



MUDA Holdings Berhad
Company No. 197101000036 (10427-A)

ANNUAL REPORT

2023

OUR VISION, MISSION, CORE VALUES AND COMMITMENT



Vision

To strengthen the Group's market leader position as the largest integrated paper manufacturer in terms of paper production volume in Malaysia.

Our Core Values

To commit to a relentless pursuit of excellence in producing high quality industrial grade paper, machine glazed paper, paper boards and paper packaging products through technological innovations to increase client satisfaction as well as enhance shareholders' value while safeguarding the sustainability of our environment.



Mission



We believe in going the extra mile to deliver paper packaging solutions that meets all our clients' expectations while ensuring speedy and timely delivery. All our Group's business and operational practices are also geared towards preserving our environment for future generations.

- ✓ Business Ethic and Compliance
- ✓ Putting Customers First
- ✓ Empowering People
- ✓ Environmental Protection
- ✓ Maximising Shareholders' Value



Our Commitments

Table of Contents

THE CORPORATION

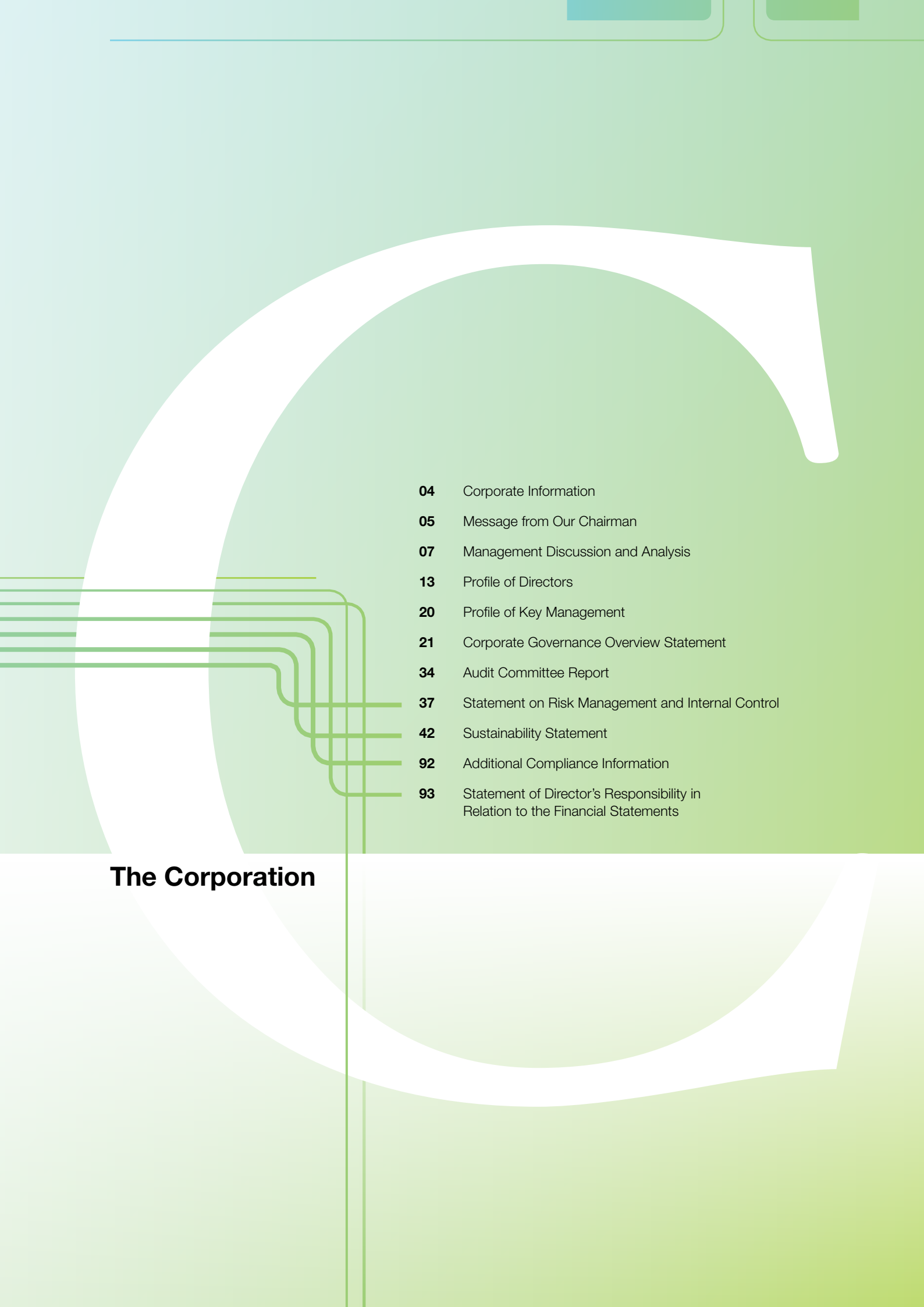
04	Corporate Information
05	Message from Our Chairman
07	Management Discussion and Analysis
13	Profile of Directors
20	Profile of Key Management
21	Corporate Governance Overview Statement
34	Audit Committee Report
37	Statement on Risk Management and Internal Control
42	Sustainability Statement
92	Additional Compliance Information
93	Statement of Director's Responsibility in Relation to the Financial Statements

THE FINANCIALS

95	Directors' Report
100	Statement by Directors
100	Statutory Declaration
101	Independent Auditors' Report
105	Statements of Financial Position
107	Statements of Profit or Loss and Other Comprehensive Income
109	Statements of Changes in Equity
112	Statements of Cash Flows
116	Notes to the Financial Statements

TOP10 PROPERTIES & SHAREHOLDINGS

178	Top 10 Properties Owned
180	Analysis of Shareholdings
183	Notice of Annual General Meeting Proxy Form



04	Corporate Information
05	Message from Our Chairman
07	Management Discussion and Analysis
13	Profile of Directors
20	Profile of Key Management
21	Corporate Governance Overview Statement
34	Audit Committee Report
37	Statement on Risk Management and Internal Control
42	Sustainability Statement
92	Additional Compliance Information
93	Statement of Director's Responsibility in Relation to the Financial Statements

The Corporation

04 CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Lim Guan Teik, PSM, JMN,
DMPN, DJN
(Non-Independent Non-Executive Chairman)

Dato' Azaman Bin Abu Bakar,
DIMP
(Executive Deputy Chairman)

Datuk Wira Lim Chiun Cheong,
DPSM, DCSM
(Managing Director)

Wong Choong Yee
(Senior Independent Non-Executive Director)

**Datuk Nik Ibrahim Bin
Nik Abdullah**, PJN, JSM, AMN
(Non-Independent Non-Executive Director)

Lim Siew Ling
(Non-Independent Non-Executive Director)

Lim Yen Wee
(Non-Independent Non-Executive Director)

Dato' Tan Tian Meng, DBNS, ANS
(Independent Non-Executive Director)
(Appointed on 3 January 2023)

Dato' Hazli Bin Ibrahim, DIMP,
FCCA, MBA
(Independent Non-Executive Director)
(Appointed on 6 April 2023)

AUDIT COMMITTEE

Dato' Hazli Bin Ibrahim, DIMP,
FCCA, MBA
(Chairman)
(Appointed on 31 May 2023)

Wong Choong Yee

**Datuk Nik Ibrahim Bin
Nik Abdullah**, PJN, JSM, AMN

Tan Sri Lim Guan Teik, PSM, JMN,
DMPN, DJN

Dato' Tan Tian Meng, DBNS, ANS
(Appointed on 28 February 2023)

NOMINATION COMMITTEE

Wong Choong Yee
(Chairman)
(Redesignated on 28 February 2023)

**Datuk Nik Ibrahim Bin
Nik Abdullah**, PJN, JSM, AMN

Tan Sri Lim Guan Teik, PSM, JMN,
DMPN, DJN

Dato' Tan Tian Meng, DBNS, ANS
(Appointed on 28 February 2023)

Dato' Hazli Bin Ibrahim, DIMP,
FCCA, MBA (Appointed on 31 May 2023)

REMUNERATION COMMITTEE

Dato' Tan Tian Meng, DBNS, ANS
(Chairman)
(Appointed on 31 May 2023)

Dato' Hazli Bin Ibrahim, DIMP,
FCCA, MBA (Appointed on 31 May 2023)

Wong Choong Yee

Tan Sri Lim Guan Teik, PSM, JMN,
DMPN, DJN

**Datuk Nik Ibrahim Bin Nik
Abdullah**, PJN, JSM, AMN

EXECUTIVE COMMITTEE

Dato' Azaman Bin Abu Bakar,
DIMP
(Chairman)

Datuk Wira Lim Chiun Cheong,
DPSM, DCSM

**Datuk Nik Ibrahim Bin Nik
Abdullah**, PJN, JSM, AMN

SUSTAINABILITY COMMITTEE

**Datuk Nik Ibrahim Bin Nik
Abdullah**, PJN, JSM, AMN
(Chairman)

Dato' Azaman Bin Abu Bakar,
DIMP

Datuk Wira Lim Chiun Cheong,
DPSM, DCSM

SECRETARIES

Goh Ching Yee
(MAICSA 0760803/SSM PC NO.
202008002492)

Lam Yoke Teng
(MAICSA 7052983/SSM PC NO.
202008001921)
(Resigned on 15.1.2024)

AUDITORS

Grant Thornton Malaysia PLT
(Member of Grant Thornton International Ltd)
Chartered Accountants

Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : 03-2692 4022
Fax : 03-2732 5119

REGISTERED OFFICE AND CORPORATE OFFICE

Lot 7, Jalan 51A/241
46100 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7875 9549
Fax : 03-7873 8435

SHARE REGISTRAR

**Muda Management Services
Sdn. Bhd.**

Lot 7, Jalan 51A/241
46100 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7875 9549
Fax : 03-7875 1519

PRINCIPAL BANKERS

Malayan Banking Berhad
RHB Bank Berhad
OCBC Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Bhd
Main Market
Stock Name : MUDA
Stock No. : 3883

WEBSITE

www.muda.com.my

Dear Valued Stakeholders,

On behalf of the Board of Directors (“Board”) of Muda Holding Berhad (“MHB” or the “Group”), I present you with the Annual Report for the financial year ended 31 December 2023 (“FY23”)

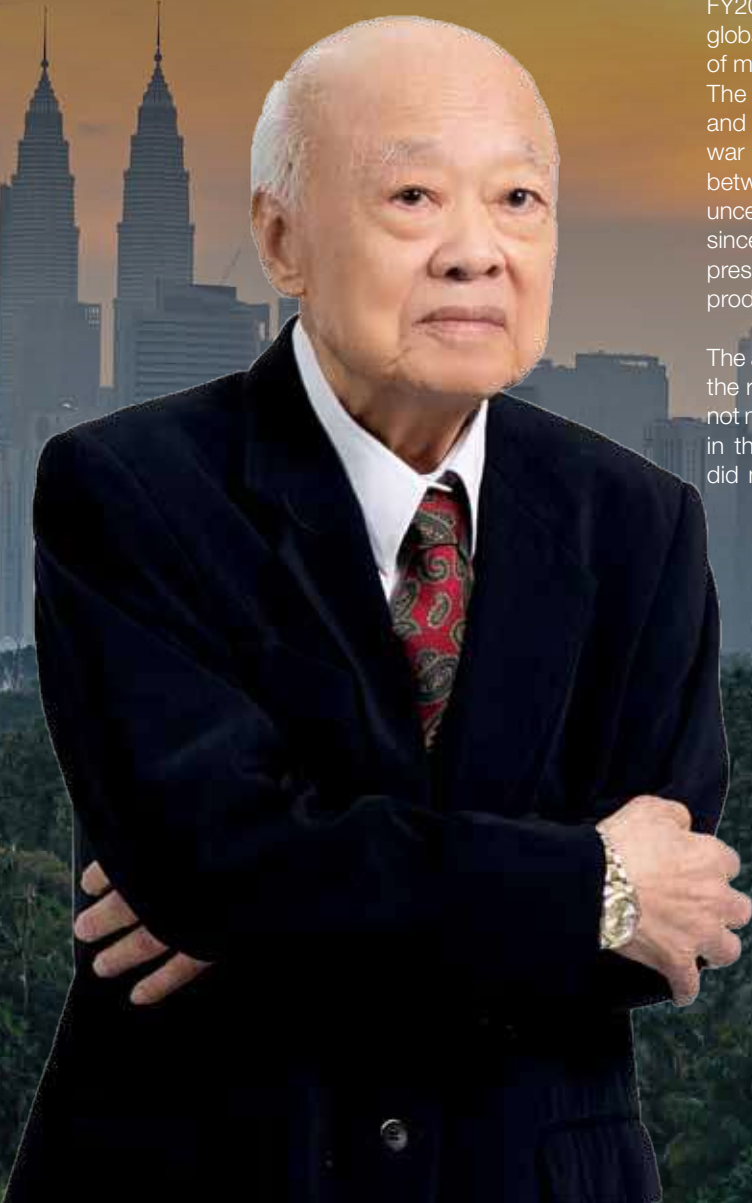
• Message from Our Chairman

YEAR IN REVIEW

FY2023 was a challenging year in almost every aspect as the global economic growth slowed, a result of the rapid tightening of monetary policy over the past two years to rein in inflation. The continued geopolitical tensions within the European and Middle East Region, made it worse, with the emerging war between Israel and Hamas, disrupting the logistic route between Asia and the European region. This led to economic uncertainty and commodity price volatility which had persisted since 2022. In addition, high energy prices continued to put pressure on the cost of doing business, adding to increased production expenses and supply chain challenges.

The anticipation of a faster recovery of China market in view of the reopening of economy after the COVID-19 lockdown did not materialise. Initially, there was a surge in economic activities in the beginning of the year, unfortunately, the momentum did not last, leading to a slowdown. Consumer confidence remained low, adversely affecting consumption.

Malaysia's gross domestic product (“GDP”) growth in 2023 slowed to 3.7% from the 8.7% recorded in 2022, mainly due to a slowdown in external demand, which led to only an increase of 0.9% in Malaysia industry production index for the FY2023 against the year before.



06 CHAIRMAN STATEMENT

CONT'D

FINANCIAL PERFORMANCE

In FY2023, the Group registered a lower revenue of RM1.51 billion as compared to FY2022 of RM1.77 billion mainly due to lower average selling price of industrial grade paper and corrugated carton. In line with the decrease in revenue, the Group's loss before tax widened to RM49.27 million as compared to FY2022 mainly due to higher raw material and energy cost in line with the increase in TNB tariff.

Notwithstanding the loss, the financial position and cash flows of the Group still remain healthy attributed to the rigorous cost management and the financial discipline demonstrated by our management team. Despite the losses, the Board is proposing a 3.0 sen dividend to be paid for FY23 after accounting all its liabilities and assessment on its solvency.

SUSTAINABILITY STATEMENT

MHB acknowledges the need to balance our business sustainability with responsible environmental and social considerations which emphasise the Group's sustainable development practices. Therefore, the adoption of the United Nation Sustainable Development Goals ("UNSDG") is a step to improve on its sustainable journey in FY2022. In the year itself, MHB also adopted the sustainable framework and policy, conducted a material assessment on the Group sustainability. You may refer to the Sustainable Statement in this annual report.

LOOKING AHEAD

The year ahead is likely to be challenging with the uncertain geopolitical tension in the European and Middle East Region and persistent vulnerabilities in the global supply chain, weighing on the global economy. The IMF has forecasted global growth rate to remain at 3.1% in 2024. In Malaysia, the Central Bank forecasted a growth of between 4% and 5% amid its sluggish growth rate of 3.7% achieved in year 2023.

In response to these challenges, MHB is committed to maintain our focus in operational, innovation excellence and our growth strategy. This will ensure that the Group continues to maintain high utilisation rates of our plants, along with the optimisation of our existing value chain. Furthermore, the Group also embarked on a strategy to digitalise all our processes including but not limited to procurement, human resources and others. Our commitment extends beyond operational excellence. We also seek to create a circular and sustainable product that support our customers such as Forest Stewardship Certification ("FSC") in their decarbonisation efforts.

Therefore, I would like to reemphasize that the current economy environment is not entirely bleak and MHB is in fact navigating it as an opportunity for the Group to innovate and streamline the operational processes and strengthen our position for the next anticipated upturn. MHB remains resolute to its commitment, ensuring that we not only weather the current economic environment but emerge stronger and more resilient moving forward.

APPRECIATION

On behalf of the Board, I would like to give my heart felt appreciation to our management and staff at MHB for their hard work, adaptability and dedication. I would like to take this opportunity to welcome Dato' Hazli Bin Ibrahim as an independent non-executive director to the Board.

Lastly, to our valued shareholders, customers, suppliers and other stakeholders, we at MHB would like to record our gratitude for your unwavering support. It is with your trust that we find purpose in making a difference and you truly inspire us as we continue on our journey.

MANAGEMENT DISCUSSION AND ANALYSIS

07

WHO WE ARE?

Muda Holdings Berhad (the “Company”) and its subsidiaries (the “Group” or “MHB”) pioneered the paper milling and paper packaging industry in Malaysia with its first paper mill in Penang in 1964, and its first corrugated plant in Petaling Jaya in 1971. The Company has since grown to become a leading integrated paper manufacturer in the country.

WHAT WE DO?

The Group’s major activities include: -

1. Collector of waste paper in multiple location across Peninsular Malaysia;
2. manufacture of industrial grade paper such as corrugated medium, test liner, grey board, core board, machine glazed paper etc;
3. manufacture of corrugated carton boxes and board;
4. manufacture for food packaging paper such as hawker paper, deli wrapping paper, paper bags etc; and
5. other paper related business that includes trading of stationeries.

The Group’s paper products are suitable for applications across various industries such as retail, furniture, food and beverage, electrical and electronics and many more.

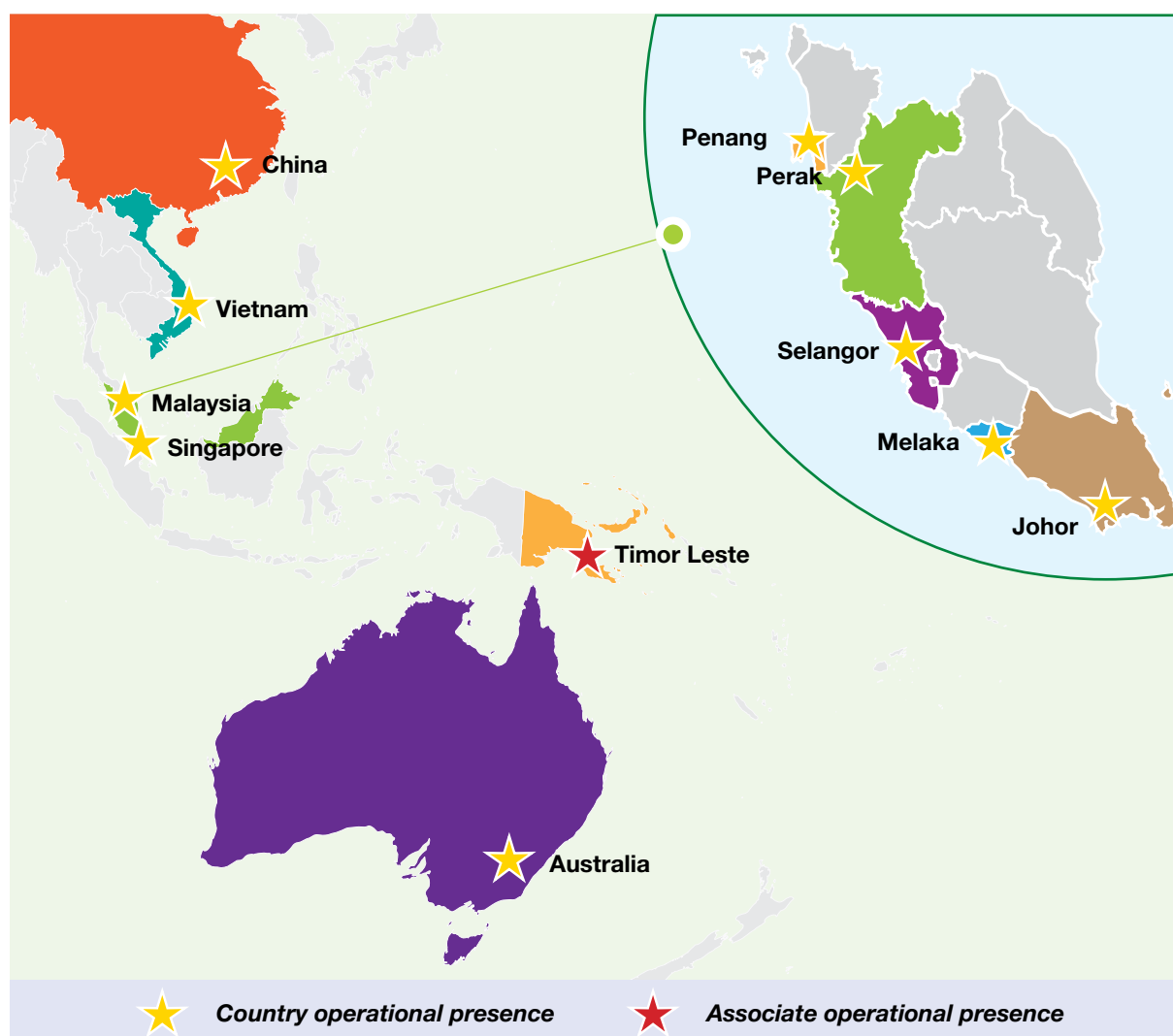
08 MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

WHERE WE ARE?

