



**GLOBAL  
BERHAD**

Registration No. 202101028085 (1428385-M)



**ANNUAL REPORT 2023**

# CONTENTS

2	Corporate Information
8	Corporate Structure
9	Financial Highlights
10	Profile of Directors
16	Profile of Key Senior Management Team
20	Chairperson's Message
22	Management Discussion & Analysis
37	Sustainability Statement
70	Corporate Governance Overview Statement
88	Audit and Risk Management Committee Report
92	Statement on Risk Management and Internal Control
96	Additional Compliance Information
98	Statement of Directors' Responsibility
99	Financial Statements
179	List of Properties
181	Analysis of Shareholdings
184	Notice of Annual General Meeting
188	Statement Accompanying Notice of Annual General Meeting
	Enclosed Proxy Form

## VISION

Shaping Sustainable Global Supply Chains in  
Logistics and Packaging

## CORE VALUES

- Responsible
- Innovative
- Quality
- Efficiency

## MISSION

- Optimising raw materials through product innovations to reduce wastage
- Creating solutions to move what matters
- Providing an integrated packaging, storage and circular logistics to maximize product lifetime

# CORPORATE INFORMATION

## ABOUT US

Listed on the ACE Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 3 January 2023, L&P Global Berhad (“**the Company**” or “**L&P**”), together with its subsidiaries (“**the Group**”), is a Malaysia-based leading integrated industrial packaging solutions provider with operations in Malaysia and Vietnam. The Company was transferred to the Main Market of Bursa Securities on 2 February 2024.

### Company Profile and Principal Activities

The Group is 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.

Our vision is shaping sustainable global supply chains in logistics and packaging while our mission is optimising raw materials through product innovations to reduce wastage, creating solutions to move what matters and providing an integrated packaging, storage and circular logistics to maximise product lifetime. We are committed in our vision of creating a greener world through our business. Our goal is to make sustainable supply chain management a commonplace in the industry. We have started to implement circular economy practices into our operations to make that goal a reality.



Our Existing Premises	Usage	Built-up Area (Approximate sq ft)
Sungai Bakap Factory, Penang	<ul style="list-style-type: none"> <li>• Headquarters</li> <li>• Manufacturing of components</li> <li>• Assembly of pallets, boxes and crates</li> <li>• Recycling of pallets and storage</li> </ul>	191,000
Perai Branch, Penang	<ul style="list-style-type: none"> <li>• Office</li> <li>• Storage</li> <li>• Assembly of boxes and crates</li> </ul>	80,000
Kulai Branch, Johor	<ul style="list-style-type: none"> <li>• Office</li> <li>• Storage</li> <li>• Intended for assembly of boxes and crates commencing Q4 2024</li> </ul>	12,000

## CORPORATE INFORMATION (Cont'd)

### Company Profile and Principal Activities (Cont'd)

Our Existing Premises	Usage	Built-up Area (Approximate sq ft)
Kulim Branch, Kedah	<ul style="list-style-type: none"> <li>Storage</li> <li>Intended to be used as office, assembly of boxes and crates</li> </ul>	65,000
Bangi, Kuala Lumpur	<ul style="list-style-type: none"> <li>Office</li> <li>Storage</li> <li>Assembly of pallets, boxes and crates</li> </ul>	11,000 Rented properties
Vietnam Factory	<ul style="list-style-type: none"> <li>Office</li> <li>Manufacturing of components</li> <li>Assembly of pallets, boxes and crates</li> <li>Storage</li> </ul>	43,000 Rented properties
<b>Total:</b>		<b>404,000</b>

### Our Integrated Industrial Packaging Solutions

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.

#### 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.

#### 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.

#### 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.

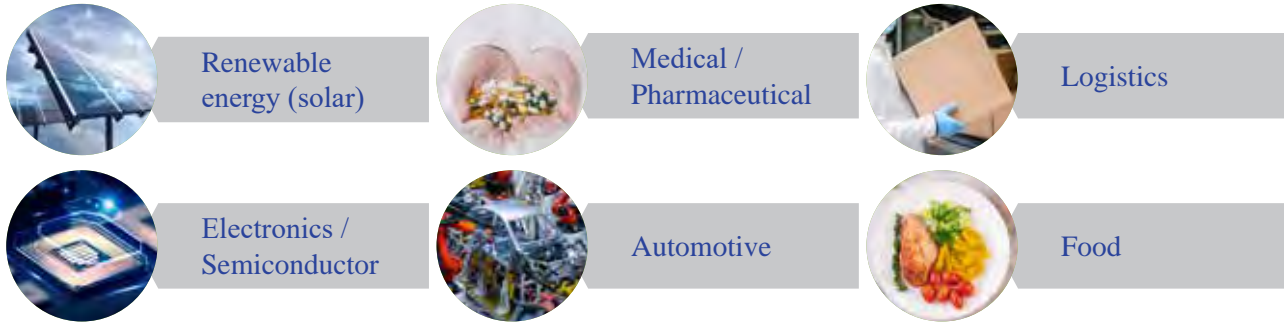
#### Trading as value added services

- 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.

## CORPORATE INFORMATION (Cont'd)

### Industries We Serve

Our customers are predominantly multinational corporations in renewable energy, electronics / semiconductor, and medical / pharmaceutical.



### Key Milestones

Over the span of four decades, our journey in the industry traces back to 1984, when our founders, Ooi Chang Seaw and Ooi Eng Leng, initiated a family partnership known as Syarikat Perusahaan Berjaya, venturing into the manufacturing of industrial packaging product. Since then, our Group has grown substantially and achieved few key milestones. These key milestones that we achieved over the years are largely contributed by the Board of Directors (“**Board**”) and the Key Senior Management (“**KSM**”) team who are supported by a team of dedicated employees.

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 the business, its customers mainly comprised manufacturers in the rubber products, lift manufacturing, semiconductor and electrical and electronics industries.</li> <li>It also provided packing services to the 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>Berjayapak Sdn Bhd (“<b>BSB</b>”) was incorporated and remained dormant.</li> </ul>
1992	<ul style="list-style-type: none"> <li>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>The Group expanded the 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>The Group began providing pallet recycling and repair services under the Circular Economy Project – Pallet Recycling Programme (“<b>PRP</b>”), to provide the customers with an alternative choice of pallets, namely recycled pallets.</li> </ul>
<b>2005 to 2014: Technical advancement and operations expansion</b>	
2005	<ul style="list-style-type: none"> <li>The Group installed a heat treatment chamber in Sungai Bakap Factory which allow us to treat the wood materials by removing moisture content, as well as repurpose the wood wastes by using them as feedstock in the boilers to power the heat treatment chamber. With this, the Group is also able to manufacture industrial packaging products that are compliant with the International Standards for Phytosanitary Measures No.15 (“<b>ISPM 15</b>”) inhouse (applicable to natural wood).</li> </ul>

## CORPORATE INFORMATION (Cont'd)

### Key Milestones (Cont'd)

Year	Key events and milestones
<b>2005 to 2014: Technical advancement and operations expansion (Cont'd)</b>	
2007	<ul style="list-style-type: none"> <li>The Group expanded the Sungai Bakap Factory with the purchase of an adjacent factory which has a land area of approximately 117,000 sq ft to increase the storage capacity in order to support the expansion of the manufacturing capacity.</li> </ul>
2010	<ul style="list-style-type: none"> <li>The Group expanded the Sungai Bakap Factory with the purchase of another adjacent factory which has a land area of approximately 54,000 sq ft to increase the storage capacity in order to support the pallet recycling activities.</li> </ul>
<b>2015 to 2022: Transformational growth: New leadership, material and manufacturing technology upgrades, local and overseas expansion</b>	
2015	<ul style="list-style-type: none"> <li>Invested in design software (i.e. LoadSync software and Solidworks) for planning, visualising and designing of wooden industrial packaging products.</li> <li>Ooi Lay Pheng joined the Group as a Director, heading the sales and marketing, human resource, IT, quality assurance, and finance departments and was promoted to the position of Chief Executive Officer (“CEO”) in 2017.</li> </ul>
2016	<ul style="list-style-type: none"> <li>The Group 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 the factory.</li> <li>The Group 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>Berjayapak Vietnam Company Limited (“BV”) was incorporated.</li> <li>The Group 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 the market reach to potential customers in Vietnam (“Vietnam Factory 1”).</li> <li>The Group secured its first customer in Vietnam.</li> </ul>
2020	<ul style="list-style-type: none"> <li>The Group rented another adjacent factory in Binh Duong, Vietnam which has a built-up area of approximately 16,000 sq ft to support the expansion of the manufacturing capacity in Vietnam (“Vietnam Factory 2”) (“Vietnam Factory 1” and “Vietnam Factory 2” collectively referred as “Vietnam Factory”).</li> </ul>
2021	<ul style="list-style-type: none"> <li>The Group rented a premises in Kulai, Johor which has a built-up area of approximately 12,000 sq ft and is used for storage of boxes and crates to serve the customers in the southern region and in Singapore (“Kulai Branch”).</li> <li>L&amp;P 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.</li> </ul>
2022	<ul style="list-style-type: none"> <li>Berjayapak International Holdings Sdn Bhd had changed its name to L&amp;P Global Sdn Bhd on 27 January 2022 and subsequently converted to a public limited company on 22 March 2022.</li> <li>The Group had acquired two adjacent premises in Perai, Penang, which has a built-up area of approximately 47,000 sq ft (“Perai Branch 1”) and 33,000 sq ft (“Perai Branch 2”), respectively (collectively, “Perai Branch”) and is used for storage of boxes and crates to serve the customers surrounding the Perai area.</li> <li>The Group had acquired a premise in Kulim, Kedah which has a built-up area of approximately 65,000 sq ft (“Kulim Branch”) and is currently used for storage of raw materials.</li> <li>L&amp;P launched the Prospectus in conjunction with the Initial Public Offering exercise, on 13 December 2022.</li> <li>L&amp;P launched the Employee Share Option Scheme (“ESOS”) on 29 December 2022.</li> </ul>

## CORPORATE INFORMATION (Cont'd)

### Key Milestones (Cont'd)

Year	Key events and milestones
<b>2023 to Present: Post-Listing key events</b>	
3 January 2023	<ul style="list-style-type: none"> <li>L&amp;P successfully listed its entire issued share capital of RM74,353,509 comprising 560,000,000 ordinary shares on the ACE Market of Bursa Securities.</li> <li>L&amp;P offered 11,200,000 share options under ESOS to eligible persons with an exercise price of RM0.30 per share.</li> </ul>
13 June 2023	<ul style="list-style-type: none"> <li>The Board of Directors proposed to undertake transfer of the listing and quotation for the entire issued share capital of L&amp;P from the ACE Market to the Main Market of Bursa Securities.</li> </ul>
1 August 2023	<ul style="list-style-type: none"> <li>The Group completed the relocation for boxes and crates assembly activities from Sungai Bakap Factory to Perai Branch.</li> </ul>
25 October 2023	<ul style="list-style-type: none"> <li>The Group completed installation of Rooftop Solar PV System (NEM) at the Sungai Bakap Factory.</li> </ul>
18 December 2023	<ul style="list-style-type: none"> <li>The Group completed the acquisition of the Kulai Branch, Johor which has a land area of approximately 23,000 sq ft for total purchase consideration of RM4.00 million.</li> </ul>
2 February 2024	<ul style="list-style-type: none"> <li>The entire issued share capital of L&amp;P was transferred to the Main Market of Bursa Securities.</li> </ul>
1 March 2024	<ul style="list-style-type: none"> <li>The Group rented a premises in Bangi, Selangor which has a built-up area of approximately 11,000 sq ft and is used for office, storage and assembly of boxes and crates to serve the customers in the central region ("<b>KV Branch</b>").</li> </ul>

## CORPORATE INFORMATION (Cont'd)



### BOARD OF DIRECTORS

**Ooi Hooi Kiang**

*Non-Independent Non-Executive Chairperson*

**Ooi Lay Pheng**

*Executive Director / Chief Executive Officer*

**Ong Kah Hong**

*Executive Director / Chief Operating Officer*

**Phoon Yee Min**

*Independent Non-Executive Director*

**Dato' Seri Lee Kah Choon**

*Independent Non-Executive Director*

**Dato' Mohamed Amin Bin Mohd Kassim**

*Independent Non-Executive Director*

#### NOMINATION COMMITTEE

**Dato' Seri Lee Kah Choon**  
*Chairman*

**Dato' Mohamed Amin Bin Mohd Kassim**  
*Member*

**Phoon Yee Min**  
*Member*

#### REMUNERATION COMMITTEE

**Dato' Mohamed Amin Bin Mohd Kassim**  
*Chairman*

**Dato' Seri Lee Kah Choon**  
*Member*

**Phoon Yee Min**  
*Member*

#### AUDIT AND RISK MANAGEMENT COMMITTEE

**Phoon Yee Min**  
*Chairperson*

**Dato' Seri Lee Kah Choon**  
*Member*

**Dato' Mohamed Amin Bin Mohd Kassim**  
*Member*

#### COMPANY SECRETARIES

**Tai Yit Chan**

SSM PC No. 202008001023  
(MAICSA 7009143)

**Ong Tze-En**

SSM PC No. 202008003397  
(MAICSA 7026537)

**Lau Yoke Leng**

SSM PC No. 202008003368  
(MAICSA 7034778)

#### HEAD OFFICE

1328, Jalan Sungai Baong  
Furniture Industrial Estate  
14200 Sungai Bakap  
Pulau Pinang  
Tel No. : (04) 582 9980  
Email : [info@lpglobalbhd.com](mailto:info@lpglobalbhd.com)  
Website: [www.lpglobal.com](http://www.lpglobal.com)

#### AUDITORS

BDO PLT  
(201906000013 (LLP0018825-LCA)  
& AF 0206)  
51-21-F, Menara BHL  
Jalan Sultan Ahmad Shah  
10050 Pulau Pinang  
Tel No. : (04) 222 0288  
Fax No.: (04) 222 0299

#### REGISTERED OFFICE

170-09-01, Livingston Tower  
Jalan Argyll  
10050 George Town  
Pulau Pinang  
Tel No. : (04) 229 4390  
Fax No.: (04) 226 5860  
Email: [boardroom-kl@boardroomlimited.com](mailto:boardroom-kl@boardroomlimited.com)

#### SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd  
11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor  
Tel No. : (03) 7890 4700  
Fax No.: (03) 7890 4670  
Email: [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

#### PRINCIPAL BANKERS

Hong Leong Islamic Bank Berhad  
Alliance Islamic Bank Berhad  
CIMB Islamic Bank Berhad

#### STOCK EXCHANGE LISTING

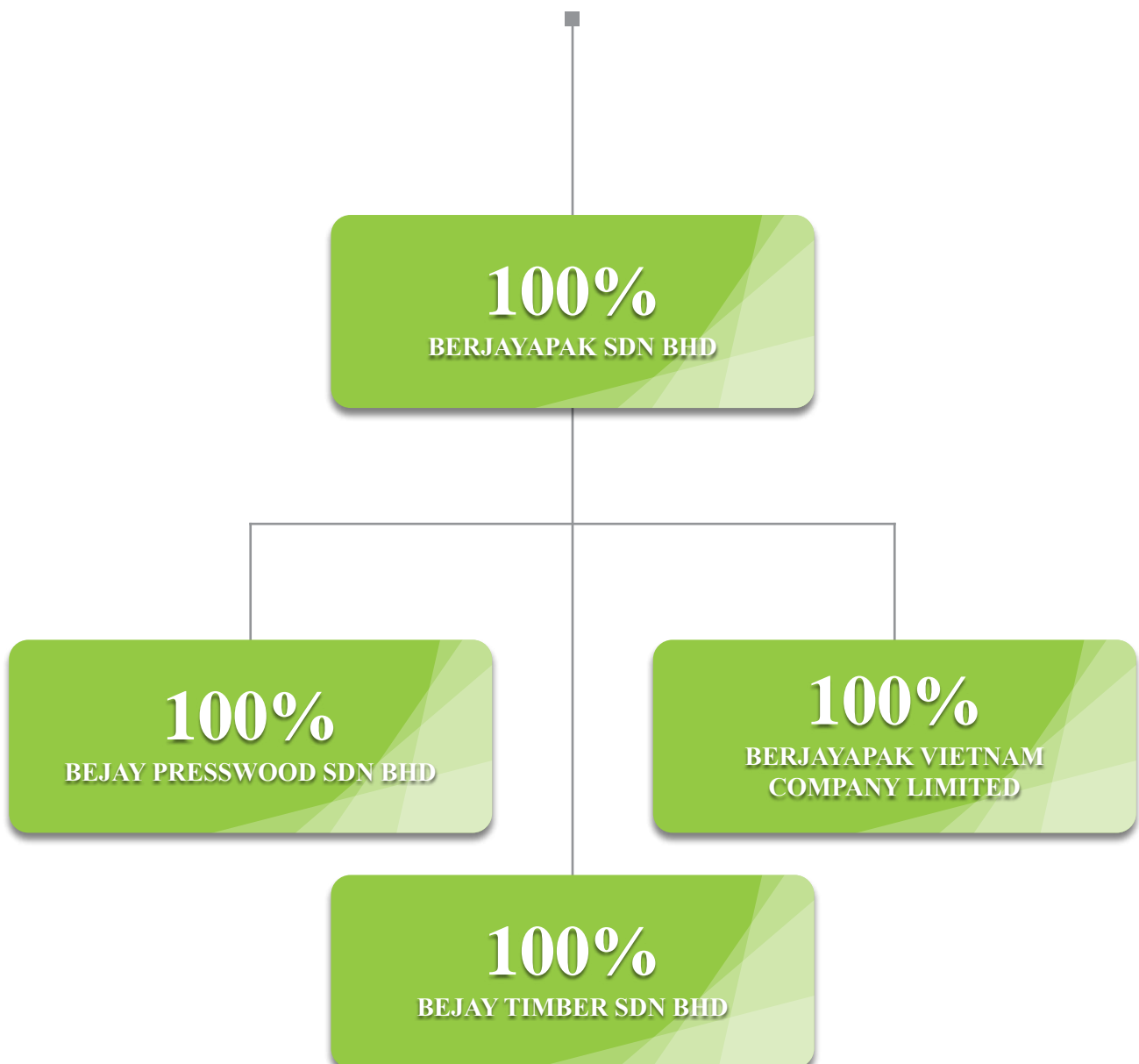
Main Market of Bursa Malaysia  
Securities Berhad  
Stock name : L&PBHD  
Stock code : 0268

#### WEBSITE

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

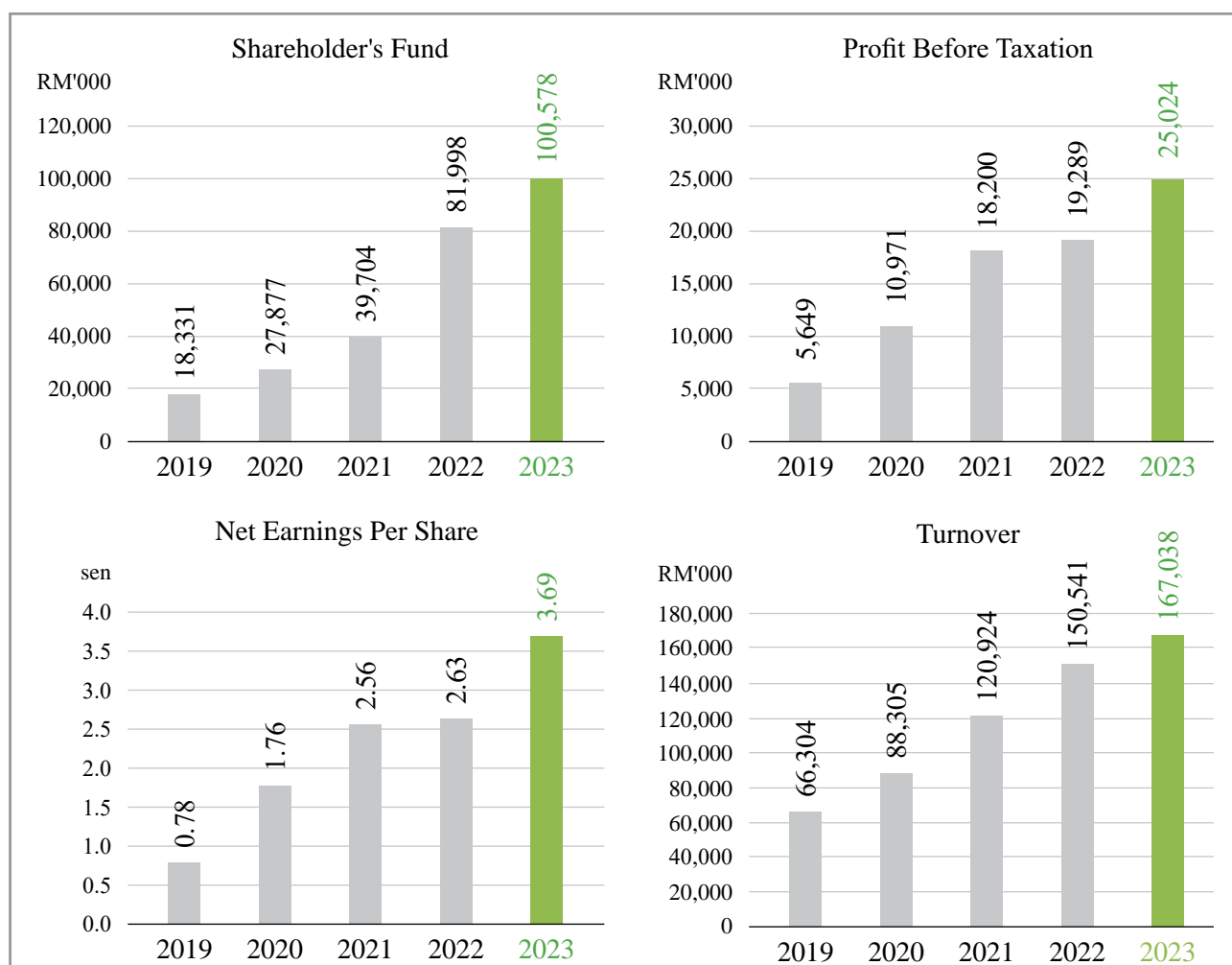


## CORPORATE STRUCTURE



## FINANCIAL HIGHLIGHTS

Year Ended 31 December	2019 <sup>(1)</sup> RM'000	2020 <sup>(1)</sup> RM'000	2021 <sup>(1)</sup> RM'000	2022 RM'000	2023 RM'000
Turnover	66,304	88,305	120,924	150,541	167,038
Profit Before Taxation	5,649	10,971	18,200	19,289	25,024
Profit After Taxation	4,393	9,852	14,330	14,736	20,684
Profit Attributable to Shareholders	4,393	9,852	14,330	14,736	20,684
As at 31 December					
Total Assets Employed	42,648	57,309	74,104	137,389	143,627
Shareholder's Fund	18,331	27,877	39,704	81,998	100,578
Net Earnings Per Share (Sen) <sup>(2)</sup>	0.78	1.76	2.56	2.63	3.69
Net Tangible Assets Per Share <sup>(2)</sup>	0.03	0.05	0.07	0.15	0.18



<sup>(1)</sup> L&P Global completed the acquisition of Berjayapak Sdn. Bhd. in November 2022.

The Group presented the comparative financial information as if the business combination had taken place before the start of the earliest period presented in the financial statement.

The basis of preparation should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 13 December 2022.

<sup>(2)</sup> Calculated based on the Company's issued share capital of 560,000,000 ordinary shares upon listing on the ACE Market of Bursa Malaysia Securities Berhad.

## PROFILE OF DIRECTORS

### OOI HOOI KIANG

Non-Independent Non-Executive Chairperson

Gender	Nationality	Age
Female	Malaysian	55

Ooi Hooi Kiang, is our Group’s Chairperson and Non-Independent Non-Executive Director and was first appointed to the Board on 1 January 2022.

Ms Ooi has more than 30 years of working experience in a wide range of industries such as auditing, brokerage institutions, property development, mining and manufacturing, including cross border working experience in Abu Dhabi, Singapore, Korea, Vietnam and Russia encompassing finance operations, accounting, financial management, corporate finance, tax planning and merger & acquisition.

Ms Ooi currently serves as Director / Principal Consultant – Corporate Strategies of WCoach Sdn Bhd which provides advisory services. She was the Group Chief Financial Officer (“CFO”) and overseeing finance division of PG Automotive Holdings Pte Ltd (“PGA”) since November 2018 to January 2022. Prior to joining PGA, she was the CFO of Anchor Resources Limited, a company listed on Singapore Stock Exchange from 2014 to 2018. Ms Ooi started her career with Coopers & Lybrand LLP (now known as PricewaterhouseCoopers) in 1995 as an Audit Assistant. Her other notable past working experience include assuming the role of Senior Corporate Finance Manager of Olympia Industries Berhad and CFO of JWPK Sdn. Bhd. in 2012 and 2013 respectively and holding senior positions in several local brokerage institutions and foreign company.

Ms Ooi currently utilises her commercial experience in supporting and delivering the Group’s strategy in non-executive roles. She is an Independent and Non-Executive Director of Greatech Technology Berhad since 20 August 2018, and an Independent Non-Executive Director of Ge Shen Corporations Berhad, both listed on the Main Market of Bursa Securities.

Ms Ooi holds a Master in Accounting from University of Florida, USA and is a member of the Malaysian Institute of Accountants.

## PROFILE OF DIRECTORS (Cont'd)

### OOI LAY PHENG

Chief Executive Officer / Executive Director

Gender	Nationality	Age
Female	Malaysian	53

Ooi Lay Pheng is our Executive Director / CEO. She was appointed to our Board on 30 August 2021 and has been helping the Group's strategic direction and business development since 2017.

Ms Ooi graduated from Wichita State University, USA with a Bachelor of Business Administration degree and a Master of Arts in Economics in 1994 and 1996, respectively.

She was previously recruited by a healthcare company based in Australia to set up a company branch in Kuala Lumpur and to develop and coordinate healthcare programs between medical centres in the Klang Valley. She then joined another healthcare company as an International Patient Care Centre Manager where she was the liaison for overseas healthcare representatives while facilitating marketing activities and healthcare companies.

A woman with many passions, she has freelanced as a cake decorating instructor and even started up a baking and cake decorating curriculum at an international school in Kuala Lumpur. In addition, she has also served as an event coordinator and group facilitator at a Non-Governmental Organisation ("NGO") where she mentored young children and teenagers through value based and character building programs.

As CEO of our Group, she formulates short and long-term business plans in line with our strategic goals, focusing on business expansion in new products, acquiring new customers and new market development. She formulates circular economy system into the business models that contributes to revenue generation, risk reduction and cost savings. The sustainability initiatives help the company create, deliver and capture values while minimising environment and social costs.

She was awarded Women Entrepreneur of the Year, 2021 from EY Entrepreneur of the Year.

## PROFILE OF DIRECTORS (Cont'd)

### ONG KAH HONG

Chief Operating Officer / Executive Director

<b>Gender</b>	<b>Nationality</b>	<b>Age</b>
Male	Malaysian	63

Ong Kah Hong is our Executive Director / Chief Operating Officer. He was appointed to our Board on 30 August 2021.

Mr Ong graduated from the University of Windsor, Canada with a Bachelor of Arts major in Mathematics in 1983.

He started his career as a Production Control Officer at Hitachi Semiconductor (M) Sdn Bhd, (“**Hitachi**”), a multinational semiconductor company and was involved in production control and material planning and scheduling of manufacturing operations. He was subsequently promoted to the position of Deputy Manager of Production Control 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 joined our Group since 2003. Rising up the ranks from Material Manager to General Manager and subsequently promoted to the position of Chief Operating Officer in 2021, where he leads and oversees the business operations, including logistics and warehouse, production planning, facilities and engineering. He has played a key role in contributing to the growth and development of our Group’s business operations.

## PROFILE OF DIRECTORS (Cont'd)

### DATO' SERI LEE KAH CHOON

Independent Non-Executive Director

<b>Gender</b>	<b>Nationality</b>	<b>Age</b>
Male	Malaysian	64

Dato' Seri Lee Kah Choon is our Independent Non-Executive Director. He was appointed to our Board on 1 January 2022. He serves as Chairman of the Nomination Committee and member of Audit and Risk Management Committee and Remuneration Committee of the Company.

Dato' Seri Lee is currently the Independent Non-Executive Chairman of Aemulus Holdings Berhad, a company listed on the ACE Market of Bursa Securities, which engages in the design & assembly of automated test equipments in the electronic industry.

He is the Chairman of Federal Oats Mills Sdn Bhd, South East Asia's largest oats manufacturer producing quality oats & oats based products for the Asian, Middle East and African markets.

Dato' Seri Lee also sits on the board of Natiogate Holdings Berhad, a company listed on the ACE Market of Bursa Securities as their Independent Non-Executive Director. The company is involved in the business of electronic manufacturing services.

Dato' Seri Lee is currently the Independent Non-Executive Chairman of Northeast Group Berhad which is principally involved in the manufacturing of precision engineering components used in photonics, E&E, semiconductor, telecommunication and optoelectronics industries.

Additionally, Dato' Seri Lee is a member of the Investment Committee of Areca Capital, a licensed fund manager for individuals, corporations and institutions.

Dato' Seri Lee had served as board member of various federal & state government linked companies & corporations; Parliamentary Secretary; Member of Parliament & Municipal Councillor.

He was a practicing lawyer with his own private legal practice from 1987 to 2004, after being called to the Bar of Malaya in 1987 and Bar of England & Wales in 1986.

Dato' Seri Lee holds a Bachelor of Laws from the Southampton University, United Kingdom and a Master of Arts in Law and Practise from the City University, London. He is also a Barrister at Law of Middle Temple & a Certified Financial Planner.

## PROFILE OF DIRECTORS (Cont'd)

### DATO' MOHAMED AMIN BIN MOHD KASSIM

Independent Non-Executive Director

Gender	Nationality	Age
Male	Malaysian	71

Dato' Mohamed Amin Bin Mohd Kassim is our Independent Non-Executive Director. He was appointed to our Board on 1 January 2022. He serves as Chairman of the Remuneration Committee and member of Audit and Risk Management Committee and Nomination Committee of the Company.

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 ("FCILT") in 2018. FCILT is the highest and most prestigious status awarded to highly qualified and experienced professional in logistics and transport industry.

He is the past Chairman of CILT Malaysia, Selangor section. He is also the Deputy President of CILT Malaysia.

He has accumulated extensive experience in the shipping, air-freight and logistics industry which include the setting up of oversea branches for a logistics company in London, Tokyo, Los Angeles and Bremen; as well as coordinating and implementing contract agreements from government ministries and agencies.

He was also the General Manager of a Malaysian shipping agency and responsible for managing and expanding the business for Evergreen Group's shipping and assisted in securing the landing rights for EVA Airways Corporation in Malaysia.

Prior to retirement, he was the Deputy Managing Director for Century Logistics Holdings Berhad (now known as CJ Century Logistics Holdings Berhad) and contributed to its successful listing on the Second Board of the Kuala Lumpur Stock Exchange (now known as Bursa Securities) for 19 years.

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 and 2010.

Currently he has been appointed as Director in Advancement of Logistics & Supply Chain, for Saito University College Sdn. Bhd. (Lecturer & Advisor – Not a statutory director). He is also an Independent Non-Executive Director both in the Board of Port Klang Authority and Keretapi Tanah Melayu Berhad.

## PROFILE OF DIRECTORS (Cont'd)

### PHOON YEE MIN

Independent Non-Executive Director

<b>Gender</b>	<b>Nationality</b>	<b>Age</b>
Female	Malaysian	43

Phoon Yee Min is our Independent Non-Executive Director. She was appointed to our Board on 1 January 2022. She serves as Chairperson of the Audit and Risk Management Committee and member of Nomination Committee and Remuneration Committee of the Company.

She graduated from Universiti Sains Malaysia with a Bachelor of Accounting (Honours) in 2004. She was admitted as a Professional Member of the Institute of Internal Auditors Malaysia in 2009, a Chartered Accountant of the Malaysia Institute of Accountants in 2015 (“MIA”), a Certified Internal Auditor (“CIA”) in 2020 and member of the Association of Chartered Certified Accountants (“ACCA”) in 2022.

She has extensive experience in the areas of providing internal audit, sustainability, risk and compliance services to a wide range of companies which included public listed companies and multinationals of various industries.

She is currently an Executive Director of YNC Business Consulting Sdn Bhd (“YNC”), which is involved in the provision of consultancy services including internal audit and enterprise risk management services, sustainability reporting, business transformation, 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.

#### Notes to Directors' Profiles:

- Family Relationship**  
 None of the Directors have any family relationship with any director and / or major shareholder of the Company.
- Directors' Shareholdings**  
 Details of Directors' shareholdings in the Company can be found in the “Analysis of Shareholdings as at 29 March 2024” section of the annual report.
- Non-Conviction of Offences**  
 None of the Directors have been convicted of any offences, other than traffic offences, if any, within the past five (5) years.
- No Conflict of Interest**  
 None of the Directors have any conflict of interest with the Company.
- Public Sanction or Penalty Imposed by Relevant Regulatory Bodies**  
 None of the Directors have been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.



## PROFILE OF KEY SENIOR MANAGEMENT TEAM

### OW CHOOI KHIM

Chief Financial Officer

<b>Gender</b>	<b>Nationality</b>	<b>Age</b>
Female	Malaysian	55

Ow Chooi Khim is our CFO. Her responsibilities encompass managing the financial affairs of the company, including internal and external financial reporting, safeguarding company assets, directing cash management and providing strategic financial guidance to the management team.

She obtained a Bachelor in Accounting from the Northern University of Malaysia (Universiti Utara Malaysia) in 1994. She was 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 at 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.

## PROFILE OF KEY SENIOR MANAGEMENT TEAM (Cont'd)

### NG SO YIN

Operations Director

Gender	Nationality	Age
Female	Malaysian	56

Ng So Yin is currently our Operations Director. 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.

## PROFILE OF KEY SENIOR MANAGEMENT TEAM (Cont'd)

### CH'NG CHUN GEET

Senior Finance Manager

<b>Gender</b>	<b>Nationality</b>	<b>Age</b>
Male	Malaysian	53

Ch'ng Chun Geet 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 a sole focus on the finances of the Company for 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 22 years. He also assisted in setting up the finance department of our Vietnam operations.

## PROFILE OF KEY SENIOR MANAGEMENT TEAM (Cont'd)

### ONG BEE NGOH

Senior Customer Support Manager

Gender	Nationality	Age
Female	Malaysian	52

Ong Bee Ngoh is our Senior Customer Support Manager and has been with our Group for 20 years since 2002.

Upon graduation 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. In August 2023, she was redesignated as Senior Customer Support Manager.

She holds a Bachelor of Arts (Honours) in Mathematics from University of Malaya in 1997.

#### Notes to Key Senior Management Team Profiles:

- Directorship in Other Public / Public Listed Companies**  
None of the Key Senior Management (“KSM”) personnel hold directorship in any public companies and public listed companies in Malaysia.
- Family Relationship**  
None of the KSM personnel have any family relationship with any director and / or major shareholder of the Company.
- Non-Conviction of Offences**  
None of the KSM personnel have been convicted of any offences, other than traffic offences, if any, within the past five (5) years.
- No Conflict of Interest**  
None of the KSM personnel have any conflict of interest with the Company.
- Public Sanction or Penalty Imposed by Relevant Regulatory Bodies**  
None of the KSM personnel have been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2023.

## CHAIRPERSON'S MESSAGE



### DEAR SHAREHOLDERS,

Year 2023 was a momentous year for L&P Global Berhad (“**L&P**” or “**the Company**”) and its subsidiaries (“**the Group**”) with three significant achievements. Firstly, we debuted on the ACE Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and then initiated transfer to the Main Market of Bursa Securities. Secondly we broke our all-time record in terms of revenue and net profit despite uncertainties in business environment and slowdown in global economy. Thirdly, we completed the refurbishment of new facility in Perai, Penang to further expand capacity in preparation for future business expansion.

### FINANCIAL PERFORMANCE

In respect of financial year ended 31 December 2023 (“**FYE 2023**”), the Group recorded a revenue and profit after taxation of approximately RM167.04 million and RM20.68 million, respectively. Core profits after tax was RM21.42 million after excluding the one-off expenses associated with our Initial Public Offering (“**IPO**”). We have also declared total dividend of 1.30 cents for the financial year ended 31 December 2023 (“**FYE 2023**”), representing approximately 35% of our net profit.

