 11 May 2023
BSB and BV	ISO 9001:2015	SGS (Malaysia) Sdn Bhd	Quality management system in the provision of manufacturing of pallets, boxes and crates, recycling pallets and packing of industrial products	12 May 2011	17 June 2021 – 11 May 2023
BSB	Malaysian Heat Treatment Accreditation Scheme	Plant Biosecurity Division, Department of Agriculture Malaysia	Accreditation to treat wood packaging material through heat treatment in accordance to international ISPM 15 standard	8 April 2005	8 September 2021 – 30 September 2023

For the renewal of our ISO 9001:2015 certificates, we will undergo external audit by SGS prior to the expiration of our certificates. We also conduct annual internal audit and management review to ensure continuous compliance to the ISO 9001:2015 standards which will allow us to pass the external audit conducted for renewal purposes.

Malaysian Heat Treatment Accreditation Scheme was established by Plant Biosecurity Division, Department of Agriculture Malaysia (“DOA”) to standardise the systems and procedures of heat treatment, to ease the process of exporting agriculture commodity, to ensure all heat treatments conducted comply to the rules and regulations of the DOA and to evaluate the effectiveness of the heat treatment conducted by registering and accrediting heat treatment facilities that are capable of doing heat treatment in Malaysia and to ensure heat treatment standards and procedures practised by these companies are recognised internationally. The Sungai Bakap Factory is certified compliant with the Malaysian Heat Treatment Accreditation Scheme. As a registered and accredited heat treatment provider, the wood materials that are treated in our heat treatment facility comply with the ISPM 15 standard. We also have the capability to test the wood materials to ensure the treated wood materials meet ISPM 15 standard before applying ISPM 15 markings. Our Vietnam Factory does not require certification for the compliance with ISPM 15 standard as the Vietnam Factory only uses engineered wood for the manufacturing of industrial packaging products.

ISPM 15 standard is an international standard for regulating the movement of timber packaging and dunnage through international trade to prevent the global spread of timber pests (including fungal growth). All industrial packaging products made from natural wood are required to undergo heat treatment and will be applied with ISPM 15 marks, which indicate that the industrial packaging products do not contain any timber pests and are compliant with the ISPM 15 standard.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

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For the renewal of our Malaysian Heat Treatment Accreditation Scheme certificate, we will undergo DOA inspection every 2 years prior to the expiration of our certificate. As part of the inspection, we must provide valid business registration, BOMBA certificates and Majlis Bandaraya Seberang Perai (MBSP) certification. We are also required to provide record of measurement devices (i.e. sensors and receivers) calibration and process data (i.e. heat treatment graphs) to assess that our heat treatment facility and processes comply with the ISPM standard.

Further, our quality control procedures ensure we comply with stringent supplier selection processes prior to securing our customers, especially amongst the MNC customers, and we are able to accommodate any further assessments required by them such as business reviews and factory visits. Generally, our customers' supplier selection process is a lengthy process comprising product inquiry (including product design and specification fine-tuning), submission of product samples for approval and completion of quality audit by our customers' engineers, prior to being selected as their approved suppliers. In order to remain as our customers' approved suppliers, we must ensure our products and services are able to meet our customers' quality requirements in each of our order delivery, and pass their annual quality audit.

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## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.4.10 Design and development

We recognise the importance of design and development (“D&D”) in ensuring that we remain competitive to sustain the continuous growth of our business. Our D&D activities primarily revolve around efforts to establish testing capabilities, develop designs of industrial packaging products to suit unique application, and study alternative materials for industrial packaging products. Our D&D initiatives are as follows:

<b>Past D&amp;D achievements</b>	<b>Year commenced development</b>	<b>Completion year</b>
Established in-house testing capability for pallets based on the methods and steps outlined in ISO 8611-1:2011, ASTM 1185-98a and GB/T 4996	October 2019	June 2020
Collaboration with third-party laboratory in Vietnam to support testing capability for pallets manufactured in Malaysia based on the methods and steps outlined in ISO 8611-1:2011, ASTM 1185-98a and GB/T 4996	February 2020	April 2020
Collaboration with customer in the development handling and transportation testing for boxes and crates which are specific to their industry and application requirements	October 2020	April 2021
Design and development of pallet to meet customers' requirements and study of alternate wood materials for boxes and crates to overcome material shortages due to the COVID-19 pandemic	April 2021	September 2021

In the Financial Years and Period Under Review, our Group incurred D&D expenses of RM99,236, RM113,464, RM213,356 and RM66,268, representing 0.15%, 0.13%, 0.18% and 0.08% of our Group's total revenue respectively.

### 6.4.11 Technology

Our Group adopts the following technologies in the design and manufacturing of industrial packaging products:

<b>Technology</b>	<b>Description</b>
LoadSync software	LoadSync software is a product specification and testing software which we utilise to plan, visualise and design industrial packaging products based on product specifications provided by our customers and analyse the structure and durability.
Solidworks	Solidworks is a product planning and design software which we utilise to plan, visualize and design industrial packaging products and thereafter generate 2D and 3D drawings. We also utilise Solidworks for modelling, feasibility assessment, prototyping and project management for work orders.
Minitab	Minitab is a statistical solution program which we utilise to perform analysis of data collected from our manufacturing processes. The analysis will be used for rectification of cost variances in our manufacturing process.

## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.4.12 Mode of sales and marketing

Our Group's sales and marketing activities are spearheaded by our Executive Director / CEO, Ooi Lay Pheng, who oversees the planning and execution of sales and marketing activities. She is assisted by our dedicated in-house account management/ sales and marketing team (comprising 14 employees as at the LPD) who is responsible for serving existing customers, attending enquiries from potential customers, and preparing new product proposals to existing customers and potential customers. Our Group's sales and marketing activities are as follows:

#### (i) Referrals from existing customers

We receive referrals from existing customers who recommend us to potential customers. Our account management team will approach these potential customers to present our range of product offerings. Upon the referral, we will handle potential customers by responding to sales inquiry, preparing quotation, followed by other manufacturing processes and the delivery of the industrial packaging products to our customers.

In any event, our account management team will continue to provide product updates to these referral customers periodically. This is because our Group believes that it is important to continuously build business relationships with all potential customers as these customers may, in the future, contribute to the growth of our Group.

#### (ii) Networking in associations, trade fair and exhibition, forums, panel discussions and with state investment arm agencies

We are members of international and local associations, as follows:

Association	Year first joined	Current validity period
Penang Furniture and Timber Industry Association	1995	Lifetime membership
National Wooden Pallet & Container Association, United States	1996	January 2022 – December 2023
Malaysia Wood Industries Association	2006	Lifetime membership
Federation of Malaysia Manufacturers	2019	July 2022 – June 2023

By participating in these associations, we have the opportunity to network with potential customers globally and explore business opportunities with them. We are also provided with information on certified timber suppliers located locally and overseas, enabling us to ensure that the wood materials we use for the manufacturing of industrial packaging products are sustainable woods. In addition, we are also kept updated with the latest manufacturing technologies, regulations, trends and demand in the industry, enabling us to continuously enhance our processes, as well as products and services.



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**6. INFORMATION ON OUR GROUP (Cont'd)**

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In 2019, we participated in Asia-Pacific Urban Forum 7, organised by the Economic and Social Commission for Asia and the Pacific, UN-Habitat, Urbanice Malaysia, the Ministry of Housing and Local Government, Malaysia. Through this trade fair and exhibition, we were able to introduce our products and services to new markets, build new customer relationships and establish contact with potential customers, while promoting our market presence. We also participated in industry networking events held during this trade fair and exhibition to identify potential customers and new sales opportunities.

Further, we were invited to participate in the Global Wood Packaging Forum in 2020 and we have been active in the forum since then. The Global Wood Packaging Forum is a collaboration of associated wood packaging organisations and representatives from across the continents that meets to discuss global issues that affect the industry. The Global Wood Packaging Forum also serves as a platform to share the latest knowledge and resources relating to the wood packaging industry. By participating in this forum, we are continuously improving our products and services as well as expanding our business relationship globally.

In 2022, we participated as a panellist in the North America and Beyond Panel Discussion, organised by the National Wooden Pallet & Container Association, United States, where we shared our views on the raw material supply chain, demand for industrial packaging products and the sustainability of the industry from Asia and Malaysia's perspective. We also participated as a panellist in the Asia Trade Week, organised by The Economist where we shared our experience in managing logistics and supply chain disruptions using real-time supply chain visibility platforms. These panel discussions were participated by industry stakeholders, amongst others, associations, raw material suppliers, authorities, end-users of industrial packaging products, thereby enabled us to build relationships and establish contacts with industry stakeholders, while promoting our products and services. In addition, we participated as a panellist in the Penang Economic Summit 2022 in Penang, organised by Enterprise Asia and Penang Institute, where we shared our views on the future of manufacturing in the area of research and development investments, the need for innovation, integration of technologies and creation of green solutions in the supply chain.

Further we will also gather information on new foreign direct investments or new foreign companies that set ups in Malaysia from the state investment arm agencies such as InvestPenang, and thereafter approach these companies to present our range of product offerings to these companies to source from our Group. We participated in an online sharing session on semiconductor equipment supply chain ecosystem development through an invitation from InvestPenang in 2021.

**(iii) Corporate website and digital marketing**

We have established our corporate website at [www.berjayapak.com](http://www.berjayapak.com), as a medium in introducing our Group's services to potential customers and providing immediate basic information on our Group. Enquiries received through our corporate website are channelled to our sales and marketing team for their handling. The current widespread use of the internet as a source of information enables us to cross geographical borders and facilitates access from any part of the world, enhancing our potential market reach and exposure. We also utilise search engine optimisation services to increase the visibility of our corporate website to attract potential customers.

**6. INFORMATION ON OUR GROUP (Cont'd)**

**6.4.13 Major approvals, licences and permits obtained**

Details of major approvals, licences and permits applicable to our Group as at the LPD are as follows:

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
1.	BSB	Registration with Malaysian Timber Industry Board for importation of sawn wood	Malaysian Timber Industry Board ("MTIB")	R-IKG 147/2019	29 November 2022 / 28 November 2023	- To submit renewal application to MTIB within 60 days before the expiry.	Noted
2.	BSB	Registration with MTIB for importation of plywood	MTIB	R-IPL 147/2019	29 November 2022 / 28 November 2023	- To declare the correct custom code for the type on the plywood imported.  - To attach a copy of the Certificate of Origin when importing from countries that do not produce plywood.	Complied
3.	BSB	Registration with MTIB for supply of wood products	MTIB	P00093	4 April 2022 / 31 March 2023	- To submit renewal application to MTIB within 60 days before the expiry.	Noted
4.	BSB	License to erect/operate a factory for wood products	Penang State Forestry Department	PP 7/2003	1 January 2022 / 31 December 2023	- Not transfer the license or rent, lease, lend, mortgage or sell the whole factory or any part thereof or any fixtures therein without the written approval of the Penang State Forestry Department	Noted

**6. INFORMATION ON OUR GROUP (Cont'd)**

No. Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
	Licensed premise: No. 1328, Jalan Sungai Baong, Furniture Industrial Estate, 14200 Sungai Bakap, Pulau Pinang				<ul style="list-style-type: none"> <li>- Not make any changes in the ownership of the factory without written permission of the Penang State Forestry Department</li> </ul>	Noted
					<ul style="list-style-type: none"> <li>- No machinery may be added to or removed from the factory without written permission of the Penang State Forestry Department</li> </ul>	Noted
					<ul style="list-style-type: none"> <li>- Not sell sawn timber either directly or indirectly for the export market or the local market.</li> </ul>	Complied
					<ul style="list-style-type: none"> <li>- To maintain a record of the forestry products brought into the factory for processing, and the finished or semi-finished products manufactured in the factory on a daily basis.</li> </ul>	Complied
					<ul style="list-style-type: none"> <li>- No sawing in this mill or be found in this mill sawn timber beam having a vertical cutting face area of more than 500 square cm or round timber of any kind, including logs sawn in half or quarter. Violation of this condition will automatically lead to termination of this license.</li> </ul>	Complied

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
						- The factory is not allowed to operate at night from 7.00 p.m. to 7.00 a.m. the next day except with the written permission of the Director of the Penang State Forestry Department or the authorised officers	Complied
5.	BSB	Manufacturing licence for the manufacturing of wooden pallet, box pallet, wooden case and plywood pallet	MITI	A 020874	21 November 2016 / valid until revoked	- The sale of the company's shares must be notified to the MITI and the Malaysian Investment Development Authority ("MIDA").	Complied
		Licensed premise: No. 1328, Jalan Sungai Baong, Furniture Industrial Estate, 14200 Sungai Bakap, Pulau Pinang				- The company must train Malaysians to promote the transfer of technology and expertise at all levels of positions.	Noted
						- Company must have Capital Investment Per Employee ("CIPE") of at least RM140,000.00	Complied
						- Total full-time workforce of the company must comprise at least 80% Malaysians by 31 December 2024. Employment of foreign workers including outsourced workers is subjected to current policies.	To be complied <sup>(1)</sup>

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
6.	BPSB	Manufacturing licence for the manufacturing of presswood pallet <sup>(2)</sup>	MITI	A 016284	28 April 2007 / valid until revoked	- The sale of the company's shares must be notified to the MITI and the MIDA.	Noted
		Licensed premise: No. 1328, Jalan Sungai Baong, Furniture Industrial Estate, 14200 Sungai Bakap, Pulau Pinang				- The company must train Malaysians to promote the transfer of technology and expertise at all levels of positions.	Noted
7.	BSB	Business premises and signboard licence for the manufacturing of wooden pallets, boxes and crates and signboard	Majlis Bandaraya Seberang Perai ("MBSP")	36/19107A/0 017	27 October 2022 / 31 December 2023	- Application for renewal to be submitted to MBSP at least 3 months prior to the expiry date.	Noted
		Licensed premise: No. 1328, Jalan Sungai Baong, Furniture Industrial Estate, 14200 Sungai Bakap, Pulau Pinang					

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance	
8.	BSB	Business premises license for the manufacturing of wooden pallets, boxes and crates and storage	MBSP	PRI/02/2022 0407/5018	22 November 2022 / 31 December 2023	-	Application for renewal to be submitted to MBSP at least 3 months prior to the expiry date.	Noted
		Licensed premise: No. 1417, Jalan Sungai Baong, Taman Industri Perabot, Sungai Baong, 14200 Sungai Jawi, Selangor						
9.	BSB	Business premises license for the manufacturing of wooden pallets, boxes and crates and storage	MBSP	PRI/02/2022 0407/6716	30 November 2022 / 31 December 2023	-	Application for renewal to be submitted to MBSP at least 3 months prior to the expiry date.	Noted
		Licensed premise: No. 1403, Lorong Bakau 4, Taman Industri Perabot, Sungai Baong, 14200 Sungai Jawi, Pulau Pinang						

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
10.	BSB	Permit for diesel storage  Licensed premise: No. 1328, Jalan Sungai Baong, Furniture Industrial Estate, 14200 Sungai Bakap, Pulau Pinang	MBSP	PRI/02/2022 0314/1152	25 November 2022 / 31 December 2023	- Application for renewal to be submitted to MBSP at least 3 months prior to the expiry date.	Noted
11.	BSB	Business premises license for the manufacturing of wooden pallets, boxes and crates and storage  Licensed premise: 2619, Lorong Perusahaan 8, Kawasan Perindustrian Prai, 13600 Perai, Penang	MBSP	PRI/02/2022 0407/5691	30 November 2022 / 31 December 2023	- Application for renewal to be submitted to MBSP at least 3 months prior to the expiry date.	Noted
12.	BSB	Business premises license for storage, office and packing of wooden crates  Licensed premise: No. 336, Jalan Pekeliling Tanjung 27/2, Kawasan Perindustrian Indahpura, 81000 Kulai, Johor	Kulai City Council	L2022149328	1 January 2022 / 31 December 2022 <sup>(3)</sup>	- Nil	N/A

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
13.	BSB	Registered Direct User for import/export matters	Royal Malaysian Customs Department ("RMCD")	KE.PB(39)00 1/04- 0477(51A)P D 0474 JD 1280	16 March 2022 / 15 March 2024	<ul style="list-style-type: none"> <li>- Any release of goods from the customs can only be for BSB.</li> <li>- Any customs declarations must be made by the authorised company's staff, who have passed the Customs Agent Course, through the software system installed in its business premises.</li> <li>- BSB must have a front-end system in its premise for the purposes of customs declaration.</li> <li>- BSB must submit a list of names, national registration identity card no., designation and signatures of all employees that will be dealing with RMCD.</li> <li>- Approval to be a Direct User as a Direct User can be revoked if the BSB or its employees are found to be involved in customs fraud, smuggling and embezzlement activities.</li> </ul>	Complied  Complied  Complied  Complied
14.	BSB	Operator license	Land Public Transport Commission ("SPAD")	186695-U(LA)	15 June 2020 / 30 October 2025	-	N/A



**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
15.	BSB	Operator license	SPAD	186695-U(LC)	15 March 2021 / 25 August 2023	-	N/A
16.	BSB	Malaysian Heat Treatment Accreditation Scheme	Department of Agriculture	MY 016 HT	8 September 2021 / 30 September 2023	-	N/A
17.	BSB	Permit for scheduled controlled items to purchase and store 20,000 litres of unsubsidised diesel	Ministry of Domestic Trade and Consumer Affairs	P002355	30 November 2021 / 29 November 2023	- To store scheduled controlled items at the address specified in the permit only. - The storage or possession of the scheduled controlled items shall not exceed the quantity specified in the permit.	Complied
		Licensed premise: No. 1328, Jalan Sungai Baong, Furniture Industrial Estate, 14200 Sungai Bakap, Pulau Pinang				- The scheduled control items shall be purchased for personal use and not for resale purposes.	Complied
18.	BV	Registration of business line for the manufacture of other products of wood; manufacture of articles of cork, straw i.e. Producing wooden pallets, wooden and boxes	Business Registration Office, Department of Planning and Investment	VSIC Code 1623	1 April 2019 / N/A	- Permit renewal must be submitted 30 days prior to expiration. - BV will satisfy general obligations with regards to fire fighting and environment protection.	Noted Complied

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Company	Description of approval / licence / permit	Authority	Licence / Reference no.	Issuance date / Expiry date	Major conditions imposed	Status of compliance
19.	BV	Registration of business line for the manufacture of wooden containers i.e. all kinds of wooden packaging	Business Registration Office, Department of Planning and Investment	VSIC Code 1629	1 April 2019 / N/A	- BV will satisfy general obligations with regards to fire fighting and environment protection.	Complied
20.	BV	Registration of business line for non-specialised wholesale trade i.e. exercising the right of export, import, and wholesale distribution of plastic pallets, metal pallets, foam packaging materials, plywood of all kinds	Business Registration Office, Department of Planning and Investment	VSIC Code 4690	4 February 2021 / N/A	- Nil	Complied

**Notes:**

- (1) Our Group has submitted an application to MIDA vide a letter dated 21 February 2022 (acknowledged receipt on 2 March 2022) to request for an extension of time to comply with this condition. We received an approval letter from MITI dated 3 June 2022 for an extension of time until 31 December 2022 to comply with this condition. By way of a circular dated 18 July 2022, MITI provided an extension of time to all licence holders which are subject to this condition to comply with the same by 31 December 2024. Please refer to Section 6.9.1(i) of this Prospectus for further information.
- (2) The manufacturing license of BPSB was obtained in 2007 for the manufacturing of presswood pallets. The Group had decided to cease the manufacturing activities of BPSB in 2013 due to the low demand for presswood pallets from the market.

**6. INFORMATION ON OUR GROUP (Cont'd)**




- (3) Our Group was informed by the relevant authority that the application for renewal will only be open for submission in December 2022. Our Group will submit the renewal application in December 2022. This renewal process is administrative in nature and our Group expects to obtain the renewed licence prior to the expiry of the licence.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

**6.4.14 Intellectual property rights, patents, trademarks and registrations**

Save as disclosed below, our Group does not have any patents, trademarks, registration and other intellectual property rights:

No.	Trademark	Registered owner	Application no.	Authority	Validity period	Class	Description
1.		BSB	2017061698	Intellectual Property Corporation of Malaysia ("MyIPO")	22 June 2017 to 22 June 2027	20	Loading pallets, not of metal, transport pallets, not of metal; all included in Class 20.
2.		BSB	2017061704	MyIPO	22 June 2017 to 22 June 2027	35	The bringing together, for the benefit of others, of a variety of goods (including but not limited to pallets and related products), enabling customers to conveniently view and purchase those goods in a retail stores, wholesale outlets, or from a general merchandise web site provided on the global communication network; presentation of goods on communication media, for retail purposes; advertising; distribution of samples; import-export agencies; marketing; publicity; demonstration of goods; business inquiries; business information; on-line advertising on a computer network; all included in Class 35.
3.		BSB	2017061708	MyIPO	22 June 2017 to 22 June 2027	39	Packaging of goods; courier services messages or merchandise; delivery of goods; freight shipping of goods; storage of goods; parcel delivery; all included in Class 39.

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Trademark	Registered owner	Application no.	Authority	Validity period	Class	Description
4.		BV	395657	National Office of Intellectual Property of the Ministry of Science and Technology of Vietnam	11 July 2019 to 11 July 2029	20	Loading pallets, not of metal; transport pallets, not of metal
5.		BV	395657	National Office of Intellectual Property of the Ministry of Science and Technology of Vietnam	11 July 2019 to 11 July 2029	35	Retail stores services featuring cable transport apparatus and installations; wholesale services featuring cable transport apparatus and installations; advertising; distribution of samples; import-export agencies; publicity; demonstration of goods; on-line advertising on a computer network
6.		BV	395657	National Office of Intellectual Property of the Ministry of Science and Technology of Vietnam	11 July 2019 to 11 July 2029	39	Packaging of goods; courier services (messages or merchandise); delivery of goods; freight (shipping of goods); storage of goods; parcel delivery.

**6. INFORMATION ON OUR GROUP (Cont'd)**

Our Group is currently applying for the registration of the following trademark with MyIPO:

Trademark	Application no.	Class/ Description	Place of registration	Status
	TM2022030691	<p>20: Containers, packages and pallets of plastic for storage or transport; packaging containers, transport containers, transport pallets, pallet containers, loading pallets, pallet frames, closures for containers, valves, storage containers, racks, barrels, storage drums, boxes, crates, shipping and storage boxes, mailing tubes, letter boxes, medication containers, lining material of plastic, containers of plastic for glass.</p> <p>35: Advertising; business management, organization and administration; office functions; warehouse management services; warehouse management namely, outsource service provider in the field of business operation and management of a distribution center or warehouse facility containing mail order or distribution inventory; business management and consultation services, namely, the control, management, computerized and manual tracking, and reporting of inventory and goods in transit; supply chain management services; reverse logistics management services; reverse logistics services, namely, business consulting services related to reverse logistics; warehouse management services, namely, inventory management services, inventory control services, order fulfillment services; business consultation in the field of transportation of goods, distribution of goods, and management thereof; business consultation in the field of operations management services, logistics, reverse logistics, and supply chain systems; customer services in the nature of providing sales support for others, namely, confirming and filling customer orders and receiving, processing, and handling merchandise returns.</p>	Malaysia	Pending <sup>(1)</sup>

**6. INFORMATION ON OUR GROUP (Cont'd)**

39: Supply chain logistics and reverse logistics services consisting of the storage, transportation and delivery of goods for others by air, rail, ship or lorry; Logistics services consisting of the storage and transportation of goods; logistics services consisting of the storage, transport and delivery of goods; logistics services consisting of the transport and warehousing of goods; logistics services consisting of the transportation, packaging, and storage of goods; supply chain logistics and reverse logistics services consisting of the storage, transportation and delivery of freight; supply chain logistics and reverse logistics services consisting of the storage, transportation and delivery of goods for others by air, rail, ship or truck; transportation and storage services relating to storage logistics, distribution logistics and returns logistics; transportation logistics; arranging for the shipping of cargo; container leasing for the shipping industry; freight (shipping of goods); international air freight shipping services; international ocean freight shipping services; packing of goods using sustainable or biodegradable packaging and shipping materials; parcel shipping services.

**Note:**

- (1) The trademark application is under formality validation whereby MyIPO is in the process of verifying the documents and information submitted. Subject to this trademark fulfilling all the requirements under the Trademarks Act 2019, the trademark is expected to be registered by MyIPO within 8 to 12 months from the date of application on 15 November 2022.

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## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.4.15 Contracts / arrangements / documents on which our Group is materially dependent

Save for the master supply agreement between our Group and one of our major customers, namely the First Solar Group of Companies ("**First Solar**") ("**Master Supply Agreement**"), our Group is not dependant on any material contracts or agreements including commercial and financial contracts or arrangements, which are material to our business or profitability.

The Master Supply Agreement is for the supply of boxes and crates to First Solar for Malaysia and Vietnam. The salient terms and conditions of the Master Supply Agreement are set out below:

Date of agreement : 1 October 2022

Description : The Master Supply Agreement sets out the general terms and conditions governing the supply of products by our Group to First Solar for the First Solar's production of solar photovoltaic modules.

The product supply schedule(s) which sets out, among others, the description of products, specifications, schedule term, minimum volume obligation, unit price, currency, payment terms, buffer stock and safety stock required, delivery terms and schedule as well as forecast, are deemed part of the Master Supply Agreement ("**Schedule(s)**").

Term : The Master Supply Agreement is effective from 1 October 2022 and expires on 31 December 2025, unless terminated earlier ("**Term**").

Forecast and supply obligations : (a) Any portion of First Solar's forecast ("**Forecast**") stated to be binding in the Schedule constitutes First Solar's commitment to accept delivery of or place a purchase order for such product in the quantities set out in the Forecast during the corresponding time period, and our Group's commitment to accept such purchase order or deliver such products during the corresponding period.

(b) Any non-binding portion of a Forecast constitutes an estimate of order placements or First Solar's demand for products. First Solar is not obligated to purchase products contained in a non-binding portion of a Forecast.

(c) The actual volume of products to be purchased each month by First Solar shall be set out in the applicable Schedule. Our Group shall maintain the capacity to manufacture the products in amounts sufficient to meet any Forecast.

Raw materials inventory requirements : (a) At all times during the Term and if required in a Schedule, our Group shall maintain an inventory of raw materials dedicated to the manufacture of products to First Solar in amounts sufficient to ensure that our Group has eliminated any lead times for the procurement of raw materials necessary to satisfy the non-binding requirements set out in each Forecast ("**Buffer Stock**").

(b) If our Group is obligated to maintain Buffer Stock pursuant to a Schedule, our Group shall also maintain safety stock of raw materials equal to one month of First Solar's requirements ("**Safety Stock**").



## 6. INFORMATION ON OUR GROUP (Cont'd)

- Our Group's rights in respect of Buffer Stock and Safety Stock : (a) If First Solar fails to issue purchase orders sufficient to consume the Buffer Stock or Safety Stock prior to the termination of any applicable Schedule, our Group may allocate the Buffer Stock to any non-First Solar dedicated use. If our Group is unable to use the Buffer Stock or Safety Stock, our Group shall use all commercially reasonable steps to mitigate any of our Group's damages.
- (b) First Solar will pay our Group damages equal to the purchase price paid by our Group for all Buffer Stock or Safety Stock that could neither be used or sold by our Group subsequent to any termination.
- Termination : In the event that either party has materially breached the Master Supply Agreement or any Schedule, the other party may serve a notice of termination of the Master Supply Agreement or of such Schedule specifying the nature of the breach. Unless the breaching party has cured the breach, the termination will become effective 30 days after the date of such notice.
- If a Schedule (but not the Master Supply Agreement) is terminated, all other Schedules which are not terminated and the Master Supply Agreement shall remain in full force and effect.
- Other obligations of our Group : If our Group sells or offers to sell products substantially similar or identical to the products sold to First Solar upon terms more favourable than those set forth in the Master Supply Agreement, our Group shall provide prompt notice to First Solar and the applicable Schedule shall be modified to reflect the more favourable terms. Our Group will refund First Solar an amount equal to the savings First Solar would have realised if First Solar had been offered the more favourable terms.

### 6.4.16 Interruptions to our business and operations

Save for minor interruptions to our operations arising from COVID-19 pandemic as detailed below, our Group had not experienced any other interruptions in our operations which had a significant effect on our operations during the past 12 months preceding the LPD.

#### (a) Impact on our business operations

Our business and operations faced minor temporary interruption pursuant to the outbreak of the COVID-19 virus in the countries we operate in and transact. Details are as follows:

##### **Malaysia operations**

Our business and operations faced temporary interruption pursuant to the COVID-19 outbreak. The imposition of the 1<sup>st</sup> MCO effective on 18 March 2020 to 3 May 2020 by the Government to contain the spread of the virus resulted in mandatory closure of all government and private premises, except those involved in essential services, unless written permission was obtained from the relevant governmental bodies. Nevertheless, as we are supporting the logistics industry which was categorised as essential services, our Group obtained an approval letter from MITI to operate but at a capacity of 50% of our Group's total workforce as per the SOP set out by MITI.

Subsequent to that, the Government had implemented different forms of MCOs from 4 May 2020 until 31 May 2021. While our Group was allowed to operate, we were required to comply with the changes in the SOP outlined by MITI throughout the period.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

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Following the resurgence of COVID-19 cases in the first half of 2021, the Government had implemented a 4-phase recovery plan, known as the National Recovery Plan (“NRP”), which is a re-imposition of nationwide lockdown beginning 1 June 2021. The phases of NRP varies from one state to another, subject to the Government’s announcement. Beginning 5 July 2021, states with lower record of COVID-19 cases were allowed to enter into Phase-2 NRP with further relaxation of economic activities and states which achieved certain threshold of vaccination rate or recorded cases were allowed to enter into Phase-3 NRP and Phase-4 NRP. Our Group has been allowed to operate throughout the 4 phases of NRP, however, we are required to comply with the SOP outlined by MITI throughout the period.

From 20 July 2021 to 25 July 2021, the office of our Sungai Bakap Factory was temporarily closed for disinfection as instructed by the Ministry of Health Malaysia (“KKM”) due to 23 positive cases amongst our employees in Sungai Bakap Factory. Nevertheless, our manufacturing area in Sungai Bakap Factory was allowed to continue operating.

Subject to the development of the COVID-19 situation, we increased our workforce up to full workforce capacity as and when the situation allowed and/or when approved by MITI. By August 2021, all of our employees were fully vaccinated and we operate at full workforce capacity.

Beginning 1 April 2022, Malaysia entered into the “Transition to Endemic” phase. Among the relaxed rules and SOP include the abolishment of restrictions on business operating and the abolishment of limits on the number of personnel allowed in workplace. The operations at our headquarters and factories were not impacted by the enforcement of the “Transition to Endemic” phase.

**Vietnam operations**

On 30 March 2020, the government of Vietnam declared COVID-19 as a national pandemic and implemented a nationwide lockdown on 1 April 2020. The nationwide lockdown measures include restricting and prohibiting people from leaving their homes, self-isolations and travel bans, as well as control measures for businesses to observe, effective from 1 April 2020 to 15 April 2020. Nevertheless, the operations of BV were not affected as factories in Vietnam were allowed to operate during the period of the lockdown while complying with the control measures issued by the Ministry of Health, Vietnam. Nevertheless, all administrative functions in BV were required to work from home and the workforce capacity was given priority to the workers in the manufacturing facility.

Following the resurgence of COVID-19 cases in July 2021, the Ministry of Labour, Invalids and Social Affairs, the Vietnam General Confederation of Labour and the Vietnam Chamber of Commerce and Industry jointly advised enterprises to implement the (i) three-on-the-spot temporary arrangement which requires enterprises to allocate accommodation, medical establishments and canteen in their facility for employees to eat, sleep and work in the facility or (ii) one-route temporary arrangement which allows enterprises to allocate accommodation separate from the place of work, however, company buses must be arranged for the workers commuting between both places. From July 2021 to October 2021, we set up accommodation, medical establishments and canteen in our Vietnam Factory in accordance with the relevant requirement by the authorities and as such our operations in Vietnam were not affected. The temporary arrangements were subsequently removed in October 2021.

Although Vietnam has not considered COVID-19 to be an endemic disease, there has been no further restrictions imposed on our operations in Vietnam up to date.

**6. INFORMATION ON OUR GROUP (Cont'd)****(b) Impact on sales, delivery and receipt of supplies**

Since the outbreak of COVID-19 in March 2020, our sales activities have been able to continue to be carried out through online meetings so we have not faced any major disruption for our sales and marketing activities. Although we experienced occasional short term reduction in our sales volume as detailed below, we were able to secure more sales and recorded higher growth in our revenue for the FYE 2020 and FYE 2021:

- During the MCO period, we faced a short term lower sales volume due to the requirement to reduce our workforce capacity in our factories in Malaysia that resulted in lower manufacturing capacity. Further, some of our customers (primarily customers for boxes and crates) were not allowed to operate.

While we faced temporary supply disruptions and delays in the receipt of wood materials due to the movement restrictions imposed by various countries and disruptions in logistics, we have sufficient inventory of wood materials, especially engineered wood. Hence, the temporary supply disruptions and delays did not cause any major or prolonged disruptions to our manufacturing and delivery schedule as we placed orders for our wood materials in-advance in anticipation of the movement restrictions.

Further, we focused on the sale and manufacturing of industrial packaging products made from engineered wood which are higher value products and require lesser amount of labour. There was no delay in order delivery to our customers which were operating during this period.

- During the Phase-1 NRP up to August 2021 of the Phase-2 NRP, we also faced a short term lower sales volume due to the requirement to reduce our workforce capacity in our factories in Malaysia that resulted in lower manufacturing capacity. Further, we faced temporary disruption of supplies as some of our local suppliers for natural wood were also not allowed to operate, causing the reduction of sales for industrial packaging products made from local natural wood.

Similarly, we focused on the sale and manufacturing of industrial packaging products made from engineered wood which are higher value products and require lesser amount of labour. There was no delay in order delivery to our customers which were operating during this period.

Further, there were no material impact on our sales, delivery and receipt of supplies upon the enforcement of the "Transition to Endemic" phase beginning 1 April 2022.

The sales, delivery and receipt of supplies for our Vietnam factory were not affected.

**(c) Impact on our business cash flows, liquidity, financial position and financial performance**

Despite the slight reduction of sales volume during the MCO period, Phase-1 NRP up to August 2021 of the Phase-2 NRP, our sales volume increased after these movement restrictions as our customers resumed their operations and increased their purchase orders. Hence, we were able to record higher revenue growth and there was no negative impact to our revenue recognition for the FYE 2020 and FYE 2021.

Further, there was no material impact on our cash flows, liquidity, financial position and financial performance upon the enforcement of the "Transition to Endemic" phase beginning 1 April 2022.

## 6. INFORMATION ON OUR GROUP (Cont'd)

### (d) Strategy and steps taken to address the impact of COVID-19

In response to the COVID-19 pandemic, our Group has established a standard safety protocol to protect employees and customers against COVID-19 infection since March 2020 until prior to beginning of endemic. Measures in the standard safety protocol include:

- (i) Wearing of face masks at work places;
- (ii) Daily taking and recording of body temperature before entering the work places;
- (iii) Sanitising hands before entering work places and all employees are encouraged to sanitise and wash their hands with soap and water frequently throughout the day;
- (iv) Sanitising all common areas of work places in the office and production area;
- (v) Practising physical distancing at work places;
- (vi) Avoidance of unnecessary travels and face-to-face meetings, where possible;
- (vii) Fortnight saliva rapid antigen test for all employees for Malaysia operations; and
- (viii) Weekly rapid antigen test for all employees for Vietnam operations.

Further, in the event of any reported COVID-19 cases, that particular employee will also be required to undergo self-quarantine as per the standard guidelines issued by KKM and the Ministry of Health, Vietnam from time to time prior to being allowed to resume work in our business premises.

Notwithstanding the above, our Group had put in place a business contingency plan in the event of any infection cases at our business premises where each employee was assigned with a relief person for their tasks. Both personnel in-charge were not allowed to make any external appointments or business trips together to mitigate the risk of infection as well as to ensure that there is a person to back up the tasks in the case of a confirmed infection or suspected infection.

As Malaysia enters into the endemic phase since April 2022, our Group currently practices the following standard safety protocol:

- (i) Wearing of face masks at work places;
- (ii) Increase ventilation where possible;
- (iii) Employees are encouraged to sanitise and wash their hands with soap and water frequently throughout the day; and

Further, our Group currently practices the following standard safety protocol in Vietnam:

- (i) Wearing of face masks at work places;
- (ii) Increase ventilation where possible; and
- (iii) Employees are encouraged to sanitise and wash their hands with soap and water frequently throughout the day.

Up to the LPD, there were 145 confirmed cases of COVID-19 among our employees in Malaysia and Vietnam.

To comply with the SOPs imposed since March 2020 and up to the LPD, our Group has incurred additional costs amounting to RM0.70 million, which is not material to our Group. Our Group has also not been in breach of any laws relating to COVID-19 restrictions and/or SOPs issued by the relevant authorities. Our Group did not participate in wage subsidy programmes initiated by the Government to cushion the economic impact of COVID-19.

#### 6.4.17 Seasonality

Our operations are not affected by seasonal effects as our products and services are provided to our customers which generally operate throughout the year.

**6. INFORMATION ON OUR GROUP (Cont'd)****6.4.18 Employees**

As at 31 December 2021, we employ a total of 298 employees, of which 138 are permanent local employees, 15 are contractual local employees and 145 are contractual foreign employees. The table below sets out the breakdown of our employees by business function or department and countries:

<b>Department/ Division</b>	<b>Permanent</b>		<b>Contract/ temporary</b>		<b>Total</b>
	<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>	
Administration, finance and human resource	14	-	-	-	14
Account management/ sales and marketing	8	-	-	-	8
Production	62	-	12	130	204
Storage and logistics	35	-	-	14	49
Quality assurance and quality control	15	-	3	1	19
Sourcing and procurement	4	-	-	-	4
<b>Total</b>	<b>138</b>	<b>-</b>	<b>15</b>	<b>145</b>	<b>298</b>

<b>Country</b>	<b>Permanent</b>		<b>Contract/ temporary</b>		<b>Total</b>
	<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>	
Malaysia	117	-	5	145	267
Vietnam	21	-	10	-	31
<b>Total</b>	<b>138</b>	<b>-</b>	<b>15</b>	<b>145</b>	<b>298</b>

As at 31 December 2021, local employees accounted for approximately 51.34% of our total workforce while the remaining 48.66% were foreign workers.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

To cater for upcoming business expansion plan and expected increase in revenue, we had increased the workforce mainly for our production. As at the LPD, we employ a total of 366 employees, of which 177 are permanent local employees, 18 are contractual local employees and 171 are contractual foreign employees. The table below sets out the breakdown of our employees by business function or department and countries:

<b>Department/ Division</b>	<b>Permanent</b>		<b>Contract/ temporary</b>		<b>Total</b>
	<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>	
Administration, finance and human resource	17	-	-	-	17
Account management/ sales and marketing	14	-	-	-	14
Production	90	-	15	158	263
Storage and logistics	34	-	-	12	46
Quality assurance and quality control	18	-	3	1	22
Sourcing and procurement	4	-	-	-	4
<b>Total</b>	<b>177</b>	<b>-</b>	<b>18</b>	<b>171</b>	<b>366</b>

<b>Country</b>	<b>Permanent</b>		<b>Contract/ temporary</b>		<b>Total</b>
	<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>	
Malaysia	157	-	6	171	334
Vietnam	20	-	12	-	32
<b>Total</b>	<b>177</b>	<b>-</b>	<b>18</b>	<b>171</b>	<b>366</b>

As at the LPD, local employees accounted for approximately 53.28% of our total workforce while the remaining 46.72% were foreign workers. All our foreign workers have valid working permits as at the LPD, which are renewable periodically. Save for 31 of our employees in Vietnam who voluntarily participated in a trade union which was established pursuant to the Vietnamese Law on Trade Union 2012, none of our employees, whether permanent or contractual, belong to any labour union or internal employee organisation. In the Financial Years and Period Under Review and up to the LPD, we have not experienced any strikes or other disruptions due to labour disputes. In addition, our management has had and will continue to have good working relationships with our employees.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

**6.5 MAJOR CUSTOMERS**

Our top five major customers and their respective revenue contribution for the past 3 FYEs 2019 to FYE 2021 and FPE 2022 are as follows:

**FYE 2019**

<b>Customer</b>	<b>Products provided</b>	<b>Length of relationship as at the LPD (years) <sup>(1)</sup></b>	<b>Sales (RM '000)</b>	<b>% of our Group's revenue</b>
First Solar Group of Companies <sup>(2)</sup>	Boxes and crates	13	27,701	41.78
Jinko Solar Group of Companies <sup>(3)</sup>	Pallets	5	9,571	14.44
Robert Bosch Group of Companies <sup>(4)</sup>	Pallets	18	3,317	5.00
Danisco Malaysia Sdn Bhd <sup>(7)</sup>	Pallets	13	2,727	4.11
Panasonic Energy Group of Companies <sup>(5)</sup>	Pallets	9	2,405	3.63
<b>Sub-total</b>			<b>45,721</b>	<b>68.96</b>
<b>Total revenue</b>			<b>66,304</b>	<b>100.00</b>

**FYE 2020**

<b>Customer</b>	<b>Products provided</b>	<b>Length of relationship as at the LPD (years) <sup>(1)</sup></b>	<b>Sales (RM '000)</b>	<b>% of our Group's revenue</b>
First Solar Group of Companies <sup>(2)</sup>	Boxes and crates	13	50,948	57.70
Jinko Solar Group of Companies <sup>(3)</sup>	Pallets	5	10,728	12.15
Robert Bosch Group of Companies <sup>(4)</sup>	Pallets	18	3,192	3.61
Danisco Malaysia Sdn Bhd <sup>(7)</sup>	Pallets	13	2,369	2.68
Customer A <sup>(6)</sup>	Boxes, crates and pallets	21	2,098	2.38
<b>Sub-total</b>			<b>69,335</b>	<b>78.52</b>
<b>Total revenue</b>			<b>88,305</b>	<b>100.00</b>

**FYE 2021**

<b>Customer</b>	<b>Products provided</b>	<b>Length of relationship as at the LPD (years) <sup>(1)</sup></b>	<b>Sales (RM '000)</b>	<b>% of our Group's revenue</b>
First Solar Group of Companies <sup>(2)</sup>	Boxes and crates	13	71,832	59.40
Jinko Solar Group of Companies <sup>(3)</sup>	Pallets	5	14,894	12.32
Customer A <sup>(6)</sup>	Boxes, crates and pallets	21	4,445	3.67
Danisco Malaysia Sdn Bhd <sup>(7)</sup>	Pallets	13	3,164	2.62
Robert Bosch Group of Companies <sup>(4)</sup>	Pallets	18	3,062	2.53
<b>Sub-total</b>			<b>97,397</b>	<b>80.54</b>
<b>Total revenue</b>			<b>120,924</b>	<b>100.00</b>

**6. INFORMATION ON OUR GROUP (Cont'd)**

**FPE 2022**

Customer	Products provided	Length of relationship as at the LPD (years) <sup>(1)</sup>	Sales (RM '000)	% of our Group's revenue
First Solar Group of Companies <sup>(2)</sup>	Boxes and crates	13	46,428	55.39
Jinko Solar Group of Companies <sup>(3)</sup>	Pallets	5	10,162	12.12
Customer A <sup>(6)</sup>	Boxes, crates and pallets	21	4,108	4.90
Celestica Electronics (M) Sdn Bhd <sup>(8)</sup>	Boxes and crates	2	2,604	3.11
Flextronics Group of Companies <sup>(9)</sup>	Pallets	21	1,838	2.19
		<b>Sub-total</b>	<b>65,140</b>	<b>77.71</b>
		<b>Total revenue</b>	<b>83,824</b>	<b>100.00</b>

**Notes:**

- (1) Length of business relationship with our major customers is calculated based on the commencement date of our first business transaction with these customers up to the LPD.
- (2) First Solar Group of Companies comprises First Solar Malaysia Sdn Bhd and First Solar Vietnam Manufacturing Co Ltd which are involved in the manufacturing and sale of solar electric power modules and systems
- (3) Jinko Solar Group of Companies comprises Jinko Solar Technology Sdn Bhd, Jinko PV Material Supply Sdn Bhd and Jinko Solar (Malaysia) Sdn Bhd (for the FYE 2021 only) which are involved in the manufacturing, sale, research and development of solar cells, modules and related auxiliary products.
- (4) Robert Bosch Group of Companies comprises Robert Bosch Power Tools Sdn Bhd and Robert Bosch (M) Sdn Bhd which are involved in the manufacturing of automotive parts and accessories, and power tool components, parts and accessories.
- (5) Panasonic Energy Group of Companies comprises Panasonic Energy Malaysia Sdn Bhd, Panasonic Automotive Systems Malaysia Sdn Bhd and Sun Everywhere Sdn Bhd which are involved in the manufacturing of car audio products, solar panel, wafers, cells and modules.
- (6) Customer A is a company incorporated in Malaysia that is involved in electronic manufacturing services. Customer A is a subsidiary of a multinational company which is involved in electronic manufacturing services which is listed on the New York Stock Exchange.
- (7) Danisco Malaysia Sdn Bhd is involved in the manufacturing of food ingredients.



## 6. INFORMATION ON OUR GROUP (Cont'd)

(8) Celestica Electronics (M) Sdn Bhd is a wholly-owned subsidiary of Celestica Inc, a company listed on the Toronto Stock Exchange and New York Stock Exchange, which is involved in design and manufacturing of hardware platform and supply chain solutions. Its services include design and engineering, manufacturing services, supply chain services, hardware platform solutions, precision machining as well as logistics and fulfilment. Its industry coverage includes enterprise, communications, aerospace and defence, consumer, industrial and smart energy, healthcare, capital equipment and robotics.

(9) Flextronics Group of Companies comprises Flextronics Shah Alam Sdn Bhd and Flextronics Technology (Penang) Sdn Bhd which are involved in design, manufacturing solutions (e.g. automation and robotics, manufacturing optimisation, mechanical design and manufacturing, precision plastics, etc) and supply chain logistics. It is part of a global company, Flex Inc, which is listed on NASDAQ. Flex Inc's industry coverage includes automotive, cloud computing, communications, consumer electronics and smart devices, healthcare equipment and industrial equipment and robotics.

For the past 3 FYEs 2019 to FYE 2021 and FPE 2022, our top 5 major customers contributed RM 45.72 million, RM 69.34 million, RM97.40 million and RM65.14 million to our Group's total revenue (or 68.96%, 78.52%, 80.54% and 77.71% of our Group's total revenue).

We are dependent on one of our major customers, namely First Solar Group of Companies ("First Solar") which we supplied boxes and crates to. First Solar contributed 41.78%, 57.70%, 59.40% and 55.39% to our total revenue for the past 3 FYEs 2019 to FYE 2021 and FPE 2022, respectively. For the past 3 FYEs 2019 to FYE 2021 and FPE 2022, First Solar Malaysia Sdn Bhd ("First Solar Malaysia") contributed 32.66%, 29.63%, 37.87% and 36.78% to our Group's total revenue and First Solar Vietnam Manufacturing Co Ltd ("First Solar Vietnam") contributed 9.12%, 28.07%, 21.53% and 18.61% to our Group's total revenue.

Further, First Solar Vietnam is our sole customer in Vietnam which contributed 100% of our revenue generated from Vietnam operations for the past 3 FYEs 2019 to FYE 2021 and FPE 2022. If First Solar ceases to purchase from us, we may experience reduction in purchase orders which could result in a loss of revenue, given that we may not be able to replace these customers with new customers or with additional orders from existing customers in a timely manner. Our Board expects the concentration risk to be mitigated by the following:

- (i) our Group has secured 2 new customers in Malaysia in the FYE 2022 (for boxes and crates) which is expected to contribute up to 5.00% to the total revenue of our Group for the FYE 2022 based on the indication and forecasted allocation provided by the customer according to its production planning and our Group's budgeted sales for the FYE 2022. As such, the contribution from First Solar will be diluted accordingly;
- (ii) our Group is an approved supplier of First Solar, whereby our Group has complied with stringent supplier selection processes prior to being admitted to the list of approved suppliers;
- (iii) First Solar will provide us with up to 12 months forecast on their demand for our industrial packaging products which allow us to plan for our inventory and manufacturing in advance. The forecast provided by First Solar is not secured orders; however based on historical trend, the forecast provided is reflective of actual sales secured with First Solar; and

**6. INFORMATION ON OUR GROUP (Cont'd)**

- (iv) First Solar has been our customer for the past 13 years. We believe that our long-term relationship and our ability to continuously meet their expectation over the years have made us a trusted supplier to First Solar.

On 1 October 2022, our Group has entered into a Master Supply Agreement with First Solar for the supply of boxes and crates to First Solar for Malaysia and Vietnam. The Master Supply Agreement is effective from 1 October 2022 and expires on 31 December 2025, unless terminated earlier, and it sets out the general terms and conditions governing the supply of products by our Group to First Solar for the First Solar's production of solar photovoltaic modules. The Master Supply Agreement comprises the product supply schedule(s) which are valid for the respective terms as set out in the product supply schedules. Each product supply schedule sets out, among others, the description of products, specifications, schedule term, minimum volume obligation, unit price, currency, payment terms, buffer stock and safety stock required, delivery terms and schedule as well as forecast. The forecast to be provided by First Solar will be a 1 year rolling forecast, provided on a monthly basis. Please see Section 6.4.15 of this Prospectus for further details of the Master Supply Agreement.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

**6.6 MAJOR SUPPLIERS**

Our top five major suppliers for the purchase of materials for the past 3 FYEs 2019 to FYE 2021 and FPE 2022 are as follows:

**FYE 2019**

<b>Supplier *</b>	<b>Products sourced</b>	<b>Length of relationship as at the LPD (years) <sup>(1)</sup></b>	<b>Purchases (RM '000)</b>	<b>% of our Group's purchases</b>
Supplier A <sup>(2)</sup>	Engineered wood	5	7,639	18.30
Supplier B <sup>(3)</sup>	Engineered wood	4	6,965	16.69
Supplier C <sup>(4)</sup>	Engineered wood	3	3,090	7.40
Supplier D <sup>(5)</sup>	Local natural wood	6	1,754	4.20
Supplier E <sup>(6)</sup>	Engineered wood	3	1,533	3.67
<b>Subtotal</b>			<b>20,981</b>	<b>50.26</b>
<b>Total purchases</b>			<b>41,747</b>	<b>100.00</b>

**FYE 2020**

<b>Supplier *</b>	<b>Products sourced</b>	<b>Length of relationship as at the LPD (years) <sup>(1)</sup></b>	<b>Purchases (RM '000)</b>	<b>% of our Group's purchases</b>
Supplier F <sup>(7)</sup>	Engineered wood	3	9,577	15.68
Supplier C <sup>(4)</sup>	Engineered wood	3	9,269	15.17
Supplier G <sup>(8)</sup>	Engineered wood	4	6,320	10.34
Supplier B <sup>(3)</sup>	Engineered wood	4	4,542	7.43
Supplier H <sup>(9)</sup>	Engineered wood	3	3,701	6.06
<b>Subtotal</b>			<b>33,409</b>	<b>54.68</b>
<b>Total purchases</b>			<b>61,102</b>	<b>100.00</b>

**FYE 2021**

<b>Supplier *</b>	<b>Products sourced</b>	<b>Length of relationship as at the LPD (years) <sup>(1)</sup></b>	<b>Purchases (RM '000)</b>	<b>% of our Group's purchases</b>
Supplier F <sup>(7)</sup>	Engineered wood	3	18,629	22.62
Supplier G <sup>(8)</sup>	Engineered wood	4	15,567	18.90
Supplier I <sup>(10)</sup>	Engineered wood	3	8,960	10.88
Supplier C <sup>(4)</sup>	Engineered wood	3	6,340	7.70
Supplier H <sup>(9)</sup>	Engineered wood	3	2,480	3.01
<b>Subtotal</b>			<b>51,976</b>	<b>63.11</b>
<b>Total purchases</b>			<b>82,359</b>	<b>100.00</b>

**6. INFORMATION ON OUR GROUP (Cont'd)**

**FPE 2022**

Supplier *	Products sourced	Length of relationship as at the LPD (years) <sup>(1)</sup>	Purchases (RM '000)	% of our Group's purchases
Supplier G <sup>(6)</sup>	Engineered wood	4	14,555	25.36
Supplier F <sup>(7)</sup>	Engineered wood	3	10,992	19.15
Supplier J <sup>(11)</sup>	Engineered wood	3	6,727	11.72
Supplier K <sup>(12)</sup>	Engineered wood	1	2,811	4.90
Supplier C <sup>(4)</sup>	Engineered wood	3	2,606	4.54
<b>Subtotal</b>			<b>37,691</b>	<b>65.67</b>
<b>Total purchases</b>			<b>57,403</b>	<b>100.00</b>

**Notes:**

\* Our Group does not intend to disclose the names of major suppliers in the Prospectus as this is our Group's competitive edge. Our Group had invested substantial amount of time and resources over the years to source for suitable and reliable suppliers who can meet our requirements (in terms of product and service quality, delivery time and pricing) and subsequently work closely with the suppliers, in terms of knowledge sharing and site visits to our suppliers' production lines, to enhance the quality of the materials based on the quality requirements of our Group's industrial packaging products. Disclosing the list of our major suppliers will allow our competitors to easily identify such suppliers or to obtain information pertaining to our purchase requirements (as there is no non-disclosure agreement entered into with our major suppliers that prohibits our major suppliers to disclose our information to other parties), which we believe will adversely affect our Group's competitive edge.

- (1) Length of business relationship with our major suppliers is calculated based on the date of our first business transaction with these suppliers up to the LPD.
- (2) Supplier A is a manufacturer of engineered wood in China and it is not listed on any stock exchange. It was established in 2011, and its operations are located in Shandong Province.
- (3) Supplier B is a manufacturer of engineered wood in China and it is not listed on any stock exchange. It was established in 2018, and its operations are located in Shandong Province.
- (4) Supplier C is a manufacturer of engineered wood in Vietnam and it is not listed on any stock exchange. It was established in 2002, and its office and factory are located in Hanoi.
- (5) Supplier D is a manufacturer of wooden pallet in Malaysia and it is not listed on any stock exchange. It was established in 2014, and its operations are located in Penang.

**6. INFORMATION ON OUR GROUP (Cont'd)**

- (6) Supplier E is a trading company for engineered wood in Singapore. It is a wholly owned subsidiary and the trading arm of a company listed on Singapore Stock Exchange. The listed company was established in 1977, and has operations in Singapore, Malaysia (Johor and Selangor), China and Vietnam.
- (7) Supplier F is a manufacturer of engineered wood in Vietnam and it is not listed on any stock exchange. It was established in 2009, and its headquarters is located in Hanoi.
- (8) Supplier G is a manufacturer of engineered wood in Vietnam and it is not listed on any stock exchange. It was established in 2016, and its office and factories are located in Hanoi and Langson province.
- (9) Supplier H is a manufacturer of engineered wood in China and it is not listed on any stock exchange. It was established in 2018, and its operations are located in Shandong Province.
- (10) Supplier I is a manufacturer of engineered wood in Vietnam and it is not listed on any stock exchange. It was established in 2017, and its headquarters and factories are located in Phu Tho.
- (11) Supplier J is a manufacturer of plywood, veneer and engineered wood in Vietnam and it is not listed on any stock exchange. It has been in operations since 2006, and its operations are located in Ninh Binh, Yen Bai, Phu Tho and Hanoi.
- (12) Supplier K is a manufacturer of plywood (including engineered wood) and wooden broom handle in Vietnam and it is not listed on any stock exchange. It was established in 2011, and its operations are located in Hanoi.

We are not dependent on any of our top 5 major suppliers as we are able to source the same supplies from alternative suppliers at similar prices.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

**6.7 PROPERTIES, PLANT AND EQUIPMENT**

**6.7.1 Properties owned**

A summary of the material land and buildings owned by our Group for our operations as at the LPD is as follows:

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Category of land use / Tenure of property	Restrictions in interest / Express condition / Material encumbrance(s)	Date of issuance of CF or CCC	Land / Built-up area (sq ft)	NBV as at 31 July 2022 RM'000
1.	BSB	HS(D) 8766, Lot 2492, Mukim 05, Daerah Seberang Perai Selatan, Negeri Pulau Pinang / No. 1328, Jalan Sungai Baong, Furniture storage and Industrial Estate, 14200 Sungai Bakap, Pulau Pinang	Industrial land with single-storey factory and double-storey office / Office, storage and manufacturing	Industrial / Freehold	<b>Restriction in interest:</b> Nil  <b>Express condition:</b> This land can be used for industrial purposes only  <b>Material encumbrances:</b> i. Private caveat lodged by Hong Leong Islamic Bank Berhad on 15 October 2021 ii. Private caveat lodged by Hong Leong Bank Berhad on 15 October 2021 iii. Charged to Hong Leong Islamic Bank Berhad on 12 April 2022 iv. Charged to Hong Leong Bank Berhad on 12 April 2022	16 June 1998  11 May 2022 (expansions to the Sungai Bakap Factory)	117,176 / 96,885	4,718

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Category of land use / Tenure of property	Restrictions in interest / Express condition / Material encumbrance(s)	Date of issuance of CF or CCC	Land / Built-up area (sq ft)	NBV as at 31 July 2022 RM'000
2.	BPSB	HS(D) 8767, Lot 2493, Mukim 05, Daerah Seberang Perai Selatan, Negeri Pulau Pinang / No. 1403, Lorong Bakau 4, Taman Industri Perabot, Sungai Baong, 14200 Sungai Jawi, Pulau Pinang	Industrial land with single-storey factory / Office and storage	Industrial / Freehold	<p><b>Restriction in interest:</b> Nil</p> <p><b>Express condition:</b> This land can be used for industrial purposes only</p> <p><b>Material encumbrances:</b> i. Private caveat lodged by Hong Leong Islamic Bank Berhad on 15 October 2021 ii. Private caveat lodged by Hong Leong Bank Berhad on 15 October 2021 iii. Charged to Hong Leong Islamic Bank Berhad on 12 April 2022 iv. Charged to Hong Leong Bank Berhad on 12 April 2022</p>	26 July 2007 11 May 2022 (expansions to the Sungai Bakap Factory)	117,176/ 58,318	2,091

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Category of land use / Tenure of property	Restrictions in interest / Express condition / Material encumbrance(s)	Date of issuance of CF or CCC	Land / Built-up area (sq ft)	NBV as at 31 July 2022 RM'000
3.	BTSB	HS(D) 8765, Lot 2491, Mukim 05, Daerah Seberang Perai Selatan, Negeri Pulau Pinang / No. 1417, Jalan Sungai Baong, Taman Industri Perabot, Sungai Baong, 14200 Sungai Jawi, Selangor	Industrial land with single-storey factory and double-storey office / Office and storage	Industrial / Freehold	Restriction in interest: Nil  <b>Express condition:</b> This land can be used for industrial purposes only  <b>Material encumbrances:</b> Nil	5 August 2011  11 May 2022 (expansions to the Sungai Bakap Factory)	54,014/ 36,344	1,546
4.	BSB	Geran No. Hakmilik 98345, Lot 2168, Mukim 05, Daerah Seberang Perai Selatan, Negeri Pulau Pinang / No. 49, Jalan Sungai Duri, Taman Seruling Emas, 14200 Sungai Jawi, Pulau Pinang	Double-storey shop office/ Vacant	Building / Freehold	Restriction in interest: Nil  <b>Express condition:</b> This land can be used for business purposes only  <b>Material encumbrances:</b> Charged to United Overseas Bank (Malaysia) Berhad on 6 January 2017	23 July 1998	1,399 / 2,800	116



6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Category of land use / Tenure of property	Restrictions in interest / Express condition / Material encumbrance(s)	Date of issuance of CF or CCC	Land / Built-up area (sq ft)	NBV as at 31 July 2022 RM'000
5.	BSB	HS(D) 37950, PT 3174, Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang / 2619, Lorong Perusahaan 8, Kawasan Perindustrian Prai, 13600 Perai, Penang	Industrial land with single-storey factory and double-storey office / Office and storage, intended to be used for assembling	Industrial / Leasehold of 60 years expiring on 9 April 2050	<b>Restriction in interest:</b> i. This land shall not be transferred, charged, leased or sub-leased or disposed of without the written consent of the state authority. ii. This land shall not be sub-divided.	8 June 2012	47,171 / 32,761	6,313

**Express condition:**

The registered proprietor subsequent to the Penang Development Corporation (PDC) shall:

- i. within 2 years from the transfer of property or such other period as may be prescribed by the state authority, erect a factory building or buildings on the land hereby leased in accordance with the plan approved

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Category of land use / Tenure of property	Restrictions in interest / Express condition / Material encumbrance(s)	Date of issuance of CF or CCC	Land / Built-up area (sq ft)	NBV as at 31 July 2022 RM'000
					<p>by the local authority, and shall maintain the building or buildings to the satisfaction of the local authority;</p> <p>ii. treat and dispose of, or cause to be treated or disposed of, trade effluents in a manner to the satisfaction of the relevant authorities;</p> <p>iii. pay and discharge all taxes, rates, assessments and charges whatsoever which may be payable for the time being in respect of the land or any part thereof levied by the Seberang Perai City Council;</p>			

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Category of land use / Tenure of property	Restrictions in interest / Express condition / Material encumbrance(s)	Date of issuance of CF or CCC	Land / Built-up area (sq ft)	NBV as at 31 July 2022 RM'000
					<p>iv. ensure that 30% of the workers employed for the business on this land are Bumiputera.<sup>(1)</sup></p> <p><b>Material encumbrances:</b></p> <p>i. Private caveat lodged by Alliance Islamic Bank Berhad on 6 April 2022</p> <p>ii. Charged to Alliance Islamic Bank Berhad on 13 July 2022</p>			
6.	BSB	HS(D) 30953, PT 3050, Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang / 2611, Lorong Perusahaan 8, Kawasan Perindustrian Prai, 13600 Perai, Penang	Industrial land with single-storey factory and double-storey office / Intended to be used as office, storage, and assembling	Industrial / Leasehold of 60 years expiring on 6 December 2049	<p><b>Restriction in interest:</b></p> <p>i. This land shall not be transferred, charged, leased or sub-leased or disposed of without the written consent of the state authority.</p> <p>ii. This land shall not be sub-divided.</p>	8 June 2012	74,583 / 47,595	9,336

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Category of land use / Tenure of property	Restrictions in interest / Express condition / Material encumbrance(s)	Express condition:	Date of issuance of CF or CCC	Land / Built-up area (sq ft)	NBV as at 31 July 2022 RM'000
						<p>The registered proprietor subsequent to the Penang Development Corporation (PDC) shall:</p> <p>i. within 2 years from the transfer of property or such other period as may be prescribed by the state authority, erect a factory building or buildings on the land hereby leased in accordance with the plan approved by the local authority, and shall maintain the building or buildings to the satisfaction of the local authority;</p>			

6. INFORMATION ON OUR GROUP (Cont'd)

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Category of land use / Tenure of property	Restrictions in interest / Express condition / Material encumbrance(s)	Date of issuance of CF or CCC	Land / Built-up area (sq ft)	NBV as at 31 July 2022 RM'000
					<p>ii. shall treat and dispose of, or cause to be treated or disposed of, trade effluents in a manner to the satisfaction of the relevant authorities; pay and discharge all taxes, rates, assessments and charges whatsoever which may be payable for the time being in respect of the land or any part thereof levied by the Seberang Perai City Council; and ensure that 30% of the workers employed for the business on this land are Bumiputera.<sup>(2)</sup></p>			
					<p>iii. pay and discharge all taxes, rates, assessments and charges</p>			
					<p>iv. the workers employed for the business on this land are Bumiputera.<sup>(2)</sup></p>			

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Registered / Beneficial owner	Title details / Property address	Description and existing use	Category of land use / Tenure of property	Restrictions in interest / Express condition / Material encumbrance(s)	Date of issuance of CF or CCC	Land / Built-up area (sq ft)	NBV as at 31 July 2022 RM'000
					<b>Material encumbrances:</b> i. Private caveat lodged by Alliance Islamic Bank Berhad on 6 April 2022  ii. Charged to Alliance Islamic Bank Berhad on 15 July 2022			

**Notes:**

- (1) As at LPD, there are 49 employees working at this premise, of which 17 employees (34.7%) are Bumiputera. The express condition imposed on the land is complied with.
- (2) As at LPD, there are no operations at this premise. Our Group will comply with the express condition imposed on the land once we commence operations at this premise.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

**6.7.2 Properties rented**

A summary of the material land and buildings rented by our Group as at the LPD is as follows:

No.	Landlord / Lessor	Tenant / Lessee	Property address	Description and existing use	Date of issuance of CF or CCC	Built-up area (sq. ft.)	Tenure	Rental per annum
1.	BW Industrial Development Joint Stock Company	BV	Factory C2A, Lot A_17A13, Bau Bang Industrial Zone, Lai Uyen Town, Bau Bang District, Binh Duong Province, Vietnam	Single storey ready-built factory / Office, storage and assembling	18 June 2019	27,125	11 April 2019 – 10 April 2024	VND 2,652,398,784 (equivalent to RM 500,798.56)
2.	BW Industrial Development Joint Stock Company	BV	Factory C1A, Lot A_17A11, Bau Bang Industrial Zone, Lau Uyen Town, Bau Bang District, Binh Duong Province, Vietnam	Single storey ready-built factory / Office, storage and assembling	18 June 2019	15,500	1 April 2020 – 10 April 2024	VND 1,544,542,560 (equivalent to RM 291,624.58)
3.	Indahpura Jaya Development Sdn Bhd	BSB	No. 3386 (Lot 58876), Jalan Pekeliling Tanjung 27/2, Kawasan Perindustrian Indahpura, 81000 Kulai, Johor	A single storey factory with double storey office / Office and storage, intended to be used for assembling	11 September 2014	13,950	1 February 2021 – 31 January 2024 <sup>(2)</sup>	RM225,992.28

**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Landlord / Lessor	Tenant / Lessee	Property address	Description and existing use	Date of issuance of CF or CCC	Built-up area (sq. ft.)	Tenure	Rental per annum
4.	Perbadanan Kemajuan Negeri Kedah (PKNK)	BSB	No. 39A, Lorong Perusahaan 6, Taman PKNK, 09000 Kulim, Kedah	Double-storey factory and single-storey office / Intended to be used for office, warehousing and assembling	17 September 2009	64,588	2 December 2004 – 1 December 2064 <sup>(1)</sup>	<sup>(1)</sup> N/A
5.	Westlite Dormitory (Bukit Minyak) Sdn Bhd	BSB	No. 38 Jalan Perniagaan Seri Tambun, Taman Westlite Dormitory Bukit Tambun, 14100 Simpang Ampat, Pulau Pinang (Units B-02-09, B-04-01, B-04-02, B-04-03, B-04-04, B-04-05, B-04-06, B-04-07, B-04-08, B-04-09, B-08-01, B-08-02, B-08-03, B-08-04, B-11-06, B-11-07, B-11-11)	17 dormitory units located within Block B (11-storey workers' quarter) with a single-storey facilities block / Dormitory for the occupation of our Group's employees or workers <sup>(3)</sup>	18 January 2019	13,600	3 April 2022 to 2 April 2024	RM408,000.00



**6. INFORMATION ON OUR GROUP (Cont'd)**

No.	Landlord / Lessor	Tenant / Lessee	Property address	Description and existing use	Date of issuance of CF or CCC	Built-up area (sq. ft.)	Tenure	Rental per annum
6.	Westlite Dormitory (Bukit Minyak) Sdn Bhd	BSB	No. 38 Jalan Perniagaan Seri Tambun, Westlite Dormitory Bukit Tambun, 14100 Simpang Ampat, Pulau Pinang (Units C-07-01, C-07-02, C-07-03, C-07-04)	4 dormitory units located within Block C (11-storey workers' quarter) with a single-storey facilities block / Dormitory for the occupation of our Group's employees or workers <sup>(3)</sup>	18 January 2019	3,200	15 August 2022 – 14 August 2023	RM105,600.00

**Notes:**

- (1) BSB acquired the lease from Aicello Malaysia Sdn Bhd, the previous registered lessee of the property as well as BSB's landlord of this property from 1 December 2021 until completion of the acquisition by BSB of the lease from Aicello Malaysia Sdn Bhd on 28 July 2022 at a total purchase value of RM9,500,000. Please see Section 6.7.3 of this Prospectus for further details of the acquisition.
- (2) The initial term of the tenancy expiring on 31 January 2023 was extended for a further term of one year commencing on 1 February 2023 and expiring on 31 January 2024.
- (3) The workers' accommodation is issued with a Certificate for Accommodation by the Department of Labour Peninsular Malaysia and complies with the necessary requirements of the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 and its regulations. Please see Section 6.9.1(iv) of this Prospectus for further details.