The Group operates the following:-

No.	Type	No. of location/ factories	Location
1.	Waste paper collection centres	7	Malaysia
2.	Paper mills	2	Malaysia
3.	Corrugating plants	8	Malaysia and The People's Republic of China
4.	Converting plants	3	Malaysia and Singapore
5.	Trading business	4	Malaysia, Singapore, Vietnam and Australia



MANAGEMENT DISCUSSION AND ANALYSIS

09

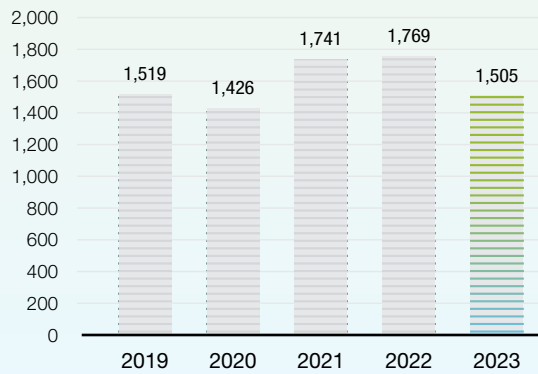
CONT'D

For the Financial Year Ended 31 December	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Financial Performance					
Revenue	1,505,427	1,769,494	1,740,745	1,425,797	1,518,595
Gross Profit	165,476	223,365	315,017	296,774	281,756
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	64,270	91,910	207,692	216,014	171,513
(Loss)/Earnings before Interest and Tax ("(LBIT)/EBIT")	(18,857)	8,991	127,480	139,508	94,696
Share of Results of Associates	176	26	5,040	2,515	(1,454)
(Loss)/Profit before Tax ("LBT)/PBT")	(49,270)	(15,106)	108,134	120,027	66,049
Net (Loss)/Profit after Minority Interest ("(LATAMI)/PATAMI")	(30,776)	(10,866)	77,838	90,020	39,337
Financial Position					
Shareholders' Equity	1,300,157	1,337,037	1,355,211	1,166,459	1,081,769
Total Assets	2,356,186	2,411,485	2,386,548	1,940,761	1,934,453
Total Liabilities	1,056,029	1,074,448	1,031,337	774,302	852,684
Net Current Assets	57,795	92,787	162,303	180,166	101,894
Total Borrowings	712,335	717,366	641,537	458,327	552,094
Cash and Cash Equivalents	169,569	132,749	144,500	126,699	134,157
Financial Analysis					
Gross Margin (%)	10.99%	12.62%	18.10%	20.81%	18.55%
EBITDA Margin (%)	4.27%	5.19%	11.88%	15.07%	11.24%
(LBIT)/EBIT Margin (%)	(1.25%)	0.51%	7.27%	9.71%	6.18%
(LBT)/PBT Margin (%)	(3.27%)	(0.85%)	6.21%	8.42%	4.35%
(LATAMI)/PATAMI Margin (%)	(2.04%)	(0.61%)	4.47%	6.31%	2.59%
Gearing (Net of cash)(times)	0.42	0.44	0.37	0.28	0.39
Interest Coverage (times)	2.04	3.72	10.69	11.03	5.96
Return on Average Shareholders' Equity (%)	(2.41%)	(0.83%)	6.34%	8.20%	3.78%
Return on Average Total Assets (%)	(1.29%)	(0.45%)	3.60%	4.65%	2.02%
Basic (Loss)/Earnings per Share ("LPS)/ EPS") (sen)	(10.09)	(3.56)	25.52	29.51	12.9
Net Tangible Assets per share (RM)	4.21	4.33	4.39	3.79	3.51

FINANCIAL REVIEW

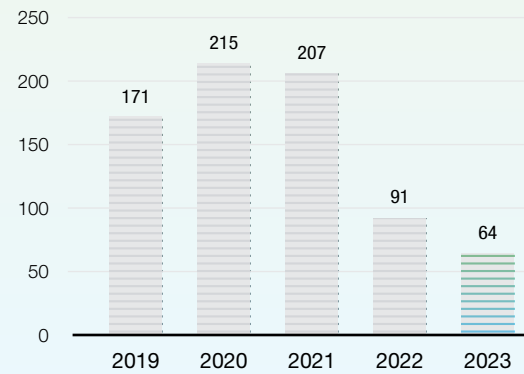
REVENUE

RM'million



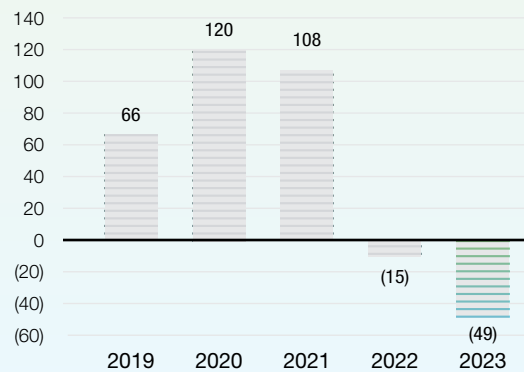
EBITDA

RM'million



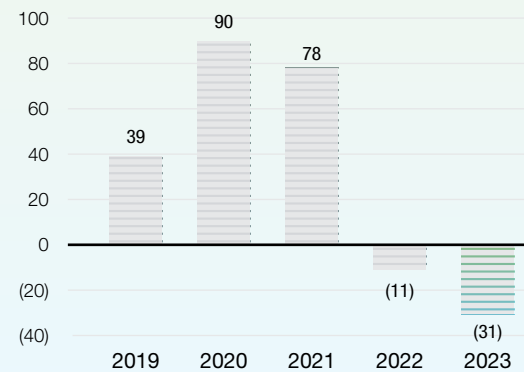
(LBT)/PBT

RM'million



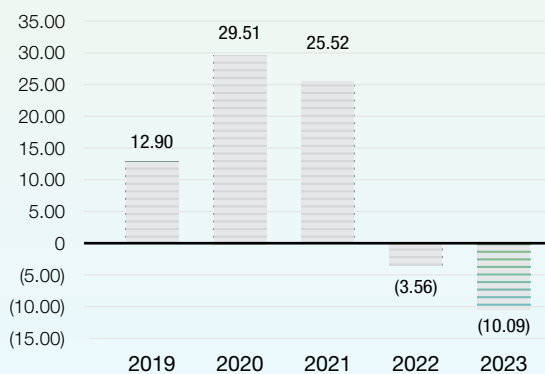
(LATAMI)/PATAMI

RM'million



BASIC (LPS)/EPS

RM



MANAGEMENT DISCUSSION AND ANALYSIS

11

CONT'D

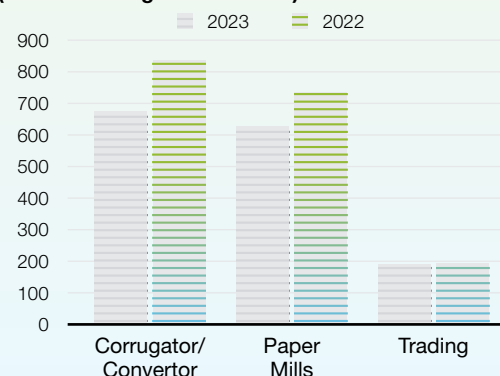
The Group recorded a lower revenue of RM1.51 billion for the financial year ended 31 December 2023 ("FY23") as opposed to the previous FY of RM1.77 billion. The decrease in revenue was due to the lower average selling price of our manufactured products namely industrial grade paper and corrugated carton/board in the FY2023. Sales of the abovementioned products in metric tonnes (MT) (including intersegment revenue) were as follows:-

Products	2023	2022
Industrial grade paper	407,956	372,610
Corrugated carton/board	180,083	209,366

The decrease in revenue for the paper mills was attributable to the lower average selling price despite the increase in sales tonnage as depicted in the above table. The reason for the lower average selling price was due to the emergence and expansion of capacity of certain competitors. With the new capacity, there was competition amongst the paper mills in the second half of FY2023. However, the selling price of the products had stabilised in the end of FY 2023 and had since rebounded even higher than the price before the competition.

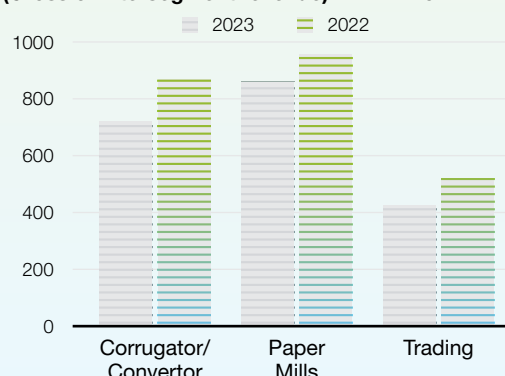
SEGMENT REVENUE

(Net of intersegment revenue) RM' million



SEGMENT REVENUE

(Gross of intersegment revenue) RM' million



The lower revenue for the corrugator and converter was attributable to the sluggish demand especially in the first half of FY2023, as evidenced by the reduced sales tonnage. As the economies improved in the second half of the year, the sales of the corrugator and converter has improved in tandem albeit at lower sales than what was recorded in FY2022.

The Group's trading business (include intersegment revenue) which constituted the sales of recovered paper and stationery has shown an decrease of 18% to RM0.403 billion from RM0.490 billion in the previous FY. The drop was due to lower sales recorded for recovered paper as a result of lower sales tonnage coupled with a lower average selling price.

In line with the decrease in revenue, the Group registered a lower EBITDA of RM64.27 million as opposed to the same last year of RM91.91 million. The reduction was attributable to margin compression as a result of higher energy cost due to higher Imbalance Cost Pass Through ("ICPT") effective January 2023 which was 7 times of the original ICPT tariff in the first half of FY2023 and higher finance cost from the hike on Overnight Pricing Rate ("OPR").

All of the abovementioned have contributed to the Group's lower EBITDA and subsequent a LATAMI of RM30.78 million.

The Group's total assets stand at RM2.36 billion. Net current asset of the Group was reduced from RM92.79 million to RM57.80 million while the net tangible assets per share of the Group retreated to 4.21 per share.

12 MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

Capital expenditure ("CAPEX")

In FY2023, the Group incurred CAPEX of approximately RM92.48 million. The major capex of the Group consisted of a biomass plant and upgrade to a paper machine. These investments were funded through a combination of internally generated funds and bank borrowings.

Liquidity and Gearing

The Group's cash and cash equivalents stood at RM150.76 million. The Group's debt-to-equity (net of cash) remained healthy at 0.42 times with borrowings at RM712.34 million while the total shareholders' funds at RM1.30 billion as at 31 December 2023.

GREEN PROJECT

As reported in Annual Report 2022, the Group had completed the construction of a biomass boiler that leverage on fibre from oil palm plantations in one of the Group's paper mills in the second half of year FY23. The Group is in the midst of implementing the same at the other mills in Selangor in view of the savings achieved and as its complements the Group's move to be more sustainable.

CHALLENGES AND RISKS

Shortage of Raw Material

Potential shortage of raw material to the Group in the form of recovered paper from the local market is an inherent risk as most of our products were made from recovered paper. With the emergence of new mills in the recent year, recovered paper has become scarce. To address such potential shortfall, the Group has resorted to working closely with the existing recovered paper agents to ensure their business continuity and also to build repo. The Group are also continuing its effort to expand its network of agent for recovered paper collection. The Group will resort to imports from overseas whenever there is potential shortfall.

Human Capital

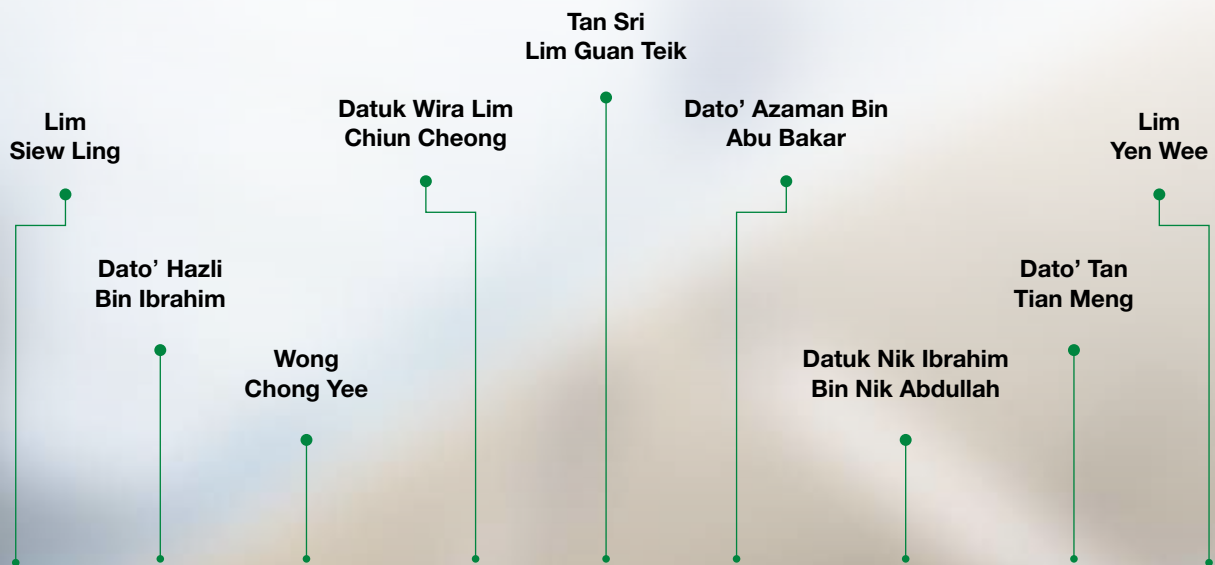
The Group recognises that our employees are the most valuable resource and believes the Group's continued success depends significantly on the talent, hard work, and value created by our management and technical personnel.

As the risk of losing our key management and technical staff and the need for a succession planning and staff retention strategies, MHB will continue to invest in employees' professional development, review the effectiveness of our recruitment process, review employee remuneration and benefit packages, uphold human and labour rights and provide a good and safe working environment for employees in order to attract, develop and retain our talent pool.

Foreign Currency Risk

MHB is exposed to foreign currency exchange fluctuation risks arising from any movement in foreign currencies namely USD as certain sales of the Group's and import of the Group's raw material are in foreign currencies. To mitigate the risk of foreign currency exchange fluctuations, the Group carries out foreign currency strategies such as buy forward and swap. Besides, there would be certain extent of natural hedge as our raw material purchase and sales are denominated in foreign currencies. We also take active steps to minimise foreign currency exchange exposure in our procurement and purchasing arrangements with both local and foreign suppliers.

BOARD OF DIRECTORS



14 **PROFILE OF
DIRECTORS****Tan Sri Lim
Guan Teik**

PSM, JMN, DMPN, DJN

Chairman

Male | Malaysian | 89

Date of Appointment

30 November 1983

Tan Sri Lim Guan Teik, PSM, JMN, DPMN, DJN, 89, a Malaysian, Male, was appointed to the Board of Muda Holdings Berhad on 1 November 1983 and spearheaded the listing of the Company on the Stock Exchange on 2 November 1984.

Throughout the period from November 1983 to current date, Tan Sri Lim Guan Teik has held the following positions in the Company: -

- Managing Director from 30 November 1983 to 20 May 1988
- Chairman cum Managing Director from 20 May 1988 to 23 April 2004
- Executive Chairman from 23 April 2004 to 18 February 2007
- Non-Executive Chairman from 18 February 2007 to current.

Tan Sri Lim Guan Teik is a member of the Audit Committee, Nomination Committee and Remuneration Committee and sits on the board of several local and overseas subsidiaries in the Group.

Tan Sri Lim Guan Teik graduated from the Nanyang University of Singapore with a Bachelor of Commerce Degree in 1960. Tan Sri Lim Guan Teik was one of the early players in the country's paper industry and has been instrumental in the growth of the industry since 1964.

He was President of the Malaysian Pulp & Paper Manufacturers Association from 1980 to 1992 and is currently one of its the advisers. Tan Sri Lim Guan Teik was also a past President of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor (KLSCCCI) from 1998 to 2003. He is currently the Honorary Life President of ACCCIM, KLSCCCI and the Malaysia-China Chamber of Commerce.

Tan Sri Lim Guan Teik is the father of Datuk Wira Lim Chiun Cheong, the Managing Director of the Company. He is also the uncle of Ms Lim Siew Ling and Ms Lim Yen Wee, the Non-Independent Non-Executive Directors of the Company. Tan Sri Lim Guan Teik is also a major shareholder of the Company. He is deemed to have an interest in certain related party transactions in the Group as disclosed on Page 158 of this Annual Report.

Tan Sri Lim Guan Teik attended all six (6) Board Meetings held in 2023.

DIRECTORS' PROFILE

15

CONT'D

Dato' Azaman Bin Abu Bakar

DIMP

Executive Deputy Chairman

Male | Malaysian | 77

Date of Appointment

19 March 1985

Dato' Azaman Bin Abu Bakar, DIMP, 77, a Malaysian, Male, was appointed to the Board of Muda Holdings Berhad as Executive Director on 19 March 1985 until his re-designation to Deputy Chairman on 22 October 1992. He assumed the post of Managing Director on 23 April 2004 until his corporate title was changed to his current position as Executive Deputy Chairman on 28 May 2018.

He is the Chairman of the Executive Committee and a member of the Sustainability Committee. Dato' Azaman also sits on the board of several local and foreign subsidiaries in the Group. At present, he is also the President of the Malaysian Pulp & Paper Manufacturers Association.

He graduated from University of Malaya with a Bachelor of Arts Degree in 1969 and later obtained a Master in Management Degree from Asian Institute of Management, Manila in 1978. Dato' Azaman began his career as a marketing executive in Harper Gilfillan before joining the Urban Development Authority (UDA) in 1974. His last position in UDA was that of Director in charge of property management and marketing. He was awarded the Triple A AIM Alumni Achievement Award in February 2023 which is the highest recognition given by the Asian Institute of Management to its outstanding alumni.

Dato' Azaman is a major shareholder of Muda Holdings Berhad.

Dato' Azaman attended all six (6) Board of Directors' Meetings held in 2023.

