

**12. ACCOUNTANTS' REPORT (Cont'd)**



**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019**

**4. SIGNIFICANT ACCOUNTING ESTIMATES AND JMENTS**

**4.1 Changes in estimates**

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

**4.2 Critical judgements made in applying accounting policies**

There are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

**4.3 Key sources of estimation uncertainty**

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

**(a) Impairment of trade receivables**

The Group exercises significant judgements in determining the probability of default by trade receivables as well as the use of appropriate forward-looking information.

**(b) Fair value of borrowings**

The fair values of borrowings are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

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**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
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**5. COMBINING ENTITIES**

Name of combining entities	Principal place of business/ Country of incorporation	Effective interest in equity				Principal activities
		31.7.2022 %	31.12.2021 %	31.12.2020 %	31.12.2019 %	
Berjayapak Sdn. Bhd.	Malaysia	100	100	100	100	Design and manufacture of integrated wooden based industrial packaging solutions
Subsidiaries of Berjayapak Sdn. Bhd.						
Bejay Timber Sdn. Bhd.	Malaysia	100	100	100	100	Letting of properties <sup>^</sup>
Bejay Presswood Sdn. Bhd.	Malaysia	100	100	100	100	Letting of properties
Berjayapak Vietnam Company Limited	Vietnam	100	100	100	100	Design and manufacture of integrated wooden based industrial packaging solutions

<sup>^</sup> On 15 November 2022, the nature of business had changed to manufacture of wooden based industrial packaging solutions, provide packaging services, letting of premises.

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12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

6. PROPERTY, PLANT AND EQUIPMENT

<u>Audited</u>	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
<b>31 July 2022</b>									
<b>At cost</b>									
Balance as at 1 January	2,817	7,434	8,856	2,382	483	1,656	1,385	1,943	26,956
Additions	-	-	37	-	9	155	668	1,431	2,300
Disposals	-	-	-	-	-	(10)	-	-	(10)
Transfer from right-of-use assets (Note 7)	-	-	-	482	-	-	-	-	482
Reclassification	-	-	-	-	250	153	2,971	(3,374)	-
Currency translation differences	-	-	12	17	-	8	-	-	37
Balance as at 31 July	2,817	7,434	8,905	2,881	742	1,962	5,024	-	29,765
<b>Accumulated depreciation</b>									
Balance as at 1 January	-	1,693	5,316	1,953	400	1,295	776	-	11,433
Current charge	-	87	282	97	18	113	211	-	808
Disposals	-	-	-	-	-	(6)	-	-	(6)
Transfer from right-of-use assets (Note 7)	-	-	-	251	-	-	-	-	251
Currency translation differences	-	-	4	7	-	7	-	-	18
Balance as at 31 July	-	1,780	5,602	2,308	418	1,409	987	-	12,504
<b>Carrying amount</b>									
Balance as at 31 July	2,817	5,654	3,303	573	324	553	4,037	-	17,261

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NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

6. PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Audited</u>	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Capital work-in- progress RM'000	Total RM'000
<b>31 December 2021</b>									
<b>At cost</b>									
Balance as at 1 January	2,817	7,434	7,839	2,622	459	1,347	1,237	-	23,755
Additions	-	-	1,003	-	24	300	148	1,943	3,418
Disposals	-	-	-	(259)	-	-	-	-	(259)
Currency translation differences	-	-	14	19	-	9	-	-	42
Balance as at 31 December	2,817	7,434	8,856	2,382	483	1,656	1,385	1,943	26,956
<b>Accumulated depreciation</b>									
Balance as at 1 January	-	1,543	4,912	1,948	387	1,166	663	-	10,619
Current charge	-	150	401	164	13	124	113	-	965
Disposals	-	-	-	(163)	-	-	-	-	(163)
Currency translation differences	-	-	3	4	-	5	-	-	12
Balance as at 31 December	-	1,693	5,316	1,953	400	1,295	776	-	11,433
<b>Carrying amount</b>									
Balance as at 31 December	2,817	5,741	3,540	429	83	361	609	1,943	15,523

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NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

6. PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Audited</u>	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
<b>31 December 2020</b>								
<b>At cost</b>								
Balance as at 1 January	2,817	7,434	7,205	2,440	447	1,284	1,203	22,830
Additions	-	-	639	-	12	67	34	752
Transfer from right-of-use assets (Note 7)	-	-	-	188	-	-	-	188
Currency translation differences	-	-	(5)	(6)	-	(4)	-	(15)
Balance as at 31 December	<u>2,817</u>	<u>7,434</u>	<u>7,839</u>	<u>2,622</u>	<u>459</u>	<u>1,347</u>	<u>1,237</u>	<u>23,755</u>
<b>Accumulated depreciation</b>								
Balance as at 1 January	-	1,394	4,537	1,656	376	1,048	559	9,570
Current charge	-	149	377	196	11	121	104	958
Transfer from right-of-use assets (Note 7)	-	-	-	98	-	-	-	98
Currency translation differences	-	-	(2)	(2)	-	(3)	-	(7)
Balance as at 31 December	<u>-</u>	<u>1,543</u>	<u>4,912</u>	<u>1,948</u>	<u>387</u>	<u>1,166</u>	<u>663</u>	<u>10,619</u>
<b>Carrying amount</b>								
Balance as at 31 December	<u>2,817</u>	<u>5,891</u>	<u>2,927</u>	<u>674</u>	<u>72</u>	<u>181</u>	<u>574</u>	<u>13,136</u>

## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 6. PROPERTY, PLANT AND EQUIPMENT (continued)

<u>Audited</u>	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Renovation RM'000	Total RM'000
<b>31 December 2019</b>								
<b>At cost</b>								
Balance as at 1 January	2,817	7,434	5,390	4,410	417	1,085	1,163	22,716
Effects of adoption of MFRS 16	-	-	(175)	(2,296)	-	-	-	(2,471)
Additions	-	-	1,817	386	30	200	40	2,473
Disposal	-	-	-	(164)	-	-	-	(164)
Transfer from right-of-use assets (Note 7)	-	-	175	107	-	-	-	282
Currency translation differences	-	-	(2)	(3)	-	(1)	-	(6)
Balance as at 31 December	<u>2,817</u>	<u>7,434</u>	<u>7,205</u>	<u>2,440</u>	<u>447</u>	<u>1,284</u>	<u>1,203</u>	<u>22,830</u>
<b>Accumulated depreciation</b>								
Balance as at 1 January	-	1,244	4,338	1,955	366	957	458	9,318
Effects of adoption of MFRS 16	-	-	(57)	(369)	-	-	-	(426)
Current charge	-	150	182	165	10	91	101	699
Disposal	-	-	-	(143)	-	-	-	(143)
Transfer from right-of-use assets (Note 7)	-	-	74	48	-	-	-	122
Currency translation differences	-	-	*	*	-	*	-	*
Balance as at 31 December	<u>-</u>	<u>1,394</u>	<u>4,537</u>	<u>1,656</u>	<u>376</u>	<u>1,048</u>	<u>559</u>	<u>9,570</u>
<b>Carrying amount</b>								
Balance as at 31 December	<u>2,817</u>	<u>6,040</u>	<u>2,668</u>	<u>784</u>	<u>71</u>	<u>236</u>	<u>644</u>	<u>13,260</u>

\* Less than RM1,000.

As at the end of the reporting period, freehold land and buildings with a carrying amount of RM8,470,910 (31 December 2021: RM8,558,215; 31 December 2020: RM8,707,880; 31 December 2019: RM8,857,545) of the Group have been charged to licensed banks for credit facilities granted to the Group as disclosed in Note 14 to the combined financial statements.

12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

<u>Audited</u> Carrying amount	Balance as at 1.1.2022 RM'000	Additions RM'000	Transfer to property, plant and equipment (Note 6) RM'000	Lease termination RM'000	Depreciation RM'000	Currency translation differences RM'000	Balance as at 31.7.2022 RM'000
Leasehold land	-	10,355	-	-	(32)	-	10,323
Buildings	-	15,267	-	-	(36)	-	15,231
Motor vehicles	1,961	1,326	(231)	-	(195)	-	2,861
Factory building	2,384	-	-	(110)	(753)	62	1,583
Plant and machinery	119	-	-	-	(8)	-	111
	<b>4,464</b>	<b>26,948</b>	<b>(231)</b>	<b>(110)</b>	<b>(1,024)</b>	<b>62</b>	<b>30,109</b>

  

<u>Audited</u> Carrying amount	Balance as at 1.1.2021 RM'000	Additions RM'000	Written off RM'000	Lease termination RM'000	Depreciation RM'000	Currency translation differences RM'000	Balance as at 31.12.2021 RM'000
Motor vehicles	1,856	834	(444)	-	(285)	-	1,961
Factory building	864	2,597	-	-	(1,130)	53	2,384
Hostel	39	-	-	(21)	(18)	-	-
Plant and machinery	-	128	-	-	(9)	-	119
	<b>2,759</b>	<b>3,559</b>	<b>(444)</b>	<b>(21)</b>	<b>(1,442)</b>	<b>53</b>	<b>4,464</b>

12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Right-of-use assets (continued)

<u>Audited</u> Carrying amount	Balance as at 1.1.2020 RM'000	Additions RM'000	Disposal RM'000	Depreciation RM'000	Transfer to property, plant and equipment (Note 6) RM'000	Currency translation differences RM'000	Balance as at 31.12.2020 RM'000
Motor vehicles	1,797	463	(69)	(245)	(90)	-	1,856
Factory building	960	512	-	(589)	-	(19)	864
Hostel	-	43	-	(4)	-	-	39
	<u>2,757</u>	<u>1,018</u>	<u>(69)</u>	<u>(838)</u>	<u>(90)</u>	<u>(19)</u>	<u>2,759</u>

<u>Audited</u> Carrying amount	Balance as at 1.1.2019 RM'000	Effects of adoption of MFRS 16 RM'000	Additions RM'000	Depreciation RM'000	Transfer to property, plant and equipment (Note 6) RM'000	Currency translation differences RM'000	Balance as at 31.12.2019 RM'000
Motor vehicles	-	1,927	173	(244)	(59)	-	1,797
Plant and machinery	-	118	-	(17)	(101)	-	-
Factory building	-	-	1,159	(207)	-	8	960
	<u>-</u>	<u>2,045</u>	<u>1,332</u>	<u>(468)</u>	<u>(160)</u>	<u>8</u>	<u>2,757</u>



12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
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7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Lease liabilities

<u>Audited</u> Carrying amount	Balance as at 1.1.2022 RM'000	Additions RM'000	Lease termination RM'000	Lease payments RM'000	Interest expense RM'000	Currency translation differences RM'000	Balance as at 31.7.2022 RM'000
Motor vehicles	1,176	1,161	-	(447)	65	-	1,955
Factory building	2,425	-	(112)	(821)	89	64	1,645
Plant and machinery	113	-	-	(17)	4	-	100
	<b>3,714</b>	<b>1,161</b>	<b>(112)</b>	<b>(1,285)</b>	<b>158</b>	<b>64</b>	<b>3,700</b>

  

<u>Audited</u> Carrying amount	Balance as at 1.1.2021 RM'000	Additions RM'000	Lease termination RM'000	Lease payments RM'000	Interest expense RM'000	Currency translation differences RM'000	Balance as at 31.12.2021 RM'000
Motor vehicles	1,291	702	-	(905)	88	-	1,176
Factory building	927	2,597	-	(1,243)	88	56	2,425
Hostel	40	-	(22)	(19)	1	-	-
Plant and machinery	-	128	-	(20)	5	-	113
	<b>2,258</b>	<b>3,427</b>	<b>(22)</b>	<b>(2,187)</b>	<b>182</b>	<b>56</b>	<b>3,714</b>

12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
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7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

<u>Audited</u> Carrying amount	Balance as at 1.1.2020 RM'000	Additions RM'000	Lease payments RM'000	Interest expense RM'000	Currency translation differences RM'000	Balance as at 31.12.2020 RM'000
Motor vehicles	1,177	390	(322)	46	-	1,291
Factory building	989	512	(636)	83	(21)	927
Hostel	-	43	(3)	*	-	40
	<u>2,166</u>	<u>945</u>	<u>(961)</u>	<u>129</u>	<u>(21)</u>	<u>2,258</u>

<u>Audited</u> Carrying amount	Balance as at 1.1.2019 RM'000	Effects of adoption of MFRS 16 RM'000	Additions RM'000	Lease payments RM'000	Interest expense RM'000	Currency translation differences RM'000	Balance as at 31.12.2019 RM'000
Motor vehicles	-	1,436	173	(522)	90	-	1,177
Plant and machinery	-	38	-	(39)	1	-	-
Factory building	-	-	1,159	(219)	41	8	989
	-	<u>1,474</u>	<u>1,332</u>	<u>(780)</u>	<u>132</u>	<u>8</u>	<u>2,166</u>

\* Less than RM1,000.

## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

The Group as lessee (continued)

Lease liabilities (continued)

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Represented by:				
Current liabilities	1,618	1,654	1,171	800
Non-current liabilities	2,082	2,060	1,087	1,366
	<u>3,700</u>	<u>3,714</u>	<u>2,258</u>	<u>2,166</u>
Lease liabilities owing to financial institutions	2,055	1,289	1,291	1,177
Lease liabilities owing to non-financial institutions	1,645	2,425	967	989
	<u>3,700</u>	<u>3,714</u>	<u>2,258</u>	<u>2,166</u>

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

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Depreciation of right-of-use assets					
- included in cost of sales	869	589	1,180	631	262
- included in administrative expenses	155	120	262	207	206
Expense relating to short-term leases					
- included in cost of sales	148	46	59	6	2
- included in administrative expenses	-	-	1	72	132
Interest expense on lease liabilities (included in finance costs)	158	106	182	129	132
Gain on lease termination	(2)	-	(1)	-	-
	<u>1,328</u>	<u>861</u>	<u>1,683</u>	<u>1,045</u>	<u>734</u>

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NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**7. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)**

The Group as lessee (continued)

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

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Included in net cash from operating activities:					
- Payment relating to short-term leases	148	46	60	78	134
Included in net cash from investing activities:					
- Purchase of right-of-use assets	164	4	132	73	-
Included in net cash from financing activities:					
- Payment of lease liabilities	1,285	1,113	2,187	961	780
Total cash outflow for leases	<u>1,597</u>	<u>1,163</u>	<u>2,379</u>	<u>1,112</u>	<u>914</u>

(c) The Group has certain leases of equipment with lease term of twelve (12) months or less. The Group applies the "short-term lease" exemptions for these leases.

(d) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing that assets used in the Group's operations. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

There are no potential future rental payment that are not included in the lease term.

(e) The leasehold land and buildings with carrying amount of RM25,554,280 (31 December 2021: Nil; 31 December 2020: Nil; 31 December 2019: Nil) have pledged to licensed banks to secure banking facilities granted as disclosed in Note 14 of the combined financial statements.

(f) Information on financial risks of lease liabilities is disclosed in Note 27 to the combined financial statements.

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## 12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
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## 8. DEFERRED TAX

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

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Balance as at 1 January	751	630	605	462
Recognised in profit or loss (Note 19):				
- relating to origination and reversal of temporary differences	753	96	61	117
- under/(over)provision in prior years	113	26	(37)	26
Exchange difference	(2)	(1)	1	-
Balance as at 31 July/31 December	<u>1,615</u>	<u>751</u>	<u>630</u>	<u>605</u>
Presented after appropriate offsetting:				
Deferred tax assets	(40)	(52)	(20)	-
Deferred tax liabilities	1,655	803	650	605
	<u>1,615</u>	<u>751</u>	<u>630</u>	<u>605</u>

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

Deferred tax assets

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Others				
Balance as at 1 January	52	20	-	-
Recognised in profit or loss	(14)	31	21	-
Exchange differences	2	1	(1)	-
Balance as at 31 July/31 December	<u>40</u>	<u>52</u>	<u>20</u>	<u>-</u>

Deferred tax liabilities

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Property, plant and equipment				
Balance as at 1 January	803	650	605	462
Recognised in profit or loss	852	153	45	143
Balance as at 31 July/31 December	<u>1,655</u>	<u>803</u>	<u>650</u>	<u>605</u>

## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 8. DEFERRED TAX (continued)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the combined statements of financial position are as follows:

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Unutilised tax losses				
· Expires by 2028	771	771	771	763
Unutilised capital allowances	704	704	704	704
	<u>1,475</u>	<u>1,475</u>	<u>1,475</u>	<u>1,467</u>

Deferred tax assets of the Group have not been recognised in respect of these items as it is not probable that taxable profits of the Group would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the period as disclosed above are subject to the agreement of the respective local tax authorities.

In Malaysia, with effect from 1 January 2022, any unused tax losses shall be deductible for a maximum period of ten (10) consecutive years of assessment immediately following that year of assessment. Any amount which is not deducted at the end of period of ten (10) years of assessment shall be disregarded.

## 9. TRADE AND OTHER RECEIVABLES

	Note	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
<b>Non-current</b>					
<b>Other receivables</b>					
Deposits	(g)	<u>409</u>	<u>362</u>	<u>344</u>	<u>217</u>
<b>Current</b>					
<b>Trade receivables</b>					
Third parties	(b)	27,841	22,158	17,515	14,926
Less: Impairment loss	(d), (e)	(182)	(299)	(288)	(302)
		<u>27,659</u>	<u>21,859</u>	<u>17,227</u>	<u>14,624</u>
<b>Other receivables</b>					
Other receivables	(g)	5,304	4,149	3,342	31
Deposits	(g)	642	2,957	455	187
		<u>5,946</u>	<u>7,106</u>	<u>3,797</u>	<u>218</u>
<b>Total receivables</b>	(a), (c)	<u>33,605</u>	<u>28,965</u>	<u>21,024</u>	<u>14,842</u>
<b>Prepayments</b>					
Prepayments	(g)	<u>375</u>	<u>670</u>	<u>723</u>	<u>786</u>
		<u>33,980</u>	<u>29,635</u>	<u>21,747</u>	<u>15,628</u>

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from cash terms to 90 days (31 December 2021: cash terms to 90 days; 31 December 2020: 7 to 90 days; 31 December 2019: 7 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****9. TRADE AND OTHER RECEIVABLES (continued)**

- (c) The currency exposure profile of total receivables (excluding prepayments) of the Group are as follows:

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Ringgit Malaysia	12,406	19,413	13,204	11,236
United States Dollar	16,736	5,209	3,857	288
Chinese Renminbi	-	366	-	-
Vietnamese Dong	4,872	4,339	4,307	3,535
	<u>34,014</u>	<u>29,327</u>	<u>21,368</u>	<u>15,059</u>

- (d) impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses ("ECL").

The Group uses an allowance matrix to measure the ECL of trade receivables from past due ageing. Expected loss rates are determined by the probability of the non-collection from the trade receivables multiplied by the amount of the expected loss arising from default. Trade receivables have been grouped based on shared credit risk characteristics - the days past due.

During the process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (producer price index) affecting the ability of the customers to settle the receivables and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the combined statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Expected loss provision for trade receivables are as follows:

<u>Audited</u>	Gross carrying amount RM'000	Impairment losses RM'000	Total RM'000
<b>31 July 2022</b>			
Current	24,736	43	24,693
1 to 30 days	2,716	39	2,677
31 to 60 days	325	36	289
More than 60 days	64	64	-
	<u>27,841</u>	<u>182</u>	<u>27,659</u>
<b>31 December 2021</b>			
Current	19,420	72	19,348
1 to 30 days	2,385	69	2,316
31 to 60 days	274	79	195
More than 60 days	79	79	-
	<u>22,158</u>	<u>299</u>	<u>21,859</u>

## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 9. TRADE AND OTHER RECEIVABLES (continued)

(d) (continued)

Expected loss provision for trade receivables are as follows (continued):

<u>Audited</u>	Gross carrying amount RM'000	Impairment losses RM'000	Total RM'000
<b>31 December 2020</b>			
Current	15,363	77	15,286
1 to 30 days	1,921	77	1,844
31 to 60 days	141	44	97
More than 60 days	90	90	-
	<u>17,515</u>	<u>288</u>	<u>17,227</u>
<b>31 December 2019</b>			
Current	13,372	92	13,280
1 to 30 days	1,239	57	1,182
31 to 60 days	227	65	162
More than 60 days	88	88	-
	<u>14,926</u>	<u>302</u>	<u>14,624</u>

During the financial period/years, the Group did not renegotiate the terms of any trade receivables.

(e) Movements in the impairment allowance for trade receivables based on simplified approach are as follows:

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
<b>Lifetime ECL allowance</b>				
Balance as at 1 January	299	288	302	384
Charge for the financial year	-	11	-	-
Reversal of impairment losses	(117)	-	(14)	(82)
Balance as at 31 December/ 31 July	<u>182</u>	<u>299</u>	<u>288</u>	<u>302</u>

(f) Impairment for other receivables are recognised based on the general approach within MFRS 9 *Financial Instruments* using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial assets. For those in which the credit risk has not increased significantly since initial recognition of the financial assets, twelve (12) months expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by other receivables are adjusted by forward-looking information (producer price index) and multiplied by the amount of the expected loss arising from default to determine the twelve (12) months or lifetime expected credit loss for other receivables.



**12. ACCOUNTANTS' REPORT (Cont'd)**
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
**31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019**
**9. TRADE AND OTHER RECEIVABLES (continued)**

(f) (continued)

The Group defined significant increase in credit risk based on payment trends and operational performance of other receivables.

It requires management to exercise significant judgement in determining the probability of default by other receivables, appropriate forward-looking information and significant increase in credit risk.

No expected credit loss is recognised arising from other receivables as it is negligible.

(g) Included in other receivables is an amount of RM5,038,117 (31 December 2021: RM4,012,639; 31 December 2020: RM3,352,214; 31 December 2019: RMNil), which relates to the advance payments to the suppliers.