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**6. INFORMATION ON OUR GROUP (Cont'd)**

**6.7.3 Acquisition of properties**

Save for the properties below, we have not entered into any sale and purchase agreements to acquire properties during the Financial Years and Period Under Review and up to the LPD:

No.	Vendor/ Purchaser	Property address	Description and existing use	Category of land use/ Tenure	Date of issuance of CF or CCC	Land area/ Built-up area (sq. ft.)	Purchase value (RM)	Date of purchase/ Completion or expected completion
1.	Sizechem Sdn Bhd / BSB	2619, Lorong Perusahaan 8, Kawasan Perindustrian Prai, 13600 Perai, Penang	Industrial land with single-storey factory and double-storey office / Office and storage, intended to be used for assembling	Industrial / Leasehold of 60 years expiring on 9 April 2050	8 June 2012	47,171 / 32,761	6,068,000	11 November 2021/ Completed on 25 July 2022
2.	Dyechem Alliance (M) Sdn Bhd / BSB	2611, Lorong Perusahaan 8, Kawasan Perindustrian Prai, 13600 Perai, Penang	Industrial land with single-storey factory and double-storey office / Intended to be used as office, storage, and assembling	Industrial / Leasehold of 60 years expiring on 6 December 2049	8 June 2012	74,583 / 47,595	8,732,000	23 November 2021/ Completed on 25 July 2022
3.	Aicello Malaysia Sdn Bhd / BSB	No. 39A, Perusahaan 6, Taman PKNK, 09000 Kedah	Industrial land with double-storey factory and single-storey office / Intended to be used for office, storage and assembling	Industrial / Leasehold of 99 years expiring on 12 December 2088 <sup>(2)</sup>	17 September 2009	120,254 / 64,588	9,500,000	25 January 2022 / Completed on 28 July 2022

**6. INFORMATION ON OUR GROUP (Cont'd)**

**Note:**

- (1) BSB acquired the lease from Aicello Malaysia Sdn Bhd, the previous lessee of the property. The lease with Perbadanan Kemajuan Negeri Kedah (PKNK), the registered proprietor and the lessor, commenced on 2 December 2004 and will expire on 1 December 2064. The lease has been registered in BSB's name. Please refer to Section 6.7.2 for more information on this property.

The acquisitions of the above properties were primarily funded via bank borrowings as well as internally generated funds.

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**6. INFORMATION ON OUR GROUP (Cont'd)****6.7.4 Key machinery and equipment**

A summary of the key machinery and equipment owned and used by us are set out below:

<b>Key machinery and equipment</b>	<b>Description and use</b>	<b>Total units</b>	<b>NBV as at 31 July 2022</b>
Cutting machine	To cut wood materials into desired length	37	168,105
Ripping machine	To rip wood materials into desired width	6	91,980
Moulding and sanding machine	To smoothen surfaces of wood materials	4	181,373
Notching machine	To cut grooves into wood materials to form the base of pallets	3	148,542
Chamferer	To cut the edges or corners of wood materials	1	1
Nailing machine	To nail components into boxes, crates and pallets	8	8
Finger joint machine	To joint short wood materials for longer length	1	55,650
Radio frequency machine	To remove excess moisture content of wood materials	1	68,498
Dust silo	A dust collector with a filter bag system for dust count control	2	1,069,818
Heat treatment chamber	To treat wood materials by removing moisture content	3	733,600
Boiler	To generate heat which is used to power the heat treatment chamber	2	117,356
Lorry and truck	To transport products from storage to customers' premises	13	1,564,346
			<b>4,199,277</b>

**6.8 BUSINESS STRATEGIES AND PLANS**

Over the next 3 years, our Group will focus on expanding our business and operations in Malaysia as detailed below. Nevertheless, our Group will continue its marketing efforts in Vietnam to secure new customers and will expand its operations in Vietnam when substantial additional orders are secured.

**6.8.1 We plan to strengthen our presence in the Northern region by expanding our operations in Perai, Penang and Kulim, Kedah**

Our customers in the Northern region contributed 89.33% (RM59.23 million), 70.99% (RM62.69 million) and 75.27% (RM91.02 million) and 75.12% (RM62.97 million) to our Group revenue in the past 3 FYEs 2019 to 2021 and FPE 2022.

**6. INFORMATION ON OUR GROUP (Cont'd)**

As at the LPD, the boxes and crates that we supply to our customers in the Perai area are manufactured and assembled at the Sungai Bakap Factory. These boxes and crates will be stored at the Perai Branch for just-in-time delivery to our customers located in closer proximity to Perai, based on their manufacturing schedules and supply chain management requirements. Our Group plans to relocate part of its assembly activities for boxes and crates to Perai Branch and install new assembly lines at the Perai Branch to allow ready-to-use components for boxes and crates that are manufactured at the Sungai Bakap Factory to be assembled into final products (boxes and crates) at the Perai Branch, with annual capacity of 64,800 pieces. The cost of setting up the assembly line for boxes and crates in Perai Branch is approximately RM1.23 million comprising purchase of new machinery (i.e. auto panel saw machine, cutting line, ripping machine, scissor lift, forklift, drilling and tapping machine, table saw machine, nailing gun and dust collector) renovation and electrical costs, and will be funded by internally generated funds and/or bank borrowings. With the adoption of automation machine such as auto panel saw machine, it will allow us to reduce the reliance on manual manpower. Further, the location of our Perai Branch is relatively less remote as compared to Sungai Bakap Factory, and the Perai Branch is primarily intended be used for assembling activities, where relatively less manpower is required. Therefore, we believe it will be easier to hire local workers for our Perai Branch. Assembly activities at the Perai Branch is expected to begin by Q2 2023.

As at the LPD, our Group has yet to commence operations at the Kulim Branch. We intend to set up an office, storage space, relocate part of its assembly activities for boxes and crates to Kulim Branch and install new assembly line to assemble boxes and crates at the Kulim Branch, with annual capacity of 186,000 pieces. The ready-to-use components for boxes and crates that are manufactured at the Sungai Bakap Factory will be assembled into final products (boxes and crates) at the Kulim Branch.

The cost of setting up the assembly line is approximately RM2.09 million, comprising purchase of new machinery (i.e. forklift, auto nailer, auto stacker, auto turning machine, auto marking machine, conveyor, grinder, cutter, ripping machine, grooving machine, nailing gun, scissor lift and dust collector), renovation and electrical costs, and will be funded by internally generated funds and/or bank borrowings. With the adoption of automation machines such as auto nailer, auto stacker, auto turning machine, auto marking machine, conveyor, it will allow us to reduce the reliance on manual manpower. Further, the location of our Kulim Branch is relatively less remote as compared to Sungai Bakap Factory, and that the Kulim Branch is primarily intended be used for assembling activities, where relatively less manpower is required. Therefore, we believe it will be easier to hire local workers for our Kulim Branch. Assembly activities at the Kulim Branch is expected to begin by Q3 2023.

By relocating part of our assembly activities for boxes and crates from Sungai Bakap Factory to Perai Branch and Kulim Branch, it will also free up some manufacturing space in the Sungai Bakap Factory which will allow us to expand our annual manufacturing capacity of pallets made from natural wood and recycled pallets of 143,089 pieces and annual capacity of pallets made from engineered wood of 329,885 pieces in Sungai Bakap Factory, which will give us a total annual manufacturing capacity for pallets made from natural wood and recycled pallets of 540,000 pieces and 720,000 pieces for pallets made from engineered wood. There will be no additional cost to be incurred for expansion of manufacturing lines for pallets in Sungai Bakap Factory as we have sufficient machinery to cater for the expansion. The manufacturing of pallets from the expanded manufacturing lines at the Sungai Bakap Factory is expected to begin by Q4 2023. Our Group will still continue to carry out assembly activities in the Sungai Bakap Factory, based on the requirements of the respective customers.

The acquisition of the factories for our Perai Branch was completed on 25 July 2022, while the acquisition of the factory for our Kulim Branch was completed on 28 July 2022. This expansion is to cater for increasing demand for our industrial packaging products amongst our existing customers in the Northern Region as the utilisation rate for the manufacturing of boxes and crates at our Sungai Bakap Factory is at 83.06% in FYE 2021. Further, we engage closely with our existing customers to get insights on their business growth, and the future additional manufacturing capacity in the Perai Branch and Kulim Branch will allow us to seize opportunities to secure additional sales from our customers. This is in line with the anticipated increase in industrial and manufacturing activities in Penang.

## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.8.2 We plan to strengthen our presence in the Southern region by expanding our operations in Johor

Our customers in the Southern region contributed 0.05% (RM32,373), 0.05% (RM41,449), 1.58% (RM1.91 million) and 3.25% (RM2.73 million) to our Group revenue in the past 3 FYEs 2019 to 2021 and FPE 2022.

As at the LPD, the boxes and crates that we supply to our customers in the Southern region are manufactured and assembled at the Sungai Bakap Factory. These boxes and crates will be stored at the Kulai Branch for just-in-time delivery to our customers based on their manufacturing schedules and supply chain management requirements. The cost of setting up the assembly line is approximately RM350,000 comprising purchase of new machinery (i.e. dust collector, cutting line, ripping machine, moulding machine and scissor lift) and setup cost, and will be funded by internally generated funds and/or bank borrowings. Our Group plans to install assembly lines at the Kulai Branch to allow ready-used components that are manufactured at the Sungai Bakap Factory to be assembled into final product at the Kulai Branch, with annual capacity of 3,600 pieces. Assembly activities at the Kulai Branch is expected to begin by Q1 of 2023.

Further, we plan to expand our operations in Johor by constructing a new, larger factory ("**Proposed New Johor Factory**") which will include manufacturing of components, and larger assembly and storage space. Our Proposed New Johor Factory will produce boxes and crates with an annual manufacturing capacity of approximately 12,000 pieces, as well as provide packing services and facilitate our circular supply services. This will allow us to cater to the growing demand for industrial packaging products from our existing customers which is in line with the growth of their business, and expand our customer base to secure new customers. We engage closely with our existing customers to get insights on their business growth and the additional manufacturing capacity in our Proposed New Johor Factory will allow us to seize the opportunity to secure more sales from our customers.

In view of this, we intend to purchase a piece of land around the Kulai/Senai area in Johor, in close proximity to our existing Kulai Branch, for the planned construction of our Proposed New Johor Factory. As at the LPD, we are in the midst of identifying suitable land in the Kulai/Senai area measuring around 130,000 sq ft. We expect to complete the purchase of the land by Q4 2023. Based on the initial planning, the Proposed New Johor Factory will have a built-up area of approximately 85,000 sq ft, with floor space allocated for manufacturing activities (i.e. manufacturing of components and assembly), storage space and office space.

The indicative timeline for the construction of our Proposed New Johor Factory is as follows:

<b>Timeline</b>	<b>Details</b>
Q1 2024	<ul style="list-style-type: none"> <li>• Submission of planning permit to Kulai Municipal Council</li> <li>• Submission of building plan to Kulai Municipal Council</li> </ul>
Q2 2024	<ul style="list-style-type: none"> <li>• Receipt of approved planning permit</li> <li>• Receipt of approved building plan</li> </ul>
Q2 2024	<ul style="list-style-type: none"> <li>• Commencement of construction</li> </ul>
Q3 2025	<ul style="list-style-type: none"> <li>• Completion of construction</li> </ul>
Q3 2025	<ul style="list-style-type: none"> <li>• Purchase of new machinery (please refer to Section 6.8.4 of this Prospectus for further details)</li> </ul>
Q4 2025	<ul style="list-style-type: none"> <li>• CCC obtained</li> <li>• Manufacturing licence obtained from MITI/MIDA</li> </ul>
Q1 2026	<ul style="list-style-type: none"> <li>• Commencement of operations</li> </ul>

Our new manufacturing plant will also support our planned expansion into Singapore. Please refer to Section 6.8.3(ii) of this Prospectus for further details.

## 6. INFORMATION ON OUR GROUP (Cont'd)

The cost to purchase a piece of land around the Kulai/Senai area in Johor will be approximately RM2.90 million and the cost of our planned construction will be approximately RM12.10 million. We intend to allocate approximately RM10.00 million from the proceeds of the Public Issue, to pay part of the construction cost for the Proposed New Johor Factory. Any excess amount required for capital expenditure will be funded by internally generated funds and/or bank borrowings.

The actual size of the Proposed New Johor Factory may be subject to change depending on the availability of the suitable location, cost involved and other relevant factors not within the control of our Group.

### 6.8.3 We plan to expand our geographical presence domestically to the Klang Valley and regionally to Singapore

Since the commencement of our business, we have served our customers in the Central region within the Klang Valley and Singapore from our operations in Penang. Our customers in the Klang Valley contributed 0.59% (RM0.39 million), 0.35% (RM0.31 million), 0.60% (RM0.72 million) and 2.13% (RM1.79 million) to our Group revenue in the past 3 FYEs 2019 to 2021 and FPE 2022; while our customers in Singapore contributed 0.92% (RM0.61 million), 0.54% (RM0.48 million), 1.02% (RM1.24 million) and 0.89% (RM0.75 million) to our Group revenue in the past 3 FYEs 2019 to 2021 and FPE 2022.

As our business continues to expand domestically, including in the Klang Valley, we plan to establish our presence in the Klang Valley. We also anticipate increasing orders from customers in Singapore and hence we also plan to establish our presence in Singapore. We engage closely with our existing customers to get insights on their business growth, and the additional manufacturing capacity in our new factories in Klang Valley and Singapore will allow us to seize opportunities to secure more sales from our customers.

The details of our planned expansion to the Klang Valley and Singapore are as follows:

(i) Setting up of an assembly plant and storage in the Klang Valley (“**Proposed New KV Factory**”)

As at the LPD, we are in the midst of identifying a factory lot for rental in a suitable light industrial area within the Klang Valley to set up our Proposed New KV Factory. The estimated size of the Proposed New KV Factory will be approximately 12,000 sq ft, with floor space allocated for assembly works, storage space and office space.

We plan to carry out assembly works for final products comprising boxes and crates, with annual capacity of 3,600 pieces, as well as providing packing services and facilitate our circular supply services. Our wood materials will continue to undergo heat treatment and processing (i.e. cutting, ripping, moulding and sanding) at our Sungai Bakap Factory, and delivered for assembly and storage at our Proposed New KV Factory. RM0.61 million of the gross proceeds from the Public Issue will be allocated for the rental of the Proposed New KV Factory for 24 months.

The total cost of setting up our Proposed New KV Factory is estimated at RM0.50 million, which will be funded by internally generated funds and/or bank borrowings.

The indicative timeline for the setting up of our Proposed New KV Factory is as follows:

<b>Timeline</b>	<b>Details</b>
Q1 2023 (T)	<ul style="list-style-type: none"> <li>• Signing of tenancy agreement</li> </ul>
T + 1 month	<ul style="list-style-type: none"> <li>• Commencement of renovation</li> </ul>
T + 2 month	<ul style="list-style-type: none"> <li>• Completion of renovation</li> <li>• Purchase of new machinery (please refer to Section 6.8.4 of this Prospectus for further details)</li> </ul>
T + 3 month	<ul style="list-style-type: none"> <li>• Commencement of operations</li> </ul>

**6. INFORMATION ON OUR GROUP (Cont'd)**(ii) Setting up of an assembly plant and storage in Singapore (“**Proposed New Singapore Factory**”)

As we continue to receive more orders from customers in Singapore, we also plan to establish our physical presence in Singapore to be closer to our customers and enhance our service delivery. As at the LPD, we are in the midst of identifying a factory lot for rental within a suitable light industrial area to set up our Proposed New Singapore Factory. The estimated size of the Proposed New Singapore Factory will be approximately 8,000 sq ft, with floor space allocated for assembly works, storage space and office space.

We plan to carry out assembly works for final products comprising boxes and crates, with annual capacity of 1,800 pieces, as well as providing packing services and facilitate our circular supply services. Our wood materials will continue to undergo heat treatment and processing (i.e. cutting, ripping, moulding and sanding) at our Sungai Bakap Factory, and delivered for assembly and storage at our Proposed New Singapore Factory. Once our Proposed New Johor Factory commences operations, as set out in Section 6.8.2 of this Prospectus, we will also be able to supply processed wood from our Proposed New Johor Factory to our Proposed New Singapore Factory for assembly and storage.

The total cost of setting up our Proposed New Singapore Factory is estimated at RM1.50 million, which will be funded by internally generated funds and/or bank borrowings.

The indicative timeline for the setting up of our Proposed New Singapore Factory is as follows:

<b>Timeline</b>	<b>Details</b>
Q2 2023 (T)	<ul style="list-style-type: none"> <li>• Signing of tenancy agreement</li> </ul>
T + 1 month	<ul style="list-style-type: none"> <li>• Commencement of renovation</li> <li>• Completion of renovation</li> </ul>
T + 2 month	<ul style="list-style-type: none"> <li>• Purchase of new machinery (please refer to Section 6.8.4 of this Prospectus for further details)</li> </ul>
T + 3 month	<ul style="list-style-type: none"> <li>• Commencement of operations</li> </ul>

The actual sizes of the Proposed New KV Factory and the Proposed New Singapore Factory may be subject to change depending on the availability of the suitable location, cost involved and other relevant factors not within the control of our Group.

With the operation expansions mentioned in Sections 6.8.1, 6.8.2 and 6.8.3 above, our annual manufacturing capacity will be expanded as follows:

- boxes and crates: by 21.00% to 355,800 pieces through setting up of new assembly lines in Perai Branch, Kulim Branch, Kulai Branch, Proposed New Johor Factory and Proposed New KV Factory and Proposed New Singapore Factory, based on the annual manufacturing capacity in the FYE 2021;
- pallets made from natural wood and recycled pallets: by 36.05% to 540,000 pieces through expansion of existing manufacturing lines in Sungai Bakap Factory, based on the annual manufacturing capacity in the FYE 2021; and
- pallets made from engineered wood: by 84.56% to 720,000 pieces through expansion of existing manufacturing lines in Sungai Bakap Factory, based on the annual manufacturing capacity in the FYE 2021.



**6. INFORMATION ON OUR GROUP (Cont'd)****6.8.4 We intend to purchase new machineries to support the expansion of our business operations**

As set out in Section 6.8.2, 6.8.3(i) and 6.8.3(ii) of this Prospectus, we plan to expand our operations through our Proposed New Johor Factory, Proposed New KV Factory and Proposed New Singapore Factory. To support this expansion, we intend to purchase the following new machineries:

<b>Type of machinery / equipment</b>	<b>Purpose / Function</b>	<b>No. of units</b>
Forklift	A vehicle with a pronged device in front for lifting and carrying heavy loads	2
Lorry and truck	Transportation of products from its storage to customers' premises	2
Packing truck	To carry workers and packing accessories from its storage to customers' premises	1
Cutting machine	A machine used to cut wood materials into desired length	1
Multi ripping machine	A machine used to rip wood materials into desired width	1
Sanding machine	A machine used to smoothen surfaces of wood materials by abrasion with sandpaper	2

The above machines will be additions to our existing machines to cater for our business expansion. Our Group intends to allocate RM1.39 million from the proceeds of the Public Issue, to purchase the abovementioned new machineries to facilitate the setting up of the Proposed New Johor Factory, Proposed New KV Factory and Proposed New Singapore Factory. Any excess amount required will be funded by internally generated funds.

Our Group also intends to purchase automation machines such as auto panel saw machine, auto nailer, auto stacker, auto turning machine, auto marking machine and conveyor for our Proposed New KV Factory and Proposed New Singapore Factory. This will allow us to reduce our reliance on manual manpower. Further, the locations of our Proposed New KV Factory and Proposed New Singapore Factory are expected to be relatively less remote as compared to Sungai Bakap Factory, and that the Proposed New KV Factory and Proposed New Singapore Factory are primarily intended be used for assembling activities, where relatively less manpower is required. There, we believe it will be easier to hire local workers for our Proposed New KV Factory and Proposed New Singapore Factory. The purchase of these automation machines will be funded by internally generated funds.

**6.8.5 We plan to expand our circular supply services to offer a more comprehensive circular supply chain solution to our customers**

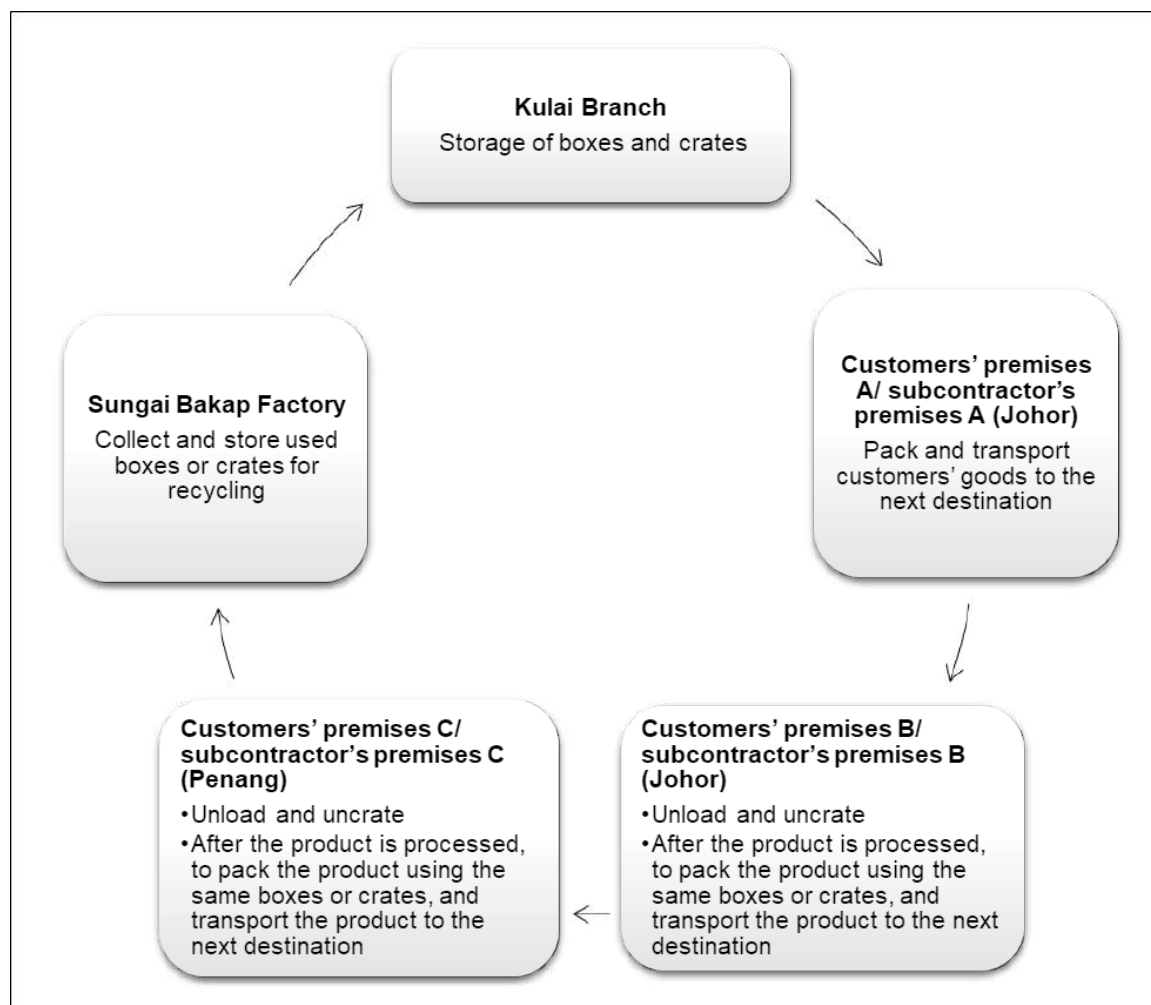
Our current circular supply services mainly comprise the provision of pallet recycling and repair services. We may also collect used boxes and crates from our customers, upon request and recover any usable wood materials to be reused to manufacture recycled pallets.

Moving forward, we intend to expand our circular supply service offerings by extending logistics services to our customers who purchase industrial packaging products from us where we will transport our customers' products to their customers' premises, and collect and send the used industrial packaging products back to our nearest branch, before delivering the same to our Sungai Bakap Factory for reuse or recycling.

**6. INFORMATION ON OUR GROUP (Cont'd)**

This solution is designed to allow comprehensive and convenient adoption of circular supply chain practices for our customers, and the scope of our offerings will be customised based on our customers' supply chain requirements. The fees will be charged based on the type of services required by our customer under the circular supply services. For example, pallet recycling and repair service fee, logistics fee, and unload and uncrate service fee. This will allow us to generate additional income streams by playing a bigger role in facilitating our customers' supply chain management. We will use our own fleet of lorries and trucks, and engage third party logistics providers when required. As at the LPD, we have 13 lorries and trucks.

An illustration of our expanded circular supply services are as follows:

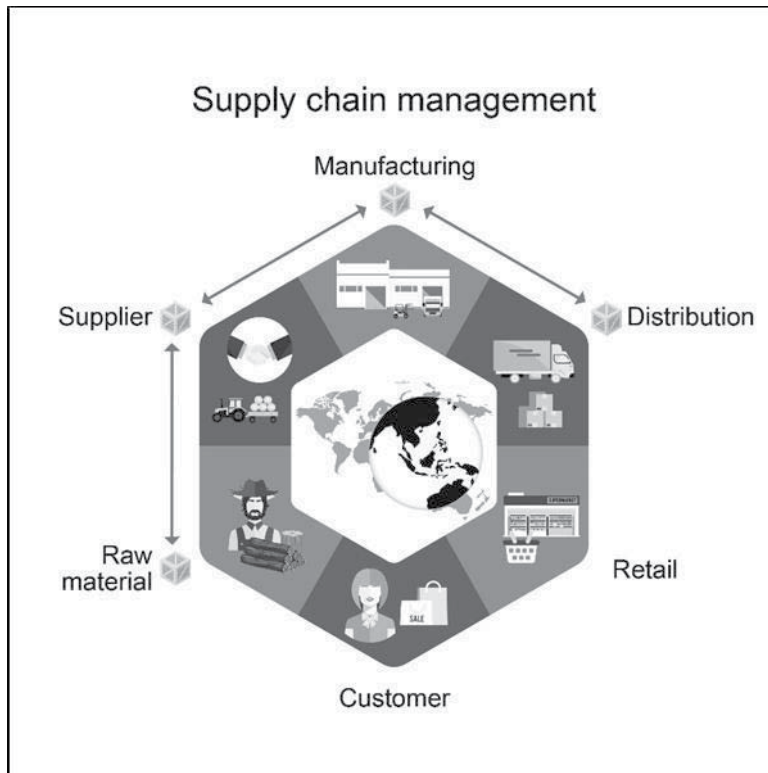


- Circular supply services begin with the supply of boxes or crates which are stored at the Kulai Branch to our customers' premises or their subcontractors' premises (i.e. customers' premises A/ subcontractor's premises A) in Johor.
- We pack our customers' products and transport them to the next required destination (i.e. customers' premises B/ subcontractor's premises B in Johor).
- At the customers' premises B/ subcontractor's premises B in Johor, the goods are unloaded and uncrate for further processing, and thereafter, repacked using the same boxes or crates and transported to the subsequent locations requested by our customers (i.e. customers' premises C/ subcontractor's premises C or to their customers in Penang).
- In the event the boxes or crates are damaged or broken during transportation, we will repair or replace the boxes and crates for our customers. We can also provide modifications to the boxes or crates to suit the products to be transported.



## 6. INFORMATION ON OUR GROUP (Cont'd)

- At the end of the contracted route, we collect the used boxes or crates, store and send them to our nearest branch which will subsequently be delivered to Sungai Bakap Factory for recycling.

With our new extended circular supply service offerings, we will be able to play a bigger role in facilitating our customers' supply chain management through movement of goods along the supplier, manufacturing and distribution supply chain where industrial packaging products are used, as illustrated below:



### Notes:

-  indicates where our industrial packaging products are used within the supply chain management
-  indicates the provision of logistics services as part of our circular supply services

We are actively engaging potential customers to offer our extended circular supply services. We will leverage on our existing human resources, manufacturing facilities and delivery vehicles (i.e. trucks and lorries) to offer our extended circular supply services. While all recycling activities are carried out at our Sungai Bakap Factory as at the LPD, we intend to leverage on our new planned factories, as set out in Section 6.8.2, 6.8.3(i) and 6.8.3(ii) of this Prospectus, to cater for assembly and storage of industrial packaging products throughout Malaysia to support the growth of our extended circular supply services in the future.

## 6.9 GOVERNING LAWS AND REGULATIONS

As at the LPD, there are no breach of laws and regulations governing our business operations, and environmental issues which may materially affect our Group's operation and usage of our properties.

## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.9.1 Malaysia

Our Group is subject to the following laws and regulations which are material to our business operations in Malaysia:

#### (i) Industrial Co-ordination Act 1975 (“ICA”)

Pursuant to the ICA, no person shall engage in any manufacturing activity unless he is issued a licence in respect of such manufacturing activity. Failure to comply is an offence punishable a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 6 months and to a further fine not exceeding RM1,000 for every day during which such default continues.

“Manufacturing activity” is defined under the ICA as the “making, altering, blending, ornamenting, finishing or otherwise treating or adapting any articles or substance with a view to its use, sale, transport, delivery or disposal and includes the assembly of parts and ship repairing but shall not include any activity normally associated with retail or wholesale trade”.

Manufacturing companies with shareholders’ funds of RM2.5 million and above or engaging 75 or more full-time paid employees are required to apply to the MITI for a manufacturing licence.

As at the LPD, our subsidiaries, BSB and BPSB, each hold a valid manufacturing licence issued by MITI. One of the initial license conditions of BSB’s manufacturing license states that the total full-time workforce of the license holder i.e. BSB must comprise at least 80% Malaysians by the year 2020. We have appealed to MIDA vide a letter dated 21 February 2022 to request for an extension of time to comply with this condition (acknowledged receipt on 2 March 2022). We received an approval letter from MITI dated 3 June 2022 for an extension of time until 31 December 2022 to comply with this condition. MITI had subsequently vide a circular dated 18 July 2022 provided a further extension of time to all licence holders which are subject to this condition to comply with the same by 31 December 2024.

Due to the labour intensive nature of our Group’s business, our Group faces difficulty in the recruitment and retention of local employees. As such, despite our Group’s effort since 2017 to recruit and retain local employees, our Group is still not able to meet the requirement of 80% local employees as we only have approximately 48.80% of local employees as at the LPD.

Notwithstanding that, our Group will use our best efforts to comply with the condition by 31 December 2024, including publishing advertisements frequently on websites such as Jobstreet, MyFutureJobs and newspaper such as Harian Metro to hire local workers, liaising with local vocational colleges and institutions to create a more consistent recruitment for operators and technicians as well as initiating an employee referral program with attractive incentives. Our Group will also work towards improving employee retention strategies by benchmarking wages and benefits, improving the work environment by upgrading the office, cafeteria and surau infrastructure, as well as offering career development for our employees to take on team leader and supervisory positions. In view of our Group’s business strategies and plans to expand our operations as set out in Section 6.8 of this Prospectus, we expect to reduce our reliance on manual manpower with the adoption of automation machines. In addition, the locations of the Perai Branch and Kulim Branch are relatively less remote than the Sungai Bakap Factory, whereby the Proposed New KV Factory and Proposed New Singapore Factory are expected to be less remote than the Sungai Bakap Factory, and these branches/factories are primarily intended to be used for assembling activities, where relatively less manpower is required. Therefore, we expect a less challenging recruitment environment to comply with the condition.

In the event the licence condition is not met by 31 December 2024, MITI may in its discretion revoke BSB’s manufacturing licence and before exercising such power to revoke the licence, MITI may call upon BSB to show within such period as may be prescribed due cause why the licence should not be revoked. MITI may also withhold or suspend the revocation of the licence if MITI is satisfied that BSB’s non-compliance with the licence condition was due to some cause beyond its control and there is a reasonable prospect of such non-compliance being remedied within such period as MITI may direct.

**6. INFORMATION ON OUR GROUP (Cont'd)****(ii) Penang Wood-Based Industries Enactment 1986 (“Wood-Based Enactment”)**

The Wood-Based Enactment is an enactment passed by the Penang State Legislative Assembly in accordance with the power conferred by the Wood-Based Industries (State Legislatures Competency) Act 1984.

The Wood-Based Enactment provides that no person is allowed to build, set up, establish, operate or maintain a wood-based industry, without a license issued by the state authority and signed by the Director of State Forestry.

Any person who contravenes any of the provisions of the Wood-Based Enactment where no penalty is specified shall, on conviction be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 1 year or to both. Pursuant to the Wood-Based Industries (Amendment) Enactment 2018 which was gazetted on 20 December 2018, a fine not exceeding RM50,000 or imprisonment for a term not exceeding 5 years or both will be imposed on any persons who contravenes this provision. As at the LPD, this amendment has yet to come into force.

As at the LPD, our subsidiary, BSB, holds a valid licence to erect and operate a factory for wood products issued by the Penang State Forestry Department.

**(iii) Malaysian Timber Industry Board (Incorporation) Act 1973 (“MTIB (Incorporation) Act”)**

The MTIB (Incorporation) Act sets out provisions in respect of the registration of persons carrying out any activity as exporter, importer, supplier, grader, processor, trader an operator or a jetty operator. Any person who fails to register with the MTIB (Incorporation) Act for the aforementioned activities shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM250,000 or to imprisonment for a term not exceeding 3 years or to both.

Pursuant to the MTIB (Incorporation) Act, the term “importer” means a person who imports timber and the term “timber” means the products, or any of the products, listed in the First Schedule. Sawn timber, wooden pallets, wooden box and crates fall within the definition of “timber” under the First Schedule of the MTIB (Incorporation) Act.

As at the LPD, our subsidiary, BSB is registered with MTIB as importers of sawn wood and plywood. In addition, BSB is also registered with MTIB for the supply of wood products.

**(iv) Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 (“EMSA”)**

The EMSA, as amended by the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019, establishes the minimum housing, nurseries and accommodation criteria for employees (and their dependants, if applicable) as well as health, hospital, medical and social amenities to be provided by the employers to their employees. Employers must comply with enhanced minimum standards on accommodation for employees which includes obtaining a Certificate for Accommodation (“CFA”) from the Director General of Labour (“DOL”).

Failure by an employer to obtain a CFA or to ensure the employee accommodation is fit for human habitation in accordance with the EMSA commits an offence and shall, on conviction, be liable to a fine not exceeding RM50,000. Employers who contravene any other provision of the EMSA or any regulation made thereunder or fails to carry out any order issued by the DOL, will commit an offence, and if no penalty is expressly provided for the offence will, on conviction, be liable to a fine not exceeding RM50,000 and to a further fine not exceeding RM1,000 a day for each day during which the offence continues.

As at the LPD, our Group is renting 21 dormitory units from a centralized accommodation provider, further details of which are set out in Section 6.7.2 (items 5 and 6) of this Prospectus. The workers' accommodation is issued with a CFA and complies with the necessary requirements of the EMSA and its regulations.

**6. INFORMATION ON OUR GROUP (Cont'd)****(v) Fire Services Act 1988 (“FSA”)**

The FSA provides for the effective and efficient functioning of the Fire and Rescue Department of Malaysia, for the protection of persons and property from fire risks or emergencies. The FSA provides, among other things, that a fire certificate shall only be issued after the designated premises have been inspected and the Fire and Rescue Department of Malaysia (“**BOMBA**”) is satisfied that there are adequate life safety, fire prevention, fire protection and firefighting facilities.

Where there is no fire certificate in force in respect of any designated premises, the owner of the premises shall be guilty of an offence and shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding 5 years or to both.

As at the LPD, our Sungai Bakap Factory and Perai Branch which are designated premises under the FSA have valid fire certificates issued by BOMBA which is renewable annually.

**(vi) Sales Tax Act 2018 (“STA 2018”)**

Pursuant to the STA 2018, the term “manufacturer” means a person who engages in the manufacture of goods and the term “manufacture” means, in relation to goods other than petroleum, the conversion by manual or mechanical means of organic or inorganic materials into a new product by changing the size, shape, composition, nature or quality of such materials and includes the assembly of parts into a piece of machinery or other products, but does not include the installation of machinery or equipment for the purpose of construction.

Any manufacturer who is liable to be registered shall apply to the Director General of Customs and Excise for registration as a registered manufacturer. Failure to comply with this requirement commits an offence and if no penalty is expressly provided, shall, on conviction, be liable to a fine not exceeding RM30,000 or to imprisonment for a term not exceeding 2 years or to both.

As at the LPD, our subsidiary, BSB, which is principally involved in the manufacturing of various kinds of wooden pallets, wooden box and crates, holds a letter of approval for registration as a registered manufacturer issued by the RMCD.

**(vii) Local Government Act 1976 (“LGA”)**

The LGA empowers every local authority to grant licence or permit for any trade, occupation or premise through by-laws. Every licence or permit granted shall be subject to such conditions and restrictions as the local authority may think fit and shall be revocable by the local authority at any time without assigning any reason therefor. As our business is carried out in Penang, we come under the jurisdiction of the Seberang Perai City Council (“**MBSP**”).

The relevant by-laws governing the conduct of our business would be the Licensing Payment (Seberang Perai City Council) By-Laws 1980 (“**By-Laws 1980**”) and the Licensing of Advertisements (Seberang Perai City Council) By-Laws 2001 (“**By-Laws 2001**”):

- (a) By-Laws 1980 provides that it is an offence for a person to operate any business activity falling under Schedule 1 without a valid licence issued by MBSP. The Wood Manufacturing Industry falls under Schedule 1 of By-Laws 1980. Any person who contravenes any provision of the By-Laws 1980 commits an offence and shall, on conviction be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 1 year or to both such fine and imprisonment.
- (b) By-Laws 2001 establishes that no person shall exhibit or cause or permit to be exhibited any advertisement without a license issued by the MBSP. Any person who contravenes any of the provision of the By-Laws 2001 shall be guilty of an offence and shall upon conviction be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 1 year or to both such fine and imprisonment.

## 6. INFORMATION ON OUR GROUP (Cont'd)

As at the LPD, our subsidiary, BSB, holds and maintains valid business premises licences for all our operating business premises and also has a valid signboard licence in respect of one of the properties at Sungai Bakap Factory.

### (viii) Street, Drainage and Building Act 1974 ("SDBA")

The SDBA was implemented by the local authorities of Peninsular Malaysia and it stipulates that every building or part of a building must have a Certificate of Completion and Compliance ("CCC") or Certificate of Fitness for Occupation ("CFO") before it may be occupied.

Under the Uniform Building By-Laws 1984 ("UBBL") which was issued pursuant to the SDBA, a CCC will only be issued by the local authority upon receipt of certification in relevant forms by a qualified person i.e. an architect, registered building draughtsman or engineer.

To the best of their knowledge, a qualified person must be satisfied that: (i) the relevant building has been constructed in accordance to UBBL; (ii) any conditions imposed by the local authority have been satisfied; (iii) all essential services have been provided; and (iv) responsibilities have been accepted for the portions that are being concerned with.

Pursuant to the SDBA, a person who occupies a premise without a CCC or CFO is subject to a fine of up to RM250,000, imprisonment for a term of up to 10 years, or both.

As at the LPD, our owned and rented properties have a record of validly obtained CCC or CFO.

### (ix) Customs Act 1967 ("CA 1967")

Pursuant to the CA 1967, whenever through inadvertence, error, or for any other reason, misconstruction on the part of any officer of customs, or through unintentional misstatement as to value, quantity or description by any person, or for any other reason, the whole or any part of any customs duty, surcharge, penalty, fee or other money payable under CA 1967 have not been paid. The Director General of Royal Malaysian Customs Department ("RMCD") may allow the amount to be paid by instalments, subject to such conditions, in such amounts and on such dates as he may determine.

Our Group had on 27 July 2020 and 30 July 2020 respectively received a notice from the RMCD in relation to a bill of claim amounting to RM2,910,995.18 for shortfall of customs duty payable due to unintentional use of incorrect tariff code ("**Shortfall**").

As at the LPD, RMCD has agreed for our Group to repay the Shortfall without penalty by way of a 30-month instalment plan ending 15 March 2024. In the event our Group defaults in payment of the instalment, the whole outstanding balance shall become due and payable in addition to a 10% surcharge imposed on the outstanding balance. The Shortfall does not amount to a non-compliance by our Group as no penalties have been imposed by the RMCD.

As at the LPD, our Group has not experienced any material adverse impact on our business operations. In addition, our Group was granted exemption vide a letter dated 14 February 2020 by MIDA for the import duty in respect of the raw materials of LVL pallets. This exemption was effective from 16 January 2020 to 15 January 2022, and was subsequently extended until 15 January 2025 vide a letter dated 30 December 2021 by MIDA.

## 6. INFORMATION ON OUR GROUP (Cont'd)

### 6.9.2 Vietnam

Our Group is subject to the following laws and regulations which are material to our business operations in Vietnam:

- (i) **Law on Environmental Protection No. 55/2014/QH13 dated 23 June 2014 (effective until 01 January 2022) and Law on Environmental Protection No. 72/2020/QH14 dated 17 November 2020 (effective from 01 January 2022)**

Businesses producing wooden pallets or wooden boxes in Vietnam in warehouses, yards, and workshops having a total area of fewer than 10,000 sq m do not need to submit Environmental Impact Assessment Reports. Instead, companies conducting such projects will register their environmental protection plan with the local environmental authority.

The Law on Environmental Protection provides for environmental protection activities, rights, obligations, and responsibilities of agencies, organizations, residential communities, households, and individuals involved in environmental protection activities.

As at the LPD, BV has registered its environmental protection plan in accordance with the regulatory requirement.

- (ii) **Law on occupational safety and hygiene No. 84/2015/QH13 dated 25 June 2015**

The Law on occupational safety and hygiene deals with occupational hygiene and safety assurance, policies and benefits for victims of occupational accidents and occupational diseases, rights and obligations of organizations or individuals relating to occupational hygiene and safety, and regulatory agencies' roles in occupational hygiene and safety.

As at the LPD, BV complies with the law on occupational safety and hygiene.

## 6.10 ENVIRONMENTAL, SOCIAL AND GOVERNANCE

To this end, our Group has implemented, and are in the midst of implementing, the following practices:

### (a) Environmental

Our Group is committed in adopting sustainable practices in response to the environmental issues. In 2003, we began providing pallet recycling and repair services under our Circular Economy Project – PRP as part of our circular supply services. Under our PRP, we collect, repair and re-manufacture worn and broken pallets into usable recycled pallets. We ensure that the durability and strength of our recycled pallets will meet our customers' requirements. To maximise the usage of our wood materials and reduce wastage, wood wastes produced during our manufacturing process, which are in good condition, are reused to manufacture parts or components of pallets, where suitable. The remaining wood wastes will be used as fuel for our boiler to power the heat treatment chamber. Please refer to Section 6.4.1(c) of this Prospectus for further details.

Further, as part of our business strategies and plans, we intend to expand our circular supply service offerings by extending logistics services to our customers, including, amongst others, collecting and sending the used industrial packaging products back to our nearest branch, before delivering the same to our Sungai Bakap Factory for reuse or recycling. Please refer to Section 6.8.5 of this Prospectus for further details.

With the rise of the eco-conscious consumers which require companies to use more sustainable packaging, we put strong emphasis on environmental sustainability in our business where our industrial packaging products are made of wood which is a recyclable material. In recognition of our efforts in promoting sustainable practices in our business and supply chain management, we have received the "Sustainable Business Awards – Supply Chain Management, 2021" from Global Initiatives.



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**6. INFORMATION ON OUR GROUP (Cont'd)**

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**(b) Social**

Our Group is committed to serve the interests of stakeholders which includes our employees by promoting gender and cultural diversity in our workplace. We embrace diverse cultures and genders among the Board members and employees.

Further, our Group has taken various corporate social responsibility initiatives to serve the needs of the community. In particular, during the pandemic period of COVID-19, due to the rise in COVID patients, our Group had donated a unit of mechanical ventilator to the Penang General Hospital for their use in the Intensive Care Unit. In the same month, our Group had donated another unit of ultrasound system to the Penang General Hospital, which is used for lung ultrasound evaluation.

In addition to the above, our Group had sponsored the Woman Impact Makers Conference, a hybrid event held in July 2022 in Penang, which aims to celebrate the aspirations and achievements of women locally and globally. Our Executive Director / CEO, namely Ooi Lay Pheng, was also invited as one of the speakers at the conference.

**(c) Governance**

Our Group is committed to conduct our business ethically and in compliance with all relevant laws and regulations as disclosed in Section 6.9. As at the LPD, our Board has progressively adopted the principles and practices as promulgated in the Malaysian Code on Corporate Governance (“**MCCG**”), where appropriate. In maintaining high standards of corporate governance, our Group will adopt all the applicable principles and practices as promulgated in the MCCG.

In addition, our Group adopted zero-tolerance policy towards any forms of bribery and corruption in our business dealings, and as such have put in place the policies and procedures to manage our corporate liability risks. In relation to the Group’s risk management, our Group has put in place a Risk Management and Internal Control Framework to monitor closely on the risk to an acceptable level towards achieving our Company’s objectives.

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## 7. IMR REPORT

SMITH ZANDER INTERNATIONAL SDN BHD (1058128-V)  
15-01, Level 15, Menara MBMR, 1 Jalan Syed Putra, 58000 Kuala Lumpur, Malaysia  
T : +603 2732 7537 W : www.smith-zander.com

SMITH ZANDER

Date: **18 NOV 2022**

The Board of Directors

**L&P Global Berhad**  
1328, Jalan Sungai Baong,  
Furniture Industrial Estate,  
14200 Sungai Bakap,  
Pulau Pinang, Malaysia.

Dear Sirs/ Madams,

### **Independent Market Research Report on the Wooden Industrial Packaging Industry in Malaysia and Vietnam ("IMR Report")**

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("**SMITH ZANDER**") for inclusion in the Prospectus in conjunction with the listing of L&P Global Berhad ("**L&P**") on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this IMR Report is to provide an independent view of the industry and market(s) in which L&P and its subsidiaries ("**L&P Group**") operates and to offer a clear understanding of the industry and market dynamics. As the Group is an integrated wooden industrial packaging solutions provider, the scope of work for this IMR Report will thus address the wooden industrial packaging solutions industry in Malaysia and Vietnam, being the industry in which the Group operates.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants and industry experts. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and/or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this report.

For and on behalf of SMITH ZANDER:



DENNIS TAN TZE WEN  
MANAGING PARTNER

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**7. IMR REPORT (Cont'd)**

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SMITH ZANDER

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The research for this IMR Report was completed on 18 November 2022.

For further information, please contact:

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**About SMITH ZANDER INTERNATIONAL SDN BHD**

*SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.*

**Profile of the signing partner, Dennis Tan Tze Wen**

*Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has 24 years of experience in market research and strategy consulting, including over 19 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.*

## 7. IMR REPORT (Cont'd)

# SMITH ZANDER

## 1 INTRODUCTION TO THE WOODEN INDUSTRIAL PACKAGING INDUSTRY

### Overview

Boxes, crates and pallets are wooden industrial packaging used in facilitating the distribution of goods across the supply chain, which includes the movement and storage of raw materials, work-in-process inventory, and finished goods as well as end-to-end fulfilment of orders from point of origin to point of consumption.

Wooden industrial packaging is an integral part of supply chain management that supports efficient and cost-effective movement of goods throughout the supply chain, inventory management and space usage. It also contributes to the environmental aspect of supply chain management with the use of recyclable materials as well as reusing the wooden industrial packaging throughout the supply chain.

Besides boxes, crates and pallets, other types of wooden industrial packaging include cases, dunnage, reels, drums, load boards, skids and pallet collars. These wooden industrial packaging can be manufactured from wood, plastic or metal materials. As L&P Group is primarily involved in the manufacturing of wooden boxes, crates and pallets, wooden industrial packaging in the context of this IMR Report will thus refer to wooden boxes, crates and pallets, unless otherwise stated.

Wood materials used in the manufacturing of wooden industrial packaging comprise natural wood (e.g. hardwood and softwood) and engineered wood (e.g. plywood, laminated veneer lumber, oriented strand board and compressed wood), as well as recycled wood.

Under the International Standards for Phytosanitary Measures No. 15 ("ISPM 15"), wooden industrial packaging for cross border shipment of goods to certain countries, must meet the ISPM 15 requirements. ISPM 15 is the treating of wooden industrial packaging using heat treatment or fumigation to remove wood-related pests. The process ensures that the finished wooden industrial packaging is not a carrier of harmful insects or plant diseases. This prevents the transport and spread of insects and/or plant diseases through the use of contaminated wooden industrial packaging from one country to another, which could contaminate the plants or ecosystems of the receiving country.

Wooden industrial packaging that comply with the ISPM 15 regulation are stamped or branded with a mark of compliance. The requirement to comply with ISPM 15 applies to all wooden industrial packaging, except for those manufactured using engineered wood. This is due to engineered wood having also undergone similar processes during manufacturing that involves heat and pressure treatment to produce the engineered wood, which prevents infestation of wood-related pests and diseases. Further, wooden industrial packaging that have been treated can prevent contamination, damage and/or unpleasant odour to the goods carried due to the growth of bacteria and mould.

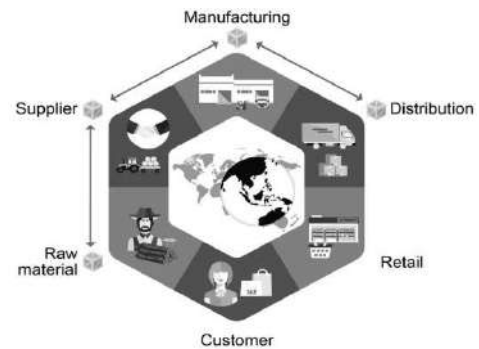
Further description on the specific uses of the respective wooden industrial packaging is as below:


- **Boxes and crates**

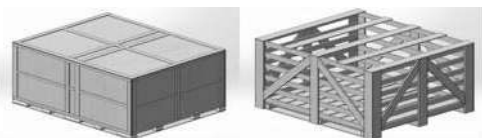
Boxes and crates are heavy duty packaging cases that are used in logistics when shipment loads are large in size, high strength packaging is needed, rigidity of packaging is required to protect the loads contained and the packaging is required to withstand stacking. Boxes and crates primarily store, protect and transport over-sized, heavy industrial goods or equipment such as engines, generators, electronics equipment, large machinery parts, and system parts of manufacturing line/plant.

Boxes and crates are primarily manufactured according to customised sizes to fit the contained loads. Customised sizes ensure that optimised protection is provided to the load to protect it from damage during transportation. Boxes and crates may be used once or multiple times to transport the same load from one location to another to undergo different manufacturing processes to produce the end product. As such, boxes and crates are generally designed to be easily assembled and disassembled to facilitate packing, and stackable to optimise storage space.

In addition, there are also specialised boxes manufactured to contain small and high value equipment such as semiconductors. Aluminium foils and foam applications may be used in the packing process as protective or insulation material to enhance the protection of the goods contained within the box.



*Note:*  indicates the activity within the supply chain where L&P Group's wooden industrial packaging solutions are used to support the movement of goods.



7. IMR REPORT (Cont'd)

SMITH ZANDER

• Pallets

Pallets are platforms or rigid frames on which goods/loads are placed and secured with strapping, stretch wrap or shrink wrap. The pallets are then moved from one location to another, or onto and from shipping containers, using forklifts or pallet jacks.



The 2 primary types of pallets manufactured are the 2-way pallet and 4-way pallet. A 2-way pallet allows for forklifts to enter from two sides while a 4-way pallet allows for forklifts to enter from all four sides. Pallets are widely used to support the logistics operations of warehouses and distribution centres as it eases the movement of heavy stacks. It is also used to facilitate warehousing and shipping activities in the storage and movement of goods through vertical stacking and/or pallet racking systems, thus enhancing space saving and optimising storage capacity within a warehouse or shipping container during shipment. Pallets are typically manufactured in standard sizes according to industry standards of respective countries. Pallets may be manufactured according to the standard dimension of 1,100mm x 1,100mm in Asia. Other sizes (e.g. 1,200mm x 1,000mm) which are customised according to individual business needs may also be found in the industry. Pallets by the dimension of 1,100mm x 1,100mm are among the 6 pallet sizes recognised by the International Organisation for Standardisation (“ISO”), based on the principal region of use and the manner in which pallets can be exchanged between regions without creating significant wastage of space on an ISO standard container.



Pallets, at the end of their lifespan, may be recycled and repaired into new pallets to be reused, or into other wooden products such as furniture and decorative products. Pallet recycling is a common industry practice and it refers to the process of collecting, dismantling, recovering usable timber and repairing/re-manufacturing into reconditioned pallets for sale. Similarly, recycled pallets that are used for export purposes are also required to undergo the ISPM 15 treatment.

Recycling of pallets provides cost savings to customers (i.e. manufacturers) as the cost incurred to purchase recycled pallets is lower than to purchase new pallets. Further, recycled pallets reduces the consumption of new timber which promotes timber sustainability and green manufacturing goals.

With the rise of the eco-conscious consumers which urges companies to use more sustainable packaging, using wood as the base material for industrial packaging enables industry players to design wooden industrial packaging solutions which enable circular supply chain practices in supply chain management. In circular supply chain, wooden industrial packaging is designed for multiple rounds of applications within the supply chain and recovered for recycling at end of life to maximise their utility and value.

**Industry value chain**

The industry value chain of wooden industrial packaging begins from logging activities. Logging companies engage in controlled logging activities through selective logging of mature trees and replanting within a managed forest. This promotes the preservation of the forest as well as the sustainable supply of timber, meeting existing needs without reducing the ability of future generations to meet their needs. Timber wood processors process the logs into wood planks, also known as natural wood, which are then used in the manufacturing of wooden industrial packaging.

On the other hand, engineered wood manufacturers produce engineered woods from derivative of wood products through the process of binding wood strands, particles, fibres or veneers with adhesives to form the wood. Industrial packaging manufacturers are involved in the manufacturing of the wooden industrial packaging.

Boxes and crates are typically sold to manufacturing companies to store and protect their shipment. Pallets are typically sold to manufacturing companies and logistics companies to support their warehousing and logistics activities, as well as to traders/suppliers of pallets for onwards sales.

A summary of the industry value chain is depicted below:

Core value chain	Logging companies	Timber wood processors/ Engineered wood manufacturers	Wooden industrial packaging manufacturers		Customers
Core process	<ul style="list-style-type: none"> <li>Planting and/or logging of trees</li> </ul>	<ul style="list-style-type: none"> <li>Processing of timber to obtain solid wood</li> <li>Manufacturing of engineered wood</li> </ul>	<ul style="list-style-type: none"> <li>Manufacturing of boxes and crates</li> <li>Manufacturing of pallets</li> </ul>	<ul style="list-style-type: none"> <li>Packing, crating and delivery services</li> <li>Pallet recycling</li> <li>Pallet rental</li> </ul>	<ul style="list-style-type: none"> <li>Used by manufacturing companies</li> <li>Used by manufacturing companies and logistics companies</li> <li>Traded by traders/suppliers</li> </ul>

Notes:

- [Dashed box] denotes the business activities of L&P Group.
- This list is not exhaustive.

Source: SMITH ZANDER

7. IMR REPORT (Cont'd)

SMITH ZANDER

Wooden industrial packaging manufacturers who are involved in the manufacturing of boxes and crates may also provide packing and delivery services, while those involved in pallet manufacturing may provide pallet recycling and/or pallet rental services. Packing services are provided by skilled packers/handlers to enhance the protection of goods/loads contained within the boxes and crates. In addition to having a strong box or crate, being able to secure the goods/loads with adequate blocking and bracing (i.e. using materials such as aluminium foil and foam) is crucial in preventing the goods/loads from being damaged during shipment. Wooden industrial packaging manufacturers may also offer delivery services to provide businesses with hassle-free end-to-end solutions.

Wooden industrial packaging manufacturers that are engaged in pallet recycling services collect and repair/remanufacture used pallets to produce reconditioned pallets for sale. Pallet rental is a service provided by wooden industrial packaging manufacturers to support businesses on their temporary needs for pallets (e.g. businesses that require temporary pallets for one way delivery of goods, or businesses that require additional pallets to cater for short-term influx of additional goods). For wooden industrial packaging manufacturers, they are able to retrieve and repair the pallets for future rental. This allows wooden industrial packaging manufacturers to maximise the usage of the pallets throughout its useful lifespan.

Industry Performance, Size and Growth<sup>1</sup>

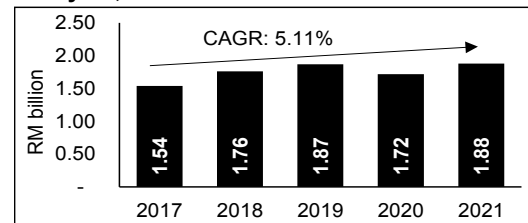
Malaysia

The performance of the wooden industrial packaging industry in Malaysia, measured in terms of manufacturing sales value, grew from RM1.54 billion in 2017 to RM1.88 billion in 2021, at a compound annual growth rate (“CAGR”) of 5.11%.

Prior to the COVID-19 pandemic, the growth of the wooden industrial packaging industry was resilient, registering a 6.25% year-on-year (“YOY”) growth in 2019. However, the industry recorded a decline of 8.02% in 2020 which was mainly a result of mandatory closures of non-essential businesses during the COVID-19 pandemic, leading to a slowdown in manufacturing activities which affected the demand for wooden industrial packaging.