Datuk Wira Lim Chiun Cheong

DCSM, DPSM

Managing Director

Male | Malaysian | 60

Date of Appointment

23 April 2004

Datuk Wira Lim Chiun Cheong, DCSM, DPSM, 60, a Malaysian, Male, was appointed to the Board of Muda Holdings Berhad on 23 April 2004. Prior to assuming his present portfolio on 28 May 2018, he was the Executive Director in September 2005 until his re-designation to Deputy Managing Director in July 2006. He is a member of the Executive Committee and Sustainability Committee and sits on the board of several local and foreign subsidiaries in the Group. Currently, Datuk Wira Lim Chiun Cheong is responsible for the management of the Manufacturing and Trading Divisions of the Group.

Datuk Wira Lim Chiun Cheong graduated with a Bachelor of Science Degree from Arizona State University, USA and a Bachelor of Law Degree from the University of Birmingham, United Kingdom in 1986 and 1989 respectively. He was called to the English and Malaysian Bar in 1990 and 1991 respectively. He joined the Group as Legal Assistant in October 1991 before serving in various senior management positions in the Group from 1992 to 2005.

Datuk Wira Lim Chiun Cheong is a National Council Member of the Associated Chinese Chamber of Commerce and Industry of Malaysia, Treasurer of the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor and a Committee Member of the Malaysian Pulp & Paper Manufacturers Association.

He is the son of Tan Sri Lim Guan Teik, the Non-Executive Chairman of the Company. Datuk Wira Lim Chiun Cheong is also the cousin of Ms Lim Siew Ling and Ms Lim Yen Wee, the Non-Independent Non-Executive Directors of the Company. Datuk Wira Lim Chiun Cheong is deemed a major shareholder of the Company. He is deemed to have an interest in certain related party transactions in the Group as disclosed on Page 158 of this Annual Report.

Datuk Wira Lim Chiun Cheong attended all six (6) Board Meetings held in 2023.

16 DIRECTORS' PROFILE

CONT'D

Wong Choong Yee

Senior Independent
Non-Executive Director
Male | Malaysian | 63

Date of Appointment
21 August 2018

Mr Wong Choong Yee, 63, a Malaysian, Male, was appointed to the Board of Muda Holdings Berhad on 21 August 2018 as an Independent Non-Executive Director and member of the Audit Committee. Mr Wong Choong Yee has been a member of the Nomination Committee and Remuneration Committee since 28 November 2019. He was appointed Chairman of the Nomination Committee on 28 February 2023 and as the Senior Independent Non-Executive Director on 31 May 2023.

Mr Wong Choong Yee holds a Diploma in Commerce (Cost & Management Accounting) from Tunku Abdul Rahman College and is a member of the Chartered Institute of Management Accountants and the Malaysian Institute of Accountants. He began his career in the accounting field in 1984 until 1988. From 1988 to 1994, he held several accounting positions in several public listed companies.

In 1995 he joined Unico Holdings Berhad where he held several senior management positions until he left in 2001 to join Unico-Desa Plantations Berhad as General Manager – Finance Cum Company Secretary.

His last position in Unico-Desa Plantations Berhad was that of General Manager – Risk Management when he left in 2007. He is currently the General Manager – Accounting Cum Company Secretary of Unico Holdings Berhad. He also sits on the board of several private limited companies.

Mr Wong Choong Yee does not hold any shares in the Company and its subsidiaries.

Mr Wong Choong Yee attended all six (6) Board Meetings held in 2023.

Datuk Nik Ibrahim Bin Nik Abdullah

PJN, JSM, AMN

Non-Independent
Non-Executive Director
Male | Malaysian | 80

Date of Appointment
23 April 2004

Datuk Nik Ibrahim Bin Nik Abdullah, PJN, JSM, AMN, 80, a Malaysian, Male, was appointed to the Board of Muda Holdings Berhad on 23 April 2004 as an Independent Non-Executive Director and was the Senior Independent Non-Executive Director from 28 June 2018 to 31 May 2023. He was re-designated to Non-Independent Non-Executive Director on 31 May 2023.

Datuk Nik Ibrahim Bin Nik Abdullah has been a member of the Audit Committee since 28 February 2005 and was the Chairman of the Audit Committee from 2 January 2015 to 31 May 2023. Currently, he is a member Nomination Committee and the Remuneration Committee and Chairman of the Sustainability Committee apart from being a member of the Executive Committee.

Datuk Nik Ibrahim holds a B.A. (Hons) Economics Degree from the University of Malaya. In 1968, he joined the Malaysian Industrial Development Authority (MIDA) as an Economist and thereafter served in the Ministry of Finance as Assistant Secretary from 1970 to 1972.

In 1972, he returned to MIDA to serve as Senior Economist before joining Bank Pembangunan Malaysia Berhad as Manager in 1974 where he was promoted to General Manager and later to Chief Executive Officer/Managing Director. He retired in March 2004. Datuk Nik Ibrahim sits on the board of a few other local companies.

Datuk Nik Ibrahim does not hold any shares in the Company and its subsidiaries.

Datuk Nik Ibrahim attended all six (6) Board Meetings held in 2023.

DIRECTORS' PROFILE

17

CONT'D

Lim Siew Ling

Non-Independent
Non-Executive Director
Female | Malaysian | 53

Date of Appointment
1 January 2020

Ms Lim Siew Ling, 53, a Malaysian, Female, was appointed to the Board of Muda Holdings Berhad as a Non-Independent Non-Executive Director on 1 January 2020.

Ms Lim Siew Ling holds a Bachelor of Business Administration from the University of Texas at San Antonio, Texas, United States of America and a Master of Business Administration from Oklahoma City University, Oklahoma, United States of America.

Ms Lim Siew Ling joined the Muda Group in January 2006 as Deputy General Manager in Intrapac Trading (M) Sdn Bhd and was the General Manager of Intra-Muda Holdings Sdn Bhd from July 2016 to December 2019. She is currently the Senior General Manager of Intra-Muda Holdings Sdn Bhd.

Prior to joining the Muda Group, Ms Lim Siew Ling was with Expeditors International of Washington Inc. as Regional Account Manager based in Singapore from April 2003 to December 2005. From 1999 to 2001 she was with Expeditors (M) Sdn Bhd as Territory Sales Manager and Route Development Manager.

Ms Lim Siew Ling also sits on the board of several local and overseas subsidiaries in the Group.

Ms Lim Siew Ling is the niece of Tan Sri Lim Guan Teik, the Non-Executive Chairman of the Company and the cousin of Datuk Wira Lim Chiun Cheong, the Managing Director of the Company and Ms Lim Yen Wee, a Non-Independent Non-Executive Director of the Company. Ms Lim Siew Ling is deemed a major shareholder of the Company.

Ms Lim Siew Ling attended all six (6) Board Meetings held in 2023.

Lim Yen Wee

Non-Independent
Non-Executive Director
Female | Malaysian | 41

Date of Appointment
1 January 2020

Ms Lim Yen Wee, 41, a Malaysian, Female, was appointed a Non-Independent Non-Executive Director of Muda Holdings Berhad on 1 January 2020.

She joined Muda Paper Mills Sdn Bhd, Tasek, Penang as an Intern in 2013 and served as Deputy General Manager from January 2014 to December 2019. She is currently the Senior General Manager of Muda Paper Converting Sdn Bhd.

Prior to joining Muda Paper Mills Sdn Bhd, she was the Practical Demonstrator of Undergraduate Students and Researcher in Department of Chemistry at the University of Melbourne, Australia from 2005 to 2012.

Ms Lim Yen Wee holds a Bachelor of Biomedical Science Degree and Bachelor of Science (Honors) Degree from the University of Melbourne which she obtained in 2004 and 2005 respectively. In August 2021, she completed a six weeks on-line course on Circular Economy and Sustainability Strategies organized by The University of Cambridge, United Kingdom.

She also sits on the board of several local and overseas subsidiaries in the Group.

Ms Lim Yen Wee is the niece of Tan Sri Lim Guan Teik, the Non-Executive Chairman of the Company and cousin of Datuk Wira Lim Chiun Cheong, the Managing Director of the Company and Ms Lim Siew Ling, a Non-Independent Non-Executive Director of the Company. Ms Lim Yen Wee is deemed a major shareholder of the Company.

Ms Lim Yen Wee attended all six (6) Board Meetings held in 2023.

18 DIRECTORS' PROFILE

CONT'D

Dato' Tan Tian Meng

DBNS, ANS

Independent
Non-Executive Director

Male | Malaysian | 60

Date of Appointment
3 January 2023

Dato' Tan Tian Meng, DBNS, ANS, 60, a Malaysian, Male, was appointed to the Board of Muda Holdings Berhad on 3 January 2023 as an Independent Non-Executive Director and has been a member of the Audit Committee, Nomination Committee and Remuneration Committee since 28 February 2023; apart from being the Chairman of the Remuneration Committee since 31 May 2023.

Dato' Tan graduated with Bachelor of Civil Engineering Degree (Honours) from the University of Malaya in 1988 and is a member of Institute of Engineers Malaysia and Malaysian Energy Profession Association.

Dato' Tan has honed his insights in construction and property development industries for over 30 years. Dato' Tan began his career at Kumpulan Bistari Sdn Bhd in 1988 and was a Project Manager until 1993. Subsequently he joined Sunnisa Sdn Bhd as a Project Director in 1993, a position he held until to-date. He was the Chief Executive Officer in Citic Sunsuria Sdn Bhd from 1 January 2018 until 30 June 2022. Dato' Tan is currently a director of several private limited companies.

Dato' Tan is also actively involved in and hold various positions in the Chinese Chambers of Commerce such as Executive Committee member and General Council member of the National Chamber of Commerce and Industry of Malaysia (NCCIM), Secretary General of the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM) and Vice President of the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor (KLSCCCI).

He does not hold any shares in the Company and its subsidiaries.

Dato' Tan Tian Meng attended all six (6) Board Meetings held in 2023.

Dato' Hazli Bin Ibrahim

DIMP, FCCA, MBA

Independent
Non-Executive Director

Male | Malaysian | 60

Date of Appointment
6 April 2023

Dato' Hazli Bin Ibrahim, DIMP, FCCA, MBA, 60, a Malaysian, Male, joined the Board of Muda Holdings Berhad on 6 April 2023 as an Independent Non-Executive Director. He was appointed Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee on 31 May 2023.

He graduated with a Bachelor of Finance and Accounting Degree from the University of East London in 1986 and is a Fellow of the Association of Chartered Certified Accountants. He also holds an MBA (Finance) from Bayes Business School, University of London, United Kingdom which he obtained in 1994.

He started his career in London as an Audit Senior with several chartered accountant firms. Upon his return to Malaysia in August 1994, he joined Aseambankers Malaysia Berhad, the investment arm of Malayan Banking Berhad as Manager in the Corporate Finance Division.

Subsequently in November 1996, he moved to Amanah Merchant Bank Berhad as Assistant General Manager and left in September 1998 to join Pengurusan Danaharta Nasional Berhad ("Danaharta"), a national asset management company of Malaysia, as Head of Corporate Planning and Corporate Services Division. He left Danaharta in October 2022 to set up Haz-iq Capital Sdn Bhd, a consultancy firm specializing in corporate finance where he is currently the Managing Director. He is also an Independent Non-Executive Director of DutaLand Berhad and Lebtech Bhd.

He does not hold any shares in the Company and its subsidiaries.

Dato' Hazli Bin Ibrahim attended all the three (3) Board Meetings held since his appointment on 6 April 2023.

DIRECTORS' PROFILE

19

CONT'D

Save as disclosed above, none of the Directors has:

- (i) Any family relationship with any Director and/or major shareholder of the Company; and
- (ii) Any conflict of interest in any business arrangement involving the Company.

The above Directors have not been convicted of any offences within the past five (5) years other than traffic offences, if any, and have not been imposed with any public sanctions or penalty by the relevant regulatory bodies during the financial year 2023.

20 PROFILE OF KEY MANAGEMENT

Teoh Hai Thow

Male | Malaysian | 50

Hai Thow joined the Group as an Executive Director and as a minority shareholder of Intrapac (Singapore) Pte Ltd in January 1998. He oversees the Intrapac (Singapore) Pte Ltd Group of businesses which include marketing of paper products, stationery distribution and school bookshop business. He also sits on the board of several foreign subsidiaries in the Group.

Prior to joining the Group, Hai Thow worked in United Paper Industries Pte Ltd, a subsidiary of United Pulp & Paper Co. Ltd as an Accounts Clerk-cum-Assistant Finance & Administration Manager from April 1991 to April 1997.

Hai Thow holds a Diploma in Accounting.

Loo Ee Fah

Male | Malaysian | 52

Ee Fah was one of the senior management staff of Pacific Bookstores Pte Ltd when Intrapac (Singapore) Pte Ltd acquired an interest in Pacific Bookstores Pte Ltd in 2011. He has been the Executive Director of Pacific Bookstores Pte Ltd since February 2013 and also sits on the board of several foreign subsidiaries in the Group.

Prior to joining the Group, Ee Fah was the Operations Manager of United Paper Industries Pte Ltd from 1996 to 2005 prior to his departure to join United Aviation Pte Ltd as one of the senior staff to set up the business of aircraft hardware distribution to airlines in Southeast Asia until October 2010.

Ee Fah holds an Advance Diploma in Supply Chain Management.

Both Hai Thow and Ee Fah do not have any family relationship with any other directors and/or major shareholders of the Company. There are no business arrangements with the Company in which they have personal interests.

Both Hai Thow and Ee Fah have not been convicted of any offences other than traffic offences within the past five (5) years and do not have any public sanction or penalty imposed on them by any regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

21

The Board presents this Corporate Governance Overview Statement ("the Statement") to provide shareholders and investors with an overview of the corporate governance practices of the Muda Group under the leadership of the Board of Directors ("the Board") for the financial year ended 31 December 2023 ("FY 2023"). The overview takes guidance from the principles set out in the Malaysian Code of Corporate Governance issued by the Securities Commission on 28 April 2021 ("the Code").

This Statement is prepared in compliance with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and shall be read in tandem with the Corporate Governance Report of the Company, which provides the details of how the Company has applied each practice as set out in the Code. The CG Report is available on the Company's website at www.muda.com.my.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

1.1. Board Responsibilities

The Board assumes responsibility for effective stewardships and control of the Company and provide strategic guidance for the Company and effective oversight of Management. The Board also oversees the overall strategy and business direction of the Group which includes reviewing and approving strategic plans and key business initiatives, corporate governance, internal control frameworks and promote a sound corporate culture which reinforces ethical, prudent and professional behavior. While the Board sets the strategic planning and policies, the Executive Directors are responsible for implementing the operational and corporate decisions with the Independent Directors ensuring corporate accountability by providing unbiased and independent view and judgement and challenged Management's assumption and projections in safeguarding the interests of the stakeholders.

The principal functions and responsibilities of the Board include but are not limited to the following:

- i. Review and approve the Group's overall strategy, vision, mission, objectives, core values and governance framework of the Group;
- ii. Evaluate, approve, and monitor new investments, divestments, major capital expenditure and operating expenditure, capital management and major funding activities including the issue of securities;
- iii. Evaluate performance delivery against expected performance by constantly reviewing operating procedures to ensure the financial well-being of the Company is in an optimum state;
- iv. Reviewing and approving the Company's annual budget, financial statements, system of risk management and internal control, code of conduct and legal compliance;
- v. Set the Company's enterprise risk management framework, review major risk exposure and ensure that appropriate risk mitigation plan is in place and consider risk factors for major project;
- vi. To promote sustainability through appropriate environmental, social and governance considerations in the Group's business strategies and ensure that the strategic plan of the Group supports long-term value creation and includes strategies on economic, environmental and social consideration underpinning sustainability;
- vii. Delegating appropriate powers to the executive directors and senior management to ensure that the effective day-to-day management of the business and monitoring the exercise of these powers;
- viii. Ensuring that employees at every level of the Company act legally, ethically and responsibly on all matters; and
- ix. Ensuring the prevalence of corporate accountability that benefit shareholders through the adoption of effective shareholder communication strategy and by encouraging effective participation at general meetings.

22 CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.1. Board Responsibilities (cont'd)

In discharging its fiduciary responsibilities, the Directors deliberate and review the financial performance, execution of strategic plans/investments/projects, the principal risks faced and the effectiveness of management mitigation plans and integrity of management information and systems of internal control of the Group.

During FY 2023, the Directors monitored the performance of the operating units and measured achievements against budgets, reviewed and adopted the Group's financial results on quarterly and annual basis, have considered and approved investments/projects, reviewed and adopted the Group's financial budgets, monitored the Group's gearing and debt service cover ratios, and ensured that operations of the Group were sound.

1.2 Demarcation of Responsibilities between Board, Board Committees and Management

To ensure the effective discharge of its functions and responsibilities, the Board delegates the implementation and monitoring of business and operational initiatives, risk management and internal controls system to the Management and the Board is constantly updated on significant operational and regulatory challenges faced.

In furtherance of the Board's governance role and for the effective discharge of the Board's functions and responsibilities, Board Committees namely, the Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC") and Sustainability Committee ("SC") have been established. These Board Committees operate under their clearly defined terms of reference. The Chairman of the respective Committees reports to the Board on the outcome of deliberations of the Committee meetings.

1.3 Board Charter

The Board Charter sets out how the role, powers and responsibilities of the Board, Board Committees and individual directors are to be exercised, having regard to the principles of good governance, best practices and applicable laws.

The Board Charter upholds high standard of governance and clarifies, amongst others, the roles and responsibilities of the Board and serves as a general statement of intent and expectation in discharging its duties and responsibilities. The Board Charter also outlines the procedures and practices for an effective Board.

The Board Charter was recently reviewed and updated to ensure that it continues to remain appropriate for the Board in discharging its duties. The Board Charter is available on the Company's website at www.muda.com.my.

1.4 Chairman of the Board

The Chairman oversees and instills good corporate governance practices and leadership while ensuring the Board's effectiveness in fulfilling its role and duty. Presiding over Board meetings, he promotes a culture of openness by encouraging active and effective engagement among all directors while facilitating the expression of constructive views that can be beneficial to the Company and the Group. Beyond that, he acts as a liaison between the Board and Management as well as to foster an effective communication channel with shareholders on Group performance matters. As the Chairman holds a non-executive portfolio, he is not involved in the day-to-day management of the Group.

1.5 Position of Chairman and Managing Director

The position of the Chairman and Managing Director are separately held to ensure balance of power and accountability and division of roles and responsibilities of the Board and the management of the Group's business and operations.

The day-to-day management of the Group's business and operations is led by the Managing Director together with the Executive Deputy Chairman and Senior Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

23

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**1.6 Chairman of the Board and Board Committee**

The Code provides that Chairman of the Board should not be a member of the AC, NC or RC. Currently, the Chairman of the Board is a member of the AC, NC and RC.

The NC was of the view that even though the Chairman of the Board is also a member of the AC, NC and RC, he has not dominated or exerted any undue influence in the proceedings of any of the committee meetings of which he is a member. The Chairman of the Board also abstained from discussion and decision making in any of matters raised of which he feels that he may be in a position of conflict.

In addition, the Chairman of the AC, NC and RC have always displayed strong leadership in these committees, allowed dissenting views to be freely expressed and has led the committees to perform their responsibilities effectively without interference from the Chairman of the Board. Other members of these committees have also played an active role in deliberation and decision making at these committee meetings and were not cowed by the Chairman of the Board.

1.7 Suitably Qualified and Competent Company Secretaries

During the FY 2023, the Board is supported by two (2) qualified Company Secretaries who are members of a professional body. The Company Secretaries attend all the Board and Board Committee meetings to advise and to ensure compliance with relevant legislation and regulations on matters related to corporate governance and the Directors' responsibilities. This includes ensuring good information flow within the Board and its committees, between Management and the Non-Executive Directors, facilitating the communication of key decisions and policies between the Board, Board Committees and Management.