Included in deposits is an amount of RMNil (31 December 2021: RM2,335,000; 31 December 2020: RMNil; 31 December 2019: RMNil), which relates to the deposit made on acquisition of land and buildings of the Group. The land and building acquisition was completed on July 2022.

The prepayments mainly consist of insurance premium, service charges and other expenses prepaid before due date.

(h) Information on financial risks of trade and other receivables is disclosed in Note 27 to the combined financial statements.

**10. INVENTORIES**

	31.7.2022	31.12.2021	31.12.2020	31.12.2019
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
<b>At cost</b>				
Raw materials	16,837	14,682	8,831	3,853
Work-in-progress	1,577	1,603	1,562	923
Finished goods	2,456	1,926	1,550	1,340
Indirect material	846	636	431	295
Goods in transit	185	786	412	252
Merchandise	113	61	-	-
	<u>22,014</u>	<u>19,694</u>	<u>12,786</u>	<u>6,663</u>

Inventories of the Group recognised as cost of sales during the financial periods/years are as follows:

	1.1.2022	1.1.2021	1.1.2021	1.1.2020	1.1.2019
	to	to	to	to	to
	31.7.2022	31.7.2021	31.12.2021	31.12.2020	31.12.2019
	Audited	Unaudited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000	RM'000
Recognised as cost of sales	<u>56,195</u>	<u>42,397</u>	<u>78,300</u>	<u>59,542</u>	<u>49,028</u>

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**11. CASH AND BANK BALANCES**

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Cash and bank balances	8,829	3,161	3,323	3,248
Deposits with licensed banks	116	246	2,327	232
	<u>8,945</u>	<u>3,407</u>	<u>5,650</u>	<u>3,480</u>

(a) Cash and bank balances are classified as financial assets measured at amortised cost.

(b) The currency exposure profile of cash and bank balances are as follows:

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Ringgit Malaysia	2,013	871	2,644	534
United States Dollar	5,123	680	472	1,487
Vietnamese Dong	1,783	1,856	2,533	1,458
Chinese Renminbi	13	*	-	-
Others	13	-	1	1
	<u>8,945</u>	<u>3,407</u>	<u>5,650</u>	<u>3,480</u>

(c) The effective interest rate of deposits with licensed banks of the Group are 1.35% to 1.85% (31 December 2021: 1.35% to 1.85%; 31 December 2020: 1.85% to 4.70%; 31 December 2019: 3.10% to 3.25%) per annum.

(d) Deposits with licensed banks of the Group amounting to RM115,471 (31 December 2021: RM246,248; 31 December 2020: RM239,342; 31 December 2019: RM231,967) have been pledged to a bank as securities for the credit facilities granted as disclosed in Note 14 to the combined financial statements.

(e) No expected credit loss is recognised arising from cash and bank balances because the probability of default of these financial institutions is negligible.

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**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**11. CASH AND BANK BALANCES (continued)**

- (f) For the purpose of the combined statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	31.7.2022 Audited RM'000	31.7.2021 Unaudited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Cash and bank balances	8,829	3,532	3,161	3,323	3,248
Deposits with licensed banks	116	240	246	2,327	232
As per combined statements of financial position	8,945	3,772	3,407	5,650	3,480
Less:					
Deposits pledged to a licensed bank	(116)	(240)	(246)	(239)	(232)
Bank overdraft	-	(685)	(3,645)	(5,832)	(8,380)
As per combined statements of cash flows	8,829	2,847	(484)	(421)	(5,132)

- (g) Information on financial risks of cash and bank balances is disclosed in Note 27 to the combined financial statements.

\* less than RM1,000.

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**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****12. INVESTED EQUITY**

For the purpose of these combined financial statements, the invested equity as at 31 July 2022 is the aggregate of the share capital of the other combining entities, namely L&P Global Berhad, Berjayapak Sdn. Bhd. and its subsidiaries.

<u>Audited</u>	Number of ordinary shares	Amount RM'000
<b>31 July 2022</b>		
Issued and fully paid up with no par value:		
Balance as at 1 January/31 July	<u>6,800,010</u>	<u>6,800</u>
<b>31 December 2021</b>		
Issued and fully paid up with no par value:		
Balance as at 1 January/31 December	<u>6,800,010</u>	<u>6,800</u>
<b>31 December 2020</b>		
Issued and fully paid up with no par value:		
Balance as at 1 January/31 December	<u>6,800,000</u>	<u>6,800</u>
<b>31 December 2019</b>		
Issued and fully paid up with no par value:		
Balance as at 1 January/31 December	<u>6,800,000</u>	<u>6,800</u>

The common controlling shareholders of the combining entities are entitled to receive dividends as and when declared by the Group and is entitled to one (1) vote per ordinary share at meetings of the Group. All ordinary shares rank pari passu with regard to the residual assets of the Group.

**13. RESERVES**

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
<b>Non-distributable:</b>				
Exchange translation reserve	494	160	(337)	(31)
<b>Distributable:</b>				
Retained earnings	<u>35,085</u>	<u>32,744</u>	<u>21,414</u>	<u>11,562</u>
	<u>35,579</u>	<u>32,904</u>	<u>21,077</u>	<u>11,531</u>

Exchange translation reserve

Exchange translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group.

## 12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 14. BORROWINGS

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
<b>Current liabilities</b>				
<i>Secured</i>				
Bank overdrafts (Note 11(f))	-	3,645	5,832	8,380
Bankers' acceptances	21,205	6,015	1,350	1,785
Term loans	2,283	1,033	1,302	693
	<u>23,488</u>	<u>10,693</u>	<u>8,484</u>	<u>10,858</u>
<b>Non-current liability</b>				
<i>Secured</i>				
Term loans	<u>30,730</u>	<u>10,700</u>	<u>11,146</u>	<u>7,168</u>
<b>Total borrowings</b>				
<i>Secured</i>				
Bank overdrafts (Note 11(f))	-	3,645	5,832	8,380
Bankers' acceptances	21,205	6,015	1,350	1,785
Term loans	33,013	11,733	12,448	7,861
	<u>54,218</u>	<u>21,393</u>	<u>19,630</u>	<u>18,026</u>

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) All borrowings are denominated in Ringgit Malaysia ('RM').
- (c) The borrowings of the Group are secure way of:
- (i) First legal charge over certain freehold land, leasehold land and buildings of the Group as disclosed in Note 6 and Note 7 to the combined financial statements;
  - (ii) Pledging of the Group fixed deposits as disclosed in Note 11 to the combined financial statements; and
  - (iif) Corporate guarantee by a combining entities and all the Directors of B Pack Holdings Sdn. Bhd. jointly and severally.
- (d) Information on financial risks of borrowings and their maturity is disclosed in Note 27 to the combined financial statements.

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**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**15. TRADE AND OTHER PAYABLES**

	Note	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
<b>Trade payables</b>					
Third parties	(b)	3,503	4,202	2,613	1,626
<b>Other payables</b>					
Third parties	(e)	2,036	2,689	3,276	391
Accruals	(e)	1,476	1,311	980	870
Amount due to Directors	(c)	-	-	-	633
Dividend payable	20	5,600	-	-	-
		<u>9,112</u>	<u>4,000</u>	<u>4,256</u>	<u>1,894</u>
<b>Total payables</b>	(a), (d)	<u>12,615</u>	<u>8,202</u>	<u>6,869</u>	<u>3,520</u>

(a) Total payables are classified as financial liabilities measured at amortised cost.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from cash terms to 90 days (31 December 2021: cash terms to 90 days; 31 December 2020: cash terms to 90 days; 31 December 2019: 30 to 90 days).

(c) Amount due to Directors are unsecured, non-interest bearing and payable within the next twelve (12) months in cash and cash equivalents.

Subsequent to the financial year ended 31 December 2019, the Directors have fully settled the outstanding balances amounting to RM632,883.

(d) The currency exposure profile of trade and other payables are as follows:

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Ringgit Malaysia	11,123	5,312	5,969	3,267
Vietnamese Dong	1,491	2,890	867	236
United States Dollar	-	-	26	17
Singapore Dollar	1	-	7	-
	<u>12,615</u>	<u>8,202</u>	<u>6,869</u>	<u>3,520</u>

(e) Included in other payables to third parties is an amount of RM1,739,896 (31 December 2021: RM2,355,896; 31 December 2020: RM2,910,995; 31 December 2019: RMNil), which relates to the one-off import duty payable to customs. Accruals are mainly relates to employee benefits payable.

(f) Information on financial risks of trade and other payables and their maturity is disclosed in Note 27 to the combined financial statements.

## 12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 16. REVENUE

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
<b>Revenue from contracts with customers:</b>					
Sales of goods	<u>83,824</u>	<u>67,466</u>	<u>120,924</u>	<u>88,305</u>	<u>66,304</u>
<b>Timing of revenue recognition:</b>					
At a point in time	<u>83,824</u>	<u>67,466</u>	<u>120,924</u>	<u>88,305</u>	<u>66,304</u>

*Disaggregation of revenue from contracts with customers*

Revenue from contracts with customers is disaggregated in the table below by primary geographical market.

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
<b>Geographical market</b>					
Malaysia	68,228	52,981	94,885	63,516	60,259
Vietnam	<u>15,596</u>	<u>14,485</u>	<u>26,039</u>	<u>24,789</u>	<u>6,045</u>
	<u>83,824</u>	<u>67,466</u>	<u>120,924</u>	<u>88,305</u>	<u>66,304</u>

## 17. FINANCE COSTS

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
<b>Interest expense on:</b>					
- Bankers' acceptances	317	57	119	74	96
- Bank overdraft	63	210	313	417	502
- Lease liabilities	158	106	182	129	132
- Term loan	<u>233</u>	<u>352</u>	<u>742</u>	<u>390</u>	<u>498</u>
	<u>771</u>	<u>725</u>	<u>1,356</u>	<u>1,010</u>	<u>1,228</u>

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## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 18. EMPLOYEE BENEFITS

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Director fees	94	-	40	-	-
Wages, salaries and bonuses	7,832	6,531	11,546	9,421	9,485
Contributions to defined contribution plan	505	306	586	461	498
Social security contributions	82	75	120	95	83
Other benefits	1,374	1,359	2,425	1,422	1,870
	<u>9,887</u>	<u>8,271</u>	<u>14,717</u>	<u>11,399</u>	<u>11,936</u>

Directors' remuneration included in the employee benefits of the Group during the financial periods/years are as follows:

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Directors' remuneration	<u>510</u>	<u>377</u>	<u>1,163</u>	<u>725</u>	<u>697</u>

## 19. TAX EXPENSE

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Current tax expense based on profit for the financial period/years	1,492	2,392	3,806	936	1,044
(Over)/Underprovision of tax expense in prior years	<u>(228)</u>	<u>-</u>	<u>(57)</u>	<u>158</u>	<u>69</u>
	<u>1,264</u>	<u>2,392</u>	<u>3,749</u>	<u>1,094</u>	<u>1,113</u>
Deferred tax (Note 8): Relating to origination and reversal of temporary differences	753	-	95	62	117
Under/(Over)provision in prior years	<u>113</u>	<u>-</u>	<u>26</u>	<u>(37)</u>	<u>26</u>
	<u>866</u>	<u>-</u>	<u>121</u>	<u>25</u>	<u>143</u>
Total tax expense	<u>2,130</u>	<u>2,392</u>	<u>3,870</u>	<u>1,119</u>	<u>1,256</u>



## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 19. TAX EXPENSE (continued)

- (a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (31 July 2021: 24%; 31 December 2021: 24%; 31 December 2020: 24%; 31 December 2019: 24%) of the estimated taxable profits for the fiscal period/year.
- (b) The statutory corporate income tax ("CIT") applicable to a combining entity, Berjayapak Vietnam Company Limited is 20% on taxable income. The combining entity is exempted from CIT for 2 years from the first year generating taxable income (2019-2020) and reduced 50% of CIT in the 4 succeeding years (2021-2024) (incentive for investment in industrial zone).
- (c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of the Group are as follows:

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Profit before tax	10,071	11,962	18,200	10,971	5,649
Tax at statutory tax rate of 24% (2021: 24%; 2020: 24%; 2019: 24%)	2,417	2,900	4,368	2,633	1,356
Tax effects in respect of:					
Non-allowable expenses	505	170	642	420	1,089
Income not subject to tax	(36)	-	-	(45)	(871)
Tax exempt income	(458)	(192)	(793)	(1,681)	(345)
Different tax rates in foreign jurisdiction	(183)	(456)	(316)	(327)	(68)
Deferred tax assets not recognised during the financial year	-	-	-	(2)	-
(Over)/Underprovision of tax expense in prior years	(228)	-	(57)	158	69
Under/(Over)provision of deferred tax in prior years	113	-	26	(37)	26
Total tax expense	2,130	2,422	3,870	1,119	1,256

## 20. DIVIDENDS

	Dividend per share RM	Amount of dividend RM'000
In respect of financial year ended 31 December 2022: Single tier interim dividend of Berjayapak Sdn. Bhd.	0.82	5,600
In respect of financial year ended 31 December 2020: Single tier interim dividend of Berjayapak Sdn. Bhd.	0.44	3,000

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****21. EARNINGS PER ORDINARY SHARE****(a) Basic**

Basic earnings per ordinary share for the financial period/years are calculated by dividing the profit for the financial periods/years attributable to the common controlling shareholders of the combining entities by the expected number of ordinary shares of the Company pursuant to the proposed listing of the ordinary shares of the Group on the ACE Market of Bursa Malaysia Securities Berhad ('Proposed Listing').

	1.1.2022 to 31.7.2022 Audited	1.1.2021 to 31.7.2021 Unaudited	1.1.2021 to 31.12.2021 Audited	1.1.2020 to 31.12.2020 Audited	1.1.2019 to 31.12.2019 Audited
Profit attributable to common controlling shareholders of the Group (RM'000)	7,941	9,569	14,330	9,852	4,393
Expected number of shares upon completion of the Listing (unit'000)	560,000	560,000	560,000	560,000	560,000
Basic earnings per ordinary share (sen)	1.42	1.71	2.56	1.76	0.78

Number of ordinary shares are the expected number of ordinary shares of the Company upon completion of the Listing.

**(b) Diluted**

Diluted earnings per ordinary share equals basic earnings per ordinary share, as the Group does not have any potential dilutive ordinary share in issue during and at the end of the financial periods/years.

**22. CONTINGENT LIABILITIES**

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
<b>Unsecured</b>				
Corporate guarantee given to a bank for credit facilities granted to Berjayapak Sdn. Bhd. by combining entities	42,850	34,300	4,600	4,600

The corporate guarantee is given to financial institution as one of the securities in relation to banking facility granted to the combining entity.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****22. CONTINGENT LIABILITIES (continued)**

The Group designates corporate guarantee given to bank for credit facility granted to the combining entity as insurance contract as defined in MFRS 4 *Insurance Contracts*. The Group recognises this insurance contract as recognised insurance liability when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

The Directors are of the view that the chances of the financial institution to call upon the corporate guarantee is remote. Accordingly, the Directors have estimated the financial impact of the guarantee as at 31 July 2022, 31 December 2021, 31 December 2020 and 31 December 2019 to be insignificant.

**23. CAPITAL COMMITMENT**

	31.7.2022	31.12.2021	31.12.2020	31.12.2019
	Audited	Audited	Audited	Audited
	RM'000	RM'000	RM'000	RM'000
Capital expenditure in respect of purchase of property, plant and equipment				
- contracted but not provided for	-	23,301	-	-

**24. RELATED PARTY DISCLOSURES****(a) Identities of related parties**

Parties are considered to be related to the Group if the Group have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Combining entities as disclosed in Note 5 to the financial statements;
- (ii) Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include the Executive Directors of the Group; and
- (iii) B Pack Holdings Sdn. Bhd., B Line Sdn. Bhd. and Moviente Sdn. Bhd. whereby certain Directors of the Group and their family members have significant financial and controlling interest or are connected to certain Directors of the related parties.

**(b) Transactions with related parties**

The Group has not entered into transactions with related parties during the financial period/years.

**(c) Compensation of key management personnel**

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****24. RELATED PARTY DISCLOSURES****(c) Compensation of key management personnel (continued)**

There are no key management personnel having the authority and responsibility for planning, directing and controlling the activities of the Group other than the Directors.

The total remuneration of Directors during the financial periods/years were as follows:

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Fees	94	-	40	-	-
Salaries and bonuses	365	338	610	656	631
Contributions to defined contribution plan	50	37	66	66	63
Social security contributions	1	2	447	3	3
	<u>510</u>	<u>377</u>	<u>1,163</u>	<u>725</u>	<u>697</u>

**25. OPERATING SEGMENTS**

The Group is principally involved in provision of integrated industrial packaging solutions. Its operating segments are presented based on the geographical location of its customers. The Executive Directors assess the performance of the reportable segments based on their profit before taxation.

The accounting policies of the reportable segments are the same as the accounting policies of the Group.

Each reportable segment assets is measured based on all assets of the segment other than tax-related assets.

Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

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## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 25. OPERATING SEGMENTS (continued)

Audited

1 January 2022 to 31 July 2022	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	68,228	15,596	83,824
Inter-segment revenue	-	-	-
<b>Total revenue</b>	<b>68,228</b>	<b>15,596</b>	<b>83,824</b>
Interest income	-	10	10
Finance costs	(705)	(66)	(771)
<b>Net finance costs</b>	<b>(705)</b>	<b>(56)</b>	<b>(761)</b>
<b>Segment profit before income tax</b>	<b>5,504</b>	<b>4,567</b>	<b>10,071</b>
<b>Other material non-cash items:</b>			
Depreciation of property, plant and equipment	(719)	(89)	(808)
Depreciation of right-of-use assets	(608)	(416)	(1,024)
Reversal of impairment of trade and other receivables	117	-	117
<b>Segment assets</b>	<b>102,041</b>	<b>10,677</b>	<b>112,718</b>
Current tax assets			1,877
Deferred tax assets			40
			<b>114,635</b>
<b>Segment liabilities</b>	<b>65,541</b>	<b>4,992</b>	<b>70,533</b>
Deferred tax liabilities			1,655
Current tax liabilities			68
			<b>72,256</b>
<b>Additions to capital expenditures</b>	<b>29,223</b>	<b>25</b>	<b>29,248</b>

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## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 25. OPERATING SEGMENTS (continued)

Unaudited

1 January 2021 to 31 July 2021	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	52,981	14,485	67,466
Inter-segment revenue	-	-	-
Total revenue	52,981	14,485	67,466
Interest income	-	39	39
Finance costs	(691)	(34)	(725)
Net finance (costs)/income	(691)	5	(686)
Segment profit before income tax	7,142	4,820	11,962
Other material non-cash items:			
Depreciation of property, plant and equipment	(494)	(54)	(548)
Depreciation of right-of-use assets	(321)	(388)	(709)
Impairment of trade and other receivables	(11)	-	(11)
Segment assets	49,069	13,266	62,337
Current tax assets			422
			62,759
Segment liabilities	24,290	1,387	25,678
Deferred tax liabilities			650
Current tax liabilities			1,408
			27,736
Additions to capital expenditures	2,086	-	2,086

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## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 25. OPERATING SEGMENTS (continued)

Audited

1 January 2021 to 31 December 2021	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	94,885	26,039	120,924
Inter-segment revenue	-	-	-
Total revenue	94,885	26,039	120,924
Interest income	-	62	62
Finance costs	(1,309)	(47)	(1,356)
Net finance (costs)/income	(1,309)	15	(1,294)
Segment profit before income tax	10,310	7,890	18,200
Other material non-cash items:			
Depreciation of property, plant and equipment	(809)	(156)	(965)
Depreciation of right-of-use assets	(769)	(673)	(1,442)
Impairment of trade and other receivables	(11)	-	(11)
Segment assets	60,105	12,980	73,085
Current tax assets			967
Deferred tax assets			52
			74,104
Segment liabilities	28,760	4,549	33,309
Deferred tax liabilities			803
Current tax liabilities			288
			34,400
Additions to capital expenditures	3,418	-	3,418

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## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 25. OPERATING SEGMENTS (continued)

**Audited**

1 January 2020 to 31 December 2020	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	63,516	24,789	88,305
Inter-segment revenue	-	-	-
<b>Total revenue</b>	<b>63,516</b>	<b>24,789</b>	<b>88,305</b>
Interest income	12	18	30
Finance costs	(927)	(83)	(1,010)
<b>Net finance costs</b>	<b>(915)</b>	<b>(65)</b>	<b>(980)</b>
<b>Segment profit before income tax</b>	<b>2,787</b>	<b>8,184</b>	<b>10,971</b>
<b>Other material non-cash items:</b>			
Depreciation of property, plant and equipment	(805)	(153)	(958)
Depreciation of right-of-use assets	(248)	(590)	(838)
Reversal of impairment of trade and other receivables	14	-	14
<b>Segment assets</b>	<b>45,456</b>	<b>10,966</b>	<b>56,422</b>
Current tax assets			867
Deferred tax assets			20
			<b>57,309</b>
<b>Segment liabilities</b>	<b>26,962</b>	<b>1,795</b>	<b>28,757</b>
Deferred tax liabilities			650
Current tax liabilities			25
			<b>29,432</b>
<b>Additions to capital expenditures</b>	<b>710</b>	<b>42</b>	<b>752</b>

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12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

25. OPERATING SEGMENTS (continued)

Audited

1 January 2019 to 31 December 2019	Malaysia RM'000	Vietnam RM'000	Total RM'000
Revenue from external customers	60,259	6,045	66,304
Inter-segment revenue	-	-	-
<b>Total revenue</b>	<b>60,259</b>	<b>6,045</b>	<b>66,304</b>
Interest income	23	1	24
Finance costs	(1,187)	(41)	(1,228)
<b>Net finance costs</b>	<b>(1,164)</b>	<b>(40)</b>	<b>(1,204)</b>
Segment profit before income tax	3,945	1,704	5,649
<b>Other material non-cash items:</b>			
Depreciation of property, plant and equipment	(644)	(55)	(699)
Depreciation of right-of-use assets	(261)	(207)	(468)
Reversal of impairment of trade and other receivables	82	-	82
Segment assets	34,137	7,868	42,005
Current tax assets			643
			<b>42,648</b>
Segment liabilities	22,487	1,225	23,712
Deferred tax liabilities			605
			<b>24,317</b>
Additions to capital expenditures	1,675	798	2,473

Major customers

The following are major customers with revenue equal or more than ten percent (10%) of revenue of the Group:

	1.1.2022 to 31.7.2022 Audited RM'000	1.1.2021 to 31.7.2021 Unaudited RM'000	1.1.2021 to 31.12.2021 Audited RM'000	1.1.2020 to 31.12.2020 Audited RM'000	1.1.2019 to 31.12.2019 Audited RM'000
Customer A	30,832	25,161	45,793	26,160	21,656
Customer B	15,596	14,485	26,039	24,789	6,045*
Customer C	5,444*	9,225	11,235*	10,720	9,566

\* less than 10%

## 12. ACCOUNTANTS' REPORT (Cont'd)

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019



## 26. FINANCIAL INSTRUMENTS

## (a) Capital management

The primary objective of the capital management of the Group is to ensure that the Group would be able to continue as a going concern whilst maximising return to shareholder through optimisation of the debt and equity ratio. The overall strategy of the Group remains unchanged throughout the reporting periods.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies or processes throughout the reporting periods.