The impact from the COVID-19 pandemic was similarly reflected in Malaysia’s manufacturing gross domestic product (“GDP”) which fell by 2.67% YOY and wholesale and retail trade GDP which fell by 5.63% YOY in 2020. In 2021, the wooden industrial packaging industry improved by 9.30% YOY to RM1.88 billion. Further details on the factors affecting the performance of the industry are as set out in **Chapter 2 – Key demand drivers, risks and challenges**.

Wooden industrial packaging industry, Malaysia, 2017- 2021

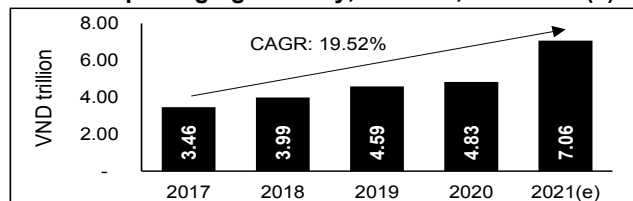


Source: SMITH ZANDER

Vietnam

The performance of the wooden industrial packaging industry in Vietnam, measured in terms of manufacturing sales value, grew from VND3.46 trillion (RM653.94 million<sup>2</sup>) in 2017 to an estimated VND7.06 trillion (RM1.28 billion<sup>3</sup>) in 2021, at a CAGR of 19.52%. Despite the outbreak of the COVID-19 pandemic and its adverse economic impact, the wooden industrial packaging industry in Vietnam continued to record a YOY growth of 5.23% in 2020.

Industrial packaging industry, Vietnam, 2017-2021(e)



Note: (e) – Estimates.

Source: SMITH ZANDER

In 2021, the wooden industrial packaging industry in Vietnam recorded a robust YOY growth of 46.17%. This is in line with the growth in Vietnam’s manufacturing GDP and wholesale and retail trade GDP as set out in **Chapter 2– Key demand drivers, risks and challenges**. Further details on the factors affecting the performance of the industry are also set out in **Chapter 2 – Key demand drivers, risks and challenges**.

<sup>1</sup> 5-year data is presented in this section to provide a more comprehensive illustration on the performance of the industry due to unprecedented outbreak of the COVID-19 pandemic that had affected the economic activities in 2020 and 2021.

<sup>2</sup> Exchange rate from VND to RM in 2017 was converted based on average annual exchange rates in 2017 extracted from published information from Bank Negara Malaysia (“BNM”) at VND100 = RM0.0189.

<sup>3</sup> Exchange rate from VND to RM in 2021 was converted based on average annual exchange rates in 2021 extracted from published information from BNM at VND100 = RM0.0181.

7. IMR REPORT (Cont'd)

2 KEY DEMAND DRIVERS, RISKS AND CHALLENGES

Key Demand Drivers

► Preference for wood over plastics as material for industrial packaging

While industrial packaging made from wood and plastics can be interchangeably used for similar applications, wood is relatively less expensive and is a sustainable product as compared to plastics. Wood may also have higher strength durability than plastics, where the varying strengths of wooden industrial packaging can be adjusted using different types of natural wood and engineered wood, and with different thickness. Further, wooden industrial packaging has better flexibility for customised designs to cater to shipping and warehousing needs, as it does not require the use of moulds during manufacturing.

Due to lower up-front cost and higher strength, wood is the most commonly used industrial packaging materials to cater to most shipping and warehousing applications, particularly in applications that do not involve contact with moist surfaces or when industrial packaging is discarded after one-time use. Further, it is estimated that approximately 90.00% of pallets worldwide are made of wood, with the remaining made of plastics and metal. The materials used for boxes and crates are primarily dependent on the type of goods carried. For example, shipping of dry goods generally uses wooden materials whereas shipping of perishable food products generally uses plastic materials.

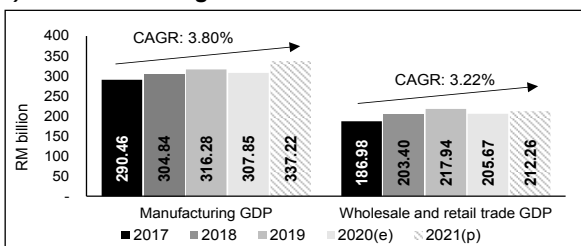
In addition, wooden pallets can be recycled, repaired and reused more than once, extending its useful lifespan. Wooden boxes and crates can also be recycled and repaired according to the needs and usage of the customer. This aids in reducing the cost incurred when manufacturing reconditioned wooden industrial packaging, thus providing cost savings to customers. When wooden industrial packaging has reached the limit of its useful lifespan, the wood can then be recycled into other products (e.g. furniture and decorative items) or to be used as biomass for power generation. Wooden industrial packaging is deemed more environmentally friendly given that wood is biodegradable, and the manufacturing process produces lower carbon emissions as compared to plastics and metal.

► Growth in the economy, international trade and e-commerce drive demand for wooden industrial packaging

Growth in the economy, international trade and e-commerce leads to increased manufacturing activities which in turn drives corresponding growth in warehousing and logistics activities. Consequently, the demand for wooden industrial packaging increases to support increased warehousing and logistics needs. Despite relatively weaker economic conditions in 2020 resulting from the COVID-19 pandemic, economic activities in Malaysia and Vietnam continued to record healthy growth from 2017 to 2021, as follows:

Malaysia

i) Manufacturing GDP and wholesale and retail trade GDP, Malaysia, 2017-2021(p)



Notes:

(e) – Estimates; (p) – Preliminary.

Sources: DOSM, SMITH ZANDER

Within the domestic economy in Malaysia, demand for wooden industrial packaging is primarily driven by the growth in the manufacturing sector and the wholesale and retail trade sector, as these sectors rely on wooden industrial packaging to support warehousing and logistics activities. Growth in the manufacturing sector, as represented by manufacturing GDP, grew from RM290.46 billion in 2017 to RM337.22 billion in 2021 at a CAGR of 3.80%.

Growth in the wholesale and retail trade sector, as represented by wholesale and retail trade GDP, grew from RM186.98 billion in 2017 to RM212.26 billion in 2021 at a CAGR of 3.22%.

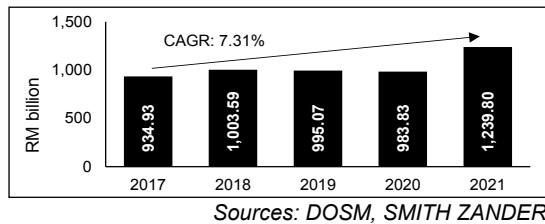
Following the COVID-19 pandemic, Malaysia’s manufacturing GDP fell by 2.67% YOY while wholesale and retail trade GDP fell by 5.63% YOY in 2020. Nonetheless, Malaysia’s manufacturing GDP and wholesale and retail trade GDP recovered in 2021, registering a YOY increase of 9.54% and 3.20% respectively. The contribution of manufacturing GDP accounted for 24.32% while the contribution of wholesale and retail trade GDP accounted for 15.31% of the country’s total GDP respectively in 2021.

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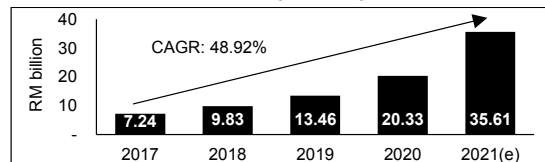


ii) International trade, Malaysia, 2017-2021



Growth in international trade also drives the demand for wooden industrial packaging in Malaysia as trade activities support increased warehousing and logistics. International trade in Malaysia, measured in terms of export value, grew from RM934.93 billion in 2017 to RM1.24 trillion in 2021 at a CAGR of 7.31%. Growth in export is driven by increased manufacturing activities and the demand for local products.

iii) E-commerce industry, Malaysia, 2017-2021(e)

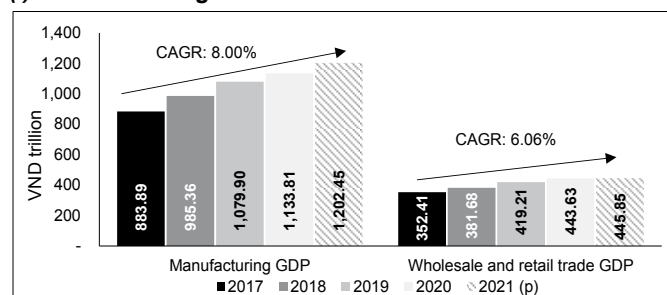


Additionally, the e-commerce industry in Malaysia, which also requires the use of wooden industrial packaging for warehousing and logistics and measured in terms of online retail sales value, increased from RM7.24 billion in 2017 to an estimated RM35.61 billion in 2021 at a CAGR of 48.92%. The outbreak of the COVID-19 pandemic in early 2020 had resulted in a shift in consumer behaviour

towards online shopping which had, in turn, boosted the growth in e-commerce in 2020 and 2021. Moving forward, as consumers adapt to the “new normal” and continue to utilise e-commerce platforms for their purchases, the demand for wooden industrial packaging to support warehousing and logistics activities is expected to increase to support the growth in e-commerce.

Vietnam

(i) Manufacturing GDP and wholesale and retail trade GDP, Vietnam, 2017-2021(p)



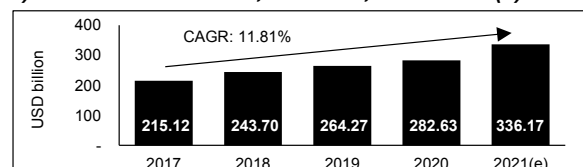
In Vietnam, growth in the manufacturing sector, as represented by manufacturing GDP, grew from VND883.89 trillion (RM167.35 billion) in 2017 to VND1,202.45 trillion (RM217.35 billion) in 2021 at a CAGR of 8.00%.

Growth in the wholesale and retail trade sector, as represented by wholesale and retail trade GDP, grew from VND352.41 trillion (RM66.72 billion) in 2017 to VND445.85 trillion (RM80.59 billion) in 2021 at a CAGR of 6.06%. In 2021, Vietnam’s manufacturing

GDP grew by 6.05% YOY, while wholesale and retail trade GDP grew by 0.50%. The contribution of manufacturing GDP accounted for 23.42% while the contribution of wholesale and retail trade GDP accounted for 8.68% of the country’s total GDP respectively in 2021.

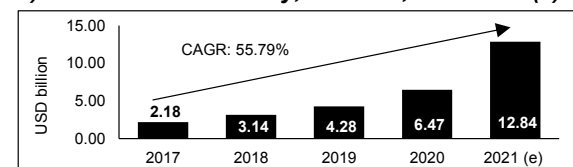
The demand for wooden industrial packaging in Vietnam can be further assessed through the growth in international trade and e-commerce activities.

ii) International Trade, Vietnam, 2017-2021(e)



International trade in Vietnam, measured in terms of export value, grew from USD215.12 billion (RM925.19 billion<sup>4</sup>) in 2017 to USD336.17 billion (RM1.39 trillion<sup>5</sup>) in 2021 at a CAGR of 11.81%.

iii) E-commerce industry, Vietnam, 2017-2021(e)



The e-commerce industry in Vietnam, measured in terms of online retail sales value, increased from USD2.18 billion (RM9.38 billion) in 2017 to an estimated USD12.84 billion (RM53.23 billion) in 2021 at a CAGR of 55.79%.

<sup>4</sup> Exchange rate from USD to RM in 2017 was converted based on average annual exchange rates in 2017 extracted from published information from Bank Negara Malaysia at USD1 = RM4.3008.

<sup>5</sup> Exchange rate from USD to RM in 2021 was converted based on average annual exchange rates in 2021 extracted from published information from Bank Negara Malaysia at USD1 = RM4.1454.



## 7. IMR REPORT (Cont'd)

# SMITH ZANDER

### ► Escalating US-China trade war drives multinational companies (“MNCs”) to set up manufacturing facilities in Malaysia and Vietnam

The US-China trade war is an on-going economic conflict between US and China whereby high tariffs and trade barriers have been imposed on selected goods traded between both countries. The escalating trade tension has affected MNCs based in China exporting their products to the US due to the high tariffs imposed which could adversely impact their profit margins. If further barriers such as customs delays and imposition of additional regulatory and licensing requirements on US companies with manufacturing facilities in China are imposed by the Government of China, it may affect US companies operating in China. As a result, MNCs have begun to relocate their manufacturing facilities based in China to countries outside China, and MNCs that are planning to expand into the Asian region are exploring other countries in Asia, including countries within the Southeast Asia region. Malaysia and Vietnam are among the countries in Southeast Asia that are benefitting from this due to low labour costs, availability of resources and skilled labour, as well as ease of conducting business and favourable trade tariffs.

Total approved investments for the manufacturing sector in Malaysia grew from RM63.68 billion in 2017 to RM195.09 billion in 2021, at a CAGR of 32.30%. Total approved investments for the manufacturing sector in Malaysia increased by 113.77% in 2021 YOY, from RM91.26 billion in 2020. Approved investments for the manufacturing sector contributed 63.64% to total approved investments in Malaysia in 2021. Out of the total approved investments received by the manufacturing sector in 2021, foreign direct investments (“FDI”) accounted for RM179.60 billion (92.06%) and domestic investments accounted for RM15.49 billion (7.94%).

In Vietnam, total approved FDI for the manufacturing sector increased from USD15.88 billion (RM68.30 billion) in 2017 to USD 18.12 billion (RM75.11 billion) in 2021, at a CAGR of 3.35%. Total approved FDI for the manufacturing sector increased by 33.24% in 2021 YOY, from USD13.60 billion (RM57.14 billion) in 2020. Approved FDI for the manufacturing sector contributed 58.17% to total FDI in Vietnam in 2021.

Amongst the MNCs that have relocated their manufacturing facilities from China or are expanding their manufacturing facilities outside China, some examples of prominent MNCs are as follows:

- In 2021, Apple announced its plans to move a portion of its smartphone, tablet and accessory manufacturing from China to Vietnam and India.
- In 2021, Apple’s key supplier, Foxconn Technology Group, announced its plans to move a portion of its tablet and computer manufacturing from China to Vietnam, and to build a new manufacturing facility in Vietnam to expand its existing production capacity.
- In 2021, Lam Research Corporation commenced the operations of its new manufacturing facility in wafer fabrication equipment in Penang, Malaysia.
- In 2022, SIMMTECH Co., Ltd. commenced the operations of its new factory in the manufacturing of semiconductor packaging substrate and printed circuit boards in Penang, Malaysia.
- In 2022, TTM Technologies Inc announced its plans to set up a manufacturing facility for printed circuit boards in Penang, Malaysia.
- In 2022, Eclipse Automation Inc. announced its plans to set up a manufacturing facility for automated manufacturing equipment in Penang, Malaysia.

### Key Industry Risks and Challenges

#### ► Economic downturns, decreased trade activities and outbreak of crises may negatively impact demand for wooden industrial packaging

The growth in demand for wooden industrial packaging is dependent on a country’s economic and trade activities. As the manufacturing and trade industries are primary users of wooden industrial packaging, any economic downturns and decreased trade activities would lead to a corresponding decrease in manufacturing activities and wholesale and retail trade activities. Consequently, as manufacturing activities and wholesale and retail trade activities decline, the demand for wooden industrial packaging will also decrease due to a drop in warehousing and logistics needs.

Further, any outbreak of crises such as health pandemics (e.g. COVID-19), may also impact the demand for wooden industrial packaging. Outbreak of health pandemics may temporarily cripple a country’s economic activities when Governments impose nationwide lockdowns to curb the spread of infectious diseases. The lockdowns may result in temporary suspension of manufacturing and trade activities, thus negatively impacting the demand for wooden industrial packaging.

#### ► Reliance on foreign workers as general labour in Malaysia

The wooden industrial packaging industry is primarily a semi-automated industry. While machinery and equipment are used to facilitate the manufacturing processes, manual labour is required to transfer intermediary products from one machine to another for different manufacturing processes, as well as for processes such as product assembly and packing services. In Malaysia, the manufacturing industry is dependent on foreign workers as a result of limited supply of local labour. Industry players therefore may face challenges in employing

**7. IMR REPORT (Cont'd)****SMITH ZANDER**

foreign labour due to the shortage of foreign workers and the time required to register foreign workers. Further, any increase in levy on foreign workers and quota restrictions may cause difficulties for industry players to employ sufficient labour and/or may also increase operating costs for industry players.

A hiring freeze on foreign workers was implemented between June 2020 and December 2021 with the aim to create more job opportunities for the local workforce in view of the adverse impact from the COVID-19 pandemic which caused higher unemployment in the country. Subsequent to the upliftment of the hiring freeze in January 2022, there is a high demand for foreign workers in Malaysia and industry players in the wooden industrial packaging industry may face challenges in securing additional foreign workers due to competition for foreign labour from other industries, which may disrupt operations due to insufficient workers.

► **Wood is susceptible to pest contamination as well as fungus and mould growth**

Wooden industrial packaging may be contaminated with mould and bacteria growth when exposed to moist/humid conditions, thus increasing the possibility of product contamination and jeopardising the condition of the cargo stored and transported, particularly food and pharmaceutical products. Further, mould and bacteria growth may also create unpleasant odour and sight, leading to negative customer perception which could affect a manufacturer's reputation when goods are delivered to customers on/in contaminated boxes, crates and pallets. Therefore, it is critical for industry players to ensure their wooden industrial packaging are heat treated to kill timber pest and control moisture content throughout the manufacturing process and storage.

Further, proper handling of wooden industrial packaging by customers is also critical to avoid the reintroduction of mould and bacteria into the wooden industrial packaging. Manufacturers who produce wooden industrial packaging that is compliant with the ISPM 15 standard would be better positioned to capture demand for wooden industrial packaging in the global supply chain as ISPM 15-compliant wooden industrial packaging are acceptable internationally.

► **Price fluctuations, availability and quality of wood materials**

Wood materials are subject to price fluctuations according to the supply and demand conditions and other factors such as production costs of wood, weather conditions, natural disasters, government regulations and general economic conditions.

Natural wood, comprising hardwood and softwood, is a commodity and its price fluctuates in accordance to the demand and supply conditions. The prices of natural wood differ by the species, specifications, grades and origin. For illustration, the average prices of general market specification ("GMS") timber in Malaysia is shown below:

GMS (Average prices)	January - December 2020 (RM/ cubic meter)			January - December 2021 (RM/ cubic meter)			January - July 2022 (RM/ cubic meter)		
	Min.	Max.	Diff.	Min.	Max.	Diff.	Min.	Max.	Diff.
Heavy hardwood	4,493	4,677	4.08%	3,537	4,626	30.80%	3,731	4,051	8.59%
Medium hardwood	2,006	2,244	11.91%	2,025	2,313	14.18%	1,713	1,908	11.35%
Light hardwood	1,865	1,907	2.27%	1,868	1,933	3.47%	1,839	1,901	3.35%

Source: The Malaysian Timber Industry Board

In Malaysia, the harvesting of logs is controlled and the annual allowable volume for harvesting is based on each state's quota stipulated by the National Land Council. Shortages may occur during bad weather conditions or tightening of restrictions on illegal harvesting. Generally, industry players source their wood materials locally and from overseas to mitigate risk of any shortage of local wood supply. However, the sourcing of timber internationally may result in higher costs due to exchange rate risk and the higher logistics costs involved.

The quality of wood is subject to price, species, specifications, grades and origin. Natural wood, in its natural state, has varied moisture content, properties and surface conditions, depending on the weather, quality of the logs during harvesting and handling. On the other hand, engineered wood is a processed wood and the moisture content, properties and surface conditions can be controlled during the production process, and hence, generally more expensive than natural wood. As engineered wood is not a commodity, there is no centralised source that tracks its prices. Given that engineered wood is produced from derivative of wood products and it can be produced using different wood materials, it can be readily available. This is in contrast to natural wood which is dependent on the supply of logs.

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7. IMR REPORT (Cont'd)

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3 COMPETITIVE OVERVIEW

Competitive Landscape

The wooden industrial packaging industry in Malaysia and Vietnam mainly comprises manufacturers and traders of wooden industrial packaging solutions. The competition in the industry is fragmented in nature due to many small companies and businesses serving the domestic market. There are some foreign-based companies that have set up local entities to manufacture and/or trade boxes, crates and pallets, or who have developed partnerships with local manufacturers to serve local customers. Further, some logistics companies may supply wooden industrial packaging to complement their logistics services. This section focuses on industry players that are involved in the manufacturing of wooden industrial packaging as their core business as it is the principal business activity of L&P Group.

Manufacturers of boxes/crates or pallets may also provide heat treatment services to meet the ISPM 15 standards for export purposes. In addition, some industry players may provide packing and delivery services of boxes and crates, and/or recycling of pallets. Industry players generally compete in terms of the range of products and services offered, track record, reputation, product quality, product pricing and after-sales service. Geographical coverage is also an important competitive factor as the closer proximity to customer locations enable better access to service the customers, shorter delivery lead times and lower logistics cost. As such, industry players may set up manufacturing and/or storage facilities in multiple locations to capture a wider customer base.

Key Industry Players

The identified key industry players include all industry players that were identified by SMITH ZANDER based on sources available, such as the internet, published documents and industry directories. However, there may be companies that do not have online and/or published media presence, or are operating with minimal public advertisement, and hence SMITH ZANDER is unable to state conclusively that the list of industry players identified is exhaustive. In instances where industry players are exempt private companies for the latest available financial year, or industry players with no publicly available financial reports, the industry players are not included in the table as the audited financial statements of the companies are not publicly available.

The basis for selection of the key industry players in the wooden industrial packaging industry in Malaysia and Vietnam is based on the following:

- Companies involved in the manufacturing of wooden boxes/crates and pallets, being the principal business activity of L&P Group. These companies may also be involved in the provision of packing and/or delivery services as well as heat treatment services, in which L&P Group also offers;
- Companies with presence in Penang, Klang Valley and/or Johor; and companies with presence in Binh Duong in Vietnam, being the key areas of competition of L&P Group; and
- Companies with more than RM20 million revenue based on their latest available financial years.

Malaysia

Company name	Business premise	Products and/or services offered	Latest available financial year	Revenue (RM million)	Gross Profit/(Loss) (RM million)	Gross Profit/(Loss) Margin (%)	Profit/(Loss) After Tax (RM million)	Profit/(Loss) Tax Margin (%)
L&P Group	Penang and Johor (Malaysia); and Binh Duong Province (Vietnam)	Manufacturing of wooden boxes/crates and pallets, including the provision of packing, delivery, pallet recycling and heat treatment services	31 December 2021	120.92/ 94.89 <sup>(i)</sup>	29.19	24.14	14.33	11.85
ETH Holdings Sdn Bhd	Klang Valley	Manufacturing/ trading of wooden boxes, crates and pallets, including the provision of packing services	31 December 2021	84.45	7.31	8.66	1.96	2.32

7. IMR REPORT (Cont'd)

SMITH ZANDER

Company name	Business premise	Products and/or services offered	Latest available financial year	Revenue (RM million)	Gross Profit/(Loss) (RM million)	Gross Profit/(Loss) Margin (%)	Profit/(Loss) After Tax (RM million)	Profit/(Loss) After Tax Margin (%)
Transpak Worldwide Sdn. Bhd	Johor, Singapore, and other countries globally	Manufacturing of wooden boxes/crates, including the provision of packing services; as well as other offerings such as factory relocation	31 December 2021	65.32	N/A <sup>(i)</sup>	N/A <sup>(ii)</sup>	3.96	6.06
EPE Packaging (Penang) Sdn Bhd	Penang, Klang Valley, Johor, Vietnam and other countries in Asia	Manufacturing of wooden boxes/crates and pallets, including the provision of delivery services; as well as other offerings such as supply of corrugated boxes and foam	31 March 2022	46.84	6.55	13.98	0.46	0.98
Lian Hup Packaging Industries Sdn Bhd/ Siji Belukar Packaging Sdn Bhd (Malaysia)/ LHT Gpac Technology (M) Sdn Bhd (collectively wholly-owned subsidiaries of LHT Holdings Limited <sup>(iii)</sup> )	Singapore, Klang Valley, Johor, and Vietnam	Manufacturing and trading of wooden boxes/crates and pallets, including the provision of packing, delivery and heat treatment services; as well as other offerings such as supply of timber-related products and woodchips, pallets rental, wood waste recycling	31 December 2021	38.73	10.48	27.06	3.87	9.99
Nefab (Malaysia) Sdn Bhd	Penang, Klang Valley, Vietnam and other countries globally	Manufacturing of wooden boxes/crates and pallets, including the provision of packing and delivery services; as well as other offerings such as kitting, warehousing and containerisation services	31 December 2021	27.62	11.86	42.94	2.60	9.41
TimberTech Pallet Systems Sdn Bhd	Klang Valley	Manufacturing of wooden boxes/crates and pallets, including the provision of delivery and heat treatment services	31 August 2021	21.39	1.93	9.02	(0.21)	(0.98)

Notes:

- (i) Revenue contributed by sales in Malaysia.
- (ii) N/A – Not available as gross profit is not provided in the company's annual report.
- (iii) A public listed company on Singapore Exchange.
- Latest available information as at the date of research completion.

Sources: L&P Group, various company websites, Companies Commission of Malaysia, SMITH ZANDER

**Vietnam**

As geographical coverage is an important competitive factor, L&P Group, with presence in Binh Duong Province in Vietnam also competes with companies involved in the manufacturing/trading of wooden boxes/crates and pallets within the region.

Examples of these companies are Viet Truong Hai Manufacturing Service Trading Production Co Ltd, Hoang Minh Dinh Wood Pallet Trading & Services Co Ltd, Thuan Hop Wood Co Ltd, Nhien Thanh Service Trading Co Ltd, Long Giang Vietnam Manufacturing Trading and Service Co Ltd, Duong Van Khoi Co Ltd; Thanh Duong Pallet Trading Co Ltd and Loscam Vietnam Co Ltd.<sup>6</sup>

<sup>6</sup> Company names may vary from their official name due to translation. Financial information is not publicly available.

**7. IMR REPORT (Cont'd)**

SMITH ZANDER

**Market Share****Malaysia**  
**5.05%**

L&P Group captured a market share of 5.05%, computed based on its sales value of boxes, crates and pallets of RM94.89 million in Malaysia in the FYE 2021 against the wooden industrial packaging industry of RM1.88 billion in Malaysia in 2021.

**Vietnam**  
**2.04%**

L&P Group captured a market share of 2.04%, computed based on its sales value of boxes and pallets of RM26.04 million in Vietnam in the FYE 2021 against the wooden industrial packaging industry of RM1.28 billion in Vietnam in 2021

Sources: L&P Group, SMITH ZANDER

**4 OUTLOOK AND PROSPECTS**

The performance of the wooden industrial packaging industry in Malaysia grew from RM1.54 billion in 2017 to RM1.88 billion in 2021, at a CAGR of 5.11%. Prior to the COVID-19 pandemic, the growth of the wooden industrial packaging industry was resilient, registering a 6.25% YOY growth in 2019. However, the industry recorded a decline of 8.02% in 2020 which was mainly a result of mandatory closures of non-essential businesses during the COVID-19 pandemic, leading to a slowdown in manufacturing activities which affected the demand for wooden industrial packaging. In 2021, the wooden industrial packaging industry improved by 9.30% YOY to RM1.88 billion.

In Vietnam, the performance of the wooden industrial packaging industry grew from VND3.46 trillion (RM653.94 million) in 2017 to an estimated VND7.06 trillion (RM1.28 billion) in 2021, at a CAGR of 19.52%. Despite the outbreak of the COVID-19 pandemic and its adverse economic impact, the wooden industrial packaging industry in Vietnam continued to record a YOY growth of 5.23% in 2020. In 2021, the wooden industrial packaging industry in Vietnam recorded a robust YOY growth of 46.17%. This is in line with the growth in Vietnam's manufacturing GDP and wholesale and retail trade GDP.

L&P Group is well-positioned to leverage on the growth of the wooden industrial packaging industry, which is driven by the preference for wood over plastics as material for wooden industrial packaging, as well as expected growth in manufacturing, trade and e-commerce. Further, the escalating US-China trade war is also expected to drive MNCs in setting up manufacturing facilities in Malaysia and Vietnam, which will be beneficial for L&P Group's business growth in these 2 markets.

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## 8. RISK FACTORS

**NOTWITHSTANDING THE PROSPECTS OF OUR GROUP AS OUTLINED IN THIS PROSPECTUS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS THAT MAY HAVE A SIGNIFICANT IMPACT ON OUR FUTURE PERFORMANCE, IN ADDITION TO ALL OTHER RELEVANT INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS, BEFORE MAKING AN APPLICATION FOR OUR IPO SHARES.**

### 8.1 RISKS RELATING TO OUR BUSINESS AND OUR OPERATIONS

#### 8.1.1 We are dependent on First Solar as our major customer

We are dependent on First Solar which contributed 41.78%, 57.70%, 59.40% and 55.39% to our total revenue for the past 3 FYEs 2019 to 2021 and FPE 2022, respectively. Further, First Solar Vietnam is our sole customer in Vietnam which contributed 100% of our revenue generated from Vietnam operations for the past 3 FYEs 2019 to FYE 2021 and FPE 2022. All sales with First Solar are done through purchase orders and we have not entered into any long-term contracts or agreements with First Solar. Additional information on our major customers is set out in Section 6.5 of this Prospectus. On 1 October 2022, our Group has entered into a Master Supply Agreement with First Solar for the supply of boxes and crates to First Solar for Malaysia and Vietnam. The Master Supply Agreement is effective from 1 October 2022 and expires on 31 December 2025, unless terminated earlier, and it sets out the general terms and conditions governing the supply of products by our Group to First Solar for the First Solar's production of solar photovoltaic modules. The Master Supply Agreement comprises the product supply schedule(s) which are valid for the respective terms as set out in the product supply schedules. Each product supply schedule sets out, among others, the description of products, specifications, schedule term, minimum volume obligation, unit price, currency, payment terms, buffer stock and safety stock required, delivery terms and schedule as well as forecast. First Solar will place confirmed orders in the form of purchase order. Please see Section 6.4.15 of this Prospectus for further details of the Master Supply Agreement.

Any decrease in the value of orders from First Solar could have an adverse effect on our financial performance. Although they have been our customer since 2008, there is no assurance that they will continue to purchase from our Group or that demand from them will be sustained at current, or higher levels in the future.

The loss of First Solar and our inability to replace it with new customers or with additional orders from other existing customers in a timely manner could result in a loss of revenue and will have an adverse impact on our financial performance. Further, even though we may be able to secure new customers, there is no assurance that we will be able to achieve the same level of sales value and maintain and/or improve our profit margins. If such adverse events occur, our financial performance will be adversely affected.

#### 8.1.2 We are dependent on the availability of foreign workers for our manufacturing activities

Our Group is reliant on foreign workers to carry out our manufacturing works due to the labour intensive nature of the industry, as it is difficult to hire and retain local workers. As at the LPD, we have 171 foreign workers, accounting for 46.72% of our total workforce. All of our foreign workers have valid working permits, which are renewed annually. The loss of our existing foreign workers without timely replacements may adversely disrupt our operations. The hiring of new local employees to replace the foreign workers may require some time as they may not be immediately available. Further, new employees will need time to familiarise with the operations of our machinery. In such event, our manufacturing may be affected and our deliveries may be delayed, which in turn may materially and adversely affect our business operations and financial performance.

## 8. RISK FACTORS (Cont'd)

Further, costs of foreign labour may continue to increase in the future as the Government continues to revise the relevant policies. On 19 March 2022, the Government announced that the national minimum wages will be revised to RM1,500 per month from 1 May 2022. As such, from 1 May 2022, our Group has revised the salary for employees earning less than RM1,500 per month to RM1,500 per month. Hence, any increase in the levy rate and minimum wages for foreign workers will increase our cost of labour which may negatively affect our financial performance should we fail to pass on the increase in cost to our customers in a timely manner.

In June 2020, the Human Resources Minister announced a hiring freeze on foreign workers with the aim to create more job opportunities for the local workforce in view of the adverse impact from the COVID-19 pandemic which is causing higher unemployment in the country. In August 2020, the Government announced an easing of the hiring freeze on foreign workers by allowing employers to hire retrenched foreign workers who are still in Malaysia, provided that these foreign workers have valid work permits and that they are being employed in the same sector that they were previously employed in. However, hiring freeze for new foreign workers in the country was extended until 31 December 2021.

In May 2022, the Government announced that approximately 150,000 applications to hire foreign workers in the construction, agriculture, plantation, manufacturing and services sectors was processed by mid-May 2022, which eased the shortage of foreign labour in these sectors. We have received an approved quota from Ministry of Human Resources on 24 May 2022 which allow us to hire an additional of up to 100 foreign workers between 24 May 2022 and 24 November 2023 for general works or as operators. Any unutilised quota after the validity period will be void and we are allowed to claim for the levy paid from the immigration office. As at LPD, we have utilised 45 out of the 100 foreign workers in relation to the aforementioned quota.

Our Group was affected by the hiring freeze as we have insufficient workforce to support our production activities during the hiring freeze period. If the hiring freeze is reimposed, we may face insufficiency of workers which may result in disruption to our operations and in turn will affect our financial performance.

### 8.1.3 Our business is exposed to unexpected interruptions or delays caused by equipment failures, fire, environmental factors (including natural disasters), some of which may be beyond our control, which may lead to interruptions in our operations

We rely on machinery and equipment such as the heat treatment chamber, radio frequency machines, boilers and multi-ripping machine to carry out manufacturing activities in our factories. These machinery and equipment may, on occasion, be out of service due to unanticipated failures or damages sustained during operations. Further, our factories are also subject to damages due to natural disasters such as floods or storms. As we are involved in the manufacturing of industrial packaging products, one of the main raw materials to our manufacturing activities is wood. Therefore, we are subject to higher inherent risks of fires as wood is a flammable material. In addition, as our manufacturing activities are dependent on continuous supply of electricity, any major disruptions to the supply of electricity may result in interruptions to our operations. In the event of these incidents occurring, it may result in a delay in fulfilling our customers' orders which subsequently may adversely affect our reputation and financial performance.

The occurrence of these unexpected events that are beyond our control may cause damage or destruction of all or part of our factory and machinery, resulting in interruptions to or prolonged suspension of our manufacturing activities. Any prolonged interruptions to our manufacturing activities will affect our ability in adhering to our manufacturing schedule, thus causing delays in the delivery of products to our customers. This could adversely impact our relationships with customers, financial performance and industry reputation.

For the past 3 FYEs 2019 to 2021 and FPE 2022, we have not experienced any incidents of unanticipated machinery and equipment failures or catastrophic damages as a result of fires or floods, which led to major interruptions in our operations. However, there can be no assurance that such incidents will not happen in the future.

**8. RISK FACTORS (Cont'd)****8.1.4 We are dependent on our CEO, COO and key senior management personnel for continued success and the loss of their continued services may affect our business**

Our continued and future success largely depends on the continuing contribution of our CEO, COO and key senior management personnel. With their corporate experience and in-depth knowledge of the industry and/or in their respective fields, they play a pivotal role in our daily business operations as well as formulating and implementing strategies to drive the growth and expansion of our Group. They are involved in overseeing our manufacturing, quality assurance and quality control, execution of growth strategies, financial and accounting functions of our Group as well as procuring new suppliers and customers, and maintaining relationships with all our suppliers and customers.

We recognise that our Group's continuing success and future growth depend significantly on the capabilities and efforts of our CEO, COO and key senior management personnel. As such, any loss of these personnel, and our inability to find a suitable replacement in a timely manner, may create an unfavourable or material impact on our Group's operations, and may eventually affect our ability to maintain and/or improve our business performance.

**8.1.5 Our business and operations were impacted by the outbreak of the COVID-19 virus**

Our business and operations faced temporary interruption pursuant to the outbreak of the COVID-19 virus. In Malaysia, our workforce capacity was reduced to 50% as per the SOP set out by MITI between March 2020 to August 2021. By August 2021, all of our employees were fully vaccinated and we were operating at full workforce capacity. Our operations in Vietnam were not affected as we were allowed to operate during the period of the lockdown while complying with the control measures issued by the Ministry of Industry, Vietnam.

Due to the movement restrictions during the COVID-19 pandemic, we were impacted in terms of lower sales volume due to the requirement to reduce our workforce capacity in our Sungai Bakap Factory that resulted in lower manufacturing capacity and the non-operations of some of our customers (primarily customers for boxes and crates); supply disruptions and delays in the receipt of wood materials due to the movement restrictions imposed by various countries, shortage of containers and vessel re-routing. Despite the slight reduction of sales volume during the MCO period, Phase-1 NRP up to August 2021 of the Phase-2 NRP, our sales volume increased after these movement restrictions as our customers resumed their operations and increased their purchase orders. Hence, we were able to record higher revenue growth and there was no negative impact to our revenue recognition for the FYE 2020 and FYE 2021.

Beginning 1 April 2022, Malaysia entered into the "Transition to Endemic" phase. Among the relaxed rules and SOP include the abolishment of restrictions on business operating and the abolishment of limits on the number of personnel allowed in workplace. The operations at our headquarters and factories were not impacted by the enforcement of the "Transition to Endemic" phase. Therefore, there was no material impact on our financial performance upon the enforcement of the "Transition to Endemic" phase beginning 1 April 2022. Although Vietnam has not considered COVID-19 to be an endemic disease, there has been no further restrictions imposed on our operations in Vietnam up to date. Please refer to Section 6.4.16 for additional details on the interruptions to our business and operations due to the COVID-19 pandemic.

If there is any tightening of movement restriction in the future which result in reduction of workforce or closure of our operations, there can be no assurance that our manufacturing schedule will not be materially impacted and that we will be able to fulfil our orders in a timely manner. Further, there can be no assurance that our customers will not initiate any penalty claims against our Group arising from the delay, which may result in adverse impact on our financial performance.



**8. RISK FACTORS (Cont'd)**

Notwithstanding that our Group had undertaken necessary precautionary measures and steps in response to the COVID-19 situation, there can be no assurance that our employees will not be infected by the COVID-19 virus. As at the LPD, there were 145 confirmed case of COVID-19 among our employees. Nevertheless, should all or a portion of our employees be quarantined as a result of infections, our business operations may be affected due to a temporary shortage of workers.

**8.1.6 Our future growth depends on our ability to execute our business strategies and future plans**

Our business strategies and future plans are as follows:

- (i) We plan to strengthen our presence in the Southern region by expanding our operations in Johor;
- (ii) We plan to expand our geographical presence domestically to the Klang Valley and regionally to Singapore;
- (iii) We intend to purchase new machinery to support the expansion of our business operations; and
- (iv) We plan to expand our circular supply services to offer a more comprehensive circular supply chain solution to our customers.

Please refer to Section 6.8 of this Prospectus for further information on our business strategies and future plans.

The implementation of these business strategies and future plans involves capital expenditure as well as other operating expenses such as depreciation charges, machinery and equipment maintenance costs and staff costs. The feasibility and implementation of such business strategies and future plans will also depend on, amongst others, favourable economic conditions and the timing of execution.

Our financial performance will be adversely affected if we are not able to secure sufficient orders from existing and/or new customers following the implementation of the above business strategies and future plans due to the additional costs incurred. Further, there is no assurance that the demand for our industrial packaging products will match our enlarged capacity on an immediate basis.

As such, there is no assurance that the execution of our business strategies and future plans will be successful, nor will we be able to anticipate all the risks and uncertainties that may arise during the implementation of these business strategies and future plans, which may materially affect the business operations and financial performance of our Group.

**8.1.7 We are subject to political conditions, government policies, laws and regulations as well as economic developments in the countries in which we operate**

Our Group operates in Malaysia and Vietnam. Our business, prospects, financial conditions and results of operations may be affected by any adverse developments or uncertainties in political, legal, regulatory or economic conditions that are beyond our control in the countries we operate. These risks include unfavourable changes in political conditions, economic conditions, interest rates, government policies and regulations, import and export restrictions, duties and tariffs, civil unrest, methods of taxation, inflation and foreign exchange controls.

**8. RISK FACTORS (Cont'd)**

Any changes in these policies and conditions, as well as widespread and/or prolonged economic slowdowns in the markets we operate, may cause a decline in trade activities which consequently cause a decline in the demand for our Group's products and may have a material adverse effect on our business and financial performance. Whilst we practice prudent financial management and efficient operating procedures, there can be no assurance that any adverse economic, political, legal and/or social developments will not lead to a material adverse effect on the business performance of our Group.

**8.1.8 We are exposed to foreign exchange fluctuation risks which may impact the profitability of our Group**

Our wood materials are sourced from overseas in USD, VND, RMB, EUR and SGD. For the past 3 FYEs 2019 to 2021 and FPE 2022, our purchase of supplies denominated in foreign currencies contributed 61.99%, 74.65%, 79.02% and 75.65% to our Group's total purchases respectively, as detailed below:

Foreign currencies	FYE 2019		FYE 2020		FYE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
USD	768	1.84	31,621	51.75	44,843	54.44	35,472	61.80
VND	25,060	60.03	13,566	22.20	15,679	19.04	6,740	11.74
RMB	-	-	324	0.53	4,396	5.34	1,214	2.11
EUR	-	-	72	0.12	158	0.19	-	-
SGD	-	-	28	0.05	7	0.01	-	-
THB	52	0.12	-	-	-	-	-	-
	<b>25,880</b>	<b>61.99</b>	<b>45,611</b>	<b>74.65</b>	<b>65,083</b>	<b>79.02</b>	<b>43,426</b>	<b>75.65</b>

For the past 3 FYEs 2019 to 2021, 100%, 98.10% and 95.95% of our revenue are billed in local currency at where we operate, i.e MYR and VND, respectively. However, since May 2022, our sales to First Solar in Malaysia, who is our major customers for the past 3 FYEs 2019 to 2021 and FPE 2022, have been revised to be billed in USD instead of MYR. Further, one of our other major customers in FPE 2022, namely Celestica Electronics (M) Sdn Bhd also billed in USD. In FPE 2022, sales to First Solar Malaysia and Celestica Electronics (M) Sdn Bhd collectively contributed approximately RM33.44 million, amounting to 39.89% to our Group's total revenue. As such, the sales to First Solar Malaysia and Celestica Electronics (M) Sdn Bhd, which are billed in USD, allow us to reduce our exposure to exchange rate fluctuations to USD moving forward.

Our sales in Vietnam were RM6.05 million, RM24.79 million, RM26.04 million and RM15.60 million for the past 3 FYEs 2019 to 2021 and FPE 2022, respectively, and contributed 9.12%, 28.07%, 21.53% and 18.61% to our Group's total revenue respectively. As the sales in Vietnam were predominantly denominated in VND, it allowed us to reduce our exposure to exchange rate fluctuations to VND. Please refer to Section 11.3.3(e) for further information on the steps taken by our Group to mitigate this risk.

Nevertheless, in the event of significant depreciation of the RM against any of the foreign currencies above will lead to higher costs of supplies or lower revenue for our Group. If we are unable to pass the increase in cost to our customers in a timely manner, our financial performance may be adversely affected due to the reduced GP margin from higher cost of supplies. Further, we are unable to accurately price in all possible future depreciation of RM which may cause our revenue to be less than originally anticipated.

**8.1.9 Our insurance coverage may not be adequate to cover all losses or liabilities that may arise in connection with our operations**

We maintain insurance at levels that are customary in our industry to protect against various losses and liabilities.

## 8. RISK FACTORS (Cont'd)

As at LPD, the Group has taken up the following insurance policies:

- (i) fire insurance (which extends to cover damages caused by other perils such as earthquake, storm and flood) for our factories, stock in trade (including raw materials, goods in progress and finished goods), office equipment, furniture and fixtures, machineries, dust control system and extinguishing system with an aggregate sum insured of RM60.50 million;
- (ii) Consequential loss insurance with a total sum insured of up to RM30.1 million;
- (iii) Public liability insurance with a total sum insured of up to RM5.0 million; and
- (iv) Marine open cover insurance for our raw materials and finished goods in transit from our premises of up to RM1.0 million for any one vessel and connecting land conveyance.

However, our insurance may not be adequate to cover all losses or liabilities that we might incur in our operations. For example, while we are insured against losses resulting from fires and flood, we do not maintain insurance against losses at our factory as a result of other natural disasters.

Moreover, we will be subject to the risk that, in the future, we may not be able to maintain or obtain insurance of the type and amount desired at reasonable rates. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our business, financial condition and results of operations.

### 8.2 RISKS RELATING TO OUR INDUSTRY

#### 8.2.1 We are dependent on the manufacturing and trade sectors for our continued success and growth

Our revenues are dependent on the manufacturing and trade sector. As the manufacturing and trade industries are the primary users of industrial packaging products, any economic downturn and decreased trade would lead to corresponding decreases in manufacturing activities and wholesale and retail trade activities, as businesses and consumers become more cautious in their spending.

Consequently, as manufacturing activities and wholesale and retail trade activities decline, the demand for industrial packaging products will also decrease due to a drop in warehousing and logistics activities. This would negatively affect the overall demand for our Group's products, thereby affecting our Group's financial performance and prospects.

#### 8.2.2 We are reliant on approvals, licences, registrations and permits for our operations in the countries we operate

Our business is subject to various laws, rules and regulations. We have obtained the necessary licences and approvals from various governmental authorities for our business, as set out in Section 6.4.13.

Our business is subject to various laws, rules and regulations. For instance, the Wood-Based Enactment provides that no person is allowed to build, set up, establish, operate or maintain a wood-based industry, without a license issued by the state authority and signed by the Director of State Forestry. Pursuant to the Wood-Based Enactment, any person who contravenes any of the provisions of the Wood-Based Enactment shall, on conviction be liable to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding 1 year or to both such fine and imprisonment. Pursuant to the Wood-Based Industries (Amendment) Enactment 2018 which was gazetted on 20 December 2018, the fine will be revised upwards to RM10,000, however this amendment has yet to come into force as at the LPD. We have obtained the necessary licences and approvals from various governmental authorities for our business, further details of which are as set out in Section 6.4.13.

## 8. RISK FACTORS (Cont'd)

Conducting business in Vietnam also requires us to comply with foreign laws and regulations covering many aspects of our operations, including trade laws and licensing regulations, and these laws and regulations may change, or may be updated and amended, from time to time. Much of the above changes are beyond our control.

As at the LPD, our subsidiaries, BSB and BPSB, each hold a valid manufacturing licence issued by MITI. One of the initial license conditions of BSB's manufacturing license states that the total full-time workforce of the license holder i.e. BSB must comprise at least 80% Malaysians by the year 2020. MITI had subsequently vide a circular dated 18 July 2022 provided a further extension of time to all licence holders which are subject to this condition to comply with the same by 31 December 2024. Due to the labour intensive nature of our Group's business, our Group faces difficulty in the recruitment and retention of local employees. As such, despite our Group's effort since 2017 to recruit and retain local employees, our Group is still not able to meet the requirement of 80% local employees as we only have approximately 48.80% of local employees as at the LPD. In the event the licence condition is not met by 31 December 2024, MITI may in its discretion revoke BSB's manufacturing licence and before exercising such power to revoke the licence, MITI may call upon BSB to show within such period as may be prescribed due cause why the licence should not be revoked.

MITI may also withhold or suspend the revocation of the licence if MITI is satisfied that BSB's non-compliance with the licence condition was due to some cause beyond its control and there is a reasonable prospect of such non-compliance being remedied within such period as MITI may direct. Please refer to Section 6.9.1 for further details.

The major licences, permits and approvals as aforementioned are subject to compliance with relevant conditions (if any), and laws and regulations under which they were issued. In the event of non-compliance, these licences, permits and approvals may be revoked or may not be renewed upon expiry.

Further, the relevant government authority or issuer may take action by issuing warnings, imposing penalties, suspending the licences, permits or approvals, reducing the term, imposing additional conditions or restrictions, and/or revoking the licences, permits or approvals, for any breach or non-compliance. Any revocation or failure to obtain, maintain or renew any of the licences or permits may materially and adversely affect our business operations and financial performance.

In addition, we may be required to comply with further and/or stricter requirements if there are changes to applicable laws, regulations or policies in Malaysia and Vietnam. This may affect our business operations and financial performance if we are unable to comply with the new laws, regulations or policies.

### 8.2.3 We are dependent on the availability and quality of wood materials as raw material for our industrial packaging products

For the past 3 FYEs 2019 to 2021 and FPE 2022, our total purchases of supplies amounted to approximately RM41.75 million, RM61.10 million, RM82.36 million and RM57.40 million, respectively. Wood materials collectively accounted for 92.79%, 93.95%, 92.99% and 90.50% of our total purchases in the past 3 FYEs 2019 to 2021 and FPE 2022, respectively.

Wood materials comprise engineered wood and natural wood which we source from local and overseas (e.g. China, Vietnam, Europe and New Zealand) sawmills, wood manufacturers and trading companies. The supply of local natural woods may be affected by rainy seasons in Malaysia, typically from June to December as well as changes in local government policy to disallow timber concessions. Further, we faced supply disruptions and delays in the receipt of wood materials due to the movement restrictions imposed by various countries, shortage of containers and vessel re-routing arising from the COVID-19 pandemic.

## 8. RISK FACTORS (Cont'd)

There is no assurance that we will be able to source for wood materials if there is a severe shortage of supply in the industry. In addition, we may not be able to continue sourcing wood materials at reasonable prices. In such circumstances, our business operations and financial performance could be adversely affected.

Further, the local natural wood that we purchase as raw material are porous and have not undergone heat treatment to remove moisture and timber pest by our suppliers, hence they are vulnerable to pests contamination from the growth of fungus and mould, if not properly handled and stored. While we conduct visual inspection to ensure that the incoming local natural wood meet our required quality standards and our purchase of local natural wood had reduced from 24.07% to 9.50% over the past 3 FYEs 2019 to 2021 and FPE 2022, if a substantial amount of local natural wood is affected, it may cause delays in delivery of certain products made from local natural wood to our customers as we will be requesting for replacement from our suppliers or sourcing for new batch of local natural wood from other suppliers to meet our production requirements.

### 8.2.4 We are susceptible to the price fluctuation of wood materials

Wood is our main raw material for the manufacturing of industrial packaging products. Wood materials contributed 92.79%, 93.95%, 92.99% and 90.50% of our total purchases in the past 3 FYEs 2019 to 2021 and FPE 2022, respectively.

Wood materials are subject to price fluctuations according to the supply and demand conditions and other factors beyond our control such as production costs of wood, weather conditions, natural disasters, government regulations and general economic conditions. Any unfavourable changes in the above factors may cause material increases in the price of wood materials, and may lead to a rise in our cost of production as well as our carrying cost for maintaining our inventories.

In Malaysia, the harvesting of logs is controlled and the annual allowable volume for harvesting is based on each state's quota stipulated by the National Land Council. Shortages may occur during bad weather conditions or tightening of restrictions on illegal harvesting. Generally, industry players source their wood materials locally and from overseas to mitigate risk of any shortage of local wood supply. However, the sourcing of timber internationally may result in higher costs due to exchange rate risk and the higher logistics costs involved.

The quality of wood is subject to price, species, specifications, grades and origin. Natural wood, in its natural state, has varied moisture content, properties and surface conditions, depending on the weather, quality of the logs during harvesting and handling. On the other hand, engineered wood is a processed wood and the moisture content, properties and surface conditions can be controlled during the production process, and hence, generally more expensive than natural wood. As engineered wood is not a commodity, there is no centralised source that tracks its prices. Given that engineered wood is produced from derivative of wood products and it can be produced using different wood materials, it can be readily available. This is in contrast to natural wood which is dependent on the supply of logs.

In the past 3 FYEs 2019 to 2021 and FPE 2022, we have experienced increase in wood material prices, however, the increase in costs did not materially impact our financial performance as we had been using more engineered wood in the manufacturing of our industrial packaging products and focused our sales on boxes and cates which use engineered wood as wood materials, and on engineered wood pallets which has higher price than natural wood pallets. The fluctuation in price of engineered wood, which comprised majority of our wood material purchases in the past 3 FYEs 2019 to 2021 and FPE 2022 (64.50%, 73.66%, 79.77% and 77.91%), were between -5.86% and 7.43%, while the average price of natural wood fluctuated between -2.66% and 42.60%. Our Group's purchases of natural wood declined over the last 3 FYEs 2019 to 2021 and FPE 2022, comprising 28.29%, 20.29%, 13.22% and 12.59% of our total purchases.

## 8. RISK FACTORS (Cont'd)

There is no assurance that we will be able to accurately anticipate and react to the changes in the price of wood materials. If we are unable to pass on the increase in the price of wood materials to our customers, we will bear the increasing costs and this may have a material impact on our financial performance. Please refer to Section 6.4.6 of this Prospectus for further details on our wood material purchases for the 3 past FYEs 2019 to 2021 and FPE 2022.

### 8.3 RISKS RELATING TO THE INVESTMENT IN OUR SHARES

#### 8.3.1 No prior market for our Shares and it is uncertain whether an active or sustainable market will develop

Prior to our IPO, there has been no prior public market for our Shares. Accordingly, there is no assurance that an active market for our Shares will develop upon Listing or, if developed, that such a market can be sustained. There is also no assurance as to the liquidity of any market that may develop for our Shares, the ability of holders to sell our Shares or the prices at which holders would be able to sell our Shares.

In addition, there can be no assurance that the IPO Price will correspond to the price at which our Shares will trade on the ACE Market upon our Listing. There is also no assurance that the market price of our Shares will not decline below the IPO Price.

#### 8.3.2 Investors in our IPO will suffer immediate dilution in NA

Our pro forma NA per Share as at 31 July 2022 of about RM0.13 after taking into account the Public Issue and after adjusting for the use of the proceeds from our IPO, is lower than the IPO Price per Share. This represents an immediate dilution in NA per Share as at 31 July 2022 of RM0.17 to our new investors.

#### 8.3.3 Our Share price and trading volume may be volatile

The performance of Bursa Securities is dependent on external factors such as the performance of the regional and global stock exchanges and the flows of foreign funds. The sentiment is also induced by factors such as economic and political conditions and the growth potential of the various sectors of the economy. These factors constantly contribute to the volatility of share prices witnessed on Bursa Securities and this adds risks to the market price of our Shares. Nevertheless, our profitability is not dependent on the performance of Bursa Securities as our business activities have no direct correlation with the performance of securities listed on Bursa Securities.

It is expected that there will be about 9 Market Days after the close of the Public Issue before the trading of our Shares commences. We cannot assure you that there will be no event or occurrence that will have an adverse impact on the securities market (both local and foreign), our industry or us specifically during this period that would adversely affect the market price of our Shares when they begin trading.

In addition, the market price of our Shares may fluctuate significantly and rapidly in response to, amongst others, the following factors, some of which are beyond our control:

- (i) variations in our financial results and operations;
- (ii) success or failure of our CEO, Executive Directors and key senior management personnel in implementing business and growth strategies;
- (iii) gain or loss of an important business relationship;
- (iv) changes in securities analysts' recommendations, perceptions or estimates of our financial performance;

**8. RISK FACTORS (Cont'd)**

- (v) changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other related events or factors;
- (vi) changes in market valuations and share prices of companies with similar businesses to our Group that may be listed on Bursa Securities;
- (vii) additions or departures of our CEO, Executive Directors and key senior management;
- (viii) fluctuation in stock market prices and volume;
- (ix) involvement in litigation;
- (x) changes in government policy, legislation or regulation; and/or
- (xi) general operational and business risks.

In addition, many of the risks described elsewhere in this Prospectus could materially and adversely affect the market price of our Shares. Accordingly, there can be no assurance that our Shares will not trade at prices lower than the IPO Price.

There can be no assurance that the price and trading of our Shares will not be subject to the same fluctuations.

**8.3.4 The interest of our Promoters who control our Group may not be aligned with the interest of our shareholders**

Our Promoters, together with Moviente, will hold in aggregate at least 71.28% of our enlarged number of issued Shares upon Listing. As a result, they will be able to, in the foreseeable future, effectively control the business direction and management of our Group including the election of Directors, the timing and payment of dividends as well as having voting control over our Group and as such, will likely influence the outcome of certain matters requiring the vote of our shareholders, unless they are required to abstain from voting either by law and by relevant guidelines or regulations.

As a step towards good corporate governance, the appointment of Independent Non-Executive Directors and our Audit Committee will serve as an effective mechanism to promote good corporate governance to ensure future transactions of our Group, including related party transactions, if any, are entered into at arms' length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to our minority shareholders. Our Audit Committee will in that sense represent the interest of the minority shareholders and general public at large.

However, there can be no assurance that the interests of our Promoters will be aligned with those of our other shareholders.

**8.3.5 Uncertainty of dividend payments**

It is the intention of our Board to recommend and distribute a dividend of 20% - 50% of the profit attributable to the owners of our Company. However, our ability to declare dividends to our shareholders is dependent on, among others, our future financial performance, cash flow position, capital requirements and other obligations, and our ability to implement our business plans. Deterioration of these factors could have an effect on our business, which in turn will affect our ability to declare dividends to our shareholders. As such, there is no assurance that we will be able to pay dividends to our shareholders.

There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. If we do not pay dividends, or pay dividends at levels lower than that anticipated by investors, the market price of our Shares may be negatively affected and the value of any investment in our Shares may be reduced.

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**8. RISK FACTORS (Cont'd)**

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**8.3.6 Failure or delay in our Listing**

The occurrence of certain events, including but not limited to the following, may cause a delay in or termination of our Listing:

- (i) our Underwriter exercising its rights under the Underwriting Agreement to discharge itself from its obligations under such agreements;
- (ii) our inability to meet the public shareholding spread requirement of the Listing Requirements of having at least 25% of our enlarged number of issued Shares for which listing is sought to be held by a minimum of 200 public shareholders holding not less than 100 Shares each, at the point of our Listing; or
- (iii) the revocation of approvals from the relevant authorities prior to our Listing or admission for whatever reason.

Where prior to the issuance and allotment of our IPO Shares:

- (a) the SC issues a stop order pursuant to Section 245(1) of the CMSA, the applications shall be deemed to be withdrawn and cancelled, and we and our Offeror shall repay all monies paid in respect of the applications for our IPO Shares within 14 days of the stop order, failing which we shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC pursuant to Section 245(7)(a) of the CMSA; or
- (b) our Listing is aborted, investors will not receive any of our IPO Shares, all monies paid in respect of all applications for our IPO Shares will be refunded free of interest.

Where subsequent to the issuance and allotment of our IPO Shares:

- (aa) the SC issues a stop order pursuant to Section 245(1) of the CMSA, any issue of our IPO Shares shall be deemed to be void and all monies received from the applicants shall be forthwith repaid and if any such money is not repaid within 14 days of the date of service of the stop order, we shall be liable to return such monies with interest at the rate of 10.0% per annum or at such other rate as may be prescribed by the SC pursuant to Section 245(7)(b) of the CMSA; or
- (bb) our Listing is aborted other than pursuant to a stop order by the SC, a return of monies to our shareholders could only be achieved by way of a cancellation of our share capital as provided under the Act and its related rules. Such cancellation can be implemented by either:
  - the sanction of our shareholders by special resolution in a general meeting, consent by our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya, in which case there can be no assurance that such monies can be returned within a short period of time or at all under such circumstances; or
  - the sanction of our shareholders by special resolution in a general meeting supported by a solvency statement from our Directors.



## 9. RELATED PARTY TRANSACTIONS

Pursuant to the Listing Requirements, subject to certain exemptions, a “related party transaction” is a transaction entered into by a listed issuer or its subsidiary, which involves the interest, direct or indirect, of a related party. A “related party” is defined as a director, major shareholder or person connected with such director or major shareholder (including a person who is or was a director or major shareholder within the preceding 6 months before the transaction was entered into). “Major shareholder” means a shareholder with a shareholding of 10% or more (or 5% or more where such person is the largest shareholder in the company) of all the voting shares in the company.

### 9.1 RELATED PARTY TRANSACTIONS

#### 9.1.1 Material related party transactions entered into by our Group

Save as disclosed below, our Group has not entered into nor proposes to enter into any related party transactions for the Financial Years and Period Under Review and for the subsequent financial period up to the LPD:

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction Value				
				FYE			FPE	
				2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	From 1 August 2022 to the LPD <sup>(1)</sup> RM'000
1.	B Pack, Moviente and B Line as the vendors; and L&P Global as the purchaser.	Ooi Lay Pheng is common director and shareholder of L&P Global and B Pack, prior to the completion of the Acquisition of BSB.  Ong Kah Hong is common director and shareholder of L&P Global and Moviente, prior to the completion of the Acquisition of BSB. Ooi Hooi Kiang is common director of L&P Global and Moviente, prior to the completion of the Acquisition of BSB.  Lee Soon Swee is the director and shareholder of B Pack.	Acquisition of BSB	-	-	-	-	40,453

**9. RELATED PARTY TRANSACTIONS (Cont'd)**

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction Value					
				FYE			FPE		From 1 August 2022 to the LPD <sup>(1)</sup>
				2019	2020	2021	2022		
				RM'000	RM'000	RM'000	RM'000	RM'000	
2.	BSB and Ooi Yuen Wei	Ooi Yuen Wei is the Promoter of our Company, and the sole proprietor of Best Golden Agency	Insurance premium paid to Best Golden Agency	236 (1.29% of our Group's NA)	112 (0.40% of our Group's NA)	138 (0.35% of our Group's NA)	95 (0.22% of our Group's NA)	36	
3.	BSB and Ooi Lay Pheng	Ooi Lay Pheng is our Executive Director / CEO, Promoter and substantial shareholder	Advances to BSB for working capital purposes	-(2)	-	-	-	-	
4.	BSB and Ooi Chang Seaw	Ooi Chang Seaw is our Promoter and is the former director and substantial shareholder of BSB <sup>(4)</sup>	Advances to BSB for working capital purposes	583 <sup>(3)</sup> (3.18% of our Group's NA)	-	-	-	-	
			Consultancy fee paid to Ooi Chang Seaw <sup>(6)</sup>	-	-	47 (0.12% of our Group's NA)	23 (0.05% of our Group's NA)	-	
			Gratuity paid to Ooi Chang Seaw <sup>(7)</sup>	-	-	234 (0.59% of our Group's NA)	-	-	

**9. RELATED PARTY TRANSACTIONS (Cont'd)**

No.	Transacting parties	Nature of relationship	Nature of transaction	Transaction Value				
				FYE			FPE	
				2019	2020	2021	2022	From 1 August 2022 to the LPD <sup>(1)</sup>
				RM'000	RM'000	RM'000	RM'000	RM'000
5.	BSB and Ooi Eng Leng	Ooi Eng Leng is our Promoter and is the former director and substantial shareholder of BSB <sup>(5)</sup>	Advances to BSB for working capital purposes	50 <sup>(3)</sup> (0.27% of our Group's NA)	-	-	-	-
			Consultancy fee paid to Ooi Eng Leng <sup>(6)</sup>	-	-	47 (0.12% of our Group's NA)	23 (0.05% of our Group's NA)	-
			Gratuity paid to Ooi Eng Leng <sup>(7)</sup>	-	-	210 (0.53% of our Group's NA)	-	-
6.	BSB and Ooi Hooi Kiang	Ooi Hooi Kiang is our Promoter, substantial shareholder and Non-Independent Non-Executive Chairperson	Consultancy fee paid to Ooi Hooi Kiang <sup>(8)</sup>	-	-	50 (0.13% of our Group's NA)	-	-

**Notes:**

- (1) The percentage is not able to be ascertained as at the LPD as the Group's audited financial statements for 1 August 2022 up to the LPD is not available.
- (2) The advances amounting to RM0.42 million is short-term in nature and was fully repaid in FYE 2019.
- (3) All the outstanding advances as at FYE 2019 are short-term in nature and were fully repaid in FYE 2020.
- (4) Ooi Chang Seaw resigned as director of BSB on 1 September 2021. On 8 October 2021, he disposed of his entire shareholding in BSB to B Pack.
- (5) Ooi Eng Leng resigned as director of BSB on 1 September 2021. On 8 October 2021, he disposed of his entire shareholding in BSB to B Pack.