On the back of strong profitability, the Group’s financial position remain resilient. As at 31 December 2023, with the fund raised through IPO and plowed back profits, our net current assets stood at RM77.92 million and our gearing ratio decreased to 0.33 times from 0.55 times in the FYE 2022. The stronger financial position make us more resilient in facing the ever uncertain world economy landscape and yet provide us the flexibility to seize growth opportunities.

## FUTURE PROSPECTS

With additional capacity set up in Perai, Penang, we are prepared to take on new customers. Taking cognisance of the still uncertain economy recovery both onshore and offshore, we will be prudent in our capital investment. The planned new production facility in Kulim, Kedah will be equipped in line with business expansion needs.

On 2 February 2024, L&P was successfully listed on the Main Market of Bursa Securities. This is a big win for the Group as we successfully transferred within 13 months after listing on the ACE Market of Bursa Securities. This is in line with our strategy to level up the Group's image, strengthen confidence by our stakeholders, improve our ability to attract talented individuals for business expansion, hence enhance the Group's overall value. Standing on firm financial position added by strong growth in foreign direct investment in jurisdictions where we have operations, the Group is positive on our growth opportunities.

## CORPORATE GOVERNANCE

The Board maintains its commitments to the highest standards of governance and has continued to review how we best apply and embed the principles in our governance structures and strengthen our approach to align with the Malaysian Code of Corporate Governance ("MCCG"). The details are covered in the Corporate Governance section of this annual report.

The Company held its first Annual General Meeting post IPO in May 2023. All the proposals from the Board were passed by a large majority.

The Board has also actively engaged in discussion with both external and internal auditors with regards to internal controls and governance issues.

## APPRECIATION

On behalf of the Board, I would like to express my heartfelt thanks to the Management and staff for their dedication, commitment and contribution to the Group. Special thanks to those who were involved in the transfer listing exercise. Your enormous effort over the last three years throughout the journey of our successful listing is commendable.

To my fellow Board members, my sincere gratitude to your invaluable contribution and unwavering support throughout the year. We are confident we will be able to contribute significantly in the Group's strategy with our invaluable experience and network gained in the industry in the last 30 years.

Lastly, to all the shareholders, I truly appreciate your confidence in the Group. I trust that in 2024 the Group shall continue to strive and increase shareholders' value, and improve financial performance with better returns.

Thank you.

## OOI HOOI KIANG

Non-Independent Non-Executive Chairperson  
18 April 2024



## MANAGEMENT DISCUSSION & ANALYSIS

The year 2023 marks a significant milestone in L&P Global Berhad (“**L&P**” or “**the Company**”) and its subsidiaries’ (“**the Group**”) journey, as we achieved a successful listing on the ACE Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) on 3 January 2023. Building on this momentum, our dedication and efforts persisted as we diligently worked towards transferring our listing from the ACE Market to the Main Market of Bursa Securities. Through our relentless effort, we successfully completed the transfer of listing on 2 February 2024, underscoring our Group’s resilience, adaptability and commitment in pursuing growth opportunities amidst adversity.

Looking ahead, we remain steadfast in our pursuit of excellence, firmly committed to delivering unparalleled service to our customers. With a continued focus on prudence and relentless effort, we are determined to further enhance the Group’s competitiveness, setting our sights on achieving even greater milestones in the journey ahead.

February 2024



### Transfer of Listing

We successfully transferred listing from the ACE Market to the Main Market on 2 February 2024

January 2023



### Listing on ACE Market

We successfully listed on the ACE Market on 3 January 2023

December 2022



### Prospectus Launch

We launched our Prospectus in conjunction with our Initial Public Offering (“**IPO**”) exercise, on 13 December 2022

## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)



On 25 May 2023, we held our 2<sup>nd</sup> Annual General Meeting, this marks a special significance in our journey as it was the first AGM with public shareholders following our listing. This event provided an opportunity for us to actively engage with our valued shareholders, fostering a meaningful dialogue.

### A. OVERVIEW OF BUSINESS AND OPERATIONS

#### Principal Markets

Our customers operate in diverse industries, including renewable energy, electronics / semiconductor, food, automotive, packaging and etc. Our operational facilities are located at Malaysia and Vietnam, encompassing 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**”).



## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

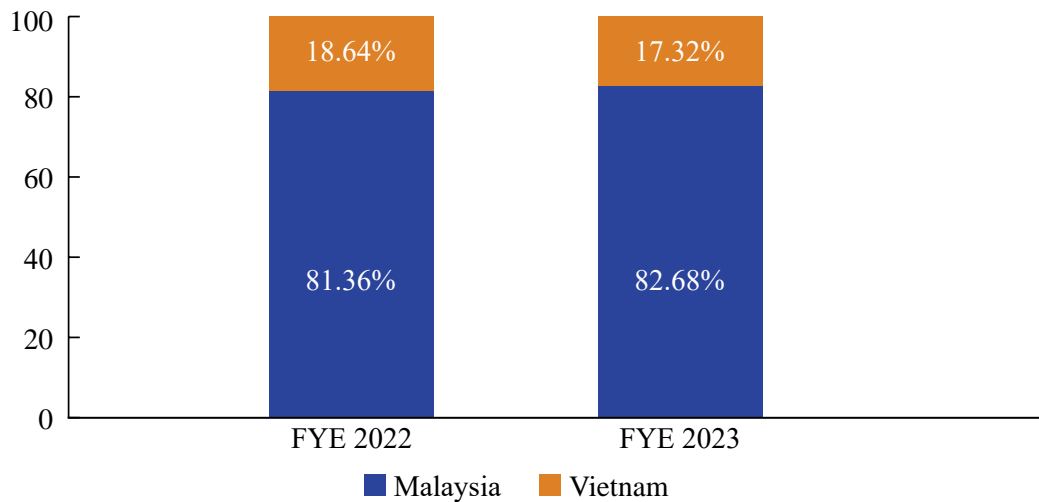
### A. OVERVIEW OF BUSINESS AND OPERATIONS (Cont'd)

#### Principal Markets (Cont'd)

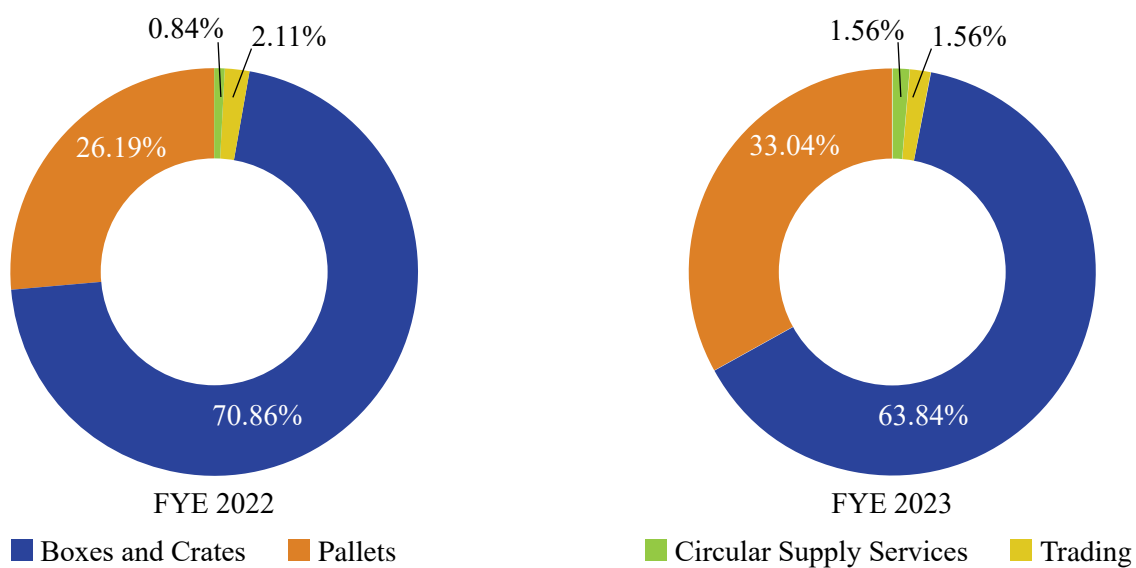
By principal business activities, our Group's largest revenue contributor is from the boxes and crates, contributing 63.84% of our total revenue during the financial year ended 31 December 2023 ("FYE 2023") (FYE 2022: 70.86%). By geographical region, Malaysia remains our Group's largest revenue contributor, contributing 82.68% of our total revenue during FYE 2023 (FYE 2022: 81.36%).

For the FYE 2022 and FYE 2023, the revenue by geographical region and principal business activities were shown as below:

**Revenue by Geographical Region**



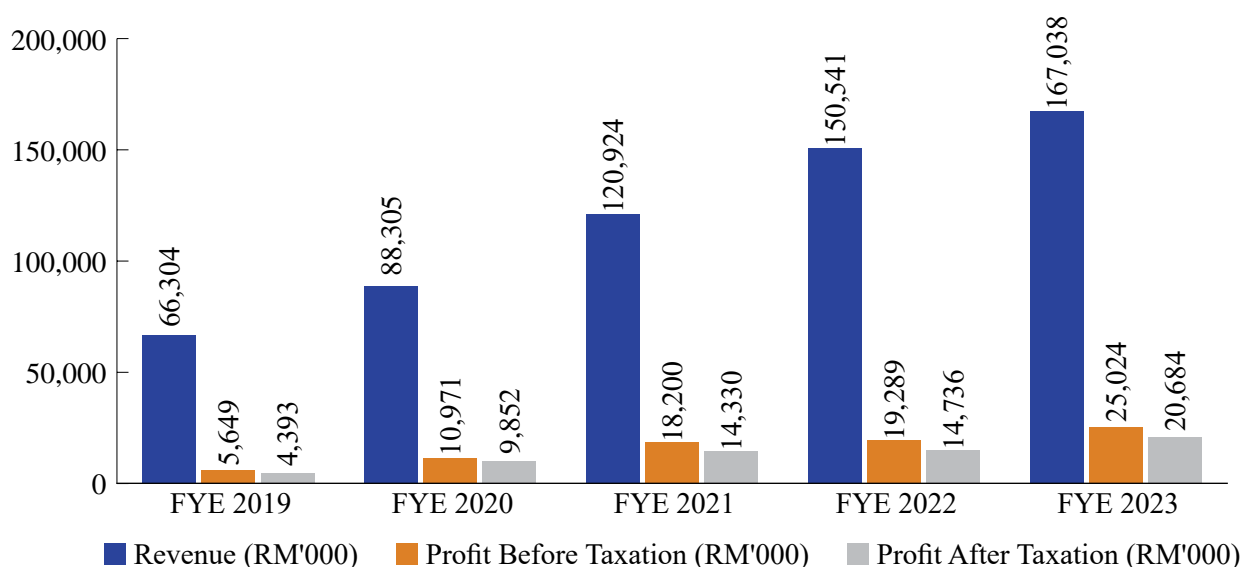
**Revenue by Principal Business Activities**



## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### B. FINANCIAL REVIEW

#### Revenue, Profit Before Taxation and Profit After Taxation



#### Solid Revenue Growth

Our revenue has been on an upward trajectory since FYE 2019 and recorded the highest revenue of RM167.04 million in FYE 2023.

Despite facing economic challenges, our Group demonstrated resilience, achieving a revenue of RM167.04 million for FYE 2023, a notable increase from RM150.54 million in FYE 2022, marking a significant growth of 10.96%. In terms of revenue distribution, boxes and crates and pallets contributed 63.84% (FYE 2022: 70.86%) and 33.04% (FYE 2022: 26.19%) of the total revenue respectively. The increase in revenue for the FYE 2023 was mainly attributable to the increase in demand from existing and new customers in the renewable energy industry.

Our Group's gross profit ("GP") also experienced a substantial increase of RM5.42 million or 16.23%, soaring from RM33.40 million in FYE 2022 to RM38.82 million in FYE 2023. The Group's GP margin increased to 23.24% (FYE 2022: 22.19%) for the current financial year under review. This was mainly due to the increase in revenue and a modest decrease in average timber price per tonne.

Our Group's profit before tax ("PBT") margin increased to 14.98% (FYE 2022: 12.81%) for the FYE 2023 while our profit after tax ("PAT") margin improved to 12.38% (FYE 2022: 9.79%) mainly due to higher GP recorded for FYE 2023 and overprovision of taxation amounted to RM1.18 million for the FYE 2022. During FYE 2023, our Group PBT and PAT increased to RM25.02 million (FYE 2022: RM19.29 million) and RM20.68 million (FYE 2022: RM 14.74 million) respectively.

Our Group's total assets have increased to RM143.63 million in comparison to RM137.39 million in FYE 2022. This was primarily due to the increase in property, plant and equipment and cash and bank balances by RM7.79 million and RM33.55 million respectively.

Our Group's total liabilities have reduced to RM43.05 million in comparison to RM55.39 million in FYE 2022. This was mainly contributed to the decrease in current borrowings from RM12.60 million in FYE 2022 to RM1.95 million in FYE 2023.

## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### B. FINANCIAL REVIEW (Cont'd)

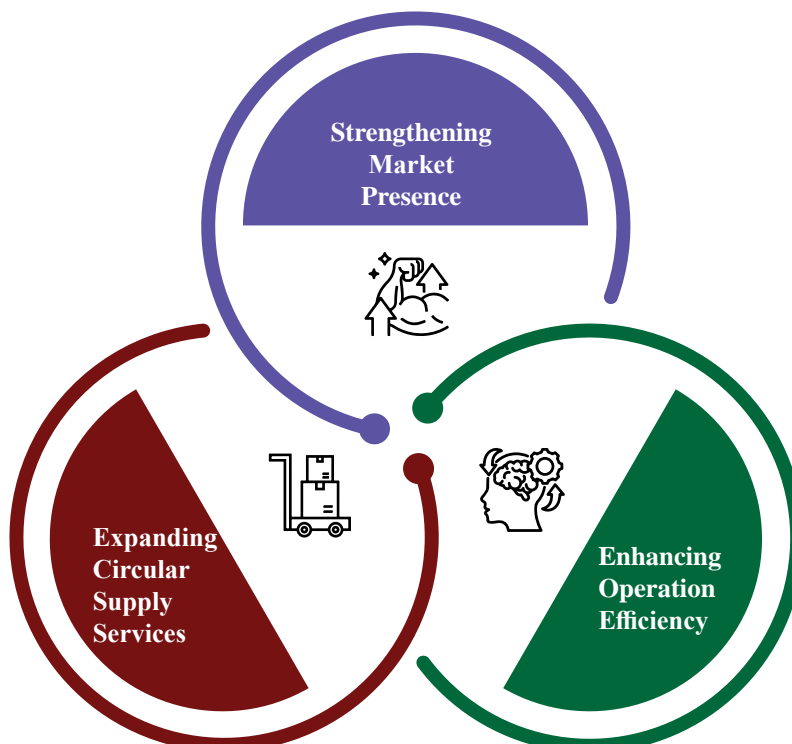
Our financial position remained healthy with a lower gearing ratio of 0.33 times in FYE 2023 (FYE 2022: 0.55 times). This improvement was primarily driven by a substantial increase in shareholders' equity, as a result of our improved financial performance with retained earnings increased to RM59.76 million in FYE 2023, compared to RM41.88 million in FYE 2022. In addition, there was a notable reduction in borrowings, decreasing from RM45.35 million in FYE 2022 to RM32.73 million in FYE 2023 due to the repayment of banking facilities. The current ratio also increased to 7.67 times from 3.96 times, indicating strengthened liquidity.

### C. OPERATION REVIEW

Amidst the escalating tensions between Ukraine and Russia, as well as ongoing conflicts such as those between Israel and Hamas, the global economy faces unprecedented pressure. These geopolitical uncertainties not only hinder the economy's recovery but also exacerbate global inflation. In light of these challenges, it is imperative for us to remain vigilant and conduct rigorous risk assessments during our implementation of corporate strategies to ensure seamless operations and success of our organisation.

In our ongoing efforts to manage risk and maintain financial stability, we have entered into foreign currency forward contracts to minimise our exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities. This strategic move helps us to mitigate the potential impacts of fluctuating foreign exchange rates, allowing us to minimise the exposure and better manage financial risk.

Despite facing numerous challenges posed by the global economic landscape, we remained steadfast in our commitment to executing our corporate strategies. Our focus remains on strengthening our market presence, enhancing operation efficiency and expanding circular supply services. We are confident that our unwavering commitment to our corporate strategies will pave the way for our long-term success and growth.



## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### C. OPERATION REVIEW (Cont'd)

#### Strengthening Market Presence

##### i) Expansion in the Northern region (Perai, Penang and Kulim, Kedah)

On 25 July 2022 and 28 July 2022, we achieved a major milestone as we successfully acquired the factories for our Perai Branch and Kulim Branch respectively, with the plan to relocate part of our assembly activities for boxes and crates from Sungai Bakap Factory to both branches.

Relocation to our Perai Branch has been successfully completed in third quarter (“Q3”) for the FYE 2023, marking a significant milestone in our operational expansion. Presently, the Perai Branch boasts an impressive annual capacity of 64,800 pieces. The cost incurred for renovating and setting up the Perai Branch was RM1.53 million. With this relocation, our dedicated team is able to serve our customers more efficiently and effectively. In addition, it also enables us to extend our reach and make a positive impact on a larger scale.

For strategic purposes, the Group has decided to extend the timeline for relocating part of our assembly activities for boxes and crates from Sungai Bakap Factory to Kulim Branch. This strategic move aligns with our overarching business strategy to optimising our resource allocation, prioritising the expansion plans for our existing plants. By doing so, we aim to enhance the overall operational efficiency and fully leverage the capacity utilisation of our facilities. Although our Kulim Branch presently serves primarily as a storage facility, there exists significant potential for its conversion into assembly operations in the future. This strategic pivot not only positions the Group to seize opportunities stemming from anticipated growth in demand from both existing and prospective customers but also aligns with market dynamics. By leveraging this flexibility, we can effectively adapt to evolving market conditions and capitalise on emerging opportunities for sustained growth and market leadership.



Relocation of assembly activities for boxes and crates to Perai Branch

## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### C. OPERATION REVIEW (Cont'd)

#### ii) Expansion in the Southern region (Johor)

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. On 7 August 2023, Berjayapak Sdn. Bhd. (“**BSB**”) had entered into a Sale and Purchase Agreement for the acquisition of the Kulai Branch, which consists of a piece of land held under Lot 58876, Kawasan Perindustrian Indahpura, Negeri Johor measuring approximately 23,314 square feet in area together with single storey detached factory with double storey office for a purchase consideration of RM4.00 million, which has been fully paid as of 13 October 2023 while ownership transfer has been completed on 18 December 2023. With the acquisition of Kulai Branch, this will result in cost saving arising from rental, renovation and logistics cost and to prevent the risk of disruption in operation from the relocation of the Kulai Branch. Subsequent to our acquisition, we plan to install assembly lines at the Kulai Branch, with annual capacity of 3,600 pieces. These assembly lines will allow us to assemble final products from the ready used components that are manufactured at the Sungai Bakap Factory. The cost of setting up the assembly line is approximately RM350,000 comprising purchase of new machineries and setup cost. We expect assembly activities at the Kulai Branch to begin by fourth quarter (“**Q4**”) of 2024.

As the Group will prioritise the expansion plans for our existing plants, for the Southern region, we will focus on expanding the recently acquired Kulai Branch. We will periodically review our plan for the construction of a new and larger factory (“**Proposed New Johor Factory**”) and consider implementing the plan in future, based on the global market conditions and emergence of viable business prospects.

#### iii) Expansion domestically to Klang Valley and regionally to Singapore

Since the commencement of our business, we have been serving our customers in the Central region within the Klang Valley through our operations in Penang. As we continue to expand our business domestically, including in the Klang Valley, we intend to establish our presence in the Klang Valley (“**Proposed New KV Factory**”). We have identified suitable site for our Proposed New KV Factory. The annual capacity of our Proposed New KV Factory will be 3,600 pieces. We have allocated RM0.61 million of the gross proceeds from the Public Issue for the Proposed New KV Factory’s 24-month rental, and the estimated total cost of setting up the factory is RM0.50 million, which will be financed through internally generated funds. We anticipate that our Proposed New KV Factory will commence in second quarter (“**Q2**”) of 2024.

As the Group will prioritise the expansion plans for our existing plants, we will focus on existing plants in Malaysia. For expansion regionally to Singapore, we will periodically review our plan for the construction of a new assembly plant and storage in Singapore (“**Proposed New Singapore Factory**”) and consider implementing the plan in future, based on the global market condition and emergence of viable business prospects.

## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### C. OPERATION REVIEW (Cont'd)

#### Enhancing Operation Efficiency

We constantly invest in procuring new machinery recognising the significant impact such investment can have on enhancing productivity, quality and safety standards. In 2023, we dedicated a total of RM1.01 million in acquiring new machineries at both Sungai Bakap Factory and Perai Branch. These investments not only demonstrate our dedication to innovation but also underscore our commitment to delivering excellence across all aspects of our operations. The adoption of ergonomics in pallet production is a clear testament to our commitment to innovation and efficiency. We have redefined pallet manufacturing in our industry by embracing robotics, conveyor systems, and computer-controlled processes. Our machines execute tasks with precision, consistently delivering high-quality pallets that meet market demands. Furthermore, real-time monitoring and data analysis have enabled us to optimise operations, ensuring that our production processes remain agile and responsive to market dynamics.



Auto pallet block cutting machine



Auto block support assembly



Auto nailer for wooden pallet assembly with stacking station



Auto grooving and nesting (CNC machines)

Moving forward, we will continue to invest in acquiring new machineries to support the expansion of our business operations, which includes setting up of the Proposed New Johor Factory, Proposed New KV Factory and Proposed New Singapore Factory in the future. These new machines include forklift, lorry and truck, packing truck, cutting machine, multi ripping machine and sanding machine. Additionally, we are actively exploring automation technologies such as auto panel saw machine, auto nailer, auto stacker, auto turning machine, auto marking machine and conveyor. This strategic investment is aimed at enhancing efficiency and reducing our dependency 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 internal generated funds.

## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### C. OPERATION REVIEW (Cont'd)

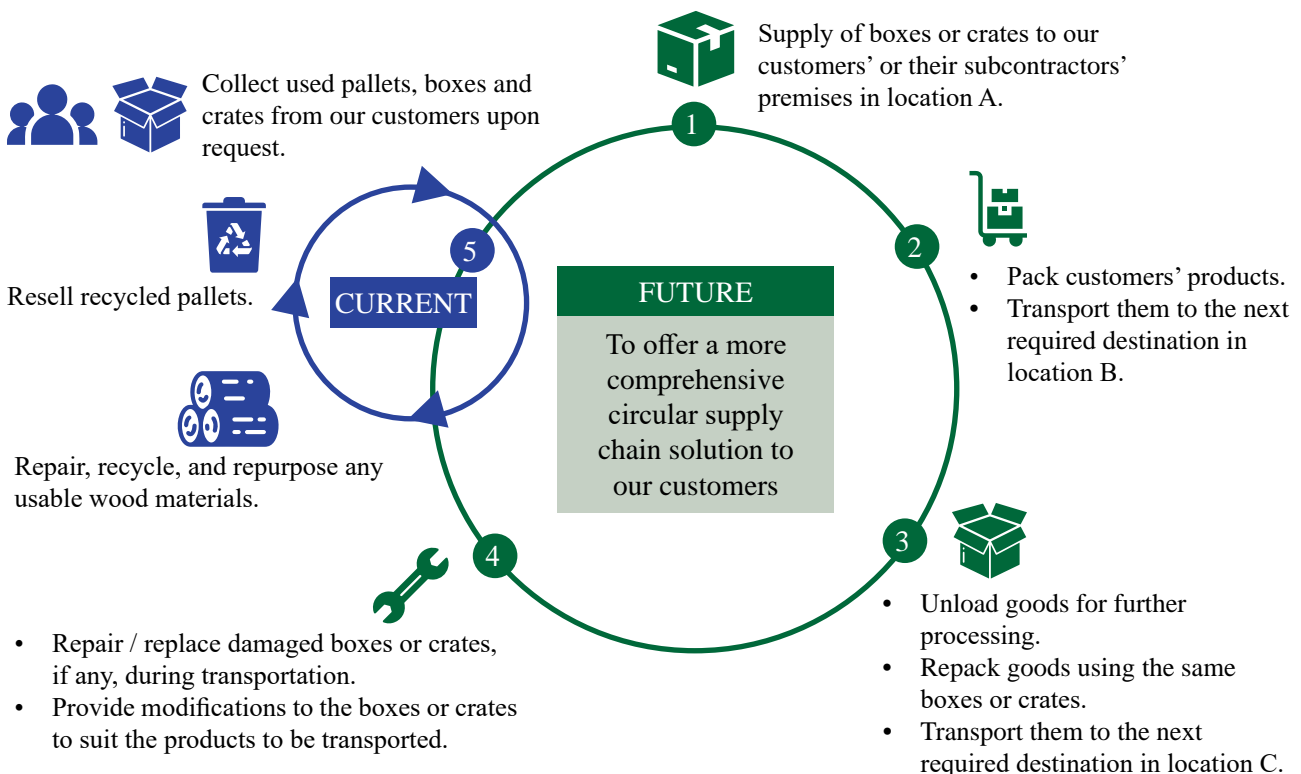
#### Expanding Circular Supply Services

Currently, our circular supply services primarily resolve around the provision of pallet recycling and repair solutions. 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. We have established a collaboration with a strap film manufacturing company in daily pallet collections. These collected pallets undergo dismantling, reassembly and then reintroduced into the market for our customer's use in exporting their goods. This approach not only reduce our frequency of buying new raw materials but also serves as a commendable initiative towards reducing our environmental footprint.

As we look to the future, we remain dedicated to continue expanding our circular supply service offerings to better serve the needs of our customers and the environment. Moving forward, we intend to expand our 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.

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.

#### Our Circular Supply Services as illustrated below:



## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### C. OPERATION REVIEW (Cont'd)

#### Expanding Circular Supply Services (Cont'd)

We are actively engaging potential customers to offer our extended circular supply services. We will leverage on our existing human resources, manufacturing facilities and use our own fleet of lorries and trucks to offer our extended circular supply services. While all recycling activities are carried out at Sungai Bakap Factory, 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.

### D. CHALLENGES & RISKS

#### Dependence on Major Customers

We are dependent on a few major customers, where the Group's revenue is driven by several customers. Any changes in their purchasing behaviour could result in a material impact on our Group's results. Hence, we closely monitor our performance with all key customers and develop strong relationship with our existing customers. We enforce stringent quality controls from incoming materials to in-process manufacturing and outgoing inspections. This is to ensure that our products consistently surpass our customers' expectations while complying to all relevant statutory and regulatory requirements. We recognise the importance of active engagement with our existing customers to cultivate long term relationships with them. Therefore, we regularly conduct customer satisfaction surveys to obtain feedback from our customers. By leveraging their insights, we drive continuous improvement initiatives across our operations, ensuring that we consistently meet and exceed their expectations.

In parallel, we actively explore new business opportunities by tapping into potential customers networks through referrals from existing customers, networking sessions, our corporate website and digital marketing channels. Our Group's sales and marketing activities are spearheaded by our Chief Executive Officer, Ms. 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 who is responsible for serving existing customers, attending enquiries from potential customers, and preparing new product proposals to existing customers and potential customers. In the FYE 2023, our efforts yielded remarkable results as we have attracted a substantial number of new customers, a testament to the effectiveness of our sales and marketing strategies.

We are proactive in our engagement with trade fairs, exhibitions, forums and panel discussions. Through these platforms, we seize the opportunity to showcase our products and services to new markets, build new customer relationships, network with potential customers worldwide and explore business opportunities with them. Moving forward, we will continue to actively participate in trade fairs and exhibitions as a means to solidify our market presence and sustain our growth trajectory. The key trade fairs and exhibitions that we have participated in 2023 is as below:

Year	Key Trade Fair / Exhibition	Organiser
2023	Interpal Conference 2023 (as a panellist)	National Wooden Pallet & Container Association and Canadian Wood Pallet and Container Association
2023	Malaysia MedTech Industry Summit 2023	Association of Malaysian Medical Industries ("AMMI") (Medtech Malaysia)
2023	MSIA Sustainability and ESG Conference 2023 (as a panellist)	Malaysia Semiconductor Industry Association ("MSIA")
2023	Women Entrepreneur Xchange 2023 (as a panellist)	Global Entrepreneur Xchange
2023	IWFCIM Investment Forum Session 1 Turning Dreams Into Reality From Start-up to Public Listed Company (as a panellist)	International Women's Federation of Commerce and Industry Malaysia ("IWFCIM")



## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### D. CHALLENGES & RISKS (Cont'd)

#### Human Capital

We highly appreciate our employees as invaluable assets essential to the future success of our Group. In light of this, we prioritise talent recruitment, retention and development initiatives. In relation to talent attraction and retention, we remain dedicated to fostering and cultivating a collaborative and supportive workplace by organising a range of activities aimed at promoting health and fostering team cohesion. Additionally, we often provide updates through our corporate website and social media platforms to showcase our Company's value and culture, thereby attracting talents to join our team. We also conduct annual performance appraisals to recognise and reward employees based on their work performance to foster motivation and encourage continuous excellence throughout our organisation. In 2023, we successfully recruited a total of 61 new hires across our Malaysia and Vietnam operations. These additions to our team are instrumental in supporting our ongoing expansion and driving future growth.

For talent development, we conduct Training Needs Analysis to identify areas crucial for employee growth and development. Based on the analysis, we tailor specific training programmes, including the on-the-job training, technical skills training, soft skills training and etc. Through these training and development programmes, we not only nurture professional growth among our employees but also cultivate a skilled workforce essential for driving the Company's continued expansion and success.

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 previously 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.

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. Leveraging on this approved quota, we successfully hired 43 foreign workers in the FYE 2023 (FYE 2022: 46), fulfilling our workforce requirements and contributing to the smooth operation of our organisation.

#### Interruptions in Our Operations

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.

## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### D. CHALLENGES & RISKS (Cont'd)

#### Interruptions in Our Operations (Cont'd)

To manage the risk of unforeseen machineries breakdowns, we implement preventive measures. This includes regular inspection of our machineries to detect any potential issues before they break down. Furthermore, we procure additional units of critical machinery identified as key to our operations to ensure backup capacity is readily available.

In anticipation of potential interruptions stemming from fire outbreaks or environmental factors, including natural disasters, we have established an Emergency Response Team (“ERT”) to respond to any emergency scenarios. Complementing this approach, our fire-fighting equipment undergoes regular inspections to ensure their functionality during emergency situation. Additionally, we safeguard and minimise financial losses attributable to fire incidents by maintaining comprehensive fire insurance, public liability and consequential loss insurance. To instil a culture of safety among our workforce, we organise periodic trainings and drills, fostering awareness and preparedness across our organisation. In the event of a natural disasters, our readiness extends to multiple backup sites strategically positioned to facilitate prompt responses. This multi-site infrastructure enhances our agility and resilience, enabling us to swiftly adapt and mitigate disruptions caused by unforeseen events.

#### Global Economic Risk

The global economy faces formidable challenges, driven by inflation, price volatility, and fluctuations in interest rates stems from various factors, including the lingering effects of the pandemic, collapse of bank in the US, geopolitical tensions, trade disputes, policy changes among others. Our business and prospects may be affected by any adverse economic conditions that are beyond our control in the countries we operate. Any 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 effect on our business.

To effectively mitigate the risks associated with this situation, we will continue to remain vigilant and take proactive measures in our business operations. This includes closely monitoring interest rates trends and currency fluctuations. By staying informed and up-to-date on these trends, we can make informed decisions, establish risk management strategies and developing relevant contingency plans to minimise our exposure to these risks and ensure business continuity in the face of uncertainty and challenging times.

#### Climate Change Risk

Climate change encompasses a gradual and enduring alteration in global or regional climate patterns over the long term. Recognising its profound implications, we understand that climate change poses risks not only to human well-being but also to businesses worldwide.

## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### D. CHALLENGES & RISKS (Cont'd)

#### Climate Change Risk (Cont'd)



In response to this, we are actively assessing the risks posed by climate change, evaluating both the likelihood and impact of climate change risk on our organisation. Additionally, we have been proactively implementing strategies and initiatives aimed at mitigating the effects of climate change. One significant step towards sustainability is the installation of solar panels at our Sungai Bakap Factory. We have invested a total of RM2.58 million in this project and the installation was completed in August 2023, with activation following in October 2023. This initiative marks our commitment to sustainable practices. By embracing renewable energy at our facility, we strived to reduce our environmental impact. Harnessing the inexhaustible power of the sun, we are steadfast in our commitment to fostering an eco-friendly tomorrow. Through the integration of solar technology into our operations, we aim to significantly decrease our carbon footprint, contributing to a cleaner and greener world. We firmly believe sustainable initiatives are pivotal in shaping a brighter future for our business and communities. Together, we envision a more sustainable and responsible world for future generations. For comprehensive insights into our efforts to manage climate change risk, kindly refer to our Sustainability Statement, where detailed information about our initiatives is provided.

### E. DIVIDEND

Our ability to declare and pay interim dividends as well as to recommend final dividends are subject to the discretion of our Board.

The Board has declared a total dividend of 1.30 sen per ordinary share for the FYE 2023, comprising a first interim single-tier dividend of 0.50 sen per ordinary share (paid on 18 October 2023) and a final single-tier dividend of 0.80 sen per ordinary share (paid on 18 April 2024). The dividend accounts for 35.23% of the basic earnings per share of 3.69 sen. This is in accordance to the Company's Dividend Policy to distribute a dividend of 20% to 50% of the profit attributable to the owners of the Company.

## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### F. CORPORATE EXERCISE

#### Transfer of Listing

On 13 June 2023, on behalf of the Board of Directors of L&P, Alliance Islamic Bank Berhad (“AIS”) announced that the Company proposed to undertake the following:

- i. proposed transfer of the listing and quotation of the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Securities (“**Proposed Transfer**”); and
- ii. proposed amendments to the Constitution of the Company to facilitate the implementation of the Proposed Transfer (“**Proposed Amendments**”).

The Proposed Amendment had been approved by the shareholders of L&P at the Extraordinary General Meeting held on 25 September 2023.

The Securities Commission Malaysia and Bursa Securities had, via its letter dated 17 January 2024 and 26 January 2024 respectively, approved the Proposed Transfer. Subsequently, the listing of and quotation for the entire issued share capital of L&P has been transferred from the ACE Market to the Main Market of Bursa Securities with effect from 9.00 a.m. on Friday, 2 February 2024, marking the completion of the Transfer.

#### Employee Share Option Scheme (“ESOS” or “Scheme”)

ESOS of the Company has taken effect on 29 December 2022, after obtaining all the required approval and complying with the relevant provisions of the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Securities.

On 3 January 2023, the Company offered 11,200,000 share options under the Scheme to eligible persons with an exercise price of RM0.30 per share, representing 2% of the enlarged share capital of 560,000,000 ordinary shares upon listing (“**First Tranche of ESOS**”) in recognition of the employees’ contribution towards the business of the Group. The vesting period for the first tranche of ESOS will commence on 3 July 2024. This Scheme encourages employees’ participation in the Group’s equity and motivates employees toward better performance through greater productivity and loyalty.

### G. FORWARD-LOOKING STATEMENT

#### Outlook and Prospects

The global economy remains challenging in the face of challenges posed by inflation, price volatility, and fluctuations in interest rates stems from various factors including geopolitical tensions, trade disputes, policy changes among others.

Given the prevailing economic uncertainty, the Group adopted cautious approach by focusing on strengthening and optimising current operations. This involves maximising efficiency, increasing production capacity and enhancing the capabilities of established facilities. By prioritising existing facilities, the Group aims to navigate challenges while maintaining its ability to anticipate and respond to changes in demand and market dynamics. This allowing the Group to reassess market conditions, adjust the strategies to prioritise key projects or address specific business needs in response to changing economic conditions.

In addition, the Group persistently carries on its marketing efforts to establish strong presence and build relationships with customers. These relationships are foundational for establishing trust, understanding market dynamics and positioning the Group to seize emerging opportunities as they arise.