The Group monitors capital using a gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt are calculated as total borrowings and lease liabilities net of short term deposits with licensed banks and cash and bank balances. Capital includes equity attributable to the common controlling shareholder.

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
Borrowings	54,218	21,393	19,630	18,026
Lease liabilities	3,700	3,714	2,258	2,166
Less: Cash and bank balances	(8,945)	(3,407)	(5,650)	(3,480)
Net debt	<u>48,973</u>	<u>21,700</u>	<u>16,238</u>	<u>16,712</u>
Total capital	42,379	39,704	27,877	18,331
Net debt	<u>48,973</u>	<u>21,700</u>	<u>16,238</u>	<u>16,712</u>
Equity	<u>91,352</u>	<u>61,404</u>	<u>44,115</u>	<u>35,043</u>
Gearing ratio	<u>54%</u>	<u>35%</u>	<u>37%</u>	<u>48%</u>

The Group have complied with the externally imposed capital requirements as at the end of each reporting period.

## (b) Method and assumptions used to estimate fair value

*Financial instruments that are not carried at fair value and whose carrying amounts are at reasonable approximation of fair values*

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced at market interest rates on or near the end of the reporting period.

The carrying amount of the current position of borrowings is reasonable approximation of fair value due to the insignificant impact of discounting.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****26. FINANCIAL INSTRUMENTS (continued)****(c) Fair value hierarchy**

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group are exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below.

**(a) Credit risk**

Trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are creditworthy debtors with good payment records with the Group. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with the customers are mainly on credit. The credit period is generally for a period of one (1) month, extending up to three (3) months for major customers. Nevertheless, the management of the Group may give longer credit terms by discretion. The Group consistently monitors its outstanding receivables to minimise credit risk.

**Exposure to credit risk**

At the end of the reporting period, the maximum exposure of the Group to credit risk is substantially represented by the carrying amount of each class of financial assets recognised in the combined statements of financial position.

## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

## (a) Credit risk (continued)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the geographical market and industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period are as follows:

	31.7.2022		31.12.2021		31.12.2020		31.12.2019	
	RM'000	% of total	RM'000	% of total	RM'000	% of total	RM'000	% of total
Malaysia	23,395	85%	18,015	82%	13,375	78%	11,390	78%
Vietnam	4,264	15%	3,844	18%	3,852	22%	3,234	22%
	<u>27,659</u>	<u>100%</u>	<u>21,859</u>	<u>100%</u>	<u>17,227</u>	<u>100%</u>	<u>14,624</u>	<u>100%</u>

At the end of the reporting period, approximately 46% (31 December 2021: 49%; 31 December 2020: 68%; 31 December 2019: 63%) of the trade receivables of the Group were due from two (2) (31 December 2021: two (2); 31 December 2020: three (3); 31 December 2019: three (3) major customers.

## (b) Liquidity and cash flow risk

The exposure of the Group to liquidity risk arises from mismatches of the financial assets and liabilities.

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

The Group practises prudent liquidity risk management to minimise the mismatch of financial assets and liabilities whilst maintaining sufficient cash and the availability of funding through standby credit facilities.

The table below summarises the maturity profile of the liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations.

<u>Audited</u>	On demand or within one (1) year RM'000	One (1) to five (5) years RM'000	More than five (5) years RM'000	Total RM'000
<b>Financial liabilities</b>				
<b>31 July 2022</b>				
Borrowings	25,080	15,031	28,189	68,300
Trade and other payables	12,615	-	-	12,615
Lease liabilities	1,822	2,246	-	4,068
Total undiscounted financial liabilities	<u>39,517</u>	<u>17,277</u>	<u>28,189</u>	<u>84,983</u>
<b>31 December 2021</b>				
Borrowings	11,453	7,022	7,290	25,765
Trade and other payables	8,202	-	-	8,202
Lease liabilities	1,852	2,192	-	4,044
Total undiscounted financial liabilities	<u>21,507</u>	<u>9,214</u>	<u>7,290</u>	<u>38,011</u>

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****(b) Liquidity and cash flow risk (continued)**

<u>Audited</u>	On demand or within one (1) year RM'000	One (1) to five (5) years RM'000	More than five (5) years RM'000	Total RM'000
<b>Financial liabilities</b>				
<b>31 December 2020</b>				
Borrowings	9,082	7,472	6,123	22,677
Trade and other payables	6,869	-	-	6,869
Lease liabilities	1,280	1,145	-	2,425
<b>Total undiscounted financial liabilities</b>	<b>17,231</b>	<b>8,617</b>	<b>6,123</b>	<b>31,971</b>
<b>31 December 2019</b>				
Borrowings	11,363	4,790	4,861	21,014
Trade and other payables	3,520	-	-	3,520
Lease liabilities	924	1,455	-	2,379
<b>Total undiscounted financial liabilities</b>	<b>15,807</b>	<b>6,245</b>	<b>4,861</b>	<b>26,913</b>

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from interest-bearing borrowings. The Group borrows at both, floating and fixed rates of interest to generate the desired interest profile and to manage the Group's exposure to interest rate fluctuations.

**Sensitivity analysis for interest rate risk**

The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of reporting period changed by fifty (50) basis points with all other variables held constant:

	31.7.2022 Audited RM'000	31.12.2021 Audited RM'000	31.12.2020 Audited RM'000	31.12.2019 Audited RM'000
<b>Profit after tax</b>				
- increase by 0.5% (31.12.2021: 0.5%; 31.12.2020: 0.5%; 31.12.2019: 0.5%)	(125)	(58)	(69)	(62)
- decrease by 0.5% (31.12.2021: 0.5%; 31.12.2020: 0.5%; 31.12.2019: 0.5%)	125	58	69	62
	<b>125</b>	<b>58</b>	<b>69</b>	<b>62</b>

**12. ACCOUNTANTS' REPORT (Cont'd)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

## (c) Interest rate risk (continued)

The following table sets out the carrying amounts, the effective interest rate/incremental borrowing rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

<u>Audited</u>	Note	Effective interest rate/incremental borrowing rate* %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000	Total RM'000
<b>As at 31 July 2022</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	11	1.35 - 1.85	116	-	-	-	-	-	116
Bankers' acceptances	14	2.44 - 4.41	(21,205)	-	-	-	-	-	(21,205)
Lease liabilities	7	2.17 - 7.39*	(1,618)	(1,184)	(424)	(350)	(124)	-	(3,700)
<b>Floating rates</b>									
Term loans	14	3.42 - 7.68	(2,283)	(2,392)	(2,477)	(2,371)	(1,931)	(21,559)	(33,013)
<b>As at 31 December 2021</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	11	1.35 - 1.85	246	-	-	-	-	-	246
Bankers' acceptances	14	2.10 - 2.16	(6,015)	-	-	-	-	-	(6,015)
Lease liabilities	7	2.17 - 7.39*	(1,654)	(1,314)	(467)	(214)	(65)	-	(3,714)
<b>Floating rates</b>									
Term loans	14	4.77 - 7.98	(1,033)	(1,209)	(1,292)	(1,254)	(1,041)	(5,904)	(11,733)
Bank overdrafts	14	6.69	(3,645)	-	-	-	-	-	(3,645)

## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

## (c) Interest rate risk (continued)

The following table sets out the carrying amounts, the effective interest rate/incremental borrowing rate as at the end of each reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk (continued):

<u>Audited</u>	Note	Effective interest rate/incremental borrowing rate* %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	> 5 years RM'000	Total RM'000
<b>As at 31 December 2020</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	11	1.85 - 4.70	2,327	-	-	-	-	-	2,327
Bankers' acceptances	14	2.50 - 4.32	(1,350)	-	-	-	-	-	(1,350)
Lease liabilities	7	2.10 - 7.39*	(1,171)	(665)	(261)	(95)	(66)	-	(2,258)
<b>Floating rates</b>									
Term loans	14	3.37 - 7.45	(1,302)	(1,381)	(1,464)	(1,553)	(1,522)	(5,226)	(12,448)
Bank overdrafts	14	5.97 - 6.73	(5,832)	-	-	-	-	-	(5,832)
<b>As at 31 December 2019</b>									
<b>Fixed rates</b>									
Deposits with licensed banks	11	3.10 - 3.25	232	-	-	-	-	-	232
Bankers' acceptances	14	3.77 - 5.61	(1,785)	-	-	-	-	-	(1,785)
Lease liabilities	7	7.39*	(800)	(827)	(443)	(91)	(5)	-	(2,166)
<b>Floating rates</b>									
Term loans	14	4.62 - 8.68	(693)	(748)	(808)	(872)	(942)	(3,798)	(7,861)
Bank overdrafts	14	7.17 - 7.98	(8,380)	-	-	-	-	-	(8,380)

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)****(d) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the entities within the Group. The currency giving rise to this risk are primarily United States Dollar ("USD") and Vietnamese Dong ("VND").

The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the USD and VND exchange rate against the functional currency of the Group, with all other variables held constant:

	<b>31.7.2022</b> <b>Audited</b> <b>RM'000</b>	<b>31.12.2021</b> <b>Audited</b> <b>RM'000</b>	<b>31.12.2020</b> <b>Audited</b> <b>RM'000</b>	<b>31.12.2019</b> <b>Audited</b> <b>RM'000</b>
<b>Profit after tax</b>				
<b>USD/RM</b>				
- Strengthen by 5%	831	224	164	67
- Weaken by 5%	<u>(831)</u>	<u>(224)</u>	<u>(164)</u>	<u>(67)</u>
<b>VND/RM</b>				
- Strengthen by 5%	196	126	227	181
- Weaken by 5%	<u>(196)</u>	<u>(126)</u>	<u>(227)</u>	<u>(181)</u>

Sensitivity analysis of other foreign currencies are not disclosed as it is not material to the Group.

**28. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD/YEARS AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

- (a) The World Health Organisation declared the novel coronavirus ('COVID-19') a global pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has entered into the various phases of the MCO, followed by the announcement of the National Recovery Plan ('NRP') in June 2021, which details a roadmap to control the COVID-19 pandemic while progressively reopening society and the economic sectors towards the new normal under four progressive phases. Subsequently, in March 2022, the Government of Malaysia announced that Malaysia will enter the "Transition to Endemic" phase of COVID-19 and reopen its borders from 1 April 2022.

Consequently, effective from 1 April 2022, the restrictions on business operating hours and the capacity limit imposed on the number of employees allowed in the workplace based on the employees' vaccination status are removed.



**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****28. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD/YEARS AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)****(a) (continued)**

The implementation of the MCO/NRP and the COVID-19 pandemic have resulted minor temporary interruption to the Group's business and operations. The Group was able to operate during the MCO/NRP period upon obtained approval from Ministry of International Trade and Industry ('MITI') and required to comply with the changes of SOP outlined by MITI throughout the period. It had also not negatively impacted the liquidity position of the Group. In addition, the Group had not observed any material impairments of the assets or a significant change in the fair value of assets due to the COVID-19 pandemic.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows to meet its liquidity needs in the next twelve (12) months after the end of the reporting period. The Group do not anticipate significant supply disruptions and would continuing monitor its fund and operational needs.

- (b) On 11 November 2021, a combining entity, Berjayapak Sdn. Bhd. ("BSB") had entered into a Sale and Purchase Agreement with Sizechem Sdn. Bhd. for the acquisition of a piece of land held under No. PT 3174, Mukim 1, Daerah Seberang Perai Tengah, Negeri Pulau Pinang measuring approximately 4,382 square meters in area and building erected thereon bearing the assessment address 2619 Lorong Perusahaan 8 Kawasan Perindustrian Prai, 13600 Perai Penang for a purchase consideration of RM6,068,000.

The land and building acquisition was completed in July 2022.

- (c) On 23 November 2021, BSB had entered into a Sale and Purchase Agreement with Dyechem Alliance (M) Sdn. Bhd. for the acquisition of a piece of land held under No. PT 3050, Mukim 01, Daerah Seberang Perai Tengah, Negeri Pulau Pinang measuring approximately 6,929 square meters in area and building erected thereon bearing the assessment address 2611, Lorong Perusahaan 8, Kawasan Perindustrian Perai, 13600 Perai, Penang for a purchase consideration of RM8,732,000.

The land and building acquisition was completed in July 2022.

- (d) On 25 January 2022, BSB had entered into a Sale and Purchase Agreement with Aicello Malaysia Sdn. Bhd. for the acquisition of a piece of land held under Lot No. 60025, Seksyen 38, Bandar Kulim, Daerah Kulim, Kedah together with an industry building bearing the assessment address No.39A, Lorong Perusahaan 6, Taman PKNK, 09000 Kulim, Kedah for a purchase consideration of RM9,500,000.

The land and building acquisition was completed in July 2022.

- (e) On 15 March 2022, the Company had entered into a conditional share sale agreement to acquire the entire issued share capital of BSB of RM6,800,000 comprising 6,800,000 ordinary shares from B Pack Holdings Sdn. Bhd., Moviente Sdn. Bhd. and B Line Sdn. Bhd. ("Acquisition of BSB"). The Acquisition of BSB was wholly satisfied via the issuance of 446,999,990 new ordinary shares of the Company ("Shares") at an issue price of RM0.0905 per share which was then issued to B Pack Holdings Sdn. Bhd., Moviente Sdn. Bhd. and B Line Sdn. Bhd..

The Acquisition has been completed on 9 November 2022 and Berjayapak Sdn. Bhd. subsequently became a wholly-owned subsidiary of the L&P Global Berhad.

**12. ACCOUNTANTS' REPORT (Cont'd)**

**NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019**



**28. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD/YEARS AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD (continued)**

- (f) On 27 June 2022, a combining entity, Bejay Presswood Sdn. Bhd. had undertake the Proposed Capital Reduction, by reducing the issued share capital from RM8,454,104 comprising of 8,454,104 ordinary shares to RM2,400,000 comprising 2,400,000 ordinary shares ("Proposed Capital Reduction") and submitted to the Companies Commission of Malaysia.

The Proposed Capital Reduction has been approved by Companies Commission of Malaysia dated 26 August 2022.

- (g) The Bursa Malaysia Securities Berhad has, vide its letter dated 13 October 2022, approved amongst others, the admission of the Company to the Official List and the listing of and quotation for the entire enlarged issued share capital of the Company on the ACE Market of Bursa Malaysia Securities Berhad.

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## 12. ACCOUNTANTS' REPORT (Cont'd)



## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 29. PRIOR YEAR RECLASSIFICATIONS

During the financial year, certain comparative figures have been reclassified to conform with the current year's presentation so as to reflect appropriate presentation of the combined financial statements of the Group.

The reclassifications gave rise to changes on the combined financial statements of the Group as follows:

<u>Audited</u>	As previously reported RM'000	Reclassi- fication RM'000	As adjusted RM'000
<b>31 December 2019</b>			
<b>Combined Statements of Profit or Loss and Other Comprehensive Income</b>			
Cost of sales	(51,849)	(1,054)	(52,903)
Distribution costs	(888)	(287)	(1,175)
Administrative expenses	(6,856)	1,341	(5,515)
<b>Combined Statements of Cash Flows</b>			
<b>Cash flows from operating activities</b>			
Increase in inventories	(737)	(9)	(746)
Increase in trade and other receivables	(3,102)	(27)	(3,129)
Decrease in trade and other payables	(1,235)	28	(1,207)
Tax paid	(1,858)	(4)	(1,862)
Effects of exchange rate changes	(26)	12	(14)
<b>31 December 2020</b>			
<b>Combined Statements of Profit or Loss and Other Comprehensive Income</b>			
Cost of sales	(68,815)	(1,112)	(69,927)
Distribution costs	(1,562)	(253)	(1,815)
Administrative expenses	(6,239)	1,365	(4,874)
<b>Combined Statements of Cash Flows</b>			
<b>Cash flows from operating activities</b>			
Interest income	(23)	(7)	(30)
Increase in inventories	(6,123)	(78)	(6,201)
Increase in trade and other receivables	(6,316)	(93)	(6,409)
Increase in trade and other payables	3,350	(45)	3,305
Interest received	23	7	30
Tax paid	(1,294)	(15)	(1,309)
Effects of exchange rate changes	(307)	231	(76)

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs****30.1 New MFRSs adopted during the financial period/years**

The Group adopted the following Standards, Amendments and Interpretations of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the reporting periods:

- MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards*
- MFRS 2 Share-based Payment*
- MFRS 3 Business Combinations*
- MFRS 4 Insurance Contracts*
- MFRS 5 Non-current Assets Held for Sale and Discontinued Operations*
- MFRS 6 Exploration for and Evaluation of Mineral Resources*
- MFRS 7 Financial Instruments: Disclosures*
- MFRS 8 Operating Segments*
- MFRS 9 Financial Instruments*
- MFRS 10 Consolidated Financial Statements*
- MFRS 11 Joint Arrangements*
- MFRS 12 Disclosure of Interests in Other Entities*
- MFRS 13 Fair Value Measurement*
- MFRS 14 Regulatory Deferral Accounts*
- MFRS 15 Revenue from Contracts with Customers*
- MFRS 16 Leases*
- MFRS 101 Presentation of Financial Statements*
- MFRS 102 Inventories*
- MFRS 107 Statement of Cash Flows*
- MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors*
- MFRS 110 Events after the Reporting Period*
- MFRS 112 Income Taxes*
- MFRS 116 Property, Plant and Equipment*
- MFRS 119 Employee Benefits*
- MFRS 120 Accounting for Government Grants and Disclosure of Government Assistance*
- MFRS 121 The Effects of Changes in Foreign Exchange Rates*
- MFRS 123 Borrowing Costs*
- MFRS 124 Related Party Disclosures*
- MFRS 126 Accounting and Reporting by Retirement Benefit Plans*
- MFRS 127 Separate Financial Statements*
- MFRS 128 Investments in Associates and Joint Ventures*
- MFRS 129 Financial Reporting in Hyperinflationary Economies*
- MFRS 132 Financial instruments: Presentation*
- MFRS 133 Earnings per Share*
- MFRS 134 Interim Financial Reporting*
- MFRS 136 Impairment of Assets*
- MFRS 137 Provisions, Contingent Liabilities and Contingent Assets*
- MFRS 138 Intangible Assets*
- MFRS 139 Financial Instruments: Recognition and Measurement*
- MFRS 140 Investment Property*
- MFRS 141 Agriculture*
- IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities*
- IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments*
- IC Interpretation 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS**

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****30.1 New MFRSs adopted during the financial period/years (continued)**

The Group adopted the following Standards, Amendments and Interpretations of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ('MASB') during the reporting periods (continued):

IC Interpretation 6 *Liabilities arising from Participating in a Specific Market - Waste Electrical and Electrical Equipment*  
 IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*  
 IC Interpretation 10 *Interim Financial Reporting and Impairment*  
 IC Interpretation 12 *Service Concession Arrangements*  
 IC Interpretation 14 *MFRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*  
 IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*  
 IC Interpretation 17 *Distributions of Non-cash Assets to Owners*  
 IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*  
 IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*  
 IC Interpretation 21 *Levies*  
 IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*  
 IC Interpretation 23 *Uncertainty over Income Tax Treatments*  
 IC Interpretation 107 *Introduction of the Euro*  
 IC Interpretation 110 *Government Assistance - No Specific Relation to Operating Activities*  
 IC Interpretation 125 *Income Taxes - Changes in the Tax Status of an Entity or its Shareholders*  
 IC Interpretation 129 *Service Concession Arrangements: Disclosures*  
 IC Interpretation 132 *Intangible Assets - Web Site Costs*  
 Amendments to References to the Conceptual Framework in MFRS Standards  
 Amendments to MFRS 3 *Definition of a Business*  
 Amendments to MFRS 101 and MFRS 108 *Definition of Material*  
 Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform*  
 Amendments to MFRS 16 *Covid-19 Related Rent Concessions*  
 Amendments to MFRS 4 *Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9*  
 Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)  
 Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)  
 Annual Improvements to MFRS Standards 2018 - 2020  
 Amendments to MFRS 3 *Reference to the Conceptual Framework*  
 Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*  
 Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*

There is no material impact upon the adoption of these Standards and Amendments during the reporting period, other than the adoption of the following Standards:

**MFRS 101 *Presentation of Financial Statements***

The Standard clarifies that the third statement of financial position is required only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. If the third statement of financial position is presented, the Standard clarifies that the related notes to the opening statement of financial position need not to be disclosed. Accordingly, there are no related notes disclosed in relation to the opening statement of financial position as at 1 January 2020.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****30.1 New MFRSs adopted during the financial period/years (continued)**

There is no material impact upon the adoption of these Standards and Amendments during the reporting periods, other than the adoption of the following Standards (continued):

*MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards*

The Standard clarifies that the first MFRS financial statements shall include at least three statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented.