**9. RELATED PARTY TRANSACTIONS (Cont'd)**

- (6) Consultancy fee was paid to Ooi Chang Seaw and Ooi Eng Leng for their advisory and consultancy services provided to our Group after their retirement as directors from BSB in FYE 2021.
- (7) Company cars that were previously used by Ooi Chang Seaw and Ooi Eng Leng respectively when they were directors of BSB were given to them upon their retirement from BSB in FYE 2021. This is gratuity given to them for their 38 years of service with our Group.
- (8) Consultancy fee was paid to Ooi Hooi Kiang for her advisory and consultancy services provided to our Group prior to her appointment as director in BSB in FYE 2021.

Our Directors confirm that the above transactions, save for the gratuity paid to Ooi Chang Seaw and Ooi Eng Leng, were transacted on an arm's length basis and based on normal commercial terms which are not more favourable to the related party and are not to the detriment to our minority shareholders.

After our Listing, we will be required to seek our shareholders' approval each time we enter into material related party transactions in accordance with the Listing Requirements. However, if the related party transactions can be deemed as recurrent related party transactions, we may seek a general mandate from our shareholders to enter into these transactions without having to seek separate shareholders' approval each time we wish to enter into such related party transactions during the validity period of the mandate. In the event there are any proposed related party transactions that require prior approval of our shareholders, our Directors, major shareholders and / or persons connected with them who have any direct or indirect interest in the proposed related party transactions shall abstain from deliberation and voting on resolution(s) pertaining to the respective transactions. Under the Listing Requirements, related party transactions may be aggregated to determine its materiality if the transactions occurred within a 12-month period, are entered into with the same party or with parties related to one another or if the transactions involved the acquisition or disposal of securities of interests in one corporation / asset or of various parcels of land contiguous to each other.

Upon our Listing, the Audit and Risk Management Committee will review the terms of any related party transactions and ensure that any related party transactions (including any recurrent related party transactions) are carried out on terms not more favourable to the related party than those generally available to the third parties dealing at arm's length basis with our Group and are not to the detriment to our minority shareholders. Our Group will seek such relevant shareholders' approval where required. We will make disclosures in our annual report of the aggregate value of the recurrent related party transactions entered into by us based on the nature of the transactions made, names of the related parties involved and their relationship with our Group during the financial year and in the annual reports for the subsequent financial years.

**9.2 RELATED PARTY TRANSACTIONS THAT ARE UNUSUAL IN NATURE OR CONDITION**

Our Directors have confirmed that there are no transactions that were unusual in its nature or condition, involving goods, services, tangible or intangible assets, to which we were a party in respect of the Financial Years and Period Under Review and up to the LPD.

**9. RELATED PARTY TRANSACTIONS (Cont'd)**

**9.3 LOANS AND / OR FINANCIAL ASSISTANCE MADE TO OR FOR THE BENEFIT OF THE RELATED PARTIES**

Our Directors have confirmed that there are no loans and / or financial assistance (including guarantees of any kind) made by our Group to or for the benefit of the related parties for the Financial Years and Period Under Review and up to the LPD.

**9.4 LOANS AND / OR FINANCIAL ASSISTANCE FROM THE RELATED PARTIES TO OUR GROUP**

The following table sets out the loans and / or financial assistance (including guarantees of any kind) from related parties to our Group for the Financial Years and Period Under Review and as at the LPD:

No.	Transacting parties and nature of relationship	Nature of transaction and purpose	Outstanding amount					As at the LPD RM'000
			FYE		FPE			
			2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000		
1.	<ul style="list-style-type: none"> <li>BSB</li> <li>Ooi Lay Pheng, who is our Executive Director / CEO, Promoter and substantial shareholder</li> <li>Lee Soon Swee, who is our Promoter and substantial shareholder</li> <li>Ooi Eng Leng, Ooi Chang Seaw and Ooi Yuen Wei who are our Promoters</li> </ul>	<p>Ooi Lay Pheng, Lee Soon Swee, Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei had given personal joint and several guarantees in favour of AmBank (M) Berhad for credit facilities of RM1.00 million granted to BSB.</p> <p>Ooi Lay Pheng, Lee Soon Swee, Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei had given personal joint and several guarantees in favour of AmBank Islamic (M) Berhad for credit facilities of RM1.70 million granted to BSB.</p> <p>Ooi Lay Pheng, Lee Soon Swee, Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei had given personal joint and several guarantees in favour of OCBC Al-Amin Bank Berhad for credit facilities of RM0.50 million granted to BSB.</p>	-	1,000	877	746	681	
			(1)7,444	(1)7,200	1,161	1,127	1,047	
			-	-	-	-	-(2)	

**9. RELATED PARTY TRANSACTIONS (Cont'd)**

No.	Transacting parties and nature of relationship	Nature of transaction and purpose	Outstanding amount					As at the LPD RM'000
			FYE			FPE		
			2019	2020	2021	2022		
			RM'000	RM'000	RM'000	RM'000		
		Ooi Lay Pheng, Lee Soon Swee, Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei had given personal joint and several guarantees in favour of United Overseas Bank (Malaysia) Bhd for credit facilities totalling to RM1.39 million granted to BSB.	930	930	-	-	-	-
		Ooi Lay Pheng, Lee Soon Swee, Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei had given personal joint and several guarantees in favour of Hong Leong Islamic Bank Berhad for credit facilities of up to RM34.30 million granted to BSB.	-	-	19,652	29,919	24,584	
		Ooi Lay Pheng, Lee Soon Swee, Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei had given personal joint and several guarantees in favour of Hong Leong Bank Berhad for a forward exchange contract facility of RM0.1 million granted to BSB.	-	-	-	-	-	-
		Ooi Lay Pheng, Ooi Chang Seaw and Ooi Eng Leng had given personal joint and several guarantees in favour of BMW Credit (Malaysia) Sdn Bhd for hire purchase facilities of RM0.93 million.	282	198	223	166	146	

**9. RELATED PARTY TRANSACTIONS (Cont'd)**

No.	Transacting parties and nature of relationship	Nature of transaction and purpose	Outstanding amount					As at the LPD RM'000
			FYE			FPE	2022	
			2019	2020	2021	2022		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
		Ooi Lay Pheng had given personal guarantee in favour of Mercedes-Benz Services Malaysia Sdn Bhd for hire purchase facility of RM0.40 million.	-	-	317	278	254	
		Ooi Lay Pheng, Lee Soon Swee, Ooi Chang Seaw, Ooi Eng Leng and Ooi Yuen Wei had given personal joint and several guarantees in favour of OCBC Al-Amin Bank Berhad for a hire purchase facility of RM0.94 million granted to BSB.	-	869	688	578	515	
		Ooi Chang Seaw, Ooi Eng Leng, Ooi Lay Pheng, Lee Soon Swee and Ooi Yuen Wei had given personal joint and several guarantees in favour of Alliance Islamic Bank Berhad for a credit facility of up to RM32.9 million granted to BSB.	-	-	-	13,281	12,947	
		Ooi Chang Seaw, Ooi Eng Leng, Ooi Lay Pheng, Lee Soon Swee and Ooi Yuen Wei had given personal joint and several guarantees in favour of Alliance Bank Malaysia Berhad for a forward foreign exchange facility of RM0.1 million granted to BSB.	-	-	-	-	-	

**9. RELATED PARTY TRANSACTIONS (Cont'd)**

No.	Transacting parties and nature of relationship	Nature of transaction and purpose	Outstanding amount					As at the LPD RM'000
			FYE			FPE		
			2019	2020	2021	2022		
			RM'000	RM'000	RM'000	RM'000	RM'000	
		Ooi Chang Seaw, Ooi Eng Leng, Ooi Lay Pheng, Lee Soon Swee and Ooi Yuen Wei had given personal joint and several guarantees in favour of CIMB Islamic Bank Berhad for a credit facility of RM20.6 million granted to BSB.	-	-	-	8,500	10,500	
		Ooi Eng Leng had given personal guarantees in favour of Public Bank Berhad for hire purchase facilities of RM2.30 million	802	1,027	716	559	488	
		Ooi Chang Seaw had given a personal guarantee in favour of Public Bank Berhad for a hire purchase facility of RM0.18 million	82	68	35	17	6	
		Ooi Eng Leng had given personal guarantees in favour of Affin Bank Berhad for hire purchase facilities of RM0.07 million	9 <sup>(3)</sup>	-	-	-	-	
		Ooi Lay Pheng and Ong Kah Hong had given personal joint and several guarantees in favour of BMW Credit (Malaysia) Sdn Bhd for hire purchase facilities of RM0.48 million.	-	-	-	343	286	
		Ooi Lay Pheng had given personal guarantees in favour of Public Bank Berhad for hire purchase facilities of RM1.03 million	-	-	-	692	662	



**9. RELATED PARTY TRANSACTIONS (Cont'd)**

No.	Transacting parties and nature of relationship	Nature of transaction and purpose	Outstanding amount				As at the LPD RM'000
			FYE		FPE		
			2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	
		Ooi Lay Pheng had given personal guarantees in favour of Hong Leong Bank Berhad for hire purchase facilities of RM0.23 million	-	-	-	-	193
2.	<ul style="list-style-type: none"> <li>BSB</li> <li>Ooi Eng Leng, who is our Promoter and is BSB's former director and substantial shareholder.</li> </ul>	Advances provided by Ooi Eng Leng to BSB for working capital purposes.	50 <sup>(4)</sup>	-	-	-	-
3.	<ul style="list-style-type: none"> <li>BSB</li> <li>Ooi Chang Seaw, who is our Promoter and is BSB's former director and substantial shareholder.</li> </ul>	Advances provided by Ooi Chang Seaw to BSB for working capital purposes.	583 <sup>(4)</sup>	-	-	-	-
4.	<ul style="list-style-type: none"> <li>BSB</li> <li>Ooi Lay Pheng, who is our Executive Director / CEO, Promoter and substantial shareholder</li> </ul>	Advances provided by Ooi Lay Pheng to BSB for working capital purposes.	-(5)	-	-	-	-

**Notes:**

- (1) The credit facilities granted by AmBank Islamic (M) Berhad to BSB was RM8.0 million, whereby RM6.3 million of the facilities were discharged in FYE 2021.
- (2) The facilities were cancelled in FYE 2022.
- (3) The outstanding amount for the facilities was settled in full in FYE 2020.
- (4) All the outstanding amount as at FYE 2019 are short-term in nature and the advances were fully repaid in FYE 2020.
- (5) The advances amounting to RM0.42 million is short-term in nature and was fully repaid in FYE 2019.

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**9. RELATED PARTY TRANSACTIONS (Cont'd)**

In respect of the existing personal guarantees as set out above provided to BSB granted in favour of the respective financiers, we have obtained the relevant consents / conditional approvals (subject to the Listing) from the respective financiers to discharge the guarantees by substituting the same with a corporate guarantee from our Company after our Listing.

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**9. RELATED PARTY TRANSACTIONS (Cont'd)**

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**9.5 MONITORING AND OVERSIGHT OF RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST****9.5.1 Audit and Risk Management Committee review**

Our Audit and Risk Management Committee assesses the financial risk and matters relating to related party transactions and conflict of interest situation that may arise within our Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity. Our Audit and Risk Management Committee maintains and periodically reviews the adequacy of the procedures and processes set by our Company to monitor related party transactions and conflicts of interest. It also sets the procedures and processes to ensure that transactions are carried out in the best interest of our Company on normal commercial terms that are industry norms and not more favourable to the related party than those generally available to third parties dealing at arm's length, and are not to the detriment of the interest of our Company's minority shareholders. Amongst others, the related parties and parties who are in a position of conflict with the interest of our Group will be required to abstain from deliberations on the transactions.

All reviews by our Audit and Risk Management Committee are reported to our Board for its further action.

**9.5.2 Our Group's policy on related party transactions and conflicts of interest**

It is the policy of our Group that all related party transactions and conflicts of interest must be immediately and fully disclosed by our interested or conflicted Directors or substantial shareholders to the management for reporting to our Audit and Risk Management Committee. Any related party transactions must be reviewed by our Audit and Risk Management Committee to ensure that they are negotiated and agreed upon in the best interest of our Company on an arm's length basis, and are based on normal commercial terms not more favourable to the related party than those generally available to third parties, and are not to the detriment of the interest of our Company's minority shareholders.

In addition, in line with the Malaysian Code on Corporate Governance and the Corporate Governance Guide, our Directors are required to make an annual disclosure of any related party transactions and conflicts of interest with our Group and our Audit and Risk Management Committee must carry out an annual assessment of our Directors which include an assessment of such related party transactions and / or conflict of interest. Our Audit and Risk Management Committee will in turn report to our Board after their evaluation and assessment and make the appropriate recommendations to our Board.

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**10. CONFLICT OF INTEREST**

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**10.1 CONFLICT OF INTEREST**

As at the LPD, none of our Directors and / or substantial shareholders has any other interest, whether direct or indirect, in any businesses or corporations which are carrying on a similar trade as our Group or which are the customers or suppliers of our Group.

**10.2 DECLARATION BY ADVISERS ON CONFLICT OF INTEREST****10.2.1 Principal Adviser, Sponsor, Sole Underwriter and Joint Placement Agent**

AIS and / or its related companies (“**Alliance Banking Group**”) form a diversified financial group and are engaged in a wide range of investment and commercial banking and credit transaction services business. The Alliance Banking Group has engaged and may in the future, engage in transactions with and perform services for L&P Global Group and / or L&P Global Group’s affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Alliance Banking Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with any member of L&P Global Group, its shareholders, and / or its affiliates and / or any other entity or person, hold long or short positions in securities issued by L&P Global Group and / or its affiliates, and may trade or otherwise effect transactions for its own account or account of its other customer in debt or equity securities or loans of any member of L&P Global Group and / or its affiliates. This is the result of the businesses of Alliance Banking Group generally acting independently of each other and accordingly, there may be situations where parts of the Alliance Banking Group now have or in the future, may have an interest or take actions that may conflict with the interest of L&P Global Group. Nonetheless, Alliance Banking Group is required to comply with the applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, among others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

For information, the total outstanding financing to L&P Global Group as at the LPD amounting to RM13.54 million represents 31.94% of the audited NA of L&P Global Group as at 31 July 2022, and 0.21% of the latest available audited consolidated NA of Alliance Bank Malaysia Berhad as at 31 March 2022.

AIS has confirmed that it has no existing or potential interest in the Company and there is no existing or potential conflict of interest in its capacity as the Principal Adviser, Sponsor, Sole Underwriter and Joint Placement Agent to our Group in relation to the Listing as the abovementioned total outstanding financing owed by our Group is not material as compared to the consolidated NA of Alliance Bank Malaysia Berhad. The Underwriting Agreement and the Placement Agreement, which certain details are set out in Sections 4.6 and 4.7 of this Prospectus, was entered into on arm’s length basis and on market terms.

**10.2.2 Solicitors to our Group as to the laws of Malaysia**

Rosli Dahlan Saravana Partnership has confirmed that it has no existing or potential interest in the Company and there is no existing or potential conflict of interest in its capacity as the solicitors to our Group as to the laws of Malaysia in relation to the Listing.

**10.2.3 Solicitors to our Group as to the laws of Vietnam**

Dilinh Legal has confirmed that it has no existing or potential interest in the Company and there is no existing or potential conflict of interest in its capacity as the solicitors to our Group as to the laws of Vietnam in relation to the Listing.

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**10. CONFLICT OF INTEREST (Cont'd)**

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**10.2.4 External Auditors and Reporting Accountants**

BDO PLT has confirmed that it has no existing or potential interest in the Company and there is no existing or potential conflict of interest in its capacity as the External Auditors and Reporting Accountants to our Group in relation to the Listing.

**10.2.5 Independent Market Researcher**

Smith Zander has confirmed that it has no existing or potential interest in the Company and there is no existing or potential conflict of interest in its capacity as the IMR to our Group in relation to the Listing.

**10.2.6 Joint Placement Agent**

Affin Hwang IB has confirmed that it has no existing or potential interest in the Company and there is no existing or potential conflict of interest in its capacity as the Joint Placement Agent to our Group in relation to the Listing.

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**11. FINANCIAL INFORMATION**
**11.1 HISTORICAL AUDITED COMBINED FINANCIAL INFORMATION**

The historical audited combined financial information of our Group for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 have been extracted from the Accountants' Report set out in Section 12 of this Prospectus, which deals with the audited combined financial statements of our Group for the same Financial Years and Period Under Review. Additionally, the unaudited combined financial statements for the FPE 2021 has been prepared for comparison purpose only.

You should read the historical audited combined financial information below together with:

- Management's Discussion and Analysis of Financial Conditions and Results of Operations set out in Section 11.3 of this Prospectus; and
  - Accountants' Report set out in Section 12 of this Prospectus.
- (a) **Historical audited combined statements of profit or loss and other comprehensive income of our Group**

	<-----Audited----->			Unaudited	Audited
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2021 RM'000	FPE 2022 RM'000
Revenue	66,304	88,305	120,924	67,466	83,824
Cost of sales	(52,892)	(69,898)	(91,734)	(50,234)	(66,708)
<b>Gross profit</b>	<b>13,412</b>	<b>18,407</b>	<b>29,190</b>	<b>17,232</b>	<b>17,116</b>
Other operating income	73	230	193	126	666
Reversal of impairment losses / (Impairment losses) on trade receivables	82	14	(11)	(11)	117
Distribution costs	(1,175)	(1,815)	(2,392)	(1,319)	(1,694)
Administrative expenses	(5,515)	(4,855)	(7,424)	(3,341)	(5,363)
Finance costs	(1,228)	(1,010)	(1,356)	(725)	(771)
<b>PBT</b>	<b>5,649</b>	<b>10,971</b>	<b>18,200</b>	<b>11,962</b>	<b>10,071</b>
Tax expense	(1,256)	(1,119)	(3,870)	(2,392)	(2,130)
<b>PAT</b>	<b>4,393</b>	<b>9,852</b>	<b>14,330</b>	<b>9,570</b>	<b>7,941</b>
<b>Other comprehensive (loss) / income:</b>					
Foreign currency translations	(31)	(306)	497	576	334
<b>Total comprehensive income for the financial years / periods</b>	<b>4,362</b>	<b>9,546</b>	<b>14,827</b>	<b>10,146</b>	<b>8,275</b>
Earnings before interest, tax, depreciation and amortisation ("EBITDA") <sup>(1)</sup>	8,020	13,747	21,901	13,905	12,664
Assumed no. of Shares in issue <sup>(2)</sup> ('000)	560,000	560,000	560,000	560,000	560,000
Basic and diluted EPS <sup>(3)</sup> (Sen)	0.78	1.76	2.56	1.71	1.42
GP margin <sup>(4)</sup> (%)	20.23	20.84	24.14	25.54	20.42
EBITDA margin <sup>(5)</sup> (%)	12.10	15.57	18.11	20.61	15.11
PBT margin <sup>(6)</sup> (%)	8.52	12.42	15.05	17.73	12.01
PAT margin <sup>(7)</sup> (%)	6.63	11.16	11.85	14.18	9.47

**11. FINANCIAL INFORMATION (Cont'd)****Notes:**

- (1) EBITDA is calculated as follows:

	<-----Audited----->			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>PAT</b>	4,393	9,852	14,330	9,570	7,941
<b>Add:</b> Income tax expense	1,256	1,119	3,870	2,392	2,130
Depreciation	1,167	1,796	2,407	1,257	1,832
Finance costs	1,228	1,010	1,356	725	771
<b>Less:</b> Interest income	(24)	(30)	(62)	(39)	(10)
<b>EBITDA</b>	<b>8,020</b>	<b>13,747</b>	<b>21,901</b>	<b>13,905</b>	<b>12,664</b>

- (2) Based on assumed number of Shares in issue of 560,000,000 after the Public Issue.
- (3) Based on PAT divided by the assumed number of Shares in issue of 560,000,000 after the Public Issue.
- (4) GP margin is calculated based on GP divided by revenue.
- (5) EBITDA margin is calculated based on EBITDA divided by revenue.
- (6) PBT margin is calculated based on PBT divided by revenue.
- (7) PAT margin is calculated based on PAT divided by revenue.

There was no share of profits of associated companies or joint ventures, and no exceptional or extraordinary items throughout the Financial Years and Period Under Review. The audited financial statements of our Group for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022 were not subject to any qualification or modification.

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**11. FINANCIAL INFORMATION (Cont'd)****(b) Historical audited combined statements of financial position of our Group**

	<-----Audited----->			
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2022 RM'000
<b>ASSETS</b>				
Property, plant and equipment	13,260	13,136	15,523	17,261
Right-of-use assets	2,757	2,759	4,464	30,109
Deferred tax assets	-	20	52	40
Other receivables	217	344	362	409
<b>Total non-current assets</b>	<b>16,234</b>	<b>16,259</b>	<b>20,401</b>	<b>47,819</b>
Inventories	6,663	12,786	19,694	22,014
Trade and other receivables	15,628	21,747	29,635	33,980
Current tax assets	643	867	967	1,877
Cash and bank balances	3,480	5,650	3,407	8,945
<b>Total current assets</b>	<b>26,414</b>	<b>41,050</b>	<b>53,703</b>	<b>66,816</b>
<b>Total assets</b>	<b>42,648</b>	<b>57,309</b>	<b>74,104</b>	<b>114,635</b>
<b>EQUITY AND LIABILITIES</b>				
Invested equity	6,800	6,800	6,800	6,800
Reserves	11,531	21,077	32,904	35,579
<b>Total equity</b>	<b>18,331</b>	<b>27,877</b>	<b>39,704</b>	<b>42,379</b>
Borrowings	7,168	11,146	10,700	30,730
Lease liabilities	1,366	1,087	2,060	2,082
Deferred tax liabilities	605	650	803	1,655
<b>Total non-current liabilities</b>	<b>9,139</b>	<b>12,883</b>	<b>13,563</b>	<b>34,467</b>
Trade and other payables	3,520	6,869	8,202	12,615
Borrowings	10,858	8,484	10,693	23,488
Lease liabilities	800	1,171	1,654	1,618
Current tax liabilities	-	25	288	68
<b>Total current liabilities</b>	<b>15,178</b>	<b>16,549</b>	<b>20,837</b>	<b>37,789</b>
<b>Total liabilities</b>	<b>24,317</b>	<b>29,432</b>	<b>34,400</b>	<b>72,256</b>
<b>Total equity and liabilities</b>	<b>42,648</b>	<b>57,309</b>	<b>74,104</b>	<b>114,635</b>



**11. FINANCIAL INFORMATION (Cont'd)**
**11.2 CAPITALISATION AND INDEBTEDNESS**

The following table sets out our Group's capitalisation and indebtedness:

- (i) as at 19 October 2022 after taking into account the Acquisition of BSB but before the Public Issue and use of proceeds; and
- (ii) after adjusting for the proceeds arising from our Public Issue and use of proceeds from the Public Issue.

	(Unaudited) As at 19 October 2022 RM'000	Utilisation of Proceeds RM'000	After the Public Issue and use of proceeds RM'000
<b>INDEBTEDNESS</b>			
<u>Current</u>			
Secured and guaranteed:			
- Term loans	2,151	(447)	1,704
- Bank overdraft	-	-	-
- Bankers' acceptance	15,448	(3,500)	11,948
- Lease liability owing to financial institutions	663	-	663
Unsecured and unguaranteed:			
- Lease liability owing to non-financial institutions	1,018	-	1,018
	19,280	(3,947)	15,333
<u>Non-current</u>			
Secured and guaranteed:			
- Term loans	30,313	(1,053)	29,260
- Lease liability owing to financial institutions	1,422	-	1,422
Unsecured and unguaranteed:			
- Lease liability owing to non-financial institutions	430	-	430
	32,165	(1,053)	31,112
<b>Total Indebtedness</b>	<b>51,445</b>	<b>(5,000)</b>	<b>46,445</b>
<b>CAPITALISATION</b>			
Shareholders' equity	46,949	31,395	78,344
<b>Total capitalisation and indebtedness</b>	<b>98,394</b>	<b>26,395</b>	<b>124,789</b>
Gearing ratio (times)*	1.10	-	0.59

**Note:**

- \* Computed based on total indebtedness divided by our shareholders' equity.

**11. FINANCIAL INFORMATION (Cont'd)****11.3 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

The following discussion and analysis should be read together with the Accountants' Report as set out in Section 12 of this Prospectus.

The management's discussion and analysis contain data derived from our audited combined financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in these forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 8 of this Prospectus.

**11.3.1 Overview of our operations**

We are an integrated industrial packaging solutions provider where our solutions are integral parts of supply chain management that enable optimal use of industrial packaging through cost-effective and efficient movement of goods throughout the supply chain, inventory management and space usage. Our integrated industrial packaging solutions comprise the following:

- (a) Design and manufacturing of wooden industrial packaging products;
- (b) Provision of packing services;
- (c) Provision of circular supply services; and
- (d) Trading as value added services.

Our Company is principally involved in investment holding and provision of management services. The principal activities of the subsidiaries are set out as below:

Name of subsidiaries	Principal place of business/ Country of incorporation	Principal activities
BSB	Malaysia	Design and manufacture of integrated wooden based industrial packaging solutions
BPSB	Malaysia	Letting of properties
BTSB	Malaysia	Manufacture of wooden based industrial packaging solutions, provide packaging services, letting of premises
BV	Vietnam	Design and manufacture of integrated wooden based industrial packaging solutions

Our operational facilities are located at Malaysia and Vietnam. During the Financial Years and Period Under Review, our operation in Malaysia is transacted with revenue reported in RM and USD. Meanwhile, our operation in Vietnam is transacted with revenue reported in VND.

**11. FINANCIAL INFORMATION (Cont'd)**

For the Financial Years and Period Under Review, the average foreign currency exchange rates used in our audited combined statements of profit or loss and other comprehensive income to convert values denominated in USD and VND to RM are as follows:

	<----- Audited ----->			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
Exchange rate of RM per USD	RM4.1427	RM4.2016	RM4.1454	RM4.1130	RM4.2958
Change in value of USD relative to RM compared to previous FYE / FPE	0.1074 2.66%	0.0589 1.42%	(0.0562) (1.34%)	(0.1396) (3.28%)	0.1828 4.44%

	<----- Audited ----->			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
Exchange rate of RM per VND 1000	RM0.17834	RM0.18079	RM0.18075	RM0.17850	RM0.18679
Change in value of VND relative to RM compared to previous FYE / FPE	0.00312 1.78%	0.00245 1.37%	(0.00004) (0.02%)	(0.00407) (2.23%)	0.00829 4.64%

**11.3.2 Review of operations****(a) Revenue**

Our revenue is driven by the following key factors:

- the performance of the manufacturing sector, the wholesale and retail trade sector, internal trade, e-commerce industry and the general economy which may affect the demand of our products;
- the competition from other operators that are involved in the wooden industrial packaging may affect the selling prices and sales volume of our products; and
- our ability to retain existing customers and/or secure new customers based on the quality, price competitiveness and availability and range of our products including pallets, boxes and crates.

Revenue from the sale of goods is recognised when our Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Our revenue is recognised net of any sales discounts and tax. As at the LPD, our revenue is derived from the Malaysia and Vietnam markets through our subsidiaries.

**(i) Analysis of contribution to revenue by principal business activities**

The analyses of our financial results for the Financial Years and Period Under Review below are segmented based on the following principal business activities:

- Design and manufacturing of boxes and crates and provision of packing services ("**Boxes and Crates**");
- Design and manufacturing of pallets ("**Pallets**");
- Provision of circular supply services ("**Circular Supply Services**"); and
- Trading as value added services ("**Trading**")

## 11. FINANCIAL INFORMATION (Cont'd)

The breakdown of our Group's revenue by principal business activities for the Financial Years and Period Under Review is as follows:

Principal Business Activities	<-----Audited----->						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Boxes and Crates	33,041	49.83	56,591	64.09	83,262	68.85	45,069	66.80	58,651	69.97
Pallets	26,129	39.41	27,103	30.69	32,939	27.24	19,857	29.43	22,654	27.03
Circular Supply Services	3,411	5.14	2,073	2.35	1,554	1.29	916	1.36	712	0.85
Trading	3,723	5.62	2,538	2.87	3,169	2.62	1,624	2.41	1,807	2.15
<b>Total revenue</b>	<b>66,304</b>	<b>100.00</b>	<b>88,305</b>	<b>100.00</b>	<b>120,924</b>	<b>100.00</b>	<b>67,466</b>	<b>100.00</b>	<b>83,824</b>	<b>100.00</b>

### Commentary:

#### Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our total revenue increased by RM22.00 million or 33.18% to RM88.30 million (FYE 2019: RM66.30 million). The increase in total revenue for the FYE 2020 was mainly due to the commencement of Vietnam operation in August 2019 and had achieved up to approximately 90% of the production capacity for the full financial year of FYE 2020.

The overall increase in sales for the FYE 2020 was mainly attributable to the following factors:

- (i) increased in the sales of Boxes and Crates by RM23.55 million or 71.28% to RM56.59 million (FYE 2019: RM33.04 million), which were mainly contributed by the operations in Vietnam; and
- (ii) increased in the sales of Pallets by RM0.97 million or 3.71% to RM27.10 million (FYE 2019: RM26.13 million) mainly due to increase in sales from existing Renewable and Electronic/Semiconductor industry customers' business expansion;

Notwithstanding the above, the revenue recorded from:

- (i) Circular Supply Services decreased by RM1.34 million or 39.30% to RM2.07 million (FYE 2019: RM 3.41 million). Due to the limited number of workers during the MCO period, our Group reallocated manpower from Circular Supply Services to Boxes and Crates and Pallets which has higher volume of sales. This was also to satisfy the demand of our major and regular customers; and
- (ii) Trading decreased by RM1.18 million or 31.72% to RM2.54 million (FYE 2019: RM3.72 million) mainly due to discontinuation of the sales of certain low profit margin products.

**11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our total revenue increased by RM32.62 million or 36.94% to RM120.92 million (FYE 2020: RM88.30 million). The increase in total revenue for the FYE 2021 was mainly contributed by:

- (i) the increase in revenue generated from Malaysia operation as a result of increase in demand from our existing customers from Renewable Energy and Electronics/Semiconductor industries due to their facility expansions at Penang and Kulim; and
- (ii) Additional new models had been allocated to our Group to cater for the requirements of different range of customers' products.

The increase in sales for the FYE 2021 was mainly derived from the following products:

- (i) increased in the sales of Boxes and Crates by RM26.67 million or 47.13% to RM83.26 million (FYE 2020: RM56.59 million) mainly due to the abovementioned increase in demand from our existing customers from Renewable Energy and Electronics/Semiconductor industries;
- (ii) increased in the sales of Pallets by RM5.84 million or 21.55% to RM32.94 million (FYE 2020: RM27.10 million) mainly due to the increase in the demand for engineered wood Pallets which commanded higher selling price as compared to natural wood Pallets. This was due to the temporary disruption of supplies of natural wood during the Phase-1 NRP and Phase-2 NRP and we focused on the sale and manufacturing of products made from engineered wood instead; and
- (iii) Trading increased by RM0.63 million or 24.80% to RM3.17 million (FYE 2020: RM2.54 million) mainly due to increase in trading of engineered wood products which command higher selling price and increase in trading of packing materials.

Notwithstanding the above, the revenue recorded from Circular Supply Services decreased by RM0.52 million or 25.12% to RM1.55 million (FYE 2020: RM2.07 million) as our Group had continued to reallocate manpower from Circular Supply Services to Boxes and Crates and Pallets which has higher volume of sales.

Comparison between FPE 2021 and FPE 2022

Our Group recorded an increase in revenue of RM16.35 million or 24.23% to RM83.82 million in FPE 2022 (FPE 2021: RM67.47 million). The increase was mainly attributable to the increase in revenue generated from Malaysia operations as a result of the following:

- (i) increase in demand from our existing customers subsequent to their facilities expansions. Some of our existing customers from Renewable Energy and Electronics/Semiconductor industries had expanded their facilities gradually at Penang and Kulim in 2021 and had ramped up their production activity in 2022 which in turn had contributed positively to our Group business for the full period of FPE 2022;
- (ii) additional new models allocated to our Group to cater for the requirements of different range of customers' products, as boxes, crates and/or pallets are customised for each products of the customers based on the model specification; and

## 11. FINANCIAL INFORMATION (Cont'd)

- (iii) price adjustments (mainly for Malaysia operation) to accommodate for the increase in cost of raw materials. Consequently, average selling price for Pallets, Boxes and Crates increased by approximately 20% for the FPE 2022 as compared to the FPE 2021. The increase in selling price mitigated to a certain extent the increase in cost of sales for the FPE 2022 as price adjustments took effect by stages starting from Q2 of 2022.

The increase in sales for the FPE 2022 was mainly derived from the following products:

- (i) increase in the sales of Boxes and Crates by RM13.58 million or 30.13% to RM58.65 million (FPE 2021: RM45.07 million) mainly due to the abovementioned increase in demand from our existing customers from Renewable Energy and Electronics/Semiconductor industries; and
- (ii) increase in the sales of Pallets by RM2.79 million or 14.05% to RM22.65 million (FPE 2021: RM19.86 million) mainly due to the increase in the demand for engineered wood Pallets which commanded higher selling price as compared to natural wood Pallets.

### (ii) Analysis of contribution to revenue by geographical region

The breakdown of our Group's revenue by geographical region for the Financial Years and Period Under Review is as follows:

Geographical region	<-----Audited----->						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	60,259	90.88	63,516	71.93	94,885	78.47	52,981	78.53	68,228	81.39
Vietnam	6,045	9.12	24,789	28.07	26,039	21.53	14,485	21.47	15,596	18.61
<b>Total revenue</b>	<b>66,304</b>	<b>100.00</b>	<b>88,305</b>	<b>100.00</b>	<b>120,924</b>	<b>100.00</b>	<b>67,466</b>	<b>100.00</b>	<b>83,824</b>	<b>100.00</b>

#### Commentary: -

##### Comparison between FYE 2019 and FYE 2020

##### Malaysia Operations

For the FYE 2020, the revenue from our Malaysia operation increased by RM3.26 million or 5.41% to RM63.52 million (FYE 2019: RM60.26 million). This was mainly attributed to the increase in the sales of Boxes and Crates as a result of increase in orders from existing customers from Renewable Energy industry. Boxes and Crates increased by RM4.80 million or 17.78% to RM31.80 million (FYE 2019: RM27.00 million).

##### Vietnam Operations

For the FYE 2020, the revenue from our Vietnam operations increased by RM18.74 million or 309.75% to RM24.79 million (FYE 2019: RM6.05 million). This was mainly attributed to the sales of Boxes and Crates and the effect of full year operations in FYE 2020 as compared FYE 2019 which started contributing only in August 2019.

The increase in sales of Boxes and Crates was solely contributed by First Solar Vietnam Manufacturing Co Ltd ("**First Solar Vietnam**").

**11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2020 and FYE 2021Malaysia Operations

For FYE 2021, the revenue from our Malaysia operations increased by RM31.37 million or 49.39% to RM94.89 million (FYE 2020: RM 63.52 million). Revenue generated from our top 3 customers from Renewable Energy and Electronics/Semiconductor industries increased by RM25.05 million in FYE 2021 as our customers' new plants at Penang and Kulim came into operation and allocated BSB with additional new models.

Vietnam Operations

For the FYE 2021, the revenue from our Vietnam operations increased by RM1.25 million or 5.04% to RM26.04 million (FYE 2020: RM24.79 million). The revenue was mainly attributed from the sales of Boxes and Crates due to increase in demand by First Solar Vietnam.

First Solar Vietnam continued to be the sole contributor for the sales in Vietnam. The revenue from our Vietnam operations for the FYE 2020 and FYE 2021 was relatively consistent, depending on the purchase orders received from First Solar Vietnam. Our Group is currently in the midst of negotiation with few potential customers in Vietnam, which is expected to contribute positively to our Vietnam operations. If necessary, we will expand the manufacturing facilities of our Vietnam operations by renting an additional factory in close proximity to our existing Vietnam Factory.

Comparison between FPE 2021 and FPE 2022Malaysia Operations

For the FPE 2022, the revenue from our Malaysia operations increased by RM15.25 million or 28.78% to RM68.23 million (FPE 2021: RM52.98 million). This was mainly attributed to the sales generated from Renewable Energy and Electronics/Semiconductor industries which increased by RM15.10 million in FPE 2022 as our customers' new plants came into operation and allocated BSB with additional new models.

Vietnam Operations

For the FPE 2022, the revenue from our Vietnam operations increased by RM1.12 million or 7.73% to RM15.60 million (FPE 2021: RM14.48 million). This was mainly attributed to the sales of Boxes and Crates. First Solar Vietnam Manufacturing Co Ltd continued to be the sole contributor for the sales in Vietnam.

**(b) Cost of sales**

Our cost of sales comprises mainly for the following:

- Raw material

Costs of raw material are the main component of our cost of sales and mainly consists of engineered wood and natural wood that are used in our manufacturing of Pallets and Boxes and Crates. We sourced natural wood locally and engineered wood were imported mainly from Vietnam and China.

## 11. FINANCIAL INFORMATION (Cont'd)

- Direct labour  
Direct labour expenses mainly consist of salaries, wages, allowances, bonuses, EPF and other workers' related expenses for the manufacturing line.
- Factory overhead  
Factory overhead mainly consists of depreciation charges and upkeep for plant, machinery and equipment used for our manufacturing activities, diesel and engine oil, electricity and water charges, and indirect labour salary costs.

The major factors affecting our cost of sales, GP and GP margin include, inter alia, the following:

- Fluctuation in the prices of raw materials and our ability to pass on the increase in cost to customers;
- Freight charges for importing raw materials;
- Productivities and salary costs;
- Factory overhead;
- Product sales mix composition; and
- Our pricing strategy and ability to continually source and purchase alternative quality raw materials to manufacture our products which meet the requirements of our customers

### (i) Analysis of cost of sales by cost component

A breakdown of our cost of sales by cost component for the Financial Years and Period Under Review is as follows:

Type of cost component	<-----Audited----->						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Raw materials	41,255	78.00	57,983	82.95	76,610	83.51	41,882	83.37	55,222	82.78
Direct labour	5,747	10.86	5,713	8.17	6,976	7.61	4,050	8.06	5,025	7.53
Factory overhead	5,890	11.14	6,202	8.88	8,148	8.88	4,302	8.57	6,461	9.69
<b>Total cost of sales</b>	<b>52,892</b>	<b>100.00</b>	<b>69,898</b>	<b>100.00</b>	<b>91,734</b>	<b>100.00</b>	<b>50,234</b>	<b>100.00</b>	<b>66,708</b>	<b>100.00</b>

#### Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our total cost of sales increased by RM17.01 million or 32.16% to RM69.90 million (FYE 2019: RM52.89 million). The increase in total cost of sales for the FYE 2020 was in line with the increase in revenue of 33.18%.

The costs of raw materials increased by RM16.72 million or 40.52% to RM57.98 million (FYE 2019: RM41.26 million) mainly due to increase in manufacturing activities from our Vietnam operations and one-off import duty incurred for the purchase of raw materials in Malaysia of approximately RM2.91 million. In the FYE 2020, the Group incurred a bill of claim from Royal Malaysian Customs Department for the said amount of RM2.91 million, being the shortfall of customs duty payable due to unintentional use of incorrect tariff code. Please refer to Section 6.9.1(ix) of this Prospectus for further information on the one-off import duty. Excluding the one-off RM2.91 million of import duty, the increase in cost of raw materials would be RM13.81 million or 33.47% which was in tandem with increase in revenue.



**11. FINANCIAL INFORMATION (Cont'd)**

Despite the increase in manufacturing activities in Vietnam, our Group's direct labour expenses decreased by RM0.04 million or 0.70% to RM5.71 million (FYE 2019: RM5.75 million) mainly due to:

- (i) the increase in the use of engineered wood in Malaysia which was less labour intensive as compared to natural wood; and
- (ii) the lower labour costs in Vietnam as compared to Malaysia.

As compared to costs of raw materials, factory overhead increased only by RM0.31 million or 5.26% to RM6.20 million (FYE 2019: RM5.89 million) mainly attributed to the lower operating cost in Vietnam Factory.

Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our total cost of sales increased by RM21.83 million or 31.23% to RM91.73 million (FYE 2020: RM69.90 million). The increase in total cost of sales for the FYE 2021 was in line with the increase in revenue of 36.94%.

The cost of raw materials increased by RM18.63 million or 32.13% to RM76.61 million (FYE 2020: RM57.98 million) mainly due to increase in purchase of engineered wood as a result of increasing manufacturing activities and volume of sales.

The direct labour cost increased by RM1.27 million or 22.24% to RM6.98 million (FYE 2020: RM5.71 million) mainly due to increase in manufacturing activities in Malaysia to meet our customers' demand.

The factory overhead increased by RM1.95 million or 31.45% to RM8.15 million (FYE 2020: RM6.20 million) as a result of:

- (i) increase in indirect labour cost by RM1.10 million or 43.65% to RM3.62 million for the FYE 2021 (FYE 2020: RM2.52 million). Workforce for production support, such as production engineers and supervisory staff, was increased as part of the Group's strategies in optimising production processes to cater for upcoming business expansion plan and expected increase in revenue; and
- (ii) increase in depreciation on right-of-use assets by RM0.55 million or 87.30% to RM1.18 million (FYE 2020: RM0.63 million). This was mainly derived from the recognition of lease liability upon commencement of tenancy agreements for Johor Branch, Perai Branch and Kulim Branch in January, June and December 2021, respectively.

Comparison between FPE 2021 and FPE 2022

Our Group's cost of sales increased by RM16.48 million or 32.81% to RM66.71 million for the FPE 2022 (FPE 2021: RM50.23 million). The increase was mainly attributable to:

- (i) the increase in cost of raw materials by RM13.34 million or 31.85% to RM55.22 million (FPE 2021: RM41.88 million) which was mainly due to the increase in revenue and increase in material cost by approximately 14% as a result of:
  - the increase in timber price per tonne; and
  - the strengthening of USD against RM. Average exchange rate of RM/USD has been strengthened by 4.44% from RM4.1130/USD1.00 for FPE 2021 to RM4.2958/USD1.00 for the FPE 2022.

**11. FINANCIAL INFORMATION (Cont'd)**

- (ii) the increase in direct labour cost by RM0.98 million or 24.20% to RM5.03 million (FPE 2021: RM4.05 million) which was mainly due to the implementation of minimum wages hike by 25% from RM1,200 per month to RM1,500 per month with effect from 1 May 2022. The increase in direct labour cost was also in tandem with the increase in revenue; and
- (iii) the increase in factory overhead by RM2.16 million or 50.23% to RM6.46 million (FPE 2021: RM4.30 million) as a result of:
- increase in indirect labour cost by RM1.07 million or 60.11% to RM2.85 million for the FPE 2022 (FPE 2021: RM1.78 million). Workforce for production support, such as production engineers and supervisory staff, was increased as part of the Group's strategies in optimising its production processes to cater for upcoming business expansion plan and expected increase in revenue;
  - increase in depreciation on property, plant and equipment by RM0.15 million or 40.54% to RM0.52 million for the FPE 2022 (FPE 2021: RM0.37 million) upon completion of Sungai Bakap Factory's retrofit in the FPE 2022; and
  - increase in depreciation on right-of-use assets by RM0.28 million or 47.46% to RM0.87 million for the FPE 2022 (FPE 2021: RM0.59 million). This was mainly derived from the recognition of lease liability upon commencement of tenancy agreements for Perai Branch and Kulim Branch in June 2021 and December 2021, respectively. The tenancy agreements for Perai Branch and Kulim Branch have been terminated upon completion of acquisition of the properties in July 2022.

**(ii) Analysis of GP and GP margins by principal business activities**

The breakdown of our Group's GP and GP margin by principal business activities for the Financial Years and Period Under Review are as follows:

	<-----Audited----->						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
<b>GP</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Boxes and Crates	7,726	57.61	13,683	74.34	22,034	75.48	12,551	72.83	13,679	79.92
Pallets	3,306	24.65	2,914	15.83	5,237	17.94	3,663	21.26	2,687	15.70
Circular Supply Services	1,893	14.11	1,170	6.36	965	3.31	546	3.17	390	2.28
Trading	487	3.63	640	3.47	954	3.27	472	2.74	360	2.10
<b>Total GP</b>	<b>13,412</b>	<b>100.00</b>	<b>18,407</b>	<b>100.00</b>	<b>29,190</b>	<b>100.00</b>	<b>17,232</b>	<b>100.00</b>	<b>17,116</b>	<b>100.00</b>
<b>GP margin</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>
Boxes and Crates		23.38		24.18		26.46		27.85		23.32
Pallets		12.65		10.75		15.90		18.45		11.86
Circular Supply Services		55.50		56.44		62.10		59.61		54.78
Trading		13.08		25.22		30.10		29.06		19.92
<b>Overall GP margin</b>		<b>20.23</b>		<b>20.84</b>		<b>24.14</b>		<b>25.54</b>		<b>20.42</b>

**11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2019 and FYE 2020

Our overall GP for the FYE 2020 increased by RM5.00 million or 37.29% to RM18.41 million (FYE 2019: RM13.41 million) which was mainly contributed by the increase in GP from the sales of Boxes and Crates and Trading.

In spite of the RM1.83 million import duty, being partial import duty absorbed by Boxes and Crates, we recorded an increase in GP from the sales of Boxes and Crates by RM5.95 million or 76.97% to RM13.68 million (FYE 2019: RM7.73 million) which were in line with the increase in revenue subsequent to the commencement of Vietnam operation. GP for Trading increased by RM0.15 million or 30.61% to RM0.64 million (FYE 2019: RM0.49 million) mainly due to decrease in sales of low profit margin products.

However, such increase was partly offset by the decrease in GP from the following:

- (i) the sales of Pallets by RM0.40 million or 12.08% to RM2.91 million (FYE 2019: RM3.31 million) as Pallets absorbed approximately RM1.08 million of the total one-off import duty charge; and
- (ii) Circular Supply Services by RM0.72 million or 38.10% to RM1.17 million (FYE 2019: RM1.89 million).

Despite the one-off import duty charges in the FYE 2020, our overall GP margin improved marginally from 20.23% in the FYE 2019 to 20.84% in the FYE 2020 mainly due to the higher contribution in GP from Boxes and Crates and Trading.

Notwithstanding the above, the GP margin from the sales of Pallet decreased from 12.65% in the FYE 2019 to 10.75% in the FYE 2020 as Pallets absorbed approximately RM1.08 million of the total one-off import duty charge of RM2.91 million. Excluding the one-off RM1.08 million of import duty, the GP margin for Pallets would have been 14.72% for the FYE 2020.

Comparison between FYE 2020 and FYE 2021

Our overall GP for the FYE 2021 increased by RM10.78 million or 58.56% to RM29.19 million (FYE 2020: RM18.41 million) which was mainly contributed by the increase in GP from the sales of Boxes and Crates and Pallets.

We recorded an increase in GP from the sales of Boxes and Crates by RM8.35 million or 61.04% to RM22.03 million (FYE 2020: RM13.68 million) and the GP from the sales of Pallets increased by RM2.33 million or 80.07% to RM5.24 million (FYE 2020: RM2.91 million) which were in line with the increase in the revenue from the sales of Boxes and Crates and engineered wood Pallets from Renewable Energy and Electronics/Semiconductor industries customers.

Our overall GP margin improved from 20.84% for the FYE 2020 to 24.14% for the FYE 2021. The overall GP margin for the FYE 2020 would be 24.14% after excluding the one-off import duty of RM2.91 million. There was no significant change in overall GP margin for the FYE 2021 as compared to the adjusted overall GP margin for the FYE 2020. Our Group was granted exemption vide a letter dated 14 February 2020 by MIDA for the import duty in respect of the raw materials of LVL pallets. This exemption was effective from 16 January 2020 to 15 January 2022, and was subsequently extended until to 15 January 2025 vide a letter dated 30 December 2021 by MIDA.

**11. FINANCIAL INFORMATION (Cont'd)**

Likewise, for the FYE 2020, the adjusted GP margin excluding the one-off import duty for Boxes and Crates and Pallets would be 27.41% and 14.72%, respectively. There was no significant change in GP margin for Boxes and Crates and Pallets for the FYE 2021 of 26.46% and 15.90%, respectively, as compared to their respective adjusted GP margin for the FYE 2020.

Comparison between FPE 2021 and FPE 2022

Our Group's overall GP decreased by RM0.11 million or 0.64% to RM17.12 million for the FPE 2022 (FPE 2021: 17.23 million) mainly due to the decrease in GP from the sales of Pallets by RM0.97 million or 26.50% to RM2.69 million (FPE 2021: RM3.66 million). However, such decrease was offset by the increase in GP from the sales of Boxes and Crates by RM1.13 million or 9.00% to RM13.68 million (FPE 2021: RM12.55 million).

Despite the increase in revenue, our Group's overall GP for FPE 2022 had decreased. This was mainly contributed by the increase in cost of sales as discussed in Section 11.3.2(b)(i) of this Prospectus. The increase in cost of sales was partially offset by the adjustment in selling price of products for FPE 2022. Consequently, the overall GP margin decreased to 20.42% for the FPE 2022 as compared to 25.54% for the FPE 2021.

For the FPE 2022, Boxes and Crates' GP margin reduced to 23.32% (FPE 2021: 27.85%) and Pallets' GP margin reduced to 11.86% (FPE 2021: 18.45%). The impact of increase in cost of sales was higher for Pallets as compared to Boxes and Crates mainly due to higher price hike for natural wood and higher cost incurred for labour intensive production of natural wood pallet.

**(iii) Analysis of GP and GP margins by geographical region**

The breakdown of our Group's GP and GP margin by geographical region for the Financial Years and Period Under Review are as follows:

	<-----Audited----->						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
GP	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia	11,075	82.58	8,776	47.68	19,664	67.37	11,716	67.99	11,726	68.51
Vietnam	2,337	17.42	9,631	52.32	9,526	32.63	5,516	32.01	5,390	31.49
<b>Total GP</b>	<b>13,412</b>	<b>100.00</b>	<b>18,407</b>	<b>100.00</b>	<b>29,190</b>	<b>100.00</b>	<b>17,232</b>	<b>100.00</b>	<b>17,116</b>	<b>100.00</b>
<b>GP margin</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>		<b>%</b>
Malaysia		18.38		13.82		20.72		22.11		17.19
Vietnam		38.66		38.85		36.58		38.08		34.56
<b>Overall GP margin</b>		<b>20.23</b>		<b>20.84</b>		<b>24.14</b>		<b>25.54</b>		<b>20.42</b>

**Commentary:**

Generally, our Vietnam operations record higher GP margin compared to our Malaysia operations. In our Vietnam operations, we source engineered wood from the local suppliers, which results in lower costs of raw materials as compared to our Malaysia operations whereby engineered wood is imported from Vietnam or China. The labour costs in Vietnam is also comparatively lower. In addition, our Vietnam operations concentrate only on the production of single model of Boxes and Crates, which increase production efficiency.

**11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2019 and FYE 2020

For the FYE 2020, the GP from our Malaysia operations decreased by RM2.30 million or 20.76% to RM8.78 million (FYE 2019: RM11.08 million), due to GP margin from our Malaysia operations decreased from 18.38% in the FYE 2019 to 13.82% in the FYE 2020 mainly attributable to the one-off import duty charges of RM2.91 million. Excluding the one-off RM2.91 million of import duty, the GP margin would have been 18.40% in the FYE 2020 (FYE 2019: 18.38%).

For the FYE 2020, the GP from our Vietnam operations increased by RM7.29 million or 311.54% to RM9.63 million (FYE 2019: RM2.34 million) mainly due to full year operations for our Vietnam Factory. Our Vietnam Factory commenced operations in August 2019. There is no significant change in GP margin for FYE 2019 and FYE 2020.

Comparison between FYE 2020 and FYE 2021

For the FYE 2021, the GP from our Malaysia operations increased by RM10.88 million or 123.92% to RM19.66 million (FYE 2020: RM8.78 million). The GP margin from our Malaysia operations improved from 13.82% in the FYE 2020 to 20.72% in the FYE 2021 mainly due to:

- (i) the increase in sales of Boxes and Crates to customers from Renewable Energy and Electronics/Semiconductor industries using engineered wood in which the manufacturing process involved less labour; and
- (ii) the Malaysia operation enjoyed the cost advantage as the scale of production increased in order to fulfil the increasing order received from customers.

For the FYE 2021, the GP from our Vietnam operations decreased by RM0.10 million or 1.04% to RM9.53 million (FYE 2020: RM9.63 million) and the GP margin from our Vietnam operations decreased from 38.85% in the FYE 2020 to 36.58% in the FYE 2021 mainly due to increase in labour cost.

Comparison between FPE 2021 and FPE 2022

For the FPE 2022, the GP from our Malaysia operations increased by RM0.01 million or 0.09% to RM11.73 million (FPE 2021: RM11.72 million). Despite the increase in revenue, the GP remained fairly consistent due to the increase in cost of sales as discussed in Section 11.3.2(b)(i) of this Prospectus and strengthening of USD against RM.

For the FPE 2022, the GP from our Vietnam operations decreased by RM0.13 million or 2.36% to RM5.39 million (FPE 2021: RM5.52 million) mainly due to material price increase. Our Group will review and monitor closely the prices of its products, depending on the market condition and development, to take into account, among others, the effects of changes in inflation, and adjust the product prices accordingly from time to time, when appropriate, to manage the GP margin effectively.

**11. FINANCIAL INFORMATION (Cont'd)****(c) Other operating income**

The breakdown of our other operating income for the Financial Years and Period Under Review is as follows:

	<-----Audited----->						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
(Loss)/Gain on foreign exchange-realised	(17)	(23.29)	178	77.39	126	65.29	87	69.05	457	68.62
Gain on foreign exchange-unrealised	-	-	9	3.91	-	-	-	-	199	29.88
Gain on disposal of fixed assets	(1)47	64.38	-	-	-	-	-	-	-	-
Rental income <sup>(2)</sup>	19	26.03	13	5.65	5	2.59	-	-	-	-
Interest income <sup>(3)</sup>	24	32.88	30	13.05	62	32.12	39	30.95	10	1.50
<b>Total</b>	<b>73</b>	<b>100.00</b>	<b>230</b>	<b>100.00</b>	<b>193</b>	<b>100.00</b>	<b>126</b>	<b>100.00</b>	<b>666</b>	<b>100.00</b>

**Notes:**

- (1) Gain on disposal of fixed assets recorded in the FYE 2019 are from the disposal of motor vehicle, including van and forklift.
- (2) Rental income are from renting out of a double-storey shop office located at No. 49, Jalan Sungai Duri, Taman Seruling Emas, 14200 Sungai Jawi, Pulau Pinang not used by our operation.
- (3) Interest income are from placement of excess fund in fixed deposit.

**Commentary: -**Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our Group recorded an increase in other operating income by RM0.16 million or 228.57% to RM0.23 million (FYE 2019: RM0.07 million). The increase in other operating income was mainly due to increase in gain on foreign exchange – realised of RM0.20 million.

Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our Group recorded a decrease in other operating income by RM0.04 million or 17.39% to RM0.19 million (FYE 2020: RM0.23 million). The decrease in other operating income was mainly due to decrease in gain on foreign exchange - realised by RM0.05 million

The decrease in other operating income was partly offset by the increase in interest income by RM0.03 million.

**11. FINANCIAL INFORMATION (Cont'd)**Comparison between FPE 2021 and FPE 2022

For the FPE 2022, our Group recorded an increase in other operating income by RM0.54 million or 415.38% to RM0.67 million (FPE 2021: RM0.13 million) mainly attributable to the increase in gain on foreign exchange - realised by RM0.37 million or 411.11% to RM0.46 million (FPE 2021: RM0.09). In addition, our Group also recorded a gain on foreign exchange – unrealised of RM0.20 million in the FPE 2022 (FPE 2021: Nil).

Such increase was mainly derived from the increase in revenue denominated in USD from Malaysia. For the FPE 2022, The contribution of revenue denominated in USD to our Group's total revenue has increased to 24.46% for the FPE 2022 from 3.20% for the FPE 2021.

**(d) Impairment losses / Reversal of impairment losses on trade receivables**

Our Group recognises allowance for impairment losses for trade receivables based on the simplified approach in accordance with MFRS 9 *Financial Instruments* and measures the allowance for impairment loss based on a lifetime expected credit loss from initial recognition.

No expected credit loss is recognised arising from other receivables as it is negligible.

**(e) Distribution costs**

The breakdown of our distribution costs for the Financial Years and Period Under Review is as follows:

	<-----Audited----->						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Advertisement	90	7.66	135	7.44	122	5.10	23	1.74	35	2.07
Transportation	798	67.91	1,427	78.62	2,035	85.08	1,167	88.48	1,436	84.77
Petrol	21	1.79	13	0.72	12	0.50	7	0.53	9	0.53
Road tax and Insurance	79	6.72	80	4.41	62	2.59	30	2.27	96	5.67
Toll fee and parking tickets	52	4.43	46	2.53	57	2.38	32	2.43	37	2.18
Upkeep of Motor Vehicles	135	11.49	114	6.28	104	4.35	60	4.55	81	4.78
<b>Total</b>	<b>1,175</b>	<b>100.00</b>	<b>1,815</b>	<b>100.00</b>	<b>2,392</b>	<b>100.00</b>	<b>1,319</b>	<b>100.00</b>	<b>1,694</b>	<b>100.00</b>

**Commentary: -**Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our Group recorded an increase in distribution costs by RM0.64 million or 54.24% to RM1.82 million (FYE 2019: RM1.18 million) mainly due to increase in transportation expenses by RM0.63 million or 78.75% to RM1.43 million (FYE 2019: RM0.80 million) upon Vietnam plant came into full year operation in FYE 2020.

**11. FINANCIAL INFORMATION (Cont'd)**Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our Group recorded an increase in distribution costs by RM0.57 million or 31.32% to RM2.39 million (FYE 2020: RM1.82 million) mainly due to increase in transportation expenses by RM0.61 million or 42.66% to RM2.04 million (FYE 2020: RM1.43 million) which is in tandem with the increase in revenue in particular increase in Boxes and Crates which are bulkier in size.

Comparison between FPE 2021 and FPE 2022

For the FPE 2022, our Group recorded an increase in distribution costs by RM0.37 million or 28.03% to RM1.69 million (FPE 2021: RM1.32 million) mainly due to increase in transportation expenses by RM0.27 million or 23.08% to RM1.44 million (FPE 2021: RM1.17 million) which was in tandem with the increase in revenue.

**(f) Administrative expenses**

The breakdown of our administrative expenses for the Financial Years and Period Under Review is as follows:

	<-----Audited----->						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Employee benefit <sup>(1)</sup>	2,889	52.38	2,202	45.36	2,641	35.57	1,821	54.51	1,891	35.26
Depreciation <sup>(2)</sup>	471	8.54	517	10.65	578	7.79	293	8.77	416	7.76
Directors' remuneration <sup>(3)</sup>	697	12.64	725	14.93	1,163	15.67	377	11.28	510	9.51
Travelling <sup>(4)</sup>	473	8.58	265	5.46	148	1.99	73	2.18	218	4.06
Legal and professional fee <sup>(5)</sup>	377	6.84	236	4.86	1,539	20.73	171	5.12	1,436	26.78
Office Supplies <sup>(6)</sup>	359	6.51	472	9.72	500	6.73	238	7.12	356	6.64
Upkeep of premises	78	1.41	112	2.31	133	1.79	63	1.89	100	1.86
General administrative expenses <sup>(7)</sup>	171	3.10	326	6.71	722	9.73	305	9.13	436	8.13
<b>Total</b>	<b>5,515</b>	<b>100.00</b>	<b>4,855</b>	<b>100.00</b>	<b>7,424</b>	<b>100.00</b>	<b>3,341</b>	<b>100.00</b>	<b>5,363</b>	<b>100.00</b>

**Notes:**

- (1) Employee benefits consists mainly salary related costs i.e. salaries and bonuses, contribution to defined contribution plans, insurance and Human Resource Development Fund.
- (2) Depreciation consists of depreciation of property, plant and equipment used for administrative office other than for production and depreciation on right-of-use assets.
- (3) Directors' remuneration consists mainly of directors' fee, salary, EPF, SOCSO contribution, bonus and gratuity for directors.
- (4) Travelling consists mainly of business travelling for both local and abroad.
- (5) Legal and professional fee consists mainly of legal and professional fees incurred for incorporation of Vietnam operation, obtaining banking facilities and engagement in corporate exercise.
- (6) Office supplies consists mainly of printing and stationery, telephone and upkeep of office equipment.



**11. FINANCIAL INFORMATION (Cont'd)**

- (7) General administrative expenses consist mainly of audit fee, entertainment and bank charges.

**Commentary:**Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our Group recorded a decrease in administrative expenses by RM0.66 million or 11.96% to RM4.86 million (FYE 2019 RM5.52 million).

The decrease in administrative expenses was mainly due to the following factors:

- (i) decrease in employee benefit by RM0.69 million or 23.88% to RM2.20 million (FYE 2019: RM2.89 million) mainly due to reduction in annual dinner expense, training expenses and overtime in the pandemic time in FYE 2020.
- (ii) decrease in travelling expenses by RM0.20 million or 42.55% to RM0.27 million (FYE 2019: RM0.47 million) as travelling was halted after imposition of MCO arising from Covid-19; and
- (iii) decrease in legal and professional fee by RM0.14 million or 36.84% to RM0.24 million (FYE 2019: RM0.38 million). In FYE 2019, our Group incurred fees for setting up our Vietnam operation and legal fee for additional banking facilities obtained.

Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our Group recorded an increase in administrative expenses by RM2.56 million or 52.67% to RM 7.42 million (FYE 2020: RM4.86 million).

The increase in administrative expenses was mainly due to the following factors:

- (i) increase in employee benefit by RM0.44 million or 20.00% to RM2.64 million (FYE 2020: RM2.20 million) as our Company increased its administrative management team workforce in order to achieve administration effectiveness within the Group;
- (ii) increase in directors' remuneration of RM0.43 million or 58.90% to RM1.16 million (FYE 2020: RM0.73 million) arising from gratuity paid to two retired directors;
- (iii) increase in legal and professional fee of RM1.30 million or 541.67% to RM1.54 million (FYE 2020: RM0.24 million) mainly attributable to the following:
  - legal and professional incurred for the corporate exercise, including IPO and additional financing for capital expenditure; and
  - legal fee incurred for the refinancing to raise fund for working capital in supporting business growth ("**Refinancing Scheme**"). Our business had been expanding in the past financial years. During the Financial Years and Period Under Review, our Group's business was growing at a CAGR of approximately 35.05%. In anticipation of future business growth and working capital requirements, our Group took on the Refinancing Scheme to re-structure the financial obligations in FYE 2021 which allowed our Group to benefit from lower interest rate financing. In addition, we achieved higher efficiency in the value of properties charged and at the same time managed to increase the amount of bank facilities.