1.8 Meetings & Meeting Materials

Both the Board and Board Committee met on a regular basis with meetings being scheduled in advance in consultation with the Directors to ensure optimal attendance. Ad hoc meetings were held as and when urgent issues and important decisions were required between the scheduled meetings.

Notice of meetings were sent at least fourteen (14) calendar days ahead of a board and committee meeting. To facilitate discussion flow and to enable them to make informed decision, all Directors were provided with the management's reports, financial performance updates and proposal papers at least five (5) business days before of the date of a board and committee meeting to provide ample time for the Directors to review issues that are to be deliberated at these meetings.

Senior Management and external auditors were invited to attend the Board and Board Committee Meetings to render their professional opinions on issues under their respective purview.

Board meetings were conducted based on a formal agenda with adequate time allocated for deliberation and proper record of minutes kept by the Company Secretaries. Decisions reached, policies approved and follow up actions arising from Board meetings will be communicated to Management for follow up action after the board meetings.

24 CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1.8 Meetings & Meeting Materials (cont'd)

For the FY 2023, six (6) Board meetings were held and details of attendance of Directors at the Board Meetings were as follows:

Name of Directors	No. of Meetings Attended
Tan Sri Lim Guan Teik	6/6 (100%)
Dato' Azaman Bin Abu Bakar	6/6 (100%)
Datuk Wira Lim Chiun Cheong	6/6 (100%)
Mr Wong Choong Yee	6/6 (100%)
Datuk Nik Ibrahim Bin Nik Abdullah	6/6 (100%)
Ms Lim Siew Ling	6/6 (100%)
Ms Lim Yen Wee	6/6 (100%)
Dato' Tan Tian Meng	6/6 (100%)
Dato' Hazli Bin Ibrahim	3/3 (100%)

All Directors have more than adequately complied with the minimum requirements on attendance at Board meetings stipulated under the MMLR of Bursa Securities of a minimum of 50% attendance.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is demonstrated by amongst others, the attendance and time spent at the Board and Board Committee meetings by Directors during the FY 2023.

2. Good Business Conduct and Corporate Culture

2.1 Code of Business Conduct and Ethics

The Code of Business Conduct and Ethics sets out Directors' oversight responsibility in the best interest of the Company within the scope of their authority and fiduciary duties. Directors must avoid their personal or business interest – whether directly or indirect – to conflict with the interests of the Company. If a conflict arises, Directors must promptly disclose such interest by submitting a written notice that details such interest or nature of conflict, thus recusing himself/herself from participating in any discussion and/or decision where the conflict of interest arises. Additionally, the Group has another set of Code of Conduct which sets out the business practices, standards and ethical conduct expected of all officers and employees in the course of their employment.

At the beginning of each calendar year, all Directors made written disclosure of their interest and position in corporations and firms pursuant to Section 221(4) of the Companies Act, 2016 which were duly read and noted at the first Board of Directors' Meeting of a calendar year.

The Code of Business Conduct and Ethics and the Directors' Code of Conduct are available on the Company's website at www.muda.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

25

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**2. Good Business Conduct and Corporate Culture (cont'd)****2.2 Directors' Fit and Proper Policy**

The Company has a Directors' Fit and Proper Policy to ensure that individual who possesses the right qualification, expertise, competence and integrity is appointed as Director of the Group. All candidates to be appointed and seeking for re-election as Directors of the Group, shall undergo a review of fit and properness by the Board in accordance with the Directors' Fit and Proper Policy.

All Directors of the Group who sought for re-election in FY 2023, have completed the Declaration Form For A Director Muda And Its Subsidiaries which were reviewed by the NC. The Board accepted the conclusion of the NC that the directors seeking re-election were fit and appropriate to be re-elected as directors of the Company and/or its subsidiary companies.

The Directors' Fit and Proper Policy was reviewed and improved in December 2023 and is available on the Company's website at www.muda.com.my.

2.3 Anti-Bribery and Anti-Corruption Policy

To observe high standards of business integrity, professionalism and ethical conduct, the Board has set up an Anti-Bribery and Anti-Corruption Policy in compliance with Section 17A of the Malaysian Anti-Corruption Commission Act, 2009. Under this Section 17A, a commercial organisation (including listed issuer) may be found liable for acts of corruption committed by any persons associated with the organisation, such as its directors and employees.

In line with the said anti-graft policy, both Directors and employees must refrain from authorising, offering, giving or receiving any gifts or form of benefits (in kind, cash, advantages and/or favor, etc) from individuals or entities that have business dealings with the Company. The Anti-Bribery and Anti-Corruption Policy is available on the Company's website at www.muda.com.my.

2.4 Whistleblowing

The Group has adopted a Whistleblowing Policy with well-defined procedures to enable stakeholders to voice their concerns on serious misconduct, breach or suspected breach of law or regulation without fear of punishment or unfair treatment or reprisals. The Whistleblowing Policy & Procedures is embedded in the Group's Employment Manual. There were no reports of malpractices and misconduct during the year. The Whistleblowing Policy is available on the Company's website at www.muda.com.my.

3. Board Composition**3.1 Composition of the Board**

The Board has nine (9) Directors comprising two (2) executive members and seven (7) non-executive members, three (3) of whom are independent. The Independent Non-Executive Directors accounted for 33.33% of the Board members which is in line with Paragraph 15.02 of MMLR of Bursa Securities.

In 2023 the composition of the board was refreshed with the appointment of new Directors, namely Dato' Tan Tian Meng and Dato' Hazli Bin Ibrahim as Directors on 3 January 2023 and 6 April 2023 respectively and the resignation of Mr. Lee Khim Sin as Director on 3 January 2023. Datuk Nik Ibrahim Bin Nik Abdullah who has been an Independent Non-Executive Director for more than twelve (12) year was re-designated to Non-Independent Non-Executive Director on 31 May 2023. Mr Wong Choong Yee was appointed Senior Independent Director on 31 May 2023.

26 CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. Board Composition (cont'd)

3.1 Composition of the Board (cont'd)

Cognizant of the recommendation by the MCCG for the Board to comprise at least half of independent directors, the NC constantly assessed the composition and size of the Board to ensure it meets the needs of the Company. Nevertheless, the NC is of the opinion that the current Board size and composition is appropriate to meet the scope and nature of the Group's operations as well as to facilitate effective decision-making.

In the latest annual evaluation, the Board and the NC expressed satisfaction that the current size of the Board is adequate to ensure effective board governance and decision-making and that the current Board members have the required range of talents, experience and knowledge to accomplish its roles and a diversity of background and distinguished records of leadership to make substantial contributions to the effective functioning of the Board. A majority of the board members have at least one (1) committee assignment.

The Board recognises that Directors' training is an ongoing process to ensure that Directors keep themselves abreast of the latest developments in areas to their duties and to ensure that they are equipped with the necessary skills and knowledge to meet the challenges faced by the Board. All Directors are provided with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge. Directors are also encouraged to personally undertake appropriate training to maintain the skills required to discharge their obligations to the Group.

The particulars of the training attended by the Directors during the FY 2023 are as follows:

Director	Course Attended
Tan Sri Lim Guan Teik	ESG Seminar by RC Communications
Dato' Azaman Bin Abu Bakar	ESG Seminar by RC Communications
Datuk Wira Lim Chiun Cheong	AI Unplugged Conference by ACCCIM ESG Seminar by RC Communications
Mr Wong Choong Yee	ESG Seminar by RC Communications
Datuk Nik Ibrahim Bin Nik Abdullah	ESG Seminar by RC Communications
Ms Lim Siew Ling	Board's role in value creation by Asia School of Business ESG Seminar by RC Communications
Ms Lim Yen Wee	ESG Seminar by RC Communications
Dato' Tan Tian Meng	ESG Seminar by RC Communications
Dato' Hazli Bin Ibrahim	Environmental Social & Governance IFRS 1 and 2: Beyond on AI Innovation & Regulation – Artificial Conflict, Fraud Risk – Who is in charge?, Navigating Ethics in the Workplace and Global Trends in Talent Audit Oversight Board: Conversations with Audit Committees and AOB's Oversight of Auditors of PLCs by Securities Commission

CORPORATE GOVERNANCE OVERVIEW STATEMENT

27

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**3. Board Composition (cont'd)****3.2 Tenure of Independent Directors**

Independent Directors are subject to an independent assessment by the NC and the Board during annual assessment. All the Independent Directors have provided annual declaration of the Director's independence to the Board. The NC and the Board have assessed and were satisfied that none of the Independent Directors had any relationship that could materially interfere with, were or be perceived to materially interfere with their unfettered and independent judgement and ability to act in the best interest of the Company and concluded that the Independent Directors of the Company had continued to remain independent.

3.3 Appointment of Board Members

The NC placed emphasis on the candidate's qualification, character, skills, expertise, experience, professionalism, integrity, competence and time availability. Additionally, the candidate is also evaluated on his/her knowledge of the Company's business/industry, compatibility with other Board members and willingness to devote time and effort to the Board and considering an appropriate mix of core competencies for the Board to fulfill its roles and responsibilities. The criteria for selection and recruitment of new Director are set out in the Directors' Fit and Proper Policy.

The Company's Constitution provides that at every Annual General Meeting ("AGM") of the Company, one-third of the Directors for the time being or if their number is not three or a multiple of three, then the number nearest one-third shall retire from office and shall be eligible for re-election. New Directors are subject to re-election at an AGM in the year following their appointment.

Dato' Azaman Bin Abu Bakar and Ms Lim Yen Wee will be seeking re-election in accordance with Article 81 of the Company's Constitution at the forthcoming AGM of the Company. Datuk Nik Ibrahim Bin Nik Abdullah has decided not to stand for re-election to the Board of Directors at the forthcoming AGM of the Company. Datuk Nik Ibrahim Bin Nik Abdullah has served as an Independent Non-Executive Director of the Company since 2004 until his redesignation on 31 May 2023 to Non-Independent Non-Executive Director.

Our sincere gratitude to Datuk Nik Ibrahim Bin Nik Abdullah for being an enduring source of wisdom and guidance throughout the past two decades and has been a steadfast advisor on matters related to the Company's business operations, governance and sustainability. The members of the Board are grateful for his many contributions throughout his tenure on the Board.

The profiles of the Directors who are standing for re-election at the forthcoming AGM are set out in the Board of Directors' Profile in this Annual Report. Their shareholdings in the Company are set out in the section entitled "Analysis of Shareholdings" in this Annual Report. No individual other than the retiring Directors are seeking election as a Director at the forthcoming AGM.

3.4 New Candidates for Board Appointment

Regarding identifying potential candidates for appointment of directors, the Board had in the past relied on recommendations from its existing Board Members and Management as these internal sources can provide more reliable recommendations especially pertaining to the suitability of the candidate in terms of understanding and knowledge of the Group's industry and business. Nevertheless, the Board will not rule out the use of independent sources to identify suitably qualified candidates.

28 CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. Board Composition (cont'd)

3.5 Gender Diversity

The Board has two (2) female Non-Independent Non-Executive Directors. The Board is supportive of gender diversity in the Board composition and at senior management level with participation of women in senior management positions. It recognises how a diverse Board in the Company could offer greater depth and breadth of perspectives, leading to better collective decisions. Beyond gender, the Board strives to achieve and maintain a culture of diversity – not only on gender per se – but also skill sets, experience, ethnicity, age, background and other personal attributes.

3.6 Nomination Committee

The NC is responsible for regularly reviewing the structure, size and composition of the Board including the skills, knowledge, experience and diversity of the directors. It is also responsible for identifying and nominating potential candidates to be appointed as Directors, as the need may arise.

The NC is tasked to assist the Board by ensuring the availability of a right mix of skills, knowledge, experience, qualities, gender, age and other attributes that are relevant and can contribute to the effective functioning of the Board and the NC has its own set of Terms of Reference which deals with its authority and duties. The Terms of Reference of the NC is available on the Company's website at www.muda.com.my.

The NC is made up of five (5) members, three (3) of whom are Independent Non-Executive Directors and two (2) of whom are Non-Independent Non-Executive Directors. All the members attended the two (2) NC Meetings held in 2023 save and except for Dato' Hazli Bin Ibrahim who attended one (1) of the NC Meeting after his appointment as a member on 31 May 2023. The NC reviewed the attendance of all Board and Committee members, the composition of Independent Directors, Board composition and size and talent, knowledge and experience, conducted Board/Committees and members' evaluation and assessed Directors' training needs.

During the year, the NC considered and assessed the qualification, competence, character and suitability of a candidate nominated for appointment to the Board in accordance with the Company's Directors' Fit & Proper Policy and made the appropriate recommendations to the Board which culminated into the appointment of Dato' Tan Tian Meng and Dato' Hazli Bin Ibrahim as Independent Non-Executive Directors on 3 January 2023 and 6 April 2023 respectively, resignation of Mr. Lee Khim Sin as Director on 3 January 2023, the redesignation of Datuk Nik Ibrahim Bin Nik Abdullah to Non-Independent Non-Executive Director on 31 May 2023 and the appointment of Mr Wong Choong Yee as Senior Independent Director on 31 May 2023 in place of Datuk Nik Ibrahim Bin Nik Abdullah.

4. Overall Board Effectiveness

4.1 Annual Evaluation

For FY 2023, the Board through the NC and with the assistance of the Company Secretary undertook a formal review of the Board performance and that of its Board Committees. Board members evaluated and completed a comprehensive set of questionnaires with the aim to assess the effectiveness of the Board, both as a collective unitary Board, and at individual board members level to enable the NC and the Board to determine the best course of actions to be adopted to take the Board to the next level of effectiveness. The performance of each of the Board Committees were also assessed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

29

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**4. Overall Board Effectiveness (cont'd)****4.1 Annual Evaluation (cont'd)**

To ensure unbiased assessment, the evaluation process was managed by the Company Secretaries, who distributed the questionnaire to each Director as well as collected the duly completed forms from each Director prior to submitting them to the Chairman of NC. With the assistance of the Company Secretaries, the Chairman of the NC prepared a report on the outcome of the performance evaluation with feedback provided to the Board for further discussion and necessary action, which was subsequently provided to the Board for further discussion and necessary action. The results of the annual assessment of performance of the Board and Board Committees as well as individual Director's self/peer assessment were reported and noted by the Board on 28 February 2023.

Since the members of the NC are also members of the AC, the evaluation of the performance of the AC and each of its members was undertaken by the Board. The review of the terms of office and performance of the AC and its members in 2023 which was in accordance with Paragraph 15.20 of the MMLR of Bursa Securities revealed that the AC and its members have carried out their duties in accordance with the Terms of Reference of the AC.

5. Remuneration**5.1 Remuneration Policy**

The RC reviewed the remuneration of the Directors and Senior Management annually and submitted its recommendations to the Board on specific adjustments and/or reward payments that reflected their respective contributions throughout the year, and were also competitive and in tandem with the Group's objectives to ensure that the level of remuneration of Senior Management commensurate with the skills and responsibilities expected. The RC and the Board ensured that the remuneration package for the Directors remained competitive to attract and retain Directors of high caliber who possess the necessary skills and experience.

A key element of the remuneration policy is to structure the component of remuneration for Executive Directors by linking rewards to financial performance and long-term objectives of the Group aside from individual performance. As such, the remuneration package for Executive Directors takes the form of basic salary, fees, allowances, bonuses and other benefits-in-kind payments. On the other hand, the remuneration of Non-Executive Directors is linked to their level and quality of contribution and their respective responsibilities, including attendance and time spent at Board meetings and Board Committee meetings. Their remuneration package comprises fees, attendance allowances and benefits-in-kind that commensurate with their roles, duties and responsibilities. Fees and benefits payable to Non-Executive Directors by the Company and its subsidiaries are subject to yearly approval of shareholders during the Company's AGM. The details of the Directors' and Key Management's remuneration for the FY 2023 are disclosed in the CG Report which is available on the Company's website at www.muda.com.my.

5.2 Remuneration Committee

The RC is primarily responsible for determining and recommending to the Board the remuneration package of the Executive Director of the Company. The RC consists entirely of Non-Executive Directors, the majority of whom are independent. All the members attended the one (1) RC Meeting held in FY 2023 to review and deliberate the recommendations on bonuses and salary increment of senior management and the remuneration package of the Executive Directors and made its recommendations to the Board for approval. The roles and responsibilities of the RC are governed by the Terms of Reference and is available on the Company's website at www.muda.com.my.

30 CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**6.0 Sustainability Committee**

There has been increased interest and awareness for stakeholders and regulators on matters relating to sustainability and environment, social and governance (ESG). The Board is responsible to ensure that the Company has in place sustainability strategies which are aligned with the Company's strategic direction to support the Group's long-term objectives.

The Board is supported by the SC who is responsible to assist the Board in administering and overseeing the development and implementation of the Group's sustainability strategies.

During the FY 2023, the SC had one (1) meeting which was attended by all the members of the SC.

Further information on the Company's approach to sustainability are disclosed in the Sustainability Statement in this Annual Report.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT**7.1 Effective and Independent Audit Committee**

The AC has a key role in the oversight of the effectiveness of the risk management and internal control systems within the Group. Its key function is to assist the Board to assess the risks and control environment, oversee the financial reporting process, evaluate the internal and external audit process, and review any conflict-of-interest situation and related party transactions. The Chairman of the AC reports to the Board on any significant audit findings deliberated by the AC which would require Board's attention and approval for implementation. The AC also monitor compliance with established policies and procedures and assess the suitability, objectivity and independence of both external and internal auditors.

7.2 Members, Chairman and Terms of Reference of AC

The AC of the Company is chaired by an Independent Non-Executive Director, who is not the Chairman of the Board. Having the position of AC Chairman and Board Chairman assumed by different individuals allows the Board to review the AC's findings and recommendations objectively.

The AC comprises of five (5) Non-Executive Directors, three (3) of whom are Independent Directors. The role and responsibilities of the AC are governed in its Terms of Reference. The term of office and performance of AC and each of its members are reviewed annually by the Board to ensure AC and its members have carried out their duties in accordance with the Terms of Reference of the AC. The details on AC membership, AC meetings and how the AC carried out its roles and responsibilities during FY 2023 are set out in AC Report of this Annual Report 2023.

7.3 Assessment of External Auditors

The Board maintains a transparent relationship with external auditors, with AC responsible for recommending the appointment or removal of external auditors and the terms of their engagement to the Board.

Prior to the commencement of the annual audit, the AC shall seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. This confirmation was made pursuant to the independence guidelines of the Malaysian Institute of Accountants.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

31

CONT'D

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**7.3 Assessment of External Auditors (cont'd)**

During FY 2023, the external auditors had private sessions with the AC without the presence of Management to exchange views and opinions in relation to the Group's audit and financial reporting. The AC also undertook an annual assessment of the suitability and independence of the external auditors as well as the performance of the external auditors, including the review of caliber of the audit firm, quality of process, audit team, independence and objectivity, audit scope and planning, audit fees and audit communications. The annual assessment also ensures that provision of other non-audit services by the external auditors is not conflict with their audit function. The review show that the non-audit fees did not impair or threaten the audit independence of external auditors as the amount was not significant as compared to the total audit fees paid to external auditors.

The AC has also sought assurance from the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out in the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

Based on the AC's assessment of the external auditors, the Board is satisfied with the quality of service and adequacy of resources provided by the external auditors in carrying out the annual audit for FY 2023. In view thereof, the Board has recommended the re-appointment of the external auditors for the approval of the shareholders at the forthcoming AGM.

7.4 Risk Management and Internal Control Framework

The Group maintains and operates a sound system of risk management and internal control to ensure that the probability of misstatement or loss is at minimum level. Such system is designed to manage rather than eliminate the risks of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established a continuous process for identifying, evaluating and managing the significant risks the Group faces and also regularly review the effectiveness of the Group's risk management and internal control system in areas of financial, operational, strategic and compliance risks and reviewing the half yearly risk management reports from the Management to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly addressed and remedied and indicate a need for more extensive monitoring.