## MANAGEMENT DISCUSSION & ANALYSIS (Cont'd)

### G. FORWARD-LOOKING STATEMENT (Cont'd)

#### Outlook and Prospects (Cont'd)

The Group will monitor closely the evolving global economic landscape, foreign exchange and interest rate risk, in order to mitigate any adverse impact to the Group's performance. At the same time, the Group maintains its dedication to expanding current business operations and uncovering new opportunities. This reflects a proactive attitude towards growth and innovation, emphasising the pursuit of future revenue streams and market expansion.

#### Appreciation

Since our listing in 2023, the Group has experienced remarkable growth, culminating in our highest revenue recorded in the FYE 2023. Our dedicated team also achieved successful transfer of our listing from the ACE Market to the Main Market of Bursa Securities in approximately one (1) year time.

We are grateful to our customers, shareholders, financiers, business partners, suppliers, consultants, relevant authorities and all other stakeholders for their unwavering trust and confidence in our organisation. Furthermore, we extend our heartfelt appreciation to our dedicated employees who have demonstrated remarkable commitment, effort, support and contribution to the Group for the improved performance in the FYE 2023.

# SUSTAINABILITY STATEMENT

## INTRODUCTION

L&P Global Berhad (“**L&P**” or “**the Company**”) and its subsidiaries (“**the Group**”) are pleased to present our Sustainability Statement (“**Statement**”) for the financial reporting period from 1 January 2023 to 31 December 2023 (“**FYE 2023**”), providing an overview of our Group’s performance of sustainability indicators covering the practices and our efforts to accomplish economic, environmental, and social impacts initiatives.

This Statement should be read in conjunction with other sections in our Annual Report namely Management Discussion & Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control as well as Corporate Governance Report, as sustainability efforts may be better contextualised and narrated in the respective sections.

### REPORTING PERIOD, SCOPE AND BOUNDARY

This Statement provides information on our Group’s annual sustainability performance and key achievements for the FYE 2023, unless stated otherwise. Where relevant, we will also include data from previous years to track year-on-year progress and provide comparative data.

The scope of this Statement covers all of L&P’s businesses in Malaysia and Vietnam.

### REPORTING FRAMEWORK

This Statement is prepared in accordance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) with reference to Bursa Securities’s Sustainability Reporting Guide and Toolkits released by Bursa Securities.

The Company was officially transferred to the Main Market of Bursa Securities on 2 February 2024. Thus, the Company shall adhere to the Main Market Listing Requirement of Bursa Securities in our next annual report for the financial year ending 31 December 2024 (“**FYE 2024**”).

In addition, we strongly support the United Nations Sustainability Development Goals (“**UNSDGs**”) and have aligned our efforts since our participation in the Sustainability Business Award (“**SBA**”) of Malaysia assessment in 2021. Therefore, this Statement contains a significant amount of our efforts focused on the 3Ps – Profit, Planet and People, which are related and relevant to the UNSDGs and SBA.

### AVAILABILITY AND POINT OF CONTACT

This Statement is available on our Company’s website at <https://lpglobalbhd.com>.

We are fully committed to listening to our stakeholders and we welcome feedback for our continuous improvement in sustainability initiatives and reporting approach. Please email us at [ir@lpglobalbhd.com](mailto:ir@lpglobalbhd.com).

### ASSURANCE

This Statement has not been externally assured. Notwithstanding, the performance data published in this Statement have been assessed, validated and reviewed by the internal operations and the Management.

## SUSTAINABILITY STATEMENT (Cont'd)

### OUR COMMITMENT TO SUSTAINABILITY

Corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that meet fundamental responsibilities in the areas of the 3Ps – Planet (Environment), People (Social) and Profit (Economic & Governance). Responsible businesses establish the same values and principles wherever they have a presence and know that good practices in one area can only add to the value of another.

The terms of the 3Ps can be explained as below:

Planet (Environment)	People (Social)	Profit (Economic & Governance)
<ul style="list-style-type: none"> <li>Businesses should support a precautionary approach to environmental challenges</li> <li>Undertake initiatives to promote greater environmental responsibility</li> <li>Encourage the development and diffusion of environmentally friendly technologies</li> <li>Reduce waste, pollution and protect future resources</li> </ul>	<ul style="list-style-type: none"> <li>Businesses should support and respect the protection of internationally proclaimed human rights</li> <li>The elimination of all forms of forced and compulsory labour</li> <li>The effective abolition of child labour</li> <li>The elimination of discrimination in respect of employment and occupation</li> <li>Retain talent and provide career growth opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Businesses should work against corruption in all its forms, including extortion and bribery</li> <li>Improve efficiency, productivity and promote circular economy</li> </ul>

### OUR SUSTAINABILITY GOVERNANCE

Our sustainability governance is led by our Board of Directors where the Group's sustainability governance structure is integrated into our corporate governance framework. Our Board is committed to sustainability practices in our organisation and is supported by the Sustainability Steering Committee and Sustainability Working Group in overseeing the sustainability matters of the Group.

The Group's Chairperson Ms Ooi Hooi Kiang led the Sustainability Steering Committee that is supported by Chief Executive Officer ("CEO"), Chief Operating Officer ("COO"), Chief Financial Officer ("CFO"), Key Senior Management ("KSM") and respective Head of Departments.

The Sustainability Working Group is led by COO and is responsible to undertake the process of materiality assessment, execute the sustainability initiatives and monitoring its progress.

The sustainability governance organisation chart has been re-structured along with respective roles and responsibilities as illustrated below.



## SUSTAINABILITY STATEMENT (Cont'd)

### OUR SUSTAINABILITY GOVERNANCE (Cont'd)

Governance	Roles and Responsibilities
<p><b>Board Of Directors</b></p> <p><b>Chairperson: Ms Ooi Hooi Kiang (Group Chairperson)</b></p>	<ul style="list-style-type: none"> <li>Review and adopt a strategic plan for the Group to ensure the sustainability of its business and Group operations supports long-term value creation; and</li> <li>Oversee the governance on sustainability with the Management, including setting strategies, priorities and targets on economic, environmental and social consideration underpinning sustainability and communication on the same (including performance against targets) to internal and external stakeholders.</li> </ul>
<p><b>Sustainability Steering Committee</b></p> <p><b>Chairperson: Ms Ooi Hooi Kiang</b></p> <p><b>Members:</b> Ms Ooi Lay Pheng (CEO) Mr Ong Kah Hong (COO) Ms Ow Chooi Khim (CFO) Mr Ch'ng Chun Geet (Senior Finance Manager) - Coordinator Puan Faridah Abdul Hamid (Human Resource Manager) - Secretary Ms Ng So Yin (Operations Director)</p>	<ul style="list-style-type: none"> <li>Guide the Sustainability Steering Committee to meet its oversight responsibilities in relation to the Group's sustainability initiatives and performance;</li> <li>Drive the Group's sustainability initiatives (engaging with stakeholders both internal and external in developing strategies, priorities and targets and subsequently, monitoring and reporting performance against targets) and the integration of sustainability considerations in the Group's operations;</li> <li>Review sustainability matters with the Sustainability Steering Committee; and</li> <li>Report to the Board of Directors on sustainability matters.</li> </ul>
<p><b>Sustainability Working Group</b></p> <p><b>Chairman: Mr Ong Kah Hong (COO)</b></p> <p><b>Departments:</b> - Business Account Management - Vietnam Operation - Vietnam QA - Suppler Quality - Quality Assurance - Logistics &amp; Warehouse - Pallet Recycling Production - Production - Engineering &amp; Facilities - Finance - Information Technology - Human Resources &amp; Administration</p>	<ul style="list-style-type: none"> <li>Identify material sustainability matters that are relevant to our Group's business operations;</li> <li>Responsible for materiality assessment, identification and monitoring of initiatives / actions, execution of initiatives / actions and reporting;</li> <li>Propose sustainability initiatives and measures to be implemented across our Group;</li> <li>Implement sustainability initiatives that have been approved by the Board;</li> <li>Conduct data collection and analysis for sustainability reporting; and</li> <li>Report to the Sustainability Steering Committee on sustainability matters.</li> </ul>



## SUSTAINABILITY STATEMENT (Cont'd)

### CORPORATE MEMBERSHIP AND ASSOCIATION

We are corporate members of the following associations and organisations and we continued to contribute to the development of economic, environmental and social sustainability matters individually and collectively via business associations.

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 2024 – December 2024
Malaysia Wood Industries Association	2006	Lifetime membership
Federation of Malaysia Manufacturers	2019	July 2023 – June 2024
Institute of Corporate Directors Malaysia	2022	November 2022 – November 2024

### STAKEHOLDER ENGAGEMENT

Stakeholders are essentially individuals or group that has an effect on, or is affected by our Group and our activities.

Our key stakeholder groups include shareholders, financiers and investors, government agencies and regulators, customers, employees, community, suppliers and contractors as well as media.

We continually engage with our stakeholders through different methods and channels to understand and respond to their concerns in order to align their key priorities with our Group business strategies. The outcome of the stakeholder engagement enables us to identify upcoming market trends, anticipate challenges and align our sustainability strategy and business activities with broader interests of the economy, society and environment.

The table below summarises our key stakeholders' engagement methods, the frequency of each engagement method and stakeholder's areas of interest.

Stakeholder Groups	Areas of Interest	Engagement Methods	Engagement Frequency
<b>Investor / Shareholders</b>	<ul style="list-style-type: none"> <li>Return on investment</li> <li>Business prospects</li> <li>Future roadmap</li> <li>Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Annual general meeting / Extraordinary general meeting</li> <li>Quarterly and annual reporting</li> <li>Company's website and social media platform</li> <li>Roadshow / investor briefing</li> <li>Whistleblowing policy</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> <li>Quarterly</li> <li>Annually</li> </ul>
<b>Directors</b>	<ul style="list-style-type: none"> <li>Return on investment</li> <li>Business prospects</li> <li>Future roadmap</li> <li>Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Board of Directors meetings</li> <li>Corporate events</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> <li>Quarterly</li> <li>Annually</li> </ul>

## SUSTAINABILITY STATEMENT (Cont'd)

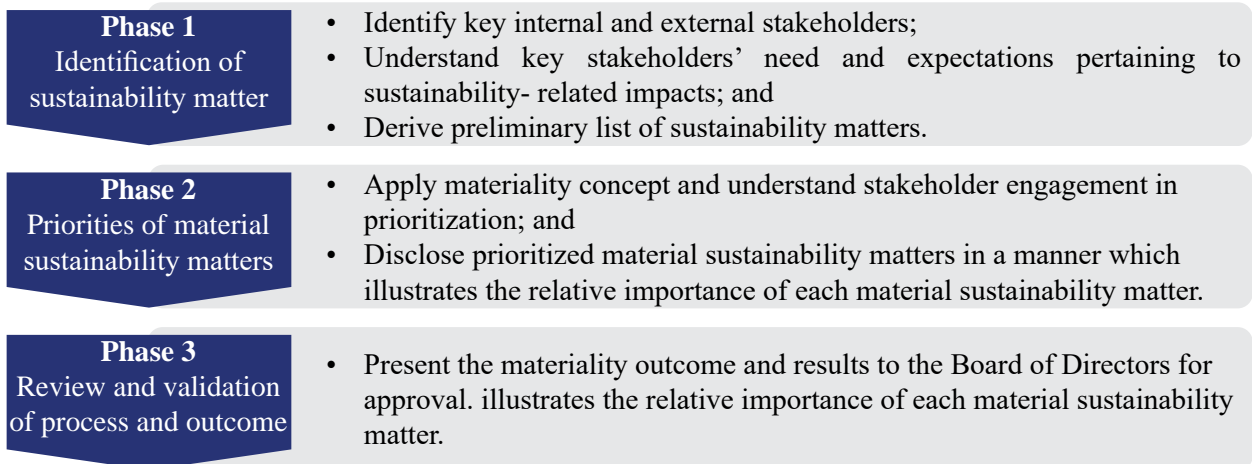
### STAKEHOLDER ENGAGEMENT (Cont'd)

Stakeholder Groups	Areas of Interest	Engagement Methods	Engagement Frequency
<b>Management</b>	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Production performance</li> <li>Business strategy</li> </ul>	<ul style="list-style-type: none"> <li>Management meeting and reporting</li> <li>Corporate events</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> <li>Monthly</li> <li>Quarterly</li> <li>Annually</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Competitive salary and benefits package</li> <li>Work-life balance</li> <li>Occupational safety and health</li> <li>Diversity and equal opportunities</li> <li>Employee development and talent retention</li> </ul>	<ul style="list-style-type: none"> <li>Employee handbook</li> <li>Performance appraisal</li> <li>Training and development</li> <li>Recreational activities</li> <li>Corporate events</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> <li>Annually</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Long term relationship</li> <li>Product quality</li> <li>Reliable delivery</li> <li>Competitive prices</li> <li>Customer service and responsiveness</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Customer feedback / survey</li> <li>Audits and site visits</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> <li>Annually</li> </ul>
<b>Suppliers / vendors / business partners</b>	<ul style="list-style-type: none"> <li>Strategic partnership</li> <li>Fair procurement practices</li> <li>Ethics, integrity and regulatory compliance</li> <li>Prompt payments within credit period</li> <li>Business prospects and financial stability</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Supplier evaluation and assessment on suitability of vendors</li> <li>Reinforcement of Code of Conduct &amp; Ethics for ethical practices</li> <li>Audits and site visits</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> <li>Annually</li> </ul>
<b>Local communities / societies</b>	<ul style="list-style-type: none"> <li>Impact of operations on surrounding environment</li> <li>Corporate social responsibility</li> <li>Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Engagement with local communities in community support programmes and corporate social responsibility events</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> </ul>
<b>Governments / Regulatory authorities</b>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Formal meetings</li> <li>Audits and site visits</li> <li>Consultation with authorities</li> <li>Participation in industry and government interest groups</li> </ul>	<ul style="list-style-type: none"> <li>As needed</li> </ul>

## SUSTAINABILITY STATEMENT (Cont'd)

### MATERIALITY ASSESSMENT

Through our materiality assessment process, we able to identify and prioritise the key risks and opportunities related to sustainability matters. Our materiality assessment process is typically made up of three (3) distinctive phases as reflected in the chart below:

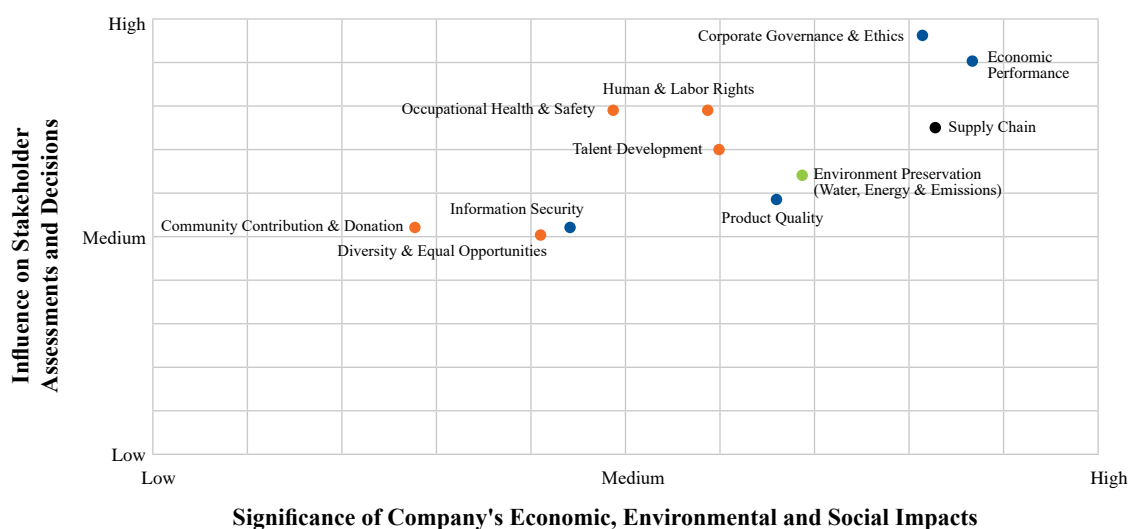


We identified and prioritised the key sustainability matters through our materiality assessment process every 2 years.

The first materiality assessment was conducted in the financial year ended 2022 (“**FYE 2022**”) where we gathered inputs from our internal stakeholders such as employees and representatives from different functional groups. External stakeholders were not directly involved in the materiality assessment process, but rather represented through internal knowledge of the ongoing stakeholder dialogues. The inputs gathered were tabulated and plotted on a materiality matrix to illustrate the relative importance of each material sustainability matter based on the importance to the Group and importance to the stakeholders.

We will perform a full scale of materiality assessment for the FYE 2024. This is to further evaluate our key sustainability risks and opportunities to realign our strategies for sustainability matters.

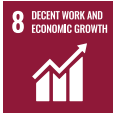




We have performed internal review and concluded that the materiality assessment performed for the FYE 2022 remains valid.



## SUSTAINABILITY STATEMENT (Cont'd)



### OUR SUSTAINABILITY GOALS

We continued to monitor our performance across our sustainability pillars - 3Ps. We align our sustainability goals and efforts with UNSDGs which are relevant to our operations. The table below presents the overview of the sustainability goals, target and our performance for the FYE 2023.

Sustainability Matters	Sustainability Goals	FYE 2023 Performance
<b>Profit (Economic &amp; Governance)</b>		
<ul style="list-style-type: none"> <li>Corporate Governance and Ethics</li> <li>Product Quality</li> <li>Supply Chain Management</li> <li>Economic Performance</li> <li>Information Security</li> </ul>     	<ul style="list-style-type: none"> <li>Zero confirmed incidents of corruption.</li> <li>Train employees annually on anti-corruption to ensure they uphold the high standard of corporate governance and ethics.</li> <li>100% of operations assessed for corruption-related risks.</li> <li>Deliver quality products and services which meet customers' requirements and expectation.</li> <li>Promote local procurement by having at least 50% of procurement is sourced from local suppliers.</li> <li>Deliver financial values to shareholders such as growth in revenue and earnings and dividend payout.</li> <li>Zero substantiated complaints concerning breaches in customer privacy or data loss.</li> </ul>	<ul style="list-style-type: none"> <li>Zero confirmed incidents of corruption.</li> <li>All Executive, Non-Executive / Technical Staff and Management received training on anti-corruption.</li> <li>100% of operations assessed for corruption-related risks.</li> <li>No major customer complaints received.</li> <li>Prioritised procurement from local suppliers, accounting for 53% of our total procurement.</li> <li>Revenue increased by 10.96%.</li> <li>Zero substantiated complaints concerning breaches in customer privacy or data loss.</li> </ul>
<b>Planet (Environmental)</b>		
<ul style="list-style-type: none"> <li>Environment Preservation               <ul style="list-style-type: none"> <li>Environmental Compliance</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>100% compliance with local regulatory requirements related to environment.</li> </ul>	<ul style="list-style-type: none"> <li>Zero case reported for non-compliance and breach of environmental regulations.</li> </ul>

# SUSTAINABILITY STATEMENT (Cont'd)

## OUR SUSTAINABILITY GOALS (Cont'd)

Sustainability Matters	Sustainability Goals	FYE 2023 Performance
<b>Planet (Environmental) (Cont'd)</b>		
<ul style="list-style-type: none"> <li>• Environment Preservation (Cont'd)                             <ul style="list-style-type: none"> <li>• Energy and Climate Change Management</li> <li>• Water Management</li> <li>• Waste Management</li> </ul> </li> </ul> 	<ul style="list-style-type: none"> <li>• Efficient in energy, water and waste management.</li> </ul>	<ul style="list-style-type: none"> <li>• Energy intensity for electricity consumption and diesel &amp; petrol consumption amounted to 1.42% and 0.16% respectively. Water intensity remained low at 0.004%.</li> <li>• 5,230 kg of used iron nails, 965 metric tons of wood chips and 966 metric tons of saw dust were diverted from disposal.</li> </ul>
<b>People (Social)</b>		
<ul style="list-style-type: none"> <li>• Diversity and Equal Opportunities</li> <li>• Talent Development and Retention</li> <li>• Human and Labour Rights</li> <li>• Occupational Health and Safety</li> <li>• Community Contribution and Donation</li> </ul> 	<ul style="list-style-type: none"> <li>• At least 30% of the Board are represented by women.</li> <li>• Provide equal employment and career growth opportunities for all irrespective of gender, race, religion and disabilities.</li> <li>• Provide employment with development and talent retention.</li> <li>• Minimum employee turnover.</li> <li>• Zero substantiated complaints concerning human rights violations.</li> <li>• Zero work-related fatalities annually.</li> <li>• Lost Time Incident Rate (“LTIR”) equal or below 3.50.</li> <li>• Train employees annually on health and safety standards.</li> <li>• Support local communities through Corporate Social Responsibility programs.</li> </ul>	<ul style="list-style-type: none"> <li>• 50% of the Board are represented by women.</li> <li>• 67.60% of Executive roles are held by female.</li> <li>• Achieved a total of 5,395 training hours with an average of 14 hours per employee per annum.</li> <li>• Employee turnover at 68 pax.</li> <li>• Zero substantiated complaints concerning human rights violations.</li> <li>• No work-related fatalities reported.</li> <li>• LTIR at 1.82.</li> <li>• 387 employees trained on health and safety standards.</li> <li>• Contributed a total of RM35,660.00 to events, charities, non-profit organisations, schools and etc.</li> </ul>

## SUSTAINABILITY STATEMENT (Cont'd)

### PROFIT (ECONOMIC & GOVERNANCE)

#### CORPORATE GOVERNANCE AND ETHICS

##### Code of Conduct & Ethics

Our Code of Conduct & Ethics (“**Code**”) sets out the principles and standards of business conduct and ethics of the Group in relation to integrity, responsibility and corporate social responsibility.

For the FYE 2023, there were no non-compliance cases and breach of the Code where the objectives of this Code are to:

- Define ethical standards in the marketplace;
- Establish integrity and ethical behaviours among all employees based on trustworthiness and values that can be accepted by general; and
- Ensure compliance with the applicable legislation, regulations and rules for administrating the Group.

##### Anti-Bribery and Anti-Corruption Policy

We are committed to conduct business with honesty, integrity and ethics in all business dealings and all jurisdictions in which our Group operates in. This commitment is embodied in our Code.

Anti-bribery laws exist in most countries around the world. With the implementation of the new Section 17A of the Malaysian Anti-Corruption Commission (“**MACC**”) Act 2009 which introduces corporate liability provision for bribery and corruption offences that came into effect on 1 June 2020, we have established Anti-Bribery and Anti-Corruption Policy, with the following purposes:

- Comply with the laws design to combat bribery and corruption in which the Group is based and operates in;
- Outline the principles and behaviours required to support this commitment; and
- Outline responsibilities of directors, management, employees, consultants, vendors, suppliers, contractors and any other parties acting as representatives or agents of the Group in observing and upholding the Group’s position on anti-bribery and corruption.

The Anti-Bribery and Anti-Corruption Policy is applicable to directors, management, employees including trainee, intern, temporary, probation or contract staff (“**Employees**”) and agents, consultants, contractors, vendors, suppliers, intermediaries, third party service providers or any other person associated with or acting on behalf of the Group (“**Business Partners**”).

To ensure the effective implementation of the Anti-Bribery and Anti-Corruption Policy, we provide training and communication to all new employees pertaining to this policy during the time of induction. Head of Department is also tasked to ensure this policy and its subsequent applicable amendments is duly communicated and implemented, and that employees working for him / her and Business Partners within his / her responsibility are familiar with and observed the requirements included in the Anti-Bribery and Anti-Corruption Policy. For the FYE 2023, we have conducted Anti-Bribery and Anti-Corruption training for our staff. A copy of the Anti-Bribery and Anti-Corruption Policy is made available to all employees through our intranet. As stated in our Employee Handbook, bribery and corruption or any non-compliance or breach of Anti-Bribery and Anti-Corruption Policy is deemed as major misconduct where employee shall be served with a show cause letter and in the event such employee fails to show cause satisfactorily, such employee may be served a charge sheet requiring him / her to face an Inquiry Panel.

## SUSTAINABILITY STATEMENT (Cont'd)

### Anti-Bribery and Anti-Corruption Policy (Cont'd)

The percentage of employees who have received training on anti-corruption by employee category is summarised as below:

Employees Trained	FYE 2021*	FYE 2022	FYE 2023
Management (%)	NA	91%	100%
Executive (%)	NA	77%	100%
Non-Executive / Technical Staff (%)	NA	33%	100%

\* NA: Not available as Management started the tracking of this data since FYE 2022.

In addition, we have made this policy available in our Company's website so our Business Partners able to view our policy from time to time. This Policy will be communicated to the associated Business Partners at the beginning of business relationship with them and as appropriate thereafter. Business Partners are required to adhere to L&P's associated Business Partners Code of Conduct and this Policy at the outset of business relationship.

We have undertaken a corruption risk assessments in the FYE 2023 that covers all of our operations. Through this assessment, we identify potential corruption risks, evaluate the likelihood and potential impact of these risks if they were to materialise, and establish robust controls to effectively mitigate and manage these risks.

	FYE 2021	FYE 2022	FYE 2023
Percentage of operations that underwent corruption risk assessments (%)	NA	NA	100%

\* NA: Not available as the Corruption Risk Assessment report was only established in the FYE 2023.

In the FYE 2023, there were no reported incidents of corruption or breaches against Anti-Bribery Anti-Corruption Policy.

	FYE 2021	FYE 2022	FYE 2023
Number of confirmed incidents of corruption (No.)	0	0	0

### Whistleblowing Policy

We are committed to observe high business standards and strong personal ethics when discharging their duties and responsibility. It is our policy that integrity must be observed at all time and emphasis must be placed on compliance with all applicable laws and regulations. Our Board has defined the Whistleblowing Policy for our Group, which provides guidance for stakeholders (shareholders, customers and suppliers) and employees to report or provide any information that is evidence of illegal or immoral conduct or malpractices in the Group.

The Whistleblowing Policy aims to instil confidence on and assure our whistle-blowers that they will not be at risk of any form of retaliation, including but not limited to, losing their job or suffering any form of victimisation, provided they raise a genuine concern.

In the FYE 2023, there were no whistleblowing reports being reported.

Our policies and procedures namely Code of Conduct & Ethics, Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy are made available on our Company's website at <https://lpglobalbhd.com>.

## SUSTAINABILITY STATEMENT (Cont'd)

### PRODUCT QUALITY

In the FYE 2023, our quality policy has been restated to better align with the current practices and standards of our products and services. The top management has empowered and redirected the deployment of Lean concepts with Kaizen methodologies to ensure plant-wide application for all levels of employees. Therefore, our quality policy has been changed from “Lean Sigma” to “Lean Management”, emphasising our commitment to continuous improvement within our Quality Management System. Our revised quality policy includes the following objectives:

- Deliver quality products and services to meet customers’ requirements at competitive cost,
- Acquire innovative technology to enhance product and service solutions,
- Compliance to applicable statutory and regulatory requirements, and
- Continuous improvement through Lean Management.

While we have shifted our focus to Lean Management, we remain flexible and ready to employ Lean Sigma methodologies for any breakthrough solutions necessitated by project-specific requirements.

To support our customers and our daily production need, 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 4996:2019. We tested our pallets and boxes according to the customers’ requirements and proposed methods for the above standards to ensure the reliability and safety of products during material handling and transportation.



Pictures from left to right: incline impact test, stacking test, drop test and compression test.

Our industrial packaging products continued to 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 International Standards for Phytosanitary Measures No.15 (“**ISPM 15**”) 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. 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.



## SUSTAINABILITY STATEMENT (Cont'd)

### PRODUCT QUALITY (Cont'd)

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.

An overview of the key internal controls for ensuring product quality is illustrated as follows:

Internal Controls	Description
Incoming supplies inspection	<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>
Manufacturing process inspection	<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>
Finished products and outgoing inspection	<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>

### Customer Satisfaction

Customer satisfaction is vital to spur the establishment of loyal customers and build brand reputation. With strong brand reputation, we able to gain trust from existing and new potential new customers. Our longstanding relationships with our existing 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.

## SUSTAINABILITY STATEMENT (Cont'd)

### Customer Satisfaction (Cont'd)

We see customer satisfaction survey as a tool for us to obtain direct feedback from customers, giving us insights to serve them better. For the FYE 2023, we have distributed our customer satisfaction survey to our major customers who contributed over 80% of our revenue. Based on the feedback received, our customer satisfaction rating was 86%. The questionnaire primarily focused on aspects such as quality, delivery, cost and services. Additionally, there were five (5) customers rated us between 91%-100%.

	FYE 2021	FYE 2022	FYE 2023
Customer satisfaction (%)	83%	85%	86%

The awards we received over the years serve as an acknowledgement of our efforts and commitment in delivering quality products and services which meet our customers' expectations. The table below sets out various awards that we have received over the 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
2018	Star Soba Outstanding Business Awards	Star Media Group
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



### SUPPLY CHAIN MANAGEMENT

The Supplier Business Award Malaysia (“SBA”), which we won in 2021 as winner for Supply Chain Management, has kept our momentum with the continued effort in our supplier purchasing policy that promotes 3Ps sustainability..

We actively continue to promote fair procurement where we design our procurement processes to select and retain suppliers through a non-discriminatory bidding and tendering process. To contribute a direct positive economic impact on the communities where we operate, we also prioritised our procurement of goods and services with local suppliers who meet the standards that we require.

## SUSTAINABILITY STATEMENT (Cont'd)

### SUPPLY CHAIN MANAGEMENT (Cont'd)

The proportion of our spending with local and foreign suppliers are illustrated as below:

	Proportion of Spending (%)		
	FYE 2021	FYE 2022	FYE 2023
Local Suppliers	47.00	51.00	53.00
Foreign Suppliers	53.00	49.00	47.00

We actively engage with our suppliers to minimise any risks of non-compliance related to human rights, labour standards and environmental management across all our business value chain. We have established Business Partners Code of Conduct and we expect our suppliers abide to the principles outlined at all time. We reserve the rights to terminate the relationship with the business partner if the business partner is unable to demonstrate commitment to this code of conduct.

The principles are summarised as below:

Principles	Description
Legal compliance	<ul style="list-style-type: none"> <li>Comply with all applicable laws in the provision of products and services to our Group. We expect our business partners to implement systems and controls to promote compliance with applicable laws and the principles set in our Supplier Code of Conduct.</li> <li>Apply these or similar principles to the subcontractors and business partners work with in providing goods and services to us.</li> </ul>
Bribery and corruption	<ul style="list-style-type: none"> <li>Comply with all the anti-bribery and anti-corruption principles as aligned with our zero-tolerance policy towards any form of bribery, corruption, extortion and embezzlement.</li> <li>Perform all business dealings transparently and these dealings shall be recorded accurately.</li> <li>Ensure the subsidiaries, affiliates and all other parties appointed by the business partner to conduct work for us also comply with the Requirements.</li> <li>Report any actual or suspected breach to us as soon as reasonably practicable and to the extent permitted by law.</li> </ul>
Human rights	<ul style="list-style-type: none"> <li>Conduct business in a way that respects the human rights of all people and treat them fairly, in accordance with all applicable laws. Business partners must conduct the activities with reasonable steps to identify, prevent and manage human rights impacts in the operations, controlled entities and any incidents must be reported.</li> </ul>
No discrimination	<ul style="list-style-type: none"> <li>Committed to equal employment opportunity and not to discriminate on the ground of race, colour, gender, national origin, sex orientation, religion, age, disability status or any other personal characteristic unrelated to job performance and will comply with all applicable employment discrimination laws.</li> </ul>
Harassment	<ul style="list-style-type: none"> <li>Prohibited any form of harassment, including sexual harassment and bullying of any employee on the basis of any status protected by law.</li> </ul>
Security	<ul style="list-style-type: none"> <li>Ensure that all necessary security arrangements are in place to protect their employees. Business partners are expected to have a management policy in place to be able to respond to emergencies timely and efficiently.</li> </ul>
Conflicts of interest	<ul style="list-style-type: none"> <li>Avoid any activity or association that creates or appears to create conflicts that may arise in the performance of work and in any related business decisions.</li> </ul>

## SUSTAINABILITY STATEMENT (Cont'd)

### SUPPLY CHAIN MANAGEMENT (Cont'd)

Principles	Description
Environment	<ul style="list-style-type: none"> <li>Comply with sustainability and all applicable environmental laws includes efficient use of resources and respect for the environment.</li> </ul>
Health and safety	<ul style="list-style-type: none"> <li>Comply with all applicable workplace health and safety laws including appropriate controls, training, work procedures and personal protective equipment.</li> <li>Ensure non-hazardous substance being used in the material supply source in compliance with regulatory requirements.</li> </ul>

### ECONOMIC PERFORMANCE

The Group's strategy is based on profitable and sustainable growth, which is important to our long-term success as a public listed company. We are mindful that our economic performance contributes to financial stability which in turn, has an impact on our ability to meet our financial obligations to the stakeholders, such as payment of salaries to our employees, to government through taxes, to shareholders through attractive returns, to suppliers through purchases, and to communities through donations, sponsorships and internship opportunities.

The Group achieved another year of solid results for the FYE 2023. The Group delivered another resilient financial and operational performance in the FYE 2023, whereby our revenue increased by 10.96% to RM167.04 million (FYE 2022: RM150.54 million).

We maximise our process efficiency by implementing innovative approaches in our production, continually improving to enhance our capacity through breakthrough solution to overcome the labour shortages. We are aggressively pursuing process development, particularly ergonomics for key processes to improve economic performance.

### INFORMATION SECURITY

Information security is vital for data protection and privacy. We are committed to protecting the private information and personal data of our customers, suppliers and employees. We secure information assets and personal data of our customers, suppliers and employees through the use of integrated data protection and information security strategies.

Below are examples of our measures, protocols and practices that we have implemented to protect data privacy:

- Use of firewall, anti-virus and anti-malware protection;
- Use of physical security measures;
- Password Policy for accessing to PCs, notebooks and servers, which requires users to periodically change the passwords;
- Control over access to data information to prevent unauthorised access;
- Employees sign Non-Disclosure Agreement;
- Disaster Recovery Plan to ensure continuity of operations in the event of major systems failure or catastrophe; and
- Scheduled backup on an external drive which is placed outside of the Company's premises.

In the FYE 2023, there were zero substantiated complaints concerning breaches in customer privacy or data loss.

	FYE 2021	FYE 2022	FYE 2023
Number of substantiated complaints concerning breaches in customer privacy or data loss (No.)	0	0	0

## SUSTAINABILITY STATEMENT (Cont'd)

### PLANET (ENVIRONMENT)

#### ENVIRONMENTAL COMPLIANCE

We recognise that environmental responsibility is integral to producing world-class standard of pallets, boxes and crates that allowed transportation and handling of goods by our customers globally.

We are committed to comply with all applicable environmental laws and regulations, which includes the Clean Air Act 2014. Silo, the dust collector is built with filter bag to handle dust count control to prevent air pollution. We have passed Department of Environment (“DOE”) routine audit for clean air emission requirements making us in compliance with Environment Quality (Clean Air) Regulation 2014.

We kept monitoring the environmental impacts to minimise any potential adverse effects on the community, environment, and natural resources, while safeguarding the health and safety of all stakeholders.

In the FYE 2023, there were no non-compliance cases and breach of environmental regulations.

#### ENERGY AND CLIMATE CHANGE MANAGEMENT

Climate change is recognised as one of the top global challenges, bringing both transition risks and physical risks to the organisations and ecosystems worldwide. Therefore, it is vital to implement strategies to effectively manage these challenges and risks. In response to the growing concerns about climate change, we have started renewable energy projects aimed at improving economic and environmental aspects. The installation of solar panels at Sungai Bakap Factory was completed and activated for operation in October 2023. This initiative to reduce our carbon footprint is currently being monitored for its savings and benefits, which will be reported in the FYE 2024.