**11. FINANCIAL INFORMATION (Cont'd)**Comparison between FPE 2021 and FPE 2022

For the FPE 2022, our Group recorded an increase in administrative expenses by RM2.02 million or 60.48% to RM5.36 million (FPE 2021: RM3.34 million).

The increase in administrative expenses was mainly due to the following factors:

- (i) increase in legal and professional fee by RM1.27 million or 747.06% to RM1.44 million (FPE 2021: RM0.17 million) mainly attributed to the following:
  - professional fee incurred for the IPO corporate exercise amounted to RM0.84 million; and
  - legal fee (including stamp duty) incurred for obtaining the new financing facilities to finance the acquisition of Perai Branch and Kulim Branch and the working capital requirement for business expansion amounted to RM0.41 million;
- (ii) increase in travelling expenses on sales, marketing and sourcing activities by RM0.15 million or 214.29% to RM0.22 million (FPE 2021: RM0.07 million) upon gradual relaxation of Covid-19 travel bans;
- (iii) Increase in directors' remuneration by RM0.13 million or 34.21% to RM0.51 million (FPE 2021: RM0.38 million) upon appointment of new directors for our Group.

**(g) Finance costs**

The breakdown of our finance costs for the Financial Years and Period Under Review is as follows:

	<-----Audited----->						Unaudited		Audited	
	FYE 2019		FYE 2020		FYE 2021		FPE 2021		FPE 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Bankers' acceptances interest <sup>(1)</sup>	96	7.82	74	7.33	119	8.78	57	7.86	317	41.12
Bank overdraft interest <sup>(1)</sup>	502	40.88	417	41.29	313	23.08	210	28.97	63	8.17
Lease liabilities interest <sup>(2)</sup>	132	10.75	129	12.77	182	13.42	106	14.62	158	20.49
Term loans interest <sup>(3)</sup>	498	40.55	390	38.61	742	54.72	352	48.55	233	30.22
<b>Total</b>	<b>1,228</b>	<b>100.00</b>	<b>1,010</b>	<b>100.00</b>	<b>1,356</b>	<b>100.00</b>	<b>725</b>	<b>100.00</b>	<b>771</b>	<b>100.00</b>

**Notes:**

- (1) Bankers' acceptances and overdraft are utilised for working capital purposes.
- (2) Lease liabilities are utilised to fund the purchase of passenger vehicles, commercial vehicles and equipment.
- (3) Term loans are generally utilised to acquire new premises and to raise fund for working capital purposes in supporting business growth, including the Refinancing Scheme taken on in FYE 2021.

**11. FINANCIAL INFORMATION (Cont'd)****Commentary:**Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our Group recorded a decrease in finance costs by RM0.22 million or 17.89% to RM1.01 million (FYE 2019: RM1.23 million). The decrease in the finance costs was mainly due to decrease in overdraft and term loan interests by RM0.08 million and RM0.11 million, respectively as a result of:

- Deferment of term loan principal and interest payment granted by financial institutions commencing 1 April 2020 under an automatic six-months moratorium ordered by Bank Negara Malaysia; and
- Reduction in utilisation of bank overdraft. Bank overdraft reduced from RM8.38 million as at 31 December 2019 to RM5.83 million as at 31 December 2020.

Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our Group recorded an increase in finance costs of RM0.35 million or 34.65% to RM1.36 million (FYE 2020: RM1.01 million). The increase in the finance costs was mainly due to increase in term loan interests by RM0.35 million as a result of full year finance cost incurred for RM4.94 million of new term loans and financing facilities drawdown in the last quarter of FYE 2020 for working capital purposes.

Comparison between FPE 2021 and FPE 2022

For the FPE 2022, our Group recorded an increase in finance costs by RM0.04 million or 5.48% to RM0.77 million (FPE 2021: RM0.73 million). The increase was primarily attributable to:

- (i) the increase in bankers' acceptance interest by RM0.26 million or 433.33% to RM0.32 million (FPE 2021: RM0.06 million). As at 31 July 2022, bankers' acceptance increased to RM21.21 million as compared to RM2.68 million as at 31 July 2021.

Under the Refinancing Scheme, our Group was able to achieve higher efficiency in the value of its property charged and had obtained trade financing facilities up to RM22.00 million (FPE 2021: RM3.95 million). Upon which, in order to finance the increasing working capital requirement as a result of increasing revenue, our Group had utilised bankers' acceptance which was at lower interest rate as compared to bank overdraft; and

- (ii) the increase in lease liabilities to finance the purchase of forklift and lorries.

Such increase was offset by the followings:

- (i) the decrease in bank overdraft interest by RM0.15 million or 71.43% to RM0.06 million (FPE 2021: RM0.21 million) as our Group reduced the utilisation of bank overdraft which was subject to higher interest rate as compared to bankers' acceptance; and
- (ii) the decrease in term loans interest by RM0.12 million or 34.29% to RM0.23 million (FPE 2021: RM0.35 million) upon full drawdown of Refinancing Scheme in December 2021 which allowed our Group to benefit from lower interest rate of financing.

## 11. FINANCIAL INFORMATION (Cont'd)

### (h) Income Tax Expense

The breakdown of our income tax expense for the Financial Years and Period Under Review is set out below:

	<-----Audited----->			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
Group Tax expense (RM'000)	1,256	1,119	3,870	2,392	2,130
Group Effective tax rate (%)	22.23	10.20	21.26	20.00	21.15
<b>Malaysia operations</b>					
Effective tax rate (%)	31.84	40.87	29.85	26.76	30.37
Statutory tax rate (%)	24.00	24.00	24.00	24.00	24.00
<b>Vietnam operations</b>					
Effective tax rate (%)	-	(0.24)	10.04	9.99	10.03
Statutory tax rate (%)	20.00	20.00	20.00	20.00	20.00

#### Malaysia Operations

Our effective tax rate for the FYE 2019 was 7.84% more than the statutory tax rate mainly due to following:

- (i) Interest restriction approximately 15.80% on PBT (exclude dividend from subsidiary company); and
- (ii) Higher non-deductible expenses such as legal and professional fee mainly due to setting up of Vietnam operation of approximately RM0.22 million.

Our effective tax rate for the FYE 2020 was 16.87% more than the statutory tax rate mainly due to following:

- (i) Interest restriction approximately 26.52% on PBT (exclude dividend from subsidiary company); and
- (ii) Higher non-deductible expenses which included unrealised loss on foreign exchange of approximately RM0.10 million.

Our effective tax rate for the FYE 2021 was 5.85% more than the statutory tax rate mainly due to following:

- (i) Interest restriction approximately 7.27% on PBT (exclude dividend from subsidiary company); and
- (ii) Higher non-deductible expenses such as legal and professional fee included legal fee on banking facilities of approximately RM0.37 million.

Our effective tax rate for the FPE 2022 was 6.37% more than the statutory tax rate mainly due to following:

- (i) Higher non-deductible expenses such as legal and professional fee included legal fees on banking facilities of approximately RM0.41 million; and

**11. FINANCIAL INFORMATION (Cont'd)**

- (ii) Increase in deferred tax liabilities as a result of temporary differences between accounting depreciation and corresponding tax allowances arising mainly from the acquisition of leasehold properties of Perai Branch and Kulim Branch.

**Note:**

*Interest restriction refers to restriction of interest expense deductible against gross business income. A portion of the interest expenses incurred were disallowed as the total amount of investments and loans is less than the total amount of borrowed money.*

Vietnam Operations

Our Vietnam operation did not incur any tax expenses in the FYE 2019 and FYE 2020 as BV enjoyed a 100% corporate tax exemption for the first 2 years of operation. Our effective tax rate for the FYE 2020 was (0.24%) mainly due the recognition of deferred tax assets of RM0.02 million

Our effective tax rate for the FYE 2021 and FPE 2022 were 9.96% and 9.97% less than the statutory tax rate as BV is entitled for a 50% corporate tax exemption for its third to sixth year of operation.

**(i) PBT, PBT margin, PAT and PAT margin**

The PBT, PBT margin, PAT, and PAT margin for the Financial Years and Period Under Review is set out below:

	<-----Audited----->			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
PBT (RM'000)	5,649	10,971	18,200	11,962	10,071
PAT (RM'000)	4,393	9,852	14,330	9,570	7,941
PBT margin (%)	8.52	12.42	15.05	17.73	12.01
PAT margin (%)	6.63	11.16	11.85	14.18	9.47

**Commentary:**Comparison between FYE 2019 and FYE 2020

For the FYE 2020, our Group recorded an increase in PBT by RM5.32 million or 94.16% to RM10.97 million (FYE 2019: RM5.65 million) and an increase in PAT by RM5.46 million or 124.37% to RM 9.85 million (FYE 2019: RM4.39 million). This was mainly due to the increase in GP upon our Vietnam operations achieved a full financial year of operation in FYE 2020 and the increase in sales of Boxes and Crates which provided higher profit margin and GP.

Our PBT margin improved from 8.52% for the FYE 2019 to 12.42% for the FYE 2020 as our Group enjoyed economies of scales when fixed costs were spread over larger scale of production as the business grew.

In addition, our PAT margin also improved from 6.63% for the FYE 2019 to 11.16% for the FYE 2020 mainly due to profit from Vietnam operations are 100% exempted from taxation for the first two years of operation.

**11. FINANCIAL INFORMATION (Cont'd)**

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Comparison between FYE 2020 and FYE 2021

For the FYE 2021, our Group recorded an increase in PBT by RM7.23 million or 65.91% to RM18.20 million (FYE 2020: RM10.97 million) and an increase in PAT by RM4.48 million or 45.48% to RM14.33 million (FYE 2020: RM9.85 million). Our PBT margin improved from 12.42% for the FYE 2020 to 15.05% for the FYE 2021.

This was mainly due to the increase in sales of Boxes and Crates which command better profit margin and higher GP.

Our PAT margin also improved marginally from 11.16% for the FYE 2020 to 11.85% for the FYE 2021 mainly due to only 50% of profit from Vietnam operation are exempted from taxation in the third to sixth year of operation.

Comparison between FPE 2021 and FPE 2022

For the FPE 2022, our Group recorded a decrease in PBT by RM1.89 million or 15.80% to RM10.07 million (FPE 2021: 11.96 million) and a decrease in PAT by RM1.63 million or 17.03% to RM7.94 million (FPE 2021: RM9.57 million).

Despite the increase in revenue, our Group's PBT and PAT had decreased mainly due to:

- (i) the decrease in GP as discussed in Section 11.3.2(b)(ii) above;
- (ii) the strengthening of USD against RM; and
- (iii) the increase in administrative expenses of which approximately RM1.25 million was one-off expenses incurred on IPO corporate exercise and legal fee (including stamp duty) incurred to obtain banking facilities for the acquisition of Perai Branch and Kulim Branch. Our Group's PBT and PAT for FPE 2022 would have been RM11.32 million and RM9.19 million, respectively after adjusted for such one-off expenses of RM1.25 million.

Likewise, our PBT margin and PAT margin reduced to 12.01% and 9.47% for the FPE 2022 as compared to 17.73% and 14.18% for the FPE 2021, respectively.

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**11. FINANCIAL INFORMATION (Cont'd)****11.3.3 Significant factors materially affecting our operations and financial results**

Our business operations and financial conditions have been and will continue to be affected by factors including, but not limited to, the following:

**(a) Dependent on the availability of foreign workers**

Our Group is reliant on foreign workers to carry out our manufacturing works due to the labour intensive nature of the industry, as it is difficult to hire and retain local workers. The loss of our existing foreign workers without timely replacements may adversely disrupt our operations. The hiring of new local employees to replace the foreign workers may require some time as they may not be immediately available. Further, new employees will need time to familiarise with the operations of our machinery. In such event, our manufacturing may be affected and our deliveries may be delayed, which in turn may materially and adversely affect our business operations and financial performance.

**(b) Impact of materials price fluctuation**

Materials cost is main component of our cost of sales which account for approximately 78.00% to 83.51% of our cost of sales for the Financial Years and Period Under Review. Hence, fluctuation in material price will have direct impact to our profitability. Our raw materials are mainly natural wood sourced locally and engineered wood imported from China and Vietnam. These materials are subjected to price fluctuation as determined by global commodity market. Hence, any fluctuation in the prices of our material costs would affect our cost of sales as well as our financial performance.

**(c) Competition**

Our major customers are mainly MNCs. Hence, maintaining our status in the pre-approved vendor listing is critical. On yearly basis, we will negotiate with the customers on our yearly allocation and pricing. From year to year, we would need to compete with other approved vendors for the yearly allocation. The yearly allocation, not only affect our financial performance, but also our production planning and procurement planning.

Beside pricing, ability to provide our customers just in time delivery of our goods, quality and safety of our products and ability to provide alternative solutions on timely basis are also key determining factors in securing higher proportion of allocation.

We have been able to maintain our competitive edge by providing good services, maintaining low rejection rate and providing confidence in dealing with us.

**(d) Impact of interest rates**

As at 31 July 2022, our Group has gearing ratio of 1.37 times. Total finance costs for the FPE 2022 represent approximately 1% of total revenue. Total borrowings stand at RM57.92 million which consist of term loans, lease liabilities and bankers' acceptance with interest rates ranging from 2.17% to 7.68% per annum.

Our Group aims to manage interest costs at optimum level to ensure the effect to our financial performance is minimised. We also constantly reviewing our bank facilities interest rates are at competitive level.

**(e) Impact of foreign exchange rate fluctuations**

We are exposed to foreign exchange risk as our wood materials are sourced from overseas, which accounted for 61.99%, 74.65%, 79.02% and 75.65% of our purchase of supplies in the past 3 FYEs 2019 to 2021 and FPE 2022. In the FYEs 2019 to 2021, 100%, 98.10% and 95.95% of our revenue are billed in local currency at where we operate, i.e MYR and VND, respectively.

**11. FINANCIAL INFORMATION (Cont'd)**

Our purchases in USD had been increasing during the Financial Years and Period Under Review, which increased from 1.84% for the FYE 2019 to 61.80% for the FPE 2022. In view of the increasing exposure to foreign exchange risk in USD, we had negotiated with one of our major customers, namely First Solar, and had revised our sales to First Solar in Malaysia to be billed in USD instead of MYR starting from May 2022 onward. Prior to that, our sales to First Solar was billed in MYR and VND in Malaysia and Vietnam, respectively. However, the raw materials of the products that we supply to First Solar, which is mainly engineered wood, is mainly imported and denominated in USD and / or VND. Hence, such revision is expected to create a natural hedge against the foreign exchange risk, including the strengthening of USD against RM since April 2022.

In addition, the sales to another one of our new and major customers in FPE 2022, namely Celestica Electronics (M) Sdn Bhd ("**Celestica**"), is also billed in USD. This is also expected to reduce our exposure to exchange rate fluctuations to USD as engineered wood is the main raw material used in the products that we supply to Celestica, which is mainly imported and denominated in USD as well.

The gain / (loss) of foreign exchange recorded during the Financial Years and Period Under Review is set out below:

	<-----Audited----->			Unaudited	Audited
	FYE 2019	FYE 2020	FYE 2021	FPE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000	RM'000
Gain on foreign exchange - realised	-	178	126	87	457
Gain on foreign exchange - unrealised	-	9	-	-	199
(Loss) on foreign exchange - realised	(17)	-	-	-	-
(Loss) on foreign exchange - unrealised	-	(100)	(24)	-	-

For the FPE 2022, our Group recorded a total gain on foreign exchange of RM0.66 million, which was mainly derived from the increase in revenue denominated in USD from Malaysia. The contribution of revenue denominated in USD to our Group's total revenue has increased to 24.46% for the FPE 2022 from 3.20% for the FPE 2021.

Please refer to Section 8.1.8 of this Prospectus for further information on the impact of foreign exchange rate fluctuations.

**(f) Impact of inflation**

There was no material impact of inflation on our Group's financial results for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022. The areas that inflation may affect our financial performance include increase in material cost and labour cost. While the Board believes that it will be able to pass on any future increases in the aforementioned costs to customers, there can be no assurance this will be the case and our financial performance will not be materially affected by inflation in the future.

**(g) Economic, political and/or legal environment**

Risk relating to economic, political and/or legal conditions which may materially affect our operations are set out in Section 8.1.7 of this Prospectus.

As we continue to expand our business, our operations and financial performance are expected to be affected by economic, political and/or legal conditions in the countries where we have business operations. However, our financial performances for FYE 2019, FYE 2020, FYE 2021 and FPE 2022 were not materially impacted.



**11. FINANCIAL INFORMATION (Cont'd)**

Although we will continue to comply with legal and regulatory frameworks in Malaysia and countries we have operations, there is no assurance that introduction of new law or other economic, political and legal conditions will not have adverse effect on our business operations and financial performance.

**(h) Dependency of major customers**

Our Group is dependent on one of our major customers, namely First Solar group of companies ("**First Solar**") who contributes significantly to our Group's revenue. First Solar contributed 41.78%, 57.70%, 59.40% and 55.39% to the total revenue of our Group for the past 3 FYE 2019 to FYE 2021 and FPE 2022. The main reason for the increase in percentage of revenue from First Solar was mainly due to the customers facility expansion in Vietnam and Malaysia during the Financial Years and Period Under Review as well as additional new models allocated to our Group.

Customers normally allocate among few suppliers and our percentage of allocation is negotiated on yearly basis. There is no assurance we will be allocated the same percentage every year. The customers typically place order that last 1 to 3 months. If these customers reduce their orders, we may not be able to secure replacement orders from other customers on timely basis and contribute similar proportion of revenue.

**11.3.4 Liquidity and capital resources**

Our operations are funded through cash generated from our operating activities, credit extended by our suppliers, credit facilities granted by financial institutions as well as our existing cash and bank balances.

As at 31 July 2022, our Group has cash and short-term deposits of RM8.95 million, available credit facilities of RM51.00 million, of which RM29.00 million has yet to be utilised and working capital of RM29.03 million, being the difference between current assets of RM66.82 million and current liabilities of RM37.79 million.

Our Group's working capital requirements are expected to increase in tandem with the expansion of our Group's business. Based on the above and after taking into consideration of our funding requirements for our committed capital expenditure, existing level of cash and bank balances, expected cash flows to be generated from our operations, credit facilities available, the impact of COVID-19 and MCO on our operations, the dividend declared and paid up to the FPE 2022 and the estimated net proceeds from the Public Issue, our Board is of the view that we will have sufficient working capital for a period of 12 months from the date of this Prospectus.

**Cash flow**

The table below sets out the summary of our Group's historical audited combined statements of cash flows for the Financial Years and Period Under Review:

	<-----Audited----->			
	FYE 2019	FYE 2020	FYE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000
Net cash from operating activities	836	2,371	4,523	2,031
Net cash used in investing activities	(2,415)	(768)	(3,462)	(28,086)
Net cash from / (used in) financing activities	1,953	3,184	(1,244)	35,315
<b>Net changes in cash and cash equivalents</b>	<b>374</b>	<b>4,787</b>	<b>(183)</b>	<b>9,260</b>
Effects of exchange rate changes on cash and cash equivalents	(14)	(76)	120	53

**11. FINANCIAL INFORMATION (Cont'd)**

Cash and cash equivalents at the beginning of the financial years / period	(5,492)	(5,132)	(421)	(484)
<b>Cash and cash equivalents at the end of the financial years / period *</b>	<b>(5,132)</b>	<b>(421)</b>	<b>(484)</b>	<b>8,829</b>

**Note:**

\* Cash and cash equivalents comprise the following as at the end of the financial years / period:

	<-----Audited----->			
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2022 RM'000
Cash and bank balances	3,248	3,323	3,161	8,829
Deposits with licensed banks	232	2,327	246	116
<b>As per combined statements of financial position</b>	<b>3,480</b>	<b>5,650</b>	<b>3,407</b>	<b>8,945</b>
<b>Less:</b>				
Deposits pledged to a licensed bank	(232)	(239)	(246)	(116)
Bank overdraft	(8,380)	(5,832)	(3,645)	-
<b>As per combined statements of cash flows</b>	<b>(5,132)</b>	<b>(421)</b>	<b>(484)</b>	<b>8,829</b>

Prior to the Refinancing Scheme, bank overdraft was used to finance working capital purposes mainly for purchase of raw materials due to its flexibility in nature. Gradually, our Group has substituted the utilisation of bank overdraft with bankers' acceptance, which has been more cost effective due to the lower interest rate, to finance working capital purposes.

There are no legal, financial or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances, subject to availability of distributable reserves and compliance with financial covenants.

**Commentary:****Net cash from operating activities****FYE 2019**

For the FYE 2019, our operating cash flows before working capital changes were RM7.90 million. After adjusting for the following key items, our net cash from our operating activities was RM0.84 million:

- (i) Increase in inventories of RM0.74 million due to increase in purchase of raw material as Vietnam started operation in August 2019;
- (ii) Increase in trade and other receivables of RM3.13 million due to Vietnam started to generate sales since August 2019 with 60 days credit terms;
- (iii) Decrease in trade and other payables of RM1.21 million due to increase in repayment paid to suppliers and repayment of amount owing to directors of RM0.56 million;
- (iv) Net interest payment of RM1.07 million;

**11. FINANCIAL INFORMATION (Cont'd)**

- (v) Tax payment of RM1.86 million; and
- (vi) Tax refunded of RM0.95 million.

**FYE 2020**

For the FYE 2020, our operating cash flows before working capital changes were RM13.83 million. After adjusting for the following key items, our net cash from our operating activities was RM2.37 million:

- (i) Increase in inventories of RM6.20 million due to higher purchase of raw materials as our Company built up its buffer stocks in anticipation of supply shortages and revenue growth;
- (ii) Increase in trade and other receivables of RM6.41 million due to increase in sales and in prepayments to suppliers in order to secure the purchase orders;
- (iii) Increase in trade and other payables of RM3.31 million due to the one-off import duty payable to customs of RM2.91 million;
- (iv) Net interest payment of RM0.85 million; and
- (v) Tax payment of RM1.31 million.

**FYE 2021**

For the FYE 2021, our operating cash flows before working capital changes were RM22.39 million. After adjusting for the following key items, our net cash from our operating activities was RM4.52 million:

- (i) Increase in inventories of RM6.75 million due to higher purchase of raw materials in tandem with increase in revenue;
- (ii) Increase in trade and other receivables of RM7.72 million due to increase in sales and in prepayments to suppliers to secure the purchase orders;
- (iii) Increase in trade and other payables of RM1.26 million due to increase in purchases of raw materials in tandem with increase in revenue;
- (iv) Net interest payment of RM1.11 million; and
- (v) Tax payment of RM3.55 million.

**FPE 2022**

For the FPE 2022, our operating cash flows before working capital changes were RM12.35 million. After adjusting for the following key items, our net cash from our operating activities was RM2.03 million:

- (i) Increase in inventories of RM2.18 million due to increase in purchase of raw materials in tandem with the increase in revenue;
- (ii) Increase in trade and other receivables of RM3.90 million due to increase in sales and in prepayments to suppliers to secure the purchase orders;
- (iii) Decrease in trade and other payables of RM1.28 million due to increase in repayment to suppliers;

**11. FINANCIAL INFORMATION (Cont'd)**

- (iv) Net interest payment of RM0.60 million; and
- (v) Tax payment of RM2.36 million.

**Net cash used in investing activities****FYE 2019**

Our Group recorded net cash used in investing activities of RM2.42 million for the FYE 2019. This was mainly attributed to the purchase of property, plant and equipment amounted to RM2.47 million which was partly offset by the proceeds received from disposal of property, plant and equipment amounted to RM0.05 million.

The purchase of property, plant and equipment mainly consists of purchase of silo at the Sungai Bakap Factory amounted to RM1.33 million and purchase of plant and machinery, motor vehicle and office equipment in Vietnam for new start-up operation amounted to RM0.80 million.

**FYE 2020**

Our Group recorded net cash used in investing activities of RM0.77 million for the FYE 2020. This was mainly attributed to the purchase of property, plant and equipment amounted to RM0.75 million and additions of right-of-use assets amounted to RM0.07 million. This was partly offset by the proceeds received from disposal of right-of-use assets amounted to RM0.05 million.

**FYE 2021**

Our Group recorded net cash used in investing activities of RM3.46 million for the FYE 2021. This was mainly attributed to the following:

- (i) purchase of property, plant and equipment amounted to RM3.42 million consists mainly of purchase of Heat Treatment Chamber of RM1.00 million as a replacement to the Heat Treatment Chamber purchased in 2005 which was obsolete and capital work in progress of RM1.94 million on retrofit of Sungai Bakap Factory;
- (ii) additions of right-of-use assets amounted to RM0.13 million; and
- (iii) proceeds received from disposal of property, plant and equipment amounted to RM0.09 million.

**FPE 2022**

Our Group recorded net cash used in investing activities of RM28.09 million for the FPE 2022. This was mainly attributed to the following:

- (i) purchase of right-of-use assets amounted to RM25.79 million which consists mainly the acquisition of Perai Branch and Kulim Branch; and
- (ii) purchase of property, plant and equipment amounted to RM2.30 million.

**Net cash from / (used in) financing activities****FYE 2019**

Our Group recorded net cash from financing activities of RM1.95 million mainly due to the following:

- (i) drawdown of bankers' acceptances of RM12.15 million for working capital purposes mainly for purchase of raw materials;

**11. FINANCIAL INFORMATION (Cont'd)**

- (ii) drawdown of term loans of RM5.42 million for working capital purposes mainly to finance the capital investment and operation of newly setup subsidiary in Vietnam, namely BV;
- (iii) repayment of bankers' acceptances of RM12.16 million and term loans of RM2.68 million; and
- (iv) repayment of lease liabilities of RM0.78 million.

**FYE 2020**

Our Group recorded net cash from financing activities of RM3.18 million mainly due to the following:

- (i) drawdown of bankers' acceptances of RM6.06 million and term loans of RM4.94 million, both for working capital purposes mainly to finance the purchase of raw materials to build up buffer stocks in anticipation of growing orders from customers and increase in raw materials prices;
- (ii) repayment of bankers' acceptances of RM6.50 million and term loans of RM0.36 million; and
- (iii) repayment of lease liabilities of RM0.96 million.

**FYE 2021**

Our Group recorded net cash used in financing activities of RM1.24 million mainly due to the following:

- (i) drawdown of bankers' acceptances of RM22.12 million for working capital purposes mainly for purchases of raw materials. The increase in drawdown of bankers' acceptances was due to the Refinancing Scheme undertaken in substitution of bank overdraft to finance the increasing requirement for working capital;
- (ii) drawdown of term loans of RM9.34 million as BSB exercised the Refinancing Scheme;
- (iii) repayment of bankers' acceptances of RM17.45 million and term loans of RM10.06 million;
- (iv) repayment of lease liabilities of RM2.19 million; and
- (v) payment of single tier interim dividend of RM3.00 million to the shareholders.

**FPE 2022**

Our Group recorded net cash from financing activities of RM35.32 million mainly due to the following:

- (i) drawdown of bankers' acceptance of RM21.21 million to finance the working capital requirement of our Group mainly for purchase of raw materials;
- (ii) drawdown of new term loans of RM22.02 million in July 2022 to finance the acquisition of Perai Branch and Kulim Branch;
- (iii) repayment of bankers' acceptances of RM6.02 million and term loans of RM0.74 million;
- (iv) repayment of lease liabilities of RM1.28 million; and
- (v) increase in deposits with licensed bank by RM0.13 million.

**11. FINANCIAL INFORMATION (Cont'd)**

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**Cash and cash equivalents****FYE 2019**

Our Group recorded a negative balance of cash and cash equivalents of RM5.49 million at the beginning of the FYE 2019. This was mainly attributed to the increase of trade receivables and inventories in tandem with the growth of our business particularly in the last quarter of 2018. Our revenue had increased by RM12.14 million or 28.93% to RM54.11 million for the FYE 2018 (FYE 2017: RM41.97 million) and our inventories and trade and other receivables had increased by RM2.44 million and RM2.25 million, respectively, for the FYE 2018.

The cash and cash equivalents had improved marginally at the end of the FYE 2019, with negative balance of RM5.13 million which was mainly due to the improvement in cash flows from operating activities. This was partly offset by the investment in property, plant and equipment, including purchase of silo at the Sungai Bakap Factory amounted to RM1.33 million and purchase of plant and machinery, motor vehicle and office equipment in Vietnam for new start-up operation amounted to RM0.80 million.

**FYE 2020**

The cash and cash equivalents had further improved at the end of the FYE 2020, with small negative balance of RM0.42 million. The improvement was mainly attributed to the increase in net cash from operating activities by RM1.53 million or 182.14% to RM2.37 million for the FYE 2020 (FYE 2019: RM0.84 million). In addition, our Group had increased bank borrowings as business grew. The net amount of bank financing for the FYE 2020 was RM3.19 million as compared to RM1.96 million for the FYE 2019.

**FYE 2021**

The cash and cash equivalents at the end of the FYE 2021 had reduced marginally to a small negative balance of RM0.48 million. Our net cash from operating activities had increased by RM2.15 million or 90.72% to RM4.52 million for the FYE 2021 (FYE 2020: RM2.37 million). However, the increase was offset by the investment in property, plant and equipment for the retrofit of Sungai Bakap Factory of RM1.94 million and the payment of single tier interim dividend of RM3.00 million to the shareholders.

**FPE 2022**

Our Group recorded cash and cash equivalents of RM8.83 million for the FPE 2022. This was mainly attributable to the net drawdown of bankers' acceptances of RM15.19 million pursuant to the Refinancing Scheme undertaken by our Group in substitution of bank overdraft to finance the increasing requirement for working capital.

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**11. FINANCIAL INFORMATION (Cont'd)****11.3.5 Borrowings**

As at 31 July 2022, our total outstanding borrowings amounted to RM57.92 million which consists of term loans, bankers' acceptances and lease liabilities, can be analysed further as follows:

Type of borrowings	Tenure	Effective interest rates (per annum)	Payable within 12 months	Payable after 12 months	Total
			RM'000	RM'000	
Term loans	5 to 20 years	3.42% to 7.68%	2,283	30,730	33,013
Bankers' acceptance	< 120 days	2.44% to 4.41%	21,205	-	21,205
Lease liabilities owing to financial institutions	4 to 5 years	2.17% to 4.71%	658	1,397	2,055
Lease liabilities owing to non-financial institutions	2 to 3 years	7.14% to 7.39%	960	685	1,645
<b>Total borrowings</b>			<b>25,106</b>	<b>32,812</b>	<b>57,918</b>
Gearing ratio as at 31 July 2022 (times)*					1.37

**Note:**

- \* Computed based on total borrowings over our pro forma shareholders' equity (after the Acquisition of BSB but before the Public Issue and use of proceeds) as at 31 July 2022 of RM42.38 million.

The breakdown of our total outstanding borrowings as at 31 July 2022 is set out below:

	<b>RM'000</b>
Under 1 year	25,106
1 to 5 years	11,253
More than 5 years	21,559
<b>Total borrowings</b>	<b>57,918</b>

As at the LPD, all our bank borrowings are secured (except for certain lease liabilities owing to non-financial institutions), interest bearing and denominated in RM. Our credit facilities are secured by charge over our property, plant and equipment and personal joint and several guarantee by certain of our Directors and shareholders of immediate holding company of L&P Global, which would be replaced with our Company's corporate guarantees after our Listing. We have not defaulted on any payment of either principal sum and/or interest in relation to our borrowings during the Financial Years and Period Under Review and up to the LPD. We also do not encounter any seasonality in our borrowings trend and there is no restriction on our committed borrowing facilities.

The short-term banking facilities available to our Group include bankers' acceptances, which are generally used for working capital purposes. The long-term banking facilities of our Group include term loans and lease liabilities, which are used for the acquisition of motor vehicles, equipment and premises.

As at the LPD, we have not breached any terms and conditions or covenants associated with our credit arrangements or bank borrowings, which can materially affect our business operations, financial position or results of operations or the investment by holders of securities in our Group.

**11. FINANCIAL INFORMATION (Cont'd)****11.3.6 Type of financial instruments used**

As at the LPD, save for bank borrowings as disclosed in Section 11.3.5 of this Prospectus, we do not use any other financial instruments.

For clarity purposes, the financial instruments of our Group which are used in the ordinary course of business, from an accounting perspective, may include financial assets such as cash and cash equivalents, and trade and other receivables, as well as financial liabilities such as borrowings, lease obligations and trade and other payables. These are shown in the combined statements of financial position of our Group.

Our cash and bank balances were denominated in RM, USD, THB, VND and RMB as summarised in the following table:

	<-----Audited----->			
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2022 RM'000
<b>Cash and bank balances</b>	<b>3,248</b>	<b>3,323</b>	<b>3,161</b>	<b>8,829</b>
<u>Denominated in:</u>				
- RM	302	2,405	625	1,897
- USD	1,487	472	680	5,123
- VND	1,458	445	1,856	1,783
- RMB	-	-	-	13
- Others	1	1	-	13
<b>Deposits with licensed banks</b>	<b>232</b>	<b>2,327</b>	<b>246</b>	<b>116</b>
<u>Denominated in:</u>				
- RM	232	239	246	116
- VND	-	2,088	-	-
	<b>3,480</b>	<b>5,650</b>	<b>3,407</b>	<b>8,945</b>

As at the LPD, we do not use any financial instrument for hedging purposes.

**11.3.7 Treasury policies and objectives**

We finance our operations through internally generated funds as well as external sources of funds, such as shareholders' funds, credit term from suppliers as well as short-term and long-term bank borrowings.

The primary objective of our financial management and treasury policies is to maintain sufficient working capital at all times and ensure our ability to support and grow our business in order to maximise shareholders' value. We review and manage our capital structure to maintain its debt-to-equity ratio at an optimal level based on the business requirements and prevailing economic conditions.

Our Group has not entered into any interest rate swap to hedge against fluctuations in interest rates. Our Group manage its exposure to interest rate movements by maintaining a combination of both fixed-rate and floating-rate borrowings.



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**11. FINANCIAL INFORMATION (Cont'd)**


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**11.3.8 Material commitment**

As at the LPD, save as disclosed below, our Board, after having made all reasonable enquiries, confirm that there is no other material commitment which upon becoming enforceable, may have a material impact on the financial position of our Group:

	<b>Amount RM'000</b>
<b>Contracted but not provided for:</b>	
Capital expenditure for retrofitting and renovation of Perai Branch	1,124

**11.3.9 Material contingent liabilities**

Save as disclosed below, as at the LPD, our Board is not aware of any contingent liabilities, which upon becoming enforceable may have a material impact on the financial performance and position of our Group:

	<b>Amount RM'000</b>
<b>Unsecured</b>	
Corporate guarantee given to banks for credit facilities granted to our Group	42,850

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## 11. FINANCIAL INFORMATION (Cont'd)

### 11.4 KEY FINANCIAL RATIOS

The key financial ratios of our Group are as follows:

	<-----Audited----->			
	FYE 2019	FYE 2020	FYE 2021	FPE 2022
Average trade receivables turnover period (days)	73	66	59	63
Average trade payables turnover period (days)	14	11	14	12
Average inventories turnover period (days)	43	51	65	66
Current ratio (times)	1.74	2.48	2.58	1.77
Gearing ratio (times)	1.10	0.79	0.63	1.37

#### Trade receivables

A summary of our trade receivables for the Financial Years and Period Under Review is set out below:

	<-----Audited----->			
	FYE 2019	FYE 2020	FYE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	66,304	88,305	120,924	83,824
Average trade receivables <sup>(1)</sup>	13,226	15,926	19,543	24,759
<b>Average trade receivables turnover period (days) <sup>(2)</sup></b>	<b>73</b>	<b>66</b>	<b>59</b>	<b>63</b>

#### Notes:

- (1) Average trade receivables was derived based on the average sum of the opening balances and closing balances of trade receivables of the respective financial years / period net of impairment loss.
- (2) Computed based on average trade receivables of the respective financial years / period over the revenue of the respective financial years / period, multiplied by 365 / 212 days.

The credit period granted to our customers ranges from cash terms to 90 days from the date of invoice. Other credit terms to our customers are assessed and approved on a case-by-case basis by taking into consideration various factors such as the business relationship with our customers, the customers' payment history and creditworthiness as well as transaction volume while new customers are subject to our credit verification and assessment process.

Our average trade receivables turnover period for the Financial Years and Period Under Review range from 59 days to 73 days which fell within the credit period granted to our customers. The trade receivables turnover period has been improving from 73 days in the FYE 2019 to 63 days in the FPE 2022 as the Group enhanced its credit control management by tightening trade credit granted and debts monitoring processes.

**11. FINANCIAL INFORMATION (Cont'd)**

As at 31 July 2022, the trade receivables of our Group amounted to RM27.84 million, the ageing analysis in respect of trade receivables are analysed as follows:

	<-----Exceed credit period by----->				Total RM'000
	Within credit period RM'000	1 – 30 days RM'000	31 – 60 days RM'000	More than 60 days RM'000	
Trade receivables	24,736	2,716	325	64	27,841
Less: Impairment losses	(43)	(39)	(36)	(64)	(182)
<b>Net trade receivables</b>	<b>24,693</b>	<b>2,677</b>	<b>289</b>	<b>-</b>	<b>27,659</b>
% of total trade receivables	89.28	9.68	1.04	-	100.00
Subsequent collections up to the LPD	24,630	2,673	289	-	27,592
<b>Outstanding net trade receivables</b>	<b>63</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>67</b>

Up to the LPD, we have collected RM27.59 million or 99.76% of the total net trade receivables outstanding as at 31 July 2022. We are in the process of collecting the remaining amount of RM0.07 million. Our Board is of the opinion that the remaining amount of RM0.07 million is recoverable after taking into consideration these customers' credentials, payment track record as well as our relationship with them.

As part of our credit control policy, we closely monitor our aging report and assess the collectability of trade receivables on an individual customer basis regularly. For any trade receivables which have exceeded the normal credit period granted, we will follow up with calls and send reminders and where appropriate, provide for specific impairment on those trade receivables where recoverability are uncertain based on our dealings with the customers.

**Trade payables**

A summary of our trade payables for the Financial Years and Period Under Review is set out below:

	<-----Audited----->			
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2022 RM'000
Cost of sales	52,892	69,898	91,734	66,708
Average trade payables <sup>(1)</sup>	1,975	2,120	3,408	3,853
<b>Average trade payables turnover period (days) <sup>(2)</sup></b>	<b>14</b>	<b>11</b>	<b>14</b>	<b>12</b>

**Notes:**

- (1) Average trade payables was derived based on the average sum of the opening balances and closing balances of trade payables of the respective financial years / period.
- (2) Computed based on average trade payables of the respective financial years / period over the cost of sales of the respective financial years / period, multiplied by 365 / 212 days.

## 11. FINANCIAL INFORMATION (Cont'd)

The normal credit period extended by our suppliers ranges from cash terms to 60 days.

Our average trade payables turnover period for the Financial Years and Period Under Review range from 11 days to 14 days which fell within the credit period extended by our suppliers to us. It is our practice to make prompt payments to our suppliers in order to safeguard the continuity of supplies at more favourable terms and pricing.

As at 31 July 2022, the trade payables of our Group amounted to RM3.50 million, the ageing of which are analysed as follows:

	<-----Exceed credit period by----->				Total RM'000
	Within credit period RM'000	1 – 30 days RM'000	31 – 60 days RM'000	More than 60 days RM'000	
Trade payables	3,503	-	-	-	3,503
% of total trade payables	100.00	-	-	-	100.00
Subsequent payments up to the LPD	3,503	-	-	-	3,503
<b>Outstanding trade payables</b>	-	-	-	-	-

Up to the LPD, we have settled all of our outstanding trade payables as at 31 July 2022. As at the LPD, there is no dispute in respect of our trade payables and no legal action has been initiated by our suppliers to demand for payment from us during the Financial Years and Period Under Review.

### Inventories

A summary of our inventories for the Financial Years and Period Under Review is set out below:

	<-----Audited----->			
	FYE 2019 RM'000	FYE 2020 RM'000	FYE 2021 RM'000	FPE 2022 RM'000
Cost of sales	52,892	69,898	91,734	66,708
Average inventories <sup>(1)</sup>	6,295	9,725	16,240	20,854
<b>Average inventories turnover period (days) <sup>(2)</sup></b>	<b>43</b>	<b>51</b>	<b>65</b>	<b>66</b>

#### Notes:

- (1) Average inventories was derived based on the average sum of the opening balances and closing balances of inventories of the respective financial years / period.
- (2) Computed based on average inventories of the respective financial years / period over the cost of sales of the respective financial years / period, multiplied by 365 / 212 days.

**11. FINANCIAL INFORMATION (Cont'd)**

Our inventories comprise the following:

	<-----Audited----->			
	FYE 2019	FYE 2020	FYE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000
Raw materials <sup>(1)</sup>	3,853	8,831	14,743	16,950
Work-in-progress <sup>(2)</sup>	923	1,562	1,603	1,577
Finished goods <sup>(3)</sup>	1,340	1,550	1,926	2,456
Indirect materials <sup>(4)</sup>	295	431	636	846
Goods in transit <sup>(5)</sup>	252	412	786	185
<b>Total inventories</b>	<b>6,663</b>	<b>12,786</b>	<b>19,694</b>	<b>22,014</b>

**Notes:**

- (1) Raw materials consist mainly of natural wood and engineered wood that are used in our manufacturing of Pallets and Boxes and Crates.
- (2) Work-in-progress inventories are partially completed materials within the manufacturing cycle.
- (3) Finished goods consist of goods that have completed the manufacturing process which have yet to be sold or distributed to the customers such as the Pallets and Boxes and Crates.
- (4) Indirect materials consist of nails and packing materials.
- (5) Goods in transit refers to trading goods that have been shipped by the suppliers but have yet to reach our premises based on the freight on board basis.

Our inventories are determined using weighted average cost method and stated at the lower of cost and estimated selling price less costs to complete and sell. Due to the nature of our business, it is important for us to maintain a certain level of inventories to ensure availability of stocks and varieties of products to meet our customers' demand and delivery lead time requirements.

Our average inventories turnover period had increased from 43 days in the FYE 2019 to 66 days in the FPE 2022. This was mainly attributable to the higher purchase of raw materials as the Company built up its buffer stocks in anticipation of supply shortages and revenue growth. The 66 days inventory turnover period in the FPE 2022 is in line with our sourcing strategy to maintain approximately 2 months' worth of wood material inventory.

Our inventories have long shelf life. In addition, currently we perform full physical stock count monthly to identify inconsistency in terms of quantity to the inventory system. Damaged and/or non-sellable inventories are written-off in accordance to our inventory management policy.

**Current ratio**

A summary of our current ratio for the Financial Years and Period Under Review is set out below:

	<-----Audited----->			
	FYE 2019	FYE 2020	FYE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000
Current assets	26,414	41,050	53,703	66,816
Current liabilities	15,178	16,549	20,837	37,789
<b>Current ratio (times)</b>	<b>1.74</b>	<b>2.48</b>	<b>2.58</b>	<b>1.77</b>

**11. FINANCIAL INFORMATION (Cont'd)**

Current ratio measures the liquidity position of our Group to meet our short-term obligations. The liquidity position of our Group has been manageable as reflected in the current ratio for the Financial Years and Period Under Review which has been fairly consistent ranging between 1.74 times and 2.58 times.

Our current ratio increased from 1.74 times as at 31 December 2019 to 2.48 times and 2.58 times as at 31 December 2020 and 31 December 2021, respectively mainly attributable to:

- the increase in trade receivables which is aligned with the increase in revenue;
- the increase in inventory as per the Group's inventory management policy; and
- the improved financial performance of the Group.

Our current ratio decreased from 2.58 times as at 31 December 2021 to 1.77 times as at 31 July 2022 mainly due to the increase in utilisation of bankers' acceptance to finance the working capital requirement of our Group. Bankers' acceptance and bank overdraft outstanding as at 31 July 2022 were RM21.21 million and nil as compared to RM6.02 million and RM3.65 million as at 31 December 2021, respectively. This represented a net increase of RM11.54 million.

**Gearing ratio**

A summary of our gearing ratio for the Financial Years and Period Under Review is set out below:

	<-----Audited----->			
	FYE 2019	FYE 2020	FYE 2021	FPE 2022
	RM'000	RM'000	RM'000	RM'000
Total loans and borrowings	20,192	21,888	25,107	57,918
Shareholders' equity	18,331	27,877	39,704	42,379
<b>Gearing ratio (times)</b>	<b>1.10</b>	<b>0.79</b>	<b>0.63</b>	<b>1.37</b>

Our gearing ratio had decreased from 1.10 times as at 31 December 2019 to 0.63 times as at 31 December 2021 mainly due to the increase in shareholders' equity as a result of improved financial performance of the Group.

Subsequently, our Group's gearing ratio had increased from 0.63 times as at 31 December 2021 to 1.37 times as at 31 July 2022. In addition to the increase in bankers' acceptance mentioned above, the full drawdown of term loans of RM22.02 million to finance the completion of acquisition of Perai Branch and Kulim Branch in July 2022 had also contributed the increase in gearing ratio. Term loans outstanding had increased by RM21.28 million from RM11.73 million as at 31 December 2021 to RM33.01 million as at 31 July 2022.

**11.5 TREND INFORMATION**

As at the LPD, to the best of the knowledge and belief of our Board, the financial conditions and operations of our Group have not been and are not expected to be affected by any of the following:

- known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's financial performance, position and operations other than those discussed in this section and in Sections 6 and 8 of this Prospectus;
- material commitment for capital expenditure save as disclosed in Section 11.3.8 of this Prospectus;

**11. FINANCIAL INFORMATION (Cont'd)**

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- (c) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of our Group, save for those that had been disclosed in this section and in Sections 6 and 8 of this Prospectus;
- (d) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our revenue and/or profits, save for those that had been discussed in this section and in Sections 6 and 8 of this Prospectus.
- (e) known circumstances, trends, demands, commitments, events or uncertainties that are reasonably likely to make the historical financial statements not indicative of the future financial performance and position, save for those that had been disclosed in this section and in Sections 6 and 8 of this Prospectus.

**11.6 ORDER BOOK**

Due to the nature of our business, our Group does not maintain an order book.

**11.7 SIGNIFICANT CHANGES**

Save for the prolonged COVID-19 pandemic and as disclosed in this Prospectus, there are no significant changes that have occurred, which may have a material effect on our financial position and results subsequent to the FPE 2022 and up to the LPD. Please refer to Section 6.4.16 of this Prospectus for further details on the impact of the prolonged COVID-19 pandemic on our business and financial performance.

**11.8 DIVIDEND POLICY**

It is our Directors' policy to allow our shareholders to participate in the profits of our Group as well as leaving adequate reserves for the future growth of our Group.

It is the intention of our Board to recommend and distribute a dividend of 20% - 50% of the profit attributable to the owners of our Company. Our Group's ability to distribute dividends or make other distributions to our shareholders is subject to various factors, such as profits recorded and excess of funds not required to be retained for working capital of our business. Our Directors will take into consideration, among others, the following factors when recommending dividends for approval by our shareholders or when declaring any dividends:

- (i) the availability of adequate reserves and cash flows. As an investment holding company, our income, and therefore our ability to pay dividends, depends on the dividends or other distributions received from our subsidiaries;
- (ii) our operating cash flow requirements and financing commitments;
- (iii) our anticipated future operating conditions, as well as future expansion, capital expenditure and investment plans;
- (iv) our Company is solvent as the Act requires;
- (v) any material impact of tax laws and other regulatory requirements; and
- (vi) prior written consent from financial institutions, where required.

**11. FINANCIAL INFORMATION (Cont'd)**

However, investors should note that the intention to recommend dividends should not be treated as a legal obligation on our Company to do so. The level of dividends should also not be treated as an indication of our Company's future dividend policy. There can be no assurance that dividends will be paid out in the future or on timing of any dividends that are to be paid in the future. In determining dividends in respect of subsequent financial years, consideration will be given to maximising shareholders' value. Save for certain financial covenants which our subsidiaries are subject to, there is no dividend restriction being imposed on our Group currently.

In addition, our ability to declare and pay interim dividends as well as to recommend final dividends are subject to the discretion of our Board. We will also need to obtain our shareholders' approval for any final dividend for the year.

No inference should or can be made from any of the statements above as to our actual future profitability and our ability to pay dividends in the future.

As at LPD, our Company has no intention to declare further dividends prior to the Listing. The dividends declared and paid for the past FYE 2019 to FYE 2021, FPE 2022 and up to the LPD are as follows:

	<u>FYE 2019</u>	<u>FYE 2020</u>	<u>FYE 2021</u>	<u>FPE 2022</u>	<u>1 August 2022 up to the LPD</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Dividends declared	-	*3,000	-	5,600	-
Dividends paid	-	-	3,000	-	5,600

**Note:**

- \* The dividend amounted to RM3.00 million for the FYE 2020 was declared by the Company in FYE 2021.

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**11. FINANCIAL INFORMATION (Cont'd)****11.9 REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

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 10050 Penang  
 Malaysia  
 SST No: P11-1809-32000112

The Board of Directors  
**L&P Global Berhad**  
 (formerly known as Berjayapak International Holdings Sdn. Bhd.)  
 No. 1328, Jalan Sungai Baong  
 Furniture Industrial Estate  
 14200 Sungai Bakap  
 Pulau Pinang

Date: 18 NOV 2022

Our ref: BDO/LBT/TZH/sjh

Dear Sirs

**L&P Global Berhad ("L&P Global" or "the Company") and its subsidiaries ("L&P Global Group" or "the Group") (formerly known as Berjayapak International Holdings Sdn. Bhd.)  
 Report on the Compilation of the Pro Forma Consolidated Statements of Financial Position as at 31 July 2022 ("This Report")**

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position of the Group prepared by the Board of Directors of the Company ("Board of Directors"). The Pro Forma Consolidated Statements of Financial Position as at 31 July 2022 together with the accompanying notes thereon, for which we have stamped for the purpose of identification only, have been prepared for inclusion in the prospectus of the Company ("the Prospectus") in connection with the listing of and quotation for the entire enlarged issued share capital of L&P Global on the ACE Market of Bursa Malaysia Securities Berhad.

The applicable criteria on the basis of which the Board of Directors has compiled the Pro Forma Consolidated Statements of Financial Position are described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and are specified in Rule 3.12B(1) of the ACE Market listing requirements and paragraph 9.18, 9.20 and 9.22 of Chapter 9, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia ("Prospectus Guidelines").

The Pro Forma Consolidated Statements of Financial Position have been compiled by the Board of Directors to illustrate the impact of the events or transactions as set out in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position on the Group's financial position as at 31 July 2022 as if the events have occurred or the transactions have been undertaken on 31 July 2022. As part of this process, information about the financial position of the Group has been extracted by the Board of Directors from the financial statements of L&P Global Berhad, Berjayapak Sdn. Bhd., Bejay Timber Sdn. Bhd., Bejay Presswood Sdn. Bhd. and Berjayapak Vietnam Company Limited for the financial period ended 31 July 2022, which have been audited.

#### **Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position**

The Board of Directors is solely responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis as described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance to the requirements of the Prospectus Guidelines.

#### **Our Independence and Quality Control**

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

**11. FINANCIAL INFORMATION (Cont'd)****Our Independence and Quality Control (continued)**

The firm applies International Standard on Quality Control 1 (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants' Responsibility**

Our responsibility is to express an opinion, as required by the Prospectus Guidelines, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Board of Directors on the basis described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position.

We conducted our engagement in accordance with International Standard on Assurance Engagement (ISAE) 3420, *Assurance Engagement to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board and adopted by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis set out in the Notes to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position. In providing this opinion, we do not accept any responsibility for such reports or opinions beyond that owed to those whom those reports or opinion were addressed by us at the dates of their issue.

The purpose for inclusion of the Pro Forma Consolidated Statements of Financial Position in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted statements of financial position of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions as at 31 July 2022, would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis set out in the Notes to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- (a) The related pro forma adjustments give appropriate effect to those criteria; and
- (b) The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

11. FINANCIAL INFORMATION (Cont'd)



**Reporting Accountants' Responsibility (continued)**

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statements of Financial Position has been compiled and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the Pro Forma Consolidated Statements of Financial Position of the Group have been compiled, in all material respects, on the basis described in the Notes thereon to the Pro Forma Consolidated Statements of Financial Position and in accordance with the requirements of the Prospectus Guidelines.

**Other Matters**

This Report has been prepared solely for the purpose stated above, in connection with the listing of and quotation for the entire enlarged issued share capital of L&P Global on the ACE Market of Bursa Malaysia Securities Berhad. As such, this Report should not be used for any other purpose without our prior written consent. Neither the Firm nor any member or employee of the Firm undertakes responsibility arising in any way whatsoever to any party in respect of this Report contrary to the aforesaid purpose.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'BDO PLT'.

BDO PLT  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Lee Beng Tuan'.

Lee Beng Tuan  
03271/07/2024 J  
Chartered Accountant

**11. FINANCIAL INFORMATION (Cont'd)**

*L&P Global Berhad (Registration No. 202101028085 (1428385-M))  
(formerly known as Berjayapak International Holdings Sdn. Bhd.)  
Pro Forma Consolidated Statements of Financial Position*

**1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME****1.1 Introduction**

The Pro Forma Consolidated Statements of Financial Position of L&P Global Berhad (“L&P Global” or “the Company”) and its subsidiaries, namely Berjayapak Sdn. Bhd., Bejay Timber Sdn. Bhd., Bejay Presswood Sdn. Bhd. and Berjayapak Vietnam Company Limited (collectively referred to as “L&P Global Group” or “the Group”) as at 31 July 2022 together with the notes thereon, for which the Directors of the Company are solely responsible, have been prepared for illustrative purposes only for the purpose of inclusion in the prospectus in connection with the listing of and quotation for the entire enlarged issued share capital of L&P Global on the ACE Market of Bursa Malaysia Securities Berhad (“Listing”).

**1.2 Basis of Preparation**

The Pro Forma Consolidated Statements of Financial Position of the Group have been prepared on the basis consistent with the format of the financial statements of the Group as at 31 July 2022 and the accounting policies adopted by the Group, in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia.

The Pro Forma Consolidated Statements of Financial Position are combined using merger method as the Company and its subsidiaries are under common control by the same parties, both before and after the acquisition of the Group, and control is not transitory. When the merger method is used, the difference between the cost of investment recorded by the Company and the share capital of Berjayapak Sdn. Bhd. (“BSB”) is accounted for as merger reserves in the Pro Forma Consolidated Statements of Financial Position.

The audited financial statements of BSB and its subsidiaries for the financial period ended 31 July 2022 were not subject to any audit qualification, modification or disclaimer.

The Pro Forma Consolidated Statements of Financial Position of the Group comprise Pro Forma Statements of Financial Position as at 31 July 2022, adjusted for the impact of the events or transactions as set out in Note 2 to the Pro Forma Consolidated Statements of Financial Position.

Due to its nature, the Pro Forma Consolidated Statements of Financial Position is not necessarily indicative of the financial position of the Group that would have attained had the effects of the transactions as set in Note 1.3 actually occurred at the respective dates. Further, such information does not predict the Group’s future financial position.

**1.3 Listing Scheme**

In conjunction with and as an integral part of Listing, the Company had proposed, amongst others, to undertake the following transactions.

**1.3.1 Acquisition**

The Company had on 15 March 2022 entered into a conditional share sale agreement to acquire the entire issued share capital of BSB of RM6,800,000 comprising 6,800,000 ordinary shares from B Pack Holdings Sdn. Bhd., Moviente Sdn. Bhd. and B Line Sdn. Bhd. (“Acquisition of BSB”). The Acquisition of BSB was wholly satisfied via the issuance of 446,999,990 new ordinary shares of the Company (“Shares”) at an issue price of RM0.0905 per share which was then issued to B Pack Holdings Sdn. Bhd., Moviente Sdn. Bhd. and B Line Sdn. Bhd..

The total purchase consideration of RM40.45million was arrived at on a “willing-buyer willing-seller” basis and represents the audited net assets of BSB as at 31 December 2021. The Acquisition of BSB was completed on 9 November 2022.



**11. FINANCIAL INFORMATION (Cont'd)**

*L&P Global Berhad (Registration No. 202101028085 (1428385-M))  
(formerly known as Berjayapak International Holdings Sdn. Bhd.)  
Pro Forma Consolidated Statements of Financial Position*

**1. PRO FORMA GROUP, BASIS OF PREPARATION AND LISTING SCHEME (continued)****1.3 Listing Scheme****1.3.2 Initial Public Offering (“IPO”)****(a) Public issue and offer for sale**

Public issue of 113,000,000 new Shares and an offer for sale of 33,800,000 existing Shares, representing 20.17% and 6.03% respectively of the enlarged number of issued shares of the Company, at an issue/offer price of RM0.30 per share.

**(b) Listing**

Admission to the Official List of Bursa Securities and the listing of and quotation for the Company’s entire enlarged issued share capital of RM74,353,509 comprising 560,000,000 shares on the ACE Market of Bursa Securities.

**1.3.3 Employee Share Option Scheme (“ESOS”)**

In conjunction of the Listing, the Company will implement an ESOS of up to ten percent (10%) of the total number of issued Shares at any point in time during the existence of the ESOS, to be granted to the eligible Directors and employees of the Group.

The ESOS will be administered by the ESOS Committee of the Group and will be governed by the By-Laws.

The ESOS is not illustrated in the Pro Forma Consolidated Statements of Financial Position as the ESOS options under the ESOS have yet to be granted as of the date of this report.

**1.3.4 Utilisation of Proceeds from IPO as per Prospectus**

As per Prospectus, the gross proceeds from the IPO of RM33,900,000 are expected to be utilised in the following manner:

	RM
Capital expenditure	10,000,000
Business expansion	2,000,000
Partial repayment of bank borrowings	5,000,000
Working capital	13,000,000
Estimated listing expenses #	3,900,000
	33,900,000

# The estimated listing expenses totaling RM3,900,000 to be borne by the Company comprise, amongst others, underwriting, placement and brokerage fees, professional fees and miscellaneous expenses, of which RM1,362,300 had been incurred and charged to the profit or loss of the Group as of 31 July 2022. A total of RM844,500 is assumed to be directly attributable to the IPO and as such, will be debited against the share capital of the Company and the remaining expenses of RM1,693,200 are assumed to be attributable to the Listing and as such, will be expensed off to the statement of profit or loss and other comprehensive income.

**1.4 Other Material Transaction****Distribution of Dividend**

BSB had declared single tier interim dividend on 31 July 2022 and paid on 31 October 2022 and 8 November 2022.



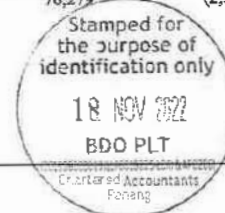
**11. FINANCIAL INFORMATION (Cont'd)**

*L&P Global Berhad (Registration No. 202101028085 (1428385-M))  
(formerly known as Berjayapak International Holdings Sdn. Bhd.)  
Pro Forma Consolidated Statements of Financial Position*

**2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2022**

The pro forma Consolidated statements of financial position ("SOFP") of the Group as at 31 July 2022 has been prepared for illustrative purposes only to show the effects on the audited Consolidated SOFP of L&P Global as at 31 July 2022 based on the assumptions that the transactions as set out in Note 1.3 and Note 1.4 to the pro forma Consolidated information had been effected on 31 July 2022.

	Note	As at 31 July 2022 RM'000	Adjustments for Acquisition and Other Material Transaction RM'000	Pro Forma I Upon completion of the Acquisition and Other Material Transaction RM'000	Adjustments for IPO RM'000	Pro Forma II After IPO RM'000	Adjustments for Utilisation of Proceeds from the IPO RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds from the IPO RM'000
<b>ASSETS</b>								
<b>Non-current assets</b>								
Property, plant and equipment		-	17,261	17,261	-	17,261	-	17,261
Right-of-use assets		-	30,109	30,109	-	30,109	-	30,109
Deferred tax assets		-	40	40	-	40	-	40
Trade and other receivables		-	409	409	-	409	-	409
		-	47,819	47,819	-	47,819	-	47,819
<b>Current assets</b>								
Inventories		-	22,014	22,014	-	22,014	-	22,014
Trade and other receivables		-	33,980	33,980	-	33,980	-	33,980
Current tax asset		-	1,877	1,877	-	1,877	-	1,877
Cash and bank balances	2.2.1	*	3,345	3,345	33,900	37,245	(7,538)	29,707
		-	61,216	61,216	33,900	95,116	(7,538)	87,578
<b>TOTAL ASSETS</b>		*	109,035	109,035	33,900	142,935	(7,538)	135,397
<b>EQUITY AND LIABILITIES</b>								
<b>Equity attributable to owners of the parent</b>								
Share capital	2.2.2	*	40,453	40,453	33,900	74,353	(844)	73,509
Merger reserve	2.2.3	-	(33,653)	(33,653)	-	(33,653)	-	(33,653)
Exchange translation reserve		-	494	494	-	494	-	494
(Accumulated loss)/Retained earnings	2.2.4	(1,646)	36,731	35,085	-	35,085	(1,694)	33,391
		(1,646)	44,025	42,379	33,900	76,279	(2,538)	73,741



11. FINANCIAL INFORMATION (Cont'd)

L&P Global Berhad (Registration No. 202101028085 (1428385-M))  
(formerly known as Berjayapak International Holdings Sdn. Bhd.)  
Pro Forma Consolidated Statements of Financial Position

2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2022 (continued)

	Note	As at 31 July 2022 RM'000	Adjustments for Acquisition and Other Material Transaction RM'000	Pro Forma I Upon completion of the Acquisition and Other Material Transaction RM'000	Adjustments for IPO RM'000	Pro Forma II After IPO RM'000	Adjustments for Utilisation of Proceeds from the IPO RM'000	Pro Forma III After Pro Forma II and Utilisation of Proceeds from the IPO RM'000
<b>LIABILITIES</b>								
<b>Non-current liabilities</b>								
Borrowings	2.2.5	-	30,730	30,730	-	30,730	(1,265)	29,465
Lease liabilities		-	2,082	2,082	-	2,082	-	2,082
Deferred tax liabilities		-	1,655	1,655	-	1,655	-	1,655
		-	34,467	34,467	-	34,467	(1,265)	33,202
<b>Current liabilities</b>								
Trade and other payables	2.2.6	1,646	5,369	7,015	-	7,015	-	7,015
Borrowings	2.2.5	-	23,488	23,488	-	23,488	(3,735)	19,753
Lease liabilities		-	1,618	1,618	-	1,618	-	1,618
Current tax liabilities		-	68	68	-	68	-	68
		1,646	30,543	32,189	-	32,189	(3,735)	28,454
<b>TOTAL LIABILITIES</b>		<b>1,646</b>	<b>65,010</b>	<b>66,656</b>	<b>-</b>	<b>66,656</b>	<b>(5,000)</b>	<b>61,656</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>*</b>	<b>109,035</b>	<b>109,035</b>	<b>33,900</b>	<b>142,935</b>	<b>(7,538)</b>	<b>135,397</b>
Net assets (RM'000)		(1,646)		42,379		76,279		73,741
Number of ordinary shares assumed in issue ('000)		*		447,000		560,000		560,000
Net assets attributable to equity holders per ordinary share (RM)		(1,646,000)		0.09		0.14		0.13

\* Less than RM1,000.