*MFRS 9 Financial Instruments*

The adoption of *MFRS 9 Financial Instruments* has fundamentally changed the accounting of impairment losses for financial assets of the Group by replacing the incurred loss approach of MPERS with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the asset.

Details of the policy on impairment losses for trade and other receivables of the Group are disclosed in Note 9 to the combined financial statements.

*MFRS 16 Leases*

The Group adopted MFRS 16 using the full restropective approach, for which the cumulative effect of initial application is recognised in retained earnings as at 1 January 2020. Accordingly, the comparative information presented is restated.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of MPERS. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group.

In order to compute the transition impact of MFRS 16, a significant data extraction exercise was undertaken by management to summarise all property and equipment lease data such that the respective inputs could be uploaded into management's model. The incremental borrowing rate method has been adopted where the implicit rate of interest in a lease is not readily determinable.

For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****30.2 Explanation of transition to MFRSs**

The combining entities adopted the MFRS Framework during the financial year ended 31 December 2021.

The accounting policies set out in Section 4 of this Report have been applied in preparing the financial statements of the combining entities for the financial year ended 31 December 2021, as well as comparative information presented in this Report for the financial years ended 31 December 2019 and 31 December 2020 and in the preparation of the opening MFRS combined statements of financial position at 1 January 2019 (the date of transition of the combining entities to MFRSs).

The combining entities have adjusted amounts previously reported in financial statements that were prepared in accordance with the previous MPERSs Framework. An explanation on the impact arising from the transition from MPERSs to MFRSs on the combined financial position as at 31 December 2019 and 2020, combined financial performance and combined cash flows of the combining entities for the financial years ended 31 December 2020 and 2019 are set out as follows:

**(a) Reconciliation of combined statements of financial position**

<b>Audited</b>	<b>Previously reported under MPERS RM'000</b>	<b>Effects of adoption of MFRSs RM'000</b>	<b>Restated under MFRSs RM'000</b>
<b>31 December 2019</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15,057	(1,797)	13,260
Right-of-use assets	-	2,757	2,757
Other receivables	217	-	217
	<u>15,274</u>	<u>960</u>	<u>16,234</u>
<b>Current assets</b>			
Inventories	6,663	-	6,663
Trade and other receivables	15,930	(302)	15,628
Current tax assets	643	-	643
Cash and bank balances	3,480	-	3,480
	<u>26,716</u>	<u>(302)</u>	<u>26,414</u>
<b>TOTAL ASSETS</b>	<u>41,990</u>	<u>658</u>	<u>42,648</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the common controlling shareholder of the Group</b>			
Invested equity	6,800	-	6,800
Reserves	11,862	(331)	11,531
<b>TOTAL EQUITY</b>	<u>18,662</u>	<u>(331)</u>	<u>18,331</u>

**12. ACCOUNTANTS' REPORT (Cont'd)**

NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

**30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****30.2 Explanation of transition to MFRSs (continued)****(a) Reconciliation of combined statements of financial position (continued)**

<u>Audited</u>	Previously reported under MPERS RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
31 December 2019			
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	7,934	(766)	7,168
Lease liabilities	-	1,366	1,366
Deferred tax liabilities	605	-	605
	<u>8,539</u>	<u>600</u>	<u>9,139</u>
<b>Current liabilities</b>			
Trade and other payables	3,520	-	3,520
Borrowings	11,269	(411)	10,858
Lease liabilities	-	800	800
	<u>14,789</u>	<u>389</u>	<u>15,178</u>
<b>TOTAL LIABILITIES</b>	<u>23,328</u>	<u>989</u>	<u>24,317</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>41,990</u>	<u>658</u>	<u>42,648</u>

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## 12. ACCOUNTANTS' REPORT (Cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019



## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

## 30.2 Explanation of transition to MFRSs (continued)

## (a) Reconciliation of combined statements of financial position (continued)

<u>Audited</u>	Previously reported under MPERS RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
<b>31 December 2020</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14,992	(1,856)	13,136
Right-of-use assets	-	2,759	2,759
Deferred tax assets	14	6	20
Other receivables	344	-	344
	15,350	909	16,259
<b>Current assets</b>			
Inventories	12,786	-	12,786
Trade and other receivables	22,035	(288)	21,747
Current tax assets	867	-	867
Cash and bank balances	5,650	-	5,650
	41,338	(288)	41,050
<b>TOTAL ASSETS</b>	<b>56,688</b>	<b>621</b>	<b>57,309</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the common controlling shareholder of the Group</b>			
Invested equity	6,800	-	6,800
Reserves	21,422	(345)	21,077
<b>TOTAL EQUITY</b>	<b>28,222</b>	<b>(345)</b>	<b>27,877</b>

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## 12. ACCOUNTANTS' REPORT (Cont'd)

## NOTES TO THE COMBINED FINANCIAL STATEMENTS

31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019



## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

## 30.2 Explanation of transition to MFRSs (continued)

## (a) Reconciliation of combined statements of financial position (continued)

<u>Audited</u>	Previously reported under MPERS RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
31 December 2020			
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	11,971	(825)	11,146
Lease liabilities	-	1,087	1,087
Deferred tax liabilities	650	-	650
	<u>12,621</u>	<u>262</u>	<u>12,883</u>
<b>Current liabilities</b>			
Trade and other payables	6,869	-	6,869
Borrowings	8,951	(467)	8,484
Lease liabilities	-	1,171	1,171
Current tax liabilities	25	-	25
	<u>15,845</u>	<u>704</u>	<u>16,549</u>
<b>TOTAL LIABILITIES</b>	<u>28,466</u>	<u>966</u>	<u>29,432</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>56,688</u>	<u>621</u>	<u>57,309</u>

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## 12. ACCOUNTANTS' REPORT (Cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019



## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

## 30.2 Explanation of transition to MFRSs (continued)

- (b) Reconciliation of combined statements of profit or loss and other comprehensive income

<u>Audited</u>	As adjusted RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
31 December 2019			
Revenue	66,304	-	66,304
Cost of sales	<u>(52,903)</u>	<u>11</u>	<u>(52,892)</u>
Gross profit	13,401	11	13,412
Other operating income	73	-	73
Reversal of impairment losses on trade receivables	-	82	82
Distribution costs	(1,175)	-	(1,175)
Administrative expenses	(5,515)	-	(5,515)
Finance costs	<u>(1,187)</u>	<u>(41)</u>	<u>(1,228)</u>
Profit before tax	5,597	52	5,649
Tax expense	<u>(1,256)</u>	<u>-</u>	<u>(1,256)</u>
Profit for the financial year	4,341	52	4,393
<b>Other comprehensive loss</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Foreign currency translations	<u>(32)</u>	<u>1</u>	<u>(31)</u>
Total comprehensive income	<u>4,309</u>	<u>53</u>	<u>4,362</u>
Profit attributable to common controlling shareholder of the Group	<u>4,341</u>	<u>52</u>	<u>4,393</u>
Total comprehensive income attributable to common controlling shareholder of the Group	<u>4,309</u>	<u>53</u>	<u>4,362</u>

## 12. ACCOUNTANTS' REPORT (Cont'd)



NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019

## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

## 30.2 Explanation of transition to MFRSs (continued)

- (b) Reconciliation of combined statements of profit or loss and other comprehensive income (continued)

<u>Audited</u>	As adjusted RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
31 December 2020			
Revenue	88,305	-	88,305
Cost of sales	(69,927)	29	(69,898)
Gross profit	18,378	29	18,407
Other operating income	230	-	230
Reversal of impairment losses on trade receivables	-	14	14
Distribution costs	(1,815)	-	(1,815)
Administrative expenses	(4,874)	19	(4,855)
Finance costs	(927)	(83)	(1,010)
Profit before tax	10,992	(21)	10,971
Tax expense	(1,125)	6	(1,119)
Profit for the financial year	9,867	(15)	9,852
<b>Other comprehensive loss</b>			
<b>Item that may be reclassified subsequently to profit or loss</b>			
Foreign currency translations	(307)	1	(306)
Total comprehensive income	9,560	(14)	9,546
Profit attributable to common controlling shareholder of the Group	9,867	(15)	9,852
Total comprehensive income attributable to common controlling shareholder of the Group	9,560	(14)	9,546

## 12. ACCOUNTANTS' REPORT (Cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019



## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

## 30.2 Explanation of transition to MFRSs (continued)

## (c) Reconciliation of combined statements of cash flows

<u>Audited</u>	As adjusted RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
31 December 2019			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax	5,597	52	5,649
Adjustments for:			
Depreciation of:			
- property, plant and equipment	961	(262)	699
- right-of-use assets	-	468	468
Interest expenses	1,187	41	1,228
Interest income	(24)	-	(24)
Loss on disposal of property, plant and equipment	(37)	-	(37)
Reversal of impairment loss on trade and other receivables	-	(82)	(82)
Operating profit before changes in working capital	7,684	217	7,901
Increase in inventories	(746)	-	(746)
Increase in trade and other receivables	(3,129)	-	(3,129)
Decrease in trade and other payables	(1,207)	-	(1,207)
Cash generated from operations	2,602	217	2,819
Interest received	24	-	24
Interest paid	(1,187)	91	(1,096)
Tax refunded	951	-	951
Tax paid	(1,862)	-	(1,862)
Net cash from operating activities	528	308	836
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	(2,473)	-	(2,473)
Proceeds from disposal of property, plant and equipment	58	-	58
Net cash used in investing activities	(2,415)	-	(2,415)

## 12. ACCOUNTANTS' REPORT (Cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019



## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

## 30.2 Explanation of transition to MFRSs (continued)

## (c) Reconciliation of combined statements of cash flows (continued)

<u>Audited</u>	As adjusted RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
31 December 2019			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of:			
- Bankers' acceptances	12,150	-	12,150
- term loans	5,420	-	5,420
Repayment of:			
- bankers' acceptances	(12,155)	-	(12,155)
- term loans	(2,675)	-	(2,675)
- hire purchase payables	(472)	472	-
- lease liabilities	-	(780)	(780)
Net changes in deposits with licensed banks	(7)	-	(7)
Net cash from financing activities	<u>2,261</u>	<u>(308)</u>	<u>1,953</u>
Net changes in cash and cash equivalents	374	-	374
Effects of exchange rate changes	(14)	-	(14)
Cash and cash equivalents at beginning of financial year	<u>(5,492)</u>	<u>-</u>	<u>(5,492)</u>
Cash and cash equivalents at end of financial year	<u>(5,132)</u>	<u>-</u>	<u>(5,132)</u>

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## 12. ACCOUNTANTS' REPORT (Cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019



## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

## 30.2 Explanation of transition to MFRSs (continued)

## (c) Reconciliation of combined statements of cash flows (continued)

<u>Audited</u>	As adjusted RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
31 December 2020			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax	10,992	(21)	10,971
Adjustments for:			
Depreciation of:			
- property, plant and equipment	1,203	(245)	958
- right-of-use assets	-	838	838
Interest expenses	928	82	1,010
Interest income	(30)	-	(30)
Loss on disposal of:			
- property, plant and equipment	12	(12)	-
- right-of-use assets	-	12	12
Reversal of impairment loss on trade and other receivables	-	(14)	(14)
Unrealised loss on foreign exchange	91	-	91
Operating profit before changes in working capital	13,196	640	13,836
Increase in inventories	(6,201)	-	(6,201)
Increase in trade and other receivables	(6,409)	-	(6,409)
Increase in trade and other payables	3,305	-	3,305
Cash generated from operations	3,891	640	4,531
Interest received	30	-	30
Interest paid	(927)	46	(881)
Tax paid	(1,309)	-	(1,309)
Net cash from operating activities	1,685	686	2,371
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of:			
- property, plant and equipment	(752)	-	(752)
- right-of-use assets	-	(73)	(73)
Proceeds from disposal of:			
- property, plant and equipment	57	(57)	-
- right-of-use assets	-	57	57
Net cash used in investing activities	(695)	(73)	(768)

## 12. ACCOUNTANTS' REPORT (Cont'd)

NOTES TO THE COMBINED FINANCIAL STATEMENTS  
31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019



## 30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

## 30.2 Explanation of transition to MFRSs (continued)

## (c) Reconciliation of combined statements of cash flows (continued)

<u>Audited</u>	As adjusted RM'000	Effects of adoption of MFRSs RM'000	Restated under MFRSs RM'000
<b>31 December 2020</b>			
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of:			
- Banker's acceptances	6,059	-	6,059
- term loans	4,942	-	4,942
Repayment of:			
- banker's acceptances	(6,494)	-	(6,494)
- term loans	(355)	-	(355)
- hire purchase payables	(348)	348	-
- lease liabilities	-	(961)	(961)
Net changes in deposits with licensed banks	(7)	-	(7)
Net cash from financing activities	<u>3,797</u>	<u>(613)</u>	<u>3,184</u>
Net changes in cash and cash equivalents	4,787	-	4,787
Effects of exchange rate changes	(76)	-	(76)
Cash and cash equivalents at beginning of financial year	<u>(5,132)</u>	<u>-</u>	<u>(5,132)</u>
Cash and cash equivalents at end of financial year	<u>(421)</u>	<u>-</u>	<u>(421)</u>

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**12. ACCOUNTANTS' REPORT (Cont'd)****NOTES TO THE COMBINED FINANCIAL STATEMENTS****31 JULY 2022, 31 JULY 2021, 31 DECEMBER 2021, 31 DECEMBER 2020 AND 31 DECEMBER 2019****30. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)****30.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023**

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group:

Title	Effective Date
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i> )	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> )	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 Comparative Information</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

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**13. ADDITIONAL INFORMATION**

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**13.1 EXTRACT OF OUR CONSTITUTION**

The following provisions are extracted from our Company's Constitution which complies with the Listing Requirements, the Act and the Rules.

The words and expressions appearing in the following provisions shall bear the same meanings used in our Company's Constitution unless they are otherwise defined or the context otherwise requires:

**(i) Remuneration, voting and borrowing powers of Directors****(a) Directors' Remuneration****Clause 19.1 Fees and benefits for Directors**

The fees of the Directors, and any benefits payable to the Directors including any compensation for loss of employment of a Director shall from time to time be determined by an Ordinary Resolution of the Company annually in general meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree PROVIDED ALWAYS that:

- (a) salaries payable to executive Director(s) may not include a commission on or percentage of turnover;
- (b) fees payable to non-executive Directors shall be a fixed sum and not by a commission on or percentage of profits or turnover;
- (c) any fee paid to an alternate Director shall be such as shall be agreed between himself and the Director nominating him and shall be paid out of the remuneration of the latter; and
- (d) fees payable to Directors shall not be increased except pursuant to an Ordinary Resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

**Clause 19.2 Reimbursement of expenses**

- (1) The Directors shall be paid all their travelling and other expenses properly and necessarily expended by them in and about the business of the Company including their travelling and other expenses incurred in attending meetings of Directors.
- (2) If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a Member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Director's fees and such special remuneration may be by way fixed sum or otherwise as may be arranged.

**13. ADDITIONAL INFORMATION (Cont'd)**

**Clause 19.3 Extra fees**

- (1) The Board can award extra fees to a director who:
- (a) holds an executive position;
  - (b) acts as chairman or deputy chairman; or
  - (c) serves on a Board committee or board at the request of the Board.
- (2) If by arrangement with the Directors, any Director shall perform or render any special duties or services outside his ordinary duties as a Director in particular without limiting to the generality of the foregoing if any Director being willing shall be called upon to perform extra services or to make any special efforts in going or residing away from his usual place of business or residence for any of the purposes of the Company or in giving special attention to the business of the Company as a Member of a committee of Directors, the Company may remunerate the Director so doing a special remuneration in addition to his Director's fees and such special remuneration may be by way fixed sum or otherwise as may be arranged.

**Clause 19.4 Pensions and other benefits**

- (1) Subject to the Act and the Listing Requirements, the Board can decide whether to provide:
- (a) pensions;
  - (b) annual payments; or
  - (c) other allowances and benefits
- to any people including people who are or who were directors of the Company. The Board can decide to extend these arrangements to relations or dependants of, or people connected to, these people. The Board can also decide to contribute to a scheme or fund or to pay premiums to a third party for these purposes.
- (2) The Company can only provide pensions and other similar benefits to:
- (a) people who are or were directors; and
  - (b) relations or dependants of, or people connected to, those directors or former directors.

The receipt of a benefit of any kind given in accordance with this clause does not prevent a person from being or becoming a director of the Company.

- (3) Members must approve the matters under this clause as far as the Applicable Laws require in relation to directors' fees and benefits. There must be annual shareholders' approvals by ordinary resolution at a General Meeting for the fees of the directors and any benefits payable to the directors. Compensation for loss of employment of a director or former director must have shareholders' approvals by ordinary resolution passed a General Meeting, where required by the Act and the Listing Requirements.

**13. ADDITIONAL INFORMATION (Cont'd)**

**(b) Voting and borrowing powers of Directors**

**Clause 22.7 Disclosure of interest and restriction on discussion and voting**

- (1) Every Director shall declare his interest in the Company and his interest in any contract or proposed contract with the Company as may be required by Applicable Laws.
- (2) Subject to the Act, a Director shall not participate in any discussion or vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly an interest and if he shall do so his vote shall not be counted.
- (3) A Director shall, notwithstanding his interest, be counted in the quorum for any meeting where a decision is to be taken upon any contract or proposed contract or arrangement in which he is in any way interested.

**Clause 22.8 Power to vote**

Subject to clause 22.7 hereof, a Director may vote in respect of:

- (a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company or any of its subsidiaries; or
- (b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by the deposit of security.

**Clause 22.9 Directors may become Directors of other corporation**

- (1) A Director of the Company may be or become a Director or other officer of or otherwise be interested in any corporation promoted by the Company or in which the Company may be interested as shareholder or otherwise or any corporation, which is directly or indirectly interested in the Company as shareholder or otherwise and no such Director shall be accountable to the Company for any remuneration or other benefit received by him as a Director or officer of, or from his interest in, such corporation unless the Company otherwise directs at the time of his appointment.
- (2) The Directors may exercise the voting power conferred by the shares or other interest in any such other corporation held or owned by the Company, or exercisable by them as Directors of such other corporation in such manner and in all aspects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of the Directors or other officers of such corporation) and any Director may vote in favour of the exercise of such voting rights in manner aforesaid, notwithstanding that he may be, or is about to be appointed, a Director or other officer of such corporation and as such is or may become interested in the exercise of such voting rights in manner aforesaid PROVIDED ALWAYS that he has complied with Section 221 and all other relevant provisions of the Act and of this Constitution.

**13. ADDITIONAL INFORMATION (Cont'd)****Clause 21.2 The Board's borrowing powers**

The Board may exercise all the powers of the Company to borrow or raise money for the purpose of the Company's or any of its related companies' businesses on such terms as they think fit and may secure the repayment of the same by mortgage or charge upon the whole of the Company's undertaking, property (both present and future) including its uncalled or unissued capital, or any part thereof and to issue bonds, debentures and other securities whether outright or as security for any debt, liability or obligation of the Company or its subsidiaries but the Directors shall not borrow any money or mortgage or charge any of the Company's or any of the Company's subsidiary companies' undertaking, property or any uncalled capital or to issue debentures and other securities whether outright or as security for any debt, liability or obligation of an unrelated third party.

**(ii) Changes to Share Capital****Clause 13.1 Power to increase capital**

Subject to all Applicable Laws, the Company may from time to time, whether all the shares for the time being issued shall have been fully called up or not, by Ordinary Resolution increase its share capital by the creation and issue of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts and to carry such rights or to be subject to such conditions or restrictions in regard to dividend, return of capital or otherwise as the Company by the resolution authorising such increase may direct.

**Clause 13.2 Offer of new shares**

- (1) Section 84 of the Act shall not apply to the Company. Subject to any direction to the contrary that may be given by the Company in a meeting of Members, all new shares or other convertible securities of whatever kind, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of meetings of Members in proportion, as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled.
- (2) The offer shall be made by notice specifying the number of shares or securities offered and limiting a time within which the offer, if not accepted shall be deemed to be declined and after the expiration of that time or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the Board may dispose of those shares or securities in such manner as they think most beneficial to the Company.
- (3) The Board may also dispose of any new shares or securities which (by reason of the ratio which the new shares or securities bear to shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the Board, be conveniently offered under this clause.

**Clause 13.3 Ranking of new shares**

Except so far as otherwise provided by the conditions of issue in this Constitution, any share capital raised by the creation of new shares shall be considered as part of the original share capital of the Company and shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the original share capital.

**13. ADDITIONAL INFORMATION (Cont'd)**

**Clause 14.1 Power to alter capital**

Section 84 of the Act shall not apply to the Company. The Company may by Ordinary Resolution and subject to all Applicable Laws:

- (a) consolidate and divide all or any of its share capital into shares, the proportion between the amount paid and the amount, if any, unpaid on each subdivided share shall be the same as it was in the case of the share from which the subdivided share is derived;
- (b) subdivide its share capital or any part thereof, whatever is in the subdivision, the proportions between the amount paid and the amount, if any, unpaid on each subdivided Share shall be the same as it was in the case of the Shares from which the subdivided Share is derived;
- (c) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled; and
- (d) subject to the provisions of this Constitution and Applicable Laws, convert and/or re-classify any class of shares into any other class of shares.

**Clause 14.2 Power to reduce capital**

The Company may by Special Resolution, reduce its share capital in any manner permitted or authorised under and in compliance with the Applicable Laws.