The AC assists the Board in discharging its review responsibilities. A formal risk identification and assessment exercise has been carried out resulting in risks register summarising the key risks, potential impact and the mitigating factors or control in place. In this respect, the Internal Audit Department assists the Group in evaluating the effectiveness of the Group's risk management and internal control processes.

The Statement on Risk Management and Internal Control set out in this Annual Report provides an overview of the Group's approach to ensure the effectiveness of risk management and internal control processes within the Group.

32 CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**8. Continuous Communication Between the Company and Stakeholders**

The Board recognises the importance of being transparent and accountable to its shareholders and has used various channels of communications to enable the Board and Management to continuously communicate, disclose and disseminate comprehensive and timely information to investors, shareholders, financial community and the public.

Towards this, the Company's website at www.muda.com.my under the "Investor Relations" section provides all relevant information to stakeholders and the investing community which includes all the announcements released to Bursa Securities, the Company's Annual Report, quarterly results, Board Charter, Terms of Reference of Board Committees and relevant policies of the Group and other corporate information.

The Company also conducts briefings with analysts and financial institutions with the aim to develop and maintain positive relations with all stakeholders through enabling active two-way communication, as well as promoting and demonstrating a high standard of integrity and transparency through timely, accurate and full disclosure. These activities also served to enhance stakeholders' understanding of the Group, thereby enabling them to make informed decisions when valuing the Company's shares. Meetings with analysts on Group's financial results were usually held to coincide with the announcement of the Company's quarterly financial performance.

The Board believes that AGM is the principal forum for shareholders to raise questions or to seek clarification on the operations and financial performance of the Group in the presence of Board members and Management team which include the Group's External Auditors. Additionally, the Board has also made available other channels of communication whereby shareholders and members of the public can email their queries to the Company at invest-info@muda.com.my or via mail to Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

9. Shareholders Participation at General Meeting

The AGM of the Company serves as the principal forum which provides the opportunity for shareholders to raise concerns or questions. The Company conducted its 52nd AGM held on 28 June 2023 on a fully virtual basis through live streaming and online remote voting via Remote Participation and Voting Facilities by leveraging on technology in accordance the Company's Constitution and Securities Commission Malaysia Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers. Shareholders were advised to take advantage of the Remote Participation and Voting ("RPV") facilities hosted at <https://muda-agm.digerati.com.my> without the need to be physically present at the 52nd AGM.

Notice of and Administrative Guide for the 52nd AGM, the Form of Proxy and the Annual Report were issued and/or uploaded onto the Company's website more than 28 days before the 52nd AGM. This allowed shareholders sufficient time to review the Company's financial and operational performance and to make the necessary arrangement to participate in the virtual 52nd AGM either in person or by proxies. The Company's Constitution allows shareholders the right to appoint not more than (2) two proxies to attend and vote on their behalf in shareholders' meetings.

Shareholders were provided with clear and easy-to-follow instructions on how to register and participate in the virtual AGM. They were also invited to send questions before the meeting in relation to the agenda items for the 52nd AGM, or via the real time submission of typed texts through the text box before the start or during the live streaming of the AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

33

CONT'D

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)**9. Shareholders Participation at General Meeting (cont'd)**

Shareholders, corporate representatives and proxies participated in the virtual 52nd AGM through live streaming and online remote voting via the RPV facilities in the 52nd AGM.

To ensure effective participation of and engagement with shareholders at the virtual 52nd AGM of the Company, all members of the Board, Senior Management and the external auditors participated in the meeting remotely via a designated virtual meeting platform to respond to questions raised by shareholder and proxies prior to and during the 52nd AGM. Despite the absence of face-to-face engagement, the Board believes that the RPV facilities have provided an accessible platform for the Board to engage with the shareholders/proxies as close to a physical meeting as possible, by ensuring that shareholders were able to exercise their rights to participate, speak (in the form of real time submission of typed texts) and vote at the fully virtual 52nd AGM.

The Company adopted electronic poll voting at its 52nd AGM for efficiency in the voting process and an independent scrutineer was appointed to validate all the votes. The Chairman announced the voting results of all the resolutions tabled before the closure of the AGM and the outcome of the meeting were released to Bursa Malaysia on the same day of the AGM. Minutes of the AGM is available on the Company's website at www.muda.com.my.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors dated 4 April 2024.

34 AUDIT COMMITTEE REPORT

INTRODUCTION

The Audit Committee ("AC") of Muda Holdings Berhad is committed in its role to ensure high corporate governance practices by providing oversight on the Group's financial reporting, risk management and internal control systems.

The AC's duties and responsibilities are set out in the Terms of Reference, which is available at www.muda.com.my. Through active engagement, the AC is able to assist the Board of Directors ("BOD") in the discharge of its oversight function effectively.

Composition and Meetings

The details of the AC membership and meetings held for the financial year 2023 ("FY23") are as follows:-

Members	Number of meetings attended
Dato' Hazli Bin Ibrahim (Chairman) (Appointed on 31 May 2023)	2/2
Datuk Nik Ibrahim Bin Nik Abdullah (Member)	5/5
Tan Sri Lim Guan Teik (Member)	5/5
Wong Choong Yee (Member)	5/5
Dato' Tan Tian Meng (Member)	4/4

The Deputy Executive Chairman, Managing Director, Chief Financial Officer and Senior Group Finance Manager were invited to all Audit Committee meetings to facilitate direct communication and to provide clarification on financial and audit issues as well as updates on business or operations. The Head of Internal Audit attended all the Audit Committee meetings to table and brief the committee members on the internal audit reports.

Summary of AC Activities

The works of the Audit Committee during the financial year ended 31 December 2023 are summarised below:

A. Financial Reporting

- (a) Reviewed the quarterly unaudited financial results and related announcements to Bursa Malaysia Securities Berhad by focusing on significant matters highlighted by the Management and ensured disclosures were made in compliance with applicable accounting standards and regulatory requirements.

B. External Audit

- (a) Reviewed the External Auditors' planning memorandum, focusing on the scope of work for the year which included new areas or new scope of audit emphasis such as changes to the law and regulations multi-location audit scope, systems, audit timeline and statutory audit fees.
- (b) Reviewed the independence of the external auditors and have received assurance from external auditors confirming that they were, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements as well as the By-Laws (on Professional Ethics, Conduct and Practice) of the MIA.
- (c) Held two (2) separate independent meetings with the external auditors in the absence of the executive Board members and management representatives during which the external auditors informed that they had received full co-operation from the management as well as unrestricted access to all information required for purpose of their audit and there were no special audit concerns to be highlighted.

AUDIT COMMITTEE REPORT

35

CONT'D

INTRODUCTION (CONT'D)**Summary of AC Activities (cont'd)****B. External Audit (cont'd)**

- (d) Reviewed and was satisfied with the suitability of the external auditors, Grant Thornton Malaysia PLT in terms of the quality of audit, performance, competency and sufficiency of resources and recommended to the Board for the reappointment of Grant Thornton Malaysia PLT as the external auditors of the Company for the next financial year.
- (e) Discussed the annual audited financial statements of the Group with the external auditors and noted the salient features and key findings from the external auditors as well as to ensure that the audited financial statements was drawn up in accordance with the provisions of the Companies Act 2016 and the applicable accounting standards approved by the Malaysian Accounting Standards Board.
- (f) Reviewed the annual audited financial statements for recommendation to the Board for approval.

C. Internal Audit

- (a) Approved the Annual Audit Plan and reviewed the scope, functions, budget, competency and resources of Internal Audit Department, and that it had the necessary independence and authority to carry out its work professionally and with impartiality and expediency.
- (b) Received and reviewed a total of eight (8) Internal Audit Reports and nine (9) Limited Audit Review which were tabled during the quarterly Audit Committee meetings covering the processes of the Group's business units.
- (c) Reviewed and discussed the implementation status taken by the Management in response to the audit recommendations on the audit findings raised in the audit reports and ensure that appropriate and prompt remedial actions being taken by the Management to rectify the weaknesses and all the key findings as highlighted, and control lapses identified by Internal Audit Department have been addressed effectively and efficiently.
- (d) Ensured all recommended actions were implemented by Management in accordance with the date committed through six (6) Post Audit Assessments carried out by Internal Audit Department during the financial year.
- (e) Reviewed all the results of audit assessments annually with assigned audit ratings, audit findings remediation status, and evaluation of company's compliance with controls stated in the Internal Control Self-Assessment Questionnaires from reports prepared by Internal Audit Department.

D. Related & Recurrent Related Party Transactions ("RRPT")

- (a) Reviewed the recurrent related party transactions of a revenue or trading nature entered into by the Company and its subsidiaries and associated companies, and considered any related party transactions and conflict of interest situation that may or have arisen within the Company and the Group including any transactions, procedure or course of conduct that raises questions on management integrity.
- (b) Ensured that the related or recurrent related party transactions were in the best interest of the Group, were fair and reasonable, were on the Group's normal commercial terms and not detrimental to the interest of the minority shareholders, for recommendation to the Board for approval.
- (c) Reviewed and updated the processes and procedures on related or recurrent related party transactions to be in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Companies Act, 2016.

36 AUDIT COMMITTEE REPORT

CONT'D

INTRODUCTION (CONT'D)

Summary of AC Activities (cont'd)

E. Risk Management

- (a) Reviewed and discussed the high and key risks that have been identified and reported in the Group's business units' Risk Management Reports as well as new and emerging risks and control mechanism.

The details are set out in the Statement on Risk Management and Internal Control in this Annual Report.

F. Other Activities

- (a) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to recommending the same to the Board for approval and inclusion in the Annual Report of the Company.

SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION

Summary of works of the internal audit function for the financial year ended 31 December 2023 is set out in the Statement on Risk Management and Internal Control in this annual report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

37

This statement is prepared pursuant to the requirements set out within Paragraph 15.26(b) of the Main Market Listing Requirements (MMLR) issued by Bursa Malaysia Securities Berhad ("Bursa Malaysia"), with guidance from Bursa Malaysia's Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (SORMIC Guidelines).

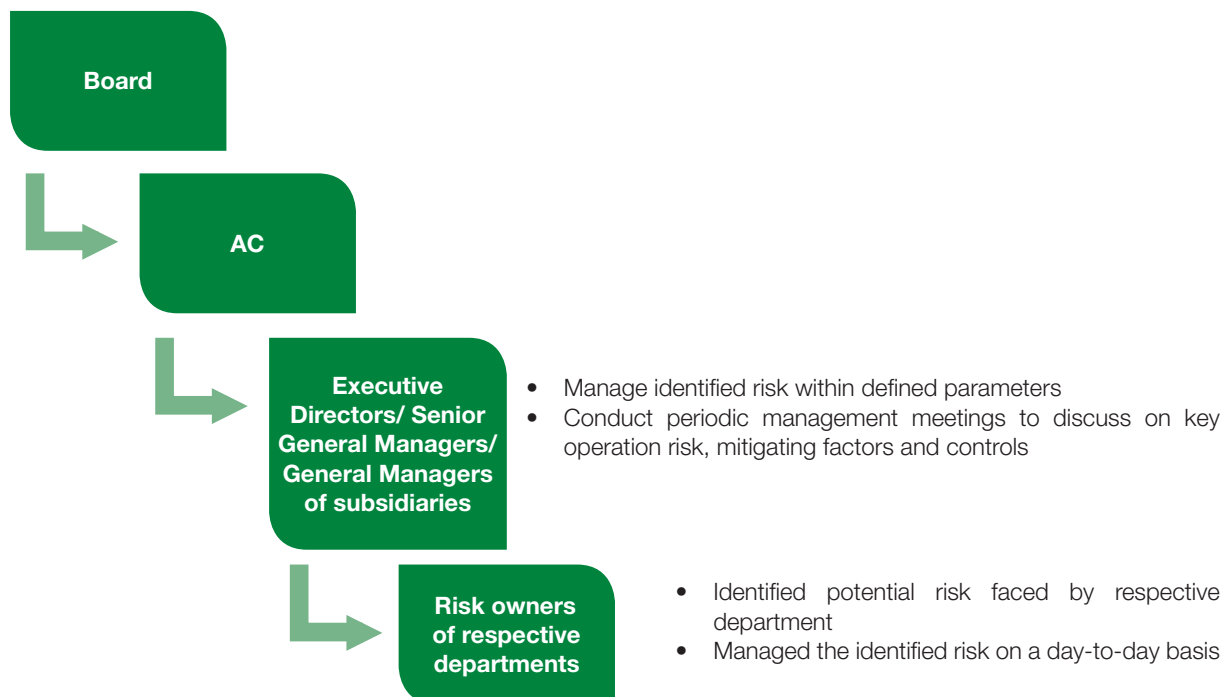
The Board recognises the importance of managing uncertainties that may affect the achievement of Muda Group's (the "Group") objectives and is committed to manage the Group's risk pragmatically by embedding risk management into its system of internal control, management system and decision-making process.

RESPONSIBILITY AND ACCOUNTABILITY

At Board Level	At Management Level	At Operation Level
<u>Board of Directors (the "Board"):</u> - Affirms its overall responsibility to drive a "risk-aware" culture throughout the Group and to establish and oversee sound risk management practices, as well as to ensure the adequacy and effectiveness of its Risk Management Framework and system of internal control. - Reviews the risk management framework on a regular basis and recognises that the risk management system is designed not to eliminate the risks but to manage the risks. <u>Audit Committee ("AC"):</u> - Assists the Board in the oversight of an adequate, efficient and effective risk management and internal control function for the Group.	<u>The Management team, led by the Executive Directors:</u> - Oversees the implementation of the approved framework, policy and all procedures pertaining to risk management and internal control, to ensure that business strategies and risk management are aligned. - Manages the risks faced by the Group through the implementation of effective controls and mitigation measures.	<u>All employees:</u> - Assess risks that could surface from their actions or decisions. - Ensure reasonable care is taken to prevent loss, maximise opportunity, and safeguard the Group's reputation and assets through appropriate controls to prevent or manage uncertainties. <u>Internal Audit Department ("IAD"):</u> - Reports directly to the AC, as an independent function of the Group. - Provides objective assurance to the Board on the adequacy of the Group's internal control systems, governance and risk management processes.

Risk Management Framework

The Group has adopted and implemented an Enterprise Risk Management ("ERM") framework which serves as a methodical approach for the timely identification, reporting and management of principal risks as well as ensuring the implementation, monitoring and review of the effectiveness of mitigation actions for the risks identified. It sets out the risk management governance and processes in association with the Group's business and operational requirements in order to maintain a sound control environment. The key elements of the ERM framework are outlined in below.

Risk Management Framework (cont'd)**Risk Management Governance Structure****Risk Management Process**

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

39

CONT'D

Internal Control

The Board places emphasis on a sound system of internal control to facilitate the effective and efficient operation of the Group's businesses by enabling the Board and the Management to respond appropriately to any significant business, operational, compliance and other risks in achieving the Group's objectives.

Nevertheless, the Board also recognises that the system of internal control can only reduce, but cannot eliminate, the possibility of poor judgement in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances. As such, the Board reiterates that the system of internal control, by its nature, can only provide reasonable but not absolute assurance against material loss or against the Group failing to achieve its objectives.

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

- 1) Clearly defined delegation of responsibilities to the Board Committees and to operating units, including authorisation levels for all aspects of the business.
- 2) Documented internal procedures and/or processes of individual business units, whenever applicable, which include processes to generate timely, relevant and reliable information and proper record keeping as well as compliances with applicable laws and regulations and internal policies for the conduct of business.
- 3) Regular internal audit visits in accordance with the approved internal audit plan by Audit Committee which monitors compliance with procedures and assess the integrity of financial information.
- 4) Regular and comprehensive information provided by Management, covering financial performance and key business indicators.
- 5) A detailed budgeting process where operating units prepare budgets for the coming year to be approved by the Board.
- 6) A monthly monitoring of results against budget, with major variances being followed up and management action taken, where necessary.

Key Risks

The Group had broadly identified key risk into Strategic, Operational, Financial and Compliance Risk with the outcome of the process documented into a half yearly risk management report to be presented to the Board. The table below shows the key risk and its mitigating measures.

Key Risks	Description	Mitigating Actions
Strategic	The Group's envisaged to strengthen the market leader position as one of the Malaysia's largest integrated paper manufacturers.	The Management continually keeps abreast of strategic risk and are mindful on the global trends, geo-political issues, business resilience, industry disruption and would respond to them appropriately.
Operational	The Group's policy is to assume operational risks that are manageable within its core business competencies. The operational risks management range from shortage of raw material, fluctuation of raw material price, fire and flood, machine breakdown, etc.	Day-to-day operational risks are mainly decentralised at the respective subsidiaries level and guided by the Standard Operating Procedures.

40 STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

Key Risks (cont'd)

Key Risks	Description	Mitigating Actions
Financial	The Group is exposed to various financial risks relating to interest rate, foreign currency risks, credit risks and liquidity risks.	The Group's risk management objectives and policies coupled with the required quantitative and qualitative disclosures relating to its financial risks are set out in the financial statements.
Compliance	The Group operates in diverse geographical locations and as such, is governed by relevant local and international laws, regulations, standards, certifications and accreditations.	The Management continues to keep abreast on any new regulations being gazetted or enacted. In addition, the Group will be notified if there is any changes to the industry or compliance requirement as the Group is a member to certain association or federation.

Internal Audit function

The Group has an in-house and independent IAD which undertakes internal audit functions based on the risk-based audit plans that were reviewed and approved by the AC.

The purpose, authority and responsibility of the IAD as well as the nature of the assurance and consultancy activities provided by the function are articulated in the Internal Audit Charter. The IAD reports directly to the AC who reviews and approves the IAD's annual audit plan, financial budget and human resource requirements to ensure that the function is adequately resourced with competent and proficient internal auditors and activities were carried out closely in line with the International Professional Practices Framework ("IPPF").

The IAD is staffed by four (4) full-time staff. Mr. Koh Thuan Hin was appointed the Head of IAD in March 2017. He has been with the IAD for 14 years, having joined in July 2009. Mr. Koh's 26 years of experience in the profession spanned across various commercial sectors including professional audit and accountancy firm, manufacturing, property, trading, agriculture, poultry and service sectors. Mr. Koh is a holder of Advanced Diploma in Accounting and Business from the Association of Chartered Certified Accountant.

During the year, the IAD conducted various internal audit engagements in accordance with the risk-based audit plan which covered the review of the followings:-

- a) Executed eight (8) audit assignments, six (6) follow-up audit and nine (9) limited audit reviews based on approved 2023 Internal Audit Plan which were formulated after considering key business processes and risks of the Group;
- b) Audit reviews were performed on business units to ensure compliance with internal policies, Standard Operating Procedures ("SOPs"), accounting standards, and relevant rules and regulations:
 - Inventory and stocks count procedures;
 - Audit and assessment of procurement system;
 - Human resource management activities review;
 - Payroll audit of selected carton companies;
 - Review of systems and accounting treatment of property, plant & equipment;
 - Operation review of warehouse and logistic management activities;
 - Wastepaper branch operations audit;
 - Review of related and recurrent related party transactions; and
- c) Follow-up the implementation of Management Action Plans to ensure that necessary actions have been taken to remedy any significant gaps identified through audit assignments;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

41

CONT'D

Internal Audit function (Cont'd)

The total costs incurred for maintaining the Group's Internal Audit and Risk Management function for year 2023 were approximately RM624,000.

ASSURANCE

The Board has received assurance from the Executive Deputy Chairman and the Chief Financial Officer that the risk management and internal control system of the Group is operating adequately and effectively. Thus, the Board is of the view that the risk management and internal control system in place for the year under review is sound and sufficient to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

CONCLUSION

Based on the foregoing as well as the inquiries and information provided, the Board is assured that the risk management process and system of internal control put in place through its Board Committees were operating adequately and effectively in all material aspects to meet the Group's objectives for the year under review.