**11. FINANCIAL INFORMATION (Cont'd)**

*L&P Global Berhad (Registration No. 202101028085 (1428385-M))  
(formerly known as Berjayapak International Holdings Sdn. Bhd.)  
Pro Forma Consolidated Statements of Financial Position*

**2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2022  
(continued)**

**2.1 Pro Forma Adjustments to the Pro Forma Consolidated Statements of Financial Position**

**2.1.1 Pro Forma I**

Pro Forma I is stated after incorporating the effects of the acquisition and other material transaction as set out in Note 1.3.1 and Note 1.4 to the Pro Forma Consolidated Statements of Financial Position.

**2.1.2 Pro Forma II**

Pro Forma II is stated after incorporating the effects of Pro Forma I and effect after the completion of the IPO as set out in Note 1.3.2 to the Pro Forma Consolidated Statements of Financial Position.

**2.1.3 Pro Forma III**

Pro Forma III is stated after incorporating the effects of Pro Forma II and effect after the utilisation of proceeds from the IPO as set out in Note 1.3.4 to the Pro Forma Consolidated Statements of Financial Position.





**11. FINANCIAL INFORMATION (Cont'd)**

*L&P Global Berhad (Registration No. 202101028085 (1428385-M))  
(formerly known as Berjayapak International Holdings Sdn. Bhd.)  
Pro Forma Consolidated Statements of Financial Position*

**2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2022 (continued)****2.2 Notes to the Pro Forma Consolidated Statements of Financial Position****2.2.1 Cash and Bank Balances**

The movements of cash and bank balances are as follows:

	<b>RM'000</b>
As at 31 July 2022	*
Adjustments for	
- Acquisition	8,945
- Distribution of dividend	(5,600)
	3,345
<b>Pro Forma I</b>	<b>3,345</b>
IPO	33,900
	37,245
<b>Pro Forma II</b>	<b>37,245</b>
Utilisation of proceeds from the IPO	
- Estimated listing expenses	(2,538)
- Repayment of bank borrowings	(5,000)
	29,707
<b>Pro Forma III</b>	<b>29,707</b>

\* Less than RM1,000.

**2.2.2 Share Capital**

The movements of share capital are as follows:

	<b>RM'000</b>
As at 31 July 2022	*
Adjustment for acquisition	40,453
	40,453
<b>Pro Forma I</b>	<b>40,453</b>
IPO	33,900
	74,353
<b>Pro Forma II</b>	<b>74,353</b>
Utilisation of proceeds from the IPO	
- Estimated listing expenses	(844)
	73,509
<b>Pro Forma III</b>	<b>73,509</b>

\* Less than RM1,000.



Upon completion of the Listing Scheme as mentioned in Note 1.3.1 and Note 1.3.2 to the Pro Forma Consolidated Statements of Financial Position respectively, the enlarged issued share capital of the Company will be RM73,509,009 comprising 560,000,000 Shares.

11. FINANCIAL INFORMATION (Cont'd)

*L&P Global Berhad (Registration No. 202101028085 (1428385-M))  
(formerly known as Berjayapak International Holdings Sdn. Bhd.)  
Pro Forma Consolidated Statements of Financial Position*

2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2022  
(continued)

2.2 Notes to the Pro Forma Consolidated Statements of Financial Position (continued)

2.2.3 Merger reserve

The movements of merger reserve are as follows:

	RM'000
As at 31 July 2022	-
Adjustment for acquisition	(33,653)
<b>Pro Forma I</b>	<b>(33,653)</b>
IPO	-
<b>Pro Forma II</b>	<b>(33,653)</b>
Utilisation of proceeds from the IPO	-
<b>Pro Forma III</b>	<b>(33,653)</b>

2.2.4 (Accumulated Loss)/Retained Earnings

The movements of (accumulated loss)/retained earnings are as follows:

	RM'000
As at 31 July 2022	(1,646)
Adjustment for acquisition	36,731
<b>Pro Forma I</b>	<b>35,085</b>
IPO	-
<b>Pro Forma II</b>	<b>35,085</b>
Utilisation of proceeds from the IPO	
- Estimated listing expenses	(1,694)
<b>Pro Forma III</b>	<b>33,391</b>



11. FINANCIAL INFORMATION (Cont'd)

*L&P Global Berhad (Registration No. 202101028085 (1428385-M))  
(formerly known as Berjayapak International Holdings Sdn. Bhd.)  
Pro Forma Consolidated Statements of Financial Position*

2. PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2022  
(continued)

2.2 Notes to the Pro Forma Consolidated Statements of Financial Position (continued)

2.2.5 Borrowings

The movements of borrowings are as follows:

	RM'000
As at 31 July 2022	-
Adjustment for acquisition	54,218
<b>Pro Forma I</b>	<b>54,218</b>
IPO	-
<b>Pro Forma II</b>	<b>54,218</b>
Utilisation of proceeds from the IPO	
- Repayment of bank borrowings	(5,000)
<b>Pro Forma III</b>	<b>49,218</b>

2.2.6 Trade and other payables

The movements of trade and other payables are as follows:

	RM'000
As at 31 July 2022	1,646
Adjustments for	
- Acquisition	10,969
- Distribution of dividend	(5,600)
<b>Pro Forma I</b>	<b>7,015</b>
IPO	-
<b>Pro Forma II</b>	<b>7,015</b>
Utilisation of proceeds from the IPO	-
<b>Pro Forma III</b>	<b>7,015</b>

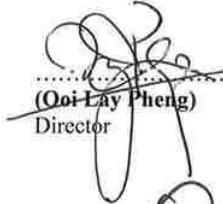


11. FINANCIAL INFORMATION (Cont'd)

*L&P Global Berhad (Registration No. 202101028085 (1428385-M))  
(formerly known as Berjayapak International Holdings Sdn. Bhd.)  
Pro Forma Consolidated Statements of Financial Position*

**APPROVAL BY THE BOARD OF DIRECTORS**

Approved and adopted by the Board of Directors of the Company in accordance with a resolution dated **18 NOV 2022**

  
.....  
(Ooi Lay Pheng)  
Director

  
.....  
(Ong Kah Hong)  
Director

Penang  
**18 NOV 2022**



## 12. ACCOUNTANTS' REPORT



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51-21-F, Menara BHL  
Jalan Sultan Ahmad Shah  
10050 Penang  
Malaysia  
SST No: P11-1809-32000112

The Board of Directors  
L&P Global Berhad  
(formerly known as Berjayapak International Holdings Sdn. Bhd.)  
No. 1328, Jalan Sungai Baong  
Furniture Industrial Estate  
14200 Sungai Bakap  
Pulau Pinang

Date: 18 NOV 2022  
Our ref: LBT/TZH/sjh

Dear Sir/Madam

**Reporting Accountants' Opinion on the Combined Financial Information Contained in the Accountants' Report ("this report") of L&P Global Berhad ("L&P Global" or "the Company") (formerly known as Berjayapak International Holdings Sdn. Bhd.)**

### Opinion

We have audited the combined financial information of L&P Global and its combining entities as defined in Note 2 (collectively referred to as the "Group") which comprise the combined statements of financial position as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 July 2022 of the Group, and combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021 and for the financial period ended 31 July 2022 and notes to the combined financial statements, including a summary of significant accounting policies as set out in this report (collectively referred to herein as "the Combined Financial Statements").

This combined financial statements has been prepared for inclusion in the prospectus of the Company ("Prospectus") in connection with the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad ("the Listing"). This report is given for the purposes of complying with the ACE Market Listing requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad and the Prospectus Guidelines issued by the Securities Commission Malaysia and for no other purpose.

In our opinion, the combined financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 July 2022, and of their financial performance and their cash flows for each of the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021 and for the financial period ended 31 July 2022 in accordance with the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

### Basis for Opinion

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

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**12. ACCOUNTANTS' REPORT (Cont'd)**

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*Independence and Other Ethical Responsibilities*

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

**Directors' Responsibility for the Combined Financial Statements**

The Directors of the Group are responsible for the preparation of the combined financial statements that gives a true and fair view in accordance with MFRSs and IFRSs. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, the Directors are responsible for assessing the ability of the Group 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 to cease operations, or have no realistic alternative but to do so.

**Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined financial statements of the Group as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 ISAs 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 combined financial statements.

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

- (a) Identify and assess the risks of material misstatement of the combined financial statements of the Group, 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;
- (b) 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 internal control of the Group;
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

**12. ACCOUNTANTS' REPORT (Cont'd)**



**Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)**

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (continued):

- (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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the combined financial statements of the Group 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 report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- (e) Evaluate the overall presentation, structure and content of the combined financial statements of the Group, including the disclosures, and whether the combined financial statements of the Group represent the underlying transactions and events in a manner that achieves fair presentation; and
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined 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.

12. ACCOUNTANTS' REPORT (Cont'd)

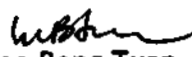


**Reporting Accountants' Responsibilities for the Audit of the Combined Financial Statements (continued)**

**Other Matters**

- (a) The comparative information in respect of the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity, combined statements of cash flow and relevant notes to the combined financial statements for the financial period ended 31 July 2021 has not been audited.
- (b) This report has been prepared solely to comply with Appendix 3B, Part A of the Listing Requirements and Chapter 10, Part II Division 1: Equity of the Prospectus Guidelines issued by the Securities Commission Malaysia and for inclusion in the Prospectus in connection with the Listing and for no other purposes. We do not assume responsibility to any other person for the content of this report.

  
BDO PLT  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

  
Lee Beng Tuan  
03271/07/2024 J  
Chartered Accountant

Penang  
Dated: 18 NOV 2022



**12. ACCOUNTANTS' REPORT (Cont'd)**

**L&P GLOBAL BERHAD**  
**(FORMERLY KNOWN AS BERJAYAPAK INTERNATIONAL HOLDINGS SDN. BHD.)**  
(Incorporated in Malaysia)

**ACCOUNTANT'S REPORT****COMBINED STATEMENTS OF FINANCIAL POSITION**

The audited combined statements of financial position as at 31 December 2019, 31 December 2020, 31 December 2021 and 31 July 2022 are set out below:

	Note	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	6	17,261	15,523	13,136	13,260
Right-of-use assets	7	30,109	4,464	2,759	2,757
Deferred tax assets	8	40	52	20	-
Other receivables	9	409	362	344	217
		<u>47,819</u>	<u>20,401</u>	<u>16,259</u>	<u>16,234</u>
<b>Current assets</b>					
Inventories	10	22,014	19,694	12,786	6,663
Trade and other receivables	9	33,980	29,635	21,747	15,628
Current tax assets		1,877	967	867	643
Cash and bank balances	11	8,945	3,407	5,650	3,480
		<u>66,816</u>	<u>53,703</u>	<u>41,050</u>	<u>26,414</u>
<b>TOTAL ASSETS</b>		<u>114,635</u>	<u>74,104</u>	<u>57,309</u>	<u>42,648</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to the common controlling shareholders of the Group</b>					
Invested equity	12	6,800	6,800	6,800	6,800
Reserves	13	35,579	32,904	21,077	11,531
<b>TOTAL EQUITY</b>		<u>42,379</u>	<u>39,704</u>	<u>27,877</u>	<u>18,331</u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	14	30,730	10,700	11,146	7,168
Lease liabilities	7	2,082	2,060	1,087	1,366
Deferred tax liabilities	8	1,655	803	650	605
		<u>34,467</u>	<u>13,563</u>	<u>12,883</u>	<u>9,139</u>
<b>Current liabilities</b>					
Trade and other payables	15	12,615	8,202	6,869	3,520
Borrowings	14	23,488	10,693	8,484	10,858
Lease liabilities	7	1,618	1,654	1,171	800
Current tax liabilities		68	288	25	-
		<u>37,789</u>	<u>20,837</u>	<u>16,549</u>	<u>15,178</u>
<b>TOTAL LIABILITIES</b>		<u>72,256</u>	<u>34,400</u>	<u>29,432</u>	<u>24,317</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>114,635</u>	<u>74,104</u>	<u>57,309</u>	<u>42,648</u>

**12. ACCOUNTANTS' REPORT (Cont'd)**

**L&P GLOBAL BERHAD**  
**(FORMERLY KNOWN AS BERJAYAPAK INTERNATIONAL HOLDINGS SDN. BHD.)**  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

The combined statements of profit or loss and other comprehensive income for the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021, and for the financial periods ended 31 July 2021 and 31 July 2022 are set out below:

		1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Revenue	16	83,824	67,466	120,924	88,305	66,304
Cost of sales		(66,708)	(50,234)	(91,734)	(69,898)	(52,892)
Gross profit		17,116	17,232	29,190	18,407	13,412
Other operating income		666	126	193	230	73
Reversal of impairment losses/ (impairment losses) on trade receivables	9(c)	117	(11)	(11)	14	82
Distribution costs		(1,694)	(1,319)	(2,392)	(1,815)	(1,175)
Administrative expenses		(5,363)	(3,341)	(7,424)	(4,855)	(5,515)
Finance costs	17	(771)	(725)	(1,356)	(1,010)	(1,228)
Profit before tax		10,071	11,962	18,200	10,971	5,649
Tax expense	19	(2,130)	(2,392)	(3,870)	(1,119)	(1,256)
Profit for the financial periods/years		7,941	9,570	14,330	9,852	4,393
Other comprehensive income/(loss)						
Item that may be reclassified subsequently to profit or loss						
Foreign currency translations		334	575	497	(306)	(31)
Total comprehensive income		8,275	10,146	14,827	9,546	4,362

12. ACCOUNTANTS' REPORT (Cont'd)

L&P GLOBAL BERHAD  
(FORMERLY KNOWN AS BERJAYAPAK INTERNATIONAL HOLDINGS SDN. BHD.)  
(Incorporated in Malaysia)



COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

The combined statements of profit or loss and other comprehensive income for the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021, and for the financial periods ended 31 July 2021 and 31 July 2022 are set out below (continued):

		1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
	Note					
Profit attributable to common controlling shareholders of the Group		<u>7,941</u>	<u>9,570</u>	<u>14,330</u>	<u>9,852</u>	<u>4,393</u>
Total comprehensive income attributable to common shareholders of the Group		<u>8,275</u>	<u>10,146</u>	<u>14,827</u>	<u>9,546</u>	<u>4,362</u>
Earnings per ordinary share the Group						
Basic and diluted (sen)	21	<u>1.42</u>	<u>1.71</u>	<u>2.56</u>	<u>1.76</u>	<u>0.78</u>

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**12. ACCOUNTANTS' REPORT (Cont'd)**

**L&P GLOBAL BERHAD**  
**(FORMERLY KNOWN AS BERJAYAPAK INTERNATIONAL HOLDINGS SDN. BHD.)**  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CHANGES IN EQUITY**

The combined statements of changes in equity for the financial years ended 31 December 2019, 31 December 2020, 31 December 2021, and for the financial periods ended 31 July 2021 and 31 July 2022 are set out below:

<u>Audited</u>	Note	Invested equity RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2019		6,800	-	7,169	13,969
Profit for the financial year		-	-	4,393	4,393
Other comprehensive loss, net of tax		-	(31)	-	(31)
<b>Total comprehensive income</b>		-	(31)	4,393	4,362
Balance as at 31 December 2019		6,800	(31)	11,562	18,331
<u>Audited</u>					
Balance as at 1 January 2020		6,800	(31)	11,562	18,331
Profit for the financial year		-	-	9,852	9,852
Other comprehensive loss, net of tax		-	(306)	-	(306)
<b>Total comprehensive income</b>		-	(306)	9,852	9,546
Balance as at 31 December 2020		6,800	(337)	21,414	27,877
<u>Audited</u>					
Balance as at 1 January 2021		6,800	(337)	21,414	27,877
Profit for the financial year		-	-	14,330	14,330
Other comprehensive income, net of tax		-	497	-	497
<b>Total comprehensive income</b>		-	497	14,330	14,827
Transaction with common controlling shareholders: Dividend	20	-	-	(3,000)	(3,000)
Balance as at 31 December 2021		6,800	160	32,744	39,704

**12. ACCOUNTANTS' REPORT (Cont'd)**

**L&P GLOBAL BERHAD**  
**(FORMERLY KNOWN AS BERJAYAPAK INTERNATIONAL HOLDINGS SDN. BHD.)**  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CHANGES IN EQUITY (continued)**

The combined statements of changes in equity for the financial years ended 31 December 2019, 31 December 2020, 31 December 2021, and for the financial periods ended 31 July 2021 and 31 July 2022 are set out below (continued):

<u>Unaudited</u>	Note	Invested equity RM'000	Exchange translation reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2021		6,800	(337)	21,415	27,878
Profit for the financial period		-	-	9,569	9,569
Other comprehensive income, net of tax		-	576	-	576
Total comprehensive income		-	576	9,569	10,145
Transaction with common controlling shareholders:					
Dividend	20	-	-	(3,000)	(3,000)
Balance as at 31 July 2021		<u>6,800</u>	<u>239</u>	<u>27,984</u>	<u>35,023</u>
<u>Audited</u>					
Balance as at 1 January 2022		6,800	160	32,744	39,704
Profit for the financial period		-	-	7,941	7,941
Other comprehensive income, net of tax		-	334	-	334
Total comprehensive income		-	334	7,941	8,275
Transaction with common controlling shareholders:					
Dividend	20	-	-	(5,600)	(5,600)
Balance as at 31 July 2022		<u>6,800</u>	<u>494</u>	<u>35,085</u>	<u>42,379</u>

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**12. ACCOUNTANTS' REPORT (Cont'd)**

**L&P GLOBAL BERHAD**  
**(FORMERLY KNOWN AS BERJAYAPAK INTERNATIONAL HOLDINGS SDN. BHD.)**  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CASH FLOWS**

The combined statements of cash flows for the financial years ended 31 December 2019, 31 December 2020, 31 December 2021, and for the financial periods ended 31 July 2021 and 31 July 2022 are set out below:

		1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
	Note					
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Profit before tax		10,071	11,962	18,200	10,971	5,649
Adjustments for:						
Depreciation of:						
- property, plant and equipment	6	808	548	965	958	699
- right-of-use assets	7	1,024	709	1,442	838	468
(Reversal of impairment loss)/ impairment loss on trade receivables	9(e)	(117)	11	11	(14)	(82)
Interest expenses	17	771	725	1,356	1,010	1,228
Interest income		(10)	(39)	(62)	(30)	(24)
Gain on lease termination	7(a)	(2)	-	(1)	-	-
Loss/(Gain) on disposal of:						
- property, plant and equipment		3	-	8	-	(37)
- right-of-use assets		-	-	-	12	-
Unrealised (gain)/loss on foreign exchange		(199)	-	24	91	-
Written off of right-of-use assets	7	-	-	444	-	-
Operating profit before changes in working capital		12,349	13,916	22,387	13,836	7,901
Increase in inventories		(2,174)	(4,838)	(6,749)	(6,201)	(746)
Increase in trade and other receivables		(3,900)	(1,589)	(7,717)	(6,409)	(3,129)
(Decrease)/ Increase in trade and other payables		(1,279)	46	1,263	3,305	(1,207)
Cash generated from operations		4,996	7,535	9,184	4,531	2,819

**12. ACCOUNTANTS' REPORT (Cont'd)**

**L&P GLOBAL BERHAD**  
**(FORMERLY KNOWN AS BERJAYAPAK INTERNATIONAL HOLDINGS SDN. BHD.)**  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CASH FLOWS (continued)**

The combined statements of cash flows for the financial years ended 31 December 2019, 31 December 2020, 31 December 2021, and for the financial periods ended 31 July 2021 and 31 July 2022 are set out below (continued):

		1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>Note</b>					
Cash generated from operations brought forward		4,996	7,535	9,184	4,531	2,819
Interest received		10	39	62	30	24
Interest paid		(613)	(619)	(1,174)	(881)	(1,096)
Tax refunded		-	-	-	-	951
Tax paid		(2,362)	(517)	(3,549)	(1,309)	(1,862)
Net cash from operating activities		<u>2,031</u>	<u>6,438</u>	<u>4,523</u>	<u>2,371</u>	<u>836</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of:						
- property, plant and equipment	6	(2,300)	(151)	(3,418)	(752)	(2,473)
- right-of-use assets		(25,787)	(4)	(132)	(73)	-
Proceeds from disposal of:						
- property, plant and equipment		1	-	88	-	58
- right-of-use assets		-	-	-	57	-
Net cash used in investing activities		<u>(28,086)</u>	<u>(155)</u>	<u>(3,462)</u>	<u>(768)</u>	<u>(2,415)</u>

**12. ACCOUNTANTS' REPORT (Cont'd)**

**L&P GLOBAL BERHAD**  
**(FORMERLY KNOWN AS BERJAYAPAK INTERNATIONAL HOLDINGS SDN. BHD.)**  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CASH FLOWS (continued)**

The combined statements of cash flows for the financial years ended 31 December 2019, 31 December 2020, 31 December 2021, and for the financial periods ended 31 July 2021 and 31 July 2022 are set out below (continued):

	Note	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Dividend paid	20	-	-	(3,000)	-	-
Drawdown of:						
- bankers acceptances		21,205	-	22,120	6,059	12,150
- term loans		22,018	-	9,342	4,942	5,420
Repayment of:						
- bankers acceptances		(6,015)	(1,350)	(17,455)	(6,494)	(12,155)
- term loans		(738)	(679)	(10,057)	(355)	(2,675)
- lease liabilities	7	(1,285)	(1,113)	(2,187)	(961)	(780)
Proceeds from invested equity		-	-	*	-	-
Net changes in deposits with licensed banks		130	(1)	(7)	(7)	(7)
Net cash from/ (used in) financing activities		35,315	(3,143)	(1,244)	3,184	1,953
Net changes in cash and cash equivalents		9,260	3,140	(183)	4,787	374
Effects of exchange rate changes on cash and cash equivalents		53	130	120	(76)	(14)
Cash and cash equivalents at beginning of financial periods/ years		(484)	(421)	(421)	(5,132)	(5,492)
Cash and cash equivalents at end of financial periods/years	11(f)	8,829	2,847	(484)	(421)	(5,132)

\* Less than RM1,000



**12. ACCOUNTANTS' REPORT (Cont'd)**

**L&P GLOBAL BERHAD**  
**(FORMERLY KNOWN AS BERJAYAPAK INTERNATIONAL HOLDINGS SDN. BHD.)**  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CASH FLOWS (continued)**

The combined statements of cash flows for the financial years ended 31 December 2019, 31 December 2020, 31 December 2021, and for the financial periods ended 31 July 2021 and 31 July 2022 are set out below (continued):

**Reconciliation of Liabilities Arising from Financing Activities**

<u>Audited</u>	Bankers' acceptances (Note 14) RM'000	Term loans (Note 14) RM'000	Lease liabilities (Note 7) RM'000
Balance as at 1 January 2019	1,790	5,116	-
Effects of adoption of MFRS 16	-	-	1,474
Cash flows	(5)	2,745	(780)
Non-cash flows:			
Additions in lease liabilities	-	-	1,332
Unwinding of interest (Note 7)	-	-	132
Currency translation differences	-	-	8
Balance as at 31 December 2019	<u>1,785</u>	<u>7,861</u>	<u>2,166</u>
<u>Audited</u>			
Balance as at 1 January 2020	1,785	7,861	2,166
Cash flows	(435)	4,587	(961)
Non-cash flows:			
Additions in lease liabilities	-	-	945
Unwinding of interest (Note 7)	-	-	129
Currency translation differences	-	-	(21)
Balance as at 31 December 2020	<u>1,350</u>	<u>12,448</u>	<u>2,258</u>
<u>Audited</u>			
Balance as at 1 January 2021	1,350	12,448	2,258
Cash flows	4,665	(715)	(2,187)
Non-cash flows:			
Additions in lease liabilities	-	-	3,427
Unwinding of interest (Note 7)	-	-	182
Currency translation differences	-	-	56
Lease termination	-	-	(22)
Balance as at 31 December 2021	<u>6,015</u>	<u>11,733</u>	<u>3,714</u>

**12. ACCOUNTANTS' REPORT (Cont'd)**

**L&P GLOBAL BERHAD**  
**(FORMERLY KNOWN AS BERJAYAPAK INTERNATIONAL HOLDINGS SDN. BHD.)**  
(Incorporated in Malaysia)

**COMBINED STATEMENTS OF CASH FLOWS (continued)**

The combined statements of cash flows for the financial years ended 31 December 2019, 31 December 2020, 31 December 2021, and for the financial periods ended 31 July 2021 and 31 July 2022 are set out below (continued):

***Reconciliation of Liabilities Arising from Financing Activities (continued)***

	Bankers' acceptances (Note 14) RM'000	Term loans (Note 14) RM'000	Lease liabilities (Note 7) RM'000
<b><u>Unaudited</u></b>			
Balance as at 1 January 2021	1,350	12,448	2,258
Cash flows	(1,350)	(679)	(1,113)
Non-cash flows:			
Additions in lease liabilities	-	-	1,931
Unwinding of interest (Note 7)	-	-	106
Currency translation differences	-	-	41
Lease termination	-	-	-
Balance as at 31 July 2021	<u>-</u>	<u>11,769</u>	<u>3,222</u>
<b><u>Audited</u></b>			
Balance as at 1 January 2022	6,015	11,733	3,714
Cash flows	15,190	21,280	(1,285)
Non-cash flows:			
Additions in lease liabilities	-	-	1,161
Unwinding of interest (Note 7)	-	-	158
Currency translation differences	-	-	64
Lease termination	-	-	(112)
Balance as at 31 July 2022	<u>21,205</u>	<u>33,013</u>	<u>3,700</u>

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**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**1. CORPORATE INFORMATION**

The Company was incorporated in Malaysia under the Companies Act 2016 on 30 August 2021 as a private limited liability company. On 22 March 2022, the Company converted its legal form from a private limited liability company to a public limited liability company.

The registered office of the Company is located at 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia.

The principal place of business of the Company is located at 2619, Lorong Perusahaan 8D Kawasan Perusahaan Prai, 13600 Prai, Penang.

On 27 January 2022, the Company had changed its name from Berjayapak International Holdings Sdn. Bhd. to L&P Global Sdn. Bhd..

These combined financial statements for the financial period/years ended are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The principal activity of the Company is investment holding and provision of management services. The principal activities of the combining entities are set out in Note 5 to the combined financial statements.

**2. BASIS OF PREPARATION**

The combined financial statements of the Group consist of the financial statements of L&P Global Berhad and the consolidated financial statements of Berjayapak Sdn. Bhd. and its subsidiaries (collectively referred to as the "Other Combining Entities"), on a combined basis, which are prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and based on the Guidance Note on "Combined Financial Statements" issued by the Malaysian Institute of Accountants in relation to the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial statements of common controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The financial information as presented in the combined financial statements may not correspond with the consolidated financial statements of the Group, after incorporating/effecting the relevant acquisitions. Consequently, such financial information from the combined financial statements does not purport to predict the financial positions, results of operations and cash flows of the combining entities.

Berjayapak Sdn. Bhd., Bejay Timber Sdn. Bhd. and Bejay Presswood Sdn. Bhd. previously applied Malaysian Private Entities Reporting Standard ("MPERS") whereas Berjayapak Vietnam Company Limited previously applied Vietnamese Accounting Standards and Vietnamese Accounting System during the financial years ended 31 December 2019 and 31 December 2020.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**2. BASIS OF PREPARATION (continued)**

The financial statements for the financial years ended 31 December 2019 and 31 December 2020 were re-prepared by Management to comply with MFRSs and IFRSs and were re-audited by BDO PLT for the purpose of inclusion in the prospectus in connection with the Listing and should not be relied upon for any other purpose.

The Group has consistently applied the same accounting policies in its opening MFRS combined statements of financial position as at 1 January 2019 and throughout all financial period/years presented, as if these policies had always been in effect. Comparative figures in these financial statements have been restated to give effect to these changes and Note 30.2 of this combined financial statements disclose the impact of the transition to MFRSs on the reported financial position, financial performance and cash flows of the Group for the financial period/years then ended.

The combined financial statements of the Group are prepared using the audited financial statements of the respective companies within the Group for the relevant financial period/years and their auditors are as follows:

Company	Relevant Financial Year/Period	Auditor
L&P Global Berhad	Financial period from 30 August 2021 (Date of Incorporation) to 31 December 2021	BDO PLT
	Financial period from 1 January 2022 to 31 July 2022	BDO PLT
Berjayapak Sdn. Bhd.	Financial year ended ("FYE") 31 December 2019	BDO PLT
	FYE 31 December 2020	BDO PLT
	FYE 31 December 2021	BDO PLT
	Financial period from 1 January 2022 to 31 July 2022	BDO PLT
Bejay Timber Sdn. Bhd.	FYE 31 December 2019	BDO PLT
	FYE 31 December 2020	BDO PLT
	FYE 31 December 2021	BDO PLT
	Financial period from 1 January 2022 to 31 July 2022	BDO PLT
Bejay Presswood Sdn. Bhd.	FYE 31 December 2019	BDO PLT
	FYE 31 December 2020	BDO PLT
	FYE 31 December 2021	BDO PLT
	Financial period from 1 January 2022 to 31 July 2022	BDO PLT
Berjayapak Vietnam Company Limited	Financial period from 1 April 2019 (Date of Incorporation) to 31 December 2019	BDO Audit Services Company Limited
	FYE 31 December 2020	BDO Audit Services Company Limited
	FYE 31 December 2021	BDO Audit Services Company Limited
	Financial period from 1 January 2022 to 31 July 2022	BDO Audit Services Company Limited

There were no audited financial statements for L&P Global Berhad for the financial years ended 31 December 2019 and 31 December 2020 as the Company was only incorporated on 30 August 2021.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**2. BASIS OF PREPARATION (continued)**

The audited financial statements of all the companies within the Group for the Relevant Financial Period/Years reported above were not subject to any qualification, modification or disclaimer.

The financial information of this Report is based on the respective audited financial statements of the Group with applicable appropriate adjustments and reclassifications made for the purpose of this Report.

All information, including the combined financial statements, have been extracted from the audited financial statements and management financial statements of the Group during the relevant reporting periods.

**3. SIGNIFICANT ACCOUNTING POLICIES****3.1 Basis of accounting**

The combined financial statements have been prepared under the historical cost convention except as otherwise stated in combined financial statements.

The preparation of the combined financial statements in conformity with MFRSs and IFRSs requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. The Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 4 to the combined financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from these estimates.

**3.2 Basis of combinations****3.2.1 Basis of consolidation**

The consolidated financial statements of the Group incorporate the financial statements of Berjayapak Sdn. Bhd. and all its subsidiaries. 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. Specifically, the Group controls an investee if and only if the Group has:

- (a) Power over the investee;
- (b) Exposure, or rights, to variable returns from its investment with the investee; and
- (c) The ability to use its power over the investee to affect its returns.

If the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) Rights arising from other contractual agreements; and
- (c) The voting rights of the Group and potential voting rights.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint venture are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.2 Basis of combinations (continued)****3.2.1 Basis of consolidation (continued)**

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of the subsidiaries are changed to ensure consistency with the policies adopted by the Group.

Non-controlling interest represent equity in subsidiaries that are not attributable, directly or indirectly, to owners of the parent, and is presented separately in the combined statement of profit or loss and other comprehensive income and within equity in the combined statement of financial position, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interest. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial period/year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

If the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (a) The aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (b) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the subsidiaries are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiaries at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.2 Basis of consolidation and business combination (continued)****3.2.2 Business combinations under common control**

Business combination involving entities under common control are accounted for by applying the merger method of accounting. The assets and liabilities of the merger entities are reflected at their carrying amounts reported in the individual combined financial statements.

In a business combination under common control, any differences between the cost of the merger and the share capital of the 'acquired' entity are reflected within equity as reorganisation debit reserve.

The combined statements of profit or loss and other comprehensive income reflects the results of the combining entities for the full financial period and the comparatives are presented as if the entities had always been combined since the date for which the entities had come under common control.

**3.2.3 Business combinations not under common control**

Business combinations not under common control are accounted for applying the acquisition method of accounting.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity; and
- (b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 9 *Financial Instruments* are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 9 *Financial Instruments*. All other subsequent changes are recognised in profit or loss.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.2 Basis of consolidation and business combination (continued)****3.2.3 Business combinations not under common control (continued)**

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the combined statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

**3.3 Property, plant and equipment and depreciation**

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

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

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation rates used are as follows:

Buildings	2%
Plant and machinery	10% - 33%
Motor vehicles	10%
Furniture and fittings	10%
Office equipment	10% - 33%
Renovation	10%



**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.3 Property, plant and equipment and depreciation (continued)**

Freehold land has unlimited useful life and is not depreciated.

Capital work in progress represents electrical installation and renovation under construction and is stated at cost. Capital work in progress is not depreciated until such time when the asset is available for use.

At the end of each reporting period, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 3.6 to the combined financial statements on impairment of non-financial assets).

The residual value, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If current expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

**3.4 Leases****The Group as lessee**

The Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The Group determines the lease term as the non-cancellable period of a lease, together with both:

- (a) Period covered by an option to the extend the lease if the lease is reasonably certain to exercise that options; and
- (b) Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, the Group considers all relevant facts and circumstances that create economic incentive for the lessee to exercise the option to extend the lease, not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets of RM20,000 and below. Short-term leases are leases with a lease term of twelve (12) months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.4 Leases (continued)**The Group as lessee (continued)***Right-of-use asset***

The right-of-use assets are initially recorded at cost, which comprises:

- (i) The amount of the initial measurement of the lease liability;
- (ii) Any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- (iii) Any initial direct costs incurred by the Group; and
- (iv) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease terms of right-of-use assets are as follows:

Motor vehicles	4 - 5 years
Plant and machinery	5 years
Factory building	1 - 5 years
Hostel	2 years
Leasehold land	27 - 42 years
Buildings	27 - 42 years

***Lease liability***

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the incremental borrowing rate of the Group. Subsequent to the initial recognition, the Group measures the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales, if any, are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.5 Investment in subsidiaries**

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment loss, if any. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

**3.6 Impairment of non-financial assets**

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries), inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ('CGU') to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal 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 for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated to the assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss for assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.7 Inventories**

Inventories are determined using weighted average cost method and stated at the lower of cost and estimated selling price less costs to complete and sell.

The cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of conversion includes cost directly related to the units of production, and a proportion of fixed production overheads based on normal capacity of the production facilities.

Inventories are assessed for impairment at the end of each reporting period by comparing the carrying amount of each item of inventory with its selling price less costs to complete and sell. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**3.8 Financial instruments**

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

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

Financial instruments are recognised on the combined statements of financial position when the Group has become a party to the contractual provisions of the instrument. At initial recognition, a financial instrument is recognised at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the financial instrument.

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**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.8 Financial instruments (continued)****(a) Financial assets**

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss ("FVTPL"), directly attributable transaction costs.

The Group determines the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

**(i) Financial assets at amortised cost**

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process. Financial assets are carried net of impairment losses, if any.

**(ii) Financial assets measured at fair value**

Financial assets that are debt instruments are measured at Fair Value Through Other Comprehensive Income ("FVTOCI"), if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms of financial assets which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from changes in the fair value of financial assets measured at fair value through other comprehensive income are recognised directly in other comprehensive income, except for impairment losses, exchange differences and interest income which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group had elected an irrevocable option to designate its equity instruments not held for trading other than investments in subsidiaries at initial recognition as financial assets measured at FVTPL.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's right to receive payment is established.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.8 Financial instruments (continued)****(a) Financial assets (continued)**

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

Cash and bank balances are measured at amortised cost. Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or marketplace convention.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.

**(b) Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and meet the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

**(i) Financial liabilities at FVTPL**

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group that does not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss except for when the Group's own credit risk increases or decreases and which is recognised in other comprehensive income. Net gains or losses on derivatives include exchange differences.

**(ii) Financial liabilities measured at amortised cost**

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.8 Financial instruments (continued)****(b) Financial liabilities (continued)**

A financial liability is derecognised when, and only when, it is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed is recognised in profit or loss.

**(c) Financial guarantee contract**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these corporate guarantees as insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of each reporting period, the Group assesses whether its recognised insurance liabilities, if any, are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities, if any, are only removed from the combined statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

**(d) Equity**

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

Ordinary shares are recorded at the proceeds received at issuance and classified as equity. Transaction costs directly related to the issuance of equity instrument are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.9 Financial instruments (continued)****(d) Equity (continued)**

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution.

On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

**3.9 Impairment of financial assets**

The Group recognises an impairment loss allowance for expected credit losses on a financial asset that is measured at amortised cost.

The Group recognises allowance for impairment losses for trade receivables based on the simplified approach in accordance with MFRS 9 *Financial Instruments* and measures the allowance for impairment loss based on a lifetime expected credit loss from initial recognition.

The Group recognises allowance for impairment losses for other receivables based on the three-stage general approach within MFRS 9 using the forward-looking expected credit loss model.

At the end of each reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets other than trade receivables by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

**3.10 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.



**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.10 Borrowing costs (continued)**

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

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

**3.11 Income taxes**

Income taxes include all taxes on taxable profit. Income taxes also include other taxes, such as real property gains taxes payable on the disposal of properties, if any.

Taxes in the combined statements of profit or loss and other comprehensive income comprise current tax and deferred tax.

**(a) Current tax**

Current tax expenses are determined according to the tax laws of the jurisdiction in which the Group operates and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties, if any

**(b) Deferred tax**

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statements of financial position and its tax base.

Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit would be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at the end of each reporting period. If it is no longer probable that sufficient taxable profit would be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset would be reduced accordingly. When it becomes probable that sufficient taxable profit would be available, such reductions would be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority on either:

- (i) The same taxable entity; or
- (ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.11 Income taxes (continued)****(b) Deferred tax (continued)**

Deferred tax would be recognised as income or expense and included in profit or loss for the period unless the tax related to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax would be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period/year when the asset is realised or the liability is settled, based on the announcement of tax rates and tax laws by the Government which have the substantive effect of actual enactment by the end of each reporting period.

**3.12 Provisions**

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

If the effect of the time value of money is material, the amount of a provision would be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits would be required to settle the obligation, the provision would be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

**3.13 Contingent liabilities and contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where the inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.14 Employee benefits****(a) Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

**(b) Defined contribution plan**

The Group makes contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

**3.15 Foreign currencies****(a) Functional and presentation currency**

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia, which is the functional and presentation currency of the Group.

**(b) Foreign currency translations and balances**

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

**(c) Foreign operations**

Financial statements of foreign operations are translated at the end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to the statements of profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.16 Revenue recognition****(a) Sale of goods**

The Group recognises revenue from contracts with customers for the sale of goods based on the five-step model as set out below:

- (i) Identify contract(s) 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 expects 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 allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Group satisfies a performance obligation.

The Group satisfies a performance obligation and recognise revenue at the point in time.

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

Revenue is measured at the fair value of consideration received or receivable.

Revenue from sale of goods is recognised when the Group satisfies a performance obligation by transferring a promised good to a customer. An asset is transferred as and when the customer obtains control of that asset, which coincides with the delivery of goods and acceptance by customers.

**(b) Other income****(i) Interest income**

Interest income is recognised as it accrues, using the effective interest method.

**(ii) Rental income**

Rental income is recognised on a straight-line basis over the lease term of an ongoing lease.

**(iii) Dividend income**

Dividend income is recognised when the right to receive payment is established.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.17 Operating segments**

Operating segments are defined as components of the Group that:

- (a) Engage in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenue.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:
  - (i) The combined reported profit of all operating segments that did not report a loss; and
  - (ii) The combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial period/year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

**3.18 Earnings per share****(a) Basic**

Basic earnings per shares for the financial period/years is calculated by dividing the profit for the financial period/years attributable to common controlling shareholders of the Group by the expected number of ordinary shares of the Company upon completion of the Listing.

**(b) Diluted**

Diluted earnings per shares for the financial period/years is calculated by dividing the profit for the financial period/years attributable to common controlling shareholders of the combining entities by the expected number of ordinary shares of the Company upon completion of the Listing, adjusted for the effects of dilutive potential ordinary shares.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019**

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.19 Fair value measurements**

The fair value of an asset or a liability (except for lease transactions) is determined as 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 assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

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

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

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**12. ACCOUNTANTS' REPORT (Cont'd)**



**NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019**

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JMENTS**

**4.1 Changes in estimates**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

**4.2 Critical judgements made in applying accounting policies**

There are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

**4.3 Key sources of estimation uncertainty**

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

**(a) Impairment of trade receivables**

The Group exercises significant judgements in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information.

**(b) Fair value of borrowings**

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

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**12. ACCOUNTANTS' REPORT (Cont'd)**
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019**
**5. COMBINING ENTITIES**

Name of combining entities	Principal place of business/ Country of incorporation	Effective interest in equity				Principal activities
		31.7.2022 %	31.12.2021 %	31.12.2020 %	31.12.2019 %	
Berjayapak Sdn. Bhd.	Malaysia	100	100	100	100	Design and manufacture of integrated wooden based industrial packaging solutions
Subsidiaries of Berjayapak Sdn. Bhd.						
Bejay Timber Sdn. Bhd.	Malaysia	100	100	100	100	Letting of properties <sup>^</sup>
Bejay Presswood Sdn. Bhd.	Malaysia	100	100	100	100	Letting of properties
Berjayapak Vietnam Company Limited	Vietnam	100	100	100	100	Design and manufacture of integrated wooden based industrial packaging solutions

<sup>^</sup> On 15 November 2022, the nature of business had changed to manufacture of wooden based industrial packaging solutions, provide packaging services, letting of premises.

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12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

6. PROPERTY, PLANT AND EQUIPMENT

<u>Audited</u>	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
<b>31 July 2022</b>									
<b>At cost</b>									
Balance as at 1 January	2,817	7,434	8,856	2,382	483	1,656	1,385	1,943	26,956
Additions	-	-	37	-	9	155	668	1,431	2,300
Disposals	-	-	-	-	-	(10)	-	-	(10)
Transfer from right-of-use assets (Note 7)	-	-	-	482	-	-	-	-	482
Reclassification	-	-	-	-	250	153	2,971	(3,374)	-
Currency translation differences	-	-	12	17	-	8	-	-	37
Balance as at 31 July	2,817	7,434	8,905	2,881	742	1,962	5,024	-	29,765
<b>Accumulated depreciation</b>									
Balance as at 1 January	-	1,693	5,316	1,953	400	1,295	776	-	11,433
Current charge	-	87	282	97	18	113	211	-	808
Disposals	-	-	-	-	-	(6)	-	-	(6)
Transfer from right-of-use assets (Note 7)	-	-	-	251	-	-	-	-	251
Currency translation differences	-	-	4	7	-	7	-	-	18
Balance as at 31 July	-	1,780	5,602	2,308	418	1,409	987	-	12,504
<b>Carrying amount</b>									
Balance as at 31 July	2,817	5,654	3,303	573	324	553	4,037	-	17,261

12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

6. PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Audited</u>	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
<b>31 December 2021</b>									
<b>At cost</b>									
Balance as at 1 January	2,817	7,434	7,839	2,622	459	1,347	1,237	-	23,755
Additions	-	-	1,003	-	24	300	148	1,943	3,418
Disposals	-	-	-	(259)	-	-	-	-	(259)
Currency translation differences	-	-	14	19	-	9	-	-	42
Balance as at 31 December	2,817	7,434	8,856	2,382	483	1,656	1,385	1,943	26,956
<b>Accumulated depreciation</b>									
Balance as at 1 January	-	1,543	4,912	1,948	387	1,166	663	-	10,619
Current charge	-	150	401	164	13	124	113	-	965
Disposals	-	-	-	(163)	-	-	-	-	(163)
Currency translation differences	-	-	3	4	-	5	-	-	12
Balance as at 31 December	-	1,693	5,316	1,953	400	1,295	776	-	11,433
<b>Carrying amount</b>									
Balance as at 31 December	2,817	5,741	3,540	429	83	361	609	1,943	15,523

12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

6. PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Audited</u>	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
<b>31 December 2020</b>								
<b>At cost</b>								
Balance as at 1 January	2,817	7,434	7,205	2,440	447	1,284	1,203	22,830
Additions	-	-	639	-	12	67	34	752
Transfer from right-of-use assets (Note 7)	-	-	-	188	-	-	-	188
Currency translation differences	-	-	(5)	(6)	-	(4)	-	(15)
Balance as at 31 December	<u>2,817</u>	<u>7,434</u>	<u>7,839</u>	<u>2,622</u>	<u>459</u>	<u>1,347</u>	<u>1,237</u>	<u>23,755</u>
<b>Accumulated depreciation</b>								
Balance as at 1 January	-	1,394	4,537	1,656	376	1,048	559	9,570
Current charge	-	149	377	196	11	121	104	958
Transfer from right-of-use assets (Note 7)	-	-	-	98	-	-	-	98
Currency translation differences	-	-	(2)	(2)	-	(3)	-	(7)
Balance as at 31 December	<u>-</u>	<u>1,543</u>	<u>4,912</u>	<u>1,948</u>	<u>387</u>	<u>1,166</u>	<u>663</u>	<u>10,619</u>
<b>Carrying amount</b>								
Balance as at 31 December	<u>2,817</u>	<u>5,891</u>	<u>2,927</u>	<u>674</u>	<u>72</u>	<u>181</u>	<u>574</u>	<u>13,136</u>

## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 6. PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Audited</u>	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
<b>31 December 2019</b>								
<b>At cost</b>								
Balance as at 1 January	2,817	7,434	5,390	4,410	417	1,085	1,163	22,716
Effects of adoption of MFRS 16	-	-	(175)	(2,296)	-	-	-	(2,471)
Additions	-	-	1,817	386	30	200	40	2,473
Disposal	-	-	-	(164)	-	-	-	(164)
Transfer from right-of-use assets (Note 7)	-	-	175	107	-	-	-	282
Currency translation differences	-	-	(2)	(3)	-	(1)	-	(6)
Balance as at 31 December	<u>2,817</u>	<u>7,434</u>	<u>7,205</u>	<u>2,440</u>	<u>447</u>	<u>1,284</u>	<u>1,203</u>	<u>22,830</u>
<b>Accumulated depreciation</b>								
Balance as at 1 January	-	1,244	4,338	1,955	366	957	458	9,318
Effects of adoption of MFRS 16	-	-	(57)	(369)	-	-	-	(426)
Current charge	-	150	182	165	10	91	101	699
Disposal	-	-	-	(143)	-	-	-	(143)
Transfer from right-of-use assets (Note 7)	-	-	74	48	-	-	-	122
Currency translation differences	-	-	*	*	-	*	-	*
Balance as at 31 December	<u>-</u>	<u>1,394</u>	<u>4,537</u>	<u>1,656</u>	<u>376</u>	<u>1,048</u>	<u>559</u>	<u>9,570</u>
<b>Carrying amount</b>								
Balance as at 31 December	<u>2,817</u>	<u>6,040</u>	<u>2,668</u>	<u>784</u>	<u>71</u>	<u>236</u>	<u>644</u>	<u>13,260</u>

\* Less than RM1,000.

As at the end of the reporting period, freehold land and buildings with a carrying amount of RM8,470,910 (31 December 2021: RM8,558,215; 31 December 2020: RM8,707,880; 31 December 2019: RM8,857,545) of the Group have been charged to licensed banks for credit facilities granted to the Group as disclosed in Note 14 to the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

<u>Audited</u> Carrying amount	Balance as at 1.1.2022 RM'000	Additions RM'000	Transfer to property, plant and equipment (Note 6) RM'000	Lease termination RM'000	Depreciation RM'000	Currency translation differences RM'000	Balance as at 31.7.2022 RM'000
Leasehold land	-	10,355	-	-	(32)	-	10,323
Buildings	-	15,267	-	-	(36)	-	15,231
Motor vehicles	1,961	1,326	(231)	-	(195)	-	2,861
Factory building	2,384	-	-	(110)	(753)	62	1,583
Plant and machinery	119	-	-	-	(8)	-	111
	<b>4,464</b>	<b>26,948</b>	<b>(231)</b>	<b>(110)</b>	<b>(1,024)</b>	<b>62</b>	<b>30,109</b>

<u>Audited</u> Carrying amount	Balance as at 1.1.2021 RM'000	Additions RM'000	Written off RM'000	Lease termination RM'000	Depreciation RM'000	Currency translation differences RM'000	Balance as at 31.12.2021 RM'000
Motor vehicles	1,856	834	(444)	-	(285)	-	1,961
Factory building	864	2,597	-	-	(1,130)	53	2,384
Hostel	39	-	-	(21)	(18)	-	-
Plant and machinery	-	128	-	-	(9)	-	119
	<b>2,759</b>	<b>3,559</b>	<b>(444)</b>	<b>(21)</b>	<b>(1,442)</b>	<b>53</b>	<b>4,464</b>

12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

<u>Audited</u> Carrying amount	Balance as at 1.1.2020 RM'000	Additions RM'000	Disposal RM'000	Depreciation RM'000	Transfer to property, plant and equipment (Note 6) RM'000	Currency translation differences RM'000	Balance as at 31.12.2020 RM'000
Motor vehicles	1,797	463	(69)	(245)	(90)	-	1,856
Factory building	960	512	-	(589)	-	(19)	864
Hostel	-	43	-	(4)	-	-	39
	<u>2,757</u>	<u>1,018</u>	<u>(69)</u>	<u>(838)</u>	<u>(90)</u>	<u>(19)</u>	<u>2,759</u>

<u>Audited</u> Carrying amount	Balance as at 1.1.2019 RM'000	Effects of adoption of MFRS 16 RM'000	Additions RM'000	Depreciation RM'000	Transfer to property, plant and equipment (Note 6) RM'000	Currency translation differences RM'000	Balance as at 31.12.2019 RM'000
Motor vehicles	-	1,927	173	(244)	(59)	-	1,797
Plant and machinery	-	118	-	(17)	(101)	-	-
Factory building	-	-	1,159	(207)	-	8	960
	<u>-</u>	<u>2,045</u>	<u>1,332</u>	<u>(468)</u>	<u>(160)</u>	<u>8</u>	<u>2,757</u>

12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Lease liabilities

<u>Audited</u> Carrying amount	Balance as at 1.1.2022 RM'000	Additions RM'000	Lease termination RM'000	Lease payments RM'000	Interest expense RM'000	Currency translation differences RM'000	Balance as at 31.7.2022 RM'000
Motor vehicles	1,176	1,161	-	(447)	65	-	1,955
Factory building	2,425	-	(112)	(821)	89	64	1,645
Plant and machinery	113	-	-	(17)	4	-	100
	<b>3,714</b>	<b>1,161</b>	<b>(112)</b>	<b>(1,285)</b>	<b>158</b>	<b>64</b>	<b>3,700</b>

<u>Audited</u> Carrying amount	Balance as at 1.1.2021 RM'000	Additions RM'000	Lease termination RM'000	Lease payments RM'000	Interest expense RM'000	Currency translation differences RM'000	Balance as at 31.12.2021 RM'000
Motor vehicles	1,291	702	-	(905)	88	-	1,176
Factory building	927	2,597	-	(1,243)	88	56	2,425
Hostel	40	-	(22)	(19)	1	-	-
Plant and machinery	-	128	-	(20)	5	-	113
	<b>2,258</b>	<b>3,427</b>	<b>(22)</b>	<b>(2,187)</b>	<b>182</b>	<b>56</b>	<b>3,714</b>

12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

<u>Audited</u> Carrying amount	Balance as at 1.1.2020 RM'000	Additions RM'000	Lease payments RM'000	Interest expense RM'000	Currency translation differences RM'000	Balance as at 31.12.2020 RM'000
Motor vehicles	1,177	390	(322)	46	-	1,291
Factory building	989	512	(636)	83	(21)	927
Hostel	-	43	(3)	*	-	40
	<u>2,166</u>	<u>945</u>	<u>(961)</u>	<u>129</u>	<u>(21)</u>	<u>2,258</u>

<u>Audited</u> Carrying amount	Balance as at 1.1.2019 RM'000	Effects of adoption of MFRS 16 RM'000	Additions RM'000	Lease payments RM'000	Interest expense RM'000	Currency translation differences RM'000	Balance as at 31.12.2019 RM'000
Motor vehicles	-	1,436	173	(522)	90	-	1,177
Plant and machinery	-	38	-	(39)	1	-	-
Factory building	-	-	1,159	(219)	41	8	989
	-	<u>1,474</u>	<u>1,332</u>	<u>(780)</u>	<u>132</u>	<u>8</u>	<u>2,166</u>

\* Less than RM1,000.



## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Represented by:				
Current liabilities	1,618	1,654	1,171	800
Non-current liabilities	2,082	2,060	1,087	1,366
	<u>3,700</u>	<u>3,714</u>	<u>2,258</u>	<u>2,166</u>
Lease liabilities owing to financial institutions	2,055	1,289	1,291	1,177
Lease liabilities owing to non-financial institutions	1,645	2,425	967	989
	<u>3,700</u>	<u>3,714</u>	<u>2,258</u>	<u>2,166</u>

(a) The following are the amounts recognised in profit or loss:

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Depreciation of right-of-use assets					
- included in cost of sales	869	589	1,180	631	262
- included in administrative expenses	155	120	262	207	206
Expense relating to short-term leases					
- included in cost of sales	148	46	59	6	2
- included in administrative expenses	-	-	1	72	132
Interest expense on lease liabilities (included in finance costs)	158	106	182	129	132
Gain on lease termination	(2)	-	(1)	-	-
	<u>1,328</u>	<u>861</u>	<u>1,683</u>	<u>1,045</u>	<u>734</u>

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**12. ACCOUNTANTS' REPORT (Cont'd)**
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019**
**7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)****The Group as lessee (continued)**

(b) The following are total cash outflow for leases as lessee:

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Included in net cash from operating activities:					
- Payment relating to short-term leases	148	46	60	78	134
Included in net cash from investing activities:					
- Purchase of right-of-use assets	164	4	132	73	-
Included in net cash from financing activities:					
- Payment of lease liabilities	1,285	1,113	2,187	961	780
<b>Total cash outflow for leases</b>	<b>1,597</b>	<b>1,163</b>	<b>2,379</b>	<b>1,112</b>	<b>914</b>

(c) The Group has certain leases of equipment with lease term of twelve (12) months or less. The Group applies the "short-term lease" exemptions for these leases.

(d) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing that assets used in the Group's operations. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

There are no potential future rental payment that are not included in the lease term.

(e) The leasehold land and buildings with carrying amount of RM25,554,280 (31 December 2021: Nil; 31 December 2020: Nil; 31 December 2019: Nil) have pledged to licensed banks to secure banking facilities granted as disclosed in Note 14 of the combined financial statements.

(f) Information on financial risks of lease liabilities is disclosed in Note 27 to the combined financial statements.

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## 12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 8. DEFERRED TAX

- (a) The deferred tax assets and liabilities are made up of the following:

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Balance as at 1 January	751	630	605	462
Recognised in profit or loss (Note 19):				
- relating to origination and reversal of temporary differences	753	96	61	117
- under/(over)provision in prior years	113	26	(37)	26
Exchange difference	(2)	(1)	1	-
Balance as at 31 July/31 December	<u>1,615</u>	<u>751</u>	<u>630</u>	<u>605</u>
Presented after appropriate offsetting:				
Deferred tax assets	(40)	(52)	(20)	-
Deferred tax liabilities	1,655	803	650	605
	<u>1,615</u>	<u>751</u>	<u>630</u>	<u>605</u>

- (b) The components and movements of deferred tax liabilities and assets during the financial period/years prior to offsetting are as follows:

Deferred tax assets

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Others				
Balance as at 1 January	52	20	-	-
Recognised in profit or loss	(14)	31	21	-
Exchange differences	2	1	(1)	-
Balance as at 31 July/31 December	<u>40</u>	<u>52</u>	<u>20</u>	<u>-</u>

Deferred tax liabilities

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Property, plant and equipment				
Balance as at 1 January	803	650	605	462
Recognised in profit or loss	852	153	45	143
Balance as at 31 July/31 December	<u>1,655</u>	<u>803</u>	<u>650</u>	<u>605</u>

## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 8. DEFERRED TAX (continued)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the combined statements of financial position are as follows:

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Unutilised tax losses				
- Expires by 2028	771	771	771	763
Unutilised capital allowances	704	704	704	704
	<u>1,475</u>	<u>1,475</u>	<u>1,475</u>	<u>1,467</u>

Deferred tax assets of the Group have not been recognised in respect of these items as it is not probable that taxable profits of the Group would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the period as disclosed above are subject to the agreement of the respective local tax authorities.

In Malaysia, with effect from 1 January 2022, any unused tax losses shall be deductible for a maximum period of ten (10) consecutive years of assessment immediately following that year of assessment. Any amount which is not deducted at the end of period of ten (10) years of assessment shall be disregarded.

## 9. TRADE AND OTHER RECEIVABLES

	Note	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
<b>Non-current</b>					
<b>Other receivables</b>					
Deposits	(g)	<u>409</u>	<u>362</u>	<u>344</u>	<u>217</u>
<b>Current</b>					
<b>Trade receivables</b>					
Third parties	(b)	27,841	22,158	17,515	14,926
Less: Impairment loss	(d), (e)	(182)	(299)	(288)	(302)
		<u>27,659</u>	<u>21,859</u>	<u>17,227</u>	<u>14,624</u>
<b>Other receivables</b>					
Other receivables	(g)	5,304	4,149	3,342	31
Deposits	(g)	642	2,957	455	187
		<u>5,946</u>	<u>7,106</u>	<u>3,797</u>	<u>218</u>
<b>Total receivables</b>	(a), (c)	<u>33,605</u>	<u>28,965</u>	<u>21,024</u>	<u>14,842</u>
<b>Prepayments</b>					
Prepayments	(g)	<u>375</u>	<u>670</u>	<u>723</u>	<u>786</u>
		<u>33,980</u>	<u>29,635</u>	<u>21,747</u>	<u>15,628</u>

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from cash terms to 90 days (31 December 2021: cash terms to 90 days; 31 December 2020: 7 to 90 days; 31 December 2019: 7 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****9. TRADE AND OTHER RECEIVABLES (continued)**

- (c) The currency exposure profile of total receivables (excluding prepayments) of the Group are as follows:

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Ringgit Malaysia	12,406	19,413	13,204	11,236
United States Dollar	16,736	5,209	3,857	288
Chinese Renminbi	-	366	-	-
Vietnamese Dong	4,872	4,339	4,307	3,535
	<u>34,014</u>	<u>29,327</u>	<u>21,368</u>	<u>15,059</u>

- (d) impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses ("ECL").

The Group uses an allowance matrix to measure the ECL of trade receivables from past due ageing. Expected loss rates are determined by the probability of the non-collection from the trade receivables multiplied by the amount of the expected loss arising from default. Trade receivables have been grouped based on shared credit risk characteristics - the days past due.

During the process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (producer price index) affecting the ability of the customers to settle the receivables and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the combined statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Expected loss provision for trade receivables are as follows:

<u>Audited</u>	Gross carrying amount RM'000	Impairment losses RM'000	Total RM'000
<b>31 July 2022</b>			
Current	24,736	43	24,693
1 to 30 days	2,716	39	2,677
31 to 60 days	325	36	289
More than 60 days	64	64	-
	<u>27,841</u>	<u>182</u>	<u>27,659</u>
<b>31 December 2021</b>			
Current	19,420	72	19,348
1 to 30 days	2,385	69	2,316
31 to 60 days	274	79	195
More than 60 days	79	79	-
	<u>22,158</u>	<u>299</u>	<u>21,859</u>

## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 9. TRADE AND OTHER RECEIVABLES (continued)

(d) (continued)

Expected loss provision for trade receivables are as follows (continued):

<u>Audited</u>	Gross carrying amount RM'000	Impairment losses RM'000	Total RM'000
<b>31 December 2020</b>			
Current	15,363	77	15,286
1 to 30 days	1,921	77	1,844
31 to 60 days	141	44	97
More than 60 days	90	90	-
	<u>17,515</u>	<u>288</u>	<u>17,227</u>
<b>31 December 2019</b>			
Current	13,372	92	13,280
1 to 30 days	1,239	57	1,182
31 to 60 days	227	65	162
More than 60 days	88	88	-
	<u>14,926</u>	<u>302</u>	<u>14,624</u>

During the financial period/years, the Group did not renegotiate the terms of any trade receivables.

(e) Movements in the impairment allowance for trade receivables based on simplified approach are as follows:

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
<b>Lifetime ECL allowance</b>				
Balance as at 1 January	299	288	302	384
Charge for the financial year	-	11	-	-
Reversal of impairment losses	(117)	-	(14)	(82)
Balance as at 31 December/ 31 July	<u>182</u>	<u>299</u>	<u>288</u>	<u>302</u>

(f) Impairment for other receivables are recognised based on the general approach within MFRS 9 *Financial Instruments* using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial assets. For those in which the credit risk has not increased significantly since initial recognition of the financial assets, twelve (12) months expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by other receivables are adjusted by forward-looking information (producer price index) and multiplied by the amount of the expected loss arising from default to determine the twelve (12) months or lifetime expected credit loss for other receivables.

**12. ACCOUNTANTS' REPORT (Cont'd)**
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019**
**9. TRADE AND OTHER RECEIVABLES (continued)**

(f) (continued)

The Group defined significant increase in credit risk based on payment trends and operational performance of other receivables.

It requires management to exercise significant judgement in determining the probability of default by other receivables, appropriate forward-looking information and significant increase in credit risk.

No expected credit loss is recognised arising from other receivables as it is negligible.

(g) Included in other receivables is an amount of RM5,038,117 (31 December 2021: RM4,012,639; 31 December 2020: RM3,352,214; 31 December 2019: RMNil), which relates to the advance payments to the suppliers.

Included in deposits is an amount of RMNil (31 December 2021: RM2,335,000; 31 December 2020: RMNil; 31 December 2019: RMNil), which relates to the deposit made on acquisition of land and buildings of the Group. The land and building acquisition was completed on July 2022.

The prepayments mainly consist of insurance premium, service charges and other expenses prepaid before due date.

(h) Information on financial risks of trade and other receivables is disclosed in Note 27 to the combined financial statements.

**10. INVENTORIES**

	31.7.2022	31.12.2021	31.12.2020	31.12.2019
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
<b>At cost</b>				
Raw materials	16,837	14,682	8,831	3,853
Work-in-progress	1,577	1,603	1,562	923
Finished goods	2,456	1,926	1,550	1,340
Indirect material	846	636	431	295
Goods in transit	185	786	412	252
Merchandise	113	61	-	-
	<u>22,014</u>	<u>19,694</u>	<u>12,786</u>	<u>6,663</u>

Inventories of the Group recognised as cost of sales during the financial periods/years are as follows:

	1.1.2022	1.1.2021	1.1.2021	1.1.2020	1.1.2019
	to	to	to	to	to
	31.7.2022	31.7.2021	31.12.2021	31.12.2020	31.12.2019
	Audited	Unaudited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000	RM'000
Recognised as cost of sales	<u>56,195</u>	<u>42,397</u>	<u>78,300</u>	<u>59,542</u>	<u>49,028</u>

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**11. CASH AND BANK BALANCES**

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Cash and bank balances	8,829	3,161	3,323	3,248
Deposits with licensed banks	116	246	2,327	232
	<u>8,945</u>	<u>3,407</u>	<u>5,650</u>	<u>3,480</u>

(a) Cash and bank balances are classified as financial assets measured at amortised cost.