**(iii) Transfer of securities**

**Clause 9.1 Transfer of listed securities of Company is by way of book entry**

The transfer of any listed security or class of any listed security of the Company, shall be by way of book entry by Bursa Depository in accordance with the Rules and, notwithstanding Sections 105, 106 and 110 of the Act, but subject to Section 148(2) of the Act and any exemption that may be made from compliance with Section 148(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the listed securities.

**Clause 9.2 Transfer of security that is not deposited with Bursa Security**

- (1) Subject to all Applicable Laws, the instrument of transfer of any security that is not deposited with Bursa Depository shall be in writing and in any usual or common form or in any other form which the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Members thereof.
- (2) The transfer for such security must be delivered to the Office or some other place which the Board decides. The transfer must have with it:
  - (a) the share certificate of the shares to be transferred;
  - (b) any other evidence which the Board asks for to prove that the person making or receiving the transfer is entitled to do so; and
  - (c) if the transfer is executed by another person on behalf of the person making or receiving the transfer, evidence of the authority of that person to do so.

### 13. ADDITIONAL INFORMATION (Cont'd)

(3) Such transfer:

- (a) cannot be in favour of more than 4 joint holders, unless approved by the Board; and
- (b) must be properly stamped to show payment of any applicable stamp duty.

#### **Clause 9.3 Refusal to register**

Bursa Depository may refuse to register any transfer of the Deposited Security that does not comply with the SICDA and the Rules.

#### **Clause 9.4 No liability for fraudulent transfer**

Neither the Company nor its Directors nor any of its officers shall incur any liability for any transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors or other officers be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred and although transferred, the transfer may, as between the transferor and transferee be liable to be set aside and notwithstanding that the Company may have notice of such transfer. And in every such case, the transferee, his executors, administrators and assignees alone shall be entitled to be recognised as the holder of such shares and the previous holder shall so far as the Company is concerned, be deemed to have transferred his whole title hereto.

#### **Clause 9.5 Prohibited transfer**

No shares shall in any circumstances be transferred to any infant, bankrupt or person of unsound mind under Applicable Laws.

#### **Clause 9.6 Renunciation**

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any shares by the allottee thereof in favour of some other persons.

#### **Clause 9.7 Suspension of registration**

The registration of transfers of any Securities in the Company (including transfer of beneficial ownership of any Deposited Securities held through an Omnibus Account) may be suspended at such time and for such period as the Board may from time to time determine provided always that such registration shall not be suspended for more than thirty (30) days in any year or such number of days as may be prescribed by the Stock Exchange.

#### **(iv) Rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights**

There are no special rights attached to our Shares. As at the date of this Prospectus, we have only 1 class of shares in our Company, namely ordinary shares, all of which rank equally with one another.

### 13.2 SHARE CAPITAL

- (i) As at the date of this Prospectus, we only have one class of shares, namely ordinary shares, all of which rank equally with one another. There are no special rights attached to our Shares.

### 13. ADDITIONAL INFORMATION (Cont'd)

- (ii) None of our Group's capital is under any option or agreed conditionally or unconditionally to be put under any option as at the date of this Prospectus.
- (iii) No person has been or is entitled to be given an option to subscribe for any share, stock, debenture or other security of our Group, except for the Pink Form Allocation and ESOS as disclosed in Section 4.1.1 of this Prospectus.
- (iv) There is no scheme involving our employees in the capital of our Group, except for the Pink Form Allocation and ESOS as disclosed in Section 4.1.1 of this Prospectus.
- (v) Save as disclosed in Sections 4.1.1, 6.1.4 and 6.2 of this Prospectus, no shares, outstanding warrants, options, convertible securities or uncalled capital of our Group have been or are proposed to be issued as fully or partly paid-up, in cash or otherwise than in cash, within the 2 years preceding the date of this Prospectus.
- (vi) As at the date of this Prospectus, our Group does not have any outstanding convertible debt securities, options, warrants or uncalled capital.

#### 13.3 LIMITATION ON THE RIGHT TO OWN SECURITIES

Save for the clauses below which have been reproduced from our Company's Constitution, there is no limitation on the right to own securities including limitation on the right of non-residents or foreign shareholders to hold or exercise their voting rights on our Shares:

##### **Clause 15.9 Record of Depositors**

- (3) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable) and notwithstanding any provision in Applicable Laws, a depositor shall not be regarded as a Member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

##### **Clause 16.7 Voting rights**

- (1) Subject to this Constitution and to any rights or restrictions for the time being attached to any shares or classes of shares, at meetings of Members or classes of Members, each Member shall be entitled to be present and vote either in person or by proxy or by representative in respect of any share or shares upon which all calls due to the Company have been paid.

##### **Clause 16.10 Member barred from voting while call unpaid**

No Member shall be entitled to be present or to vote on any question either personally or otherwise, as a proxy or attorney at any meeting of Members (including annual general meetings) or upon a poll or be reckoned in the quorum in respect of any shares upon which calls are due and unpaid.

#### 13.4 PUBLIC TAKE-OVERS

None of the following has occurred during the last financial year and up to the LPD:

- (i) public take-over offers by third parties in respect of our Group's shares; and
- (ii) public take-over offers by us in respect of other company's shares.



**13. ADDITIONAL INFORMATION (Cont'd)****13.5 EXCHANGE CONTROLS**

As at the LPD, there are no governmental laws, decrees, regulations or other legislations that may affect the repatriation of capital and remittance of profits by or to our Group.

**13.6 MATERIAL LITIGATION, CLAIMS AND ARBITRATION**

As at the LPD, we are not engaged in any material litigation, claims and/or arbitration, either as plaintiff or defendant, which has a material effect on our financial position, and our Directors confirm that there are no proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect our financial position or business.

**13.7 MATERIAL CONTRACTS**

Save as disclosed below, we have not entered into any contracts which are material (not being contracts entered into in the ordinary course of business) within the period covered by the historical financial information as disclosed in this Prospectus up to the date of this Prospectus:

- (i) the conditional Share Sale Agreement dated 15 March 2022 entered between the BSB Vendors and our Company (as purchaser) in relation to the Acquisition of BSB for a total consideration of RM40.45 million. The acquisition was completed on 9 November 2022. Please refer to Section 4.1.1(a) of this Prospectus for further details;
- (ii) the conditional sale and purchase agreement dated 11 November 2021 entered between Sizechem Sdn Bhd and BSB in respect of a piece of land held under title particulars H.S.(D) 37950, PT 3174, Mukim 1, Daerah Seberang Perai Tengah, Negeri Pulau Pinang measuring approximately 47,171 sq ft and building erected thereon for a total consideration of RM6,068,000. The acquisition was completed on 25 July 2022;
- (iii) the conditional sale and purchase agreement dated 23 November 2021 entered between Dyechem Alliance (M) Sdn Bhd and BSB in respect of a piece of land held under title particulars H.S.(D) 30953, PT 3050, Mukim 1, Daerah Seberang Perai Tengah, Negeri Pulau Pinang measuring approximately 74,583 sq ft and building erected thereon for a total consideration of RM8,732,000. The acquisition was completed on 25 July 2022;
- (iv) the conditional sale and purchase agreement dated 25 January 2022 entered between Aicello Malaysia Sdn Bhd and BSB in respect of a registered lease on a piece of land held under title particulars PN 6125, Lot 60025, Seksyen 38, Bandar Kulim, Daerah Kulim, Negeri Kedah together with an industry building with an approximate built-up area of 64,588 sq ft for a total consideration of RM9,500,000. The acquisition was completed on 28 July 2022;
- (v) the Underwriting Agreement; and
- (vi) the Placement Agreement.

**13.8 CONSENTS**

- (i) The written consents of the Principal Adviser, Sponsor, Sole Underwriter and Joint Placement Agents, Solicitors to our Company, Share Registrar, Issuing House and Company Secretaries for the inclusion in this Prospectus of their names in the form and context in which their names appear in this Prospectus have been given before the issue of this Prospectus, and have not subsequently been withdrawn.

### 13. ADDITIONAL INFORMATION (Cont'd)

- (ii) The written consent of the Auditors and Reporting Accountants for the inclusion in this Prospectus of their name, the Accountants' Report and the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position as at 31 July 2022 in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.
- (iii) The written consent of the IMR for the inclusion in this Prospectus of its name and IMR Report in the form and context in which they are contained in this Prospectus has been given before the issue of this Prospectus, and has not subsequently been withdrawn.

#### 13.9 RESPONSIBILITY STATEMENTS

- (i) AIS acknowledges that, based on all available information and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to our IPO.
- (ii) This Prospectus has been seen and approved by our Directors, Promoters and Offeror, and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in this Prospectus false or misleading.

#### 13.10 DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at our registered office during office hours for a period of six months from the date of this Prospectus:

- (i) our Constitution;
- (ii) the IMR Report referred to in Section 7 of this Prospectus;
- (iii) the Reporting Accountants' Report on the Pro Forma Consolidated Statements of Financial Position of our Group as at 31 July 2022 referred to in Section 11.9 of this Prospectus;
- (iv) the Accountants' Report as included in Section 12 of this Prospectus;
- (v) the material contracts referred to in Section 13.7 of this Prospectus;
- (vi) the letters of consent referred to in Section 13.8 of this Prospectus;
- (vii) the audited financial statements of L&P Global for the financial period from 30 August 2021 (date of incorporation) to 31 December 2021 and FPE 2022;
- (viii) the audited financial statements of BSB, BPSB and BTSB for the FYE 2019, FYE 2020, FYE 2021 and FPE 2022, respectively;
- (ix) the audited financial statements of BV for the FPE 31 December 2019, FYE 2020, FYE 2021 and FPE 2022; and
- (x) By-Laws as included in Annexure A of this Prospectus.

## 14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE

THIS SUMMARY OF PROCEDURES FOR APPLICATION AND ACCEPTANCE DOES NOT CONTAIN THE DETAILED PROCEDURES AND FULL TERMS AND CONDITIONS AND YOU CANNOT RELY ON THIS SUMMARY FOR PURPOSES OF ANY APPLICATION FOR OUR IPO SHARES. YOU MUST REFER TO THE DETAILED PROCEDURES AND TERMS AND CONDITIONS AS SET OUT IN THE “DETAILED PROCEDURES FOR APPLICATION AND ACCEPTANCE” ACCOMPANYING THE ELECTRONIC COPY OF OUR PROSPECTUS ON THE WEBSITE OF BURSA SECURITIES. YOU SHOULD ALSO CONTACT OUR ISSUING HOUSE FOR FURTHER ENQUIRIES.

Unless otherwise defined, all words and expressions used here shall carry the same meaning as ascribed to them in our Prospectus. Unless the context otherwise requires, words used in the singular include the plural, and vice versa.

### 14.1 OPENING AND CLOSING OF APPLICATIONS

OPENING OF THE APPLICATION PERIOD: 10.00 A.M., 13 December 2022

CLOSING OF THE APPLICATION PERIOD: 5.00 P.M., 19 December 2022

Applications for the IPO Shares will open and close at the dates stated above.

In the event there is any change to the dates stated above, we will advertise the notice of the change in a widely circulated daily English and Bahasa Malaysia newspaper in Malaysia.

**Late Applications will not be accepted.**

### 14.2 METHODS OF APPLICATIONS

#### 14.2.1 Application for our IPO Shares by the Malaysian Public and our eligible Directors, employees and persons who have contributed to the success of our Group

<u>Types of Application and category of investors</u>	<u>Application method</u>
Applications by eligible Directors and employees and persons who have contributed to the success of our Group	Pink Application Form only
Applications by the Malaysian Public:	
(a) Individuals	White Application Form or Electronic Share Application or Internet Share Application
(b) Non-Individuals	White Application Form only

#### 14.2.2 Application by selected investors via Placement

<u>Types of Application</u>	<u>Application Method</u>
Applications by:	
Selected investors and Bumiputera investors approved by the MITI	The Joint Placement Agents will contact the selected investors and Bumiputera investors approved by the MITI directly. They should follow the Joint Placement Agents' instructions.

## **14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

### **14.3 ELIGIBILITY**

#### **14.3.1 General**

You must have a CDS account and a correspondence address in Malaysia. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted for the Applications.

Only **ONE** Application Form for each category from each applicant will be considered and **APPLICATIONS MUST BE FOR AT LEAST 100 IPO SHARES OR MULTIPLES OF 100 IPO SHARES.**

**MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED UNLESS EXPRESSLY ALLOWED IN THESE TERMS AND CONDITIONS. AN APPLICANT WHO SUBMITS MULTIPLE APPLICATIONS IN HIS OWN NAME OR BY USING THE NAME OF OTHERS, WITH OR WITHOUT THEIR CONSENT, COMMITS AN OFFENCE UNDER SECTION 179 OF THE CMSA AND IF CONVICTED, MAY BE PUNISHED WITH A MINIMUM FINE OF RM1,000,000 AND A JAIL TERM OF UP TO 10 YEARS UNDER SECTION 182 OF THE CMSA.**

**AN APPLICANT IS NOT ALLOWED TO SUBMIT MULTIPLE APPLICATIONS IN THE SAME CATEGORY OF APPLICATION.**

#### **14.3.2 Application by the Malaysian Public**

You can only apply for our IPO Shares if you fulfill all of the following:

- (i) You must be one of the following:
  - (a) a Malaysian citizen who is at least 18 years old as at the date of the application for our IPO Shares; or
  - (b) a corporation / institution incorporated in Malaysia with a majority of Malaysian citizens on your board of directors / trustees and if you have a share capital, more than half of the issued share capital, excluding preference share capital, is held by Malaysian citizens; or
  - (c) a superannuation, co-operative, foundation, provident, pension fund established or operating in Malaysia.
- (ii) You must not be a director or employee of our Issuing House or an immediate family member of a director or employee of our Issuing House; and
- (iii) You must submit Applications by using only one of the following methods:
  - (a) White Application Form;
  - (b) Electronic Share Application; or
  - (c) Internet Share Application.

## **14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

### **14.3.3 Application by eligible Directors, employees and persons who have contributed to the success of our Group**

The eligible Directors, employees and persons (including any entities, wherever established) who have contributed to the success of our Group will be provided with Pink Application Forms and letters from us detailing their respective allocation.

Eligible Directors, employees and persons who have contributed to the success of our Group may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectus delivered to them free of charge, or to obtain the printed Prospectus from our Company, our Issuing House, AIS, Participating Organisations of Bursa Securities and Members of the Association of Banks in Malaysia or Malaysian Investment Banking Association.

### **14.4 PROCEDURES FOR APPLICATION BY WAY OF APPLICATION FORMS**

The Application Form must be completed in accordance with the notes and instructions contained in the respective category of the Application Form. Applications made on the incorrect type of Application Form or which do not conform **STRICTLY** to the terms of our Prospectus or the respective category of Application Form or notes and instructions or which are illegible will not be accepted.

The FULL amount payable is RM0.30 for each IPO Share.

Payment must be made out in favour of “**MIH SHARE ISSUE ACCOUNT NO 623**” and crossed “**A/C PAYEE ONLY**” and endorsed on the reverse side with your name and address.

Each completed Application Form, accompanied by the appropriate remittance and legible photocopy of the relevant documents may be submitted using one of the following methods:

- (i) despatched by **ORDINARY POST** in the official envelopes provided, to the following address:

**Malaysian Issuing House Sdn Bhd**  
(Registration No. 199301003608 (258345-X))  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan

or

**P.O. Box 00010**  
Pejabat Pos Jalan Sultan  
46700 Petaling Jaya  
Selangor Darul Ehsan

- (ii) **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at the front portion of Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan,

so as to arrive not later than 5.00 p.m. on 19 December 2022 or by such other time and date specified in any change to the date or time for closing.

We, together with our Issuing House, will not issue any acknowledgement of the receipt of your Application Forms or Application monies. Please direct all enquiries in respect of the White Application Form to our Issuing House.

## **14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

### **14.5 PROCEDURES FOR APPLICATION BY WAY OF ELECTRONIC SHARE APPLICATIONS**

Only Malaysian individuals may apply for our IPO Shares offered to the Malaysian Public by way of Electronic Share Application.

Electronic Share Applications may be made through the ATM of the following Participating Financial Institutions and their branches, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, CIMB Bank Berhad, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Participating Financial Institutions (unless waived) for each Electronic Share Application.

The exact procedures, terms and conditions for Electronic Share Application are set out on the ATM screens of the relevant Participating Financial Institutions.

### **14.6 PROCEDURES FOR APPLICATION BY WAY OF INTERNET SHARE APPLICATIONS**

Only Malaysian individuals may use the Internet Share Application to apply for our IPO Shares offered to the Malaysian Public.

Internet Share Applications may be made through an internet financial services website of the Internet Participating Financial Institutions, namely, Affin Bank Berhad, Alliance Bank Malaysia Berhad, CIMB Bank Berhad, CGS-CIMB Securities Sdn Bhd, Malayan Banking Berhad, Public Bank Berhad and RHB Bank Berhad. A processing fee will be charged by the respective Internet Participating Financial Institutions (unless waived) for each Internet Share Application.

The exact procedures, terms and conditions for Internet Share Application are set out on the internet financial services website of the respective Internet Participating Financial Institutions.

### **14.7 AUTHORITY OF OUR BOARD AND OUR ISSUING HOUSE**

Our Issuing House, on the authority of our Board reserves the right to:

- (i) reject Applications which:
  - (a) do not conform to the instructions of our Prospectus, Application Forms, Electronic Share Application and Internet Share Application (where applicable); or
  - (b) are illegible, incomplete or inaccurate; or
  - (c) are accompanied by an improperly drawn up, or improper form of, remittance; or
- (ii) reject or accept any Application, in whole or in part, on a non-discriminatory basis without the need to give any reason; and
- (iii) bank in all Application monies (including those from unsuccessful / partially successful applicants) which would subsequently be refunded, where applicable (without interest), in accordance with Section 14.9 below.

If you are successful in your Application, our Board reserves the right to require you to appear in person at the registered office of our Issuing House at anytime within 14 days of the date of the notice issued to you to ascertain that your Application is genuine and valid. Our Board shall not be responsible for any loss or non-receipt of the said notice nor will it be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

**14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****14.8 OVER / UNDER-SUBSCRIPTION**

In the event of over-subscription, our Issuing House will conduct a ballot in the manner approved by our Directors to determine the acceptance of Applications in a fair and equitable manner. In determining the manner of balloting, our Directors will consider the desirability of allotting and allocating our IPO Shares to a reasonable number of applicants for the purpose of broadening the shareholding base of our Company and establishing a liquid and adequate market for our Shares.

The basis of allocation of shares and the balloting results in connection therewith will be furnished by our Issuing House to the SC, Bursa Securities, all major Bahasa Malaysia and English newspapers as well as posted on our Issuing House's website [www.mih.com.my](http://www.mih.com.my) within 1 business day after the balloting event.

Pursuant to the Listing Requirements we are required to have a minimum of 25.00% of our Company's issued share capital to be held by at least 200 public shareholders holding not less than 100 Shares each upon Listing and completion of our IPO. We expect to achieve this at the point of Listing. In the event the above requirement is not met, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of all Applications will be returned in full (without interest).

In the event of an under-subscription of our IPO Shares by the Malaysian Public and / or eligible Directors, employees and persons who have contributed to the success of our Group, subject to the underwriting arrangements and reallocation as set out in Section 4.1.1(b) of our Prospectus, any of the abovementioned IPO Shares not applied for will then be subscribed by the Underwriter based on the terms of the Underwriting Agreement.

**14.9 UNSUCCESSFUL / PARTIALLY SUCCESSFUL APPLICANTS**

If you are unsuccessful / partially successful in your Application, your Application Monies (without interest) will be refunded to you in the following manner.

**14.9.1 For applications by way of Application Forms**

- (i) The Application monies or the balance of it, as the case may be, will be returned to you through the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or if you have not provided such bank account information to Bursa Depository, the balance of Application monies will be refunded via banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository (for partially successful applications) within 10 Market Days from the date of the final ballot at your own risk.
- (ii) If your Application is rejected because you did not provide a CDS account number, your Application monies will be refunded via banker's draft sent by ordinary / registered post to your address as stated in the NRIC or any official valid temporary identity document issued by the relevant authorities from time to time or the authority card (if you are a member of the armed forces or police) at your own risk.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected or unsuccessful or only partly successful will be refunded (without interest) by our Issuing House as per items (i) and (ii) above (as the case may be).

**14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)**

- (iv) Our Issuing House reserves the right to bank into its bank account all Application monies from unsuccessful applicants. These monies will be refunded (without interest) within 10 Market Days from the date of the final ballot by crediting into your bank account (the same bank account you have provided to Bursa Depository for the purposes of cash dividend / distribution) or by issuance of banker's draft sent by ordinary / registered post to your last address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (ii) above (as the case may be).

**14.9.2 For applications by way of Electronic Share Application and Internet Share Application**

- (i) Our Issuing House shall inform the Participating Financial Institutions or Internet Participating Financial Institutions of the unsuccessful or partially successful Applications within 2 Market Days after the balloting date. The full amount of the Application monies or the balance of it will be credited without interest into your account with the Participating Financial Institutions or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) within 2 Market Days after the receipt of confirmation from our Issuing House.
- (ii) You may check your account on the 5<sup>th</sup> Market Day from the balloting date.
- (iii) A number of Applications will be reserved to replace any successfully balloted Applications that are subsequently rejected. The Application monies relating to these Applications which are subsequently rejected will be refunded (without interest) by our Issuing House by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institutions (or arranged with the Authorised Financial Institutions) not later than 10 Market Days from the date of the final ballot. For Applications that are held in reserve and which are subsequently unsuccessful or partially successful, the relevant Participating Financial Institutions will be informed of the unsuccessful or partially successful Applications within 2 Market Days after the final balloting date. The Participating Financial Institutions will credit the Application monies or any part thereof (without interest) within 2 Market Days after the receipt of confirmation from our Issuing House.