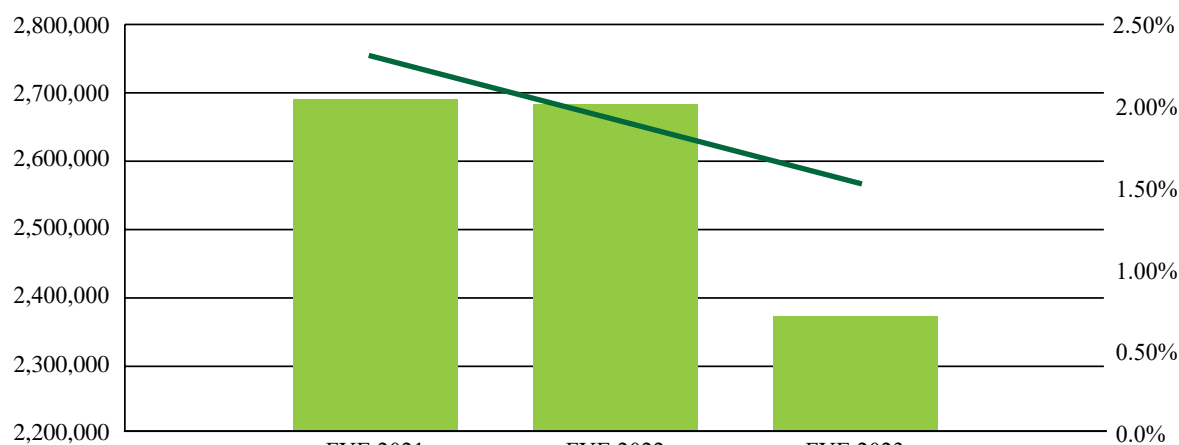


Sky view of Sungai Bakap Factory with solar panel installation

## SUSTAINABILITY STATEMENT (Cont'd)

### ENERGY AND CLIMATE CHANGE MANAGEMENT (Cont'd)

Below table and trend chart display the current electricity consumption. The energy saving or cost saving resulting from the utilisation of solar energy will be presented in the Sustainability Statement for the FYE 2024.



Total electricity consumption (kWh)	2,680,923	2,667,358	2,361,715
Percentage of electricity consumption over revenue (%)	2.22%	1.77%	1.42%

Note: Consumption of electricity is measured based on the quantities consumed according to the electricity bill.

Petrol & Diesel Consumptions	FYE 2021	FYE 2022	FYE 2023
Total petrol and diesel consumption (litre)	194,775	228,401	268,430
Percentage of petrol and diesel consumption over revenue (%)	0.16%	0.15%	0.16%

Note: Consumptions of petrol and diesel are measured based on the petrol and diesel claimed.

**Scope 1, direct CO<sub>2</sub> emissions:** emissions come from the consumption of petrol and diesel for vehicles, calculated based on the reported fuel quantities.

**Scope 2, indirect CO<sub>2</sub> emissions:** emissions come from the consumption of electricity, calculated based on the energy quantities.

Emissions Type	FYE 2021	FYE 2022	FYE 2023
Direct Emissions – Scope 1 (tCO <sub>2</sub> ) (metric tonnes)	521	611	719
Indirect Emissions – Scope 2 (tCO <sub>2</sub> ) (metric tonnes)	1,605	1,597	1,416
Total (tCO <sub>2</sub> ) (metric tonnes)	2,126	2,208	2,135

Note:

- The GHG emission for Scope 1 is calculated using the emission factor obtained from IPCC Fifth Assessment Report, while the default emissions factors were based on IPCC Guidelines for National Greenhouse Gas Inventories (2006).
- The GHG emission for Scope 2 is calculated using the emission factor obtained from 2017 Clean Development Mechanism (“CDM”) Electricity Baseline for Malaysia and Final Report on the Study and Development of Emission Factor for Vietnamese Electrical Grid in 2018.
- The GHG emission for Scope 3 currently is in the midst of data compilation and will be reported in the FYE 2024.

## SUSTAINABILITY STATEMENT (Cont'd)

### WATER MANAGEMENT

All our operations are not located in water stressed areas and our production activities do not cause water pollution. Nevertheless, our Group is committed to contribute to better water management and protect clean water.

Our water consumption primarily stems from boiler activities such as generating steam energy for the heat treatment for wooden pallets. As commitment to implementing water conservation initiatives, we installed condensation converter that perform auto recycle of hot steam that provide efficiency of steam utilisation which as a result actual amount of water required for the steam generation is significantly reduced.

Water Consumption	FYE 2021	FYE 2022	FYE 2023
Total water consumption (m <sup>3</sup> )	7,921	21,719	5,873
Percentage of water consumption over revenue (%)	0.007%	0.014%	0.004%

Note: Consumption of water is measured based on the quantities consumed according to the water bill.

### WASTE MANAGEMENT

Waste management came in with our philosophy to waste prevention with safe degradation after life of our products and processes. 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 year 2023, we managed to engage more customers for pallet recycling and repair services under our Circular Economy Programme – Pallet Recycling Programme (“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 participated in many ESG programmes to advertise our offer of PRP to multi-national companies (“MNC”) while taking opportunities to learn recycling activities from other Malaysia established companies.



Berjayapak Participation in Sustainability & ESG Conference 2023

We have pursued continuous improvement from global initiatives for waste reduction in year 2022 and 2023 following the year 2021 when we received the “Sustainable Business Awards”. The following table discloses the total waste directed and diverted to disposal:

Waste Management	FYE 2021	FYE 2022	FYE 2023
Waste directed to disposal - Used engine oil (liter)	108	1,226	1,466
Waste diverted from disposal - Used iron nails and metal (kg)	NA	34,534	5,230
Waste diverted from disposal - Wood chips (metric tonnes)	876	1,077	965
Waste diverted from disposal - Saw dust (metric tonnes)	1,704	864	966

\* NA: Not available as Management started the tracking of this data since FYE 2022.

# SUSTAINABILITY STATEMENT (Cont'd)

## PEOPLE (SOCIAL)

### DIVERSITY AND EQUAL OPPORTUNITIES

We are committed to the prevention and elimination of discrimination and any kind of harassment in the workplace. This is translated in our Code of Conduct & Ethics where we do not tolerate discrimination against or harassment or slurs or jokes of any employee in regard to race, colour, creed, ethnic background, gender, disability, religion, age, sexual orientation, maternity as well as other individual attributes or statuses that may be protected by law.

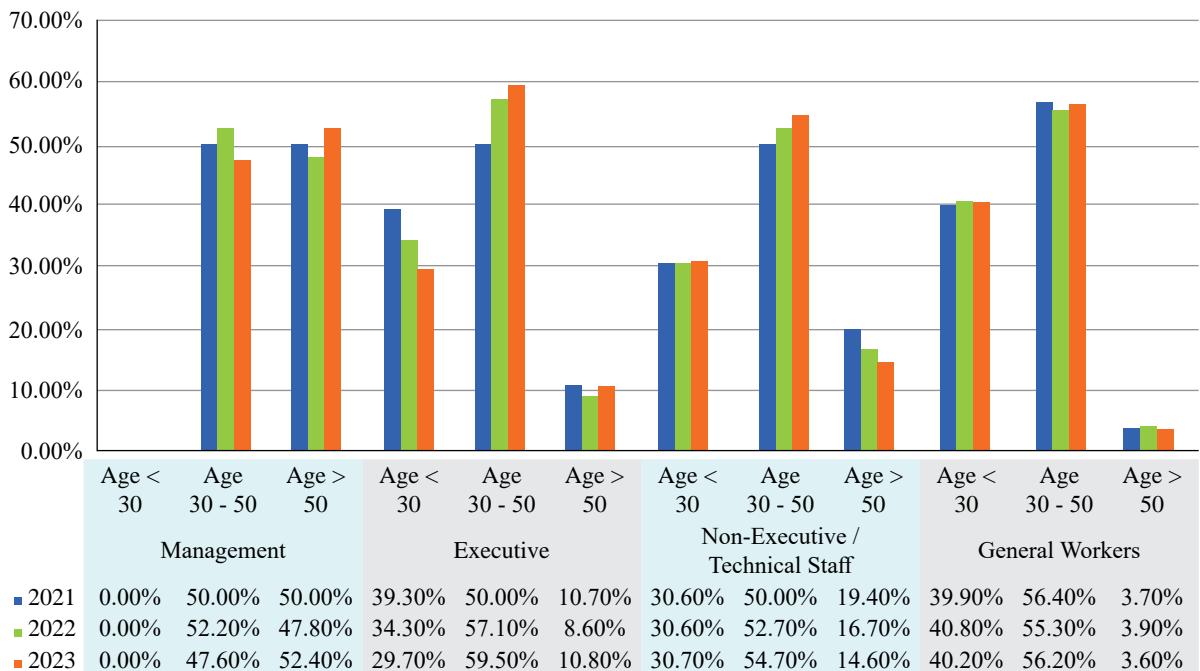
Our recruitment, employment, remuneration and advancement are justified through objective criteria such as qualifications, work performance, skills and experience. This is to ensure equal opportunity and eliminate discrimination in the workplace.

#### Workforce Diversity

Despite our industry being known for its male dominated nature, which is evident from the fact that the majority of our operators are male, we have taken proactive measures to promote gender diversity within our organisation. More than half of our Executive roles are held by women while half of our directors are female as well. We understand that gender diversity is an important aspect of promoting overall diversity and we are committed to fostering an inclusive work environment where all our employees feel valued and respected. As part of our commitment, we celebrated International Women’s Day in both Malaysia and Vietnam offices during the FYE 2023. Through these events, we aimed to educate and raise awareness about the critical importance of women’s equality in the workplace, as we believe that a diverse workforce is key to our continued success.

In the FYE 2023, we recorded a total headcount of 384 pax. The details of our employee profile are presented as below:

Percentage of employees by age group, for each employee category for FYE 2021 to FYE 2023

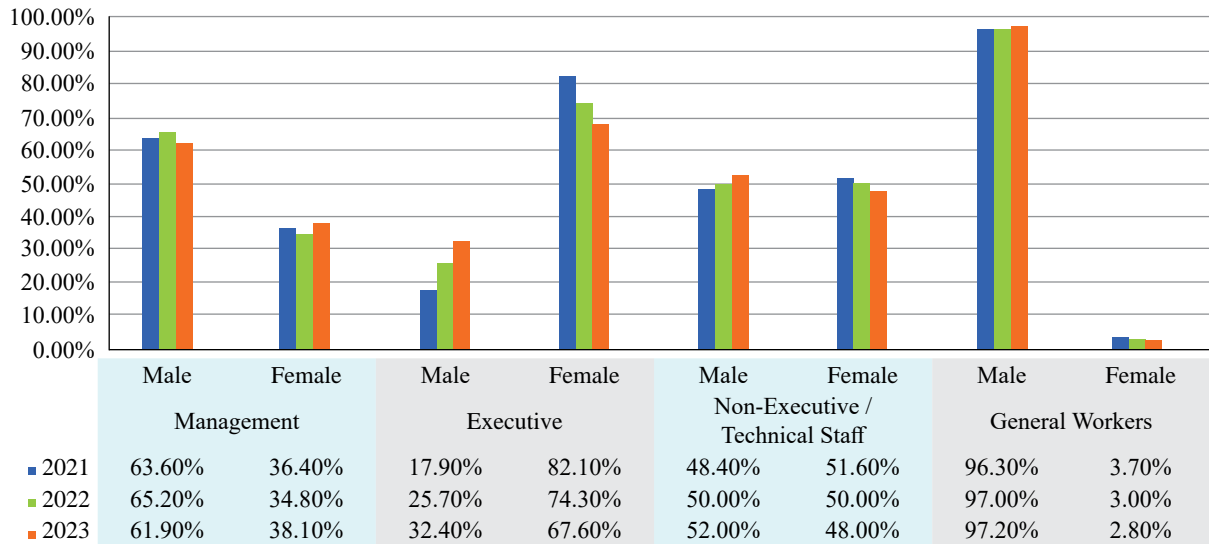




## SUSTAINABILITY STATEMENT (Cont'd)

### Workforce Diversity (Cont'd)

- Percentage of employees by gender, for each employee category for FYE 2021 to FYE 2023



- Percentage of employees that are contractors or temporary staff

	FYE 2021	FYE 2022	FYE 2023
Contracts / temporary staff *	51.00%	52.00%	54.00%

\* Employees with fixed term contract

The details of our Board of Director profile are presented as below:

- Percentage of directors by gender and age group

By gender	FYE 2021		FYE 2022		FYE 2023	
	Male	Female	Male	Female	Male	Female
Director	NA	NA	50.00%	50.00%	50.00%	50.00%

\* NA: Not available as holding company was established in FYE 2022.

By age	FYE 2021			FYE 2022			FYE 2023		
	<30	30-50	>50	<30	30-50	>50	<30	30-50	>50
Director	NA	NA	NA	0.00%	16.70%	83.30%	0.00%	16.70%	83.30%

\* NA: Not available as holding company was established in FYE 2022.

## SUSTAINABILITY STATEMENT (Cont'd)

### TALENT DEVELOPMENT AND RETENTION

Learning and development are a lifelong process. We are committed to nurturing our employees through diverse learning experiences to help them to achieve excellence in their respective fields, which in return, will improve in work productivity and efficiency.

In the FYE 2023, we have conducted a total of 5,395 hours of training with average 14 training hours per employee. Our continuous improvement involved learning and development process for employees. is a lifelong process.

Training Hours	FYE 2021	FYE 2022	FYE 2023
Management	67	36	896
Executive	67	261	1,089
Non-Executive / Technical Staff	280	496	1,656
General Worker	1,121	3,990	1,754
<b>Total Training Hours</b>	<b>1,535</b>	<b>4,783</b>	<b>5,395</b>



The training and development programmes are established by the Employees Training Needs and Analysis while each employee will need to attend the training as outlined below.

Training Types	Description
Orientation	<ul style="list-style-type: none"> <li>• One time programme to welcome new employees.</li> <li>• The topics cover company overview, key corporate policies, overview of benefits and attendance, health and safety procedures.</li> <li>• Facility tour helps new employees to get acquainted with new workplace.</li> </ul>
On-the-Job (OJT) Training	<ul style="list-style-type: none"> <li>• Focus on departmental goals by delivering the necessary skills, knowledge, and core competencies to new employees to perform the task efficiently.</li> <li>• Mentoring programme drives rich learning and development for both mentees and mentors.</li> </ul>

## SUSTAINABILITY STATEMENT (Cont'd)

### TALENT DEVELOPMENT AND RETENTION (Cont'd)

Training Types	Description
Technical Skills Training	<ul style="list-style-type: none"> <li>Job-specific training which focus on building employee's prerequisite technical skills and competencies relevant to his role.</li> <li>Regular training is conducted to keep abreast of latest development.</li> </ul>
Soft Skills Training	<ul style="list-style-type: none"> <li>To enable our employees to work together as a team for the benefit of their own and the organisation's success.</li> <li>The training module covers the topics such as leadership, communication, teamwork, collaboration, time management, problem-solving and etc.</li> </ul>
Mandatory Training	<ul style="list-style-type: none"> <li>All employees are required to undergo Safety and Health Training.</li> <li>All employees are expected to discharge their respective duties in line with our standards and policies.</li> </ul>

### Employee Benefits and Welfare

We recognise that our success is driven by a committed workforce and therefore we aim to provide a conducive working environment for our employees, supporting them in pursuing reasonable standard of lifestyle and work life balance. We adhere to the local regulations on labour matters, which includes but not limited to Employment Act 1955, minimum wage law and etc.

To promote a healthy working life, we believe in providing a balanced work-life environment to all our employees to enable them to have more time for their family and / or to pursue and advance their areas of interest. In this respect we do not encourage overtime work unless it is absolutely necessary such as to meet customer's order or regulatory deadlines. All our employees are entitled to national and state public holidays. In addition, our employees are entitled to annual leave, medical leave, marriage leave, maternity leave, paternity leave and etc. The details of employee benefits and welfare are outlined as follows:

Statutory Benefits	Leave Provision	Employment Benefits & Welfare	Facilities
<ul style="list-style-type: none"> <li>Adhere to minimum wages</li> <li>Statutory contributions (EPF, SOCSO, EIS and Income Tax)</li> <li>Annual salary increment</li> <li>Performance bonus</li> <li>Service awards</li> <li>Overtime payments</li> <li>National and state public holidays</li> </ul>	<ul style="list-style-type: none"> <li>Annual leave</li> <li>Medical leave</li> <li>Hospitalisation leave</li> <li>Marriage leave</li> <li>Maternity leave</li> <li>Paternity leave</li> <li>Compassionate leave</li> <li>Replacement leave</li> </ul>	<ul style="list-style-type: none"> <li>Meal allowance</li> <li>Shift allowance</li> <li>Attendance allowance</li> <li>Outstation allowance</li> <li>Phone allowance</li> <li>Penang bridge toll subsidy</li> <li>Marriage gift</li> <li>New birth gift</li> <li>Bereavement gift</li> <li>GP clinic visit</li> <li>Hospitalisation and surgical coverage</li> <li>Recreational activities</li> </ul>	<ul style="list-style-type: none"> <li>Car park</li> <li>Cafeteria</li> <li>Pantry</li> <li>Personal lockers</li> <li>Prayer rooms</li> </ul>

We value the dedication and commitment of our long-serving employees. To recognise their invaluable contributions, we award them through Annual Service Awards. In 2023, our CEO awarded gold pendants to each long-serving employee, underscoring our appreciation for their years of service and dedication.

# SUSTAINABILITY STATEMENT (Cont'd)

## Employee Benefits and Welfare (Cont'd)



To further promote a healthy work-life balance for our employees, we frequently organise sports and outdoor events, encouraging active participation and promoting well-being among our team members.



Badminton Tournament



Bowling Tournament

As part of our commitment, we celebrated International Women’s Day in both Malaysia and Vietnam offices during the FYE 2023. Through these events, we aimed to educate and raise awareness about the critical importance of women’s equality in the workplace, as we believe that a diverse workforce is key to our continued success.



International Women’s Day Celebrations in Malaysia & Vietnam

## SUSTAINABILITY STATEMENT (Cont'd)

### Employee Benefits and Welfare (Cont'd)

Employee Turnover	Number of Headcount		
	FYE 2021	FYE 2022	FYE 2023
Management	4	6	5
Executive	7	6	7
Non-Executive / Technical Staff	22	33	9
General Worker	70	71	47
<b>Total</b>	<b>103</b>	<b>116</b>	<b>68</b>

### HUMAN AND LABOUR RIGHTS

We are committed to complying with international standards, local laws and regulations applicable to the protection of human and labour rights. This is translated in our Code of Conduct & Ethics which clearly states that any form of forced or child labour is strictly prohibited.

Our Human Resource Department oversees all issues regarding human rights, forced and child labour and ensure protection of our employees' rights. They are tasked to make sure that our operations comply with regulations mandated by the Department of Labour and international standards. Our Human Resource staffs were also being briefed on the minimum age for hiring and they will perform age verification to avoid hiring of underage labours.

We have established whistleblowing mechanism to allow employees to report genuine cases of child labour, forced labour, discrimination, bullying and harassment. In the FYE 2023, there were zero substantiated complaints regarding human rights violations (child labour, forced labour, discrimination or harassment).

	FYE 2021	FYE 2022	FYE 2023
Number of substantiated complaints concerning human rights violations (No.)	0	0	0

As part of our broader commitment to protecting human and labour rights, we are committed to complying with the Employees' Minimum Standards of Housing, Accommodations and Amenities Act 1990 ("EMSA"), as amended by the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019. We are aware of the minimum housing, nurseries and accommodation criteria for employees as well as health, hospital, medical and social amenities to be provided by us to our employees. We recognise that compliance with the EMSA involves ensuring that the employee accommodation we provide is fit for human habitation in accordance with the standards set out in the Act. We understand that we shall comply with the enhanced minimum standards on accommodation for employees which include obtaining a Certificate for Accommodation ("CFA") from the Director General of Labour. We have complied with these standards in the past and obtained CFA for all our employee accommodation.

## SUSTAINABILITY STATEMENT (Cont'd)

### OCCUPATIONAL HEALTH AND SAFETY

We take foremost account of protecting the health and safety of all persons. We are committed to provide a healthy and safe workplace for all our employees. The Group ensures that all business activities are conducted in a manner that protects the health and safety of our employees, visitors, Business Partners and communities. We have complied to the best of our ability the existing laws and regulations relevant to our operations such as Occupational / Safety and Health Act 1994, Factories and Machinery Act 1967, Fire Services Act 1988 and Prevention and Control of Infectious Diseases Act 1988, etc.

Our Code of Conduct & Ethics has outlined the principles in relation to safety and health manners. Our employees are taught to:

- Understand the Safety and Health Manual;
- Attend required environmental, safety and health training;
- Learn and promote safety awareness and protect environment mindset;
- Use all required safety device and protective clothing and equipment;
- Understand how to properly handle any hazardous materials in our workplace;
- Follow safe work practices and procedures; and
- Report concerns relating to environment, health and safety even if it is outside the individual area of responsibility.

Apart from Code of Conduct & Ethics, we have also established Safety, Health and Environment Rules as below:

- Wear the appropriate personal protective equipment such as safety shoes, gloves, goggles, aprons, earplugs, filter respirator when required;
- Safety shoes must be worn at the production floor;
- Observe all safety signs, instructions and follow correct work procedures;
- Do not attempt to operate any machinery or equipment unless authorised or specifically instructed to do so;
- Keep all emergency exits, fire-fighting equipment, and electrical panels clear and free of obstruction at all times;
- All chemical containers must be properly labelled and container caps must be in place at all times;
- Report safety hazards and unsafe acts or conditions to Managers / Supervisors or Safety Executive immediately for corrective action to be taken; and
- Report all accidents and injuries, no matter how minor to the Supervisor immediately.

In the FYE 2023, there were no fatalities reported. Our monitoring for Accident Frequency Rate (“AFR”) shows a trend of improvement, with an average of Lost Time Incident Rate (“LTIR”) 1.82, meeting our target equalling or being below 3.50.

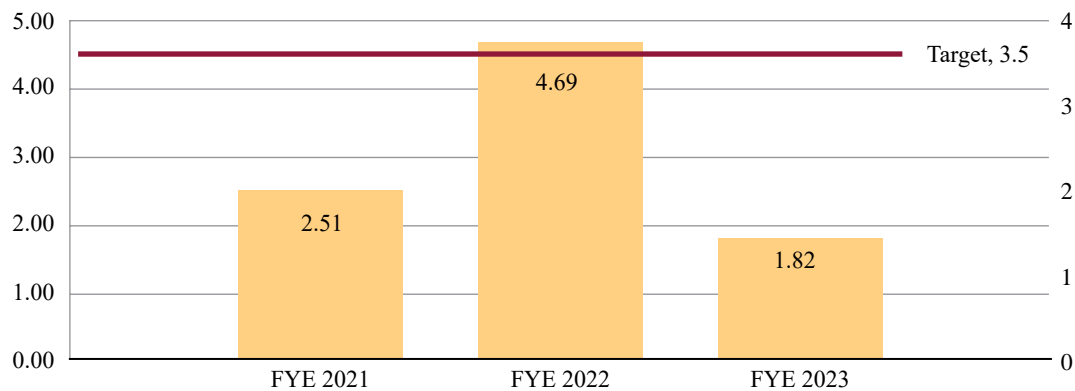
- Work-related fatalities

	FYE 2021	FYE 2022	FYE 2023
Work-related fatalities (No.)	0	0	0

## SUSTAINABILITY STATEMENT (Cont'd)

### OCCUPATIONAL HEALTH AND SAFETY (Cont'd)

- Lost Time Incident Rate



In the FYE 2023, we incorporated First Aider and Emergency Response Team (“ERT”) in continuing our foremost concern of protecting the environmental health and safety (“EHS”) of all persons.

It is also in year 2023, we ensure employees attended various training sessions on safety procedures. These training events were conducted by our safety officer, who ensures that participants were equipped with necessary skills to carry out their work safely and stay updated on all required safety regulations and practices.



Below summarises the number of staffs trained on health and safety standards:

	FYE 2021	FYE 2022	FYE 2023
Number of staffs trained on health and safety standards (No.)	240	182	387

## SUSTAINABILITY STATEMENT (Cont'd)

### OCCUPATIONAL HEALTH AND SAFETY (Cont'd)

We conducted an annual fire drill on 18 May 2023, with the participation of Bomba Sungai Bakap to ensure strict adherence to safety protocols. The briefing on fire safety and demonstration led by the Bomba Commander and Team fostered active engagement among our employees. Additionally, our CEO personally contributed to the briefing session by demonstrating critical firefighting process, further reinforcing our commitment to safety excellence.



CEO joined the command in emergency drill



CEO demonstrated the use of fire extinguisher during the fire drill

### COMMUNITY CONTRIBUTION AND DONATION

We recognise the importance of giving back to the communities we operate in. The table below outlines an overview of our Group's community contribution for the past three (3) years.

	FYE 2021	FYE 2022	FYE 2023
Total amount invested in the community (RM)	149,000	8,200	35,660
Total number of beneficiaries of the investment (No.)	2	5	5

In the FYE 2023, our contribution of RM35,660 was allocated to the various events, charities, non-profit organisations, schools and etc., as outlined below:

- **Sponsorship to Kesatuan Bomba Dan Penyelamat (“KBPP”) and Police Administrative and Civilian Staff Union (“PACSU”)**

We sponsored RM2,000 to Kesatuan Bomba Dan Penyelamat (“KBPP”) on 8 March 2023, in support of the publication of Special Berita Bomba KBPP. This publication is aimed at disseminating information on firefighting, fire prevention programs, rescue operations and fire drill, building a fire-conscious society which some of the organisations may have often overlooked.

In addition, we sponsored RM2,000 to Police Administrative and Civilian Staff Union (“PACSU”) on 13 March 2023, in support of the publication of Police Day Issue. This publication is issued in conjunction of the Police Day, aimed at enhancing better understanding with the general public, disseminating crime prevention information and highlighting relevant issues, particularly crime prevention education to inculcate the younger generation with a sense of responsibility.

Our contribution to these activities highlights our dedication to safety and health.



## SUSTAINABILITY STATEMENT (Cont'd)

### COMMUNITY CONTRIBUTION AND DONATION (Cont'd)

- Sponsorship to Penang Women's Development Corporation ("PWDC")**  
 We sponsored RM10,000 to Penang Women's Development Corporation ("PWDC") in support of the Women Board Opportunities event held on 27 May 2023. This event was dedicated to fostering women directorship by providing a platform for women to be recruited as board members, bringing them together in one event. Our contribution to this event showcases our commitment to gender diversity and empowerment.



- Malaysia Semiconductor Industry Association ("MSIA") Sustainability & ESG Conference**  
 We sponsored RM20,000 in support of Malaysia Semiconductor Industry Association ("MSIA") Sustainability & ESG Conference. This conference is aimed at demystifying ESG and lead companies towards establishing an effective ESG program or improving your current initiative. During the conference on 17 July 2023, our CEO also sat in as the panel speaker to enlighten the participants on how L&P "Pioneering Sustainable Solutions" in Malaysia.



## SUSTAINABILITY STATEMENT (Cont'd)

### COMMUNITY CONTRIBUTION AND DONATION (Cont'd)

- **Donation to School (Sekolah Kebangsaan Sungai Kechil Ulu, Bandar Baharu, Kedah)**  
We donated RM1,660 worth of plywoods to Sekolah Kebangsaan Sungai Kechil Ulu, Bandar Baharu, Kedah on 28 December 2023. These plywoods were intended to enhance the school, offering a better and safer environment for the students and teachers.



Apart from providing monetary contributions, our CEO also actively participated in various forums and conferences, sharing her insights and knowledge with the public. Below are forums and conferences participated in by our CEO in the FYE 2023.

## SUSTAINABILITY STATEMENT (Cont'd)

### COMMUNITY CONTRIBUTION AND DONATION (Cont'd)

- International Women's Federation of Commerce and Industry Malaysia ("IWFCIM") Forum**

Our CEO was invited by Bursa Malaysia to share her IPO journey in the Investment Forum organised by International Women's Federation of Commerce and Industry Malaysia ("IWFCIM") on 8 March 2023. In this investment forum, our CEO shared her experience on the subject "Turning Dreams Into Reality – From Start-up to Public Listed Company". Besides, she also gave her view on how to balance the needs of family and career and her experience in leading a public listed company with some advises shared as follows:

- Be ready to take risks;
- Overcome doubt and fear;
- Always learn;
- Cultivate growth mindset;
- Be familiar with all access to finance and funds; and
- Pick up worthy rivals as their strength can complement our weakness.

- Women Entrepreneur Xchange 2023**

Our CEO had an opportunity to connect with fellow entrepreneurs to discuss navigating uncertainties in the ever-evolving business landscapes. She shared the importance of the Triple "L's" – Learning up, Leading Down and Leading up in effective leadership on 6 July 2023 for an event at Women Entrepreneur Xchange in Kuala Lumpur, Malaysia.

- Interpal Conference 2023**

Our CEO was invited to participate in a panel discussion titled "Unlocking the power of sustainability in the Global Supply Chain" at the Interpal Conference in Montreal, Canada which was held on 3 October 2023 to 5 October 2023.



## SUSTAINABILITY STATEMENT (Cont'd)

### SUMMARY OF SUSTAINABILITY PERFORMANCE

Indicator	Measurement Unit	2021	2022	2023
<b><u>Anti-corruption</u></b>				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Management	Percentage	NA	91	100
Executive	Percentage	NA	77	100
Non-executive / Technical Staff	Percentage	NA	33	100
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	NA	NA	100
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
<b><u>Community / Society</u></b>				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	149,000	8,200	35,660
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	2	5	5
<b><u>Diversity</u></b>				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
<u>Age Group by Employee Category</u>				
Executive Under 30	Percentage	39.30	34.30	29.70
Executive Between 30-50	Percentage	50.00	57.10	59.50
Executive Above 50	Percentage	10.70	8.60	10.80
Non-executive / Technical Staff Under 30	Percentage	30.60	30.60	30.70
Non-executive / Technical Staff Between 30-50	Percentage	50.00	52.70	54.70
Non-executive / Technical Staff Above 50	Percentage	19.40	16.70	14.60
General Workers Under 30	Percentage	39.90	40.80	40.20
General Workers Between 30-50	Percentage	56.40	55.30	56.20
General Workers Above 50	Percentage	3.70	3.90	3.60
Management Under 30	Percentage	0.00	0.00	0.00
Management Between 30-50	Percentage	50.00	52.20	47.60
Management Above 50	Percentage	50.00	47.80	52.40
<u>Gender Group by Employee Category</u>				
Executive Male	Percentage	17.90	25.70	32.40
Executive Female	Percentage	82.10	74.30	67.60
Non-executive / Technical Staff Male	Percentage	48.40	50.00	52.00
Non-executive / Technical Staff Female	Percentage	51.60	50.00	48.00
General Workers Male	Percentage	96.30	97.00	97.20
General Workers Female	Percentage	3.70	3.00	2.80
Management Male	Percentage	63.60	65.20	61.90
Management Female	Percentage	36.40	34.80	38.10

## SUSTAINABILITY STATEMENT (Cont'd)

### SUMMARY OF SUSTAINABILITY PERFORMANCE (Cont'd)

Indicator	Measurement Unit	2021	2022	2023
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	NA	50.00	50.00
Female	Percentage	NA	50.00	50.00
Under 30	Percentage	NA	0.00	0.00
Between 30-50	Percentage	NA	16.70	16.70
Above 50	Percentage	NA	83.30	83.30
<b>Energy management</b>				
Bursa C4(a) Total energy consumption	KWh	2,680,923	2,667,358	2,361,715
*a. Percentage of electricity consumption over revenue	*Percentage	2.22	1.77	1.42
*b. Total of petrol and diesel consumption	*Litre	194,775	228,401	268,430
**b. Percentage of petrol and diesel consumption over revenue	*Percentage	0.16	0.15	0.16
<b>Health and safety</b>				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	2.51	4.69	1.82
Bursa C5(c) Number of employees trained on health and safety standards	Number	240	182	387
<b>Labour practices and standards</b>				
Bursa C6(a) Total hours of training by employee category				
Management	Number	67	36	896
Executive	Number	67	261	1,089
Non-executive / Technical Staff	Number	280	496	1,656
General Workers	Number	1,121	3,990	1,754
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	51.00	52.00	54.00
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	4	6	5
Executive	Number	7	6	7
Non-executive / Technical Staff	Number	22	33	9
General Workers	Number	70	71	47
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
<b>Supply chain management</b>				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	47.00	51.00	53.00
<b>Data privacy and security</b>				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0

## SUSTAINABILITY STATEMENT (Cont'd)

### SUMMARY OF SUSTAINABILITY PERFORMANCE (Cont'd)

Indicator	Measurement Unit	2021	2022	2023
<b>Water</b>				
Bursa C9(a) Total volume of water used	m3	7,921	21,719	5,873
*C9(b) Total volume of water used over revenue	*Percentage	0.007	0.014	0.004
<b>Waste management</b>				
Bursa C10(a) Total waste generated				
*C10(a)(ii) Total waste directed to disposal (Used engine oil)	Liters	108	1,226	1,466
*Total waste directed to disposal; Used engine oil over revenue	*Percentage	0.0001	0.0008	0.0009
*C10(a)(i) Total waste diverted from disposal (Used iron nails & metal)	Kg	NA	34,534	5,230
*Total waste diverted from disposal; Used iron nail over revenue	*Percentage	NA	0.023	0.003
*C10(a)(i) Total waste diverted from disposal (Wood chips)	Metric tonnes	876	1,077	965
*Total waste diverted from disposal; wood chip over Revenue	*Percentage	0.0007	0.0007	0.0006
*C10(a)(i) Total waste diverted from disposal (Saw dust)	Metric tonnes	1,704	864	966
*Total waste diverted from disposal; saw dust over revenue	*Percentage	0.0014	0.0006	0.0006
<b>Emissions management</b>				
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e (Diesel & petrol)	Metric tonnes	521	611	719
*C11(a) Direct Emission - Scope 1 (tCO <sub>2</sub> / Revenue)	*Percentage	0.0004	0.0004	0.0004
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e (Electricity)	Metric tonnes	1,605	1,597	1,416
*C11(b) Direct Emission - Scope 2 (tCO <sub>2</sub> / Revenue)	*Percentage	0.0013	0.0011	0.0008
Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (at least for the categories of business travel and employee commuting)	Metric tonnes	NA	NA	NA
*Environment preservation & compliance; Boiler air emission test yearly	*Pass / Fail	Pass	Pass	Pass
*Environment preservation & compliance; Silo dust collector air emission test yearly.	*Pass / Fail	Pass	Pass	Pass
<b>*Economic Performance (3 Financial years' worth of each reported indicator)</b>				
*Others 12a: To achieve group revenue growth	*RM	120,924,339	150,540,584	167,037,922
<b>*Product (Quality &amp; Service)</b>				
*Others 13a: Customer Satisfaction	*Percentage	83.00	85.00	86.00

NOTE 1: (\*) denoted as additional indicators.

NOTE 2: (NA) denoted as Not Available / Not Applicable.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) of L&P Global Berhad (“**L&P**” or “**the Company**”) is committed to ensure that the highest standards of corporate governance are observed throughout L&P and its subsidiaries (“**the Group**”) so that the affairs of the Group are conducted with integrity, transparency and professionalism with the objective of safeguarding shareholders’ investment, enhancing shareholders value as well as the interests of other stakeholders.

The Board is pleased to present the Corporate Governance Overview Statement (“**CG Statement**”) to provide shareholders and investors with an overview of the application of the principles of the Malaysian Code on Corporate Governance (“**MCCG**”) during the financial year ended 31 December 2023 (“**FYE 2023**”):

The CG Statement is prepared in compliance with Rule 15.25 of ACE Market Listing Requirements (“**AMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and shall be read together with the Corporate Governance Report (“**CG Report**”) of the Company, which provides details on how the Company has applied each practice as set out in MCCG for FYE 2023. The CG Report is available on the Company’s website at [www.lpglobalbhd.com](http://www.lpglobalbhd.com) and the website of Bursa Securities.

The Company was officially transferred to the Main Market of Bursa Securities on 2 February 2024. Thus, the Company shall adhere to the Main Market Listing Requirement of Bursa Securities in our next annual report for the financial year ending 31 December 2024.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

#### Board Charter

The Board approved and adopted the Board Charter on 10 June 2022. The Board Charter is intended to promote high standards of corporate governance and is designed to provide guidance and clarity for Directors and Management with regard to the roles and responsibilities of the Board, Board Committees (as defined) and the requirements of Directors in carrying out their roles and responsibilities and in discharging their fiduciary duties towards the Group as well as the Board’s operating practices.

The Board Charter is subject to review and update by the Board from time to time to ensure it remain consistent with the Board’s objectives and kept up-to-date with changes in regulations and governance practices.