This Statement on Risk Management and Internal Control does not cover associated companies where the internal control systems of these companies are managed by the respective management teams. This Statement has been reviewed and approved by the Board of Directors on 4 April 2024.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2023, and reported to the Board that nothing has come to their attention that cause them to believe that the Statement intended to be included in the annual report of the Group, in all material respects: has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the SRMIG or is factually inaccurate. The external auditors' report was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia and for no other purpose or parties.

As stated in their report, the external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report. AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

42 SUSTAINABILITY STATEMENT

About This Report

Muda Holdings Berhad (“MHB” or the “Group”) presents its sustainability report (“SS2023” or the “Statement”), which provides a comprehensive account of the Group’s Economic, Environmental, Social and Governance (“EESG”) performance for the financial year ended 31 December 2023 (“FY2023”).

All information enclosed in the Statement has been internally obtained and authenticated by the corresponding business units or data owners. In strengthening the credibility of the Sustainability Statement, this Statement has been subjected to an internal assurance process. Nevertheless, to ensure best practice with the requirements of the Bursa Sustainability Reporting Guide (3rd Edition), MHB shall commence seeking external verification for our sustainability reporting going forward.

Guidelines and Frameworks



This Statement has been prepared in accordance with the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Sustainability Reporting Guide (3rd Edition).

Other frameworks and guidelines referenced in the preparation of this report include: -

- Global Reporting Initiative (“GRI”) Standards 2021 Core Option
- Task Force on Climate-Related Financial Disclosures (“TCFD”)
- Sustainability Accounting Standards Board (“SASB”) Sector Specific Disclosures
- FTSE4Good Sustainability Index
- United Nations Sustainable Development Goals (“UNSDGs”)

Reporting Scope and Boundary

The Sustainability Statement for MHB is prepared on an annual basis. Except where otherwise stated, the reporting timeframe for the SS2023 encompasses the Group’s operations from 1 January 2023 to 31 December 2023 (“FY2023”).

MHB is a listed company on Bursa Malaysia’s Main Market and is headquartered in Selangor, Malaysia. The scope of this report covers MHB and the Group’s local active subsidiaries in Malaysia that are listed in its consolidated financial statements via financial control: -

- | | |
|---------------------------------------|----------------------------------|
| • Muda Paper Mills Sdn Bhd | • Muda Paper Converting Sdn Bhd |
| • Federal Packages Sdn Bhd | • Quantum Total Packages Sdn Bhd |
| • Muda Packaging Industries Sdn Bhd | • Sea Paper Industries Sdn Bhd |
| • Kotak Malaysia (KOM) Sdn Bhd | • Central Malaya Paper Sdn Bhd |
| • K F Paper Products (Melaka) Sdn Bhd | • Intrapac Trading (M) Sdn Bhd |
| • Muda Pasifik Sdn Bhd | |

Reporting Scope and Boundary (Cont'd)

Where relevant and available, historical statistical information is included to depict vital trends and assist readers in comprehending the comparative achievements in performance.

Plans, targets and other forward-looking statements discussed herein are made based on reasonable current assumptions and circumstances that are subject to change. Actual plans and results may be influenced by the changes in the operating environment.

Membership in Associations

The MHB is a member of the following associations/professional bodies:

- Malaysian Employer Federation
- Malaysia Pulp and Paper Manufacturers Associations
- Malaysian Corrugated Carton Manufacturers' Association

Report Availability and Feedback

Any request for clarification or further information pertaining to SS2023 or MHB's business operations and activities can be sent to our email invest-info@muda.com.my.

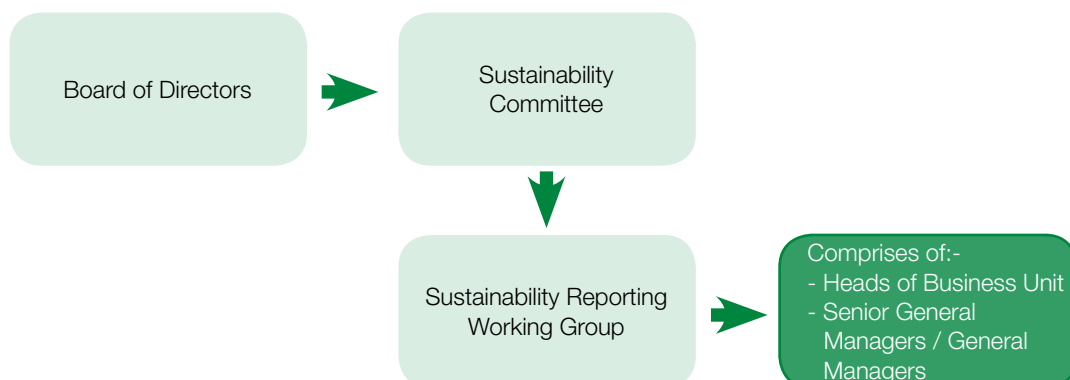
Sustainability Governance

MHB recognises the paramount importance of a robust sustainability governance structure to ensure that our approach is grounded in strategic risk and opportunity management, guided by sustainable principles, and aligned with industry best practices.

At the helm of our sustainability governance is the Board of Directors ("the Board"). Leveraging our collective expertise and strategic vision, the Board sets the overarching direction and goals for MHB's sustainability initiatives.

Working in tandem, the Sustainability Committee ("SC") takes a hands-on approach to championing sustainability within MHB. Chaired by the Non-Independent Non-Executive Director, the SC includes the Executive Deputy Chairman and Managing Director. This dedicated committee provides strategic oversight and guidance, ensuring sustainability considerations are integrated into decision-making processes at the highest level.

Supporting the Sustainability Committee is the Sustainability Reporting Working Group ("SRW"). Tasked with the specific mandate of guiding and monitoring MHB's sustainability performance across our diverse business portfolio, the SRW plays a crucial role. Comprising experts and stakeholders with pertinent insights, this Group collaborates closely with the SC to translate sustainability objectives into tangible actions.



44 SUSTAINABILITY STATEMENT

CONT'D

Stakeholder Engagement

MHB identifies its stakeholders as groups of people and organisations whom the Group considers as most significant to the Group's business operations and strategies. The stakeholders' engagement methods are regularly assessed to understand the stakeholders' interests and concerns before the Group makes its business decisions and policies.

The table below summarises our approach to stakeholders' engagement:

Key Stakeholders	Focus Area	Engagement Method	Engagement Frequency
Customers	❖ Product quality ❖ Reliable delivery ❖ Competitive prices ❖ Customer service	❖ Customer feedback ❖ Factory visit ❖ Monthly meeting	❖ Routine meeting ❖ Annually
Employees	❖ Remunerations and benefits ❖ Safe and conducive working environment ❖ Career growth and opportunities ❖ Equal opportunity	❖ Monthly management meetings ❖ Employee engagement events ❖ Performance appraisal ❖ Trainings	❖ Routine meeting ❖ Bi Weekly ❖ Monthly
Shareholders and Investors	❖ Business profitability ❖ Business management ❖ Corporate governance ❖ Investment risk and return ❖ Share price performance	❖ Annual General Meeting ❖ Annual report ❖ Bursa announcements ❖ Quarterly financial results ❖ Company website	❖ Quarterly ❖ Annually ❖ As needed
Regulators	❖ Compliance with relevant rules and regulations	❖ Compliance with mandatory requirements such as Income tax returns, Sales tax returns, Securities Commission Declarations, Annual Returns, Licence renewals, and Declaration to the Department of Environment ("DOE") and the Department of Occupational Safety and Health ("DOSH") ❖ Consultation with local authorities and BOMBA	❖ Monthly ❖ Annually ❖ As needed
Bankers	❖ Financial health, solvency ❖ Covenants compliance	❖ Annual review of financial performance and financial position	❖ Quarterly ❖ Annually
Competitors	❖ Anti-competitive practices ❖ Business strategy and plan ❖ Market penetration	❖ Update on market conditions	❖ Monthly
Suppliers	❖ Pricing ❖ Product quality ❖ Reliability of supply ❖ Order fulfilment matters ❖ Prompt payments	❖ Supplier meetings ❖ Informal discussion ❖ Supplier visit and audit	❖ Routine meeting ❖ Annually
Community	❖ Social and environmental issues ❖ Community development	❖ Provide job opportunity ❖ Corporate social responsibility programmes and activities related to education, society and associations	❖ Monthly ❖ Annually

Materiality Assessment

Materiality is crucial for identifying core issues that can significantly affect the business, encompassing emerging risk factors and opportunities. This includes understanding how Environmental, Social, and Governance (“ESG”) topics may impact financial performance (financial materiality) and their broader effects on society, the physical environment, and the nation (impact materiality).

Taking into consideration the new disclosure requirements outlined in Bursa Malaysia’s regulatory guidelines, in FY2023, MHB has undertaken a full-scale Materiality Assessment Exercise (“MAE”), aimed to identify, evaluate, and rank material sustainability matters of greatest concern to both our business and stakeholders, set within our operational context. To assess materiality, insights from both internal and external stakeholders are gathered through a materiality assessment survey. MHB determines its list of material topics by evaluating their importance and impact on the Group’s business model and its stakeholders, considering the four pillars of Sustainability, which encompass Economic, Environmental, Social, and Governance (“EESG”) matters.

The outcome of this assessment serves to guide the Board and Senior Management in formulating the Group’s strategic direction and determining the allocation of resources, allowing for effective management of the Group’s sustainability-related risks.

STEP 1 DETERMINING SCOPE OF ASSESSMENT

A comprehensive gap analysis with peer comparison was conducted to determine the reporting gaps of MHB, taking into consideration as well the emerging risks and trends of the operating landscape to determine the scope of the assessment.

STEP 2 IDENTIFYING AND CATEGORISING TOPICS

A list of 19 sustainability topics for assessment were derived from MHB’s identified material topics and other areas of focus identified from the reporting frameworks referenced and the gap analysis conducted.

The topics have been categorised into the following pillars:

Economic

- Digitalisation & Technology
- Local Procurement
- Customer Engagement
- Product Quality

Environment

- Climate Change
- Energy Consumption & Emissions
- Waste Management & Effluents
- Materials Consumption
- Water Consumption
- Recycling & Circular Economy

Social

- Occupational Health & Safety
- Talent Management & Development
- Equal Opportunity, Diversity & Equality
- Labour & Human Rights
- Corporate Social Responsibility

Governance

- Good Governance & Anti-Corruption
- Environmental & Social Compliance
- Sustainable Supply Chain
- Data Privacy & Security

46 SUSTAINABILITY STATEMENT

CONT'D

Materiality Assessment (Cont'd)

STEP 3 MATERIALITY ASSESSMENT SURVEY

The materiality assessment survey was held across September - October 2023, where opinions from the Board of Directors, Management team members, employees of MHB, and external stakeholders were gathered to rank and rate the identified topics' impacts to its business and importance to stakeholders. A total of 185 responses were collected.

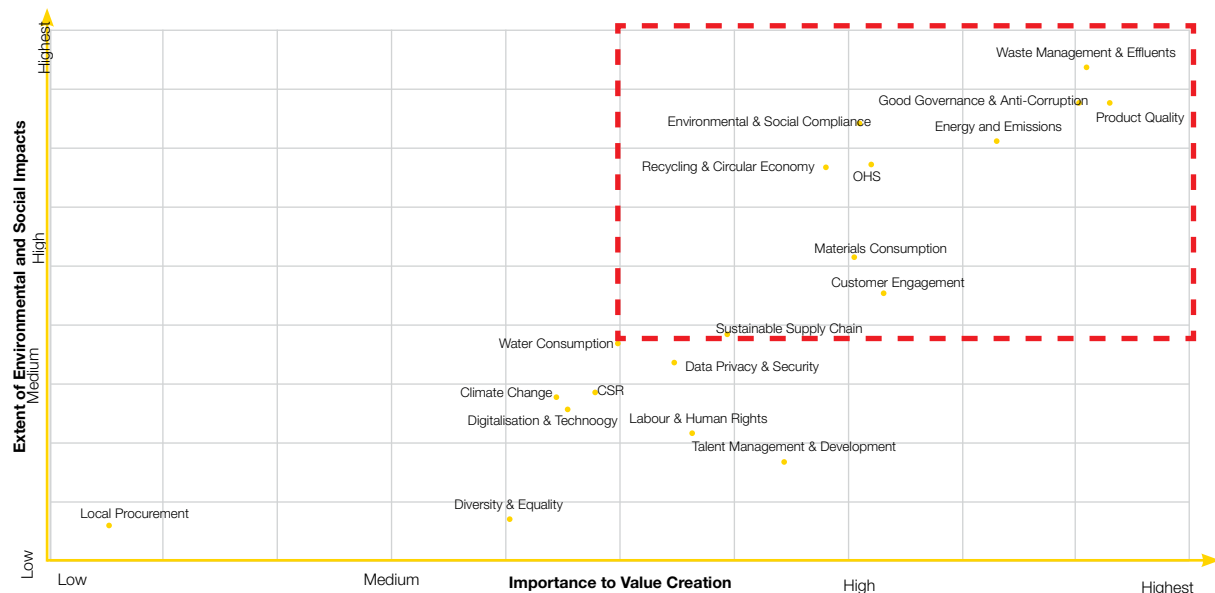
STEP 4 MATERIALITY ANALYSIS AND PRIORITISATION

The feedback gathered from the survey were tabulated. Using weightage system based on prioritisation for varying stakeholder groups for stronger relevance of the results and best practices in statistical analysis, the topics are plotted on a materiality matrix to determine their priority to the sustainability of MHB.

STEP 5 VALIDATION AND ENDORSEMENT OF MATERIALITY MATRIX

The materiality matrix and additional findings from the materiality assessment survey were presented to the Board for validation and has been approved and endorsed by the Board on 4 April 2024.

The Materiality Matrix visually represents the relative importance of each identified matter. This matrix serves as a strategic tool to assess the significance of sustainability issues.

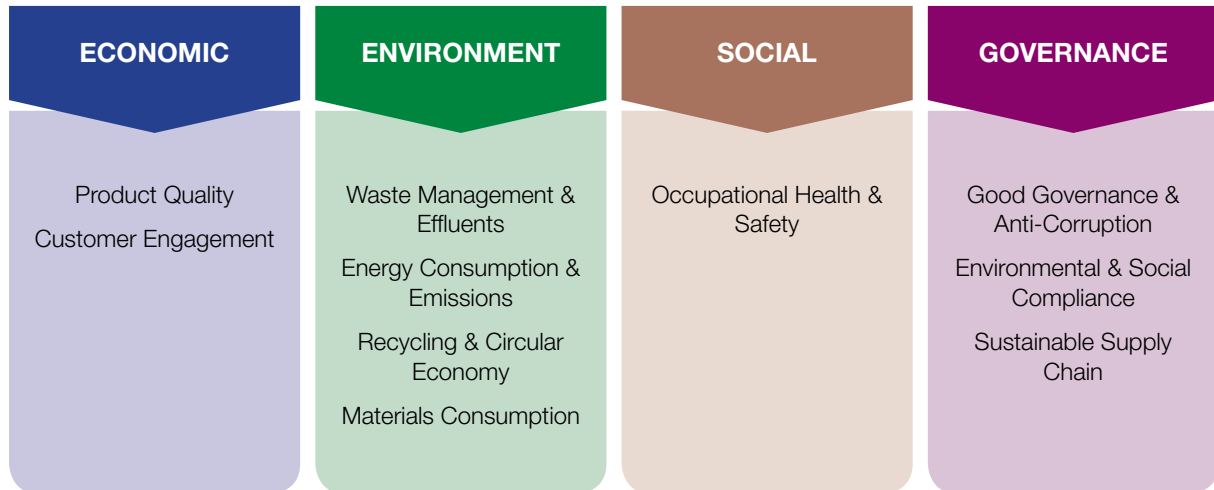


SUSTAINABILITY STATEMENT

47

CONT'D

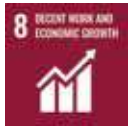
Key Material Topics



United Nations Sustainable Development Goals ("SDGs")

The SDGs are the blueprint set by the United Nations ("UN") with a collection of 17 interlinked global goals to achieve a better and more sustainable future for all. MHB is committed to supporting and fulfilling the UN SDGs.

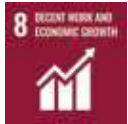
We are focused on aligning our efforts to adopt the UN SDGs which are relevant to our operations. The table below sets out how our sustainability initiatives are aligned with the UN SDGs:

Pillar	Key sustainable matters	UN SDGs goal	Approaches
Economic	Product quality	 	❖ Deliver quality products and services ❖ Meet customers' requirements and expectations
	Customer Engagement		❖ Installation of renewable energy technologies ❖ Compliance with local regulatory requirements
Environment	Waste Management & Effluents	   	❖ Installation of renewable energy technologies ❖ Compliance with local regulatory requirements
	Energy Consumption & Emissions		
	Recycling & Circular Economy		
	Materials Consumption		
Social	Occupational Health & Safety		❖ Compliance with DOSH standard

48 SUSTAINABILITY STATEMENT

CONT'D

United Nations Sustainable Development Goals ("SDGs") (Cont'd)

Pillar	Key sustainable matters	UN SDGs goal	Approaches
Governance	Good Governance & Anti-Corruption	  	❖ Uphold the high standard of corporate governance and ethic ❖ No reported cases of non-compliance with regulatory requirement
	Environmental & Social Compliance		
	Sustainable Supply Chain		

ESG KPIs and Targets

In November 2023, MHB marked an inaugural milestone in our sustainability journey by hosting a workshop focused on establishing clear Key Performance Indicators ("KPIs") and targets for the Economic, Environmental, Social, and Governance ("EESG") topics. This initiative represented the first time MHB set formal ESG benchmarks. The event saw active participation from both the Board and Senior Management, where the newly defined ESG KPIs and targets were outlined.

These metrics serve as essential tools in guiding organisational success and measuring progress towards strategic objectives. Providing quantifiable benchmarks, they enable informed decision-making and effective resource allocation. By aligning efforts with overarching sustainability goals, MHB aims to drive continuous improvement and ensure accountability across all levels of the organisation.

Material Topic	KPI	Target
Economic		
Digitalisation and Technology	Digitalisation of process	Implement e-procurement by FY2026
Product Quality	Customer complaint resolution rate	>80% customer complaint resolution rate annually
	Product recalls/rejects	<1% of product recalls/rejects/disputes annually
Customer Engagement	Number of engagement sessions	At least 12 engagement sessions with customers ranking within the Top 20% by revenue
Local Procurement	Proportion of spending on local procurement	>80% of local procurement spending per annum (subjected to business viability)
Environmental		
Energy Management	Utilisation of renewable energy (solar energy for electricity and biomass for steam generation)	40% of renewable energy sources in the overall energy mix by FY2030
Climate Change	Reduction in Scope 1 emission	Reduce Scope 1 emission by 5% by FY2030 using the baseline data of FY2023
	Carbon neutrality	Achieve net carbon neutrality by FY2050

SUSTAINABILITY STATEMENT

49

CONT'D

ESG KPIs and Targets (Cont'd)

Material Topic	KPI	Target
Social		
Occupational Health and Safety	Number of work-related fatalities	Zero work-related fatalities per annum
	Injury rate	Zero work-related injury rate per annum (exclude journey to work)
	Percentage of OSH staff trained	>10% of OSH personnel to be trained annually
	Number of OSH training courses	Minimum 1 OSH training course per annum
Equal Opportunity, Diversity and Equality	Gender ratio in management and executive roles	<i>At least 25% of women in management and executive roles annually</i>
Labour and Human Rights	Number of substantiated complaints concerning human rights violations via any grievance channels	Zero substantiated complaints concerning human rights violations via any grievance channels per annum
	Number of substantiated incidents or violations of non-compliance	Zero substantiated incidents or violations of non-compliance
Local Communities	Number of Corporate Social Responsibility ("CSR") activities	Minimum 4 Corporate Social Responsibility ("CSR") activities per annum
Governance		
Good Governance and Anti-Corruption	Number of confirmed incidents of corruption	Zero confirmed incidents of corruption per annum
	Awareness level of Anti-Corruption and Bribery	Implement mandatory training in Anti-Corruption and Bribery for high-risk departments annually
Data Privacy and Security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Zero substantiated complaints concerning breaches of customer privacy and losses of customer data per annum

ECONOMIC TOPICS

Financial Overview

MHB is focused on maintaining strong financial performance, ensuring our shareholders receive sustainable and reliable returns. This commitment is integral to supporting the broader goals of sustainability within our operations. A healthy financial status empowers us to pursue our environmental, social, and governance (ESG) objectives. The generation of profits facilitates not just wealth creation but also equitable distribution, particularly in the communities where we operate.