**14.10 SUCCESSFUL APPLICANTS**

If you are successful in your application:

- (i) Our IPO Shares allotted to you will be credited into your CDS account.
- (ii) A notice of allotment will be despatched to you at your last address maintained with the Bursa Depository, at your own risk, before our Listing. This is your only acknowledgement of acceptance of your Application.
- (iii) In accordance with Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as Prescribed Securities. As such, our IPO Shares issued / offered through our Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the SICDA and Rules of Bursa Depository.
- (iv) In accordance with Section 29 of the SICDA, all dealings in our IPO Shares will be by book entries through CDS accounts. No physical share certificates will be issued to you and you shall not be entitled to withdraw any deposited securities held jointly with Bursa Depository or its nominee as long as our Shares are listed on Bursa Securities.



**14. SUMMARISED PROCEDURES FOR APPLICATION AND ACCEPTANCE (Cont'd)****14.11 ENQUIRIES**

Enquiries in respect of the applications may be directed as follows:

<b>Mode of application</b>	<b>Parties to direct the enquiries</b>
Application Form	Issuing House Enquiry Services Telephone at telephone no. (603) 7890 4700
Electronic Share Application	Participating Financial Institution
Internet Share Application	Internet Participating Financial Institution and Authorised Financial Institution

You may also check the status of your Application by calling your respective ADA during office hours at the telephone number as set out in Section 12 of the Detailed Procedures for Application and Acceptance accompanying the electronic copy of our Prospectus on the website of Bursa Securities.

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**DRAFT BY- LAWS****BY- LAWS OF THE EMPLOYEES' SHARE OPTION SCHEME****L&P GLOBAL BERHAD****1. DEFINITIONS AND INTERPRETATION**

1.1 In these By-Laws, the following words and expressions shall bear the following meanings, unless the context otherwise requires:

“Act”	means the Companies Act 2016, as amended from time to time and any re-enactment thereof
“Adviser”	means a corporate finance adviser that may act as a principal adviser under the Chapter 7A of Licensing Handbook issued by SC
“Affected Employee”	shall have the meaning ascribed to it in By-Law 24.1
“Audit Committee”	shall have the same meaning ascribed to it in By-Law 6.2
“Auditors”	means the auditors of the Company, as appointed from time to time
“Board”	means the board of directors of the Company
“Bursa Depository”	means Bursa Malaysia Depository Sdn Bhd (Registration No. 198701006854 (165570-W))
“Bursa Securities”	means Bursa Malaysia Securities Berhad (Registration No. 200301033577 (635998-W))
“By-Laws”	means collectively, the rules, terms, and conditions governing the Scheme as set forth in these By-Laws as amended, modified, and/or supplemented from time to time
“CDS”	means the Central Depository System
“CDS Account”	means the account established by Bursa Depository for a depositor for the recording of deposit and withdrawal of securities and for dealings in such securities by that depositor of securities
“Company” or “L&P Global”	means L&P Global Berhad (Registration No. 202101028085 (1428385-M)), a public company limited by shares and incorporated in Malaysia and shall, where the context admits, include its successors in title
“Constitution”	means the constitution of the Company as amended from time to time
“Date of Expiry”	means last day of the Scheme Period as defined in By-Law 17.2
“Director”	means a natural person who holds a directorship in any company within Group and shall have the meaning stipulated in the Act
“Disciplinary Proceedings”	means proceedings instituted by the Company against an Eligible Person or a Grantee employed by that Group Company for any alleged negligence, misbehaviour, misconduct, fraud, financial misstatement, reputational damage and/or any other act of the Eligible Person or Grantee deemed to be unacceptable by the Company in the course of that their employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Eligible Person or Grantee

**DRAFT BY- LAWS (Cont'd)**

“Effective Date”		means the date the Scheme takes effect pursuant to the fulfilment or waiver of the last of the approvals and/or condition as provided in By-Law 17.1
“Eligible Person”		means any Director or Employee who meets the eligibility criteria for participation in the Scheme as set forth in By-Law 3 and “Eligible Persons” means any two or more of them
“Employee”		means any person who is employed by the Group
“Entitlement Date”		means the date as at the close of business on which the name of shareholders must appear in the Company’s record of depositors and/or register of members in order to be entitled to any dividends, rights, allocations, and/or other distributions
“ESOS Committee”		means a committee established pursuant to By-Law 14.1 to implement and administer the Scheme in accordance with these By-Laws
“ESOS Offer” or “Offer”		means an award of ESOS Options made in writing by the ESOS Committee from time to time to an Eligible Person to participate in the ESOS
“ESOS Options” or “Options”		means the right of a Grantee to subscribe for Shares (including new Shares to be allotted and issued and/or existing Shares (which are held as treasury shares, if any) to be transferred to a Grantee) of the Company at the Exercise Price in accordance with these By-Laws
“ESOS” or “Scheme”		means the employees’ share option scheme established by the Company which shall be known as the “L&P Global Employee Share Option Scheme” to be administered in accordance with these By-Laws
“Exercise Price”		means the price at which a Grantee is entitled to subscribe for Shares upon the exercise of the ESOS Options, as set out in the ESOS Offer
“Grantee”		means an Eligible Person who has accepted an ESOS Offer as stipulated in By-Law 6, and “Grantees” means two or more of them
“Group”		means, collectively, the Company and its Subsidiaries. For the avoidance of doubt, associated companies, joint-venture companies, and subsidiaries that have been divested do not fall within this category.
“Group Company”		means any one of the Company and the Subsidiaries, and “Group Companies” means any two or more of them
“Listing Requirements”		means the ACE Market Listing Requirements of Bursa Securities, including any amendments thereto that may be made from time to time
“Market Day”		means a day on which Bursa Securities is open for trading in securities
“Maximum Allowable Allocation”	Allowable	shall have the meaning ascribed to it in By-Law 5.1
“Maximum Shares”	ESOS	shall have the meaning ascribed to it in By-Law 4.1
“Normal Correspondence”		shall have the meaning ascribed to it in By-Law 29.3

**DRAFT BY- LAWS (Cont'd)**

“Notice” or “Process”	shall have the meaning ascribed to it in By-Law 29.1
“Offer Date”	means in relation to the Offer, the date on which the ESOS Offer is made by the ESOS Committee
“Offer Period”	means the period of thirty (30) days from the Offer Date or such other period as may be determined by the ESOS Committee, and specified in the ESOS Offer during which it may be accepted
“Option Certificate”	means the certificate issued by the ESOS Committee confirming the grant of the Option to the Grantee and the Exercise Price together with the number of Shares comprised in the Option
“Option Period”	means the period during which an Option may be exercised as may be specified in the Offer, unless terminated in accordance with these By-Laws
“Performance Period”	means the duration of which is to be determined by the ESOS Committee on the Offer Date, during which the Performance Targets are to be satisfied
“Performance Target(s)”	means the performance targets determined by the ESOS Committee at its sole discretion, which are to be achieved by the Eligible Person and/or Group (and/or such business units within the Group as determined by the ESOS Committee)
“Persons Connected”	shall have the meaning ascribed to it in relation to persons connected with a Director or persons connected with a major shareholder in Paragraph 1.01 of the Listing Requirements
“Previous Company”	shall have the meaning ascribed to it in By-Law 3.3
“Rules of Bursa Depository”	means the rules of Bursa Depository, as issued pursuant to SICDA
“SC”	means the Securities Commission Malaysia
“Senior Management”	means such employees of the Company as the ESOS Committee may at its absolute discretion determine to be senior management
“Scheme Period”	means the duration of the Scheme as set out in By-Law 17.2
“Shares”	means ordinary shares in the Company
“SICDA”	means the Securities Industry (Central Depositories Act) 1991 as amended from time to time
“Subsidiary”	means a subsidiary (has the meaning ascribed to it in Section 4 of the Act) of the Company which is not dormant, and include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the Scheme Period and “Subsidiaries” shall be construed accordingly
“Trust”	means the trust that may be established to facilitate the implementation and administration of the Scheme
“Trust Account”	means the trust account that may be opened by the Trustee to store monies injected by the Group for the purposes of the Scheme

**DRAFT BY- LAWS (Cont'd)**

“Trust Deed”	means the trust deed that may be entered into between the Company and the Trustee constituting the trust
“Trustee”	means the trustee that may be appointed by the Company to administer the trust for the Scheme in accordance with the Trust Deed
“Vesting Conditions”	means the conditions determined by the ESOS Committee and stipulated in the ESOS Offer which must be fulfilled for the ESOS Options to be vested to a Grantee
“Vesting Date(s)”	means the date or dates which the ESOS Options or any part of proportion thereof granted shall vest to the Grantee as stipulated by the ESOS Committee

## 1.2 In these By-Laws, unless the context otherwise requires:

- (a) any reference to a statutory provision or an applicable law shall include a reference to:
- (i) any statute of Malaysia and shall include all subsidiary legislation made from time to time under that provision or law;
  - (ii) any and all Listing Requirements, policies and/or guidelines of Bursa Securities and/or any other relevant regulatory authority (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the reasonable commercial practice of persons to whom such requirements, policies and/or guidelines are addressed by Bursa Securities and/or any other relevant regulatory authority); and
  - (iii) that provision as from time to time modified or re-enacted, whether before or after the date of these By-Laws, so far as such modification or re-enactment applies or is capable of applying to any Options accepted and exercised prior to the expiry of the Scheme and shall include also any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly been replaced.
- (b) any reference to a By-Law is a reference to a By-Law of these By-Laws;
- (c) the headings to the provisions are for convenience only, and shall not be taken into account in the interpretation of these By-Laws;
- (d) any word importing:
- (i) the singular meaning includes the plural meaning and vice versa; and
  - (ii) the masculine gender includes the feminine gender and vice versa;
- (e) any liberty or power or discretion which may be exercised, and/or any decision or determination which may be made, under these By-Laws:
- (i) by the Board may be exercised at the Board’s discretion and the Board shall not be under any obligation to give any reasons thereof; and
  - (ii) by the ESOS Committee may be exercised at the ESOS Committee’s discretion and the ESOS Committee shall not be under any obligation to give any reasons thereof, but subject always to the Board’s power to overrule any decision of the ESOS Committee;

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- (f) if any event is to occur on a stipulated day which is not a Market Day, then the stipulated day shall be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the expiry of the Scheme Period then the stipulated day shall be taken to be the last Market Day of the Scheme Period; and
- (g) in the event of any change in the name of the Company from its present name, all references to "L&P Global" in these By-Laws and all other documents pertaining to the Scheme shall be deemed to be references to the Company's new name.

**2. NAME AND OBJECTIVE OF THE SCHEME**

2.1 The Scheme shall be known as "L&P Global Employees' Share Option Scheme", the objective of which is primarily to serve as a long-term incentive plan to reward the Eligible Persons and to align their interest with the corporate goals and objectives of the Group. In addition, the Scheme is intended:

- (a) to recognise the contribution of Eligible Persons whose services are valued and considered vital to the operations and continued growth of the Group;
- (b) to motivate Eligible Persons to work towards better performance through greater productivity and loyalty to the Group;
- (c) to inculcate a greater sense of belonging and dedication since Eligible Persons are given the opportunity to participate directly in the equity of the Company, thus promoting a shared vision amongst the shareholders to further enhance shareholder value;
- (d) to encourage Eligible Persons to remain with the Group thus ensuring that any loss of key personnel is kept to a minimum level;
- (e) to reward Eligible Persons by allowing them to participate in the Company's growth and profitability and eventually realise potential capital gains arising from any appreciation in the value of the Shares; and
- (f) to serve as an alternative scheme of reward instead of bonus and salary increment which would increase the Group's expenses and cash outflow.

**3. ELIGIBILITY**

3.1 Subject to By-Law 3.2, any Directors and Employees may be considered as eligible from time to time and at any time for the purposes of the Scheme by the ESOS Committee.

3.2 Eligible Persons who fulfill the following criteria as at the Offer Date shall be eligible for consideration by the ESOS Committee to participate in the Scheme:

- (a) has attained the age of eighteen (18) years and is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
- (b) (i) has been employed by the Group as a full-time employee or serving in a specific designation under an employment contract with the Group for a fixed duration (or any other contract as may be determined by the ESOS Committee) and is on the payroll of any Subsidiaries within the Group for a continuous period of at least twelve (12) months in the Group and has not served a notice of resignation or received a notice of termination prior to and up to the Offer Date; or

**DRAFT BY- LAWS (Cont'd)**

- (ii) is employed by a corporation which is acquired by the Group during the Scheme Period and becomes a subsidiary of the Group upon such acquisition, he/she must have completed a continuous employment service for a period of at least twelve (12) months with the Group and/or for such period as may be determined by the ESOS Committee in the Group as at the date that such company becomes or is deemed to be a subsidiary of the Group and has not served a notice to resign or received a notice of termination prior to and up to the Offer Date;
- (c) has been confirmed in writing and is not under any probation;
- (d) if he/she is a Director, Chief Executive or major shareholder of the Company, the ESOS Offer awarded by the Company to him/her in his/her capacity as a Director or Chief Executive of the Company or his/her persons connected under the Scheme has been approved by the shareholders of the Company at a general meeting (if applicable); and
- (e) is under such categories and/or fulfills any other criteria as may be set by the ESOS Committee from time to time at its absolute discretion.

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

For the avoidance of doubt, the ESOS Committee may determine any other eligibility criteria and/or waive any of the eligibility criteria as set out in this By-Law 3.2, for purposes of selecting an Eligible Person from time to time, at the ESOS Committee's discretion provided always that no member of the ESOS Committee shall participate in the deliberation or discussion of their own allocation of the ESOS Options or allocation of the ESOS Options to persons connect with them.

- 3.3 The ESOS Committee shall have the discretion to extend (or not) the benefit of the Scheme to any employee in any of the following circumstances:
- (a) an employee who is in the employment of a corporation which is not a Group Company but which subsequently becomes a Group Company as a result of a restructuring, an acquisition, a merger, a divestment from that corporation which is not a Group Company or other exercise involving the Company and/or any Group Company ("**Previous Company**");
  - (b) an employee who was employed in a Previous Company and is subsequently transferred from that Previous Company to a Group Company; or
  - (c) where:
    - (i) a corporation that was a Group Company ceases to be a Group Company ("**Ex-Group Company**"); and
    - (ii) an employee of that Ex-Group Company is re-employed by the Group Company.
- 3.4 Eligibility for consideration under the Scheme does not confer an Eligible Person a claim or right to participate in or any right whatsoever under the Scheme and an Eligible Person does not acquire or has any rights over or in connection with the Offer or the Shares comprised in the Offer unless the Offer has been made in writing by the ESOS Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the By-Laws.

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- 3.5 Without prejudice to the generality of the foregoing and subject to the ESOS Committee's discretion otherwise, any Offer made by the ESOS Committee shall become void, of no effect, and cease to be capable of vesting upon any of the following events occurring:
- (a) the Grantee's death subject to By-Laws 11.2 and 11.4 below;
  - (b) the Grantee having received a letter of termination or ceasing to be an Employee, for any reason whatsoever;
  - (c) the Grantee giving notice of his resignation from service or employment;
  - (d) the Grantee is subject to Disciplinary Proceedings; or
  - (e) the Grantee is adjudicated bankrupt.
- 3.6 An Eligible Person of a dormant company within the Group is not eligible to participate in the Scheme.

**4. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THE SCHEME**

- 4.1 The maximum number of Shares which may be made available under the Scheme shall not in aggregate exceed ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the Scheme Period ("**Maximum ESOS Shares**").
- 4.2 Notwithstanding By-Law 4.1, in the event the aggregate number of Shares allocated under the Scheme exceeds the Maximum ESOS Shares at any point in time as a result of the Company purchasing or cancelling Shares in accordance with the provisions of the Act and/or undertaking any corporate proposal resulting in the reduction of the Company's issued share capital, then such ESOS Options granted prior to the adjustment of the issued share capital of the Company (excluding treasury shares, if any) shall remain valid and exercisable in accordance with these By-Laws. However, in such a situation, the ESOS Committee shall not make any further ESOS Offers until such aggregate number of Shares granted falls below the Maximum ESOS Shares.

**5. BASIS OF ALLOCATION AND MAXIMUM ALLOWABLE ALLOCATION**

- 5.1 The aggregate maximum number of Shares that may be allocated to any Eligible Persons shall be determined by the ESOS Committee provided that the number of new Shares allocated to any Eligible Persons who, either singly or collectively through Persons Connected with the Eligible Persons, holds twenty percent (20%) or more of the total number of issued shares of the Company (excluding treasury shares, if any), shall not exceed ten percent (10%) of the Maximum ESOS Shares ("**Maximum Allowable Allocation**").
- 5.2 Subject to By-Law 5.1 and any adjustment which may be made under By-Law 12, the basis for determining the aggregate number of Shares that may be offered and/or allocated under the Scheme to the Eligible Persons shall be at the sole and absolute discretion of the ESOS Committee after taking into consideration *inter alia*, the provisions of the Listing Requirements or other applicable regulatory requirements relating to employees' and/or directors' share issuance scheme and after taking into consideration factors which may include the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of the Group.
- 5.3 The ESOS Committee may make one or more ESOS Offer to an Eligible Person provided that the aggregate number of ESOS Offer so offered to an Eligible Person throughout the entire Scheme Period does not exceed the Maximum Allowable Allocation of such Eligible Person.



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- 5.4 The Eligible Persons shall not participate in any deliberation or discussion of their own allocation and those of persons connected to them.

**6. OFFER AND ACCEPTANCE UNDER THE SCHEME**

- 6.1 The aggregate maximum number of Offers that may be made to an Eligible Person will be determined entirely at the absolute discretion of the ESOS Committee, which shall take into account such criteria as it considers fit including but not limited to the Eligible Persons' position, job performance, seniority, duration of service, potential for future development and contribution to the success and development of the Group and such other criteria as the ESOS Committee may deem relevant from time to time. Each Offer that is made to the Eligible Person by the ESOS Committee shall be separate and independent from any previous or later Offer made by the ESOS Committee to that Eligible Person.

- 6.2 The ESOS Committee may make one (1) or more Offer to an Eligible Person provided that the aggregate number of Shares that is made to the Eligible Person does not exceed the Maximum Allowable Allocation of such Eligible Person. The number of ESOS Options so offered which may be exercised shall not be less than hundred (100) Shares and shall always be in multiples of hundred (100) Shares. The number of Shares offered to the Scheme shall be disclosed in the Company's annual report as long as the Scheme is in operation as required by the Listing Requirements. The audit committee of the Company ("**Audit Committee**") shall verify the Offer made pursuant to the Scheme is in compliance with the criteria for allocation disclosed by the Company to the Eligible Person at the end of each financial year.

The ESOS Committee shall not be obliged in any way to make or vest to any Eligible Persons any Offer or Share. The decision of the ESOS Committee shall be final and binding.

- 6.3 The ESOS Offer shall be made in writing and may be made upon such terms and conditions as the ESOS Committee may decide from time to time. Nothing herein shall require the Offer made to be the same as or similar to other Offers previously or subsequently made whether to the same or a different Eligible Person.

- 6.4 As soon as reasonably practicable after making the Offer, the ESOS Committee shall send to the Eligible Person a letter of Offer ("**Offer Letter**") to state, amongst others:

- (a) the Offer Date;
- (b) the number of ESOS Options that are being granted to the Eligible Person;
- (c) the number of Shares which the Eligible Person shall be entitled to subscribe for upon the exercise of the ESOS Options being granted;
- (d) the Exercise Price;
- (e) the Scheme Period;
- (f) the Vesting Conditions including the vesting period (if any/if applicable);
- (g) the Vesting Date(s) (if any/if applicable);
- (h) the Performance Targets (if any/if applicable);
- (i) the Performance Period (if any/if applicable);
- (j) the Offer Period; and
- (k) any other condition which the ESOS Committee may determine from time to time in relation to the Offer.

**DRAFT BY- LAWS (Cont'd)**

- 6.5 The Offer Period shall be for a period of 30 days from the Offer Date or such longer period as may be determined by the ESOS Committee at its sole and absolute discretion, provided always that the Offer Period must be specified in the Offer Letter.
- 6.6 The Offer shall be accepted by an Eligible Person within the Offer Period by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration of RM1.00 only or such other amount as may be determined by the ESOS Committee for the grant of the ESOS Options (regardless of the number of Shares comprised therein).
- 6.7 If an Offer is not accepted in the manner set out in By-Law 6.6 above, the Offer shall automatically lapse upon the expiry of the Offer Period and be null and void and be of no further force and effect. The Shares comprised in such Options may, at the discretion of the ESOS Committee, be re-offered to other Eligible Persons.
- 6.8 The number of Shares offered in the lapsed Offer shall be deducted from the Maximum Allowable Allocation or the balance of the Maximum Allowable Allocation for the Eligible Person. The Offer not taken up resulting from the non-acceptance of the Offer within the Offer Period shall thereafter form part of the balance of Offers under the Scheme for future Offers.
- 6.9 Upon acceptance of the Offer in accordance with these By-Laws, the Eligible Person shall be referred to as a Grantee for the purposes of these By-Laws.

The Company shall within 30 days of the acceptance of the ESOS Offer by the Eligible Person, issue to the Eligible Person an Option Certificate in such form as may be determined by the ESOS Committee

- 6.10 Any Eligible Persons who hold more than one (1) position within the Company shall only be granted the Maximum Allowable Allocation.

In the event the Offer Letter contains an error on the part of the Company in stating any of the particulars referred to in By-Law 6.4 above, the Company shall issue a revised Offer Letter, stating the correct particulars of the Offer within thirty (30) days of discovering such error and the revised particulars of the Offer shall take effect on the date of the revised Offer Letter except for Shares which have already been vested as at the date of the revised Offer Letter.