The Board Charter is available on the Company’s website at [www.lpglobalbhd.com](http://www.lpglobalbhd.com) in line with Practice 2.1 of the MCCG.

#### The Responsibilities of the Board and the Management

The Board explicitly assumes the following principal duties and responsibilities:

- To review and adopt a strategic plan for the Group, and ensure that the Group’s strategic plan supports long term value creation;
- Together with the Management, establish policies to promote good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- To identify principal risks, set the risk appetite within which the Board expects the Management to operate and ensure the implementation of appropriate risk management system to manage the significant financial and non-financial risks and to ensure there is a sound framework for internal controls and risk management;

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### I. BOARD RESPONSIBILITIES (Cont'd)

##### The Responsibilities of the Board and the Management (Cont'd)

- To review the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
- To ensure that all members of the Board and the Management team are of sufficient calibre and oversee succession planning, including appointing, training, fixing the compensation and where appropriate, replacing Board members and Key Senior Management ("KSM");
- To oversee the conduct of the Group's business and evaluate whether the businesses are being properly managed; and
- To ensure that the Group has in place procedures to enable effective communication with the stakeholders.

Whilst, the Management is responsible to:

- Recommend the Group's corporate strategies to the Board for approval and upon approval, implement the corporate strategies;
- Assume day-to-day responsibility for the Group's compliance with relevant laws and regulations and its compliance framework;
- Achieve the performance targets set by the Board;
- Develop, implement and manage the Group's risk management and internal controls framework;
- Develop, implement and update the Group's policies, procedures and systems;
- Be alert to relevant trends in the industry and the Group's operating environment;
- Provide sufficient and relevant information to the Board to enable the Board to effectively discharge their responsibilities;
- Act as a conduit between the Board and the Group; and
- Manage the Group's human, physical and financial resources to achieve the Group's objectives.

In general, all decisions that would materially impact on the strategy, direction, values and financial standing of the Group, or decisions that may potentially create material conflict of interest with related parties, decisions that may be prone to fraud risk, and decisions in high value transactions are reserved exclusively for the Board. None of the members of the Board has unfettered powers of decision.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### I. BOARD RESPONSIBILITIES (Cont'd)

##### The Responsibilities of the Board and the Management (Cont'd)

To assist in the execution of Board's duties, powers and authority and, facilitates effective decision making, the Board has established the following Board Committees on 10 June 2022, each with delegated responsibilities and duties:

- Audit and Risk Management Committee (“**ARMC**”);
- Remuneration Committee (“**RC**”); and
- Nomination Committee (“**NC**”).

These Committees oversee the broad strategic areas within the Group such as audit and finance, risk, remuneration, sustainability and ethics, Board renewals and related matters. Each of these Committees has its own written Terms of Reference (“**TOR**”), which are reviewed on a regular basis by each Committee and the Board, to ensure its effectiveness. The Committees report to, and their actions are reviewed by, the Board. The Chairman / Chairperson and members of each Committee are nominated by the Board with each Committee comprising at least three Independent Non-Executive Directors.

##### Separation of Position of the Chairperson of the Board and Chief Executive Officer (“**CEO**”)

There is clear division of responsibilities between the Chairperson and the CEO. The position of Chairperson and CEO held by separate individuals who are not related to each other. Each's responsibilities is formally documented in the Board Charter of the Company to ensure a good balance of power and authority between the Chairperson and the CEO.

The Chairperson, Ms. Ooi Hooi Kiang, a Non-Independent Non-Executive Director, is responsible for effective functioning of the Board while the CEO, Ms. Ooi Lay Pheng assumes executive responsibility for the Group's business and executing corporate strategies and policies, as approved by the Board.

The role of individual Board member is stipulated in the Board Charter. The role of the Independent Non-Executive Directors is particularly important as they provide robust and independent view, advice and true and fair judgement which take into account the long-term interest, not only of the Group but also of shareholders, employees and other stakeholders.

##### Qualified and Competent Company Secretaries

The Board obtains corporate secretarial services from a professional secretarial firm to assist the Board in discharging its duties and responsibilities.

The Company Secretaries play an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations and corporate governance matters. The Company Secretaries also ensure that the meetings of the Board and Board Committees are properly convened and all deliberations and decisions are properly recorded and kept, and subsequently communicated to the relevant Management for necessary action. They are also responsible in ensuring that Board's policies and procedures are followed, and the applicable statutory and regulatory requirements are observed.

The Board has separate and independent access to the advice and services of the Company Secretaries.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### I. BOARD RESPONSIBILITIES (Cont'd)

##### Board Meetings

The Board met five times in the FYE 2023. A formal time schedule was pre-determined in advance. The agenda and board papers for each meeting were circulated at least one week in advance before each meeting to the Board members to enable the Directors to review the papers in preparation for the meeting and to obtain further explanations, where necessary, in order to be briefed properly before the meeting. In addition to the Group performance discussed in the meeting, the Board also review and deliberate on the key activities and strategy of the Group, including annual budget, capital assets investments, key policies and procedures, financial performance and to endorse the release of the quarterly financial results.

At each quarterly Board meeting, CEO, Chief Operating Officer and Chief Financial Officer will provide the quarterly reports on the Group's performance and financial results and address queries from the Directors. Other Management personnel may be invited to attend Board meetings to provide the Board detailed explanations and clarifications on certain matters that are tabled to the Board. To keep the Board members abreast of the Group's business, Directors are also updated by the CEO of any significant developments or events relating to the Company. The Board also has unrestricted access to Management and employees of the Group to acquire timely and accurate information, if necessary in the furtherance of their duties.

All decisions of the Board were duly recorded in the Board's minutes and circulated. All Directors fulfilled the requirement of Bursa Securities in relation to their attendance at the Board meetings.

Number of Board meetings and record of attendance for each Director for the FYE 2023 are as follows:

No.	Directors	Attendance
1.	Ooi Hooi Kiang	5/5
2.	Dato' Seri Lee Kah Choon	5/5
3.	Dato' Mohamed Amin Bin Mohd Kassim	5/5
4.	Phoon Yee Min	5/5
5.	Ooi Lay Pheng	5/5
6.	Ong Kah Hong	5/5

##### Access to Information and Meeting Materials

The Board has unrestricted access to the Management and employees of the Group to acquire timely and accurate information, if necessary in the furtherance of their duties, which is not only quantitative but also other information deemed necessary such as information on customer satisfaction, products and services qualities, market share, market reaction and environmental performance.

All Directors have access to the advice and services of the Company Secretaries and where necessary, seek independent professional advice at the Group's expense through an agreed procedure.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### I. BOARD RESPONSIBILITIES (Cont'd)

##### Code of Conduct & Ethics

The Board has approved and adopted the Code of Conduct & Ethics (“Code”) on 20 December 2022 and the Board is committed to the highest standards of ethical business conduct. The Directors, Management and employees continue to adhere to the Code of the Company. The Code of the Company is available on the Company’s website at [www.lpglobalbhd.com](http://www.lpglobalbhd.com) in line with Practice 3.1 of the MCCG and will be reviewed by the Board as and when the need arises.

The Code is formulated to enhance the standard of corporate governance and behaviour with a view to achieve the following objectives:

- To establish standard of ethical conduct for Directors, Management and employees based on acceptable belief and values that one upholds; and
- To uphold the spirit of social responsibility and accountability of the Group in line with the legislation, regulations and guidelines governing it.

##### Whistleblowing Policy

The Board has approved and adopted Whistleblowing Policy on 27 April 2022. The Whistleblowing Policy provides a mechanism for employees of the Group and external parties to raise genuine concerns through secure and confidential disclosure channel about possible improprieties and any malpractices such as fraud, breach of legal obligations at the earliest opportunity to the Identified Senior Manager as specified in the Whistleblowing Policy of the Company. The HR Manager or his designate is responsible for the administration, revision, interpretation and application of this policy. Employees making the report in good faith are protected from reprisals.

There was no incident of whistle blowing received in FYE 2023. The Whistleblowing Policy is available on the Company’s website at [www.lpglobalbhd.com](http://www.lpglobalbhd.com) in line with Practice 3.2 of the MCCG and will be reviewed by the Board as and when need arises.

##### Anti-Bribery and Anti-Corruption Policy

The Company has established an Anti-Bribery and Anti-Corruption Policy that outlines L&P’s commitment toward its ethical business practices complying with the Malaysian Anti-Corruption Commission Act 2009 and any of its amendments or re-enactments that may be made by the relevant authority from time to time. L&P takes zero-tolerance to corruption and bribery, and L&P is committed to carry out all of its business practices with transparency, accountability and integrity.

The Group communicates the Anti-Bribery and Anti-Corruption Policy to all employees and business associates to ensure good standards of ethical behaviour flow through all levels of the Group to prevent unethical practices and consequently, support the delivery of long-term sustainable success of the Group.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### II. BOARD COMPOSITION

##### Composition of the Board

For the FYE 2023, the Board is made up of six (6) Directors, of which three (3) are Independent Non-Executive Directors, one (1) is Non-Independent Non-Executive Director and two (2) are Executive Directors. The present composition complies with Rule 15.02 of the AMLR and Practice 5.2 of the MCGG as half of its Directors are Independent Directors.

The Board has examined its size and is of the view that the current Board size is appropriate and facilitates effective decision-making, taking into consideration the scope and nature of the Company's operation.

##### Tenure of Independent Non-Executive Director

Under Part 5.6 (2) of the Board Charter, the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years' term, an Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director or the Board to seek annual shareholders' approval with justification if the Board intends to retain an Independent Director who is beyond nine (9) years' term.

Presently, none of the Independent Directors has exceeded a cumulative term of more than nine (9) years in the Company as at 31 December 2023.

The Board through the NC has carried out an annual assessment of independence of all the Independent Directors. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interests of the Company. The Independent Directors remain objective and independent in expressing their views and in participating in deliberations and decision makings of the Board and Board Committees.

##### Effectiveness of the Board, Board Committee and Individual Directors

The NC is established to undertake a formal and objective annual evaluation to determine the effectiveness of the Board, its Committees and each individual Director and KSM. The NC comprises exclusively of Independent Non-Executive Directors, namely:

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

The NC has adopted a formal set of TOR approved by the Board as published on the Company's website at [www.lpglobalbhd.com](http://www.lpglobalbhd.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### II. BOARD COMPOSITION (Cont'd)

##### Effectiveness of the Board, Board Committee and Individual Directors (Cont'd)

The NC meets as and when necessary, but at least once a year. Its duties comprise of, amongst others, to review the composition of the Board and its succession planning. It leads the process for identifying and nominating, for approval by the Board, candidates to fill the Board and Board Committees vacancies, the Board evaluation process, Director performance and recommendations for re-elections at the Annual General Meeting (“AGM”), and consideration of Director’s independence in accordance with the MCCG.

For the FYE 2023, one NC meeting was held. A summary of key activities undertaken by the NC during the FYE 2023 are as follows:

- Reviewed the current structure, size and composition of the Board;
- Assessed the effectiveness of the Board as a whole, the various Board Committees as well as the contribution of each individual Director;
- Discussed the character, experience, integrity and competence of the Directors and KSM and to ensure they have devoted ample time to discharge their respective roles;
- Reviewed the required mix of skills and experience and other qualities including core competences of the member of the Board;
- Reviewed the level of independence of Independent Directors;
- Reviewed the term of office and performance of the ARMC and its members; and
- Reviewed and recommended the re-election of the Directors who were subject for retiring at the AGM of the Company.

For FYE 2023, an annual assessment of the Board, its Committees and contribution of each individual Director is carried out by the NC, with the assistance of Company Secretaries, taking the form of comprehensive evaluation questionnaires which provide all Directors with an opportunity to score their opinion on a series of questions in relation to inter alia the execution and performance of the Board as a whole and the three (3) Board Committees, and to comment on procedures or any relevant matters.

The evaluation of the Board covers factors such as mix and composition of the Board, quality of decision making, timeliness of Board papers, internal controls, conduct of Board meetings, interactions with the Management and stakeholders and effectiveness of the Chairperson.

The Board Committees are assessed based on efficiency and effectiveness of each Committee and its member’s continuous contribution to the Board and commitment to their roles and responsibilities in discharging their duties. Likewise, the NC is able to assess the contribution of each individual Director to the effectiveness of the Board.

The completed evaluation forms were submitted to Company Secretaries for collation. Subsequently, consolidated responses were presented to the NC for review before being shared with the Board for discussion and are taken into accounts when the NC assesses the Board effectiveness.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### II. BOARD COMPOSITION (Cont'd)

##### Effectiveness of the Board, Board Committee and Individual Directors (Cont'd)

The Board is satisfied with the existing Board structure, effectiveness and the level of commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

##### Appointment to the Board

The appointment of any additional Director is made as and when it is deemed necessary by the Board with due consideration given to the mix of skills, expertise, experience, professionalism, integrity and the ability required for discharging its duties and responsibilities effectively. The Board is assisted in this regard by the NC, who is authorised to assess and propose new nominees for the Board and further empowered to assess the existing Director on an on-going basis. The decision as to who shall be nominated shall be the responsibility of the full Board after considering the recommendations of the NC. The Board has expectation toward its Board members in the Board Charter, amongst others, the Directors are required to commit sufficient time and energy to satisfy the requirements of the Board and Board Committees membership particularly in terms of:

- Attendance and participation in Board meetings and AGM;
- Preparation prior to each meeting;
- Availability to Management upon request to provide advice and counsel; and
- Attending continuing education programmes to update knowledge and enhances their skills.

The Board acknowledges the importance of not solely relying on recommendations from existing Board members, Management or major shareholders in identifying candidates for appointment of Directors, but trust that the nomination has its merits.

##### Diversity of Board and Senior Management

The Board recognises that board diversity is an essential element in contributing the sustainable development of the Group and does not discriminate on the basis of ethnicity, age, gender, nationality, political affiliation, religious affiliation, marital status, education background or physical ability. The appointment of Board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Board believes that diversity in the Board and senior management facilitates multi perspectives which resulted in productivity, sustainability and competencies to deliver the business performance of the Group for the benefit of the shareholders over the medium to long term.

The current Board comprises of three (3) female Directors out of six (6) Board members, which represents 50% of women representation on the Board. The Company is in compliance with Rule 15.02(1)(b) of AMLR and has exceeded the prevailing requirement of Practice 5.9 of the MCCG to have at least 30% women Directors on Board. This demonstrates the Company's commitment on Board gender diversity.

The Board is satisfied that its members have the appropriate balance and mix of skill set, knowledge and experience which is relevant for the current position of the Company.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### II. BOARD COMPOSITION (Cont'd)

##### Diversity of Board and Senior Management (Cont'd)

The Board did not set any specific target for women representation at the KSM level. As of the time of writing, the Company comprises of three (3) female KSM members out of four (4), which represents 75% of the KSM members are females. This is in compliance with the prevailing requirement of Practice 5.10 of the MCCG that encourage the participation of women in decision making position to be broadened to members of senior management.

##### Re-election

In accordance with the Company's Constitution, 1/3 of the Board will retire by rotation at every AGM of the Company. Each Director shall retire at least once in every 3 years and shall be eligible for re-election. Any Director appointed within the year shall hold office only until the next AGM and shall then be eligible for re-election. None of the Directors has been appointed for a fixed term.

The retiring Directors at the upcoming AGM pursuant to Clause 18.2 of the Constitution are Mr. Ong Kah Hong and Ms. Phoon Yee Min.

After assessing the contributions of Mr. Ong Kah Hong and Ms. Phoon Yee Min in terms of guidance and time devoted to the Board affairs and in virtue of his and her skills and experience, the NC has recommended the re-election of Mr. Ong Kah Hong and Ms. Phoon Yee Min at the forthcoming AGM.

##### Directors' Training

The Directors are conscious of the importance of keeping abreast with the latest changes and developments in legal and regulatory governance, so as to update and refresh themselves on matters that may affect their performance as Directors.

All Board members have completed the Mandatory Accreditation Programme ("MAP") and MAP Part II: Leading for Impact, conducted by the Institute of Corporate Directors Malaysia ("ICDM"). Board members are also encouraged to attend training programmes which are relevant to the Group's operations and business. The Company Secretaries would also inform the Directors of the upcoming conferences and seminars relevant to their roles as Directors of the Company.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### II. BOARD COMPOSITION (Cont'd)

##### Directors' Training (Cont'd)

The trainings programmes attended by the Directors during the FYE 2023 are as follows:

Director	Trainings
Ooi Hooi Kiang	<ul style="list-style-type: none"> <li>• Hydrogen Economy Seminar</li> <li>• The Asia Leadership Retreat 2023</li> <li>• MIA International Accountants Conference 2023</li> <li>• Sustainability Training</li> <li>• Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</li> <li>• Chairman's Masterclass: Driving Sustainability from The Chair</li> </ul>
Dato' Seri Lee Kah Choon	<ul style="list-style-type: none"> <li>• Penang Future Forum Summit 2023:               <ul style="list-style-type: none"> <li>- Panellist on Attracting Investments, forging growth &amp; prosperity</li> </ul> </li> <li>• Semi Exhibition / Conference               <ul style="list-style-type: none"> <li>- Moderating: Riding the Industry 4.0 Bandwagon: From automation equipment manufacturing to industrial IOT provider</li> <li>- Panellist (Roundtable discussion): South East Asia Landscape &amp; Investment Opportunities</li> </ul> </li> <li>• Global Minimum Tax Seminar</li> <li>• FPAM Workshop-Equity Portfolio Management</li> <li>• Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</li> <li>• Leading for Impact (Building High Impact Boards for Sustainable Growth)</li> <li>• Management of Cyber Risk webinar               <ul style="list-style-type: none"> <li>- KPMG Tax Summit 2023                   <ul style="list-style-type: none"> <li>Panellist: Penang's Industrial opportunities &amp; Challenges</li> </ul> </li> <li>- International Semiconductor Executive Summit (SEA)                   <ul style="list-style-type: none"> <li>Panellist: Empowering the Next Generation of Semiconductor Talents in SEA</li> </ul> </li> </ul> </li> <li>• Climate Change &amp; Carbon Footprint – Getting the Right Financial Risk &amp; Reporting Perspectives</li> </ul>
Dato' Mohamed Amin Bin Mohd Kassim	<ul style="list-style-type: none"> <li>• Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</li> </ul>
Phoon Yee Min	<ul style="list-style-type: none"> <li>• Digital4ESG Forum</li> <li>• PowerTalk: Advancing Cyber Resilience: Board's Top 3 Must-Knows</li> <li>• Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</li> <li>• MIA Webinar Series: Excel Modelling for Project Financing – Investing Module</li> <li>• Management of Cyber Risk</li> <li>• Cyber Security Training</li> </ul>



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### II. BOARD COMPOSITION (Cont'd)

##### Directors' Training (Cont'd)

The trainings programmes attended by the Directors during the FYE 2023 are as follows: (Cont'd)

Director	Trainings
Ooi Lay Pheng	<ul style="list-style-type: none"> <li>• HR Forum by ITD World: Leading Self for Transformational Growth</li> <li>• International Women's Federation of Commerce and Industry Malaysia (IWFCIM) Investment Forum – “Turning Dreams into Reality – From Start-up to Public Listed Company”</li> <li>• Women Entrepreneur Xchange – Triple “L’s” – Learning Up, Leading Down, And Leading up – in effective leadership.</li> <li>• Sustainability &amp; ESG Conference 2023 – Sustainability, ESG, SDG Best Practices</li> <li>• Sustainability Training</li> <li>• Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</li> <li>• Global Wood Packaging Forum Announces Interpal 2023 Conference – “Unlocking the power of sustainability in the Global Supply Chain”.</li> </ul>
Ong Kah Hong	<ul style="list-style-type: none"> <li>• MIDA – FMM Industrial Linkage Day Accelerating Localisation, Stimulating Economic Growth, Augmenting Sustainability</li> <li>• Sustainability &amp; ESG Conference 2023</li> <li>• Sustainability Training</li> <li>• Mandatory Accreditation Programme Part II: Leading for Impact (LIP)</li> <li>• Malaysia MedTech Industry Summit 2023</li> <li>• 2023 Environmental, Social and Governance (“ESG”) EY workshop: Elevating business with ESG integration excellence</li> </ul>

In addition, the Company Secretaries and external auditors also update the Directors on the latest changes to the regulations, laws and accounting standards to discharge their duties as Directors of the Company.

All Directors will continue to attend such further training as may be required from time to time to keep abreast with developments in the industry as well as the current changes in law and regulations.

#### III REMUNERATION

##### Remuneration Policy

The Board approved and adopted Remuneration Policy for Directors and KSM on 20 December 2022. The Policy is designed to align the interest of the Directors and KSM with those of shareholders, by linking reward to the Group's and individual's performance, therefore promoting long-term sustainability of the Group. The Group seeks to attract, motivate and retain key employees with competitive remuneration packages based on respective individual's responsibilities, expertise, prevailing market conditions and relevant market benchmarks.

The Remuneration Policy is subject to review and update by the Board from time to time and is available on the Group's website at [www.lpglobalbhd.com](http://www.lpglobalbhd.com) in line with Practice 7.1 of the MCCG.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### III REMUNERATION (Cont'd)

##### Remuneration Policy (Cont'd)

The remuneration package of Executive Directors and KSM comprises fixed cash component of salary, fringe benefits, variable performance incentives and statutory contributions. Variable performance incentives are tied to the performance of the Group and the individual's ability to achieve their respective performance targets.

The Board Chairperson and Independent Non-Executive Directors are paid fixed annual directors' fees as members of the Board and Board Committees. A meeting allowance is paid for attendance of Board meetings as well as general meetings. Apart from the above, no other benefits or bonus is paid. The remuneration of the Company's Independent Non-Executive Directors is appropriate to the level of contribution, considering factors such as effort and time spent, responsibilities undertaken, and are benchmarked against prevailing market practices. The directors' fees of the Independent Non-Executive Directors are subject to approval by shareholders at each AGM thereby ensuring that their independence is not compromised. Each of the Independent Non-Executive Directors has abstained from deliberating and voting on decision in respect of his or her own remuneration.

##### Remuneration Committee ("RC")

The Board has established the RC that's responsible to review and makes recommendations on matters relating to performance and remuneration for the Executive Directors and KSM. The RC comprises exclusively of Independent Non-Executive Directors of the Company, namely:

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

The RC has adopted a formal set of TOR approved by the Board and published on the Company's website at [www.lpglobalbhd.com](http://www.lpglobalbhd.com).

The RC meets as and when necessary, but at least once a year. There is a formal and transparent procedure for developing and setting remuneration packages of Executive Directors and KSM. None of the Executive Directors are involved in deciding their own remuneration.

The RC has full authority to engage any external professional advisors, as and when the need arises, on matters relating to remuneration at the cost of the Company through an agreed procedure. No external professional advisors were engaged in the FYE 2023.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### III REMUNERATION (Cont'd)

##### Remuneration Committee (Cont'd)

For the FYE 2023, three (3) RC meetings were held. A summary of key activities undertaken by the RC during the FYE 2023 are as follows:

- Reviewed and discussed the Key Performance Indicator (“KPI”) for Executive Directors and KSM for the FYE 2023;
- Reviewed, assessed and recommended to the Board the remuneration packages for the Executive Directors and KSM; and
- Recommended to the Board the directors’ fees and benefits payable to the Board for shareholders’ approval at the forthcoming AGM of the Company.

##### Directors’ Remuneration

The Directors’ remuneration received from the Company and the Group for the FYE 2023 is presented in the table below:

Category	Fee RM'000	Meeting Allowance RM'000	Salary, Bonus & Incentive RM'000	Other Emoluments RM'000	Total RM'000
<b>Company</b>					
<b>Executive Director</b>					
Ooi Lay Pheng	60	-	-	96	156
Ong Kah Hong	60	-	-	72	132
<b>Non-Executive Director</b>					
Ooi Hooi Kiang	120	12	-	39	171
Dato’ Seri Lee Kah Choon	60	9	-	15	84
Dato’ Mohamed Amin Bin Mohd Kassim	60	9	-	15	84
Phoon Yee Min	60	12	-	15	87
<b>Group</b>					
<b>Executive Director</b>					
Ooi Lay Pheng	60	-	330	149	539
Ong Kah Hong	60	-	273	95	428
<b>Non-Executive Director</b>					
Ooi Hooi Kiang	120	12	-	39	171
Dato’ Seri Lee Kah Choon	60	9	-	15	84
Dato’ Mohamed Amin Bin Mohd Kassim	60	9	-	15	84
Phoon Yee Min	60	12	-	15	87

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### III REMUNERATION (Cont'd)

##### KSM's Remuneration

Although the MCCG recommends full disclosure by the Company of the remuneration of its KSM on named basis, the Company is of the view that it is not in its best interest to disclose details of remuneration due to the confidential and sensitive nature of such information.

As an alternative, the remuneration of KSM of the Group for the FYE 2023 is disclosed in aggregate basis in band width of RM50,000 as follows:

Range of Aggregate Remuneration	No. of KSM
RM150,001 to RM200,000	2
RM200,001 to RM250,000	1
RM250,001 to RM300,000	1
RM300,001 to RM350,000	1

The performance of KSM is evaluated on an annual basis and measured against the KPI sets for the year. The remuneration packages are reviewed annually and adjustments to their remuneration are made based on not only their individual performance and contributions in the preceding year, but also the Group's performance.

##### The Employee Share Option Scheme ("ESOS" or "Scheme") Committee

ESOS of the Company has taken effect on 29 December 2022, after obtaining all the required approvals and complying with the relevant provisions of the AMLR. The objectives of the ESOS are primarily to serve as a long-term incentive plan to reward eligible persons and to align their interest with the corporate goals and objectives of the Group. 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 duration of the Scheme ("**Maximum ESOS Shares**").

The ESOS Committee was established on 19 December 2022 and is empowered to act, execute, enter into any transactions pertaining thereto for and on behalf of the Company in such manner deemed fit by it and in accordance with the By-laws of ESOS, regulations and guidelines in force from time to time.

In conjunction with our listing on the ACE Market of Bursa Securities on 3 January 2023, the Company offered 11,200,000 ESOS options under the Scheme to eligible persons with an exercise price of RM0.30 per share, representing two percent (2%) of the enlarged share capital of 560,000,000 ordinary shares upon listing ("**First Tranche of ESOS**"). Under the First Tranche of ESOS, 5,200,000 and 2,600,000 ESOS options were granted to Directors and KSM respectively, which in aggregate represents 13.93% of the Maximum ESOS Shares. Detail of the ESOS options granted to Directors are as follows:

Name	Designation	No. of ESOS Options Granted
Ooi Lay Pheng	Executive Director / CEO	2,000,000
Ong Kah Hong	Executive Director / COO	1,500,000
Ooi Hooi Kiang	Non-Independent Non-Executive Chairperson	800,000
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>Total</b>		<b>5,200,000</b>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### III REMUNERATION (Cont'd)

##### The Employee Share Option Scheme (“ESOS” or “Scheme”) Committee (Cont'd)

The exercisable period for the First Tranche of ESOS is as follows:

Exercisable Period	Share Options
3 July 2024 to 28 December 2027	2,240,000
3 July 2025 to 28 December 2027	3,360,000
3 July 2026 to 28 December 2027	5,600,000
<b>Total</b>	<b>11,200,000</b>

The Scheme shall continue to be in force for a period of five (5) years and may be extended or renewed for a period of five (5) years or such shorter period, at the sole and absolute discretion of the Board upon the recommendation of the ESOS Committee.

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”)

The Board has established an ARMC, which reports to the Board on all matters requiring audit of the Group. The ARMC comprises wholly of three (3) Independent Non-Executive Directors and chaired by Ms. Phoon Yee Min, who is a member of the Malaysian Institute of Accountants.

The composition of the ARMC has exceeded the required Rule 15.10 of the AMLR and Practice 9 of the MCCG.

The ARMC has adopted a formal set of TOR approved by the Board. The TOR of the ARMC can be found on the Company’s website at [www.lpglobalbhd.com](http://www.lpglobalbhd.com).

The ARMC composition and a summary of activities during the FYE 2023 are set out in the ARMC Report contained in this annual report.

Deriving from the annual performance evaluation carried out by the NC, the Board is satisfied that the ARMC is adequately represented by a wide range of expertise from diverse backgrounds with core competencies in corporate, business acumen and analytical, internal audit, risk management, legal and financial, government policies and regulatory and is able to discharge their duties and responsibilities in an adequate and proper manner.

##### Former Key Audit Partner

None of the ARMC members were former key audit partners of the Group’s existing auditing firm within the three (3) years before being appointed as a member of ARMC. This policy has been formalised in the TOR of the ARMC.

##### Suitability, Objectivity and Independence of the External Auditors

For the financial year under review, the ARMC members met with the external auditors, BDO PLT (“BDO”) once in the absence of the Management.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### I AUDIT AND RISK MANAGEMENT COMMITTEE (Cont'd)

##### Suitability, Objectivity and Independence of the External Auditors (Cont'd)

The ARMC had obtained a written assurance from BDO confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The ARMC has conducted an annual review of all the non-audit services provided by the affiliated firm of the external auditors for the FYE 2023, as disclosed in this annual report, before recommending their re-appointment to the Board. The ARMC is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The ARMC has also assessed and was satisfied with the competence and independence of the external auditors and had recommended the re-appointment of the external auditors for shareholders' consideration at the AGM.

#### II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is responsible for managing risks in order to limit potential adverse effects on the implementation of its strategy, financial performance and the interests of shareholders. The Board delegates oversight of the Group's risk management processes and control environment to the ARMC.

The Group has in place an Enterprise Risk Management ("ERM") framework that enables the Group to identify the risks and address internal control to mitigate or eliminate the risks. These risks are prioritised based on risk appetite and risk tolerance levels that the Board has adopted. Key risks identified are discussed at the ARMC meeting while all other risks are managed by respective department heads and reported to the ARMC on an exceptional basis.

The ARMC Report and the Statement on Risk Management & Internal Control incorporating report on risk management review, internal audit function and conclusion of the review are set out in this annual report.

##### Risk Management Committee

In terms of Step-Up Practice 10.3 of the MCCG which recommends that the establishment of a stand-alone Risk Management Committee with majority of its members being independent, the Company does not intend to adopt such step-up practice for the time being. All functions of the Risk Management Committee is currently assumed by the ARMC.

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

#### I ENGAGEMENT WITH STAKEHOLDERS

The Board considers that effective communication with shareholders is integral to long-term growth and success of the Group. It is committed to providing timely, transparent, accurate and credible material information about the Group to its shareholders, stakeholders and investors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

#### I ENGAGEMENT WITH STAKEHOLDERS (Cont'd)

The information is disseminated to stakeholders through:

- Annual report prepared and issued to shareholders;
- Quarterly announcements containing a summary of the financial information and affairs of the Group disclosed on Bursa Securities' website;
- Public announcements on price sensitive information released via Bursa Securities' website;
- Press releases and / or periodical analyst briefings on major developments of the Group; and
- Company's website.

The Company maintains a corporate website at [www.lpglobalbhd.com](http://www.lpglobalbhd.com) which provides all relevant information about Group and is accessible by the public. L&P has in place Investor Relations Policy which spells out guidelines and practices that it applies when communicating with shareholders and prospective investors and provides appropriate information needed to make well-informed investment decisions.

During the FYE 2023, the Company conducted dialogue sessions and meetings with investors, investment analysts, fund managers and media to ensure the Group's management strategies, corporate direction and operational developments are clear and understood. This includes analyst briefings, investor non-deal roadshows, conference calls, ad-hoc meeting and site tours in both large and small groups as well as 1-to-1 meetings with broking houses and analysts. Our Executive Directors and KSM presented and answered the key issues of which investors were mainly concerned.

#### II CONDUCT OF GENERAL MEETINGS

In compliance with Practice 13.1 of the MCCG, the notice of the Second Annual General Meeting ("AGM") held on 25 May 2023 was dispatched to the shareholders on 27 April 2023, which is more than 28 days before the AGM, so as to ensure the shareholders are given sufficient notice and time to go through the annual report and make the necessary attendance and voting arrangement.

The Company used electronic communications to transmit annual report and other documents such as Notice of AGM to shareholders by uploading such documents via Bursa Securities's website at <http://www.bursamalaysia.com> and publish on the Company's website at <http://lpglobalbhd.com>.

The Notice of AGM was published in the nationally circulated daily newspaper within the mandatory period and the Company's announcements via Bursa Securities as well as the Company's website.

#### Shareholders' Participation at General Meetings

The Board regards its AGM and / or other general meetings as an opportunity to communicate directly with shareholders and endeavour to encourage shareholders to participate in these meetings.

## **CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)**

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

#### **II CONDUCT OF GENERAL (Cont'd)**

##### **Shareholders' Participation at General Meetings (Cont'd)**

The AGM represents the principal forum for dialogue and interaction with shareholders. The CEO and CFO gave a detailed presentation of the Group's business overview and financial performance for the financial year ended 31 December 2022.

All Directors including Chairperson of the Board and the respective Chairman / Chairperson of the Board Committees, the CEO and other KSM attended the AGM to answer any questions put to them and address concerns from shareholders. The external auditors were also present to address any shareholders' queries about the conduct of audit and the preparation and content of the auditors' reports.

The Chairperson provided appropriate and sufficient time to shareholders and encouraged shareholders to raise questions, express opinions and give suggestions about the issues throughout the entire meeting.

The Board members and KSM responded to relevant questions addressed to them during the AGM.

To have greater transparency, accuracy and efficiency in the voting process, the Company adopted the system of e-voting by poll at the AGM. An independent scrutineer was appointed to validate the votes cast and results of each resolution put to vote were announced at the meeting. The poll results were instantaneously displayed on-screen which could be seen by shareholders who joined the meeting.

An announcement detailing the results, including the total number of votes cast for and against each resolution and the respective percentages were announced via Bursa Securities' website after the conclusion of the AGM.

Minutes of meeting which incorporate substantial comments and queries from shareholders and responses from the Company was available on the Company's website after the conclusion of the AGM.

##### **Compliance Statement**

The Board is satisfied that the Company complies substantially the principles and practices set out in the MCCG as well as the AMLR for the FYE 2023.

This CG statement was reviewed and approved by the Board on 18 April 2024.



## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“**Board**”) of L&P Group Berhad (“**L&P**” or “**the Company**”) is pleased to present the Audit and Risk Management Committee (“**ARMC**”) Report for the financial year ended 31 December 2023 (“**FYE 2023**”) in compliance with Rule 15.15 of the ACE Market Listing Requirements (“**AMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The Company was officially transferred to the Main Market of Bursa Securities on 2 February 2024. Thus, the Company shall adhere to the Main Market Listing Requirement of Bursa Securities in our next annual report for the financial year ending 31 December 2024.

### COMPOSITION

The ARMC comprises three (3) members, all of whom are Independent Non-Executive Directors. This meets the requirements of paragraph 15.09(1)(a) and (b) of the AMLR. The current composition of ARMC members are as follows: -

Chairperson: Phoon Yee Min  
*Independent Non-Executive Director*

Members: Dato’ Seri Lee Kah Choon  
*Independent Non-Executive Director*

Dato’ Mohamed Amin Bin Mohd Kassim  
*Independent Non-Executive Director*

The Chairperson of ARMC, Ms. Phoon Yee Min, is a member of the Malaysian Institution of Accountants which is in accordance with the requirement of Paragraph 15.09(1)(c) of the AMLR where at least one (1) member of the ARMC must be a qualified accountant. The Chairperson of ARMC is not a Chairman of the Board.

### ROLES AND RESPONSIBILITIES

The ARMC had been entrusted by the Board to execute its governance and oversight responsibilities in internal control and risk management systems and ensuring integrity of the financial reporting by the Company and its subsidiaries (“**the Group**”). The ARMC also oversee the Group’s internal audit function, oversee the relationship with the Group’s external auditors and to report to shareholders on its activities.

The ARMC deliberates on the summary of internal audit reports and the external auditors’ reports relating to financial, operational, governance, risk management and internal control matters during ARMC meeting. The status of preventive and corrective actions for issues discussed are updated to the ARMC to ensure that the actions are being monitored.

The system of internal control therefore provides only reasonable, not absolute, assurance against material misstatement or loss. The system of internal control does, however, provide reasonable assurance that potential issues can be identified promptly and appropriate remedial action taken.

The ARMC is guided by the terms of reference (“**TOR**”) in performing their duties and discharging their responsibilities. The TOR of ARMC is available for reference at the Company’s website at [www.lpglobalbhd.com](http://www.lpglobalbhd.com).