(b) The currency exposure profile of cash and bank balances are as follows:

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Ringgit Malaysia	2,013	871	2,644	534
United States Dollar	5,123	680	472	1,487
Vietnamese Dong	1,783	1,856	2,533	1,458
Chinese Renminbi	13	*	-	-
Others	13	-	1	1
	<u>8,945</u>	<u>3,407</u>	<u>5,650</u>	<u>3,480</u>

(c) The effective interest rate of deposits with licensed banks of the Group are 1.35% to 1.85% (31 December 2021: 1.35% to 1.85%; 31 December 2020: 1.85% to 4.70%; 31 December 2019: 3.10% to 3.25%) per annum.

(d) Deposits with licensed banks of the Group amounting to RM115,471 (31 December 2021: RM246,248; 31 December 2020: RM239,342; 31 December 2019: RM231,967) have been pledged to a bank as securities for the credit facilities granted as disclosed in Note 14 to the combined financial statements.

(e) No expected credit loss is recognised arising from cash and bank balances because the probability of default of these financial institutions is negligible.

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**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**11. CASH AND BANK BALANCES (continued)**

- (f) For the purpose of the combined statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	31.7.2022 Audited RM'000	31.7.2021 Unaudited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Cash and bank balances	8,829	3,532	3,161	3,323	3,248
Deposits with licensed banks	116	240	246	2,327	232
As per combined statements of financial position	8,945	3,772	3,407	5,650	3,480
Less:					
Deposits pledged to a licensed bank	(116)	(240)	(246)	(239)	(232)
Bank overdraft	-	(685)	(3,645)	(5,832)	(8,380)
As per combined statements of cash flows	8,829	2,847	(484)	(421)	(5,132)

- (g) Information on financial risks of cash and bank balances is disclosed in Note 27 to the combined financial statements.

\* less than RM1,000.

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**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****12. INVESTED EQUITY**

For the purpose of these combined financial statements, the invested equity as at 31 July 2022 is the aggregate of the share capital of the other combining entities, namely L&P Global Berhad, Berjayapak Sdn. Bhd. and its subsidiaries.

<u>Audited</u>	Number of ordinary shares	Amount RM'000
<b>31 July 2022</b>		
Issued and fully paid up with no par value:		
Balance as at 1 January/31 July	<u>6,800,010</u>	<u>6,800</u>
<b>31 December 2021</b>		
Issued and fully paid up with no par value:		
Balance as at 1 January/31 December	<u>6,800,010</u>	<u>6,800</u>
<b>31 December 2020</b>		
Issued and fully paid up with no par value:		
Balance as at 1 January/31 December	<u>6,800,000</u>	<u>6,800</u>
<b>31 December 2019</b>		
Issued and fully paid up with no par value:		
Balance as at 1 January/31 December	<u>6,800,000</u>	<u>6,800</u>

The common controlling shareholders of the combining entities are entitled to receive dividends as and when declared by the Group and is entitled to one (1) vote per ordinary share at meetings of the Group. All ordinary shares rank pari passu with regard to the residual assets of the Group.

**13. RESERVES**

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
<b>Non-distributable:</b>				
Exchange translation reserve	494	160	(337)	(31)
<b>Distributable:</b>				
Retained earnings	<u>35,085</u>	<u>32,744</u>	<u>21,414</u>	<u>11,562</u>
	<u>35,579</u>	<u>32,904</u>	<u>21,077</u>	<u>11,531</u>

Exchange translation reserve

Exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group.

## 12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 14. BORROWINGS

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
<b>Current liabilities</b>				
<i>Secured</i>				
Bank overdrafts (Note 11(f))	-	3,645	5,832	8,380
Bankers' acceptances	21,205	6,015	1,350	1,785
Term loans	2,283	1,033	1,302	693
	<u>23,488</u>	<u>10,693</u>	<u>8,484</u>	<u>10,858</u>
<b>Non-current liability</b>				
<i>Secured</i>				
Term loans	<u>30,730</u>	<u>10,700</u>	<u>11,146</u>	<u>7,168</u>
<b>Total borrowings</b>				
<i>Secured</i>				
Bank overdrafts (Note 11(f))	-	3,645	5,832	8,380
Bankers' acceptances	21,205	6,015	1,350	1,785
Term loans	33,013	11,733	12,448	7,861
	<u>54,218</u>	<u>21,393</u>	<u>19,630</u>	<u>18,026</u>

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in Ringgit Malaysia ('RM').
- (c) The borrowings of the Group are secure way of:
- (i) First legal charge over certain freehold land, leasehold land and buildings of the Group as disclosed in Note 6 and Note 7 to the combined financial statements;
  - (ii) Pledging of the Group fixed deposits as disclosed in Note 11 to the combined financial statements; and
  - (iif) Corporate guarantee by a combining entities and all the Directors of B Pack Holdings Sdn. Bhd. jointly and severally.
- (d) Information on financial risks of borrowings and their maturity is disclosed in Note 27 to the combined financial statements.

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## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 15. TRADE AND OTHER PAYABLES

	Note	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
<b>Trade payables</b>					
Third parties	(b)	3,503	4,202	2,613	1,626
<b>Other payables</b>					
Third parties	(e)	2,036	2,689	3,276	391
Accruals	(e)	1,476	1,311	980	870
Amount due to Directors	(c)	-	-	-	633
Dividend payable	20	5,600	-	-	-
		<u>9,112</u>	<u>4,000</u>	<u>4,256</u>	<u>1,894</u>
<b>Total payables</b>	(a), (d)	<u>12,615</u>	<u>8,202</u>	<u>6,869</u>	<u>3,520</u>

(a) Total payables are classified as financial liabilities measured at amortised cost.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from cash terms to 90 days (31 December 2021: cash terms to 90 days; 31 December 2020: cash terms to 90 days; 31 December 2019: 30 to 90 days).

(c) Amount due to Directors are unsecured, non-interest bearing and payable within the next twelve (12) months in cash and cash equivalents.

Subsequent to the financial year ended 31 December 2019, the Directors have fully settled the outstanding balances amounting to RM632,883.

(d) The currency exposure profile of trade and other payables are as follows:

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Ringgit Malaysia	11,123	5,312	5,969	3,267
Vietnamese Dong	1,491	2,890	867	236
United States Dollar	-	-	26	17
Singapore Dollar	1	-	7	-
	<u>12,615</u>	<u>8,202</u>	<u>6,869</u>	<u>3,520</u>

(e) Included in other payables to third parties is an amount of RM1,739,896 (31 December 2021: RM2,355,896; 31 December 2020: RM2,910,995; 31 December 2019: RMNil), which relates to the one-off import duty payable to customs. Accruals are mainly relates to employee benefits payable.

(f) Information on financial risks of trade and other payables and their maturity is disclosed in Note 27 to the combined financial statements.

## 12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 16. REVENUE

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
<b>Revenue from contracts with customers:</b>					
Sales of goods	83,824	67,466	120,924	88,305	66,304
<b>Timing of revenue recognition:</b>					
At a point in time	83,824	67,466	120,924	88,305	66,304

*Disaggregation of revenue from contracts with customers*

Revenue from contracts with customers is disaggregated in the table below by primary geographical market.

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
<b>Geographical market</b>					
Malaysia	68,228	52,981	94,885	63,516	60,259
Vietnam	15,596	14,485	26,039	24,789	6,045
	83,824	67,466	120,924	88,305	66,304

## 17. FINANCE COSTS

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
<b>Interest expense on:</b>					
- Bankers' acceptances	317	57	119	74	96
- Bank overdraft	63	210	313	417	502
- Lease liabilities	158	106	182	129	132
- Term loan	233	352	742	390	498
	771	725	1,356	1,010	1,228

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## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 18. EMPLOYEE BENEFITS

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Director fees	94	-	40	-	-
Wages, salaries and bonuses	7,832	6,531	11,546	9,421	9,485
Contributions to defined contribution plan	505	306	586	461	498
Social security contributions	82	75	120	95	83
Other benefits	1,374	1,359	2,425	1,422	1,870
	<u>9,887</u>	<u>8,271</u>	<u>14,717</u>	<u>11,399</u>	<u>11,936</u>

Directors' remuneration included in the employee benefits of the Group during the financial periods/years are as follows:

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Directors' remuneration	<u>510</u>	<u>377</u>	<u>1,163</u>	<u>725</u>	<u>697</u>

## 19. TAX EXPENSE

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Current tax expense based on profit for the financial period/years	1,492	2,392	3,806	936	1,044
(Over)/Underprovision of tax expense in prior years	(228)	-	(57)	158	69
	<u>1,264</u>	<u>2,392</u>	<u>3,749</u>	<u>1,094</u>	<u>1,113</u>
Deferred tax (Note 8): Relating to origination and reversal of temporary differences	753	-	95	62	117
Under/(Over)provision in prior years	113	-	26	(37)	26
	<u>866</u>	<u>-</u>	<u>121</u>	<u>25</u>	<u>143</u>
Total tax expense	<u>2,130</u>	<u>2,392</u>	<u>3,870</u>	<u>1,119</u>	<u>1,256</u>

## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 19. TAX EXPENSE (continued)

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (31 July 2021: 24%; 31 December 2021: 24%; 31 December 2020: 24%; 31 December 2019: 24%) of the estimated taxable profits for the fiscal period/year.
- (b) The statutory corporate income tax ("CIT") applicable to a combining entity, Berjayapak Vietnam Company Limited is 20% on taxable income. The combining entity is exempted from CIT for 2 years from the first year generating taxable income (2019-2020) and reduced 50% of CIT in the 4 succeeding years (2021-2024) (incentive for investment in industrial zone).
- (c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group are as follows:

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Profit before tax	10,071	11,962	18,200	10,971	5,649
Tax at statutory tax rate of 24% (2021: 24%; 2020: 24%; 2019: 24%)	2,417	2,900	4,368	2,633	1,356
Tax effects in respect of:					
Non-allowable expenses	505	170	642	420	1,089
Income not subject to tax	(36)	-	-	(45)	(871)
Tax exempt income	(458)	(192)	(793)	(1,681)	(345)
Different tax rates in foreign jurisdiction	(183)	(456)	(316)	(327)	(68)
Deferred tax assets not recognised during the financial year	-	-	-	(2)	-
(Over)/Underprovision of tax expense in prior years	(228)	-	(57)	158	69
Under/(Over)provision of deferred tax in prior years	113	-	26	(37)	26
Total tax expense	2,130	2,422	3,870	1,119	1,256

## 20. DIVIDENDS

	Dividend per share RM	Amount of dividend RM'000
In respect of financial year ended 31 December 2022: Single tier interim dividend of Berjayapak Sdn. Bhd.	0.82	5,600
In respect of financial year ended 31 December 2020: Single tier interim dividend of Berjayapak Sdn. Bhd.	0.44	3,000

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****21. EARNINGS PER ORDINARY SHARE****(a) Basic**

Basic earnings per ordinary share for the financial period/years are calculated by dividing the profit for the financial periods/years attributable to the common controlling shareholders of the combining entities by the expected number of ordinary shares of the Company pursuant to the proposed listing of the ordinary shares of the Group on the ACE Market of Bursa Malaysia Securities Berhad ('Proposed Listing').

	1.1.2022 to 31.7.2022 Audited	1.1.2021 to 31.7.2021 Unaudited	1.1.2021 to 31.12.2021 Audited	1.1.2020 to 31.12.2020 Audited	1.1.2019 to 31.12.2019 Audited
Profit attributable to common controlling shareholders of the Group (RM'000)	7,941	9,569	14,330	9,852	4,393
Expected number of shares upon completion of the Listing (unit'000)	560,000	560,000	560,000	560,000	560,000
Basic earnings per ordinary share (sen)	1.42	1.71	2.56	1.76	0.78

Number of ordinary shares are the expected number of ordinary shares of the Company upon completion of the Listing.

**(b) Diluted**

Diluted earnings per ordinary share equals basic earnings per ordinary share, as the Group does not have any potential dilutive ordinary share in issue during and at the end of the financial periods/years.

**22. CONTINGENT LIABILITIES**

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
<b>Unsecured</b>				
Corporate guarantee given to a bank for credit facilities granted to Berjayapak Sdn. Bhd. by combining entities	42,850	34,300	4,600	4,600

The corporate guarantee is given to financial institution as one of the securities in relation to banking facility granted to the combining entity.



**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****22. CONTINGENT LIABILITIES (continued)**

The Group designates corporate guarantee given to bank for credit facility granted to the combining entity as insurance contract as defined in MFRS 4 *Insurance Contracts*. The Group recognises this insurance contract as recognised insurance liability when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

The Directors are of the view that the chances of the financial institution to call upon the corporate guarantee is remote. Accordingly, the Directors have estimated the financial impact of the guarantee as at 31 July 2022, 31 December 2021, 31 December 2020 and 31 December 2019 to be insignificant.

**23. CAPITAL COMMITMENT**

	31.7.2022	31.12.2021	31.12.2020	31.12.2019
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Capital expenditure in respect of purchase of property, plant and equipment				
- contracted but not provided for	-	23,301	-	-

**24. RELATED PARTY DISCLOSURES****(a) Identities of related parties**

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

Related parties of the Group include:

- (i) Combining entities as disclosed in Note 5 to the financial statements;
- (ii) Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include the Executive Directors of the Group; and
- (iii) B Pack Holdings Sdn. Bhd., B Line Sdn. Bhd. and Moviente Sdn. Bhd. whereby certain Directors of the Group and their family members have significant financial and controlling interest or are connected to certain Directors of the related parties.

**(b) Transactions with related parties**

The Group has not entered into transactions with related parties during the financial period/years.

**(c) Compensation of key management personnel**

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****24. RELATED PARTY DISCLOSURES****(c) Compensation of key management personnel (continued)**

There are no key management personnel having the authority and responsibility for planning, directing and controlling the activities of the Group other than the Directors.

The total remuneration of Directors during the financial periods/years were as follows:

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Fees	94	-	40	-	-
Salaries and bonuses	365	338	610	656	631
Contributions to defined contribution plan	50	37	66	66	63
Social security contributions	1	2	447	3	3
	<u>510</u>	<u>377</u>	<u>1,163</u>	<u>725</u>	<u>697</u>

**25. OPERATING SEGMENTS**

The Group is principally involved in provision of integrated industrial packaging solutions. Its operating segments are presented based on the geographical location of its customers. The Executive Directors assess the performance of the reportable segments based on their profit before taxation.

The accounting policies of the reportable segments are the same as the accounting policies of the Group.

Each reportable segment assets is measured based on all assets of the segment other than tax-related assets.

Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

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## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 25. OPERATING SEGMENTS (continued)

Audited

1 January 2022 to 31 July 2022	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	68,228	15,596	83,824
Inter-segment revenue	-	-	-
Total revenue	68,228	15,596	83,824
Interest income	-	10	10
Finance costs	(705)	(66)	(771)
Net finance costs	(705)	(56)	(761)
Segment profit before income tax	5,504	4,567	10,071
<b>Other material non-cash items:</b>			
Depreciation of property, plant and equipment	(719)	(89)	(808)
Depreciation of right-of-use assets	(608)	(416)	(1,024)
Reversal of impairment of trade and other receivables	117	-	117
Segment assets	102,041	10,677	112,718
Current tax assets			1,877
Deferred tax assets			40
			114,635
Segment liabilities	65,541	4,992	70,533
Deferred tax liabilities			1,655
Current tax liabilities			68
			72,256
Additions to capital expenditures	29,223	25	29,248

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## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 25. OPERATING SEGMENTS (continued)

Unaudited

1 January 2021 to 31 July 2021	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	52,981	14,485	67,466
Inter-segment revenue	-	-	-
Total revenue	52,981	14,485	67,466
Interest income	-	39	39
Finance costs	(691)	(34)	(725)
Net finance (costs)/income	(691)	5	(686)
Segment profit before income tax	7,142	4,820	11,962
<b>Other material non-cash items:</b>			
Depreciation of property, plant and equipment	(494)	(54)	(548)
Depreciation of right-of-use assets	(321)	(388)	(709)
Impairment of trade and other receivables	(11)	-	(11)
Segment assets	49,069	13,266	62,337
Current tax assets			422
			62,759
Segment liabilities	24,290	1,387	25,678
Deferred tax liabilities			650
Current tax liabilities			1,408
			27,736
Additions to capital expenditures	2,086	-	2,086

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## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 25. OPERATING SEGMENTS (continued)

Audited

1 January 2021 to 31 December 2021	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	94,885	26,039	120,924
Inter-segment revenue	-	-	-
Total revenue	94,885	26,039	120,924
Interest income	-	62	62
Finance costs	(1,309)	(47)	(1,356)
Net finance (costs)/income	(1,309)	15	(1,294)
Segment profit before income tax	10,310	7,890	18,200
Other material non-cash items:			
Depreciation of property, plant and equipment	(809)	(156)	(965)
Depreciation of right-of-use assets	(769)	(673)	(1,442)
Impairment of trade and other receivables	(11)	-	(11)
Segment assets	60,105	12,980	73,085
Current tax assets			967
Deferred tax assets			52
			74,104
Segment liabilities	28,760	4,549	33,309
Deferred tax liabilities			803
Current tax liabilities			288
			34,400
Additions to capital expenditures	3,418	-	3,418

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## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 25. OPERATING SEGMENTS (continued)

**Audited**

1 January 2020 to 31 December 2020	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	63,516	24,789	88,305
Inter-segment revenue	-	-	-
<b>Total revenue</b>	<b>63,516</b>	<b>24,789</b>	<b>88,305</b>
Interest income	12	18	30
Finance costs	(927)	(83)	(1,010)
<b>Net finance costs</b>	<b>(915)</b>	<b>(65)</b>	<b>(980)</b>
<b>Segment profit before income tax</b>	<b>2,787</b>	<b>8,184</b>	<b>10,971</b>
<b>Other material non-cash items:</b>			
Depreciation of property, plant and equipment	(805)	(153)	(958)
Depreciation of right-of-use assets	(248)	(590)	(838)
Reversal of impairment of trade and other receivables	14	-	14
<b>Segment assets</b>	<b>45,456</b>	<b>10,966</b>	<b>56,422</b>
Current tax assets			867
Deferred tax assets			20
			<b>57,309</b>
<b>Segment liabilities</b>	<b>26,962</b>	<b>1,795</b>	<b>28,757</b>
Deferred tax liabilities			650
Current tax liabilities			25
			<b>29,432</b>
<b>Additions to capital expenditures</b>	<b>710</b>	<b>42</b>	<b>752</b>

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12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

25. OPERATING SEGMENTS (continued)

Audited

1 January 2019 to 31 December 2019	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	60,259	6,045	66,304
Inter-segment revenue	-	-	-
<b>Total revenue</b>	<b>60,259</b>	<b>6,045</b>	<b>66,304</b>
Interest income	23	1	24
Finance costs	(1,187)	(41)	(1,228)
<b>Net finance costs</b>	<b>(1,164)</b>	<b>(40)</b>	<b>(1,204)</b>
Segment profit before income tax	3,945	1,704	5,649
<b>Other material non-cash items:</b>			
Depreciation of property, plant and equipment	(644)	(55)	(699)
Depreciation of right-of-use assets	(261)	(207)	(468)
Reversal of impairment of trade and other receivables	82	-	82
Segment assets	34,137	7,868	42,005
Current tax assets			643
			<b>42,648</b>
Segment liabilities	22,487	1,225	23,712
Deferred tax liabilities			605
			<b>24,317</b>
Additions to capital expenditures	1,675	798	2,473

Major customers

The following are major customers with revenue equal or more than ten percent (10%) of revenue of the Group:

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Customer A	30,832	25,161	45,793	26,160	21,656
Customer B	15,596	14,485	26,039	24,789	6,045*
Customer C	5,444*	9,225	11,235*	10,720	9,566

\* less than 10%

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****26. FINANCIAL INSTRUMENTS****(a) Capital management**

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern whilst maximising return to shareholder through optimisation of the debt and equity ratio. The overall strategy of the Group remains unchanged throughout the reporting periods.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes throughout the reporting periods.

The Group monitors capital using a gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt are calculated as total borrowings and lease liabilities net of short term deposits with licensed banks and cash and bank balances. Capital includes equity attributable to the common controlling shareholder.

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Borrowings	54,218	21,393	19,630	18,026
Lease liabilities	3,700	3,714	2,258	2,166
Less: Cash and bank balances	(8,945)	(3,407)	(5,650)	(3,480)
Net debt	<u>48,973</u>	<u>21,700</u>	<u>16,238</u>	<u>16,712</u>
Total capital	42,379	39,704	27,877	18,331
Net debt	<u>48,973</u>	<u>21,700</u>	<u>16,238</u>	<u>16,712</u>
Equity	<u>91,352</u>	<u>61,404</u>	<u>44,115</u>	<u>35,043</u>
Gearing ratio	<u>54%</u>	<u>35%</u>	<u>37%</u>	<u>48%</u>

The Group have complied with the externally imposed capital requirements as at the end of each reporting period.

**(b) Method and assumptions used to estimate fair value**

*Financial instruments that are not carried at fair value and whose carrying amounts are at reasonable approximation of fair values*

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced at market interest rates on or near the end of the reporting period.

The carrying amount of the current position of borrowings is reasonable approximation of fair value due to the insignificant impact of discounting.



**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**26. FINANCIAL INSTRUMENTS (continued)****(c) Fair value hierarchy**

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group are exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below.

**(a) Credit risk**

Trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are creditworthy debtors with good payment records with the Group. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with the customers are mainly on credit. The credit period is generally for a period of one (1) month, extending up to three (3) months for major customers. Nevertheless, the management of the Group may give longer credit terms by discretion. The Group consistently monitors its outstanding receivables to minimise credit risk.

**Exposure to credit risk**

At the end of the reporting period, the maximum exposure of the Group to credit risk is substantially represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

## (a) Credit risk (continued)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the geographical market and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period are as follows:

	31.7.2022		31.12.2021		31.12.2020		31.12.2019	
	RM'000	% of total	RM'000	% of total	RM'000	% of total	RM'000	% of total
Malaysia	23,395	85%	18,015	82%	13,375	78%	11,390	78%
Vietnam	4,264	15%	3,844	18%	3,852	22%	3,234	22%
	<u>27,659</u>	<u>100%</u>	<u>21,859</u>	<u>100%</u>	<u>17,227</u>	<u>100%</u>	<u>14,624</u>	<u>100%</u>

At the end of the reporting period, approximately 46% (31 December 2021: 49%; 31 December 2020: 68%; 31 December 2019: 63%) of the trade receivables of the Group were due from two (2) (31 December 2021: two (2); 31 December 2020: three (3); 31 December 2019: three (3) major customers.

## (b) Liquidity and cash flow risk

The exposure of the Group to liquidity risk arises from mismatches of the financial assets and liabilities.

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

The table below summarises the maturity profile of the liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations.

<u>Audited</u>	On demand or within one (1) year RM'000	One (1) to five (5) years RM'000	More than five (5) years RM'000	Total RM'000
<b>Financial liabilities</b>				
<b>31 July 2022</b>				
Borrowings	25,080	15,031	28,189	68,300
Trade and other payables	12,615	-	-	12,615
Lease liabilities	1,822	2,246	-	4,068
Total undiscounted financial liabilities	<u>39,517</u>	<u>17,277</u>	<u>28,189</u>	<u>84,983</u>
<b>31 December 2021</b>				
Borrowings	11,453	7,022	7,290	25,765
Trade and other payables	8,202	-	-	8,202
Lease liabilities	1,852	2,192	-	4,044
Total undiscounted financial liabilities	<u>21,507</u>	<u>9,214</u>	<u>7,290</u>	<u>38,011</u>

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

## (b) Liquidity and cash flow risk (continued)

<u>Audited</u>	On demand or within one (1) year RM'000	One (1) to five (5) years RM'000	More than five (5) years RM'000	Total RM'000
<b>Financial liabilities</b>				
<b>31 December 2020</b>				
Borrowings	9,082	7,472	6,123	22,677
Trade and other payables	6,869	-	-	6,869
Lease liabilities	1,280	1,145	-	2,425
<b>Total undiscounted financial liabilities</b>	<b>17,231</b>	<b>8,617</b>	<b>6,123</b>	<b>31,971</b>
<b>31 December 2019</b>				
Borrowings	11,363	4,790	4,861	21,014
Trade and other payables	3,520	-	-	3,520
Lease liabilities	924	1,455	-	2,379
<b>Total undiscounted financial liabilities</b>	<b>15,807</b>	<b>6,245</b>	<b>4,861</b>	<b>26,913</b>

## (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of reporting period changed by fifty (50) basis points with all other variables held constant:

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
<b>Profit after tax</b>				
- increase by 0.5% (31.12.2021: 0.5%; 31.12.2020: 0.5%; 31.12.2019: 0.5%)	(125)	(58)	(69)	(62)
- decrease by 0.5% (31.12.2021: 0.5%; 31.12.2020: 0.5%; 31.12.2019: 0.5%)	125	58	69	62
	<b>125</b>	<b>58</b>	<b>69</b>	<b>62</b>

12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk (continued)

The following table sets out the carrying amounts, the effective interest rate/incremental borrowing rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

<u>Audited</u>	Note	Effective interest rate/incremental borrowing rate* %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000	Total RM'000
<b>As at 31 July 2022</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	11	1.35 - 1.85	116	-	-	-	-	-	116
Bankers' acceptances	14	2.44 - 4.41	(21,205)	-	-	-	-	-	(21,205)
Lease liabilities	7	2.17 - 7.39*	(1,618)	(1,184)	(424)	(350)	(124)	-	(3,700)
<b>Floating rates</b>									
Term loans	14	3.42 - 7.68	(2,283)	(2,392)	(2,477)	(2,371)	(1,931)	(21,559)	(33,013)
<b>As at 31 December 2021</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	11	1.35 - 1.85	246	-	-	-	-	-	246
Bankers' acceptances	14	2.10 - 2.16	(6,015)	-	-	-	-	-	(6,015)
Lease liabilities	7	2.17 - 7.39*	(1,654)	(1,314)	(467)	(214)	(65)	-	(3,714)
<b>Floating rates</b>									
Term loans	14	4.77 - 7.98	(1,033)	(1,209)	(1,292)	(1,254)	(1,041)	(5,904)	(11,733)
Bank overdrafts	14	6.69	(3,645)	-	-	-	-	-	(3,645)

## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

## (c) Interest rate risk (continued)

The following table sets out the carrying amounts, the effective interest rate/incremental borrowing rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk (continued):

<u>Audited</u>	Note	Effective interest rate/incremental borrowing rate* %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000	Total RM'000
<b>As at 31 December 2020</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	11	1.85 - 4.70	2,327	-	-	-	-	-	2,327
Bankers' acceptances	14	2.50 - 4.32	(1,350)	-	-	-	-	-	(1,350)
Lease liabilities	7	2.10 - 7.39*	(1,171)	(665)	(261)	(95)	(66)	-	(2,258)
<b>Floating rates</b>									
Term loans	14	3.37 - 7.45	(1,302)	(1,381)	(1,464)	(1,553)	(1,522)	(5,226)	(12,448)
Bank overdrafts	14	5.97 - 6.73	(5,832)	-	-	-	-	-	(5,832)
<b>As at 31 December 2019</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	11	3.10 - 3.25	232	-	-	-	-	-	232
Bankers' acceptances	14	3.77 - 5.61	(1,785)	-	-	-	-	-	(1,785)
Lease liabilities	7	7.39*	(800)	(827)	(443)	(91)	(5)	-	(2,166)
<b>Floating rates</b>									
Term loans	14	4.62 - 8.68	(693)	(748)	(808)	(872)	(942)	(3,798)	(7,861)
Bank overdrafts	14	7.17 - 7.98	(8,380)	-	-	-	-	-	(8,380)

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****(d) 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 foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the entities within the Group. The currency giving rise to this risk are primarily United States Dollar ("USD") and Vietnamese Dong ("VND").

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD and VND exchange rate against the functional currency of the Group, with all other variables held constant:

	<b>31.7.2022</b> <b>Audited</b> <b>RM'000</b>	<b>31.12.2021</b> <b>Audited</b> <b>RM'000</b>	<b>31.12.2020</b> <b>Audited</b> <b>RM'000</b>	<b>31.12.2019</b> <b>Audited</b> <b>RM'000</b>
<b>Profit after tax</b>				
<b>USD/RM</b>				
- Strengthen by 5%	831	224	164	67
- Weaken by 5%	<u>(831)</u>	<u>(224)</u>	<u>(164)</u>	<u>(67)</u>
<b>VND/RM</b>				
- Strengthen by 5%	196	126	227	181
- Weaken by 5%	<u>(196)</u>	<u>(126)</u>	<u>(227)</u>	<u>(181)</u>

Sensitivity analysis of other foreign currencies are not disclosed as it is not material to the Group.

**28. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD/YEARS AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

- (a) The World Health Organisation declared the novel coronavirus ('COVID-19') a global pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has entered into the various phases of the MCO, followed by the announcement of the National Recovery Plan ('NRP') in June 2021, which details a roadmap to control the COVID-19 pandemic while progressively reopening society and the economic sectors towards the new normal under four progressive phases. Subsequently, in March 2022, the Government of Malaysia announced that Malaysia will enter the "Transition to Endemic" phase of COVID-19 and reopen its borders from 1 April 2022.

Consequently, effective from 1 April 2022, the restrictions on business operating hours and the capacity limit imposed on the number of employees allowed in the workplace based on the employees' vaccination status are removed.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****28. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD/YEARS AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)****(a) (continued)**

The implementation of the MCO/NRP and the COVID-19 pandemic have resulted minor temporary interruption to the Group's business and operations. The Group was able to operate during the MCO/NRP period upon obtained approval from Ministry of International Trade and Industry ('MITI') and required to comply with the changes of SOP outlined by MITI throughout the period. It had also not negatively impacted the liquidity position of the Group. In addition, the Group had not observed any material impairments of the assets or a significant change in the fair value of assets due to the COVID-19 pandemic.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows to meet its liquidity needs in the next twelve (12) months after the end of the reporting period. The Group do not anticipate significant supply disruptions and would continuing monitor its fund and operational needs.

- (b) On 11 November 2021, a combining entity, Berjayapak Sdn. Bhd. ("BSB") had entered into a Sale and Purchase Agreement with Sizechem Sdn. Bhd. for the acquisition of a piece of land held under No. PT 3174, Mukim 1, Daerah Seberang Perai Tengah, Negeri Pulau Pinang measuring approximately 4,382 square meters in area and building erected thereon bearing the assessment address 2619 Lorong Perusahaan 8 Kawasan Perindustrian Prai, 13600 Perai Penang for a purchase consideration of RM6,068,000.

The land and building acquisition was completed in July 2022.

- (c) On 23 November 2021, BSB had entered into a Sale and Purchase Agreement with Dyechem Alliance (M) Sdn. Bhd. for the acquisition of a piece of land held under No. PT 3050, Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang measuring approximately 6,929 square meters in area and building erected thereon bearing the assessment address 2611, Lorong Perusahaan 8, Kawasan Perindustrian Perai, 13600 Perai, Penang for a purchase consideration of RM8,732,000.

The land and building acquisition was completed in July 2022.

- (d) On 25 January 2022, BSB had entered into a Sale and Purchase Agreement with Aicello Malaysia Sdn. Bhd. for the acquisition of a piece of land held under Lot No. 60025, Seksyen 38, Bandar Kulim, Daerah Kulim, Kedah together with an industry building bearing the assessment address No.39A, Lorong Perusahaan 6, Taman PKNK, 09000 Kulim, Kedah for a purchase consideration of RM9,500,000.

The land and building acquisition was completed in July 2022.

- (e) On 15 March 2022, the Company had entered into a conditional share sale agreement to acquire the entire issued share capital of BSB of RM6,800,000 comprising 6,800,000 ordinary shares from B Pack Holdings Sdn. Bhd., Moviente Sdn. Bhd. and B Line Sdn. Bhd. ("Acquisition of BSB"). The Acquisition of BSB was wholly satisfied via the issuance of 446,999,990 new ordinary shares of the Company ("Shares") at an issue price of RM0.0905 per share which was then issued to B Pack Holdings Sdn. Bhd., Moviente Sdn. Bhd. and B Line Sdn. Bhd..

The Acquisition has been completed on 9 November 2022 and Berjayapak Sdn. Bhd. subsequently became a wholly-owned subsidiary of the L&P Global Berhad.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019**



**28. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD/YEARS AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)**

- (f) On 27 June 2022, a combining entity, Bejay Presswood Sdn. Bhd. had undertake the Proposed Capital Reduction, by reducing the issued share capital from RM8,454,104 comprising of 8,454,104 ordinary shares to RM2,400,000 comprising 2,400,000 ordinary shares ("Proposed Capital Reduction") and submitted to the Companies Commission of Malaysia.

The Proposed Capital Reduction has been approved by Companies Commission of Malaysia dated 26 August 2022.

- (g) The Bursa Malaysia Securities Berhad has, vide its letter dated 13 October 2022, approved amongst others, the admission of the Company to the Official List and the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

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**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****29. PRIOR YEAR RECLASSIFICATIONS**

During the financial year, certain comparative figures have been reclassified to conform with the current year's presentation so as to reflect appropriate presentation of the combined financial statements of the Group.

The reclassifications gave rise to changes on the combined financial statements of the Group as follows:

<u>Audited</u>	As previously reported RM'000	Reclassi- fication RM'000	As adjusted RM'000
<b>31 December 2019</b>			
<b>Combined Statements of Profit or Loss and Other Comprehensive Income</b>			
Cost of sales	(51,849)	(1,054)	(52,903)
Distribution costs	(888)	(287)	(1,175)
Administrative expenses	(6,856)	1,341	(5,515)
<b>Combined Statements of Cash Flows</b>			
<b>Cash flows from operating activities</b>			
Increase in inventories	(737)	(9)	(746)
Increase in trade and other receivables	(3,102)	(27)	(3,129)
Decrease in trade and other payables	(1,235)	28	(1,207)
Tax paid	(1,858)	(4)	(1,862)
Effects of exchange rate changes	(26)	12	(14)
<b>31 December 2020</b>			
<b>Combined Statements of Profit or Loss and Other Comprehensive Income</b>			
Cost of sales	(68,815)	(1,112)	(69,927)
Distribution costs	(1,562)	(253)	(1,815)
Administrative expenses	(6,239)	1,365	(4,874)
<b>Combined Statements of Cash Flows</b>			
<b>Cash flows from operating activities</b>			
Interest income	(23)	(7)	(30)
Increase in inventories	(6,123)	(78)	(6,201)
Increase in trade and other receivables	(6,316)	(93)	(6,409)
Increase in trade and other payables	3,350	(45)	3,305
Interest received	23	7	30
Tax paid	(1,294)	(15)	(1,309)
Effects of exchange rate changes	(307)	231	(76)

**12. ACCOUNTANTS' REPORT (Cont'd)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019**

**30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs****30.1 New MFRSs adopted during the financial period/years**

The Group adopted the following Standards, Amendments and Interpretations of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the reporting periods:

- MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards*
- MFRS 2 Share-based Payment*
- MFRS 3 Business Combinations*
- MFRS 4 Insurance Contracts*
- MFRS 5 Non-current Assets Held for Sale and Discontinued Operations*
- MFRS 6 Exploration for and Evaluation of Mineral Resources*
- MFRS 7 Financial Instruments: Disclosures*
- MFRS 8 Operating Segments*
- MFRS 9 Financial Instruments*
- MFRS 10 Consolidated Financial Statements*
- MFRS 11 Joint Arrangements*
- MFRS 12 Disclosure of Interests in Other Entities*
- MFRS 13 Fair Value Measurement*
- MFRS 14 Regulatory Deferral Accounts*
- MFRS 15 Revenue from Contracts with Customers*
- MFRS 16 Leases*
- MFRS 101 Presentation of Financial Statements*
- MFRS 102 Inventories*
- MFRS 107 Statement of Cash Flows*
- MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors*
- MFRS 110 Events after the Reporting Period*
- MFRS 112 Income Taxes*
- MFRS 116 Property, Plant and Equipment*
- MFRS 119 Employee Benefits*
- MFRS 120 Accounting for Government Grants and Disclosure of Government Assistance*
- MFRS 121 The Effects of Changes in Foreign Exchange Rates*
- MFRS 123 Borrowing Costs*
- MFRS 124 Related Party Disclosures*
- MFRS 126 Accounting and Reporting by Retirement Benefit Plans*
- MFRS 127 Separate Financial Statements*
- MFRS 128 Investments in Associates and Joint Ventures*
- MFRS 129 Financial Reporting in Hyperinflationary Economies*
- MFRS 132 Financial instruments: Presentation*
- MFRS 133 Earnings per Share*
- MFRS 134 Interim Financial Reporting*
- MFRS 136 Impairment of Assets*
- MFRS 137 Provisions, Contingent Liabilities and Contingent Assets*
- MFRS 138 Intangible Assets*
- MFRS 139 Financial Instruments: Recognition and Measurement*
- MFRS 140 Investment Property*
- MFRS 141 Agriculture*
- IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities*
- IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments*
- IC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****30.1 New MFRSs adopted during the financial period/years (continued)**

The Group adopted the following Standards, Amendments and Interpretations of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the reporting periods (continued):

IC Interpretation 6 *Liabilities arising from Participating in a Specific Market - Waste Electrical and Electrical Equipment*  
 IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*  
 IC Interpretation 10 *Interim Financial Reporting and Impairment*  
 IC Interpretation 12 *Service Concession Arrangements*  
 IC Interpretation 14 *MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*  
 IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*  
 IC Interpretation 17 *Distributions of Non-cash Assets to Owners*  
 IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*  
 IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*  
 IC Interpretation 21 *Levies*  
 IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*  
 IC Interpretation 23 *Uncertainty over Income Tax Treatments*  
 IC Interpretation 107 *Introduction of the Euro*  
 IC Interpretation 110 *Government Assistance - No Specific Relation to Operating Activities*  
 IC Interpretation 125 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*  
 IC Interpretation 129 *Service Concession Arrangements: Disclosures*  
 IC Interpretation 132 *Intangible Assets - Web Site Costs*  
 Amendments to References to the Conceptual Framework in MFRS Standards  
 Amendments to MFRS 3 *Definition of a Business*  
 Amendments to MFRS 101 and MFRS 108 *Definition of Material*  
 Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*  
 Amendments to MFRS 16 *Covid-19 Related Rent Concessions*  
 Amendments to MFRS 4 *Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9*  
*Interest Rate Benchmark Reform - Phase 2* (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)  
*Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to MFRS 16 Leases)  
 Annual Improvements to MFRS Standards 2018 - 2020  
 Amendments to MFRS 3 *Reference to the Conceptual Framework*  
 Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*  
 Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*

There is no material impact upon the adoption of these Standards and Amendments during the reporting period, other than the adoption of the following Standards:

**MFRS 101 *Presentation of Financial Statements***

The Standard clarifies that the third statement of financial position is required only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. If the third statement of financial position is presented, the Standard clarifies that the related notes to the opening statement of financial position need not to be disclosed. Accordingly, there are no related notes disclosed in relation to the opening statement of financial position as at 1 January 2020.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****30.1 New MFRSs adopted during the financial period/years (continued)**

There is no material impact upon the adoption of these Standards and Amendments during the reporting periods, other than the adoption of the following Standards (continued):

*MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards*

The Standard clarifies that the first MFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

*MFRS 9 Financial Instruments*

The adoption of *MFRS 9 Financial Instruments* has fundamentally changed the accounting of impairment losses for financial assets of the Group by replacing the incurred loss approach of *MPERS* with a forward-looking expected credit loss approach. *MFRS 9* requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the asset.

Details of the policy on impairment losses for trade and other receivables of the Group are disclosed in Note 9 to the combined financial statements.

*MFRS 16 Leases*

The Group adopted *MFRS 16* using the full restropective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2020. Accordingly, the comparative information presented is restated.

On adoption of *MFRS 16*, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of *MPERS*. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group.

In order to compute the transition impact of *MFRS 16*, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability respectively at the date of initial application. The measurement principles of *MFRS 16* are only applied after that date.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****30.2 Explanation of transition to MFRSs**

The combining entities adopted the MFRS Framework during the financial year ended 31 December 2021.

The accounting policies set out in Section 4 of this Report have been applied in preparing the financial statements of the combining entities for the financial year ended 31 December 2021, as well as comparative information presented in this Report for the financial years ended 31 December 2019 and 31 December 2020 and in the preparation of the opening MFRS combined statements of financial position at 1 January 2019 (the date of transition of the combining entities to MFRSs).

The combining entities have adjusted amounts previously reported in financial statements that were prepared in accordance with the previous MPERSs Framework. An explanation on the impact arising from the transition from MPERSs to MFRSs on the combined financial position as at 31 December 2019 and 2020, combined financial performance and combined cash flows of the combining entities for the financial years ended 31 December 2020 and 2019 are set out as follows:

**(a) Reconciliation of combined statements of financial position**

<u>Audited</u>	Previously reported under MPERS RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
<b>31 December 2019</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15,057	(1,797)	13,260
Right-of-use assets	-	2,757	2,757
Other receivables	217	-	217
	15,274	960	16,234
<b>Current assets</b>			
Inventories	6,663	-	6,663
Trade and other receivables	15,930	(302)	15,628
Current tax assets	643	-	643
Cash and bank balances	3,480	-	3,480
	26,716	(302)	26,414
<b>TOTAL ASSETS</b>	41,990	658	42,648
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the common controlling shareholder of the Group</b>			
Invested equity	6,800	-	6,800
Reserves	11,862	(331)	11,531
<b>TOTAL EQUITY</b>	18,662	(331)	18,331

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****30.2 Explanation of transition to MFRSs (continued)****(a) Reconciliation of combined statements of financial position (continued)**

<u>Audited</u>	Previously reported under MPERS RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
<b>31 December 2019</b>			
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	7,934	(766)	7,168
Lease liabilities	-	1,366	1,366
Deferred tax liabilities	605	-	605
	<u>8,539</u>	<u>600</u>	<u>9,139</u>
<b>Current liabilities</b>			
Trade and other payables	3,520	-	3,520
Borrowings	11,269	(411)	10,858
Lease liabilities	-	800	800
	<u>14,789</u>	<u>389</u>	<u>15,178</u>
<b>TOTAL LIABILITIES</b>	<u>23,328</u>	<u>989</u>	<u>24,317</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>41,990</u>	<u>658</u>	<u>42,648</u>

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## 12. ACCOUNTANTS' REPORT (Cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019



## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

## 30.2 Explanation of transition to MFRSs (continued)

## (a) Reconciliation of combined statements of financial position (continued)

<u>Audited</u>	Previously reported under MPERS RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
<b>31 December 2020</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14,992	(1,856)	13,136
Right-of-use assets	-	2,759	2,759
Deferred tax assets	14	6	20
Other receivables	344	-	344
	<u>15,350</u>	<u>909</u>	<u>16,259</u>
<b>Current assets</b>			
Inventories	12,786	-	12,786
Trade and other receivables	22,035	(288)	21,747
Current tax assets	867	-	867
Cash and bank balances	5,650	-	5,650
	<u>41,338</u>	<u>(288)</u>	<u>41,050</u>
<b>TOTAL ASSETS</b>	<u>56,688</u>	<u>621</u>	<u>57,309</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the common controlling shareholder of the Group</b>			
Invested equity	6,800	-	6,800
Reserves	21,422	(345)	21,077
<b>TOTAL EQUITY</b>	<u>28,222</u>	<u>(345)</u>	<u>27,877</u>

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## 12. ACCOUNTANTS' REPORT (Cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019



## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

## 30.2 Explanation of transition to MFRSs (continued)

## (a) Reconciliation of combined statements of financial position (continued)

<u>Audited</u>	Previously reported under MPERS RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
<b>31 December 2020</b>			
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	11,971	(825)	11,146
Lease liabilities	-	1,087	1,087
Deferred tax liabilities	650	-	650
	<u>12,621</u>	<u>262</u>	<u>12,883</u>
<b>Current liabilities</b>			
Trade and other payables	6,869	-	6,869
Borrowings	8,951	(467)	8,484
Lease liabilities	-	1,171	1,171
Current tax liabilities	25	-	25
	<u>15,845</u>	<u>704</u>	<u>16,549</u>
<b>TOTAL LIABILITIES</b>	<u>28,466</u>	<u>966</u>	<u>29,432</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>56,688</u>	<u>621</u>	<u>57,309</u>

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## 12. ACCOUNTANTS' REPORT (Cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019



## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

## 30.2 Explanation of transition to MFRSs (continued)

- (b) Reconciliation of combined statements of profit or loss and other comprehensive income

<u>Audited</u>	As adjusted RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
31 December 2019			
Revenue	66,304	-	66,304
Cost of sales	<u>(52,903)</u>	<u>11</u>	<u>(52,892)</u>
Gross profit	13,401	11	13,412
Other operating income	73	-	73
Reversal of impairment losses on trade receivables	-	82	82
Distribution costs	(1,175)	-	(1,175)
Administrative expenses	(5,515)	-	(5,515)
Finance costs	<u>(1,187)</u>	<u>(41)</u>	<u>(1,228)</u>
Profit before tax	5,597	52	5,649
Tax expense	<u>(1,256)</u>	<u>-</u>	<u>(1,256)</u>
Profit for the financial year	4,341	52	4,393
<b>Other comprehensive loss</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Foreign currency translations	<u>(32)</u>	<u>1</u>	<u>(31)</u>
Total comprehensive income	<u>4,309</u>	<u>53</u>	<u>4,362</u>
Profit attributable to common controlling shareholder of the Group	<u>4,341</u>	<u>52</u>	<u>4,393</u>
Total comprehensive income attributable to common controlling shareholder of the Group	<u>4,309</u>	<u>53</u>	<u>4,362</u>

## 12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

## 30.2 Explanation of transition to MFRSs (continued)

- (b) Reconciliation of combined statements of profit or loss and other comprehensive income (continued)

<u>Audited</u>	As adjusted RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
31 December 2020			
Revenue	88,305	-	88,305
Cost of sales	(69,927)	29	(69,898)
Gross profit	18,378	29	18,407
Other operating income	230	-	230
Reversal of impairment losses on trade receivables	-	14	14
Distribution costs	(1,815)	-	(1,815)
Administrative expenses	(4,874)	19	(4,855)
Finance costs	(927)	(83)	(1,010)
Profit before tax	10,992	(21)	10,971
Tax expense	(1,125)	6	(1,119)
Profit for the financial year	9,867	(15)	9,852
<b>Other comprehensive loss</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Foreign currency translations	(307)	1	(306)
Total comprehensive income	9,560	(14)	9,546
Profit attributable to common controlling shareholder of the Group	9,867	(15)	9,852
Total comprehensive income attributable to common controlling shareholder of the Group	9,560	(14)	9,546

## 12. ACCOUNTANTS' REPORT (Cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019



## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

## 30.2 Explanation of transition to MFRSs (continued)

## (c) Reconciliation of combined statements of cash flows

<u>Audited</u>	As adjusted RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
31 December 2019			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax	5,597	52	5,649
Adjustments for:			
Depreciation of:			
- property, plant and equipment	961	(262)	699
- right-of-use assets	-	468	468
Interest expenses	1,187	41	1,228
Interest income	(24)	-	(24)
Loss on disposal of property, plant and equipment	(37)	-	(37)
Reversal of impairment loss on trade and other receivables	-	(82)	(82)
Operating profit before changes in working capital	7,684	217	7,901
Increase in inventories	(746)	-	(746)
Increase in trade and other receivables	(3,129)	-	(3,129)
Decrease in trade and other payables	(1,207)	-	(1,207)
Cash generated from operations	2,602	217	2,819
Interest received	24	-	24
Interest paid	(1,187)	91	(1,096)
Tax refunded	951	-	951
Tax paid	(1,862)	-	(1,862)
Net cash from operating activities	528	308	836
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(2,473)	-	(2,473)
Proceeds from disposal of property, plant and equipment	58	-	58
Net cash used in investing activities	(2,415)	-	(2,415)

## 12. ACCOUNTANTS' REPORT (Cont'd)

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019



## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

## 30.2 Explanation of transition to MFRSs (continued)

## (c) Reconciliation of combined statements of cash flows (continued)

<u>Audited</u>	As adjusted RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
31 December 2019			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of:			
- Bankers' acceptances	12,150	-	12,150
- term loans	5,420	-	5,420
Repayment of:			
- bankers' acceptances	(12,155)	-	(12,155)
- term loans	(2,675)	-	(2,675)
- hire purchase payables	(472)	472	-
- lease liabilities	-	(780)	(780)
Net changes in deposits with licensed banks	(7)	-	(7)
Net cash from financing activities	<u>2,261</u>	<u>(308)</u>	<u>1,953</u>
Net changes in cash and cash equivalents	374	-	374
Effects of exchange rate changes	(14)	-	(14)
Cash and cash equivalents at beginning of financial year	<u>(5,492)</u>	<u>-</u>	<u>(5,492)</u>
Cash and cash equivalents at end of financial year	<u>(5,132)</u>	<u>-</u>	<u>(5,132)</u>

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## 12. ACCOUNTANTS' REPORT (Cont'd)

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019



## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

## 30.2 Explanation of transition to MFRSs (continued)

## (c) Reconciliation of combined statements of cash flows (continued)

<u>Audited</u>	As adjusted RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
<b>31 December 2020</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax	10,992	(21)	10,971
Adjustments for:			
Depreciation of:			
- property, plant and equipment	1,203	(245)	958
- right-of-use assets	-	838	838
Interest expenses	928	82	1,010
Interest income	(30)	-	(30)
Loss on disposal of:			
- property, plant and equipment	12	(12)	-
- right-of-use assets	-	12	12
Reversal of impairment loss on trade and other receivables	-	(14)	(14)
Unrealised loss on foreign exchange	91	-	91
Operating profit before changes in working capital	13,196	640	13,836
Increase in inventories	(6,201)	-	(6,201)
Increase in trade and other receivables	(6,409)	-	(6,409)
Increase in trade and other payables	3,305	-	3,305
Cash generated from operations	3,891	640	4,531
Interest received	30	-	30
Interest paid	(927)	46	(881)
Tax paid	(1,309)	-	(1,309)
Net cash from operating activities	1,685	686	2,371
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of:			
- property, plant and equipment	(752)	-	(752)
- right-of-use assets	-	(73)	(73)
Proceeds from disposal of:			
- property, plant and equipment	57	(57)	-
- right-of-use assets	-	57	57
Net cash used in investing activities	(695)	(73)	(768)

## 12. ACCOUNTANTS' REPORT (Cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019



## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

## 30.2 Explanation of transition to MFRSs (continued)

## (c) Reconciliation of combined statements of cash flows (continued)

<u>Audited</u>	As adjusted RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
<b>31 December 2020</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of:			
- Banker's acceptances	6,059	-	6,059
- term loans	4,942	-	4,942
Repayment of:			
- banker's acceptances	(6,494)	-	(6,494)
- term loans	(355)	-	(355)
- hire purchase payables	(348)	348	-
- lease liabilities	-	(961)	(961)
Net changes in deposits with licensed banks	(7)	-	(7)
Net cash from financing activities	<u>3,797</u>	<u>(613)</u>	<u>3,184</u>
Net changes in cash and cash equivalents	4,787	-	4,787
Effects of exchange rate changes	(76)	-	(76)
Cash and cash equivalents at beginning of financial year	<u>(5,132)</u>	<u>-</u>	<u>(5,132)</u>
Cash and cash equivalents at end of financial year	<u>(421)</u>	<u>-</u>	<u>(421)</u>

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**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****30.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023**

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group:

Title	Effective Date
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i> )	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> )	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 Comparative Information</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

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**13. ADDITIONAL INFORMATION**

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**13.1 EXTRACT OF OUR CONSTITUTION**

The following provisions are extracted from our Company's Constitution which complies with the Listing Requirements, the Act and the Rules.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Constitution unless they are otherwise defined or the context otherwise requires:

**(i) Remuneration, voting and borrowing powers of Directors****(a) Directors' Remuneration****Clause 19.1 Fees and benefits for Directors**

The fees of the Directors, and any benefits payable to the Directors including any compensation for loss of employment of a Director shall from time to time be determined by an Ordinary Resolution of the Company annually in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree PROVIDED ALWAYS that:

- (a) salaries payable to executive Director(s) may not include a commission on or percentage of turnover;
- (b) fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover;
- (c) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (d) fees payable to Directors shall not be increased except pursuant to an Ordinary Resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

**Clause 19.2 Reimbursement of expenses**

- (1) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of Directors.
- (2) If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a Member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Director's fees and such special remuneration may be by way fixed sum or otherwise as may be arranged.



**13. ADDITIONAL INFORMATION (Cont'd)**

**Clause 19.3 Extra fees**

- (1) The Board can award extra fees to a director who:
- (a) holds an executive position;
  - (b) acts as chairman or deputy chairman; or
  - (c) serves on a Board committee or board at the request of the Board.
- (2) If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a Member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Director's fees and such special remuneration may be by way fixed sum or otherwise as may be arranged.

**Clause 19.4 Pensions and other benefits**

- (1) Subject to the Act and the Listing Requirements, the Board can decide whether to provide:
- (a) pensions;
  - (b) annual payments; or
  - (c) other allowances and benefits
- to any people including people who are or who were directors of the Company. The Board can decide to extend these arrangements to relations or dependants of, or people connected to, these people. The Board can also decide to contribute to a scheme or fund or to pay premiums to a third party for these purposes.
- (2) The Company can only provide pensions and other similar benefits to:
- (a) people who are or were directors; and
  - (b) relations or dependants of, or people connected to, those directors or former directors.

The receipt of a benefit of any kind given in accordance with this clause does not prevent a person from being or becoming a director of the Company.

- (3) Members must approve the matters under this clause as far as the Applicable Laws require in relation to directors' fees and benefits. There must be annual shareholders' approvals by ordinary resolution at a General Meeting for the fees of the directors and any benefits payable to the directors. Compensation for loss of employment of a director or former director must have shareholders' approvals by ordinary resolution passed a General Meeting, where required by the Act and the Listing Requirements.

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**13. ADDITIONAL INFORMATION (Cont'd)**

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**(b) Voting and borrowing powers of Directors**

**Clause 22.7 Disclosure of interest and restriction on discussion and voting**

- (1) Every Director shall declare his interest in the Company and his interest in any contract or proposed contract with the Company as may be required by Applicable Laws.
- (2) Subject to the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted.
- (3) A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested.

**Clause 22.8 Power to vote**

Subject to clause 22.7 hereof, a Director may vote in respect of:

- (a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company or any of its subsidiaries; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of security.

**Clause 22.9 Directors may become Directors of other corporation**

- (1) A Director of the Company may be or become a Director or other officer of or otherwise be interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation, which is directly or indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a Director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment.
- (2) The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all aspects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation) and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed, a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid PROVIDED ALWAYS that he has complied with Section 221 and all other relevant provisions of the Act and of this Constitution.

**13. ADDITIONAL INFORMATION (Cont'd)****Clause 21.2 The Board's borrowing powers**

The Board may exercise all the powers of the Company to borrow or raise money for the purpose of the Company's or any of its related companies' businesses on such terms as they think fit and may secure the repayment of the same by mortgage or charge upon the whole of the Company's undertaking, property (both present and future) including its uncalled or unissued capital, or any part thereof and to issue bonds, debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or its subsidiaries but the Directors shall not borrow any money or mortgage or charge any of the Company's or any of the Company's subsidiary companies' undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

**(ii) Changes to Share Capital****Clause 13.1 Power to increase capital**

Subject to all Applicable Laws, the Company may from time to time, whether all the shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase may direct.

**Clause 13.2 Offer of new shares**

- (1) Section 84 of the Act shall not apply to the Company. Subject to any direction to the contrary that may be given by the Company in a meeting of Members, all new shares or other convertible securities of whatever kind, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of meetings of Members in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.
- (2) The offer shall be made by notice specifying the number of shares or securities offered and limiting a time within which the offer, if not accepted shall be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Board may dispose of those shares or securities in such manner as they think most beneficial to the Company.
- (3) The Board may also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Board, be conveniently offered under this clause.

**Clause 13.3 Ranking of new shares**

Except so far as otherwise provided by the conditions of issue in this Constitution, any share capital raised by the creation of new shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

**13. ADDITIONAL INFORMATION (Cont'd)**

**Clause 14.1 Power to alter capital**

Section 84 of the Act shall not apply to the Company. The Company may by Ordinary Resolution and subject to all Applicable Laws:

- (a) consolidate and divide all or any of its share capital into shares, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;
- (b) subdivide its share capital or any part thereof, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Shares from which the subdivided Share is derived;
- (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; and
- (d) subject to the provisions of this Constitution and Applicable Laws, convert and/or re-classify any class of shares into any other class of shares.

**Clause 14.2 Power to reduce capital**

The Company may by Special Resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Applicable Laws.

**(iii) Transfer of securities**

**Clause 9.1 Transfer of listed securities of Company is by way of book entry**

The transfer of any listed security or class of any listed security of the Company, shall be by way of book entry by Bursa Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

**Clause 9.2 Transfer of security that is not deposited with Bursa Security**

- (1) Subject to all Applicable Laws, the instrument of transfer of any security that is not deposited with Bursa Depository shall be in writing and in any usual or common form or in any other form which the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members thereof.
- (2) The transfer for such security must be delivered to the Office or some other place which the Board decides. The transfer must have with it:
  - (a) the share certificate of the shares to be transferred;
  - (b) any other evidence which the Board asks for to prove that the person making or receiving the transfer is entitled to do so; and
  - (c) if the transfer is executed by another person on behalf of the person making or receiving the transfer, evidence of the authority of that person to do so.

### 13. ADDITIONAL INFORMATION (Cont'd)

(3) Such transfer:

- (a) cannot be in favour of more than 4 joint holders, unless approved by the Board; and
- (b) must be properly stamped to show payment of any applicable stamp duty.

#### **Clause 9.3 Refusal to register**

Bursa Depository may refuse to register any transfer of the Deposited Security that does not comply with the SICDA and the Rules.

#### **Clause 9.4 No liability for fraudulent transfer**

Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall so far as the Company is concerned, be deemed to have transferred his whole title hereto.

#### **Clause 9.5 Prohibited transfer**

No shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind under Applicable Laws.

#### **Clause 9.6 Renunciation**

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any shares by the allottee thereof in favour of some other persons.

#### **Clause 9.7 Suspension of registration**

The registration of transfers of any Securities in the Company (including transfer of beneficial ownership of any Deposited Securities held through an Omnibus Account) may be suspended at such time and for such period as the Board may from time to time determine provided always that such registration shall not be suspended for more than thirty (30) days in any year or such number of days as may be prescribed by the Stock Exchange.

#### **(iv) Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights**

There are no special rights attached to our Shares. As at the date of this Prospectus, we have only 1 class of shares in our Company, namely ordinary shares, all of which rank equally with one another.

### 13.2 SHARE CAPITAL

- (i) As at the date of this Prospectus, we only have one class of shares, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.

### 13. ADDITIONAL INFORMATION (Cont'd)

- (ii) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Prospectus.
- (iii) No person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group, except for the Pink Form Allocation and ESOS as disclosed in Section 4.1.1 of this Prospectus.
- (iv) There is no scheme involving our employees in the capital of our Group, except for the Pink Form Allocation and ESOS as disclosed in Section 4.1.1 of this Prospectus.
- (v) Save as disclosed in Sections 4.1.1, 6.1.4 and 6.2 of this Prospectus, no shares, outstanding warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the 2 years preceding the date of this Prospectus.
- (vi) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

#### 13.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

Save for the clauses below which have been reproduced from our Company's Constitution, there is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares:

##### **Clause 15.9 Record of Depositors**

- (3) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable) and notwithstanding any provision in Applicable Laws, a depositor shall not be regarded as a Member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

##### **Clause 16.7 Voting rights**

- (1) Subject to this Constitution and to any rights or restrictions for the time being attached to any shares or classes of shares, at meetings of Members or classes of Members, each Member shall be entitled to be present and vote either in person or by proxy or by representative in respect of any share or shares upon which all calls due to the Company have been paid.

##### **Clause 16.10 Member barred from voting while call unpaid**

No Member shall be entitled to be present or to vote on any question either personally or otherwise, as a proxy or attorney at any meeting of Members (including annual general meetings) or upon a poll or be reckoned in the quorum in respect of any shares upon which calls are due and unpaid.

#### 13.4 PUBLIC TAKE-OVERS

None of the following has occurred during the last financial year and up to the LPD:

- (i) public take-over offers by third parties in respect of our Group's shares; and
- (ii) public take-over offers by us in respect of other company's shares.

**13. ADDITIONAL INFORMATION (Cont'd)****13.5 EXCHANGE CONTROLS**

As at the LPD, there are no governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to our Group.

**13.6 MATERIAL LITIGATION, CLAIMS AND ARBITRATION**

As at the LPD, we are not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors confirm that there are no proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

**13.7 MATERIAL CONTRACTS**

Save as disclosed below, we have not entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the period covered by the historical financial information as disclosed in this Prospectus up to the date of this Prospectus:

- (i) the conditional Share Sale Agreement dated 15 March 2022 entered between the BSB Vendors and our Company (as purchaser) in relation to the Acquisition of BSB for a total consideration of RM40.45 million. The acquisition was completed on 9 November 2022. Please refer to Section 4.1.1(a) of this Prospectus for further details;
- (ii) the conditional sale and purchase agreement dated 11 November 2021 entered between Sizechem Sdn Bhd and BSB in respect of a piece of land held under title particulars H.S.(D) 37950, PT 3174, Mukim 1, Daerah Seberang Perai Tengah, Negeri Pulau Pinang measuring approximately 47,171 sq ft and building erected thereon for a total consideration of RM6,068,000. The acquisition was completed on 25 July 2022;
- (iii) the conditional sale and purchase agreement dated 23 November 2021 entered between Dyechem Alliance (M) Sdn Bhd and BSB in respect of a piece of land held under title particulars H.S.(D) 30953, PT 3050, Mukim 1, Daerah Seberang Perai Tengah, Negeri Pulau Pinang measuring approximately 74,583 sq ft and building erected thereon for a total consideration of RM8,732,000. The acquisition was completed on 25 July 2022;
- (iv) the conditional sale and purchase agreement dated 25 January 2022 entered between Aicello Malaysia Sdn Bhd and BSB in respect of a registered lease on a piece of land held under title particulars PN 6125, Lot 60025, Seksyen 38, Bandar Kulim, Daerah Kulim, Negeri Kedah together with an industry building with an approximate built-up area of 64,588 sq ft for a total consideration of RM9,500,000. The acquisition was completed on 28 July 2022;
- (v) the Underwriting Agreement; and
- (vi) the Placement Agreement.