**7. EXERCISE PRICE**

- 7.1 The Exercise Price of each Share comprised in any Options (excluding Options made pursuant to By-Law 7.2 herein) shall, subject always to the provisions of By-Law 12 hereof, be a price to be determined by the ESOS Committee based on the volume weighted average market price of the Shares for the 5 Market Days immediately preceding the Offer Date with a discount of not more than 10%.
- 7.2 In respect of any Options which is made in conjunction with the listing of the Company on Bursa Securities ("**Listing**"), the Exercise Price shall be the initial public offering price ("**IPO Price**"). For avoidance of doubt, the IPO Price refers to the final price paid by investors for the Shares issued/offered pursuant to the Listing, as determined in the manner described in the Company's prospectus for the said initial public offering.
- 7.3 The Exercise Price as determined in the manner set out above shall be conclusive and binding on the Grantees and shall be subject to any adjustments in accordance with By-Law 12.

**8. EXERCISE OF OPTIONS**

- 8.1 An Option may be exercised by a Grantee within the Option Period in full or in part by notice in writing to the Company or the ESOS Committee in the prescribed form as may be amended from time to time during the Option Period or in any other manner as may be determined by the ESOS Committee from time to time during the Option Period ("**Notice of Exercise**").

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- 8.2 The partial exercise of Options granted in an Offer shall not preclude the Grantee from exercising the balance of unexercised Options during the Option Period.
- 8.3 Every such notice or any other manner of exercise of an Option referred to in By-Law 8.1 must be in the form prescribed by the ESOS Committee as may be amended from time to time and be accompanied by a remittance for the full amount in Ringgit Malaysia in the form of a banker's draft or cashier's order drawn and payable in Malaysia or such other mode acceptable to the ESOS Committee for the full amount of the subscription monies (calculated based on the Exercise Price in accordance with By-Law 7 herein) payable for the Shares in respect of which the Option is exercised.
- 8.4 Any failure to comply with the procedures specified by the ESOS Committee or to provide information required by the Company in the Notice of Exercise or inaccuracy in the CDS Account number provided in the Notice of Exercise shall result in the Notice of Exercise being rejected at the sole and absolute discretion of the ESOS Committee, and the ESOS Committee shall inform the Grantee of the rejection of the Notice of Exercise within fourteen (14) Market Days from the date of rejection and the Grantee shall be deemed not to have exercised his/her Option.
- 8.5 Subject to the sole and absolute discretion of the ESOS Committee to waive any breach, failure by a Grantee to comply with the procedure for an exercise of Option as stipulated in the provisions of By-Law 8 will invalidate the purported exercise of such Option by the Grantee.
- 8.6 Each Grantee shall at its own cost and expense open a CDS Account and a trading account with a nominee company or a broker approved by the ESOS Committee. The new Shares to be issued pursuant to the exercise of an Option will be credited directly into the CDS Account of the Grantee and a notice of allotment stating the number of shares credited into the CDS Account will be issued to the Grantee. No physical share certificate will be issued to the Grantee.

**9. NON-TRANSFERABILITY**

- 9.1 Subject to By-Laws 10.4, 11.4, and 25.1, the rights of a Grantee under an exercise of Options shall be personal to the Grantee thereof, and cannot be assigned, encumbered, transferred, or otherwise disposed of in any manner whatsoever.
- 9.2 Any attempt to assign, encumber, transfer or otherwise dispose the Options shall result in the automatic cancellation of such Options.

**10. VESTING CONDITIONS**

- 10.1 The Options shall be vested to the Grantee on the Vesting Date(s) after fulfilling the Vesting Conditions in accordance with these By-Laws. For the avoidance of doubt, the vesting of each Options may be staggered in several tranches at such times and on such terms as determined by the ESOS Committee. The Options shall vest in multiples of and no less than a hundred (100) Shares.
- 10.2 The Options or such part thereof as may be satisfied in the ESOS Offer will only vest with the Grantee on the Vesting Date if the Vesting Conditions are fully and duly satisfied, including the following:
- (a) the Grantee remains an Eligible Person in accordance with By-Law 3;
  - (b) the Performance Targets are fully satisfied within the Performance Period, if applicable;
  - (c) the Grantee has not been adjudicated a bankrupt; and
  - (d) any other conditions which are determined by the ESOS Committee.

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- 10.3 The ESOS Committee shall have full discretion to determine whether any Vesting Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the ESOS Committee shall have the right to make reference to, amongst others, the audited financial results of the Company or the Group (as the case may be) and to take into account such factors as the ESOS Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend and/or waive any Vesting Condition.
- 10.4 To the extent the Options awarded under the Scheme has not been exercised and vested upon expiry of the Scheme Period or vest at all under the Scheme for any reason whatsoever, the Options shall lapse and become null and void unless extended from time to time by the ESOS Committee at its discretion.

**11. TERMINATION OF THE OFFER**

- 11.1 Subject to By-Law 11.2, in the event of the cessation of employment of a Grantee for whatever reason, including but not limited to the receipt of a letter of termination, serving of a notice of resignation by the Grantee or bankruptcy of the Grantee, prior to the vesting of the Options, such Options or any part thereof that remain unvested, as the case may be, shall forthwith cease or be deemed to cease to be valid without any claim against the Group Company.

- 11.2 In the event of the cessation of employment of a Grantee with a Group Company in any of the following circumstances:

- (a) retirement on attaining the normal retirement age under the Group Company's retirement policy; or
- (b) retirement before the normal retirement age with the consent of his employer being a company within the Group; or
- (c) expiration of the employment contract of the Grantee; or
- (d) resignation or termination of the employment of the Grantee by reason of ill-health, injury, physical or mental disability; or
- (e) redundancy or retrenchment, pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the relevant Group Company; or
- (f) non-renewal of fixed-term contract, not due to a breach of contract on the part of the Grantee; or
- (g) any other circumstance which is acceptable to the ESOS Committee at its discretion,

the ESOS Committee may at its discretion determine that all or any part of the unvested Options comprised from the Options, can vest in accordance with the provisions of these By-Laws, and the times or periods at or within which such Options may vest provided that no Options shall vest after the expiry of the vesting period for that Options. Unless the ESOS Committee at its discretion permits such vesting in accordance with this By-Law 8.2, any unvested Options shall cease or be deemed to cease to be capable of vesting to the Grantee without any liability or right to claim against the Company and/or the ESOS Committee and/or the Board.

- 11.3 A Grantee will be allowed to continue to hold and to exercise any unexercised Options held by him/her upon retirement on or after attaining normal retirement age for a period of 2 years after the last day of his/her employment provided that the Options are exercised within the Option Period.

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- 11.4 The ESOS Committee shall be entitled to exercise its powers, rights and discretion conferred under By-Law 11.2 in the event of death of a Grantee and may permit the Grantee's legal or personal representatives, or such other person nominated by the Grantee to exercise the rights of the Grantee.
- 11.5 In the event a bankruptcy proceeding has commenced against a Grantee, the Options, to the extent of the unvested Options, shall be suspended pending the outcome of the bankruptcy proceedings. If the bankruptcy proceeding is withdrawn, the suspension shall be lifted and the unvested Options in respect of the Options shall be capable to be vested to the said Grantee. However, if the said Grantee is adjudicated by the court to be bankrupt, all the unvested Options shall immediately become null and void.
- 11.6 Any unvested Options shall forthwith lapse and/or be deemed to be cancelled and/or cease to be capable of vesting, as the case may be, without any claim against the Company and/or any corporation of the Group and/or any member of the ESOS Committee upon the occurrence of one or more of the following events:
- (a) winding-up or liquidation of the Company pursuant to By-Laws 16.1; or
  - (b) termination of the Scheme pursuant to By-Laws 17.

**12. ALTERATION IN SHARE CAPITAL AND ADJUSTMENT**

- 12.1 If the ESOS Committee so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the Scheme Period, whether by way of a rights issue, bonus issue or other capitalisation issue, subdivision or consolidation of Shares or reduction of capital or any other variations of capital or otherwise howsoever taking place, the ESOS Committee shall have the discretion and accordingly assess the practicality of complying with the requirement to cause such corresponding alterations (if any) to be made to the Scheme. Unless the ESOS Committee decides otherwise in consultation with the external auditor or Adviser of the Company, any alterations made shall be calculated in accordance with the formula set out in Schedule 1.
- 12.2 The alterations as set out in By-Law 12.1, may be made to:
- (a) the Exercise Price; and/or
  - (b) the number of unexercised Options.
- Such alterations (if any) will be made in accordance with these By-Laws and shall comply with the requirements of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities (including the Listing Requirements) and shall, where appropriate and to the extent possible, endeavour to give each Grantee the same proportion of Shares as that to which he/she was previously entitled.
- 12.3 If the ESOS Committee decides that no material dilution or enlargement of the rights of the Grantees would result from an alteration in the capital structure of the Company and no adjustments will be made, the ESOS Committee shall inform the Grantees of this decision through an announcement to all the Directors and employees of the Group to be made in such manner deemed appropriate by the ESOS Committee.
- 12.4 The provisions of this By-Law 12 shall not apply where the alteration in the capital structure of the Company arises from:
- (a) the issue of securities as consideration or part consideration for an acquisition;

**DRAFT BY- LAWS (Cont'd)**

- (b) a special issue of new Shares or securities to Bumiputera investors nominated by the Malaysian Government and/or any other relevant authority of the Malaysian Government to comply with the Malaysian Government's policy on Bumiputera capital participation;
  - (c) a special issue, private placement or restricted issued of new Shares by the Company;
  - (d) a share buy-back arrangement by the Company and the cancellation of all or a portion of the Shares pursuant to Section 127 of the Act;
  - (e) an issue of new Shares arising from the exercise of any conversion rights attached to securities convertible to new Shares or upon exercise of any other rights including warrants (if any) issued by the Company;
  - (f) an issue of new Shares upon the exercise of Options pursuant to the Scheme;
  - (g) an issue by the Company of Shares or of securities convertible into Shares or securities with rights to acquire or subscribe for Shares to its officers, including directors, or employees of the Company or any of its subsidiaries pursuant to purchase or grant schemes approved by the shareholders in general meeting; and
  - (h) any issue of Shares by the Company (other than bonus and rights issues) for any purpose whatsoever where the aggregate issues of which in any twelve (12) months do not exceed ten percent (10%) of the outstanding number of issued shares of the Company pursuant to the provision of Section 76 of the Act.
- 12.5 Notwithstanding the provisions of this By-Law 12, the ESOS Committee may exercise its discretion to determine whether any adjustments to the number of ESOS Shares be calculated on a different basis or date or should take effect on a different date or that such adjustments be made to the number of ESOS Shares notwithstanding that no such adjustment formula has been explicitly set out in this By-Law.

**13. DISCIPLINARY PROCEEDINGS**

- 13.1 In the event that a Grantee is subjected to Disciplinary Proceedings (whether or not such Disciplinary Proceedings will give rise to a dismissal or termination of the contract of service), the ESOS Committee may at its discretion suspend any one or more of the Grantee's rights in respect of any Options then held by him, pending the outcome of such Disciplinary Proceedings, provided always that:
- (a) in the event that such Grantee shall subsequently be found to be not guilty of all the charges which gave rise to such Disciplinary Proceedings, the Grantee's rights in respect of any Options then held by him shall remain unaffected (and where that Options had been suspended, the suspension shall be lifted);
  - (b) in the event the Disciplinary Proceedings result in a dismissal or termination of the contract of service of such Grantee, the Options held by that Grantee shall immediately lapse and be null and void and of no further force and effect upon the date of the notice of the dismissal or termination of the contract of service of such Grantee, notwithstanding that such dismissal or termination of the contract of service may be subsequently challenged by the Grantee in any other forum; and
  - (c) in the event that the Disciplinary Proceedings result in a demotion of the Grantee to a lower category of employment, the numbers of Shares offered in the Options offered to that Grantee which are unexercised (as the case may be) at that time may be reduced or revoked by the ESOS Committee at its discretion;

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but in any case and notwithstanding anything to the contrary, in the event such Grantee is found guilty of some or all of the charges but no dismissal or termination of the contract of service is recommended, the ESOS Committee shall have the right to determine, at its discretion, whether or not the Options offered may continue to vest and, if so, to impose such limits, terms and conditions or make such downward adjustment to the number of Shares as it deems appropriate, in respect of such vesting (regardless of anything previously determined in respect of his Options).

- 13.2 In the event a Grantee is subjected to Disciplinary Proceedings (whether or not such disciplinary proceedings will give rise to a dismissal or termination of the contract of service), after a Offer is made but before the acceptance thereof by the Grantee, the Offer is deemed revoked and/or withdrawn and no longer capable of acceptance, unless otherwise decided by the ESOS Committee who may in so doing, impose such terms and conditions as it deems appropriate having regard to the nature of the disciplinary actions made or brought against the Eligible Person. Nothing herein shall prevent the ESOS Committee (but the ESOS Committee shall not be obliged to do so) from making a fresh Offer to such Eligible Person in the event that such disciplinary actions are not found against him or if such disciplinary actions are withdrawn. In the event the Eligible Person is dismissed or the Eligible Person's service is terminated after the Offer is made but before the acceptance thereof by the Eligible Person, the Offer is deemed revoked and/or withdrawn and no longer capable of acceptance.

**14. ADMINISTRATION**

- 14.1 The Scheme shall, subject to these By-Laws, be implemented and administered by the ESOS Committee in such manner as it shall, at its absolute discretion, think fit, in the best interest of the Company, provided that no member of the ESOS Committee and no Eligible Persons shall participate in any deliberation or decision in respect of Options granted or to be granted to himself or any Person Connected to such Eligible Persons. The ESOS Committee shall comprise any such persons appointed by the Board from time to time and shall be vested with such powers and duties as are conferred upon it by the Board and the Board may determine all matters pertaining to the ESOS Committee, including its duties, powers and limitations.
- 14.2 Without limiting the generality of By-Law 14.1, the ESOS Committee may for the purpose of administering the Scheme, do all such acts and things and enter into and/or cause the Company to enter into any transaction, agreement, deed and document, arrangement or undertaking, construe and interpret the Scheme and Offers made under it, and make such guidelines, rules and/or regulations, or impose or waive any terms and conditions for the implementation and administration of the Scheme, or delegate any of its powers relating to the administration of the Scheme and to give effect to the provisions of the Scheme and/or to enhance the benefit of the Options to the Grantee as the ESOS Committee at its discretion deems fit, necessary and/or expedient for the implementation and administration of the Scheme. The ESOS Committee in the exercise of this power may correct any defect, supply any omission, or reconcile any inconsistency in the Scheme or in any agreement providing for the Options in a manner and to the extent it shall deem necessary to expedite and make the Scheme fully effective and to determine all questions of policy and expediency that may arise in the administration of the Scheme and generally exercise such powers and perform such acts as are deemed necessary or expedient to promote the best interests of the Company.
- 14.3 The Board shall have power at any time and from time to time:
- (a) approve, rescind and/or revoke the appointment of any member of the ESOS Committee and appoint replacement members to the ESOS Committee;
  - (b) assume and/or exercise or execute any of the powers and authorities conferred upon the ESOS Committee pursuant to these By-Laws; and
  - (c) amend, modify or vary the terms of reference of the ESOS Committee.

**DRAFT BY- LAWS (Cont'd)**

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- 14.4 Neither the Scheme nor Options granted under the Scheme shall impose on the Company, the Board, or the ESOS Committee or any of its members any liability whatsoever in connection with:
- (a) the lapse of any Offer or Option pursuant to any provision of the Scheme;
  - (b) the failure or refusal by the ESOS Committee to exercise, or the exercise by the ESOS Committee of, any discretion under the Scheme; and/or
  - (c) any decision or determination of the ESOS Committee made pursuant to any provision of the Scheme.

- 14.5 Any decision or determination of the ESOS Committee made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to dispute as to the interpretation of the Scheme or any rule, regulation or procedure hereunder or as to any rights under the Scheme). The ESOS Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities.

**15. MODIFICATION, VARIATION AND/OR AMENDMENT OF THESE BY-LAWS**

- 15.1 Subject to the By-Laws and compliance with the Listing Requirements and the approvals of any other authorities (if required), the ESOS Committee may at any time and from time to time recommend to the Board any modification, variation and/or amendment of the By-Laws as it shall at its discretion think fit and the Board shall have the power at any time and from time to time by resolution to make any modification, variation and/or amendment of the By-Laws upon such recommendation and subject to the Company submitting the amended By-Laws and a letter of compliance to Bursa Securities (within five (5) market days after the effective date of the modification, variation and/or amendment of the By-Laws or such other period as may be prescribed by Bursa Securities or any other relevant authorities) each time any modification, variation and/or amendment is made, stating that the said modification, variation and/or amendment is in compliance with the provisions of the Listing Requirements pertaining to share issuance schemes and the Rules of Bursa Depository.
- 15.2 The approval of the shareholders of the Company in general meeting shall not be required in respect of the modification, variation and/or amendment of the By-Laws provided that no modification, variation and/or amendment made to the By-Laws which would:
- (a) prejudice any rights which would have accrued to any Grantee without the prior consent or sanction of that Grantee; or
  - (b) increase the number of Shares available under the Scheme beyond the maximum amount set out in By-Law 4; or
  - (c) prejudice any rights of the shareholders of the Company; or
  - (d) alter to the advantage of an Eligible Person and/or Grantee(s) in respect of any matters which are required to be contained in the By-Laws pursuant to the Listing Requirements.
- 15.3 No modification, amendment, alteration and/or deletion of the Scheme shall be made in relation to By-Laws 3.1, 3.2, 4.1, 5.1, 5.2, 6.4, 9.1, 12, 16, 17.1, 18 and Schedule 1 of this By-Laws to the advantage of the Grantee without prior approval of the Company's shareholders in a general meeting and subject to any applicable laws.



**DRAFT BY- LAWS (Cont'd)**

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**16. LIQUIDATION OF COMPANY**

- 16.1 Upon the passing of a resolution or receipt of a court order of the winding-up of the Company, all Options shall be deemed revoked and be null and void and all unvested Options shall lapse and be null and void and of no further force and effect, and the Scheme shall terminate.
- 16.2 In the event where a petition is presented in court for the winding-up of the Company, all rights to exercise and/or vest the Options shall automatically be suspended from the date of the presentation of the petition. Conversely, if the petition for winding-up is dismissed by the court, the suspension of the right to vest the Options shall accordingly be lifted.

**17. DURATION AND TERMINATION OF THE SCHEME**

- 17.1 The Scheme shall take effect on the date on which the last of the following approvals and/or conditions shall have been obtained and/or complied with ("**Effective Date**"):
- (a) submission to Bursa Securities of the final copy of these By-Laws together with a letter of compliance pursuant to paragraph 6.42 of the Listing Requirements and a checklist showing compliance with Appendix 6E of the Listing Requirements;
  - (b) receipt of the approval or approval-in-principle, as the case may be, from Bursa Securities for the listing of and quotation for the new Shares on Bursa Securities to be issued pursuant to the exercise of the Options;
  - (c) procurement of shareholders' approval for the Scheme in a general meeting;
  - (d) receipt of approval of any other relevant regulatory authorities whose approvals are necessary in respect of the Scheme (if applicable); and
  - (e) fulfilment or waiver (as the case may be) of all conditions attached to any of the abovementioned approvals (if any).
- 17.2 The Scheme, upon implementation, shall continue to be in force for a period of **five (5) years** from the Effective Date and may be extended or renewed (as the case may be) for a further period of **five (5) years** or such shorter period, at the sole and absolute discretion of the Board upon the recommendation by the ESOS Committee, provided always that the initial scheme period stipulated above and such extension of the Scheme made pursuant to these By-Laws shall not in aggregate exceed a duration of **ten (10) years** from the Effective Date. For the avoidance of doubt, no further approval, sanction or authorization of the shareholders of the Company in a general meeting is required for any such extension or renewal (as the case may be). In the event the Scheme is extended or renewed (as the case may be) pursuant to this Clause, the Company shall serve appropriate notices on each Grantee and make the necessary announcements to Bursa Securities prior to such extension or renewal (as the case may be).
- 17.3 All ESOS Options comprised in any Offer shall cease to be capable of exercising upon expiration of the Scheme Period.
- 17.4 Within five (5) Market Days after the Effective Date, the Principal Adviser of the Company shall, where required under the Listing Requirements, submit a confirmation to Bursa Securities of full compliance with approvals and/or conditions set out in By-Law 17.1, stating the Effective Date, together with a certified true copy of the relevant resolution passed by the shareholders of the Company in the general meeting approving the Scheme.
- 17.5 Subject to compliance with the Listing Requirements and any other relevant authorities, the Scheme may be terminated by the Company at any time before the Date of Expiry provided that the Company makes an announcement immediately to Bursa Securities on the following:
- (i) the effective date of termination of the Scheme;

**DRAFT BY- LAWS (Cont'd)**

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- (ii) the number of Options exercised and Shares vested; and
- (iii) the reasons and justification for termination of the Scheme.

17.6 Approval or consent of the shareholders of the Company by way of a resolution and written consent of the Grantee in relation to unvested and/or unexercised Options or Shares are not required to effect a termination of the Scheme.

**18. RETENTION PERIOD AND TRANSFER RESTRICTIONS**

18.1 Subject to By-Law 18.3, the new Shares to be allotted and issued and/or existing Shares (which are held as treasury shares, if any) to be transferred to a Grantee pursuant to the exercise of the Options will not be subject to any retention period and/or such other restrictions of transfer. However, the Grantees are encouraged to hold the Shares to be issued and/or transferred pursuant to the exercise of the Options as long-term investments and not for any speculative and/or realisation of immediate gain to yield profit.

18.2 The ESOS Committee shall be entitled to prescribe or impose, in relation to any Offer, any condition relating to any retention period or restriction on transfer of the Shares to be issued and/or transferred pursuant to the exercise of the Options in its sole and absolute discretion.