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

### MEETINGS

During the FYE 2023, the ARMC held five (5) meetings and the details of attendance of each member at the ARMC meetings held during the financial year are as follows:

Name	Number of Meetings	
	Attended	Held
Phoon Yee Min	5	5
Dato' Seri Lee Kah Choon	5	5
Dato' Mohamed Amin Bin Mohd Kassim	5	5

A formal time schedule for ARMC's meeting was established in advance. The ARMC's agenda and meeting papers were distributed to the ARMC members at least one week in advance of each meeting. This allowed Directors sufficient time to review the materials, seek clarifications if needed, and be adequately prepared for the meeting.

The proceedings of each ARMC meeting were documented with the minutes and presented for confirmation at the next ARMC meeting. Following confirmation, the minutes were presented to the Board for notation.

### SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR

Summary of work undertaken by the ARMC during the FYE 2023 were as follows:

#### 1. Financial Reporting

- reviewed and recommended to the Board for approval and subsequent release of the Group's unaudited quarterly financial results to Bursa Securities;
- reviewed the annual audited financial statements of the Company and the Group together with the Directors' Statement and Auditor's Statement to ensure they presented a true and fair view of the Company and the Group's financial performance in accordance with regulatory requirements and recommended the same to the Board for approval; and
- For the purposes of the above, the ARMC focused particularly on:
  - Changes in accounting policies and practices and the implementation of such changes;
  - Compliance with accounting standards and other legal regulatory requirements;
  - Significant and unusual events;
  - Significant adjustments arising from the audit;
  - Going concern assumption, where applicable; and
  - Management judgement and estimation made on the recognition, measurement and presentation.

#### 2. External Audit

- Discussed and reviewed the external auditors, BDO PLT ("BDO") audit planning memorandum for the FYE 2023 outlining the engagement and reporting responsibilities, audit approach, materiality and performance materiality, areas of significant auditors' attention, engagement team, as well as reporting, deliverables and audit fees;

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

### SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR (Cont'd)

#### 2. External Audit (Cont'd)

- Prior to the issuance of the Group's audited financial statements, the ARMC reviewed the audit completion updates presented by BDO which covered the auditors' responsibilities, audit status and significant changes to audit plans, findings on areas of significant auditor attention, summary of misstatements, key audit matters, going concern assumption and impairment arising from the audit during the year under review;
- Discussed and reviewed with BDO the audit findings and opinions, the Auditors' Report and confirmed that full co-operation and unrestricted access to the Group's records had been granted by the Management in the course of audit. During the FYE 2023, the ARMC met with BDO once, without the presence of the Executive Directors and Management of the Group;
- Following the input from the Management and BDO's comments, the ARMC was satisfied that the accounting treatments applied under the financial reporting standards, the significant judgements, key assumptions and conclusions reached were appropriate;
- Reviewed and discussed with BDO the effectiveness of the Group's internal controls and their recommendations for improvement on deficiencies noted in the course of audit. There were no significant findings highlighted by BDO;
- The ARMC was satisfied that the level of fees paid / payable in respect of the services provided by BDO was appropriate. The amount of external audit fees and non-audit fees incurred for the FYE 2023 are set out under the Additional Compliance Information in this annual report; and
- Assessed and evaluated the integrity, capability, professionalism, independence and work ethics of the external auditors and determined whether to re-appoint the current External Auditors. With due consideration, the ARMC was satisfied with BDO's performance and therefore, would recommend to the Board for seeking shareholders' approval at the forthcoming AGM, on the re-appointment of BDO as the external auditors.

#### 3. Internal Audit ("IA")

- Reviewed and approved the IA plan for FYE 2023 following discussions and challenge as to the scope and areas of focus as tabled by the outsourced internal auditors. The plan takes account of the Group's strategic objectives and risks and provide the degree of coverage deemed appropriate by the ARMC;
- Makes enquiries as to the internal auditors' resources, expertise, professionalism and independency to meet planned audit activities across the Group;
- Reviewed IA reports issued by the Internal Auditors and took note of their observations, recommendations and the Management's responses thereto;
- Discussed significant reported matters with the Management together with the internal auditors to reaffirm a common understanding of the issues and the Management's commitment to improve the current system of internal control to address the issues. The ARMC subsequently reported significant internal control matters to the Board; and
- Evaluated and reviewed the adequacy of the resources, scope, functions, competency and performance of IA function and its comprehensiveness of the coverage of activities within the Group.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

### SUMMARY OF ACTIVITIES FOR THE FINANCIAL YEAR (Cont'd)

#### 4. Risk Management and Internal Control

- Reviewed the adequacy and effectiveness of risk management and internal control systems instituted within the Group; and
- Reviewed and received updates on the Enterprise Risk Management and Corruption Risk Management including principal and emerging risks finding as well as adoption of relevant mitigation corrective measures for the identified risks.

#### 5. Oversight of Compliance and Corporate Governance Matters

- Reviewed and confirmed the minutes of the ARMC Meetings;
- Reviewed and monitored compliance with the MCCG;
- Reviewed the impact of the relevant regulatory changes and ensured compliance by the Company and the Group; and
- Reviewed and recommended the ARMC Report and Statement on Risk Management and Internal Control (“**SORMIC**”) to the Board for approval and inclusion in the annual report.

#### 6. Related Party Transactions

- Reviewed and confirmed with the Management on a quarterly basis if any related party transaction or recurrent related party transaction entered by the Group which are required to be transacted at an arm’s length basis and no detrimental interest to the minority of the shareholders.

#### 7. Conflict of Interest (“**COI**”) and Potential COI

- In accordance with the amendment of AMLR in May 2023, the ARMC reviewed and reported to the Board that there was no COI and potential COI situation involving Directors and Key Senior Management that arose, persist or may arise during the FYE 2023.

The ARMC have sufficient resources available to discharge their responsibilities. The ARMC not only has access to any information that it needs, but also have the right to seek independent advice and the power to investigate any matter within the ambit of its authority.

### INTERNAL AUDIT FUNCTION

The Group had outsourced its internal audit function for the FYE 2023 to an independent professional consulting firm Tricor Axelasia Sdn Bhd (“**Tricor**”) to review the effectiveness of the Group’s internal control and processes and ensure that there is an appropriate balance of risk and control in achieving its business objectives.

Details of the internal audit function are set out in the SORMIC included in this annual report.

This ARMC report was reviewed and approved by the Board on 18 April 2024.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“**Board**”) of L&P Global Berhad (“**L&P**” or “**the Company**”) is pleased to provide the following Statement on Risk Management and Internal Control (“**SORMIC**”) for the financial year ended 31 December 2023 (“**FYE 2023**”) pursuant to Rule 15.26(b) of the ACE Market Listing Requirements (“**AMLR**”) of Bursa Malaysia Securities-Berhad (“**Bursa Securities**”) and Practice 10.2 of the Malaysian Code on Corporate Governance (“**MCCG**”).

The Company was officially transferred to the Main Market of Bursa Securities on 2 February 2024. Thus, the Company shall adhere to the Main Market Listing Requirement of Bursa Securities in our next annual report for the financial year ending 31 December 2024.

The Board is guided by the SORMIC: Guidelines for Directors of Listed Issuers (“**Guidelines**”) in making disclosures concerning main features of the Risk Management Framework and Internal Control System of the Company and its subsidiaries (“**the Group**”) and is committed to fulfilling its responsibility of maintaining a sound system of risk management and internal control in the Group. The SORMIC outlines the nature and scope of risk management and internal control of the Group during the financial year.

### Board Responsibilities

The Board recognises the importance of maintaining a sound system of internal control and the proper identification and management of risks affecting the operations of the Group to safeguard shareholders’ investments and other stakeholders’ interests. Accordingly, the Board affirms its overall responsibilities for the Group’s system of risk management and internal control which is vital to managing principal risk which may impede the achievement of the Group’s corporate and business objectives. These responsibilities include reviewing the adequacy and integrity of this system which covers enterprise risk management, financial, organisational, operational and compliance controls.

Given that there are inherent limitations in any system of risk management and internal control, the said system is designed to manage risks within tolerable and knowledgeable limits in an efficient manner, rather than eliminating the risk of failure to achieve business objectives of the Group. The system can therefore only provide reasonable, but not absolute assurance, against material misstatements of management and financial information, financial losses, defalcations, fraud and breaches of laws or regulations.

### Risk Management Framework

Risk management is embodied in the Groups’ key business processes through the Enterprise Risk Management (“**ERM**”) Framework, which sets out amongst others, a systematic approach to identify, analyse, monitor and report key risks and the likelihood of risk occurrence as well as the magnitude of impact using a self-assessment approach. In addition, the framework outlines the significant risks that the Group is exposed to such as strategic, organisation structure, operational, processes, regulatory, people culture, technologies and reputation risks.

The individual risks identified are scored for their likelihood of occurrence and the impact thereof based on a ‘5 by 5’ risk matrix, deploying parameters established for the Group. The risk parameters comprise relevant financial and non-financial metrics for risks to be evaluated and / or quantified in terms of likelihood of their occurrence and the impact thereof. The use of such metrics essentially articulates the Board’s risk appetite, i.e. the extent of risk the Group is prepared to take or seek to achieve its business objectives.

Details of specific risks are documented in risk registers, covering the risk description, root causes, risk consequences, internal controls implemented to address the root causes, the Management’s assessment of the effectiveness of internal controls and the residual risk rating after considering the effects of internal controls deployed to manage the exposure.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

### Risk Management Framework (Cont'd)

During the financial year under review, the Executive Directors, assisted by the Management, has identified fourteen key risks in relation to strategic, operational, compliance and financial risk and the Group has evaluated the potential impact of these risks. The Management comprised the Chief Financial Officer, Key Senior Management (“KSM”), department heads and managers of subsidiaries. Risk register was updated and meetings were held to communicate and deliberate the issues or risks and where appropriate, the control systems and action plans were implemented and taken to ensure continuous risk mitigation and risk management.

In order to ensure that the Group’s ERM framework remain sound, the risk register is monitored to include emerging risk as and when necessary. This serves to ensure controls are in place and continue to operate adequately and effectively.

### Internal Control System

Internal controls are important to support the function of the risk management system. The Group continually reviews and enhances its internal control procedures with the recommendations of auditors. The key features of the control framework and procedures in the Group are as follows:

- Management organisation structure defining the Management’s responsibilities and hierarchical structure of reporting lines and accountability;
- Delegation and separation of responsibilities between the Board and the Management and the establishment of various Board Committees and the presence of Independent Directors to overseeing the financial, compliance and operational performance of the Management;
- Standard operating procedures (“SOP”) guiding staff members in carrying out their function effectively. This SOP covers the monitoring of nonconformity controls and risk-based action. Berjayapak Sdn Bhd and Berjayapak Vietnam Co. Ltd are ISO9001: 2020 certified. With these certifications, annual surveillance audits are conducted by independent external ISO auditors particularly to ensure compliance with ISO procedures or manual;
- Regular management review meetings to review operational and financial performance as well as formulate action plans to address any areas of concern. There is regular reporting by the Executive Directors and KSM of the Group to the Board on significant changes in business and the external environment in which the Group operates;
- Structured whistle-blowing policies and procedures are formalised in writing to enable employees of the Group to raise genuine concerns about suspected improprieties on matters of financial reporting, non-compliance with law and regulations, malpractices or unethical business conduct within the Group at the earliest opportunity and in an appropriate way without fear of reprisal and to have such concerns properly investigated. All disclosures made under the Policy will be handled with strict confidence. The Policy promotes a culture of honesty, openness and transparency within the Group;
- Code of Ethics which underlines the Group’s core values in conducting business fairly, impartially and ethically;
- Anti-bribery and Anti-Corruption Policy which sets out the policies and procedures on the Group’s commitment to uphold the highest legal, moral and ethical business practices. All forms of bribery and corruption are not acceptable and will not be tolerated.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

### Internal Audit Function

During the FYE 2023, the Group had outsourced the internal audit function to an independent professional consulting firm, Tricor Axelasia Sdn Bhd “**Tricor**”, which assists the Audit and Risk Management Committee (“**ARMC**”) by independently evaluating and improving the effectiveness of the system of internal control and make recommendations for improvement.

The performance of the internal audit work is guided by, in all respects, the International Professional Practices Framework issued by the Institute of Internal Auditors. This involved assessing key risk area, walkthrough or high-level reviews of the major operations, discussion held with top management and key staff as well as limited tests of transactions on a sample basis covering various related records and documents supplemented with an observation of its current practices.

The activities of the internal audit are carried out based on their risk assessment and in accordance with the annual internal audit plan approved by the ARMC on a yearly basis. The internal audit plan for the FYE 2023 was tabled for ARMC’s reviewed and approved. During the financial year under review, two cycles of internal audit were conducted, as below:-

Internal Audit	Audited Area	Reporting Month	Audited Entity
Cycle 1, FYE 2023	Business development, and key customer management	November 2023	• Berjayapak Sdn Bhd
Cycle 2, FYE 2023	Talent recruitment and retention, and succession planning	November 2023	• Berjayapak Sdn Bhd

In carrying out its activities, Tricor has unrestricted access to the relevant records, personnel and physical properties. The results of internal audits including the audit recommendations made by Tricor and the Management’s replies to those recommendations are directly reported to ARMC. Besides, follow-up reviews are carried out in the subsequent internal audit review assignment to determine the status of implementation of improvements.

The total cost incurred for the Group’s internal audit function during the FYE 2023 was approximately RM36,000.

### Assurance by the Group Chief Executive Officer, Chief Operation Officer and Group Chief Financial Officer on the Adequacy and Operating Effectiveness of the Risk Management and Internal Control System

The Board has received written assurance from the Chief Executive Officer, Chief Operation Officer and Chief Financial Officer stating that the Group’s risk management and internal control system are operating adequately and effectively, in all material aspects, based on the ERM framework adopted by the Group.

For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

In line with the Guidelines, the Board is satisfied that there is an ongoing and effective process for identifying, evaluating and managing the risk and internal control of the Group to safeguard the Group’s assets and stakeholders’ interest.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

### Review of Statement by the External Auditors

In accordance to Rule 15.23 of the AMLR of Bursa Securities and in accordance with the Audit and Assurance Practice Guide 3 (“AAPG 3”), Guidance for Auditors on Engagements to Report on the SORMIC included in the annual report issued by the Malaysian Institute of Accountants (“MIA”), the external auditors, BDO PLT has reviewed the SORMIC for inclusion in this annual report for the FYE 2023, and has reported to the Board that based on their review procedures performed and evidence obtained, nothing has come to their attention that caused them to believe that the SORMIC intended to be included in the annual report of the Company was not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines, nor is the SORMIC factually inaccurate.

The AAPG 3 does not require the external auditors to consider whether the SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system including the assessment and opinion by the Board and Management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

### Conclusion

The Board is of the view that the system of risk management and internal control, in place for the financial year under review is sound and sufficient to safeguard the interest of shareholders, customers, employees and the Group’s assets. Whilst the Board is of the view that there were no material losses incurred during the financial year as a result of weaknesses in the risk management and internal control system, the Board believes that this system must continuously evolve to meet the changing business landscape and environment of the Group operates in. Therefore, the Board continues to put in place action plans, as deemed appropriate, to strengthen the system of risk management and internal control from time to time towards achieving the Group’s business objectives.

The SORMIC was reviewed and approved by the Board on 18 April 2024.



## ADDITIONAL COMPLIANCE INFORMATION

### 1. Status of utilisation of Proceeds from IPO

L&P Global Berhad (“**L&P**” or “**the Company**”) completed its Initial Public Offering (“**IPO**”) exercise on 3 January 2023, which raised gross proceeds of RM33,900,000.

On 28 July 2023, the Board of Directors (“**Board**”) of L&P announced that the Board had resolved to approve the variation to the utilisation of RM8.00 million of the proceeds raised from its IPO exercise, which had been earmarked for part payment of the construction cost for a new factory in Johor (“**Proposed New Johor Factory**”) (“**Capex Variation**”).

As of 31 March 2024, the status of utilisation of proceeds raised from the IPO are as follows:

Purpose	Original proposed utilisation		Revised proposed utilisation		Actual utilisation	Balance to utilise	Estimated timeframe for utilisation from the date of Listing
	RM'000	%	RM'000	%			
Capital expenditure							
- Proposed New Johor Factory	10,000	29.50	2,000	5.90	-	2,000	Within 36 months
- Capex Variation	-	-	8,000	23.60	5,548	2,452	Within 36 Months
Business expansion	2,000	5.90	2,000	5.90	27	1,973	Within 36 Months
Repayment of borrowings	5,000	14.75	5,000	14.75	5,000	-	Within 6 Months
Working Capital	13,000	38.35	13,000	38.35	13,000	-	Within 12 Months
Estimated listing expenses	3,900	11.50	3,900	11.50	3,900	-	Within 3 months
<b>Total</b>	<b>33,900</b>	<b>100.00</b>	<b>33,900</b>	<b>100.00</b>	<b>27,475</b>	<b>6,425</b>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Company’s Prospectus dated 13 December 2022 and the announcement on variation of utilisation dated 28 July 2023.

## ADDITIONAL COMPLIANCE INFORMATION (Cont'd)

### 2. Audit and Non-Audit Fees

The fees paid or payable to the external auditors, BDO PLT and its affiliates in relation to the audit and non-audit services rendered to the Company and its subsidiaries (“the Group”) for the financial year ended 31 December 2023 (“FYE 2023”) were as follows:

	Company RM'000	Group RM'000
Audit Fee	29	123
Non-Audit Fee	85	121
<b>Total</b>	<b>114</b>	<b>244</b>

Non-Audit Fee consists mainly of professional fee incurred for the engagement as a member of due diligence group in connection with the Company’s transfer from ACE Market to Main Market of Bursa Malaysia Securities Berhad.

### 3. Material Contracts

There were no material contracts entered into by the Company and the Group involving directors and major shareholders’ interest either still subsisting at the end of the FYE 2023 or entered into since the end of the previous financial year.

## STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required to prepare the audited financial statements for each financial year in accordance with the provisions of the Companies Act 2016 (“Act”), the applicable approved accounting standards and the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) to give a true and fair view of the state of affairs of L&P Global Berhad (“L&P” or “the Company”) and its subsidiaries (“the Group”) for the financial year ended 31 December 2023 (“FYE 2023”) and of the financial performance and cash flows of the Company and the Group for the financial year.

The Company was officially transferred to the Main Market of Bursa Securities on 2 February 2024. Thus, the Company shall adhere to the Main Market Listing Requirement of Bursa Securities in our next annual report for the financial year ending 31 December 2024.

The Directors consider that in the preparation of the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023, the Company and the Group have:

- applied the appropriate accounting policies consistently;
- applied reasonable and prudent judgements and estimates;
- ensured that the audited financial statements are in compliance with all applicable Malaysia Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Act and the AMLR of Bursa Securities; and
- prepared the audited financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Company and the Group have adequate resources to continue operations for the foreseeable future.

The Directors are responsible for ensuring that the Company and the Group keep such accounting and other records in a manner that would sufficiently explain the financial position of the Company and the Group.

The Directors are also responsible for taking steps as are reasonably available to them to ensure that adequate risk management and internal controls are in place to safeguard the assets of the Company and the Group and to prevent and detect any fraud and other irregularities.

The above statement was reviewed and approved by the Board on 18 April 2024.

# FINANCIAL STATEMENTS

<b>100</b>	Directors' Report
<b>110</b>	Statement by Directors
<b>110</b>	Statutory Declaration
<b>111</b>	Independent Auditor's Report
<b>117</b>	Statements of Financial Position
<b>119</b>	Statements Of Profit Or Loss And Other Comprehensive Income
<b>121</b>	Consolidated Statement Of Changes In Equity
<b>123</b>	Statement Of Changes In Equity
<b>124</b>	Statements Of Cash Flows
<b>128</b>	Notes To The Financial Statements



## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are provision of integrated industrial packaging solutions. Further details of the subsidiaries are disclosed in Note 7 to the financial statements.

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

### RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Profit for the financial year	<u>20,684,227</u>	<u>12,121,230</u>
Attributable to:		
Owners of the parent	<u>20,684,227</u>	<u>12,121,230</u>

### DIVIDENDS

Dividends declared and paid by the Group since the end of the previous financial year were as follows:

	<b>RM</b>
In respect of financial year ended 31 December 2023:	
Single tier dividend of RM0.005 per ordinary share, paid on 18 October 2023	<u>2,800,000</u>

On 27 February 2024, the Board of Directors declared a final single tier dividend of RM0.008 per ordinary share amounting to RM4,480,000 in respect of the financial year ended 31 December 2023 to be paid on 18 April 2024 to the shareholders of the Company whose name appear in the Record of Depositors on 27 March 2024.

The financial statements for the current financial year do not reflect this declared dividend. Such dividend will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

## DIRECTORS' REPORT (Cont'd)

### RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the year have been disclosed in the financial statements.

### ISSUE OF SHARES AND DEBENTURES

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

### OPTIONS GRANTED OVER UNISSUED SHARES

The Employee Share Option Scheme ("ESOS") of the Company came into effect on 29 December 2022, which is in force for a period of five (5) years until 28 December 2027.

Salient features and other terms of ESOS as follows:

- (a) 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 and fully paid up shares of the Company (excluding treasury shares, if any) at any point in time during the ESOS period.
- (b) 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.
- (c) Any Directors and employees may be considered as eligible from time to time and at any time by the ESOS Committee. Any Directors and employees who fulfill the following criteria shall be eligible for consideration by the ESOS Committee to participate in the ESOS:
  - (i) has attained the age of eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
    - 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 noticed of resignation or received a notice of termination; or
    - is employed by a corporation which is acquired by the Group during the ESOS 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;

## DIRECTORS' REPORT (Cont'd)

### OPTIONS GRANTED OVER UNISSUED SHARES (Cont'd)

Salient features and other terms of ESOS as follows (Cont'd):

- (c) Any Directors and employees may be considered as eligible from time to time and at any time by the ESOS Committee. Any Directors and employees who fulfill the following criteria shall be eligible for consideration by the ESOS Committee to participate in the ESOS (Cont'd):
  - (ii) has been confirmed in write and is not under any probation;
  - (iii) 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 ESOS has been approved by the shareholders of the Company at a general meeting; and
  - (iv) 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.
- (d) The aggregate maximum number of options to be offered 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.
- (e) Subject to any adjustments made under the By-Laws of the ESOS and pursuant to the listing requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the exercise price shall be:
  - (i) In respect of any offer which is made in conjunction with the listing of the Company, the final price paid by investors for the ordinary shares issued by the Company pursuant to its initial public offering;
  - (ii) In respect of any offer which is made subsequent to the listing of the Company, the price to be determined by ESOS Committee based on the five (5)-day volume weighted average market share of the ordinary shares immediately preceding the offer date with a discount of not more than 10%; and

## DIRECTORS' REPORT (Cont'd)

### OPTIONS GRANTED OVER UNISSUED SHARES (Cont'd)

Salient features and other terms of ESOS as follows (Cont'd):

- (f) The options shall be vested to an eligible person on the vesting dates after fulfilling the vesting conditions in accordance with ESOS By-Laws. 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 number of unissued ordinary shares under options was as follows:

		Number of options over ordinary shares			Exercisable
Date of offer	Exercise price	Balance as at 1.1.2023	Granted	Balance as at 31.12.2023 <sup>^</sup>	as at 31.12.2023
3.1.2023	RM0.30	0	11,200,000	11,200,000	0

<sup>^</sup> Exercisable by the grantee upon achieving the vesting conditions set by the ESOS committee.

The vesting dates for the first tranche of ESOS is as follows:

Vesting dates	Number of options
3.7.2024	2,240,000
3.7.2025	3,360,000
3.7.2026	5,600,000
	<u>11,200,000</u>

### DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Ooi Lay Pheng \*  
 Ong Kah Hong \*  
 Ooi Hooi Kiang \*  
 Dato' Mohamed Amin Bin Mohd Kassim  
 Dato' Seri Lee Kah Choon  
 Phoon Yee Min

\* These Directors of the Company are also the Directors in certain subsidiaries of the Company.



## DIRECTORS' REPORT (Cont'd)

### DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares in the Company and of its related corporations during the financial year ended 31 December 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

<u>Shares in the Company</u>	Number of ordinary shares			<u>Balance as at 31.12.2023</u>
	<u>Balance as at 1.1.2023</u>	<u>Bought</u>	<u>Sold</u>	
<b>Direct interests:</b>				
Ooi Lay Pheng	2,000,000	0	0	2,000,000
Ong Kah Hong	1,000,000	0	0	1,000,000
Ooi Hooi Kiang	300,000	125,000	0	425,000
Dato' Mohamed Amin Bin Mohd Kassim	250,000	0	0	250,000
Dato' Seri Lee Kah Choon	250,000	500,000	(250,000)	500,000
Phoon Yee Min	250,000	100,000	(250,000)	100,000
<b>Indirect interest:</b>				
Ooi Lay Pheng *	368,500,000	0	0	368,500,000
Ong Kah Hong #	26,820,000	50,000	(2,200,000)	24,670,000
Ooi Hooi Kiang #	26,820,000	50,000	(2,200,000)	24,670,000

<u>Share options in the Company</u>	Number of options over ordinary shares		
	<u>Balance as at 1.1.2023</u>	<u>Granted</u>	<u>Balance as at 31.12.2023</u>
<b>Direct interests:</b>			
Ooi Lay Pheng	0	2,000,000	2,000,000
Ong Kah Hong	0	1,500,000	1,500,000
Ooi Hooi Kiang	0	800,000	800,000
Dato' Mohamed Amin Bin Mohd Kassim	0	300,000	300,000
Dato' Seri Lee Kah Choon	0	300,000	300,000
Phoon Yee Min	0	300,000	300,000

\* Deemed interested by virtue of shareholding in B Pack Holdings Sdn. Bhd.

# Deemed interested by virtue of shareholding in Moviente Sdn. Bhd.

By virtue of Ooi Lay Pheng's substantial interest of the Company, she is also deemed to have interest in the shares of all the subsidiaries to the extent the Company has an interest.

## DIRECTORS' REPORT (Cont'd)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received and receivable by the Directors) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Directors is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who received remuneration from a subsidiary as Directors of the subsidiary.

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

### DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	<b>Group 2023 RM</b>	<b>Company 2023 RM</b>
Fees	420,000	420,000
Salaries, allowances and bonuses	602,688	0
Contributions to defined contribution plans	74,380	0
Socso contributions	1,783	0
Share options granted under ESOS	252,373	252,373
Others	42,118	42,000
	<u>1,393,342</u>	<u>714,373</u>

### INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected liability insurance of the Directors and officers during the financial year to protect the Directors and the officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. The total amount of insurance premium effected for any Director and officer of the Group and of the Company was RM14,000.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

## **DIRECTORS' REPORT (Cont'd)**

### **OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**

#### **(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

- (c) The Directors are not aware of any circumstances:
  - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## **DIRECTORS' REPORT (Cont'd)**

### **OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (Cont'd)**

#### **(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (Cont'd)**

- (d) In the opinion of the Directors:
  - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

#### **(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

## **DIRECTORS' REPORT (Cont'd)**

### **SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

On 13 June 2023, on behalf of the Board of Directors of the company, L&P Global Berhad, Alliance Islamic Bank Berhad announced that the Company proposed to undertake the following:

- (i) proposed transfer of the listing and quotation of the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Securities ("Proposed Transfer"); and
- (ii) proposed amendments to the Constitution of the Company to facilitate the implementation of the Proposed Transfer ("Proposed Amendments").

The Proposed Amendments had been approved by the shareholders of L&P Global Berhad at the Extraordinary General Meeting held on 25 September 2023.

The Securities Commission Malaysia and Bursa Securities had, via its letter dated 17 January 2024 and 26 January 2024 respectively, approved the Proposed Transfer. Consequently, the listing of and quotation for the entire issued share capital of L&P Global Berhad has been transferred from the ACE Market to the Main Market of Bursa Securities on 2 February 2024.

### **HOLDING COMPANY**

The Directors regard B Pack Holding Sdn. Bhd., a company incorporated in Malaysia as the ultimate holding company.

## **DIRECTORS' REPORT (Cont'd)**

### **AUDITORS**

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2023 amounted to RM29,000 and RM93,800 respectively.

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

**Ooi Lay Pheng**

Director

**Ong Kah Hong**

Director

Penang

Dated: 18 April 2024

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 117 to 178 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

**Ooi Lay Pheng**  
Director

**Ong Kah Hong**  
Director

Penang  
Dated: 18 April 2024

## STATUTORY DECLARATION

I, Ow Chooi Khim (CA 12616), being the officer primarily responsible for the financial management of L&P Global Berhad, do solemnly and sincerely declare that the financial statements set out on pages 117 to 178 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared  
by the abovenamed at  
Georgetown in the State of  
Penang this 18 April 2024.

**Ow Chooi Khim**  
Chief Financial Officer

Before me,

Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF L&P GLOBAL BERHAD

### Report on the Financial Statements

We have audited the financial statements of L&P Global Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended and notes to the financial statements, including material accounting policy information, as set out on pages 117 to 178.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ('MFRSs'), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### *Independence and Other Ethical Responsibilities*

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



## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF L&P GLOBAL BERHAD (Cont'd)**

#### **Key Audit Matters**

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

#### **Recoverability of trade receivables**

The net carrying amount of trade receivables of RM31,941,000 has been disclosed in Note 9 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

#### ***Audit response***

Our audit procedures included the following:

- a. Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- b. Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and
- c. Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

We have determined that there are no key audit matters to communicate in our report of the audit of the financial statements of the Company.

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF L&P GLOBAL BERHAD (Cont'd)**

#### **Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

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

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

#### **Responsibilities of the Directors for the Financial Statements**

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

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

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF L&P GLOBAL BERHAD (Cont'd)**

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and 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 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 financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (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 and the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF L&P GLOBAL BERHAD (Cont'd)**

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

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 (Cont'd):

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

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

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

# **INDEPENDENT AUDITORS' REPORT**

## **TO THE MEMBERS OF L&P GLOBAL BERHAD (Cont'd)**

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

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

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditor, is disclosed in Note 7 to the financial statements.

### **Other Matters**

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

**BDO PLT**  
201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

**Lee Beng Tuan**  
03271/07/2024 J  
Chartered Accountant

Penang  
Dated: 18 April 2024

## STATEMENT OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	25,037,971	17,243,910	0	0
Right-of-use assets	6	28,987,278	29,292,033	0	0
Investments in subsidiaries	7	0	0	43,281,881	42,990,681
Deferred tax assets	8	5,215	47,309	0	0
		<u>54,030,464</u>	<u>46,583,252</u>	<u>43,281,881</u>	<u>42,990,681</u>
<b>Current assets</b>					
Inventories	10	11,895,175	19,109,963	0	0
Trade and other receivables	9	36,742,275	63,612,339	25,010,421	32,986,279
Derivative assets	11	81,044	0	0	0
Current tax assets		666,015	1,418,559	11,800	0
Cash and bank balances	12	40,211,850	6,664,966	14,637,811	993
		<u>89,596,359</u>	<u>90,805,827</u>	<u>39,660,032</u>	<u>32,987,272</u>
<b>TOTAL ASSETS</b>		<u><u>143,626,823</u></u>	<u><u>137,389,079</u></u>	<u><u>82,941,913</u></u>	<u><u>75,977,953</u></u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	13	73,464,999	73,464,999	73,464,999	73,464,999
Reserves	14	27,113,429	8,532,800	6,642,326	(3,222,477)
<b>TOTAL EQUITY</b>		<u><u>100,578,428</u></u>	<u><u>81,997,799</u></u>	<u><u>80,107,325</u></u>	<u><u>70,242,522</u></u>

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023 (Cont'd)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	15	27,123,273	29,568,440	0	0
Lease liabilities	6	2,607,321	1,561,893	0	0
Deferred tax liabilities	8	1,636,700	1,304,400	0	0
		<u>31,367,294</u>	<u>32,434,733</u>	<u>0</u>	<u>0</u>
<b>Current liabilities</b>					
Trade and other payables	16	7,731,783	7,760,994	494,783	3,198,249
Borrowings	15	1,945,026	12,601,163	2,339,805	2,537,182
Lease liabilities	6	1,057,989	1,616,072	0	0
Current tax liabilities		946,303	978,318	0	0
		<u>11,681,101</u>	<u>22,956,547</u>	<u>2,834,588</u>	<u>5,735,431</u>
<b>TOTAL LIABILITIES</b>		<u>43,048,395</u>	<u>55,391,280</u>	<u>2,834,588</u>	<u>5,735,431</u>
<b>TOTAL EQUITY AND LIABILITIES</b>					
		<u>143,626,823</u>	<u>137,389,079</u>	<u>82,941,913</u>	<u>75,977,953</u>

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

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	17	167,037,922	150,540,585	13,600,000	0
Cost of sales		<u>(128,217,780)</u>	<u>(117,140,155)</u>	<u>0</u>	<u>0</u>
Gross profit		38,820,142	33,400,430	13,600,000	0
Other operating income		2,453,241	1,183,981	950,273	0
Reversal of impairment losses on trade and other receivables	9(g)	39,805	121,649	0	0
Distribution costs		(3,348,457)	(3,023,968)	0	0
Administration expenses		<u>(11,194,311)</u>	<u>(10,933,867)</u>	<u>(2,253,343)</u>	<u>(2,472,012)</u>
Profit/(Loss) from operations		26,770,420	20,748,225	12,296,930	(2,472,012)
Finance costs	18	<u>(1,746,581)</u>	<u>(1,459,780)</u>	<u>0</u>	<u>0</u>
Profit/(Loss) before tax		25,023,839	19,288,445	12,296,930	(2,472,012)
Tax expense	20	<u>(4,339,612)</u>	<u>(4,552,723)</u>	<u>(175,700)</u>	<u>0</u>
Profit/(Loss) for the financial year		20,684,227	14,735,722	12,121,230	(2,472,012)



**STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Other comprehensive income</b>					
<b>Item that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation		152,829	146,729	0	0
Total comprehensive income/(loss) for the financial year		<u>20,837,056</u>	<u>14,882,451</u>	<u>12,121,230</u>	<u>(2,472,012)</u>
Profit/(Loss) attributable to owners of the parent		<u>20,684,227</u>	<u>14,735,722</u>	<u>12,121,230</u>	<u>(2,472,012)</u>
Total comprehensive income/(loss) attributable to owners of the parent		<u>20,837,056</u>	<u>14,882,451</u>	<u>12,121,230</u>	<u>(2,472,012)</u>
Earnings per ordinary share attributable to owners of the parent:					
Basic (sen)	21	<u>3.69</u>	<u>21.01</u>		
Diluted (sen)	21	<u>3.67</u>	<u>18.12</u>		

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Share capital RM	Merger reserve RM	Share option reserve RM	Exchange translation reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2023	73,464,999	(33,653,499)	0	306,913	41,879,386	81,997,799
Profit for the financial year	0	0	0	0	20,684,227	20,684,227
Other comprehensive income, net of tax	0	0	0	152,829	0	152,829
Total comprehensive income	0	0	0	152,829	20,684,227	20,837,056
<b>Transactions with owners:</b>						
Dividends	0	0	0	0	(2,800,000)	(2,800,000)
Share options granted under ESOS	0	0	543,573	0	0	543,573
Total transactions with owners	0	0	543,573	0	(2,800,000)	(2,256,427)
Balance as at 31 December 2023	73,464,999	(33,653,499)	543,573	459,742	59,763,613	100,578,428

Note

22

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

Group	Share capital RM	Merger reserve RM	Exchange translation reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2022	6,800,010	0	160,184	32,743,664	39,703,858
Profit for the financial year	0	0	0	14,735,722	14,735,722
Other comprehensive income, net of tax	0	0	146,729	0	146,729
Total comprehensive income	0	0	146,729	14,735,722	14,882,451
<b>Transactions with owners:</b>					
Issuance of ordinary shares pursuant to:					
- Acquisition of a subsidiary in business combination under common control	33,653,499	(33,653,499)	0	0	0
- Initial Public Offering	33,900,000	0	0	0	33,900,000
Share issuance expenses	(888,510)	0	0	0	(888,510)
Dividends	0	0	0	(5,600,000)	(5,600,000)
Total transactions with owners	66,664,989	(33,653,499)	0	(5,600,000)	27,411,490
Balance as at 31 December 2022	73,464,999	(33,653,499)	306,913	41,879,386	81,997,799