MHB's commitment to economic sustainability extends through various channels: prioritising local suppliers, investing in the development and well-being of our workforce, and diligently meeting our fiscal responsibilities to local governments. These efforts, alongside our strategic emphasis on integrating sustainability into every aspect of our operations, allow MHB to not only advance our business goals but also contribute positively to a more sustainable and prosperous world.

50 SUSTAINABILITY STATEMENT

CONT'D

ECONOMIC TOPICS (CONT'D)

Economic Value vs Environmental Footprint

In our pursuit of sustainable growth, MHB has strategically aligned its economic activities with a conscious minimisation of environmental impact. This approach is done through the monitoring of key indicators such as electricity consumption and carbon emissions across various scopes. By doing so, MHB strives for a balance between economic and environmental sustainability.

Recently, MHB has navigated a decline in revenue stemming from a reduction in the average selling price ("ASP"), even as production volumes have risen. Despite the increase in production volumes, we have seen a decrease in electricity consumption. This reduction is directly linked to our increased utilisation of solar power. While we have made progress in enhancing our energy efficiency and embracing renewable energy, we've also faced challenges that have necessitated some adjustments. Specifically, in our efforts to manage costs effectively, there has been an uptick in our carbon emissions, attributed to the increased utilisation of coal.

Metrics	Unit	FY2021	FY2022	FY2023
Revenue *	RM'000	2,118,798	2,159,976	1,816,110
Grid-supplied electricity	kWh	151,698,173	150,803,644	149,412,357
Grid electricity intensity	kWh/RM '000	71.60	69.82	82.27
Carbon emissions (Scope 1, 2 and 3)	tCO ₂ e	305,689.36	278,668.31	311,519.99
Carbon emissions (Scope 1 and 2 only)	tCO ₂ e	304,256.27	277,148.18	309,840.49
Emissions intensity (Scope 1, 2 and 3)	tCO ₂ e/RM million	144.27	129.01	171.53
Emissions intensity (Scope 1 and 2 only)	tCO ₂ e/RM million	143.60	128.31	170.61

* The revenue figures presented represent the amalgamated revenue of the group of companies included in this report. These figures are reported gross of inter-company transactions, resulting in totals that may be larger than the audited revenue.

Product Quality and Customer Satisfaction

Customer engagement and product quality are twin pillars essential for the growth and sustainability of our business, and crucial for keeping MHB competitive in the market. By adopting a customer-first approach, we ensure that customer needs and expectations are not just identified and understood but are transformed into precise requirements. This commitment extends to the quality of our products, where we strive to exceed expectations. Through regular meetings and reviews of business performance, we stay aligned with our customers' evolving needs, ensuring both our service and product offerings are top-notch.

ECONOMIC TOPICS (CONT'D)

Product Quality and Customer Satisfaction (Cont'd)

MHB's commitment to product quality and service excellence is evidenced by various awards, certifications, and compliances, including: -

- Fibre and Forest Stewardship Council ("FSC") certification
- ISO 9001: Quality Management System
- ISO 14001: Environment Management System
- ISO 18000: Occupational Health and Safety Standard
- ISO 22000: Food Safety Management
- ISO 45001: 2018: Occupational Health and Safety Management Systems
- Hazard Analysis Critical Control Part ("HACCP") certification
- Chain of Custody (Forest product) certification
- RoHS Directive 2011/65/EU and (EU)2015/863 (amendment in Annex II) certification
- Good Manufacturing Practice ("GMP") certification
- Sustainable Supply Chain Solutions ("Sedex") certification
- SDS: Safety Data Sheet

All our industrial-grade paper is manufactured as FSC-certified products. However, only 60.26% of our sales of industrial grade paper was FSC certified in FY2023.

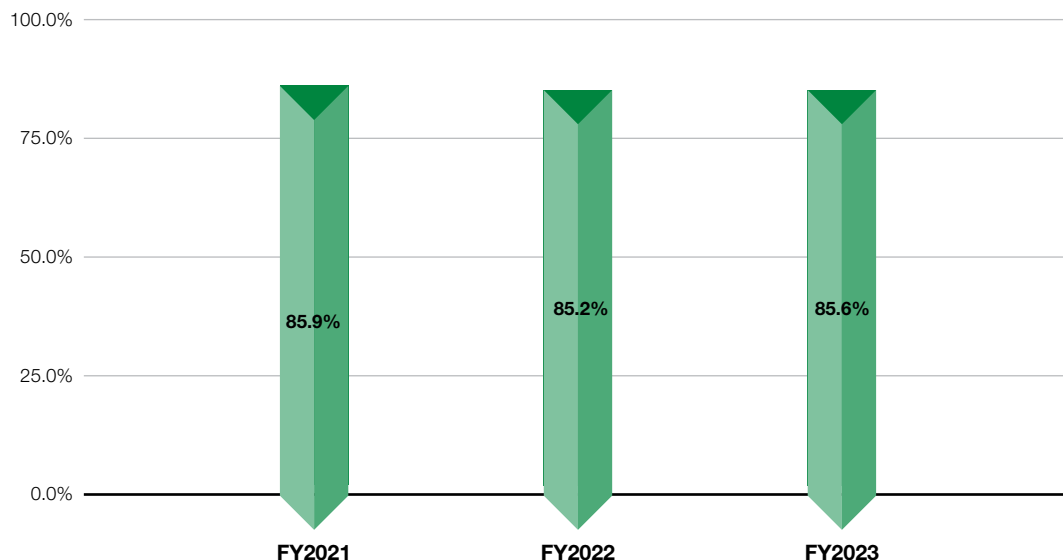
MHB has maintained an exemplary record of compliance, with zero incidents of non-compliance and product recalls. This commitment to quality assurance is crucial in our divisions that handle medical applications and food & beverage packaging.

MHB's Customer Satisfaction Metrics

The graph below delves into MHB's customer satisfaction scores over the last three years, underlining the Group's understanding of customer satisfaction as pivotal to its continued success. Emphasising its dedication to this key aspect, MHB has engaged in concerted efforts to sustain and refine the quality of its customer service and product offerings.

Throughout the last three financial years, MHB has upheld a strong commitment to customer satisfaction, achieving scores that consistently remained above 85.0%. Notably, MHB's resolution rate for customer complaints has been particularly impressive, with a performance that stayed above 85.0% from FY2021 to FY2023.

Customer Satisfaction Score (%)



52 SUSTAINABILITY STATEMENT

CONT'D

ECONOMIC TOPICS (CONT'D)

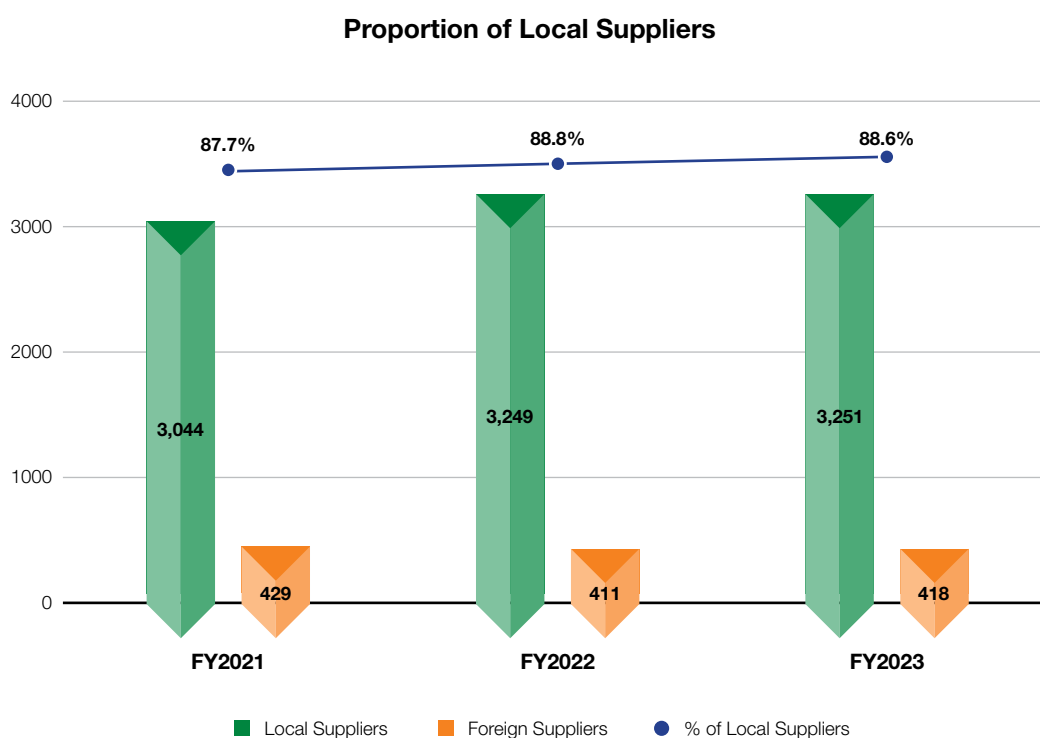
MHB's Customer Satisfaction Metrics (Cont'd)

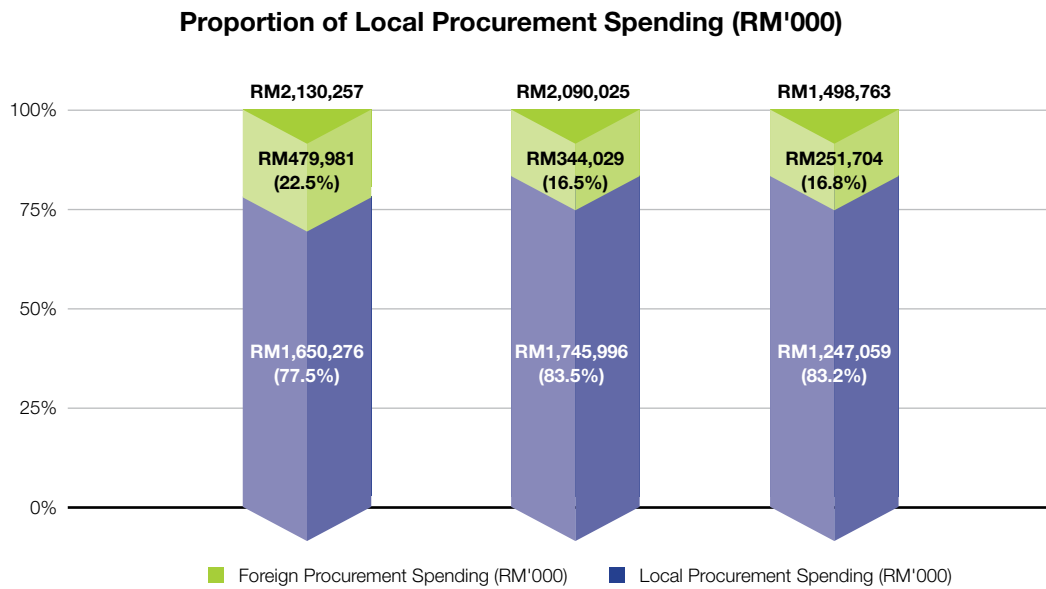
	FY2021	FY2022	FY2023
Customer complaints received	2,551	3,078	3,970
Customer complaints resolved	2,482	3,001	3,854

Supporting Local Procurement

MHB places strategic emphasis on local procurement, integrating it as a fundamental aspect of our supply chain efficiency and demonstrating our commitment to the local economy. This focused approach not only enhances operational effectiveness, with benefits such as reduced lead times and flexible credit terms, but also plays a crucial role in driving economic growth within the communities we are part of. By prioritising local sourcing, we streamline our logistical operations and contribute to a lower carbon footprint by minimising transportation distances. Additionally, engaging with local suppliers reinforces our commitment to community development, supporting the growth of local businesses and fostering regional economic resilience.

The chart provided below offers a clear depiction of MHB's supplier network.



ECONOMIC TOPICS (CONT'D)**Supporting Local Procurement (Cont'd)**

MHB has consistently increased its focus on local procurement over the past three fiscal years, demonstrating a tangible commitment to bolstering the local economy and enhancing supply chain efficiency. The percentage of spending on local suppliers has risen significantly, from 77.5% in FY2021 to over 83.2% in FY2023.

However, looking ahead, MHB anticipates a strategic shift towards foreign procurement. This change is primarily driven by the intensifying competition within Malaysia, which has resulted in a reduced availability of waste paper—a critical resource for MHB's operations. To ensure the continuity and efficiency of our operations, there is a projected increase in the importation of waste paper from international suppliers.

ENVIRONMENTAL TOPICS

Within the paper milling and packaging sector, MHB operates by utilising essential natural resources such as water and paper, alongside consuming a significant amount of energy, which contributes to greenhouse gas emissions. However, it also holds a pivotal role in promoting recycling and sustainable practices, which are crucial for mitigating environmental impact.

MHB is acutely aware of the critical balance between operational demands and environmental stewardship. Initiatives aimed at reducing energy use and emissions, transitioning towards more sustainable energy sources, and enhancing recycling efforts are not just environmentally prudent; they present clear business benefits. Improved cost efficiency and productivity emerge as direct outcomes of such environmental strategies. Consequently, MHB continually strives to make improvements across its business operations by focusing on material environmental topics.

Emissions Management

MHB is aware of the challenges and imperatives posed by climate change. Recognising its impact on both society and business, MHB is committed to proactive emissions management, aiming to mitigate climate change and reduce greenhouse gas emissions.

54 SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

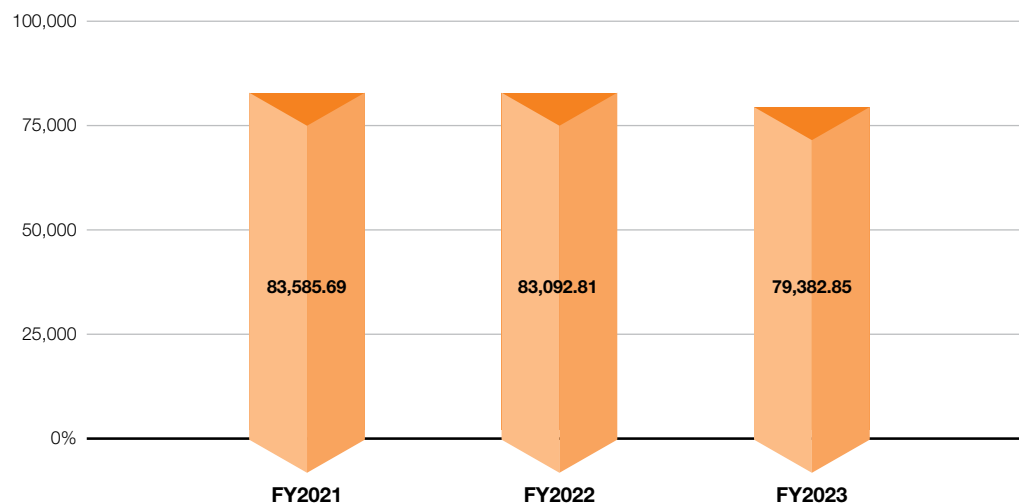
Emissions Management (Cont'd)

MHB's compliance with the Department of Environment's ("DOE") mandates, in line with the Clean Air Regulation 2014, is exemplary. Subsidiaries have implemented a Continuous Emission Monitoring System ("CEMS"), ensuring diligent monitoring and precise recording of air emissions. MHB's chimney emissions testing protocols have consistently met the criteria set forth by Regulation 13 of the Environmental Quality (Clean Air) Regulation, 2014 where emissions must not exceed 150 mg/m³.

At MHB, Scope 1 emissions originate from logistics-related company car use, powering essential equipment and the energy expended in our operations, particularly from Combined Heat and Power ("CHP") plants, with a significant portion of these emissions resulting from coal use. Scope 2 emissions are related to purchased energy, which for MHB, pertains exclusively to electricity. Lastly, Scope 3 emissions consist of commuting of employees calculated via distance-based method.

Total Scope 1 Emissions (tCO₂e)

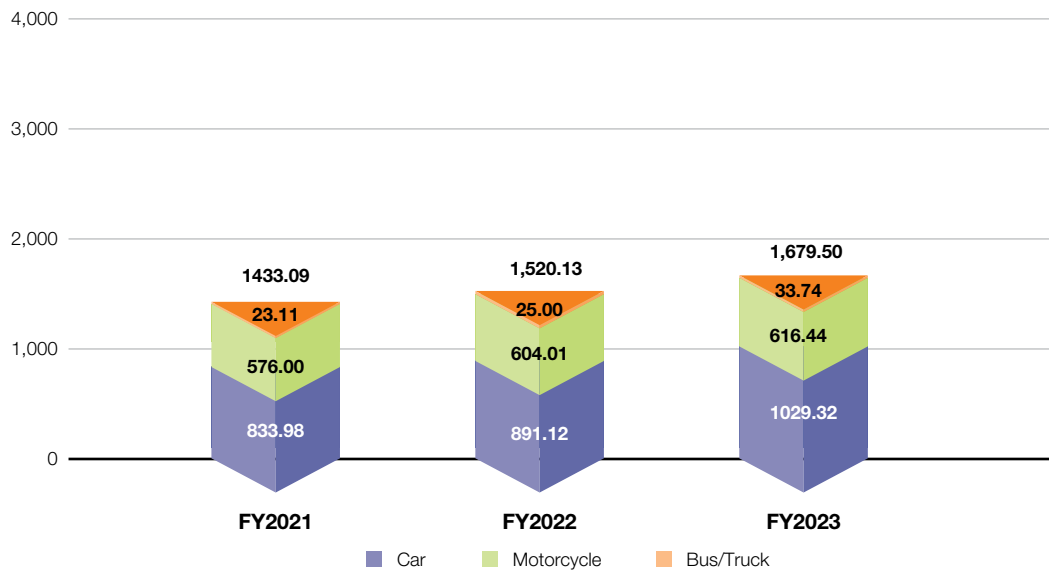
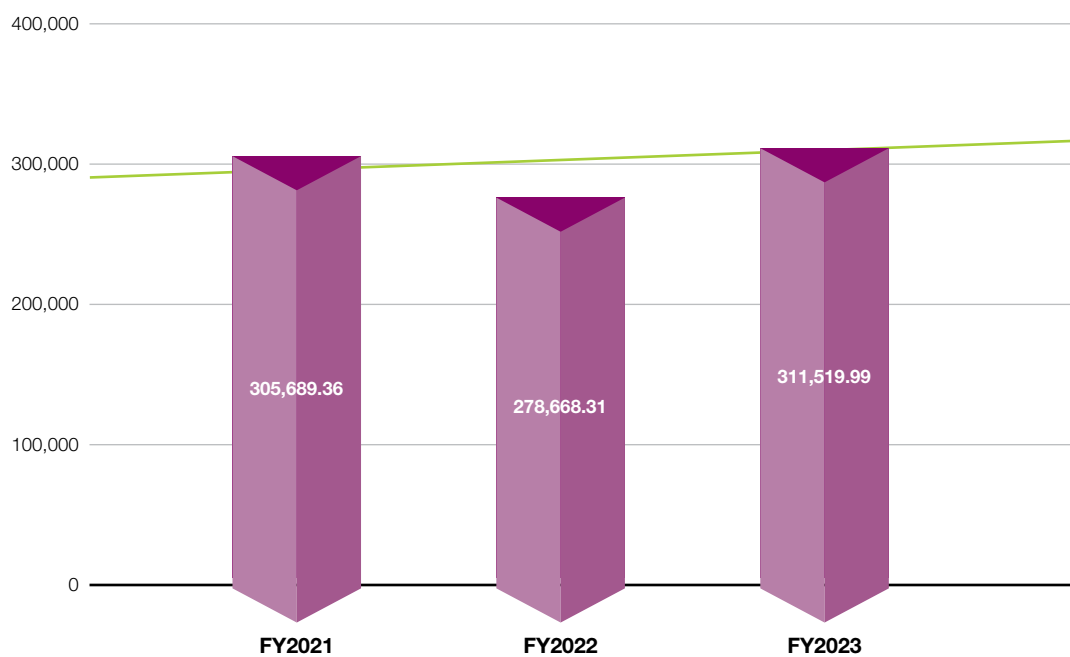
Note: The conversion factor used in Scope 1 emission is based on the Malaysia Energy Statistic 2020, and the emission factor is based on the IPCC database

Total Scope 2 Emissions (tCO₂e)

Note: The emission factor used in Scope 2 emission is based on UNFCCC Harmonised Grid Factors 2021.