18.3 The expression "retention period" referred to in By-Law 18.1 shall mean the period in which the Shares are issued or transferred to the CDS Account of the Grantee pursuant to the exercise of the Options must not be sold, transferred, assigned or otherwise disposed of by the Grantee.

**19. COSTS AND EXPENSES OF THE SCHEME**

19.1 All administrative costs and expenses incurred by the Company in relation to the Scheme, including but not limited to the costs and expenses relating to the issuance or transfer of the Shares and/or acquisition of existing Shares for the vesting of Shares, shall be borne by the Company.

19.2 For the avoidance of doubt, all other costs, fees, levies, charges, and/or taxes (including without limitation, income taxes) that are incurred by a Grantee, pursuant or relating to the exercise of the Option and vesting of Shares, and any holding or dealing of such Shares (such as (but not limited to) brokerage commissions and stamp duty) shall be borne by that Grantee for his own account, and the Company shall not be liable for any one or more of such costs, fees, levies, charges and/or taxes.

**20. NO COMPENSATION**

20.1 All Eligible Persons or Grantee who cease to hold office or employment or their executors or administrators, shall not be entitled to any compensation for the loss of any right or benefit, or prospective right or benefit, under the Scheme which they might otherwise have enjoyed, whether such compensation is claimed by way of damages for wrongful dismissal, other breach of contract or by way of compensation for loss of office.

20.2 All Eligible Persons or Grantee or their executors or administrators, shall not be entitled to bring any claim, action or proceeding against the Company, the Board, the ESOS Committee or any other party for any compensation, loss or damages whatsoever and howsoever arising including but not limited to the suspension of the vesting of Shares, their Shares comprised in a Option not vesting for any reason whatsoever, and/or their Options ceasing to be valid pursuant to the provisions of these By-Laws.

**DRAFT BY- LAWS (Cont'd)**

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**21. DISPUTES**

- 21.1 In the event of a dispute between the Board and/or the ESOS Committee, and an Eligible Persons or Grantee of any Group Company as to any matter or thing of any nature arising hereunder, the Board or the ESOS Committee shall determine such dispute or difference by a written decision (other than a matter to be certified by the Auditors or the Advisers) given to the Eligible Persons or Grantee of any Group Company. The said decision of the Board or the ESOS Committee (as the case may be) shall be final and binding on the parties. The Board and the ESOS Committee shall not be required to furnish any reasons for any decision or determination made by it except as may be required by the relevant authorities. Under no circumstances shall a dispute or difference be brought to a court of law. Notwithstanding anything herein to the contrary, any costs and expenses incurred in relation to any dispute or difference or appeal brought by any party to the ESOS Committee shall be borne by such party.

**22. INSPECTION OF AUDITED FINANCIAL STATEMENTS**

- 22.1 To the extent permitted by the Listing Requirements and prevailing laws and guidelines issued by the relevant authorities, all Grantees shall be entitled to inspect a copy of the latest audited financial statements of the Company, which shall be made available at Bursa Securities' website and as well as the Company's website.

**23. DIVESTMENT OF SUBSIDIARIES**

- 23.1 Subject to By-Law 3.3, if a Grantee is in the employment of a company which ceases to be a Group Company due to a subsequent disposal or divestment (in whole or in part) from the Group, such Grantee shall not be eligible for any future Offers under the Scheme. Unless otherwise determined by the ESOS Committee, any unexercised Options in respect of the Grantee shall cease to be capable of vesting.

**24. ACQUISITIONS OF SUBSIDIARIES**

- 24.1 Notwithstanding anything to the contrary, but subject to By-Law 3.3, in the case of an employee of a Previous Company, such an employee ("**Affected Employee**") may (subject to the approval of the ESOS Committee) be eligible to participate in the Scheme only for the remaining Scheme Period provided that, notwithstanding anything to the contrary, the number of Shares that may be offered to such an Affected Employee under this By-Law 24.1 will always be subject to the discretion of the ESOS Committee.

**25. SCHEMES OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.**

- 25.1 Notwithstanding By-Law 10, in the event of any application being made to the court for sanction of a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and/or arrangement and reconstruction of the Company under section 366 of the Act, or its amalgamation with any other company or companies under section 370 of the Act, the ESOS Committee may, by notice in writing to the Grantee, at its discretion determine that a Grantee (including its legal and personal representatives) may be entitled to receive all or any part of the Shares comprised in the Options that remain unexercised commencing from the date upon which the application is so made to the court and ending on the date immediately prior to the date on which the scheme of arrangement and/or arrangement and reconstruction of the Company or amalgamation is approved (or on any other date specified by the ESOS Committee at its discretion) notwithstanding that:

- (a) the Vesting Date(s) is not due or has not occurred; and/or

**DRAFT BY- LAWS (Cont'd)**

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(b) other terms and conditions set out in the Options have not been fulfilled or satisfied;

after which all Options shall be null and void and (whether or not comprising Shares vested thereunder), shall cease to be capable of exercising.

**26. THE CONSTITUTION OF THE COMPANY**

26.1 Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Constitution, the provisions of the Constitution shall prevail at all times.

**27. SCHEME NOT A TERM OF EMPLOYMENT**

27.1 The Scheme shall not form part of, constitute or in any way be construed as any term or condition of employment of any Eligible Persons. The Scheme shall not confer or be construed to confer on any Eligible Persons any special right or privilege over and above the Eligible Persons' terms and conditions of employment under which the Eligible Persons are employed nor any rights in addition to compensation or damages that the Eligible Persons may be normally entitled to arising from the cessation of such employment for any reason whatsoever.

**28. DISCLAIMER OF LIABILITY**

28.1 Notwithstanding anything to the contrary and subject to the Act, the Board, the ESOS Committee and/or the Company including any Group Company and its directors, officers, employees, agents, affiliates and representatives, shall not, under any circumstance, be held liable for any damages, cost, loss and expense whatsoever and howsoever arising or incurred or suffered in any event in respect of the Scheme, including but not limited to the Company's delay in issuing and allocating the Shares or in applying for or procuring the listing of the Shares on Bursa Securities and/or acquiring of the existing Shares and/or transferring the Shares in accordance with these By-Laws for any reason whatsoever.

**29. NOTICE**

29.1 Any legal notice or process (other than ESOS-related) under the Scheme ("**Notice**" or "**Process**") required to be given to or served upon an Eligible Persons or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, by electronic mail, by facsimile transmission and/or by letter sent via ordinary post addressed to the Eligible Persons or Grantee at his place of employment, at his last facsimile transmission number known to the Company, or to his last known address. Any Notice or Process served by hand, by electronic mail, by facsimile, by post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged, (if by electronic mail) the dispatch of the electronic mail without an automatic notification that the email cannot be received by the intended recipient, (if by facsimile transmission) is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, and (if by post) on the day the letter containing the same is posted and in proving such service by post, it shall be sufficient to prove that the letter containing the notice or documents was properly addressed, stamped and posted.

29.2 Any Notice or Process required to be given to or served upon the Board or the ESOS Committee by an Eligible Person or Grantee shall be given, served or made in writing and delivered by hand or by registered post to the registered office of the Company (or such other office or place which the ESOS Committee may have stipulated for this purpose). Any Notice or Process served by hand, or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged and (if by post) five (5) Market Days after postage.

**DRAFT BY- LAWS (Cont'd)**

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- 29.3 Any Offer to be made and normal correspondence (other than Notice or Process) under the Scheme ("**Normal Correspondence**") to be given to or served upon the Board or the ESOS Committee, Eligible Persons or Grantee, as the case may be, shall be given, served or made in writing and delivered by electronic mail and such electronic mail address specified by the Company (if to be given to or served upon the Board or the ESOS Committee) or to such last known mailing address provided by the Employee to the Company and electronic mail address of the Employee provided by the Company (if to be given to or served upon the Eligible Persons or Grantee) or such communication by other digital means as may be prescribed by the Board and/or the ESOS Committee, and shall be deemed to have been received by the recipient (in the case of electronic mail) on the Market Day immediate following the day on which the electronic mail is dispatched or (in the case of post), the day on the third (3<sup>rd</sup>) Market Day after the date of posting or (in the case of communication by other digital means) on the Market Day immediate following the day on which such communication is effected.
- 29.4 Notwithstanding By-Law 29.3, where any Normal Correspondence is required to be given by the Company or the ESOS Committee under these By-Laws in relation to matters which may affect any or all of the Eligible Persons or Grantees, as the case may be, the Company or the ESOS Committee may give the Normal Correspondence through an announcement to all Employees to be made in such manner deemed appropriate by the ESOS Committee. Upon the making of such an announcement, the Normal Correspondence to be made under By-Law 29.3 shall be deemed to be sufficiently given, served or made to all affected Eligible Persons or Grantees, as the case may be.

**30. SEVERABILITY**

- 30.1 Any term, condition, stipulation, and/or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability, but the same shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and/or provision contained in these By-Laws.

**31. ERRORS AND OMISSIONS**

- 31.1 If as a result of an error or omission, the ESOS Committee discovers or determines that:
- (a) an Eligible Person who was selected as a Grantee has not been given the opportunity to participate in the Scheme on any occasion;
  - (b) an Eligible Person was erroneously selected as a Grantee; or
  - (c) the number of Shares issued or transferred to any Grantee on any occasion is found to be incorrect;

and such error or omission cannot be corrected within the relevant period specified in the Scheme, the ESOS Committee may do all such acts and things to rectify such error or omission including, but not limited to, all acts and things to ensure that the Eligible Persons is given the opportunity to participate in the Scheme and/or to withdraw the Offer given to the employee who was erroneously selected as a Eligible Person and/or to ensure that the Grantee is credited with the correct number of Shares to which he is entitled to.

**32. GOVERNING LAW**

- 32.1 The Scheme, these By-Laws, and all Options made and granted and actions taken under the Scheme shall be governed by and construed in accordance with Malaysian law and the Grantee, by participating in the Scheme in accordance with these By-Laws and terms of the Scheme and the Constitution of the Company, irrevocably submits to the exclusive jurisdiction of the courts in Malaysia in all matters connected with the obligations and liabilities of the parties hereto under or arising out of these By-Laws.

**DRAFT BY- LAWS (Cont'd)**

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- 32.2 Any proceeding or action shall be instituted or taken in Malaysia and the parties irrevocably and unconditionally waives any objection on the ground of venue or forum non-convenience or any other grounds.

**33. DECISION OF THE BOARD AND/OR THE ESOS COMMITTEE**

- 33.1 Any decision and/or determination made by the Board and/or the ESOS Committee under these By-Laws shall be final and binding on all parties.

**34. DELAY IN PERFORMANCE**

- 34.1 The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond reasonable control of the Company or the ESOS Committee.

**35. IMPLEMENTATION OF THE SCHEME**

- 35.1 For the purpose of facilitating the implementation of the Scheme, the Company and/or the ESOS Committee may (but shall not be obliged to) establish a Trust to be administered by the Trustee to be appointed by the Company from time to time in accordance with the Trust Deed. The Trustee shall, at such times as the ESOS Committee shall direct, subscribe for and/or purchase the necessary number of Shares to accommodate any transfer of Shares to the CDS Accounts of the Grantees. For this purpose, the Trustee shall open and maintain a Trust Account into which the Group shall inject monies for the purposes of the Scheme. Upon the Trustee receiving a written instruction from the ESOS Committee, the Trustee shall utilise the monies in the Trust Account to subscribe for such new Shares in respect of which the written instruction is given. The Company shall allot and issue the said Shares which will be placed into a CDS Account of the Trustee of its authorized nominee.
- 35.2 For the purpose of administering the Trust, if and when the Trust is established, the Trustee shall do all such acts and things and enter into any transaction, agreement, deed, document or arrangement and make rules, regulations or impose terms and conditions or delegate part of its power relating to the administration of the Trust, as the ESOS Committee may direct for the implementation and administration of the Trust which are expedient for the purpose of giving effect to and carrying out the powers and duties conferred on the Trustee by the Trust Deed.
- 35.3 The ESOS Committee shall have power from time to time, at any time, to appoint, rescind or terminate the appointment of any Trustee as it deems fit in accordance with the provisions of the Trust Deed. The ESOS Committee shall not be under any obligation to give any reasons for such appointment, rescission or termination. The ESOS Committee shall have the power from time to time, at any time, to negotiate with the Trustee to amend the provisions of the Trust Deed.

**36. MULTIPLE SCHEMES**

The Company may implement more than one (1) share issuance scheme, provided that the aggregate number of Shares available under all the share issuance schemes do not exceed the maximum number of Shares stipulated in the Listing Requirements or by any other relevant authorities.

**DRAFT BY- LAWS (Cont'd)****SCHEDULE 1**

1. If and whenever a consolidation or subdivision or conversion of Share occurs, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{B}$$

and/or the number of Options shall be adjusted by multiplying the existing number of Options held by the following fraction:

$$\frac{B}{A}$$

where:-

- A = the aggregate number of issued Shares immediately before such consolidation, subdivision or conversion; and
- B = the aggregate number of new Shares in the share capital of the Company after such consolidation, subdivision or conversion.

Each such adjustment will be effective from the close of business on the Market Day immediately following the date on which the consolidation or subdivision or conversion becomes effective (being the date when the Shares are traded on Bursa Securities), or such period as may be prescribed by Bursa Securities.

2. If and whenever the Company shall make any issue of Shares to shareholders credited as fully paid, by way of bonus issue or capitalization of profits or reserves, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A + B}$$

and the number of Options shall be adjusted by multiplying the existing number of Options held by the following fraction:

$$\frac{A + B}{A}$$

where:-

- A = the aggregate number of issued Shares on the entitlement date (namely the date as at the close of business on which shareholders must be registered in order to be entitled to any dividends, rights, allotments or other forms of distributions) immediately before such bonus issue or capitalisation issue; and
- B = the aggregate number of Shares to be issued pursuant to any allotment to shareholders credited as fully paid by way of bonus issue or capitalisation of profits or reserves.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the Entitlement Date.

**DRAFT BY- LAWS (Cont'd)**

3. If and whenever the Company shall make:

- (a) Capital Distribution (as defined below) to shareholders whether on a reduction of capital or otherwise (save and except any capital reduction involving the cancellation of capital which is lost or unrepresented by available assets);
- (b) any offer or invitation to shareholders whereunder they may acquire or subscribe for Shares by way of rights; or
- (c) any offer or invitation to shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares,

then and in respect of each such case, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C - D}{C}$$

where:-

- C = the 5-day volume weighted average market price up to the Market Day of each Share as shall be determined in accordance with any guideline or rule issued by the relevant authorities from time to time, if any, or if there is none, the current market price of each Share on the Market Day immediately preceding the date on which the Capital Distribution (as defined below) or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement), immediately preceding the date of the Capital Distribution (as defined below) or, as the case may be, of the offer or invitation; and
- D = (aa) in the case of any offer or invitation to acquire or subscribe for Shares by way of rights or for securities convertible into Shares under Paragraph 3(b) and Paragraph 3(c) of this Schedule respectively, the value of rights attributable to one (1) Share (as defined below); or
- (bb) in the case of any other transaction falling within Paragraph 3 of this Schedule the fair market value as determined by the Company in consultation with the external auditors of the Company and/or the Adviser, of that portion of the Capital Distribution attributable to one (1) Share.

For the purpose of paragraph (aa) of D above, the "**value of the rights attributable to one (1) Share**" shall be calculated in accordance with the formula:

$$\frac{C - E}{F + 1}$$

where:-

- C = same as C above;
- E = the subscription consideration for one (1) additional Share under the terms of such offer or invitation or subscription price of one (1) additional Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) Share under the offer or invitation; and



**DRAFT BY- LAWS (Cont'd)**

F = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share or security convertible into one (1) additional Share or rights to acquire or subscribe for one (1) additional Share;

and in respect of the case referred to in Paragraph 3(b) above, the number of Options shall be adjusted by multiplying the existing number of Options held by the following fraction:

$$\frac{C}{C - D^*}$$

where:--

C = same as C above;

D\* = the value of rights attributable to one (1) Share (as defined below);

For the purpose of definition D\* above, the "**value of the rights attributable to one (1) Share**" shall be calculated in accordance with the formula:

$$\frac{C - E^*}{F^* + 1}$$

where:-

C = same as C above;

E\* = the subscription consideration for one (1) additional Share under the terms of such offer or invitation to acquire or subscribe for Shares; and

F\* = the number of Shares which is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional Share.

For the purposes of this Schedule, "Capital Distribution" shall (without prejudice to the generality of that expression) include distributions in cash or specie or by way of issue of Shares (not falling under By-Law 12.1) or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves.

Any dividend charged or provided for in the accounts pertaining to any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders for any period after the last audited accounts as shown in the audited consolidated statement of comprehensive income of the Company.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the Entitlement Date for such transactions.

**DRAFT BY- LAWS (Cont'd)**

4. If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 12.1 and also makes any offer or invitation to its ordinary shareholders as provided in Paragraph 3(b) or Paragraph 3(c) of this Schedule and the Entitlement Date for the purposes of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$$

and in respect of each case referred to in By-Law 12.1 and Paragraph 2(b) and the Entitlement Date for the purposes of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of Options held by each Grantee shall be adjusted by multiplying the existing number of Options held by the following fraction:

$$\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}$$

where :-

- B = same as B above;
- C = same as C above;
- G = the aggregate number of issued Shares on the Entitlement Date;
- H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares, as the case may be;
- H\* = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;
- I = the subscription consideration of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the subscription price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be; and
- I\* = the subscription consideration of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the Entitlement Date for the above transactions.

5. If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for Shares as provided in Paragraph 3(b) of this Schedule together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for Shares as provided in Paragraph 3(c) of this Schedule and these offers or invitations share the same entitlement date, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J) \times C}$$

**DRAFT BY- LAWS (Cont'd)**

and the number of Options held by each Grantee shall be adjusted by multiplying the existing number of Options by the following fraction:

$$\frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)}$$

where:-

- C = same as C above;
- G = same as G above;
- H = same as H above;
- H\* = same as H\* above;
- I = same as I above;
- I\* = same as I\* above;
- J = the aggregate number of Shares to be issued to its ordinary shareholders upon conversion of such securities or exercise of such right to subscribe for Shares by the ordinary shareholders of the Company; and
- K = the subscription price on the conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share.

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the Entitlement Date for the above transactions.

6. If and whenever the Company makes an allotment to its shareholders as provided in By-Law 12.1 and also makes an offer or invitation to acquire or subscribe for Shares to its shareholders as provided in Paragraph 3(b) of this Schedule, together with an offer or invitation to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for Shares as provided in By-Law Paragraph 3(c) of this Schedule, and the Entitlement Date for the purpose of allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G + H + J + B) \times C}$$

and the number of Options held by each Grantee shall be adjusted by multiplying the existing number of Options held by the following fraction:

$$\frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)}$$

where:-

- B = same as B above;
- C = same as C above;

**DRAFT BY- LAWS (Cont'd)**

- G = same as G above;  
 H = same as H above;  
 H\* = same as H\* above;  
 I = same as I above;  
 I\* = same as I\* above;  
 J = same as J above;  
 K = same as K above;

Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day next following the Entitlement Date for the above transaction.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of the Market Day immediately preceding the date on which the issue is announced or (failing any such announcement) immediately preceding the date on which the Company determined the offering price of such Shares, securities or rights. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the next Market Day immediately following the completion of the above transaction.

7. If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders of the Company and requiring an adjustment under Paragraph 3(b), 3(c), 4, 5 or 6 of this Schedule hereof, the Company shall issue either any Shares or any securities convertible into Shares or any rights to acquire or subscribe for Shares, and in any such case, the Total Effective Consideration per Share (as defined below) is less than ninety per cent (90%) of the Average Price for one (1) Share (as defined below) or, as the case may be, the price at which the Shares will be issued and/or transferred upon conversion of such securities or exercise of such rights is determined, the Exercise Price shall be adjusted by multiplying the existing Exercise Price in the following manner:

$$\frac{L + M}{L + N}$$

where:-

- L = the number of Shares in issue at the close of business on the Market Day immediately preceding the date on which the relevant adjustment becomes effective;
- M = the number of Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses); and
- N = the aggregate number of Shares so issued or, in the case of securities convertible into Shares or rights to acquire or subscribe for Shares, the maximum number (assuming no adjustment of such rights) of Shares issuable upon full conversion of such securities or the exercise in full of such rights.

**DRAFT BY- LAWS (Cont'd)**

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For the purpose of Paragraph 7 of this Schedule, the "Total Effective Consideration" shall be determined by the Board with the concurrence of an external auditor of the Company and shall be:

- (a) in the case of the issue of Shares, the aggregate consideration receivable by the Company on payment in full for such Shares; or
- (b) in the case of the issue by the Company of securities wholly or partly convertible into Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (c) in the case of the issue by the Company of securities with rights to acquire or subscribe for Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

in each case without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and "Total Effective Consideration per Share" shall be the Total Effective Consideration divided by the number of Shares issued as aforesaid or, in the case of securities convertible into Shares or securities with rights to acquire or subscribe for Shares, by the maximum number of Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of Paragraph 7 of this Schedule, the Average Price of a Share shall be the average price of one (1) Share as derived from the last dealt prices for one (1) or more board lots of Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such Shares is determined.

Each such adjustment will be calculated (if appropriate, retroactively) from the close of business on Bursa Securities on the Market Day next following the date on which the issue is announced, or (failing any such announcement) on the Market Day next following the date on which the Company determines the offering price of such Shares. Each such adjustment will be effective (if appropriate, retroactively) from the commencement of the Market Day immediately following the date of the completion of the above transaction.

For the purposes Paragraph 3, 4, 5 and 6 of this Schedule the current market price in relation to one (1) existing Shares for any relevant day shall be the volume weighted average market price for the five (5) consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities.

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