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

## STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Share capital RM	Share option reserve RM	(Accumulated losses)/ Retained earnings RM	(Capital deficiency)/ Total equity RM
<b>Company</b>					
Balance as at 1 January 2023		73,464,999	0	(3,222,477)	70,242,522
Profit for the financial year		0	0	12,121,230	12,121,230
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive income		0	0	12,121,230	12,121,230
<b>Transactions with owners:</b>					
Dividends	22	0	0	(2,800,000)	(2,800,000)
Share options granted under ESOS		0	543,573	0	543,573
Total transactions with owners		0	543,573	(2,800,000)	(2,256,427)
Balance as at 31 December 2023		73,464,999	543,573	6,098,753	80,107,325
<b>Company</b>					
Balance as at 1 January 2022		10	0	(750,465)	(750,455)
Loss for the financial year		0	0	(2,472,012)	(2,472,012)
Other comprehensive income, net of tax		0	0	0	0
Total comprehensive loss		0	0	(2,472,012)	(2,472,012)
<b>Transactions with owners:</b>					
Issuance of ordinary shares pursuant to:					
- Acquisition of a subsidiary	13	40,453,499	0	0	40,453,499
- Initial Public Offering	13	33,900,000	0	0	33,900,000
Share issuance expenses	13	(888,510)	0	0	(888,510)
Total transactions with owners		73,464,989	0	0	73,464,989
Balance as at 31 December 2022		73,464,999	0	(3,222,477)	70,242,522

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

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit/(Loss) before tax		25,023,839	19,288,445	12,296,930	(2,472,012)
Adjustments for:					
Depreciation of:					
- property, plant and equipment	5	1,663,440	1,404,839	0	0
- right-of-use assets	6	2,033,571	1,906,896	0	0
Bad debt written off		3,913	0	0	0
Fair value changes on financial guarantee contracts	15(b)	0	0	(197,377)	0
Gain on lease termination	6(d)	(5,656)	(1,622)	0	0
Interest expenses	18	1,746,581	1,459,780	0	0
Interest income		(1,230,823)	(14,466)	(752,896)	0
Loss/(Gain) on disposals of:					
- property, plant and equipment		21,619	(20,780)	0	0
Net fair value gain on derivatives assets	11(e)	(81,044)	0	0	0
Reversal of impairment losses on trade and other receivables	9(g)	(39,805)	(121,649)	0	0
Share option expenses	19	543,573	0	252,373	0
Unrealised loss on foreign exchange		523,658	783,741	0	0
Written off of property, plant and equipment		0	1	0	0
Operating profit/(loss) before changes in working capital		30,202,866	24,685,185	11,599,030	(2,472,012)
Decrease in inventories		7,255,397	683,349	0	0
Increase in trade and other receivables		(6,379,396)	(1,251,059)	(24,492,104)	(15,000)
(Decrease)/Increase in trade and other payables		(62,049)	(497,365)	(2,703,466)	2,447,784
Cash generated from/(used in) operations		31,016,818	23,620,110	(15,596,540)	(39,228)

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

		Group		Company	
	Note	2023	2022	2023	2022
		RM	RM	RM	RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)</b>					
Cash generated from/(used in) operations		31,016,818	23,620,110	(15,596,540)	(39,228)
Interest received		1,230,823	14,466	249,579	0
Tax paid		(3,855,494)	(3,797,642)	(187,500)	0
Tax refunded		640,436	0	0	0
Net cash from/(used in) operating activities		<u>29,032,583</u>	<u>19,836,934</u>	<u>(15,534,461)</u>	<u>(39,228)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of:					
- property, plant and equipment	5	(9,245,184)	(2,767,301)	0	0
- right-of-use assets	6(c)	0	(3,640,299)	0	0
Net placement of fixed deposit more than 3 months		(15,087,500)	(2,976,000)	(14,000,000)	0
Proceeds from disposal of property, plant and equipment		133,000	25,500	0	0
Net cash used in investing activities		<u>(24,199,684)</u>	<u>(9,358,100)</u>	<u>(14,000,000)</u>	<u>0</u>

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid	22	(2,800,000)	(5,600,000)	(2,800,000)	0
Interest paid		(1,514,348)	(1,198,513)	0	0
Net (repayment of)/drawdown from:					
- bankers' acceptances		(5,961,464)	(53,614)	0	0
- term loans		(3,139,840)	(1,691,457)	0	0
- revolving credit		(4,000,000)	4,000,000	0	0
- lease liabilities		(1,827,486)	(2,079,434)	0	0
Net changes in deposits pledged to licensed banks	12(d)	117,607	128,641	0	0
Proceeds from issuance of ordinary shares		32,971,279	928,721	32,971,279	928,721
Share issuance expenses	13	0	(888,510)	0	(888,510)
Net cash from/(used in) financing activities		<u>13,845,748</u>	<u>(6,454,166)</u>	<u>30,171,279</u>	<u>40,211</u>
Net increase in cash and cash equivalents		18,678,647	4,024,668	636,818	983
Effects of exchange rate changes on cash and cash equivalents		(101,656)	30,740	0	0
Cash and cash equivalents at beginning of financial year		<u>3,571,359</u>	<u>(484,049)</u>	<u>993</u>	<u>10</u>
Cash and cash equivalents at end of financial year	12(d)	<u><u>22,148,350</u></u>	<u><u>3,571,359</u></u>	<u><u>637,811</u></u>	<u><u>993</u></u>

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (Cont'd)

### RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 6) RM	Bankers' acceptances (Note 15) RM	Revolving credit (Note 15) RM	Term loans (Note 15) RM
<b>Group</b>				
Balance as at 1 January 2023	3,177,965	5,961,464	4,000,000	32,208,139
Cash flows	(1,827,486)	(5,961,464)	(4,000,000)	(3,139,840)
Non-cash flows:				
- Additions	2,151,761	0	0	0
- Lease termination	(67,104)	0	0	0
- Unwinding of interest	232,233	0	0	0
- Currency translation differences	(2,059)	0	0	0
Balance as at 31 December 2023	<u>3,665,310</u>	<u>0</u>	<u>0</u>	<u>29,068,299</u>
Balance as at 1 January 2022	3,714,004	6,015,078	0	11,733,230
Cash flows	(2,079,434)	(53,614)	4,000,000	(1,691,457)
Non-cash flows:				
- Additions	1,359,330	0	0	22,166,366
- Lease termination	(111,663)	0	0	0
- Unwinding of interest	261,267	0	0	0
- Currency translation differences	34,461	0	0	0
Balance as at 31 December 2022	<u>3,177,965</u>	<u>5,961,464</u>	<u>4,000,000</u>	<u>32,208,139</u>

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 1. CORPORATE INFORMATION

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

The registered office of the Company is located at 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.

The consolidated financial statements for the financial year ended 31 December 2023 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 18 April 2024.

## 2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries. The principal activities of the subsidiaries are provision of integrated industrial packaging solutions. Further details of the subsidiaries are disclosed in Note 7 to the financial statements.

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

## 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (‘MFRSs’), IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 3. BASIS OF PREPARATION (Cont'd)

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 28.1 to the financial statements.

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

### 4. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely provision of integrated industrial packaging solutions.

No separate segment information is presented as the Directors view the Group as a single reportable segment.

#### (a) Geographical information

Non-current assets are based on the geographical location of the assets of the Group. The non-current assets do not include deferred tax assets.

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Malaysia	51,285,408	45,141,911
Vietnam	2,739,841	1,394,032
	<u>54,025,249</u>	<u>46,535,943</u>

Revenue information based on geographical location of customers is disclosed in Note 17 to the financial statements.

#### (b) Major Customer

Major customers with revenue equal to or more than ten percent (10%) of total revenue of the Group consists of three (3) customers amounted to RM118,889,335 (2022: two (2) customers amounted to RM84,253,494).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Capital work-in-progress RM	Total RM
<b>At cost</b>									
Balance as at 1 January 2023	2,817,355	7,433,530	8,909,276	2,989,563	741,820	2,051,326	4,816,752	567,477	30,327,099
Additions	1,558,328	2,597,213	64,764	0	4,680	86,522	82,395	4,851,282	9,245,184
Disposals	0	0	0	(339,686)	0	0	0	0	(339,686)
Transfer from right-of-use assets (Note 6)	0	0	0	673,967	0	0	0	0	673,967
Reclassification	0	0	3,529,077	0	0	33,020	1,652,639	(5,214,736)	0
Currency translation differences	0	0	5,015	6,284	0	3,731	0	0	15,030
Balance as at 31 December 2023	4,375,683	10,030,743	12,508,132	3,330,128	746,500	2,174,599	6,551,786	204,023	39,921,594
<b>Accumulated depreciation</b>									
Balance as at 1 January 2023	0	1,842,335	5,798,690	2,361,165	434,174	1,479,448	1,167,377	0	13,083,189
Current charge	0	162,650	539,145	186,878	38,466	213,677	522,624	0	1,663,440
Disposals	0	0	0	(185,067)	0	0	0	0	(185,067)
Transfer from right-of-use assets (Note 6)	0	0	0	315,328	0	0	0	0	315,328
Currency translation differences	0	0	1,641	2,490	0	2,602	0	0	6,733
Balance as at 31 December 2023	0	2,004,985	6,339,476	2,680,794	472,640	1,695,727	1,690,001	0	14,883,623
<b>Carrying amount</b>									
Balance as at 31 December 2023	4,375,683	8,025,758	6,168,656	649,334	273,860	478,872	4,861,785	204,023	25,037,971

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Capital work-in-progress RM	Total RM
<b>At cost</b>									
Balance as at 1 January 2022	2,817,355	7,433,530	8,856,215	2,381,856	482,711	1,655,515	1,385,627	1,942,809	26,955,618
Additions	0	0	48,601	0	9,000	250,308	461,023	1,998,369	2,767,301
Disposals	0	0	0	(108,875)	0	(10,580)	0	0	(119,455)
Written off	0	0	0	(36,000)	0	0	0	0	(36,000)
Transfer from right-of-use assets (Note 6)	0	0	0	746,297	0	0	0	0	746,297
Reclassification	0	0	0	0	250,109	153,490	2,970,102	(3,373,701)	0
Currency translation differences	0	0	4,460	6,285	0	2,593	0	0	13,338
Balance as at 31 December 2022	2,817,355	7,433,530	8,909,276	2,989,563	741,820	2,051,326	4,816,752	567,477	30,327,099
<b>Accumulated depreciation</b>									
Balance as at 1 January 2022	0	1,692,670	5,316,871	1,952,788	399,697	1,294,018	777,023	0	11,433,067
Current charge	0	149,665	480,821	160,310	34,477	189,212	390,354	0	1,404,839
Disposals	0	0	0	(108,872)	0	(5,863)	0	0	(114,735)
Written off	0	0	0	(35,999)	0	0	0	0	(35,999)
Transfer from right-of-use assets (Note 6)	0	0	0	391,266	0	0	0	0	391,266
Currency translation differences	0	0	998	1,672	0	2,081	0	0	4,751
Balance as at 31 December 2022	0	1,842,335	5,798,690	2,361,165	434,174	1,479,448	1,167,377	0	13,083,189
<b>Carrying amount</b>									
Balance as at 31 December 2022	2,817,355	5,591,195	3,110,586	628,398	307,646	571,878	3,649,375	567,477	17,243,910

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- (a) 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. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and impairment losses.

Freehold land has unlimited useful life and is not depreciated.

Depreciation on other property, plant and equipment 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 annual depreciation rates are as follows:

Buildings	2%
Plant and machinery	10% - 33%
Motor vehicles	10% - 33%
Furniture and fittings	10%
Office equipment	10% - 33%
Renovation	10%

Capital work-in-progress represents renovation under construction and was stated at cost. Capital work-in-progress was not depreciated until such time when the asset was available for use.

- (b) The Group have pledged the following property, plant and equipment to licensed banks to secure banking facilities granted as disclosed in Note 15 to financial statements:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Carrying amount</b>		
Freehold land	2,430,211	2,430,211
Buildings	4,327,080	4,445,442
	<u>6,757,291</u>	<u>6,875,653</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 6. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES

### Right-of-use assets

The Group as lessee

	Balance as at 1.1.2023		Additions	Transfer to property, plant and equipment (Note 5)	Lease termination	Depreciation	Currency translation differences	Balance as at 31.12.2023
	RM	RM						
<b>Carrying amount</b>								
Leasehold land	10,183,374	0	0	0	0	(343,443)	0	9,839,931
Buildings	15,030,204	0	0	0	0	(474,243)	0	14,555,961
Motor vehicles	2,803,986	0	0	(358,639)	0	(317,165)	0	2,128,182
Factory building	1,167,802	2,151,761	0	0	(61,448)	(885,920)	(2,858)	2,369,337
Plant and machinery	106,667	0	0	0	0	(12,800)	0	93,867
	<b>29,292,033</b>	<b>2,151,761</b>		<b>(358,639)</b>	<b>(61,448)</b>	<b>(2,033,571)</b>	<b>(2,858)</b>	<b>28,987,278</b>
	Balance as at 1.1.2022		Additions	Transfer to property, plant and equipment (Note 5)	Lease termination	Depreciation	Currency translation differences	Balance as at 31.12.2022
	RM	RM						
<b>Carrying amount</b>								
Leasehold land	0	10,355,096	0	0	0	(171,722)	0	10,183,374
Buildings	0	15,267,326	0	0	0	(237,122)	0	15,030,204
Motor vehicles	1,960,968	1,543,573	0	(355,031)	0	(345,524)	0	2,803,986
Factory building	2,383,372	0	0	0	(110,041)	(1,139,728)	34,199	1,167,802
Plant and machinery	119,467	0	0	0	0	(12,800)	0	106,667
	<b>4,463,807</b>	<b>27,165,995</b>		<b>(355,031)</b>	<b>(110,041)</b>	<b>(1,906,896)</b>	<b>34,199</b>	<b>29,292,033</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 6. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES (Cont'd)

### Lease liabilities

#### The Group as lessee

	Balance as at 1.1.2023	Additions	Lease termination	Lease payments	Interest expense	Currency translation differences	Balance as at 31.12.2023
	RM	RM	RM	RM	RM	RM	RM
<b>Carrying amount</b>							
Motor vehicles	1,856,018	0	0	(778,853)	101,717	0	1,178,882
Factory building	1,231,965	2,151,761	(67,104)	(1,018,765)	125,695	(2,059)	2,421,493
Plant and machinery	89,982	0	0	(29,868)	4,821	0	64,935
	<u>3,177,965</u>	<u>2,151,761</u>	<u>(67,104)</u>	<u>(1,827,486)</u>	<u>232,233</u>	<u>(2,059)</u>	<u>3,665,310</u>
	Balance as at 1.1.2022	Additions	Lease termination	Lease payments	Interest expense	Currency translation differences	Balance as at 31.12.2022
	RM	RM	RM	RM	RM	RM	RM
<b>Carrying amount</b>							
Motor vehicles	1,176,035	1,359,330	0	(799,285)	119,938	0	1,856,018
Factory building	2,424,617	0	(111,663)	(1,250,281)	134,831	34,461	1,231,965
Plant and machinery	113,352	0	0	(29,868)	6,498	0	89,982
	<u>3,714,004</u>	<u>1,359,330</u>	<u>(111,663)</u>	<u>(2,079,434)</u>	<u>261,267</u>	<u>34,461</u>	<u>3,177,965</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 6. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES (Cont'd)

	Group	
	2023 RM	2022 RM
Represented by:		
Current liabilities	1,057,989	1,616,072
Non-current liabilities	2,607,321	1,561,893
	<u>3,665,310</u>	<u>3,177,965</u>
Lease liabilities owing to financial institutions	1,243,817	1,946,000
Lease liabilities owing to non-financial institutions	2,421,493	1,231,965
	<u>3,665,310</u>	<u>3,177,965</u>

- (a) Right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Leasehold land	27 - 42 years
Buildings	27 - 42 years
Motor vehicles	4 - 5 years
Factory building	1 - 5 years
Plant and machinery	5 years

- (b) As at 31 December 2023, leasehold land and buildings with carrying amount of RM24,395,892 (2022: RM25,213,577) have pledged to licensed banks to secure banking facilities granted as disclosed in Note 15 of the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 6. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES (Cont'd)

- (c) During the financial year, the Group made the following cash payments to purchase right-of-use assets:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Additions of right-of-use assets	2,151,761	27,165,995
Financed by term loans	0	(22,166,366)
Financed by lease liabilities	(2,151,761)	(1,359,330)
Cash payments on purchase of right-of-use assets	<u>0</u>	<u>3,640,299</u>

- (d) The following are the amounts recognised in profit or loss:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Depreciation of right-of-use assets		
- included in cost of sales	1,776,591	1,627,082
- included in administrative expenses	256,980	279,814
Expense relating to short-term leases		
- included in cost of sales	112,431	510,313
Gain on lease termination	(5,656)	(1,622)
Interest expense on lease liabilities (included in finance costs)	<u>232,233</u>	<u>261,267</u>
	<u>2,372,579</u>	<u>2,676,854</u>

- (e) The following are total cash outflow for leases as lessee:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Included in net cash from/(used in) operating activities:		
Payment relating to short-term leases	112,431	510,313
Included in net cash used in investing activities:		
Purchase of right-of-use-assets	0	3,640,299
Included in net cash from/(used in) financing activities:		
Payment of lease liabilities	<u>1,827,486</u>	<u>2,079,434</u>
Total cash outflow for leases	<u>1,939,917</u>	<u>6,230,046</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 6. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES (Cont'd)

- (f) 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.
- (g) 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.

- (h) Information on financial risks of lease liabilities is disclosed in Note 25 to the financial statements.

### 7. INVESTMENTS IN SUBSIDIARIES

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>At cost</b>		
Unquoted shares	40,453,499	40,453,499
Share options granted to employees of the subsidiaries	291,200	0
<b>At fair value</b>		
Financial guarantee contracts	2,537,182	2,537,182
	<u>43,281,881</u>	<u>42,990,681</u>

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in separate financial statements of the Company at cost less impairment losses, if any.
- (b) Details of the subsidiaries are as follows:

<b>Name of Company</b>	<b>Country of incorporation/ Principal place of business</b>	<b>Effective interest in equity</b>		<b>Principal activities</b>
		<b>2023</b>	<b>2022</b>	
Berjayapak Sdn. Bhd.*	Malaysia	100%	100%	Design and manufacture of integrated wooden based industrial packaging solutions

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 7. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(b) Details of the subsidiaries are as follows (Cont'd):

Name of Company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023	2022	
<i>Subsidiaries of Berjayapak Sdn. Bhd.</i>				
Bejay Timber Sdn. Bhd.*	Malaysia	100%	100%	Manufacture of wooden based industrial packaging solutions, provide packaging services, buying and storing of scraps, and letting of premises
Bejay Presswood Sdn. Bhd.*	Malaysia	100%	100%	Manufacture of various kinds of wooden pallets, wooden box and crates and letting of properties
Berjayapak Vietnam Company Limited #	Vietnam	100%	100%	Design and manufacture of integrated wooden based industrial packaging solutions

\* subsidiaries audited by BDO PLT

# subsidiary audited by BDO member firm

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 8. DEFERRED TAX

(a) The deferred tax assets and liabilities are made of the following:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Balance as at 1 January	1,257,091	750,763
Recognised in profit or loss (Note 20):		
- relating to origination and reversal of temporary differences	379,588	385,445
- (over)/underprovision in prior years	(3,900)	121,800
Exchange difference	(1,294)	(917)
Balance as at 31 December	<u>1,631,485</u>	<u>1,257,091</u>
Presented after appropriate offsetting:		
Deferred tax assets	(5,215)	(47,309)
Deferred tax liabilities	1,636,700	1,304,400
	<u>1,631,485</u>	<u>1,257,091</u>

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

#### Deferred tax assets

	<b>Group</b>	
	<b>Others</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Balance as at 1 January	47,309	52,237
Recognised in profit or loss	(43,388)	(5,845)
Exchange difference	1,294	917
Balance as at 31 December	<u>5,215</u>	<u>47,309</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 8. DEFERRED TAX (Cont'd)

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (Cont'd):

Deferred tax liabilities

	<b>Group</b>	
	<b>Property, plant and equipment</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Balance as at 1 January	1,304,400	803,000
Recognised in profit or loss	332,300	501,400
Balance as at 31 December	<u>1,636,700</u>	<u>1,304,400</u>

- (c) The estimated amount of net deferred tax assets calculated at the applicable tax rate which have not been recognised in the financial statements, are as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Unabsorbed capital allowances	619,000	629,400
Unutilised tax losses		
- Expires by 31 December 2028	762,800	762,800
	<u>1,381,800</u>	<u>1,392,200</u>

Deferred tax assets of the Group have not been recognised in respect of these items.

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.

Unutilised tax losses can be carried forward up to ten consecutive years of assessment immediately following that year of assessment under the tax legislation of Inland Revenue Board.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	32,078,959	28,110,236	0	0
Less: Impairment losses	(137,959)	(177,764)	0	0
	31,941,000	27,932,472	0	0
<b>Other receivables</b>				
Third parties	3,474,554	34,339,481	503,317	32,971,279
Amount owing by a subsidiary	0	0	24,502,948	0
Deposits	837,008	935,033	1,000	15,000
	4,311,562	35,274,514	25,007,265	32,986,279
<b>Total receivables</b>	36,252,562	63,206,986	25,007,265	32,986,279
<b>Prepayments</b>				
Prepayments	489,713	405,353	3,156	0
	36,742,275	63,612,339	25,010,421	32,986,279

- (a) Total receivables (excluding prepayments) 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 (2022: cash terms to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Amount owing by a subsidiary is unsecured, interest-free and payable within next twelve (12) months or upon demand in cash and cash equivalents.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 9. TRADE AND OTHER RECEIVABLES (Cont'd)

- (d) The currency exposure profile of total current and non-current receivables (excluding prepayments) is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	14,897,548	43,615,171	25,007,265	32,986,279
United States Dollar	15,470,636	15,075,557	0	0
Vietnamese Dong	5,251,120	4,516,258	0	0
European Dollar	632,723	0	0	0
Canadian Dollar	535	0	0	0
	<u>36,252,562</u>	<u>63,206,986</u>	<u>25,007,265</u>	<u>32,986,279</u>

- (e) 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').

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve (12) months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

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 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 in the 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 9. TRADE AND OTHER RECEIVABLES (Cont'd)

(e) (Cont'd)

Individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

Significant judgement is required in determining the probability of default by trade receivables, and the appropriate forward looking information.

(f) Lifetime expected loss provision for trade receivables are as follows:

<b>Group</b>	<b>Gross carrying amount RM</b>	<b>Impairment losses RM</b>	<b>Total RM</b>
<b>31 December 2023</b>			
Not past due	26,728,387	40,429	26,687,958
Past due:			
1 to 30 days	5,196,521	51,420	5,145,101
31 to 60 days	122,244	14,303	107,941
More than 60 days	31,807	31,807	0
	<u>32,078,959</u>	<u>137,959</u>	<u>31,941,000</u>
<b>31 December 2022</b>			
Not past due	22,914,407	39,035	22,875,372
Past due:			
1 to 30 days	4,531,620	52,563	4,479,057
31 to 60 days	638,285	60,242	578,043
More than 60 days	25,924	25,924	0
	<u>28,110,236</u>	<u>177,764</u>	<u>27,932,472</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 9. TRADE AND OTHER RECEIVABLES (Cont'd)

- (g) Movements in the impairment allowance for trade receivables based on simplified approach are as follows:

	Group	
	2023	2022
<b>Lifetime ECL allowance</b>	<b>RM</b>	<b>RM</b>
Balance as at 1 January	177,764	299,413
Reversal of impairment losses	(39,805)	(121,649)
Balance as at 31 December	<u>137,959</u>	<u>177,764</u>

- (h) Impairment for other receivables and financial guarantee contracts 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 and the Company 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 and financial guarantee contracts are adjusted by forward-looking information 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 and financial guarantee contracts.

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 and financial guarantee contracts, appropriate forward-looking information and significant increase in credit risk.

No expected credit loss is recognised arising from other receivables as it is negligible.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 9. TRADE AND OTHER RECEIVABLES (Cont'd)

- (i) In the previous financial year, included in other receivables of the Company was an amount of RM32,971,279 which related to the proceeds from Initial Public Offering. The Company had fully received the proceeds during the financial year.
- (j) Information on financial risks of trade and other receivables is disclosed in Note 25 to the financial statements.

### 10. INVENTORIES

	Group	
	2023 RM	2022 RM
<b>At cost</b>		
Raw materials	7,829,968	13,042,713
Work-in-progress	820,292	1,486,703
Finished goods	1,780,828	3,226,432
Indirect materials	1,239,415	1,182,117
Goods-in-transit	221,378	168,756
Merchandise	3,294	3,242
	11,895,175	19,109,963

- (a) Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials and other direct costs.
- (b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM106,468,957 (2022: RM96,719,191).

### 11. DERIVATIVE ASSETS

Group	Contract amount USD	2023	Financial assets RM
		Notional amount RM	
Foreign currency forward contracts	750,000	3,507,175	81,044

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 11. DERIVATIVE ASSETS (Cont'd)

- (a) Derivative assets are classified as financial assets measured at fair value through profit or loss.
- (b) The Group uses foreign currency forward contracts entered into to minimise its exposure to foreign currency risks with respect to the Company's foreign currencies denominated financial assets and financial liabilities.
- (c) Derivative assets of the Company are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (d) Fair value of a foreign currency forward contracts is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.
- (e) The fair value adjustments on derivative financial instruments are as follows:

	<b>Group 2023 RM</b>
Gain on derivative financial instruments	<u><u>81,044</u></u>

### 12. CASH AND BANK BALANCES

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Cash and bank balances	10,148,350	3,571,359	637,811	993
Deposits with licensed banks	30,063,500	3,093,607	14,000,000	0
	<u><u>40,211,850</u></u>	<u><u>6,664,966</u></u>	<u><u>14,637,811</u></u>	<u><u>993</u></u>

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 12. CASH AND BANK BALANCES (Cont'd)

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia	30,468,720	1,788,260	14,637,811	993
United States Dollar	5,193,334	1,401,381	0	0
Vietnamese Dong	4,509,433	3,451,378	0	0
Chinese Renminbi	11,976	11,879	0	0
Others	28,387	12,068	0	0
	<u>40,211,850</u>	<u>6,664,966</u>	<u>14,637,811</u>	<u>993</u>

(c) In the previous financial year, deposits with licensed banks of the Group amounting RM117,607 had been pledged to a licensed bank as securities for the credit facilities granted as disclosed in Note 15 to the financial statements.

(d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	10,148,350	3,571,359	637,811	993
Deposits with licensed banks	<u>30,063,500</u>	<u>3,093,607</u>	<u>14,000,000</u>	<u>0</u>
As per statements of financial position	40,211,850	6,664,966	14,637,811	993
Less:				
Deposits pledged to a licensed bank	0	(117,607)	0	0
Deposits with maturity period more than three (3) months	<u>(18,063,500)</u>	<u>(2,976,000)</u>	<u>(14,000,000)</u>	<u>0</u>
As reported in statements of cash flows	<u>22,148,350</u>	<u>3,571,359</u>	<u>637,811</u>	<u>993</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 12. CASH AND BANK BALANCES (Cont'd)

- (e) No expected credit loss is recognised arising from cash and bank balances because the probability of default of these financial institutions is negligible.
- (f) Information on financial risks of cash and bank balances is disclosed in Note 25 to the financial statements.

### 13. SHARE CAPITAL

<b>Group</b>	<b>2023</b>		<b>2022</b>	
	<b>Number of ordinary shares</b>	<b>Amount RM</b>	<b>Number of ordinary shares</b>	<b>Amount RM</b>
<b>Issued and fully paid with no par value:</b>				
Balance as at 1 January	560,000,000	73,464,999	6,800,010	6,800,010
Effect of business combination under common control:				
- elimination of issued and paid-up ordinary share capital of Berjayapak Sdn. Bhd.	0	0	(6,800,000)	(6,800,000)
Issuance of ordinary shares pursuant to acquisition of a subsidiary	0	0	446,999,990	40,453,499
	0	0	440,199,990	33,653,499
Issuance of ordinary shares pursuant to Initial Public Offering	0	0	113,000,000	33,900,000
Share issuance expenses	0	0	0	(888,510)
Balance as at 31 December	<u>560,000,000</u>	<u>73,464,999</u>	<u>560,000,000</u>	<u>73,464,999</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 13. SHARE CAPITAL (Cont'd)

<u>Company</u>	2023		2022	
	Number of ordinary shares	Amount RM	Number of ordinary shares	Amount RM
<b>Issued and fully paid with no par value:</b>				
Balance as at 1 January	560,000,000	73,464,999	10	10
Issuance of ordinary shares pursuant to:				
- Acquisition of a subsidiary	0	0	446,999,990	40,453,499
- Initial Public Offering	0	0	113,000,000	33,900,000
	0	0	559,999,990	74,353,499
Share issuance expenses	0	0	0	(888,510)
Balance as at 31 December	<u>560,000,000</u>	<u>73,464,999</u>	<u>560,000,000</u>	<u>73,464,999</u>

- (a) Owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (b) In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 10 to 560,000,000 by way of issuance of 559,999,990 new ordinary shares pursuant to the following:
- i) Issuance of 446,999,990 new ordinary shares of RM0.0905 each for cash pursuant to the acquisition of a subsidiary; and
  - ii) Allotment of 113,000,000 new ordinary shares at an issue price of RM0.30 each for cash pursuant to its Initial Public Offering exercise.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 14. RESERVES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Non-distributable:</b>				
Merger reserve	(33,653,499)	(33,653,499)	0	0
Exchange translation reserve	459,742	306,913	0	0
Share options reserve	543,573	0	543,573	0
<b>Distributable:</b>				
Retained earnings/ (Accumulated losses)	59,763,613	41,879,386	6,098,753	(3,222,477)
	<u>27,113,429</u>	<u>8,532,800</u>	<u>6,642,326</u>	<u>(3,222,477)</u>

(a) Merger reserve

The merger reserve arose as a result of the difference between consideration paid over the share capital of Berjayapak Sdn. Bhd. pursuant to business combination under common control.

(b) Exchange translation reserve

Exchange translation reserve is used to record foreign currency 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. It is also used to record the exchange differences arising from monetary items which form part of the net investment in foreign operations of the Group, whereby the monetary item is denominated in either the functional currency of the reporting entity or the foreign operations.

(c) Share options reserve

The Employee Share Option Scheme ("ESOS") of the Company came into effect on 29 December 2022, which is in force for a period of five (5) years until 28 December 2027.

Salient features and other terms of ESOS as follows:

- (a) 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 and fully paid up shares of the Company (excluding treasury shares, if any) at any point in time during the ESOS period.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 14. RESERVES (Cont'd)

- (c) Share option reserve (Cont'd)

Salient features and other terms of ESOS as follows (Cont'd):

- (b) 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.
- (c) Any Directors and employees may be considered as eligible from time to time and at any time by the ESOS Committee. Any Directors and employees who fulfill the following criteria shall be eligible for consideration by the ESOS Committee to participate in the ESOS:
- (i) has attained the age of eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- 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 noticed of resignation or received a notice of termination; or
  - is employed by a corporation which is acquired by the Group during the ESOS 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;
- (ii) has been confirmed in write and is not under any probation;



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 14. RESERVES (Cont'd)

- (c) Share option reserve (Cont'd)

Salient features and other terms of ESOS as follows (Cont'd):

- (c) Any Directors and employees may be considered as eligible from time to time and at any time by the ESOS Committee. Any Directors and employees who fulfill the following criteria shall be eligible for consideration by the ESOS Committee to participate in the ESOS (Cont'd):
- (iii) 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 ESOS has been approved by the shareholders of the Company at a general meeting; and
  - (iv) 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.
- (d) The aggregate maximum number of options to be offered 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.
- (e) Subject to any adjustments made under the By-Laws of the ESOS and pursuant to the listing requirements of Bursa Securities, the exercise price shall be:
- (i) In respect of any offer which is made in conjunction with the listing of the Company, the final price paid by investors for the ordinary shares issued by the Company pursuant to its initial public offering;
  - (ii) In respect of any offer which is made subsequent to the listing of the Company, the price to be determined by ESOS Committee based on the five (5)-day volume weighted average market share of the ordinary shares immediately preceding the offer date with a discount of not more than 10%; and
- (f) The options shall be vested to an eligible person on the vesting dates after fulfilling the vesting conditions in accordance with ESOS By-Laws. The vesting of each options may be staggered in several tranches at such times and on such terms as determined by the ESOS Committee.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 14. RESERVES (Cont'd)

The details of the options over ordinary shares of the Company are as follows:

Date of offer	Exercise price	Number of options over ordinary shares			Exercisable as at 31.12.2023
		Balance as at 1.1.2023	Granted	Balance as at 31.12.2023 <sup>^</sup>	
3.1.2023	RM0.30	0	11,200,000	11,200,000	0
Remaining contractual life (months)		60			48

<sup>^</sup> Exercisable by the grantee upon achieving the vesting conditions set by the ESOS committee.

The vesting dates for the first tranche of ESOS is as follows:

Vesting dates	Number of options
3.7.2024	2,240,000
3.7.2025	3,360,000
3.7.2026	5,600,000
	<u>11,200,000</u>

Fair value of share options was estimated by the Group using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions used are as follows:

	Granted on 3.1.2023
Expected life (years)	5
Share price at grant date (RM)	0.4225
Exercise price (RM)	0.30
Fair value of share options (RM)	0.1225
Risk free rate (%)	2.75
Expected dividend yield (%)	3.00
Expected volatility (%)	<u>10.00</u>

On 3 January 2023, the Company has offered and granted 11,200,000 options to its eligible Directors and employees at an exercise price of RM0.30.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 15. BORROWINGS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Non-current liability</b>				
<i>Secured:</i>				
Term loans	27,123,273	29,568,440	0	0
<b>Current liabilities</b>				
<i>Secured:</i>				
Revolving credit	0	4,000,000	0	0
Bankers' acceptances	0	5,961,464	0	0
Term loans	1,945,026	2,639,699	0	0
<i>Unsecured:</i>				
Financial guarantee contracts	0	0	2,339,805	2,537,182
	<u>1,945,026</u>	<u>12,601,163</u>	<u>2,339,805</u>	<u>2,537,182</u>
<b>Total borrowings</b>				
Revolving credit	0	4,000,000	0	0
Bankers' acceptances	0	5,961,464	0	0
Term loans	29,068,299	32,208,139	0	0
Financial guarantee contracts	0	0	2,339,805	2,537,182
	<u>29,068,299</u>	<u>42,169,603</u>	<u>2,339,805</u>	<u>2,537,182</u>

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the term of a debt instrument.

Financial guarantee contracts are recognised as financial liabilities at the time the guarantees are issued. The liability is initially measured at fair value and subsequently at the higher of the expected loss model under MFRS 9 and the amount initially recognised less amortisation, where appropriate.

Financial guarantee contracts are subject to forward looking expected credit loss model based on the general approach within MFRS 9 as disclosed in Note 9(h) to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 15. BORROWINGS (Cont'd)

(b) (Cont'd)

The fair value of financial guarantee is determined based on the present value of the different in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

The nominal amounts of financial guarantee provided are as follows:

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Credit facilities granted to a subsidiary	<u>28,603,330</u>	<u>39,979,931</u>

The movements of the financial guarantee contracts during the financial year are as follows:

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
At the beginning of financial year	2,537,182	0
Effects of modified retrospective application of MFRS 17 (Note 28.1)	0	2,537,182
Fair value changes on financial guarantee contracts	(197,377)	0
At the end of financial year	<u>2,339,805</u>	<u>2,537,182</u>

(c) The currency profile of borrowings is as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	29,068,299	38,542,140
United States Dollar	0	3,627,463
	<u>29,068,299</u>	<u>42,169,603</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 15. BORROWINGS (Cont'd)

- (d) The borrowings of the Group are secured by way of:
- (i) First legal charge over certain freehold land, leasehold land and buildings of the Group as disclosed in Note 5 and Note 6 to the financial statements;
  - (ii) Fixed deposits pledged to a licensed bank as disclosed in Note 12(c) to the financial statements; and
  - (iii) Corporate guarantee by the Company.
- (e) The carrying amounts of borrowing are reasonable approximation of fair values, as they are floating rate instruments that are re-priced at market interest rates on or near the end of the reporting period.