**13.8 CONSENTS**

- (i) The written consents of the Principal Adviser, Sponsor, Sole Underwriter and Joint Placement Agents, Solicitors to our Company, Share Registrar, Issuing House and Company Secretaries for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn.

### **13. ADDITIONAL INFORMATION (Cont'd)**

- (ii) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position as at 31 July 2022 in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.
- (iii) The written consent of the IMR for the inclusion in this Prospectus of its name and IMR Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

#### **13.9 RESPONSIBILITY STATEMENTS**

- (i) AIS acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to our IPO.
- (ii) This Prospectus has been seen and approved by our Directors, Promoters and Offeror, and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

#### **13.10 DOCUMENTS FOR INSPECTION**

Copies of the following documents may be inspected at our registered office during office hours for a period of six months from the date of this Prospectus:

- (i) our Constitution;
- (ii) the IMR Report referred to in Section 7 of this Prospectus;
- (iii) the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position of our Group as at 31 July 2022 referred to in Section 11.9 of this Prospectus;
- (iv) the Accountants' Report as included in Section 12 of this Prospectus;
- (v) the material contracts referred to in Section 13.7 of this Prospectus;
- (vi) the letters of consent referred to in Section 13.8 of this Prospectus;
- (vii) the audited financial statements of L&P Global for the financial period from 30 August 2021 (date of incorporation) to 31 December 2021 and FPE 2022;
- (viii) the audited financial statements of BSB, BPSB and BTSB for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively;
- (ix) the audited financial statements of BV for the FPE 31 December 2019, FYE 2020, FYE 2021 and FPE 2022; and
- (x) By-Laws as included in Annexure A of this Prospectus.



## 14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus. Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

### 14.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 13 December 2022

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 19 December 2022

Applications for the IPO Shares will open and close at the dates stated above.

In the event there is any change to the dates stated above, we will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

**Late Applications will not be accepted.**

### 14.2 METHODS OF APPLICATIONS

#### 14.2.1 Application for our IPO Shares by the Malaysian Public and our eligible Directors, employees and persons who have contributed to the success of our Group

<u>Types of Application and category of investors</u>	<u>Application method</u>
Applications by eligible Directors and employees and persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

#### 14.2.2 Application by selected investors via Placement

<u>Types of Application</u>	<u>Application Method</u>
Applications by:	
Selected investors and Bumiputera investors approved by the MITI	The Joint Placement Agents will contact the selected investors and Bumiputera investors approved by the MITI directly. They should follow the Joint Placement Agents' instructions.

**14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****14.3 ELIGIBILITY****14.3.1 General**

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

**MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.**

**AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.**

**14.3.2 Application by the Malaysian Public**

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) You must be one of the following:
  - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
  - (b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
  - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) You must not be a director or employee of our Issuing House or an immediate family member of a director or employee of our Issuing House; and
- (iii) You must submit Applications by using only one of the following methods:
  - (a) White Application Form;
  - (b) Electronic Share Application; or
  - (c) Internet Share Application.

## 14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)

### 14.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation.

Eligible Directors, employees and persons who have contributed to the success of our Group may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, our Issuing House, AIS, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

### 14.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.30 for each IPO Share.

Payment must be made out in favour of “**MIH SHARE ISSUE ACCOUNT NO 623**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

**Malaysian Issuing House Sdn Bhd**  
(Registration No. 199301003608 (258345-X))  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan

or

**P.O. Box 00010**  
Pejabat Pos Jalan Sultan  
46700 Petaling Jaya  
Selangor Darul Ehsan

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on 19 December 2022 or by such other time and date specified in any change to the date or time for closing.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to our Issuing House.

## **14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

### **14.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS**

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

### **14.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS**

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

### **14.7 AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE**

Our Issuing House, on the authority of our Board reserves the right to:

- (i) reject Applications which:
  - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
  - (b) are illegible, incomplete or inaccurate; or
  - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 14.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

**14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****14.8 OVER / UNDER-SUBSCRIPTION**

In the event of over-subscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by our Issuing House to the SC, Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website [www.mih.com.my](http://www.mih.com.my) within 1 business day after the balloting event.

Pursuant to the Listing Requirements we are required to have a minimum of 25.00% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and / or eligible Directors, employees and persons who have contributed to the success of our Group, subject to the underwriting arrangements and reallocation as set out in Section 4.1.1(b) of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

**14.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS**

If you are unsuccessful / partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

**14.9.1 For applications by way of Application Forms**

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House as per items (i) and (ii) above (as the case may be).

## **14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (iv) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

### **14.9.2 For applications by way of Electronic Share Application and Internet Share Application**

- (i) Our Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from our Issuing House.
- (ii) You may check your account on the 5<sup>th</sup> Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by our Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

### **14.10 SUCCESSFUL APPLICANTS**

If you are successful in your application:

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our IPO Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.

**14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****14.11 ENQUIRIES**

Enquiries in respect of the applications may be directed as follows:

<b>Mode of application</b>	<b>Parties to direct the enquiries</b>
Application Form	Issuing House Enquiry Services Telephone at telephone no. (603) 7890 4700
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your Application by calling your respective ADA during office hours at the telephone number as set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

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**DRAFT BY- LAWS****BY- LAWS OF THE EMPLOYEES' SHARE OPTION SCHEME****L&P GLOBAL BERHAD****1. DEFINITIONS AND INTERPRETATION**

1.1 In these By-Laws, the following words and expressions shall bear the following meanings, unless the context otherwise requires:

“Act”	means the Companies Act 2016, as amended from time to time and any re-enactment thereof
“Adviser”	means a corporate finance adviser that may act as a principal adviser under the Chapter 7A of Licensing Handbook issued by SC
“Affected Employee”	shall have the meaning ascribed to it in By-Law 24.1
“Audit Committee”	shall have the same meaning ascribed to it in By-Law 6.2
“Auditors”	means the auditors of the Company, as appointed from time to time
“Board”	means the board of directors of the Company
“Bursa Depository”	means Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
“Bursa Securities”	means Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“By-Laws”	means collectively, the rules, terms, and conditions governing the Scheme as set forth in these By-Laws as amended, modified, and/or supplemented from time to time
“CDS”	means the Central Depository System
“CDS Account”	means the account established by Bursa Depository for a depositor for the recording of deposit and withdrawal of securities and for dealings in such securities by that depositor of securities
“Company” or “L&P Global”	means L&P Global Berhad (Registration No. 202101028085 (1428385-M)), a public company limited by shares and incorporated in Malaysia and shall, where the context admits, include its successors in title
“Constitution”	means the constitution of the Company as amended from time to time
“Date of Expiry”	means last day of the Scheme Period as defined in By-Law 17.2
“Director”	means a natural person who holds a directorship in any company within Group and shall have the meaning stipulated in the Act
“Disciplinary Proceedings”	means proceedings instituted by the Company against an Eligible Person or a Grantee employed by that Group Company for any alleged negligence, misbehaviour, misconduct, fraud, financial misstatement, reputational damage and/or any other act of the Eligible Person or Grantee deemed to be unacceptable by the Company in the course of that their employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Eligible Person or Grantee



**DRAFT BY- LAWS (Cont'd)**

“Effective Date”		means the date the Scheme takes effect pursuant to the fulfilment or waiver of the last of the approvals and/or condition as provided in By-Law 17.1
“Eligible Person”		means any Director or Employee who meets the eligibility criteria for participation in the Scheme as set forth in By-Law 3 and “Eligible Persons” means any two or more of them
“Employee”		means any person who is employed by the Group
“Entitlement Date”		means the date as at the close of business on which the name of shareholders must appear in the Company’s record of depositors and/or register of members in order to be entitled to any dividends, rights, allocations, and/or other distributions
“ESOS Committee”		means a committee established pursuant to By-Law 14.1 to implement and administer the Scheme in accordance with these By-Laws
“ESOS Offer” or “Offer”		means an award of ESOS Options made in writing by the ESOS Committee from time to time to an Eligible Person to participate in the ESOS
“ESOS Options” or “Options”		means the right of a Grantee to subscribe for Shares (including new Shares to be allotted and issued and/or existing Shares (which are held as treasury shares, if any) to be transferred to a Grantee) of the Company at the Exercise Price in accordance with these By-Laws
“ESOS” or “Scheme”		means the employees’ share option scheme established by the Company which shall be known as the “L&P Global Employee Share Option Scheme” to be administered in accordance with these By-Laws
“Exercise Price”		means the price at which a Grantee is entitled to subscribe for Shares upon the exercise of the ESOS Options, as set out in the ESOS Offer
“Grantee”		means an Eligible Person who has accepted an ESOS Offer as stipulated in By-Law 6, and “Grantees” means two or more of them
“Group”		means, collectively, the Company and its Subsidiaries. For the avoidance of doubt, associated companies, joint-venture companies, and subsidiaries that have been divested do not fall within this category.
“Group Company”		means any one of the Company and the Subsidiaries, and “Group Companies” means any two or more of them
“Listing Requirements”		means the ACE Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time
“Market Day”		means a day on which Bursa Securities is open for trading in securities
“Maximum Allowable Allocation”	Allowable	shall have the meaning ascribed to it in By-Law 5.1
“Maximum Shares”	ESOS	shall have the meaning ascribed to it in By-Law 4.1
“Normal Correspondence”		shall have the meaning ascribed to it in By-Law 29.3

**DRAFT BY- LAWS (Cont'd)**

“Notice” or “Process”	shall have the meaning ascribed to it in By-Law 29.1
“Offer Date”	means in relation to the Offer, the date on which the ESOS Offer is made by the ESOS Committee
“Offer Period”	means the period of thirty (30) days from the Offer Date or such other period as may be determined by the ESOS Committee, and specified in the ESOS Offer during which it may be accepted
“Option Certificate”	means the certificate issued by the ESOS Committee confirming the grant of the Option to the Grantee and the Exercise Price together with the number of Shares comprised in the Option
“Option Period”	means the period during which an Option may be exercised as may be specified in the Offer, unless terminated in accordance with these By-Laws
“Performance Period”	means the duration of which is to be determined by the ESOS Committee on the Offer Date, during which the Performance Targets are to be satisfied
“Performance Target(s)”	means the performance targets determined by the ESOS Committee at its sole discretion, which are to be achieved by the Eligible Person and/or Group (and/or such business units within the Group as determined by the ESOS Committee)
“Persons Connected”	shall have the meaning ascribed to it in relation to persons connected with a Director or persons connected with a major shareholder in Paragraph 1.01 of the Listing Requirements
“Previous Company”	shall have the meaning ascribed to it in By-Law 3.3
“Rules of Bursa Depository”	means the rules of Bursa Depository, as issued pursuant to SICDA
“SC”	means the Securities Commission Malaysia
“Senior Management”	means such employees of the Company as the ESOS Committee may at its absolute discretion determine to be senior management
“Scheme Period”	means the duration of the Scheme as set out in By-Law 17.2
“Shares”	means ordinary shares in the Company
“SICDA”	means the Securities Industry (Central Depositories Act) 1991 as amended from time to time
“Subsidiary”	means a subsidiary (has the meaning ascribed to it in Section 4 of the Act) of the Company which is not dormant, and include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the Scheme Period and “Subsidiaries” shall be construed accordingly
“Trust”	means the trust that may be established to facilitate the implementation and administration of the Scheme
“Trust Account”	means the trust account that may be opened by the Trustee to store monies injected by the Group for the purposes of the Scheme

**DRAFT BY- LAWS (Cont'd)**

“Trust Deed”	means the trust deed that may be entered into between the Company and the Trustee constituting the trust
“Trustee”	means the trustee that may be appointed by the Company to administer the trust for the Scheme in accordance with the Trust Deed
“Vesting Conditions”	means the conditions determined by the ESOS Committee and stipulated in the ESOS Offer which must be fulfilled for the ESOS Options to be vested to a Grantee
“Vesting Date(s)”	means the date or dates which the ESOS Options or any part of proportion thereof granted shall vest to the Grantee as stipulated by the ESOS Committee

## 1.2 In these By-Laws, unless the context otherwise requires:

- (a) any reference to a statutory provision or an applicable law shall include a reference to:
- (i) any statute of Malaysia and shall include all subsidiary legislation made from time to time under that provision or law;
  - (ii) any and all Listing Requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed by Bursa Securities and/or any other relevant regulatory authority); and
  - (iii) that provision as from time to time modified or re-enacted, whether before or after the date of these By-Laws, so far as such modification or re-enactment applies or is capable of applying to any Options accepted and exercised prior to the expiry of the Scheme and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced.
- (b) any reference to a By-Law is a reference to a By-Law of these By-Laws;
- (c) the headings to the provisions are for convenience only, and shall not be taken into account in the interpretation of these By-Laws;
- (d) any word importing:
- (i) the singular meaning includes the plural meaning and vice versa; and
  - (ii) the masculine gender includes the feminine gender and vice versa;
- (e) any liberty or power or discretion which may be exercised, and/or any decision or determination which may be made, under these By-Laws:
- (i) by the Board may be exercised at the Board’s discretion and the Board shall not be under any obligation to give any reasons thereof; and
  - (ii) by the ESOS Committee may be exercised at the ESOS Committee’s discretion and the ESOS Committee shall not be under any obligation to give any reasons thereof, but subject always to the Board’s power to overrule any decision of the ESOS Committee;

**DRAFT BY- LAWS (Cont'd)**

- (f) if any event is to occur on a stipulated day which is not a Market Day, then the stipulated day shall be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the expiry of the Scheme Period then the stipulated day shall be taken to be the last Market Day of the Scheme Period; and
- (g) in the event of any change in the name of the Company from its present name, all references to "L&P Global" in these By-Laws and all other documents pertaining to the Scheme shall be deemed to be references to the Company's new name.

**2. NAME AND OBJECTIVE OF THE SCHEME**

2.1 The Scheme shall be known as "L&P Global Employees' Share Option Scheme", the objective of which is primarily to serve as a long-term incentive plan to reward the Eligible Persons and to align their interest with the corporate goals and objectives of the Group. In addition, the Scheme is intended:

- (a) to recognise the contribution of Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;
- (b) to motivate Eligible Persons to work towards better performance through greater productivity and loyalty to the Group;
- (c) to inculcate a greater sense of belonging and dedication since Eligible Persons are given the opportunity to participate directly in the equity of the Company, thus promoting a shared vision amongst the shareholders to further enhance shareholder value;
- (d) to encourage Eligible Persons to remain with the Group thus ensuring that any loss of key personnel is kept to a minimum level;
- (e) to reward Eligible Persons by allowing them to participate in the Company's growth and profitability and eventually realise potential capital gains arising from any appreciation in the value of the Shares; and
- (f) to serve as an alternative scheme of reward instead of bonus and salary increment which would increase the Group's expenses and cash outflow.

**3. ELIGIBILITY**

3.1 Subject to By-Law 3.2, any Directors and Employees may be considered as eligible from time to time and at any time for the purposes of the Scheme by the ESOS Committee.

3.2 Eligible Persons who fulfill the following criteria as at the Offer Date shall be eligible for consideration by the ESOS Committee to participate in the Scheme:

- (a) has attained the age of eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) (i) has been employed by the Group as a full-time employee or serving in a specific designation under an employment contract with the Group for a fixed duration (or any other contract as may be determined by the ESOS Committee) and is on the payroll of any Subsidiaries within the Group for a continuous period of at least twelve (12) months in the Group and has not served a notice of resignation or received a notice of termination prior to and up to the Offer Date; or

**DRAFT BY- LAWS (Cont'd)**

- (ii) is employed by a corporation which is acquired by the Group during the Scheme Period and becomes a subsidiary of the Group upon such acquisition, he/she must have completed a continuous employment service for a period of at least twelve (12) months with the Group and/or for such period as may be determined by the ESOS Committee in the Group as at the date that such company becomes or is deemed to be a subsidiary of the Group and has not served a notice to resign or received a notice of termination prior to and up to the Offer Date;
- (c) has been confirmed in writing and is not under any probation;
- (d) if he/she is a Director, Chief Executive or major shareholder of the Company, the ESOS Offer awarded by the Company to him/her in his/her capacity as a Director or Chief Executive of the Company or his/her persons connected under the Scheme has been approved by the shareholders of the Company at a general meeting (if applicable); and
- (e) is under such categories and/or fulfills any other criteria as may be set by the ESOS Committee from time to time at its absolute discretion.

The selection of any Eligible Person for participation in the Scheme shall be at the sole discretion of the ESOS Committee whose decision shall be final and binding.

For the avoidance of doubt, the ESOS Committee may determine any other eligibility criteria and/or waive any of the eligibility criteria as set out in this By-Law 3.2, for purposes of selecting an Eligible Person from time to time, at the ESOS Committee's discretion provided always that no member of the ESOS Committee shall participate in the deliberation or discussion of their own allocation of the ESOS Options or allocation of the ESOS Options to persons connect with them.

- 3.3 The ESOS Committee shall have the discretion to extend (or not) the benefit of the Scheme to any employee in any of the following circumstances:
- (a) an employee who is in the employment of a corporation which is not a Group Company but which subsequently becomes a Group Company as a result of a restructuring, an acquisition, a merger, a divestment from that corporation which is not a Group Company or other exercise involving the Company and/or any Group Company ("**Previous Company**");
  - (b) an employee who was employed in a Previous Company and is subsequently transferred from that Previous Company to a Group Company; or
  - (c) where:
    - (i) a corporation that was a Group Company ceases to be a Group Company ("**Ex-Group Company**"); and
    - (ii) an employee of that Ex-Group Company is re-employed by the Group Company.
- 3.4 Eligibility for consideration under the Scheme does not confer an Eligible Person a claim or right to participate in or any right whatsoever under the Scheme and an Eligible Person does not acquire or has any rights over or in connection with the Offer or the Shares comprised in the Offer unless the Offer has been made in writing by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the By-Laws.

**DRAFT BY- LAWS (Cont'd)**

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- 3.5 Without prejudice to the generality of the foregoing and subject to the ESOS Committee's discretion otherwise, any Offer made by the ESOS Committee shall become void, of no effect, and cease to be capable of vesting upon any of the following events occurring:
- (a) the Grantee's death subject to By-Laws 11.2 and 11.4 below;
  - (b) the Grantee having received a letter of termination or ceasing to be an Employee, for any reason whatsoever;
  - (c) the Grantee giving notice of his resignation from service or employment;
  - (d) the Grantee is subject to Disciplinary Proceedings; or
  - (e) the Grantee is adjudicated bankrupt.
- 3.6 An Eligible Person of a dormant company within the Group is not eligible to participate in the Scheme.

**4. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME**

- 4.1 The maximum number of Shares which may be made available under the Scheme shall not in aggregate exceed ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the Scheme Period ("**Maximum ESOS Shares**").
- 4.2 Notwithstanding By-Law 4.1, in the event the aggregate number of Shares allocated under the Scheme exceeds the Maximum ESOS Shares at any point in time as a result of the Company purchasing or cancelling Shares in accordance with the provisions of the Act and/or undertaking any corporate proposal resulting in the reduction of the Company's issued share capital, then such ESOS Options granted prior to the adjustment of the issued share capital of the Company (excluding treasury shares, if any) shall remain valid and exercisable in accordance with these By-Laws. However, in such a situation, the ESOS Committee shall not make any further ESOS Offers until such aggregate number of Shares granted falls below the Maximum ESOS Shares.

**5. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOCATION**

- 5.1 The aggregate maximum number of Shares that may be allocated to any Eligible Persons shall be determined by the ESOS Committee provided that the number of new Shares allocated to any Eligible Persons who, either singly or collectively through Persons Connected with the Eligible Persons, holds twenty percent (20%) or more of the total number of issued shares of the Company (excluding treasury shares, if any), shall not exceed ten percent (10%) of the Maximum ESOS Shares ("**Maximum Allowable Allocation**").
- 5.2 Subject to By-Law 5.1 and any adjustment which may be made under By-Law 12, the basis for determining the aggregate number of Shares that may be offered and/or allocated under the Scheme to the Eligible Persons shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration *inter alia*, the provisions of the Listing Requirements or other applicable regulatory requirements relating to employees' and/or directors' share issuance scheme and after taking into consideration factors which may include the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of the Group.
- 5.3 The ESOS Committee may make one or more ESOS Offer to an Eligible Person provided that the aggregate number of ESOS Offer so offered to an Eligible Person throughout the entire Scheme Period does not exceed the Maximum Allowable Allocation of such Eligible Person.

**DRAFT BY- LAWS (Cont'd)**

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- 5.4 The Eligible Persons shall not participate in any deliberation or discussion of their own allocation and those of persons connected to them.

**6. OFFER AND ACCEPTANCE UNDER THE SCHEME**

- 6.1 The aggregate maximum number of Offers that may be made to an Eligible Person will be determined entirely at the absolute discretion of the ESOS Committee, which shall take into account such criteria as it considers fit including but not limited to the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of the Group and such other criteria as the ESOS Committee may deem relevant from time to time. Each Offer that is made to the Eligible Person by the ESOS Committee shall be separate and independent from any previous or later Offer made by the ESOS Committee to that Eligible Person.

- 6.2 The ESOS Committee may make one (1) or more Offer to an Eligible Person provided that the aggregate number of Shares that is made to the Eligible Person does not exceed the Maximum Allowable Allocation of such Eligible Person. The number of ESOS Options so offered which may be exercised shall not be less than hundred (100) Shares and shall always be in multiples of hundred (100) Shares. The number of Shares offered to the Scheme shall be disclosed in the Company's annual report as long as the Scheme is in operation as required by the Listing Requirements. The audit committee of the Company ("**Audit Committee**") shall verify the Offer made pursuant to the Scheme is in compliance with the criteria for allocation disclosed by the Company to the Eligible Person at the end of each financial year.

The ESOS Committee shall not be obliged in any way to make or vest to any Eligible Persons any Offer or Share. The decision of the ESOS Committee shall be final and binding.

- 6.3 The ESOS Offer shall be made in writing and may be made upon such terms and conditions as the ESOS Committee may decide from time to time. Nothing herein shall require the Offer made to be the same as or similar to other Offers previously or subsequently made whether to the same or a different Eligible Person.

- 6.4 As soon as reasonably practicable after making the Offer, the ESOS Committee shall send to the Eligible Person a letter of Offer ("**Offer Letter**") to state, amongst others:

- (a) the Offer Date;
- (b) the number of ESOS Options that are being granted to the Eligible Person;
- (c) the number of Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the ESOS Options being granted;
- (d) the Exercise Price;
- (e) the Scheme Period;
- (f) the Vesting Conditions including the vesting period (if any/if applicable);
- (g) the Vesting Date(s) (if any/if applicable);
- (h) the Performance Targets (if any/if applicable);
- (i) the Performance Period (if any/if applicable);
- (j) the Offer Period; and
- (k) any other condition which the ESOS Committee may determine from time to time in relation to the Offer.

**DRAFT BY- LAWS (Cont'd)**

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- 6.5 The Offer Period shall be for a period of 30 days from the Offer Date or such longer period as may be determined by the ESOS Committee at its sole and absolute discretion, provided always that the Offer Period must be specified in the Offer Letter.
- 6.6 The Offer shall be accepted by an Eligible Person within the Offer Period by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration of RM1.00 only or such other amount as may be determined by the ESOS Committee for the grant of the ESOS Options (regardless of the number of Shares comprised therein).
- 6.7 If an Offer is not accepted in the manner set out in By-Law 6.6 above, the Offer shall automatically lapse upon the expiry of the Offer Period and be null and void and be of no further force and effect. The Shares comprised in such Options may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.
- 6.8 The number of Shares offered in the lapsed Offer shall be deducted from the Maximum Allowable Allocation or the balance of the Maximum Allowable Allocation for the Eligible Person. The Offer not taken up resulting from the non-acceptance of the Offer within the Offer Period shall thereafter form part of the balance of Offers under the Scheme for future Offers.
- 6.9 Upon acceptance of the Offer in accordance with these By-Laws, the Eligible Person shall be referred to as a Grantee for the purposes of these By-Laws.

The Company shall within 30 days of the acceptance of the ESOS Offer by the Eligible Person, issue to the Eligible Person an Option Certificate in such form as may be determined by the ESOS Committee

- 6.10 Any Eligible Persons who hold more than one (1) position within the Company shall only be granted the Maximum Allowable Allocation.

In the event the Offer Letter contains an error on the part of the Company in stating any of the particulars referred to in By-Law 6.4 above, the Company shall issue a revised Offer Letter, stating the correct particulars of the Offer within thirty (30) days of discovering such error and the revised particulars of the Offer shall take effect on the date of the revised Offer Letter except for Shares which have already been vested as at the date of the revised Offer Letter.

**7. EXERCISE PRICE**

- 7.1 The Exercise Price of each Share comprised in any Options (excluding Options made pursuant to By-Law 7.2 herein) shall, subject always to the provisions of By-Law 12 hereof, be a price to be determined by the ESOS Committee based on the volume weighted average market price of the Shares for the 5 Market Days immediately preceding the Offer Date with a discount of not more than 10%.
- 7.2 In respect of any Options which is made in conjunction with the listing of the Company on Bursa Securities ("**Listing**"), the Exercise Price shall be the initial public offering price ("**IPO Price**"). For avoidance of doubt, the IPO Price refers to the final price paid by investors for the Shares issued/offered pursuant to the Listing, as determined in the manner described in the Company's prospectus for the said initial public offering.
- 7.3 The Exercise Price as determined in the manner set out above shall be conclusive and binding on the Grantees and shall be subject to any adjustments in accordance with By-Law 12.

**8. EXERCISE OF OPTIONS**

- 8.1 An Option may be exercised by a Grantee within the Option Period in full or in part by notice in writing to the Company or the ESOS Committee in the prescribed form as may be amended from time to time during the Option Period or in any other manner as may be determined by the ESOS Committee from time to time during the Option Period ("**Notice of Exercise**").



**DRAFT BY- LAWS (Cont'd)**

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- 8.2 The partial exercise of Options granted in an Offer shall not preclude the Grantee from exercising the balance of unexercised Options during the Option Period.
- 8.3 Every such notice or any other manner of exercise of an Option referred to in By-Law 8.1 must be in the form prescribed by the ESOS Committee as may be amended from time to time and be accompanied by a remittance for the full amount in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or such other mode acceptable to the ESOS Committee for the full amount of the subscription monies (calculated based on the Exercise Price in accordance with By-Law 7 herein) payable for the Shares in respect of which the Option is exercised.
- 8.4 Any failure to comply with the procedures specified by the ESOS Committee or to provide information required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided in the Notice of Exercise shall result in the Notice of Exercise being rejected at the sole and absolute discretion of the ESOS Committee, and the ESOS Committee shall inform the Grantee of the rejection of the Notice of Exercise within fourteen (14) Market Days from the date of rejection and the Grantee shall be deemed not to have exercised his/her Option.
- 8.5 Subject to the sole and absolute discretion of the ESOS Committee to waive any breach, failure by a Grantee to comply with the procedure for an exercise of Option as stipulated in the provisions of By-Law 8 will invalidate the purported exercise of such Option by the Grantee.
- 8.6 Each Grantee shall at its own cost and expense open a CDS Account and a trading account with a nominee company or a broker approved by the ESOS Committee. The new Shares to be issued pursuant to the exercise of an Option will be credited directly into the CDS Account of the Grantee and a notice of allotment stating the number of shares credited into the CDS Account will be issued to the Grantee. No physical share certificate will be issued to the Grantee.

**9. NON-TRANSFERABILITY**

- 9.1 Subject to By-Laws 10.4, 11.4, and 25.1, the rights of a Grantee under an exercise of Options shall be personal to the Grantee thereof, and cannot be assigned, encumbered, transferred, or otherwise disposed of in any manner whatsoever.
- 9.2 Any attempt to assign, encumber, transfer or otherwise dispose the Options shall result in the automatic cancellation of such Options.

**10. VESTING CONDITIONS**

- 10.1 The Options shall be vested to the Grantee on the Vesting Date(s) after fulfilling the Vesting Conditions in accordance with these By-Laws. For the avoidance of doubt, the vesting of each Options may be staggered in several tranches at such times and on such terms as determined by the ESOS Committee. The Options shall vest in multiples of and no less than a hundred (100) Shares.
- 10.2 The Options or such part thereof as may be satisfied in the ESOS Offer will only vest with the Grantee on the Vesting Date if the Vesting Conditions are fully and duly satisfied, including the following:
- (a) the Grantee remains an Eligible Person in accordance with By-Law 3;
  - (b) the Performance Targets are fully satisfied within the Performance Period, if applicable;
  - (c) the Grantee has not been adjudicated a bankrupt; and
  - (d) any other conditions which are determined by the ESOS Committee.

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- 10.3 The ESOS Committee shall have full discretion to determine whether any Vesting Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the ESOS Committee shall have the right to make reference to, amongst others, the audited financial results of the Company or the Group (as the case may be) and to take into account such factors as the ESOS Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend and/or waive any Vesting Condition.
- 10.4 To the extent the Options awarded under the Scheme has not been exercised and vested upon expiry of the Scheme Period or vest at all under the Scheme for any reason whatsoever, the Options shall lapse and become null and void unless extended from time to time by the ESOS Committee at its discretion.

**11. TERMINATION OF THE OFFER**

- 11.1 Subject to By-Law 11.2, in the event of the cessation of employment of a Grantee for whatever reason, including but not limited to the receipt of a letter of termination, serving of a notice of resignation by the Grantee or bankruptcy of the Grantee, prior to the vesting of the Options, such Options or any part thereof that remain unvested, as the case may be, shall forthwith cease or be deemed to cease to be valid without any claim against the Group Company.

- 11.2 In the event of the cessation of employment of a Grantee with a Group Company in any of the following circumstances:

- (a) retirement on attaining the normal retirement age under the Group Company's retirement policy; or
- (b) retirement before the normal retirement age with the consent of his employer being a company within the Group; or
- (c) expiration of the employment contract of the Grantee; or
- (d) resignation or termination of the employment of the Grantee by reason of ill-health, injury, physical or mental disability; or
- (e) redundancy or retrenchment, pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the relevant Group Company; or
- (f) non-renewal of fixed-term contract, not due to a breach of contract on the part of the Grantee; or
- (g) any other circumstance which is acceptable to the ESOS Committee at its discretion,

the ESOS Committee may at its discretion determine that all or any part of the unvested Options comprised from the Options, can vest in accordance with the provisions of these By-Laws, and the times or periods at or within which such Options may vest provided that no Options shall vest after the expiry of the vesting period for that Options. Unless the ESOS Committee at its discretion permits such vesting in accordance with this By-Law 8.2, any unvested Options shall cease or be deemed to cease to be capable of vesting to the Grantee without any liability or right to claim against the Company and/or the ESOS Committee and/or the Board.

- 11.3 A Grantee will be allowed to continue to hold and to exercise any unexercised Options held by him/her upon retirement on or after attaining normal retirement age for a period of 2 years after the last day of his/her employment provided that the Options are exercised within the Option Period.

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- 11.4 The ESOS Committee shall be entitled to exercise its powers, rights and discretion conferred under By-Law 11.2 in the event of death of a Grantee and may permit the Grantee's legal or personal representatives, or such other person nominated by the Grantee to exercise the rights of the Grantee.
- 11.5 In the event a bankruptcy proceeding has commenced against a Grantee, the Options, to the extent of the unvested Options, shall be suspended pending the outcome of the bankruptcy proceedings. If the bankruptcy proceeding is withdrawn, the suspension shall be lifted and the unvested Options in respect of the Options shall be capable to be vested to the said Grantee. However, if the said Grantee is adjudicated by the court to be bankrupt, all the unvested Options shall immediately become null and void.
- 11.6 Any unvested Options shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting, as the case may be, without any claim against the Company and/or any corporation of the Group and/or any member of the ESOS Committee upon the occurrence of one or more of the following events:
- (a) winding-up or liquidation of the Company pursuant to By-Laws 16.1; or
  - (b) termination of the Scheme pursuant to By-Laws 17.

**12. ALTERATION IN SHARE CAPITAL AND ADJUSTMENT**

- 12.1 If the ESOS Committee so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the Scheme Period, whether by way of a rights issue, bonus issue or other capitalisation issue, subdivision or consolidation of Shares or reduction of capital or any other variations of capital or otherwise howsoever taking place, the ESOS Committee shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding alterations (if any) to be made to the Scheme. Unless the ESOS Committee decides otherwise in consultation with the external auditor or Adviser of the Company, any alterations made shall be calculated in accordance with the formula set out in Schedule 1.
- 12.2 The alterations as set out in By-Law 12.1, may be made to:
- (a) the Exercise Price; and/or
  - (b) the number of unexercised Options.
- Such alterations (if any) will be made in accordance with these By-Laws and shall comply with the requirements of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities (including the Listing Requirements) and shall, where appropriate and to the extent possible, endeavour to give each Grantee the same proportion of Shares as that to which he/she was previously entitled.
- 12.3 If the ESOS Committee decides that no material dilution or enlargement of the rights of the Grantees would result from an alteration in the capital structure of the Company and no adjustments will be made, the ESOS Committee shall inform the Grantees of this decision through an announcement to all the Directors and employees of the Group to be made in such manner deemed appropriate by the ESOS Committee.
- 12.4 The provisions of this By-Law 12 shall not apply where the alteration in the capital structure of the Company arises from:
- (a) the issue of securities as consideration or part consideration for an acquisition;

**DRAFT BY- LAWS (Cont'd)**

- (b) a special issue of new Shares or securities to Bumiputera investors nominated by the Malaysian Government and/or any other relevant authority of the Malaysian Government to comply with the Malaysian Government's policy on Bumiputera capital participation;
  - (c) a special issue, private placement or restricted issued of new Shares by the Company;
  - (d) a share buy-back arrangement by the Company and the cancellation of all or a portion of the Shares pursuant to Section 127 of the Act;
  - (e) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to new Shares or upon exercise of any other rights including warrants (if any) issued by the Company;
  - (f) an issue of new Shares upon the exercise of Options pursuant to the Scheme;
  - (g) an issue by the Company of Shares or of securities convertible into Shares or securities with rights to acquire or subscribe for Shares to its officers, including directors, or employees of the Company or any of its subsidiaries pursuant to purchase or grant schemes approved by the shareholders in general meeting; and
  - (h) any issue of Shares by the Company (other than bonus and rights issues) for any purpose whatsoever where the aggregate issues of which in any twelve (12) months do not exceed ten percent (10%) of the outstanding number of issued shares of the Company pursuant to the provision of Section 76 of the Act.
- 12.5 Notwithstanding the provisions of this By-Law 12, the ESOS Committee may exercise its discretion to determine whether any adjustments to the number of ESOS Shares be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the number of ESOS Shares notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.

**13. DISCIPLINARY PROCEEDINGS**

- 13.1 In the event that a Grantee is subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings will give rise to a dismissal or termination of the contract of service), the ESOS Committee may at its discretion suspend any one or more of the Grantee's rights in respect of any Options then held by him, pending the outcome of such Disciplinary Proceedings, provided always that:
- (a) in the event that such Grantee shall subsequently be found to be not guilty of all the charges which gave rise to such Disciplinary Proceedings, the Grantee's rights in respect of any Options then held by him shall remain unaffected (and where that Options had been suspended, the suspension shall be lifted);
  - (b) in the event the Disciplinary Proceedings result in a dismissal or termination of the contract of service of such Grantee, the Options held by that Grantee shall immediately lapse and be null and void and of no further force and effect upon the date of the notice of the dismissal or termination of the contract of service of such Grantee, notwithstanding that such dismissal or termination of the contract of service may be subsequently challenged by the Grantee in any other forum; and
  - (c) in the event that the Disciplinary Proceedings result in a demotion of the Grantee to a lower category of employment, the numbers of Shares offered in the Options offered to that Grantee which are unexercised (as the case may be) at that time may be reduced or revoked by the ESOS Committee at its discretion;

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but in any case and notwithstanding anything to the contrary, in the event such Grantee is found guilty of some or all of the charges but no dismissal or termination of the contract of service is recommended, the ESOS Committee shall have the right to determine, at its discretion, whether or not the Options offered may continue to vest and, if so, to impose such limits, terms and conditions or make such downward adjustment to the number of Shares as it deems appropriate, in respect of such vesting (regardless of anything previously determined in respect of his Options).

- 13.2 In the event a Grantee is subjected to Disciplinary Proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of the contract of service), after a Offer is made but before the acceptance thereof by the Grantee, the Offer is deemed revoked and/or withdrawn and no longer capable of acceptance, unless otherwise decided by the ESOS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the Eligible Person. Nothing herein shall prevent the ESOS Committee (but the ESOS Committee shall not be obliged to do so) from making a fresh Offer to such Eligible Person in the event that such disciplinary actions are not found against him or if such disciplinary actions are withdrawn. In the event the Eligible Person is dismissed or the Eligible Person's service is terminated after the Offer is made but before the acceptance thereof by the Eligible Person, the Offer is deemed revoked and/or withdrawn and no longer capable of acceptance.

**14. ADMINISTRATION**

- 14.1 The Scheme shall, subject to these By-Laws, be implemented and administered by the ESOS Committee in such manner as it shall, at its absolute discretion, think fit, in the best interest of the Company, provided that no member of the ESOS Committee and no Eligible Persons shall participate in any deliberation or decision in respect of Options granted or to be granted to himself or any Person Connected to such Eligible Persons. The ESOS Committee shall comprise any such persons appointed by the Board from time to time and shall be vested with such powers and duties as are conferred upon it by the Board and the Board may determine all matters pertaining to the ESOS Committee, including its duties, powers and limitations.
- 14.2 Without limiting the generality of By-Law 14.1, the ESOS Committee may for the purpose of administering the Scheme, do all such acts and things and enter into and/or cause the Company to enter into any transaction, agreement, deed and document, arrangement or undertaking, construe and interpret the Scheme and Offers made under it, and make such guidelines, rules and/or regulations, or impose or waive any terms and conditions for the implementation and administration of the Scheme, or delegate any of its powers relating to the administration of the Scheme and to give effect to the provisions of the Scheme and/or to enhance the benefit of the Options to the Grantee as the ESOS Committee at its discretion deems fit, necessary and/or expedient for the implementation and administration of the Scheme. The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for the Options in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective and to determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.
- 14.3 The Board shall have power at any time and from time to time:
- (a) approve, rescind and/or revoke the appointment of any member of the ESOS Committee and appoint replacement members to the ESOS Committee;
  - (b) assume and/or exercise or execute any of the powers and authorities conferred upon the ESOS Committee pursuant to these By-Laws; and
  - (c) amend, modify or vary the terms of reference of the ESOS Committee.

**DRAFT BY- LAWS (Cont'd)**

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- 14.4 Neither the Scheme nor Options granted under the Scheme shall impose on the Company, the Board, or the ESOS Committee or any of its members any liability whatsoever in connection with:
- (a) the lapse of any Offer or Option pursuant to any provision of the Scheme;
  - (b) the failure or refusal by the ESOS Committee to exercise, or the exercise by the ESOS Committee of, any discretion under the Scheme; and/or
  - (c) any decision or determination of the ESOS Committee made pursuant to any provision of the Scheme.

- 14.5 Any decision or determination of the ESOS Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to dispute as to the interpretation of the Scheme or any rule, regulation or procedure hereunder or as to any rights under the Scheme). The ESOS Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities.

**15. MODIFICATION, VARIATION AND/OR AMENDMENT OF THESE BY-LAWS**

- 15.1 Subject to the By-Laws and compliance with the Listing Requirements and the approvals of any other authorities (if required), the ESOS Committee may at any time and from time to time recommend to the Board any modification, variation and/or amendment of the By-Laws as it shall at its discretion think fit and the Board shall have the power at any time and from time to time by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities (within five (5) market days after the effective date of the modification, variation and/or amendment of the By-Laws or such other period as may be prescribed by Bursa Securities or any other relevant authorities) each time any modification, variation and/or amendment is made, stating that the said modification, variation and/or amendment is in compliance with the provisions of the Listing Requirements pertaining to share issuance schemes and the Rules of Bursa Depository.
- 15.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of the modification, variation and/or amendment of the By-Laws provided that no modification, variation and/or amendment made to the By-Laws which would:
- (a) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
  - (b) increase the number of Shares available under the Scheme beyond the maximum amount set out in By-Law 4; or
  - (c) prejudice any rights of the shareholders of the Company; or
  - (d) alter to the advantage of an Eligible Person and/or Grantee(s) in respect of any matters which are required to be contained in the By-Laws pursuant to the Listing Requirements.
- 15.3 No modification, amendment, alteration and/or deletion of the Scheme shall be made in relation to By-Laws 3.1, 3.2, 4.1, 5.1, 5.2, 6.4, 9.1, 12, 16, 17.1, 18 and Schedule 1 of this By-Laws to the advantage of the Grantee without prior approval of the Company's shareholders in a general meeting and subject to any applicable laws.

**DRAFT BY- LAWS (Cont'd)**

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**16. LIQUIDATION OF COMPANY**

- 16.1 Upon the passing of a resolution or receipt of a court order of the winding-up of the Company, all Options shall be deemed revoked and be null and void and all unvested Options shall lapse and be null and void and of no further force and effect, and the Scheme shall terminate.
- 16.2 In the event where a petition is presented in court for the winding-up of the Company, all rights to exercise and/or vest the Options shall automatically be suspended from the date of the presentation of the petition. Conversely, if the petition for winding-up is dismissed by the court, the suspension of the right to vest the Options shall accordingly be lifted.

**17. DURATION AND TERMINATION OF THE SCHEME**

- 17.1 The Scheme shall take effect on the date on which the last of the following approvals and/or conditions shall have been obtained and/or complied with ("**Effective Date**"):
- (a) submission to Bursa Securities of the final copy of these By-Laws together with a letter of compliance pursuant to paragraph 6.42 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
  - (b) receipt of the approval or approval-in-principle, as the case may be, from Bursa Securities for the listing of and quotation for the new Shares on Bursa Securities to be issued pursuant to the exercise of the Options;
  - (c) procurement of shareholders' approval for the Scheme in a general meeting;
  - (d) receipt of approval of any other relevant regulatory authorities whose approvals are necessary in respect of the Scheme (if applicable); and
  - (e) fulfilment or waiver (as the case may be) of all conditions attached to any of the abovementioned approvals (if any).
- 17.2 The Scheme, upon implementation, shall continue to be in force for a period of **five (5) years** from the Effective Date and may be extended or renewed (as the case may be) for a further period of **five (5) years** or such shorter period, at the sole and absolute discretion of the Board upon the recommendation by the ESOS Committee, provided always that the initial scheme period stipulated above and such extension of the Scheme made pursuant to these By-Laws shall not in aggregate exceed a duration of **ten (10) years** from the Effective Date. For the avoidance of doubt, no further approval, sanction or authorization of the shareholders of the Company in a general meeting is required for any such extension or renewal (as the case may be). In the event the Scheme is extended or renewed (as the case may be) pursuant to this Clause, the Company shall serve appropriate notices on each Grantee and make the necessary announcements to Bursa Securities prior to such extension or renewal (as the case may be).
- 17.3 All ESOS Options comprised in any Offer shall cease to be capable of exercising upon expiration of the Scheme Period.
- 17.4 Within five (5) Market Days after the Effective Date, the Principal Adviser of the Company shall, where required under the Listing Requirements, submit a confirmation to Bursa Securities of full compliance with approvals and/or conditions set out in By-Law 17.1, stating the Effective Date, together with a certified true copy of the relevant resolution passed by the shareholders of the Company in the general meeting approving the Scheme.
- 17.5 Subject to compliance with the Listing Requirements and any other relevant authorities, the Scheme may be terminated by the Company at any time before the Date of Expiry provided that the Company makes an announcement immediately to Bursa Securities on the following:
- (i) the effective date of termination of the Scheme;

**DRAFT BY- LAWS (Cont'd)**

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- (ii) the number of Options exercised and Shares vested; and
- (iii) the reasons and justification for termination of the Scheme.

17.6 Approval or consent of the shareholders of the Company by way of a resolution and written consent of the Grantee in relation to unvested and/or unexercised Options or Shares are not required to effect a termination of the Scheme.

**18. RETENTION PERIOD AND TRANSFER RESTRICTIONS**

18.1 Subject to By-Law 18.3, the new Shares to be allotted and issued and/or existing Shares (which are held as treasury shares, if any) to be transferred to a Grantee pursuant to the exercise of the Options will not be subject to any retention period and/or such other restrictions of transfer. However, the Grantees are encouraged to hold the Shares to be issued and/or transferred pursuant to the exercise of the Options as long-term investments and not for any speculative and/or realisation of immediate gain to yield profit.

18.2 The ESOS Committee shall be entitled to prescribe or impose, in relation to any Offer, any condition relating to any retention period or restriction on transfer of the Shares to be issued and/or transferred pursuant to the exercise of the Options in its sole and absolute discretion.

18.3 The expression "retention period" referred to in By-Law 18.1 shall mean the period in which the Shares are issued or transferred to the CDS Account of the Grantee pursuant to the exercise of the Options must not be sold, transferred, assigned or otherwise disposed of by the Grantee.

**19. COSTS AND EXPENSES OF THE SCHEME**

19.1 All administrative costs and expenses incurred by the Company in relation to the Scheme, including but not limited to the costs and expenses relating to the issuance or transfer of the Shares and/or acquisition of existing Shares for the vesting of Shares, shall be borne by the Company.

19.2 For the avoidance of doubt, all other costs, fees, levies, charges, and/or taxes (including without limitation, income taxes) that are incurred by a Grantee, pursuant or relating to the exercise of the Option and vesting of Shares, and any holding or dealing of such Shares (such as (but not limited to) brokerage commissions and stamp duty) shall be borne by that Grantee for his own account, and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

**20. NO COMPENSATION**

20.1 All Eligible Persons or Grantee who cease to hold office or employment or their executors or administrators, shall not be entitled to any compensation for the loss of any right or benefit, or prospective right or benefit, under the Scheme which they might otherwise have enjoyed, whether such compensation is claimed by way of damages for wrongful dismissal, other breach of contract or by way of compensation for loss of office.

20.2 All Eligible Persons or Grantee or their executors or administrators, shall not be entitled to bring any claim, action or proceeding against the Company, the Board, the ESOS Committee or any other party for any compensation, loss or damages whatsoever and howsoever arising including but not limited to the suspension of the vesting of Shares, their Shares comprised in a Option not vesting for any reason whatsoever, and/or their Options ceasing to be valid pursuant to the provisions of these By-Laws.



**DRAFT BY- LAWS (Cont'd)**

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**21. DISPUTES**

- 21.1 In the event of a dispute between the Board and/or the ESOS Committee, and an Eligible Persons or Grantee of any Group Company as to any matter or thing of any nature arising hereunder, the Board or the ESOS Committee shall determine such dispute or difference by a written decision (other than a matter to be certified by the Auditors or the Advisers) given to the Eligible Persons or Grantee of any Group Company. The said decision of the Board or the ESOS Committee (as the case may be) shall be final and binding on the parties. The Board and the ESOS Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities. Under no circumstances shall a dispute or difference be brought to a court of law. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESOS Committee shall be borne by such party.

**22. INSPECTION OF AUDITED FINANCIAL STATEMENTS**

- 22.1 To the extent permitted by the Listing Requirements and prevailing laws and guidelines issued by the relevant authorities, all Grantees shall be entitled to inspect a copy of the latest audited financial statements of the Company, which shall be made available at Bursa Securities' website and as well as the Company's website.

**23. DIVESTMENT OF SUBSIDIARIES**

- 23.1 Subject to By-Law 3.3, if a Grantee is in the employment of a company which ceases to be a Group Company due to a subsequent disposal or divestment (in whole or in part) from the Group, such Grantee shall not be eligible for any future Offers under the Scheme. Unless otherwise determined by the ESOS Committee, any unexercised Options in respect of the Grantee shall cease to be capable of vesting.

**24. ACQUISITIONS OF SUBSIDIARIES**

- 24.1 Notwithstanding anything to the contrary, but subject to By-Law 3.3, in the case of an employee of a Previous Company, such an employee ("**Affected Employee**") may (subject to the approval of the ESOS Committee) be eligible to participate in the Scheme only for the remaining Scheme Period provided that, notwithstanding anything to the contrary, the number of Shares that may be offered to such an Affected Employee under this By-Law 24.1 will always be subject to the discretion of the ESOS Committee.

**25. SCHEMES OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.**

- 25.1 Notwithstanding By-Law 10, in the event of any application being made to the court for sanction of a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and/or arrangement and reconstruction of the Company under section 366 of the Act, or its amalgamation with any other company or companies under section 370 of the Act, the ESOS Committee may, by notice in writing to the Grantee, at its discretion determine that a Grantee (including its legal and personal representatives) may be entitled to receive all or any part of the Shares comprised in the Options that remain unexercised commencing from the date upon which the application is so made to the court and ending on the date immediately prior to the date on which the scheme of arrangement and/or arrangement and reconstruction of the Company or amalgamation is approved (or on any other date specified by the ESOS Committee at its discretion) notwithstanding that:

- (a) the Vesting Date(s) is not due or has not occurred; and/or

**DRAFT BY- LAWS (Cont'd)**

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(b) other terms and conditions set out in the Options have not been fulfilled or satisfied;

after which all Options shall be null and void and (whether or not comprising Shares vested thereunder), shall cease to be capable of exercising.

**26. THE CONSTITUTION OF THE COMPANY**

26.1 Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Constitution, the provisions of the Constitution shall prevail at all times.

**27. SCHEME NOT A TERM OF EMPLOYMENT**

27.1 The Scheme shall not form part of, constitute or in any way be construed as any term or condition of employment of any Eligible Persons. The Scheme shall not confer or be construed to confer on any Eligible Persons any special right or privilege over and above the Eligible Persons' terms and conditions of employment under which the Eligible Persons are employed nor any rights in addition to compensation or damages that the Eligible Persons may be normally entitled to arising from the cessation of such employment for any reason whatsoever.

**28. DISCLAIMER OF LIABILITY**

28.1 Notwithstanding anything to the contrary and subject to the Act, the Board, the ESOS Committee and/or the Company including any Group Company and its directors, officers, employees, agents, affiliates and representatives, shall not, under any circumstance, be held liable for any damages, cost, loss and expense whatsoever and howsoever arising or incurred or suffered in any event in respect of the Scheme, including but not limited to the Company's delay in issuing and allocating the Shares or in applying for or procuring the listing of the Shares on Bursa Securities and/or acquiring of the existing Shares and/or transferring the Shares in accordance with these By-Laws for any reason whatsoever.

**29. NOTICE**

29.1 Any legal notice or process (other than ESOS-related) under the Scheme ("**Notice**" or "**Process**") required to be given to or served upon an Eligible Persons or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, by electronic mail, by facsimile transmission and/or by letter sent via ordinary post addressed to the Eligible Persons or Grantee at his place of employment, at his last facsimile transmission number known to the Company, or to his last known address. Any Notice or Process served by hand, by electronic mail, by facsimile, by post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged, (if by electronic mail) the dispatch of the electronic mail without an automatic notification that the email cannot be received by the intended recipient, (if by facsimile transmission) is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, and (if by post) on the day the letter containing the same is posted and in proving such service by post, it shall be sufficient to prove that the letter containing the notice or documents was properly addressed, stamped and posted.

29.2 Any Notice or Process required to be given to or served upon the Board or the ESOS Committee by an Eligible Person or Grantee shall be given, served or made in writing and delivered by hand or by registered post to the registered office of the Company (or such other office or place which the ESOS Committee may have stipulated for this purpose). Any Notice or Process served by hand, or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged and (if by post) five (5) Market Days after postage.

**DRAFT BY- LAWS (Cont'd)**

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- 29.3 Any Offer to be made and normal correspondence (other than Notice or Process) under the Scheme ("**Normal Correspondence**") to be given to or served upon the Board or the ESOS Committee, Eligible Persons or Grantee, as the case may be, shall be given, served or made in writing and delivered by electronic mail and such electronic mail address specified by the Company (if to be given to or served upon the Board or the ESOS Committee) or to such last known mailing address provided by the Employee to the Company and electronic mail address of the Employee provided by the Company (if to be given to or served upon the Eligible Persons or Grantee) or such communication by other digital means as may be prescribed by the Board and/or the ESOS Committee, and shall be deemed to have been received by the recipient (in the case of electronic mail) on the Market Day immediate following the day on which the electronic mail is dispatched or (in the case of post), the day on the third (3<sup>rd</sup>) Market Day after the date of posting or (in the case of communication by other digital means) on the Market Day immediate following the day on which such communication is effected.
- 29.4 Notwithstanding By-Law 29.3, where any Normal Correspondence is required to be given by the Company or the ESOS Committee under these By-Laws in relation to matters which may affect any or all of the Eligible Persons or Grantees, as the case may be, the Company or the ESOS Committee may give the Normal Correspondence through an announcement to all Employees to be made in such manner deemed appropriate by the ESOS Committee. Upon the making of such an announcement, the Normal Correspondence to be made under By-Law 29.3 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Grantees, as the case may be.

**30. SEVERABILITY**

- 30.1 Any term, condition, stipulation, and/or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability, but the same shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and/or provision contained in these By-Laws.

**31. ERRORS AND OMISSIONS**

- 31.1 If as a result of an error or omission, the ESOS Committee discovers or determines that:
- (a) an Eligible Person who was selected as a Grantee has not been given the opportunity to participate in the Scheme on any occasion;
  - (b) an Eligible Person was erroneously selected as a Grantee; or
  - (c) the number of Shares issued or transferred to any Grantee on any occasion is found to be incorrect;

and such error or omission cannot be corrected within the relevant period specified in the Scheme, the ESOS Committee may do all such acts and things to rectify such error or omission including, but not limited to, all acts and things to ensure that the Eligible Persons is given the opportunity to participate in the Scheme and/or to withdraw the Offer given to the employee who was erroneously selected as a Eligible Person and/or to ensure that the Grantee is credited with the correct number of Shares to which he is entitled to.

**32. GOVERNING LAW**

- 32.1 The Scheme, these By-Laws, and all Options made and granted and actions taken under the Scheme shall be governed by and construed in accordance with Malaysian law and the Grantee, by participating in the Scheme in accordance with these By-Laws and terms of the Scheme and the Constitution of the Company, irrevocably submits to the exclusive jurisdiction of the courts in Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of these By-Laws.

**DRAFT BY- LAWS (Cont'd)**

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- 32.2 Any proceeding or action shall be instituted or taken in Malaysia and the parties irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.

**33. DECISION OF THE BOARD AND/OR THE ESOS COMMITTEE**

- 33.1 Any decision and/or determination made by the Board and/or the ESOS Committee under these By-Laws shall be final and binding on all parties.

**34. DELAY IN PERFORMANCE**

- 34.1 The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond reasonable control of the Company or the ESOS Committee.

**35. IMPLEMENTATION OF THE SCHEME**

- 35.1 For the purpose of facilitating the implementation of the Scheme, the Company and/or the ESOS Committee may (but shall not be obliged to) establish a Trust to be administered by the Trustee to be appointed by the Company from time to time in accordance with the Trust Deed. The Trustee shall, at such times as the ESOS Committee shall direct, subscribe for and/or purchase the necessary number of Shares to accommodate any transfer of Shares to the CDS Accounts of the Grantees. For this purpose, the Trustee shall open and maintain a Trust Account into which the Group shall inject monies for the purposes of the Scheme. Upon the Trustee receiving a written instruction from the ESOS Committee, the Trustee shall utilise the monies in the Trust Account to subscribe for such new Shares in respect of which the written instruction is given. The Company shall allot and issue the said Shares which will be placed into a CDS Account of the Trustee of its authorized nominee.
- 35.2 For the purpose of administering the Trust, if and when the Trust is established, the Trustee shall do all such acts and things and enter into any transaction, agreement, deed, document or arrangement and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the ESOS Committee may direct for the implementation and administration of the Trust which are expedient for the purpose of giving effect to and carrying out the powers and duties conferred on the Trustee by the Trust Deed.
- 35.3 The ESOS Committee shall have power from time to time, at any time, to appoint, rescind or terminate the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed. The ESOS Committee shall not be under any obligation to give any reasons for such appointment, rescission or termination. The ESOS Committee shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.

**36. MULTIPLE SCHEMES**

The Company may implement more than one (1) share issuance scheme, provided that the aggregate number of Shares available under all the share issuance schemes do not exceed the maximum number of Shares stipulated in the Listing Requirements or by any other relevant authorities.

**DRAFT BY- LAWS (Cont'd)****SCHEDULE 1**

1. If and whenever a consolidation or subdivision or conversion of Share occurs, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

and/or the number of Options shall be adjusted by multiplying the existing number of Options held by the following fraction:

$$\frac{B}{A}$$

where:-

- A = the aggregate number of issued Shares immediately before such consolidation, subdivision or conversion; and
- B = the aggregate number of new Shares in the share capital of the Company after such consolidation, subdivision or conversion.

Each such adjustment will be effective from the close of business on the Market Day immediately following the date on which the consolidation or subdivision or conversion becomes effective (being the date when the Shares are traded on Bursa Securities), or such period as may be prescribed by Bursa Securities.

2. If and whenever the Company shall make any issue of Shares to shareholders credited as fully paid, by way of bonus issue or capitalization of profits or reserves, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

and the number of Options shall be adjusted by multiplying the existing number of Options held by the following fraction:

$$\frac{A + B}{A}$$

where:-

- A = the aggregate number of issued Shares on the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments or other forms of distributions) immediately before such bonus issue or capitalisation issue; and
- B = the aggregate number of Shares to be issued pursuant to any allotment to shareholders credited as fully paid by way of bonus issue or capitalisation of profits or reserves.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the Entitlement Date.

**DRAFT BY- LAWS (Cont'd)**

3. If and whenever the Company shall make:

- (a) Capital Distribution (as defined below) to shareholders whether on a reduction of capital or otherwise (save and except any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets);
- (b) any offer or invitation to shareholders whereunder they may acquire or subscribe for Shares by way of rights; or
- (c) any offer or invitation to shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares,

then and in respect of each such case, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

where:-

- C = the 5-day volume weighted average market price up to the Market Day of each Share as shall be determined in accordance with any guideline or rule issued by the relevant authorities from time to time, if any, or if there is none, the current market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution (as defined below) or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement), immediately preceding the date of the Capital Distribution (as defined below) or, as the case may be, of the offer or invitation; and
- D = (aa) in the case of any offer or invitation to acquire or subscribe for Shares by way of rights or for securities convertible into Shares under Paragraph 3(b) and Paragraph 3(c) of this Schedule respectively, the value of rights attributable to one (1) Share (as defined below); or
- (bb) in the case of any other transaction falling within Paragraph 3 of this Schedule the fair market value as determined by the Company in consultation with the external auditors of the Company and/or the Adviser, of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of paragraph (aa) of D above, the "**value of the rights attributable to one (1) Share**" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:-

- C = same as C above;
- E = the subscription consideration for one (1) additional Share under the terms of such offer or invitation or subscription price of one (1) additional Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation; and

**DRAFT BY- LAWS (Cont'd)**

F = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into one (1) additional Share or rights to acquire or subscribe for one (1) additional Share;

and in respect of the case referred to in Paragraph 3(b) above, the number of Options shall be adjusted by multiplying the existing number of Options held by the following fraction:

$$\frac{C}{C - D^*}$$

where:--

C = same as C above;

D\* = the value of rights attributable to one (1) Share (as defined below);

For the purpose of definition D\* above, the "**value of the rights attributable to one (1) Share**" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where:-

C = same as C above;

E\* = the subscription consideration for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares; and

F\* = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purposes of this Schedule, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (not falling under By-Law 12.1) or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves.

Any dividend charged or provided for in the accounts pertaining to any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders for any period after the last audited accounts as shown in the audited consolidated statement of comprehensive income of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the Entitlement Date for such transactions.

**DRAFT BY- LAWS (Cont'd)**

4. If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 12.1 and also makes any offer or invitation to its ordinary shareholders as provided in Paragraph 3(b) or Paragraph 3(c) of this Schedule and the Entitlement Date for the purposes of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and in respect of each case referred to in By-Law 12.1 and Paragraph 2(b) and the Entitlement Date for the purposes of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of Options held by each Grantee shall be adjusted by multiplying the existing number of Options held by the following fraction:

$$\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}$$

where :-

- B = same as B above;
- C = same as C above;
- G = the aggregate number of issued Shares on the Entitlement Date;
- H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;
- H\* = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = the subscription consideration of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the subscription price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be; and
- I\* = the subscription consideration of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the Entitlement Date for the above transactions.

5. If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in Paragraph 3(b) of this Schedule together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for Shares as provided in Paragraph 3(c) of this Schedule and these offers or invitations share the same entitlement date, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$



**DRAFT BY- LAWS (Cont'd)**

and the number of Options held by each Grantee shall be adjusted by multiplying the existing number of Options by the following fraction:

$$\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)}$$

where:-

- C = same as C above;
- G = same as G above;
- H = same as H above;
- H\* = same as H\* above;
- I = same as I above;
- I\* = same as I\* above;
- J = the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such right to subscribe for Shares by the ordinary shareholders of the Company; and
- K = the subscription price on the conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the Entitlement Date for the above transactions.

6. If and whenever the Company makes an allotment to its shareholders as provided in By-Law 12.1 and also makes an offer or invitation to acquire or subscribe for Shares to its shareholders as provided in Paragraph 3(b) of this Schedule, together with an offer or invitation to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in By-Law Paragraph 3(c) of this Schedule, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the number of Options held by each Grantee shall be adjusted by multiplying the existing number of Options held by the following fraction:

$$\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}$$

where:-

- B = same as B above;
- C = same as C above;

**DRAFT BY- LAWS (Cont'd)**

- G = same as G above;  
 H = same as H above;  
 H\* = same as H\* above;  
 I = same as I above;  
 I\* = same as I\* above;  
 J = same as J above;  
 K = same as K above;

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the Entitlement Date for the above transaction.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of the Market Day immediately preceding the date on which the issue is announced or (failing any such announcement) immediately preceding the date on which the Company determined the offering price of such Shares, securities or rights. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the completion of the above transaction.

7. If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of the Company and requiring an adjustment under Paragraph 3(b), 3(c), 4, 5 or 6 of this Schedule hereof, the Company shall issue either any Shares or any securities convertible into Shares or any rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than ninety per cent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued and/or transferred upon conversion of such securities or exercise of such rights is determined, the Exercise Price shall be adjusted by multiplying the existing Exercise Price in the following manner:

$$\frac{L + M}{L + N}$$

where:-

- L = the number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and
- N = the aggregate number of Shares so issued or, in the case of securities convertible into Shares or rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

**DRAFT BY- LAWS (Cont'd)**

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For the purpose of Paragraph 7 of this Schedule, the "Total Effective Consideration" shall be determined by the Board with the concurrence of an external auditor of the Company and shall be:

- (a) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (b) in the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (c) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares or securities with rights to acquire or subscribe for Shares, by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of Paragraph 7 of this Schedule, the Average Price of a Share shall be the average price of one (1) Share as derived from the last dealt prices for one (1) or more board lots of Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which the Company determines the offering price of such Shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the date of the completion of the above transaction.

For the purposes Paragraph 3, 4, 5 and 6 of this Schedule the current market price in relation to one (1) existing Shares for any relevant day shall be the volume weighted average market price for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

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