Borrowings are not measured at fair value are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (f) Information on financial risks of borrowings is disclosed in Note 25 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 16. TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Trade payables</b>				
Third parties	3,986,763	3,906,843	0	0
<b>Other payables</b>				
Third parties	583,674	1,623,907	0	23,177
Accruals	3,161,346	2,230,244	494,783	678,055
Amount owing to a subsidiary	0	0	0	2,497,017
	3,745,020	3,854,151	494,783	3,198,249
	<u>7,731,783</u>	<u>7,760,994</u>	<u>494,783</u>	<u>3,198,249</u>

- (a) Trade and other 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 ranges from cash terms to 60 days (2022: cash terms to 90 days) from date of invoice.
- (c) In the previous financial year, amount owing to a subsidiary represented advances and payments made on behalf of the Company by the subsidiary, which was unsecured, interest-free and payable within next twelve (12) months or upon demand in cash and cash equivalents.
- (d) The currency exposure profile of trade and other payables is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia	5,412,787	5,575,131	494,783	3,198,249
Vietnamese Dong	2,318,996	2,146,831	0	0
United States Dollar	0	39,032	0	0
	<u>7,731,783</u>	<u>7,760,994</u>	<u>494,783</u>	<u>3,198,249</u>

- (e) Information on financial risks of trade and other payables and their maturity is disclosed in Note 25 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 17. REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
<b>Revenue from contracts with customers</b>				
<b>Recognised at a point in time:</b>				
Sales of goods	167,037,922	150,540,585	0	0
<b>Other revenue:</b>				
Dividend income from a subsidiary	0	0	13,600,000	0
	<u>167,037,922</u>	<u>150,540,585</u>	<u>13,600,000</u>	<u>0</u>

#### *Disaggregation of revenue from contracts with customers*

Revenue from contracts with customers is disaggregated in the table below by primary geographical market.

	Group	
	2023	2022
	RM	RM
<b>Geographical market</b>		
Malaysia	138,098,858	122,475,403
Vietnam	28,939,064	28,065,182
	<u>167,037,922</u>	<u>150,540,585</u>

#### Sale of goods

Revenue from the sale of goods is recognised at a point in time when the goods has been transferred to the customers and coincides with the delivery of goods.

There is no right of return and warranty provided to the customers on the sale of goods.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve months.

#### Dividend income

Dividend income is recognised when the right to receive payment is established.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 18. FINANCE COSTS

	Group	
	2023 RM	2022 RM
Interest expense on:		
- bankers' acceptances	0	532,832
- bank overdrafts	0	63,053
- lease liabilities	232,233	261,267
- revolving credit	10,534	30,013
- term loans	1,503,814	572,615
	<u>1,746,581</u>	<u>1,459,780</u>

### 19. EMPLOYEE BENEFITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Director fees	420,000	168,000	420,000	48,000
Wages, salaries and bonuses	16,902,955	14,942,757	0	0
Contributions to defined contribution plans	988,485	960,273	0	0
Socso contributions	170,250	141,897	0	0
Share options granted under ESOS	543,573	0	252,373	0
Other employees benefits	2,881,473	2,362,333	42,000	22,500
	<u>21,906,736</u>	<u>18,575,260</u>	<u>714,373</u>	<u>70,500</u>

Included in employee benefits expense of the Group are Directors' remuneration amounting to RM1,393,342 (2022: RM914,873).



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 20. TAX EXPENSE

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
The major components of the tax expense are:				
Current tax expense based on profit for the financial year	5,148,592	4,274,808	175,700	0
Overprovision of tax expense in prior years	(1,184,689)	(229,330)	0	0
	<u>3,963,903</u>	<u>4,045,478</u>	<u>175,700</u>	<u>0</u>
Deferred tax expense (Note 8):				
- relating to origination and reversal of temporary differences	379,609	385,445	0	0
- (over)/underprovision in prior years	(3,900)	121,800	0	0
	<u>4,339,612</u>	<u>4,552,723</u>	<u>175,700</u>	<u>0</u>

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2022: 24%) of the estimated taxable profits for the fiscal year.
- (b) The statutory corporate income tax ("CIT") applicable on indirect subsidiary, Berjayapak Vietnam Company Limited is 20% on taxable income. The subsidiary 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).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 20. TAX EXPENSE (Cont'd)

- (c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(Loss) before tax	25,023,839	19,288,445	12,296,930	(2,472,012)
Tax at the applicable tax rate of 24% (2022: 24%)	6,005,700	4,629,200	2,951,300	(593,300)
Tax effects of:				
- expenses not deductible for tax purposes	1,211,400	1,246,553	535,800	593,300
- income not subject to tax	(59,007)	0	(3,311,400)	0
- tax exempt income	(908,892)	(868,700)	0	0
- different tax rate in foreign jurisdiction	(378,700)	(346,800)	0	0
Reinvestment allowance	(331,900)	0	0	0
Deferred tax assets not recognised during the financial year	(10,400)	0	0	0
Overprovision of tax expense in prior years	(1,184,689)	(229,330)	0	0
(Over)/Underprovision of deferred tax in prior years	(3,900)	121,800	0	0
Total tax expense for the financial year	4,339,612	4,552,723	175,700	0

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 21. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to the owners of parent the weighted average number of ordinary shares outstanding during the financial year.

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
Profit attributable to owners of parent (RM)	<u>20,684,227</u>	<u>14,735,722</u>
Weighted average number of ordinary shares in issue (unit)	<u>560,000,000</u>	<u>70,132,611</u>
Basic earnings per ordinary share (sen)	<u>3.69</u>	<u>21.01</u>

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
Profit attributable to owners of parent (RM)	<u>20,684,227</u>	<u>14,735,722</u>
Weighted average number of ordinary shares in issue (unit)	560,000,000	70,132,611
Effect of dilution of ESOS (unit)	<u>4,088,900</u>	<u>11,200,000</u>
Adjusted weighted average number of ordinary shares in issue (unit)	<u>564,088,900</u>	<u>81,332,611</u>
Diluted earnings per ordinary share (sen)	<u>3.67</u>	<u>18.12</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 22. DIVIDENDS

	<b>Dividend per share RM</b>	<b>Amount of dividend RM</b>
In respect of financial year ended 31 December 2023: Single tier interim dividend of L&P Global Berhad, paid on 18 October 2023	<u>0.00500</u>	<u>2,800,000</u>
In respect of financial year ended 31 December 2022: Single tier interim dividend of Berjayapak Sdn. Bhd., paid on 31 October 2022 and 8 November 2022	<u>0.82353</u>	<u>5,600,000</u>

On 27 February 2024, the Board of Directors declared a final single tier dividend of RM0.008 per ordinary share amounting to RM4,480,000 in respect of the financial year ended 31 December 2023 to be paid on 18 April 2024 to the shareholders of the Company whose name appear in the Record of Depositors on 27 March 2024.

The financial statements for the current financial year do not reflect this declared dividend. Such dividend will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 23. RELATED PARTY DISCLOSURE

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

Related parties of the Group include:

- (i) Ultimate holding company, B Pack Holdings Sdn. Bhd;
- (ii) Direct and indirect subsidiaries as disclosed in Note 7 to the financial statements;
- (iii) 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
- (iv) B Line Sdn. Bhd. and Moviente Sdn. Bhd. whereby the Directors of the Group have significant financial and controlling interest or are connected to certain Directors of the related parties.

(b) Significant related parties transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transaction with its related parties during the financial year:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Person connected to certain Director of the Group:</b>		
- Consultation fee	<u>0</u>	<u>23,300</u>

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with related parties.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 23. RELATED PARTY DISCLOSURE (Cont'd)

(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 and the Company.

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 year was as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Director fees	420,000	168,000	420,000	48,000
Salaries, allowances and bonuses	602,688	634,688	0	0
Contributions to defined contribution plans	74,380	88,040	0	0
Socso contributions	1,783	1,542	0	0
Share options granted under ESOS	252,373	0	252,373	0
Others	42,118	22,603	42,000	22,500
	<u>1,393,342</u>	<u>914,873</u>	<u>714,373</u>	<u>70,500</u>

### 24. CAPITAL COMMITMENT

	Group	
	2023 RM	2022 RM
Capital expenditure in respect of purchase of property, plant and equipment and right-of-use assets: - contracted but not provided for	<u>511,164</u>	<u>839,434</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 25. CAPITAL AND FINANCIAL RISK MANAGEMENT

(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 going concern whilst maintaining acceptable capital ratios in order to support its business and maximise shareholders value.

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 dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Capital represents equity attributable to the owners of the parent. Net debt are calculated as total borrowings and lease liabilities owing to financial institutions net of cash and bank balances.

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Borrowings	29,068,299	42,169,603	0	0
Lease liabilities owing to financial institutions	1,243,817	1,946,000	0	0
Less: Cash and bank balances	(40,211,850)	(6,664,966)	(14,637,811)	(993)
Net (cash)/debt	<u>(9,899,734)</u>	<u>37,450,637</u>	<u>(14,637,811)</u>	<u>(993)</u>
Total capital	100,578,428	81,997,799	80,107,325	70,242,522
Net (cash)/debt	<u>(9,899,734)</u>	<u>37,450,637</u>	<u>(14,637,811)</u>	<u>(993)</u>
Total capital plus net (cash)/debt	<u>90,678,694</u>	<u>119,448,436</u>	<u>65,469,514</u>	<u>70,241,529</u>
Gearing ratio	<u>*</u>	<u>31%</u>	<u>*</u>	<u>*</u>

\* No gearing ratio is presented as the Company are in net cash position.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 25. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

(a) Capital management (Cont'd)

Pursuant to the requirements of Practice Note No.17/2005 of the Bursa Securities, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital of the Group and such shareholders' equity is not less than RM40 million. The Group has complied with this requirements for the financial year ended 31 December 2023.

The Group and the Company have complied with the externally imposed capital requirements as at the end of reporting period.

(b) Financial risk management

Overall financial risk management objective of the Group is to ensure that the Group creates value for its shareholders. The Group focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out through risk reviews, internal control systems and adherence to the financial risk management policies of the Group.

The main risk arising from the financial instruments of the Group are credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Management reviews and agrees policies for managing each of these risks and these are summarised below:

(i) 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 25. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

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 statements of financial position.

Credit risk concentration profile

The Group determine concentration of credit risk by monitoring the geographical market 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:

	2023		2022	
	RM	% of total	RM	% of total
Malaysia	27,154,485	85%	23,868,974	85%
Vietnam	4,786,515	15%	4,063,498	15%
	<u>31,941,000</u>	<u>100%</u>	<u>27,932,472</u>	<u>100%</u>

At the end of the reporting period, approximately 55% (2022: 53%) of the trade receivables of the Group were due from two (2) (2022: two (2)) major customers who is located in Malaysia (2022: Malaysia and Vietnam).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 25. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Financial risk management (Cont'd)

(ii) Liquidity and cash flow risk

The exposure of the Group to liquidity and cash flow 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 and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations.

	<b>On demand or within one (1) year RM</b>	<b>One (1) to five (5) years RM</b>	<b>More than five (5) years RM</b>	<b>Total RM</b>
<b>Group</b>				
<b>31 December 2023</b>				
Borrowings	3,480,301	13,057,720	28,056,241	44,594,262
Trade and other payables	7,731,783	0	0	7,731,783
Lease liabilities	1,287,834	2,822,290	0	4,110,124
Total undiscounted financial liabilities	<u>12,499,918</u>	<u>15,880,010</u>	<u>28,056,241</u>	<u>56,436,169</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Financial risk management (Cont'd)

(ii) Liquidity and cash flow risk (Cont'd)

Financial liabilities	On demand or within one (1) year RM	One (1) to five (5) years RM	More than five (5) years RM	Total RM
<b>Group (Cont'd)</b>				
<b>31 December 2022</b>				
Borrowings	13,837,170	14,197,198	24,041,723	52,076,091
Trade and other payables	7,760,994	0	0	7,760,994
Lease liabilities	1,805,355	1,792,467	0	3,597,822
Total undiscounted financial liabilities	<u>23,403,519</u>	<u>15,989,665</u>	<u>24,041,723</u>	<u>63,434,907</u>
<b>Company</b>				
<b>31 December 2023</b>				
Trade and other payables	494,783	0	0	494,783
Financial guarantee contracts	28,603,330	0	0	28,603,330
Total undiscounted financial liabilities	<u>29,098,113</u>	<u>0</u>	<u>0</u>	<u>29,098,113</u>
<b>31 December 2022</b>				
Trade and other payables	3,198,249	0	0	3,198,249
Financial guarantee contracts	39,979,931	0	0	39,979,931
Total undiscounted financial liabilities	<u>43,178,180</u>	<u>0</u>	<u>0</u>	<u>43,178,180</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Financial risk management (Cont'd)

(iii) 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:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Profit after tax</b>		
- increase by 0.5% (2022: 0.5%)	(110,460)	(122,383)
- decrease by 0.5% (2022: 0.5%)	110,460	122,383
	<u>110,460</u>	<u>122,383</u>

There is no interest rate risk exposure to the equity, hence the effect of the change in the interest rate is not explained.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (b) Financial risk management (Cont'd)

#### (iii) Interest rate risk (Cont'd)

The following table sets out the carrying amounts, the effective interest rates/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:

Group	Note	Effective interest rate/Incremental borrowing rate*	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	> 5 years RM	Total RM
<b>31 December 2023</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	12	3.75 - 5.60	30,063,500	0	0	0	0	0	30,063,500
Lease liabilities	6	2.21 - 7.39*	(1,057,988)	(1,181,098)	(1,093,068)	(333,156)	0	0	(3,665,310)
<b>Floating rates</b>									
Term loans	15	3.50 - 6.89	(1,945,026)	(1,985,022)	(1,841,599)	(1,838,105)	(1,875,413)	(19,583,134)	(29,068,299)

\* It represents incremental borrowing rate.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

## 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

### (b) Financial risk management (Cont'd)

#### (iii) Interest rate risk (Cont'd)

The following table sets out the carrying amounts, the effective interest rates/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 (Cont'd):

Group	Note	Effective interest rate/Incremental borrowing rate*	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	> 5 years RM	Total RM
<b>31 December 2022</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	12	2.8 - 8.2	3,093,607	0	0	0	0	0	3,093,607
Bankers' acceptances	15	3.35 - 6.19	(5,961,464)	0	0	0	0	0	(5,961,464)
Revolving credit	15	4.70 - 5.01	(4,000,000)	0	0	0	0	0	(4,000,000)
Lease liabilities	6	2.17 - 7.14*	(1,616,072)	(732,050)	(445,801)	(305,128)	(78,914)	0	(3,177,965)
<b>Floating rates</b>									
Term loans	15	3.42 - 7.68	(2,639,699)	(2,733,992)	(2,710,549)	(2,397,119)	(2,227,252)	(19,499,528)	(32,208,139)

\* It represents incremental borrowing rate.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Interest rate risk (Cont'd)

The following table sets out the carrying amounts, the effective interest rates/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 (Cont'd):

Company	Note	Effective interest rate %	Within 1 year RM
<b>31 December 2023</b>			
<b>Fixed rates</b>			
Deposits with licensed banks	12	3.98 - 4.00	<u>14,000,000</u>

(iv) 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, purchases and borrowings 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”).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

(b) Financial risk management (Cont'd)

(iv) Foreign currency risk (Cont'd)

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>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Profit after tax</b>		
USD/RM		
- Strengthen by 5% (2022: 5%)	785,231	486,797
- Weaken by 5% (2022: 5%)	(785,231)	(486,797)
VND/RM		
- Strengthen by 5% (2022: 5%)	282,779	221,191
- Weaken by 5% (2022: 5%)	<u>(282,779)</u>	<u>(221,191)</u>

There is no foreign currency risk exposure to the equity, hence the effect of the change in the exchange rate is not explained. Sensitivity analysis of other foreign currencies is not disclosed as it is not material to the Group.

### 26. COMPARATIVES FIGURES

Certain comparative figures of the Group have been reclassified to conform with the current year's presentation so as to reflect appropriate presentation of the financial statements of the Group. The reclassification gave rise to changes on the financial statements of the Group as follows:

	<b>Previously reported</b>	<b>Reclassi- fication</b>	<b>As stated</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Group</b>			
<b>31 December 2022</b>			
<b>Statements of financial position</b>			
<b>Assets</b>			
<b>Non-current assets</b>			
Other receivables	<u>398,645</u>	<u>(398,645)</u>	<u>0</u>
<b>Current assets</b>			
Trade and other receivables	<u>63,213,694</u>	<u>398,645</u>	<u>63,612,339</u>



## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 27. SIGNIFICANT EVENT DURING AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 13 June 2023, on behalf of the Board of Directors of the company, L&P Global Berhad, Alliance Islamic Bank Berhad announced that the Company proposed to undertake the following:

- (i) proposed transfer of the listing and quotation of the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Securities ("Proposed Transfer"); and
- (ii) proposed amendments to the Constitution of the Company to facilitate the implementation of the Proposed Transfer ("Proposed Amendments").

The Proposed Amendments had been approved by the shareholders of L&P Global Berhad at the Extraordinary General Meeting held on 25 September 2023.

The Securities Commission Malaysia and Bursa Securities had, via its letter dated 17 January 2024 and 26 January 2024 respectively, approved the Proposed Transfer. Consequently, the listing of and quotation for the entire issued share capital of L&P Global Berhad has been transferred from the ACE Market to the Main Market of Bursa Securities on 2 February 2024.

### 28. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

#### 28.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the financial year:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</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 112 <i>International Tax Reform - Pillar Two Model Rules</i>	See MFRS 112 paragraph 98M

Adoption of the above Standards and Amendments to the Standards did not have any material effect on the financial performance or position of the Group and of the Company other than the adoption of Amendments to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 28. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (Cont'd)

#### 28.1 New MFRSs adopted during the financial year (Cont'd)

- (a) MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*

MFRS 17 establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts and supersedes MFRS 4 *Insurance Contracts*.

Amendments to MFRS 17 adds a new transition option to MFRS 17 (the 'classification overlay') to alleviate operational complexities and one-time accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of MFRS 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with MFRS 9 *Financial Instruments*.

The Group and the Company do not have any contracts that meet the definition of an insurance contract under MFRS 17, except corporate guarantee provided to a subsidiary, which are financial guarantee contracts that the Company had previously explicitly asserted under MFRS 4. The Company made an irrevocable choice to apply MFRS 9 *Financial Instruments* on a contract-by-contract basis to these financial guarantee contracts as at the date of transition to MFRS 17.

In relation to this, the Company recognised financial guarantee contracts and the impact on transition is summarised below:

Company	Note	As at 31	Impact	As at 1
		December		January
		2022	RM	2023
		RM	RM	RM
Investments in subsidiaries	7	40,453,499	2,537,182	42,990,681
Borrowings	15	0	2,537,182	2,537,182

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023 (Cont'd)

### 28. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (Cont'd)

#### 28.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
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 and the Company are 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.

## LIST OF PROPERTIES

AS AT 31 DECEMBER 2023

Registered / Beneficial owner	Property address	Description / Existing use	Tenure of property	Date of acquisition / Date of revaluation	Approximate age of building	Land / Built-up area (sq ft)	Carrying amount as at 31 December 2023 RM'000
Berjayapak Sdn Bhd	HS(D) 8766, Lot 2492, Mukim 05, Daerah Seberang Perai Selatan, Negeri Pulau Pinang / No. 1328, Jalan Sungai Baong, Furniture Industrial Estate, 14200 Sungai Bakap, Pulau Pinang.	Industrial land with single-storey factory and double-storey office / Office, storage and manufacturing	Industrial / Freehold	16 June 1998 11 May 2022 (expansions to the Sungai Bakap Factory)	25 years	117,176 / 96,885	4,546
Bejay Presswood Sdn Bhd	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	26 July 2007 11 May 2022 (expansions to the Sungai Bakap Factory)	16 years	117,176 / 58,318	2,051
Bejay Timber Sdn Bhd	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, Pulau Pinang	Industrial land with single-storey factory and double-storey office / Office and storage	Industrial / Freehold	5 August 2011 11 May 2022 (expansions to the Sungai Bakap Factory)	12 years	54,014 / 36,344	1,501
Berjayapak Sdn Bhd	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	23 July 1998	25 years	1,399 / 2,800	161
Berjayapak Sdn Bhd	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	25 July 2022	2 years	47,171 / 32,761	5,981
Berjayapak Sdn Bhd	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	25 July 2022	2 years	74,583 / 47,595	8,844

## LIST OF PROPERTIES

AS AT 31 DECEMBER 2023 (Cont'd)

Registered / Beneficial owner	Property address	Description / Existing use	Tenure of property	Date of acquisition / Date of revaluation	Approximate age of building	Land / Built-up area (sq ft)	Carrying amount as at 31 December 2023 RM'000
Berjayapak Sdn Bhd	No. 39A, Lorong Perusahaan 6, Taman PKNK, 09000 Kulim, 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	28 July 2022	2 years	120,254 / 64,588	9,571
Berjayapak Sdn Bhd	No.3386, Lot 58876, Jalan Pekeliling Tanjung 27/2, Kawasan Perindustrian Indahpura, 81000 Kulai, Johor.	Industrial land with single storey detached factory with double storey office / Intended to be used for office, storage and assembling.	Industrial / Freehold	13 October 2023	1 year	23,314 / 11,625	4,142

## ANALYSIS OF ORDINARY SHAREHOLDINGS

### AS AT 29 MARCH 2024

Total no. of issued share capital	-	560,000,000 ordinary shares
Class of shares	-	Ordinary shares
Voting rights	-	One vote per ordinary share

### DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	No. of shares held	% of shareholding
1 - 99	2	100	0.00
100 - 1,000	197	90,900	0.02
1,001 - 10,000	791	5,105,900	0.91
10,001 - 100,000	878	31,976,500	5.71
100,001 - 27,999,999 <sup>(*)</sup>	206	154,326,600	27.56
28,000,000 and above <sup>(**)</sup>	1	368,500,000	65.80
<b>TOTAL</b>	<b>2,075</b>	<b>560,000,000</b>	<b>100.00</b>

\* Less than 5% of issued holdings

\*\* 5% and above of issued holdings

### DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
Ooi Hooi Kiang	404,200	0.07	24,670,000 <sup>(b)</sup>	4.41
Ooi Lay Pheng	2,000,000	0.36	368,500,000 <sup>(a)</sup>	65.80
Ong Kah Hong	1,000,000	0.18	24,670,000 <sup>(b)</sup>	4.41
Dato' Seri Lee Kah Choon	500,000	0.09	-	-
Dato' Mohamed Amin Bin Mohd Kassim	250,000	0.04	-	-
Phoon Yee Min	100,000	0.02	-	-

#### Notes:

<sup>(a)</sup> Indirect interested via B Pack Holdings Sdn. Bhd.

<sup>(b)</sup> Indirect interested via Moviente Sdn. Bhd.

### SUBSTANTIAL SHAREHOLDERS

Name of Directors	Direct Interest		Indirect Interest	
	No. of shares	%	No. of shares	%
B Pack Holdings Sdn. Bhd.	368,500,000	65.80	-	-
Ooi Lay Pheng	-	-	368,500,000 <sup>(a)</sup>	65.80
Lee Soon Swee	-	-	368,500,000 <sup>(a)</sup>	65.80

#### Note:

<sup>(a)</sup> Indirect interested via B Pack Holdings Sdn. Bhd.

## LIST OF TOP 30 LARGEST SHAREHOLDERS

AS AT 29 MARCH 2024

NO.	NAME	HOLDINGS	%
1	B PACK HOLDINGS SDN. BHD.	368,500,000	65.80
2	MOVIENTE SDN. BHD.	24,670,000	4.40
3	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)	15,900,000	2.84
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR ARECA EQUITYTRUST FUND (211882)	8,717,600	1.55
5	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF TACTICAL FUND	4,862,700	0.87
6	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR PHILLIP MASTER EQUITY GROWTH FUND (50144 TR01)	3,847,500	0.69
7	UOBM NOMINEES (ASING) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR FWD STRATEGIC FUND	3,677,300	0.66
8	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD HONG LEONG ASSET MANAGEMENT BHD FOR HONG LEONG FOUNDATION (ED100)	3,500,000	0.62
9	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR KAF VISION FUND	3,432,300	0.61
10	PHILLIP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	3,151,200	0.56
11	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR UNITED MALAYSIA FUND	3,045,000	0.54
12	OOI LAY PHENG	2,000,000	0.36
13	PELABURAN MARA BERHAD	1,999,400	0.36
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR SAHAM AMANAH SABAH (ACC 2-940410)	1,939,800	0.35
15	TASEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD (CLIENTS)	1,788,100	0.32
16	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG JIEW CHOI	1,733,000	0.31
17	PHILLIP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	1,618,800	0.29
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIA BOON HUAT	1,599,000	0.29

## LIST OF TOP 30 LARGEST SHAREHOLDERS

AS AT 29 MARCH 2024 (Cont'd)

NO.	NAME	HOLDINGS	%
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PHILLIP PEARL FUND (UT-PM-PPF) (419471)	1,480,350	0.26
20	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ANG KOK SEONG (M55015)	1,332,000	0.24
21	MAYBANK NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR ARECA CAPITAL SDN BHD (CLIENTS' ACCOUNT)	1,318,000	0.24
22	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR MALAYSIAN TIMBER COUNCIL (OF-EQ)	1,317,400	0.24
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR ARECA VALUE FUND (440967)	1,300,000	0.23
24	ONG YEAN HAR	1,250,000	0.22
25	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG SIU CHUNG	1,180,800	0.21
26	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DYNAMIC ABSOLUTE MANDATE	1,109,600	0.20
27	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE (023)	1,057,500	0.19
28	YAP SIEW FONG	1,050,000	0.19
29	SIAH WANG CHOON	1,015,000	0.18
30	ONG KAH HONG	1,000,000	0.18
	<b>Total</b>	<b>470,392,350</b>	<b>84.00</b>



## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Third Annual General Meeting (“**3<sup>rd</sup> AGM**”) of L&P GLOBAL BERHAD (“**the Company**”) will be convened and held at Iconic 5 of Level 7, ICONIC HOTEL, 71, Jalan Icon City, Icon City, 14000 Bukit Mertajam, Penang, Malaysia on Thursday, 30 May 2024 at 9:30 a.m. for the purpose of considering and if thought fit, passing with or without modifications the resolutions set out in this notice:

### AGENDA

#### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who are retiring in accordance with Clause 18.2 of the Company’s Constitution:
 

(a) Mr Ong Kah Hong	<b>Ordinary Resolution 1</b>
(b) Ms Phoon Yee Min	<b>Ordinary Resolution 2</b>
3. To approve the payment of Directors’ fees and benefits payable of up to RM540,000 for the period from the next day of the 3<sup>rd</sup> AGM until the conclusion of the next Annual General Meeting (“**AGM**”) of the Company in 2025. **Ordinary Resolution 3**
4. To re-appoint BDO PLT as auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

#### AS SPECIAL BUSINESS

5. **WAIVER OF PRE-EMPTIVE RIGHTS UNDER SECTION 85 OF THE COMPANIES ACT 2016** **Special Resolution 1**  
 “THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 13.2 of the Constitution of the Company, the shareholders of the Company do hereby waive their pre-emptive rights over (a) all new shares in the Company, (b) all options offered or to be offered pursuant to the Company’s Employees Share Option Scheme and (c) any offers, agreements, rights, options or other convertible securities of whatever kind in respect of any new shares in the Company AND THAT such new shares when issued, shall rank pari passu equally to the existing issued shares of the Company.”

## NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

### 6. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO Ordinary Resolution 5 SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016**

“THAT contingent upon the passing of the Special Resolution 1 and pursuant to Sections 75 and 76 of the Companies Act 2016 (“**the Act**”), provisions of the Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**“) and the approvals from the relevant regulatory authorities, the Directors of the Company be and are hereby authorised to issue and allot from time to time such number of ordinary shares of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS THAT the aggregate number of ordinary shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued share capital (excluding treasury shares, if any) of the Company for the time being.

THAT the Directors are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked / varied by resolution passed by the shareholders in general meeting whichever is the earlier.

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

### 7. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

Tai Yit Chan (MAICSA 7009143 | SSM PC No. 202008001023)  
Ong Tze-En (MAICSA 7026537 | SSM PC No. 202008003397)  
Lau Yoke Leng (MAICSA 7034778 | SSM PC No. 202008003368)  
Company Secretaries

Penang, 30 April 2024

### Notes:

#### Appointment of Proxy

1. A proxy must be of full age. A proxy may but need not be a member. For a proxy to be valid, the Proxy Form duly completed must be deposited at the Registered Office of the Company, 170-09-01, Livingston Tower, Jalan Argyll, 10050 George Town, Pulau Pinang, Malaysia not less than forty-eight (48) hours before the time for holding the meeting PROVIDED that in the event the member duly executes the Proxy Form but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his / her proxy, provided always that the rest of the Proxy Form, other than the particulars of the proxy have been duly completed by the member(s).

## NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

### Notes: (Cont'd)

#### Appointment of Proxy (Cont'd)

2. A member entitled to attend, speak and vote is entitled to appoint not more than two (2) proxies to attend, speak and vote instead of him / her. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he / she specifies the proportions of his / her holdings to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 (“**SICDA**”), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account (“**omnibus account**”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds. An Exempt Authorised Nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
5. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
6. A member of the Company is permitted to give the Company notice of termination of a person’s authority to act as proxy not less than twenty-four (24) hours before the time appointed for holding the meeting. The notice of termination must be in writing and be deposited at the Registered Office of the Company.
7. If the appointor is a corporation, the Proxy Form must be executed under the corporation’s common seal or under the hand of an officer or attorney duly authorised.
8. For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors (“**ROD**”) as at **20 May 2024** and only a Depositor whose name appears on such ROD shall be eligible to attend this meeting or appoint proxy to attend and / or vote on his / her behalf.

#### Explanatory Notes:

##### 1. Ordinary Resolutions 1 and 2 on re-election of Directors

The profiles of the retiring Directors are set out under Profile of Directors in this annual report. The Board of Directors (“**Board**”) approved the recommendations from the Nomination Committee and is supportive of the re-election of the retiring Directors based on the justifications below. The retiring Directors do not have any conflict of interest with the Company and its subsidiaries (“**the Group**”) and had abstained from deliberation and decision making on their own eligibility to stand for re-election at relevant meetings:

**Mr Ong Kah Hong** is the Chief Operating Officer of the Group. He leads and oversees the business operations, including logistics and warehouse, production planning, facilities and engineering. He has played a key role in contributing to the growth and development of the Group’s business operations.

**Ms Phoon Yee Min** is an Independent Non-Executive Director of the Company. She has fulfilled the requirements on independence as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. She has demonstrated her objectivity through her proactive engagements during meetings of the Board and Board Committees (Nomination Committee, Remuneration Committee and Audit and Risk Management Committee) by sharing valuable, relevant, independent and impartial insights, views and opinions on issues tabled for discussion. She has exercised due care and carried out her professional duties proficiently and effectively throughout her tenure as a Director of the Company.

## NOTICE OF ANNUAL GENERAL MEETING (Cont'd)

### Explanatory Notes: (Cont'd)

#### 2. Ordinary Resolution 3 on Directors' fees and benefits payable

Directors' fees and benefits payable have been reviewed by the Remuneration Committee and the Board which recognises that the Directors' fees and benefits payable are in the best interest of the Company. The Directors' fees and benefits payable, if passed, will facilitate the payment of Directors' fees and benefits payable to the Directors from the next day of the 3<sup>rd</sup> AGM until the conclusion of the next AGM of the Company in 2025. Details of Directors' fees and benefits for the financial year ended 31 December 2023 are enumerated under the Corporate Governance Overview Statement in the annual report 2023.

The amount of Directors' fees and benefits payable includes fees and benefits payable to Directors as members of Board and Board Committees. The amount also includes a contingency sum to cater to unforeseen circumstances such as the appointment of any additional Director, additional unscheduled meetings for Board and Board Committees and / or for the formation of additional Board Committees.

#### 3. Special Resolution 1 on waiver of the pre-emptive rights under Section 85 of the Companies Act 2016

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 13.2 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

In order for the Board to issue (a) all new shares in the Company, (b) all options offered or to be offered pursuant to the Company's Employees Share Option Scheme ("ESOS Options") and (c) any offers, agreements, rights, options or other convertible securities of whatever kind in respect of any new shares in the Company free of pre-emptive rights, such pre-emptive rights must be waived. The Special Resolution, if passed, will exclude the shareholders' pre-emptive rights over all new shares in the Company, ESOS Options and any offers, agreements, rights, options or other convertible securities of whatever kind in the Company.

#### 4. Ordinary Resolution 5 on authority to Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

Subject to the passing of the Special Resolution, this Ordinary Resolution, on approval, is for the purpose of granting authority to the Board to issue and allot ordinary shares up to a maximum of ten per centum (10%) of the total number of issued shares (excluding treasury shares, if any) of the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held or revoked / varied by resolution passed by the shareholders in general meeting, whichever is the earlier ("General Mandate").

The General Mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to further placing of shares, for purpose of funding future investment projects, working capital and / or acquisitions as well as to avoid any delay and cost in convening general meeting to specifically approve such an issuance of shares.

At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is obtained, the Company will make the needful announcements in respect thereof.

**STATEMENT ACCOMPANYING  
NOTICE OF ANNUAL GENERAL MEETING**

(Pursuant to Paragraph 8.27 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

No individual is standing for election as a Director at the forthcoming 3<sup>rd</sup> AGM of the Company.

Number of Shares Held	CDS Account No.

I/We \_\_\_\_\_  
 (Full name in Block Letters and NRIC No./Passport No./ Registration No.)  
 of \_\_\_\_\_ and \_\_\_\_\_  
 (Address) (Tel No./Email Address)

being a Member(s) of L&P Global Berhad (the "Company"), hereby appoint

Full Name (in Block Letters)	NRIC No./Passport No.	No. of Shares
Address	Email address	% of Shareholding

\*and/or failing him/her

Full Name (in Block Letters)	NRIC No./Passport No.	No. of Shares
Address	Email address	% of Shareholding

or failing him/her, the CHAIRMAN OF THE MEETING as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf at the Third Annual General Meeting ("3<sup>rd</sup> AGM") of the Company, to be convened and held at Iconic 5 of Level 7, ICONIC HOTEL, 71, Jalan Icon City, Icon City, 14000 Bukit Mertajam, Penang, Malaysia on Thursday, 30 May 2024 at 9:30 a.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate space

(s) provided below on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at \*his/her discretion.

ORDINARY RESOLUTION ("OR")/ SPECIAL RESOLUTION ("SR")	OR1	OR2	OR3	OR4	SR1	OR5
<b>FOR</b>						
<b>AGAINST</b>						

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024.

.....  
 Signature of Shareholder(s)/ Common Seal

\* Strike out whichever is not desired.

**Notes:**

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- A member entitled to attend, speak and vote is entitled to appoint not more than two (2) proxies to attend, speak and vote instead of him/her. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
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- A Member of the Company is permitted to give the Company notice of termination of a person's authority to act as proxy not less than twenty-four (24) hours before the time appointed for holding the meeting. The notice of termination must be in writing and be deposited at the Registered Office of the Company.
- If the appointor is a corporation, the Proxy Form must be executed under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- For purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors ("ROD") as at **21 May 2024** and only a Depositor whose name appears on such ROD shall be eligible to attend this meeting or appoint proxy to attend and/or vote on his/her behalf.

**Personal Data Privacy**

By submitting the duly executed Proxy Form, the member and his/her proxy consent to the Company and/or its agents/service providers to collect, use and disclose the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the 3rd AGM of the Company and any adjournment thereof.

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Affix  
Stamp

The Company Secretary  
**L&P GLOBAL BERHAD**  
Registration No. 202101028085 (1428385-M)  
170-09-01, Livingston Tower  
Jalan Argyll, 10050 George Town  
Pulau Pinang, Malaysia

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**L&P GLOBAL BERHAD**

*Registration No. 202101028085 (1428385-M)*

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Furniture Industrial Estate  
14200 Sungai Bakap  
Penang, Malaysia

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