ENVIRONMENTAL TOPICS (CONT'D)

Emissions Management (Cont'd)

Scope 3 Emission - Employee Commuting (tCO₂e)Total Emissions (tCO₂e)

56 SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

Energy Management

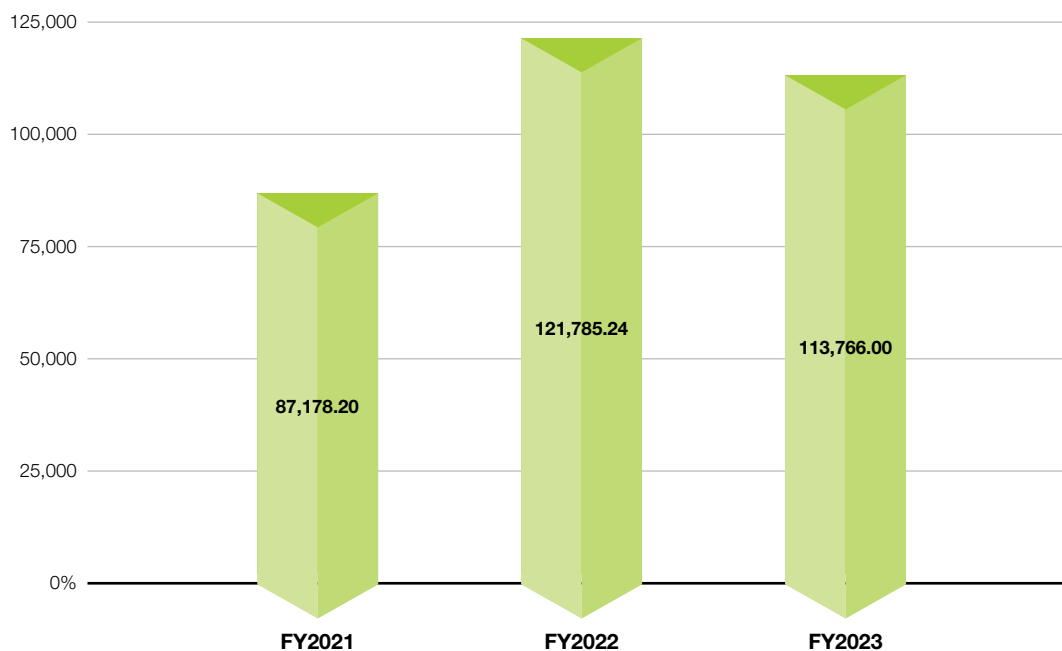
MHB harnesses a diverse array of energy sources to power its operations, blending electricity from the national grid with the dynamic capabilities of boilers, CHP (Combined Heat and Power) plants, and solar panels. These energy solutions not only provide the flexibility MHB requires in its energy strategy but also underscore our commitment to environmental stewardship and operational efficiency.

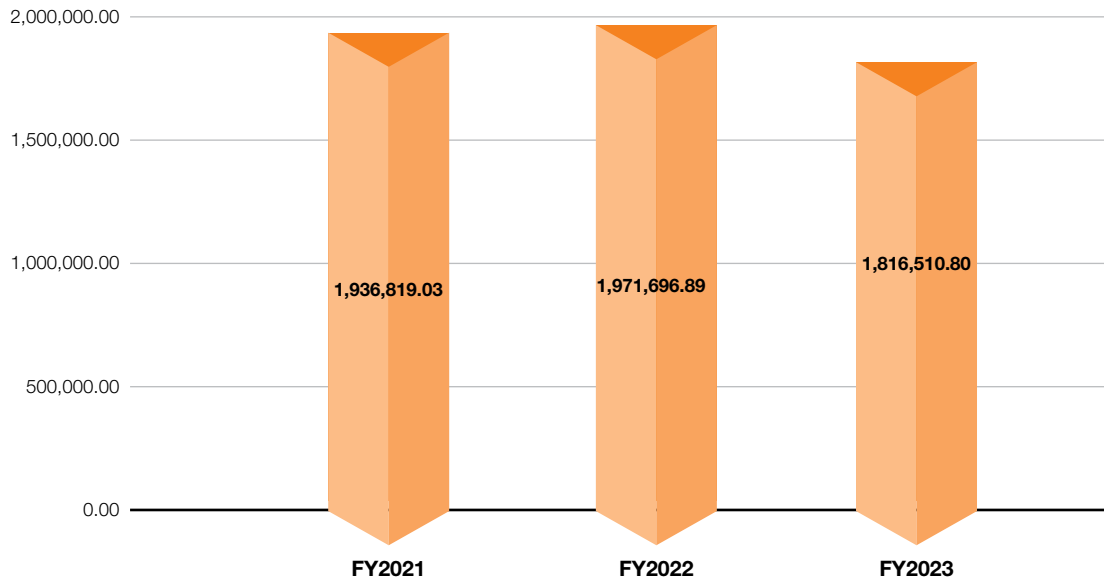
Boilers, crucial for the paper milling and corrugating processes, generate the steam necessary for drying paper, operating on various fuels such as natural gas, woodchip, coal, and biomass. This diverse fuel usage demonstrates MHB's adaptability in its approach to energy consumption. Furthermore, MHB's logistical operations are supported by diesel and gasoline, powering essential equipment like forklifts and generators to ensure a seamless workflow.

To further enhance our energy efficiency and minimise our environmental footprint, MHB has embarked on several initiatives:

- Replacing key equipment such as pumps, lighting and screens with higher efficiency units. These upgrades are expected to yield significant reductions in energy usage
- Reviewing the impact of control systems and strategies on energy efficiency. Optimisations include replacing control valves with inverters for better pressure and flow control, which streamline processes and conserve energy
- In its production facilities, the installation of turbo blowers with higher efficiency and lower power consumption represents a major step towards reducing the energy footprint
- Introducing thermo compressors that aim to minimise steam consumption, further enhancing the efficiency of MHB's operations

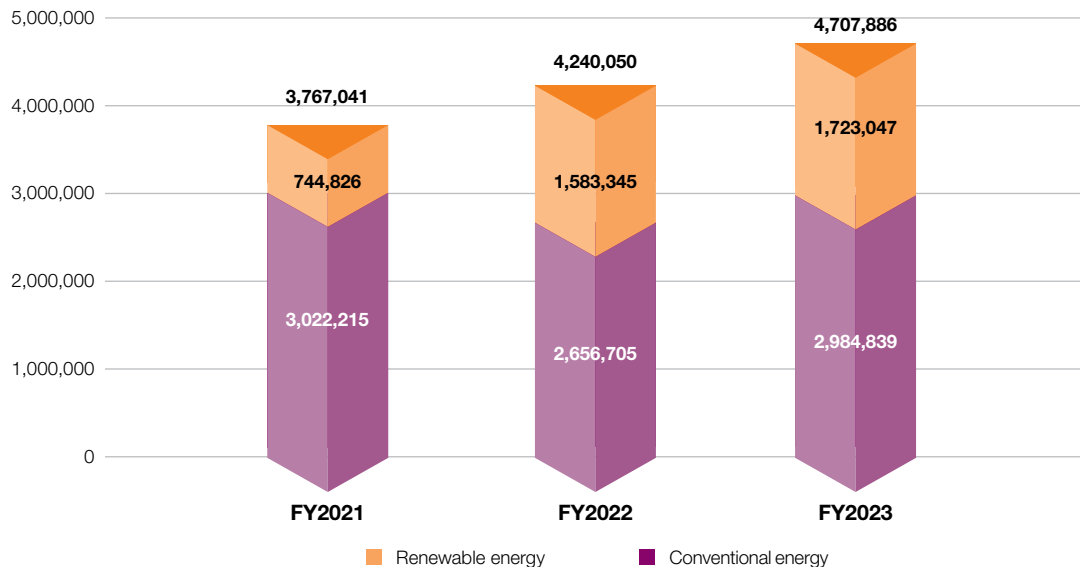
Gasoline consumption (Litres)



ENVIRONMENTAL TOPICS (CONT'D)**Energy Management (Cont'd)****Diesel Consumption (Litres)****Balanced Energy Strategy**

Building on our energy management foundations, MHB places a significant emphasis on renewable and clean energy sources to complement our traditional energy use. This approach is crucial for our long-term sustainability goals.

Our diverse energy portfolio ensures a robust and adaptable energy strategy, from natural gas and LPG to coal and various forms of biomass like wood chips, palm kernel shells ("PKS"), and empty fruit bunches ("EFB"). The forthcoming chart will offer a comprehensive overview of MHB's energy consumption over the past year, detailing the split between traditional and clean energy sources.

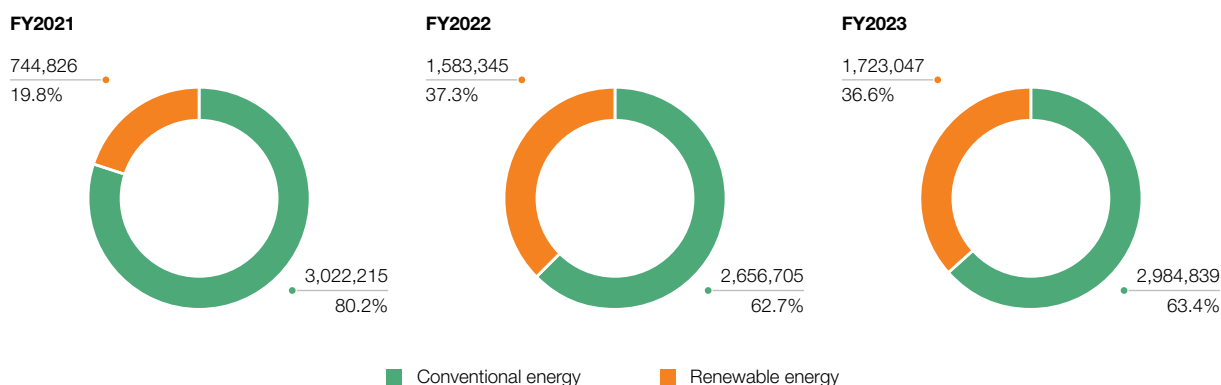
Total Energy Consumption (GJ)

ENVIRONMENTAL TOPICS (CONT'D)

Balanced Energy Strategy (Cont'd)

Biomass, in particular, plays a crucial role in our sustainability efforts, essential for generating steam used in industrial processes. This showcases our commitment to integrating environmentally friendly energy solutions, further supported by one of our Miller plants receiving a green certification from TNB for the Green Electricity Tariff. This certification acknowledges that the electricity MHB uses is sourced from renewable energy, contributing to the 5,341,849 kWh of green energy consumed.

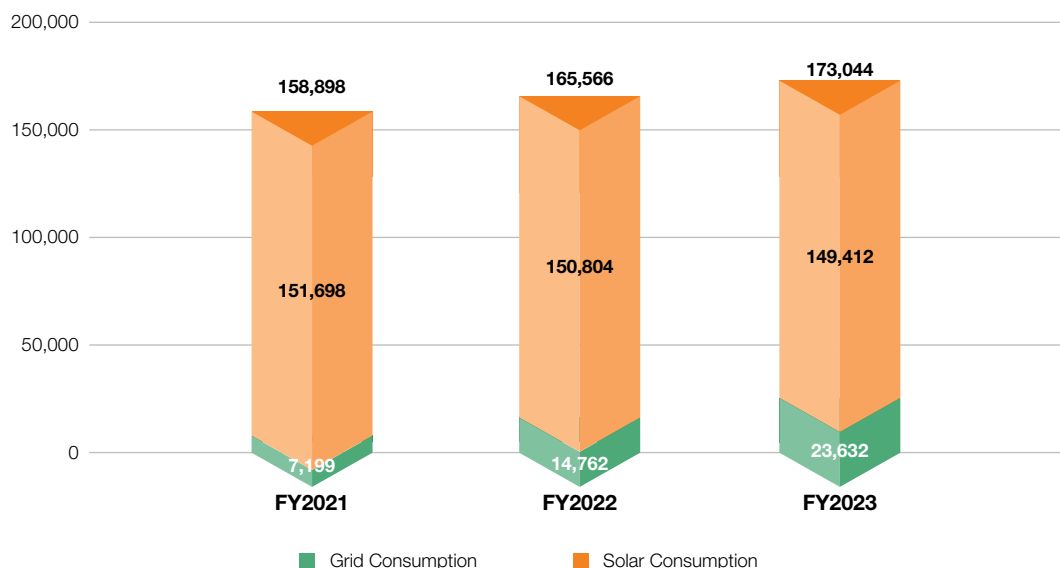
Through these concerted efforts, MHB is not only managing its energy consumption efficiently but also enhancing its operational costs and sustainability profile, demonstrating our commitment to a balanced and environmentally responsible energy strategy.



Despite the increase in the total energy and electricity consumption in FY2023, primarily attributed to heightened production levels, MHB has shown commendable progress in reducing grid electricity consumption since FY2022.

Concurrently, the Group has significantly expanded its utilisation of solar energy, with its solar generation capacity more than tripling over the years. Despite nearing the regulatory limit for solar energy production, the solar infrastructure remains a valuable asset and is anticipated to continue contributing positively to MHB's energy strategy going forward.

Electricity Consumption (MWh)



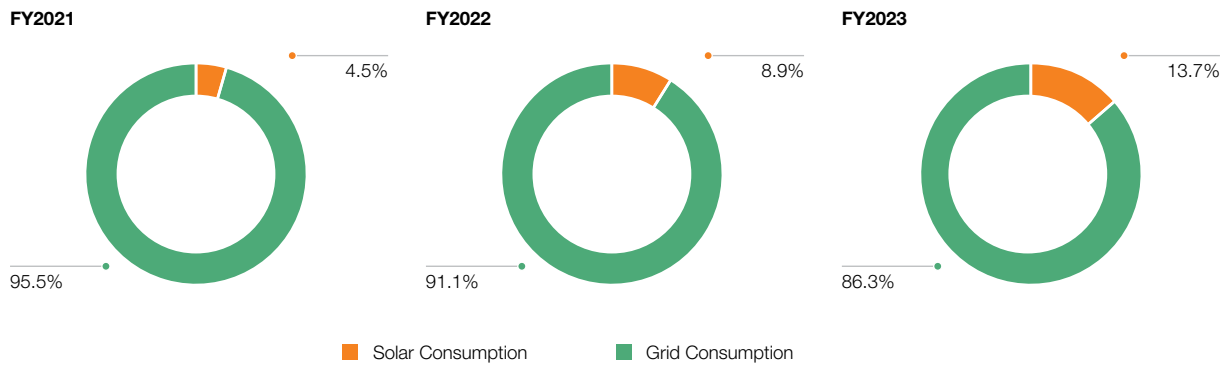
SUSTAINABILITY STATEMENT

CONT'D

59

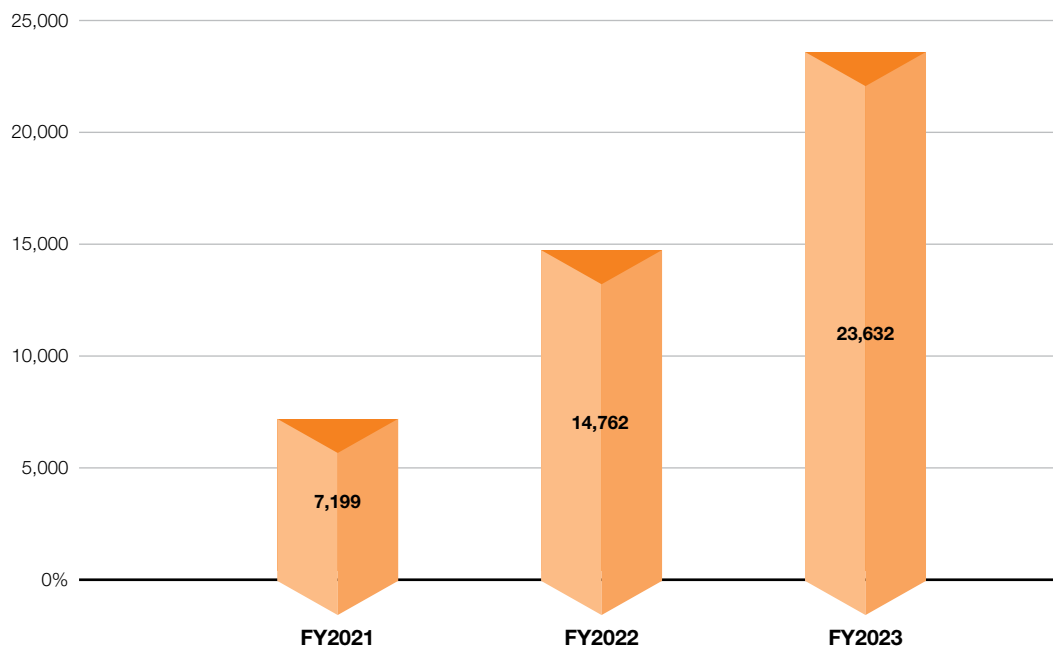
ENVIRONMENTAL TOPICS (CONT'D)

Balanced Energy Strategy (Cont'd)



In advancing toward environmental sustainability and combating climate change, MHB has shown its commitment through a strategic collaboration with key partners. This partnership has been instrumental in the installation of 16.7 MWH of solar panels, marking a significant step in MHB's sustainability journey. Alongside this collaborative effort, MHB has further demonstrated its dedication to renewable energy by independently installing 2.0 MWH solar panels across its operations.

Solar Power Captured (MWh)



60 SUSTAINABILITY STATEMENT

CONT'D

ENVIRONMENTAL TOPICS (CONT'D)

Pollution Management

Pollution management stands out as a key concern for MHB, directly affecting environmental well-being and the health of the communities it serves, while also carrying significant regulatory consequences for its business activities. MHB is dedicated to thorough oversight and control of its emissions, with a clear goal to reduce its environmental impact and align with international sustainability benchmarks. This strategic decision has enabled MHB to meet the environmental regulations established by the Department of Environment ("DOE").

Waste Management

MHB is acutely aware of the environmental hazards associated with waste production, particularly the risks it poses to land, air, and water quality, as well as the potential for negative health impacts. A significant portion of MHB's waste generation can be traced back to two primary areas of its operations: the Corrugating and Milling plants. The Corrugating plant produces waste primarily through its trimming process, leading to excess paper, along with the disposal of water-based inks and glues. On the other hand, the Milling plant is tasked with the disposal of various chemicals and generates sludge as a byproduct of processing fibre in its production activities.

MHB complies with all legal requirements related to waste management and has not received any environmental fines in FY2023. The company categorises its waste into hazardous and non-hazardous types, ensuring proper disposal practices. Additionally, MHB employs the services of licensed Scheduled Waste collectors for the disposal of its waste.

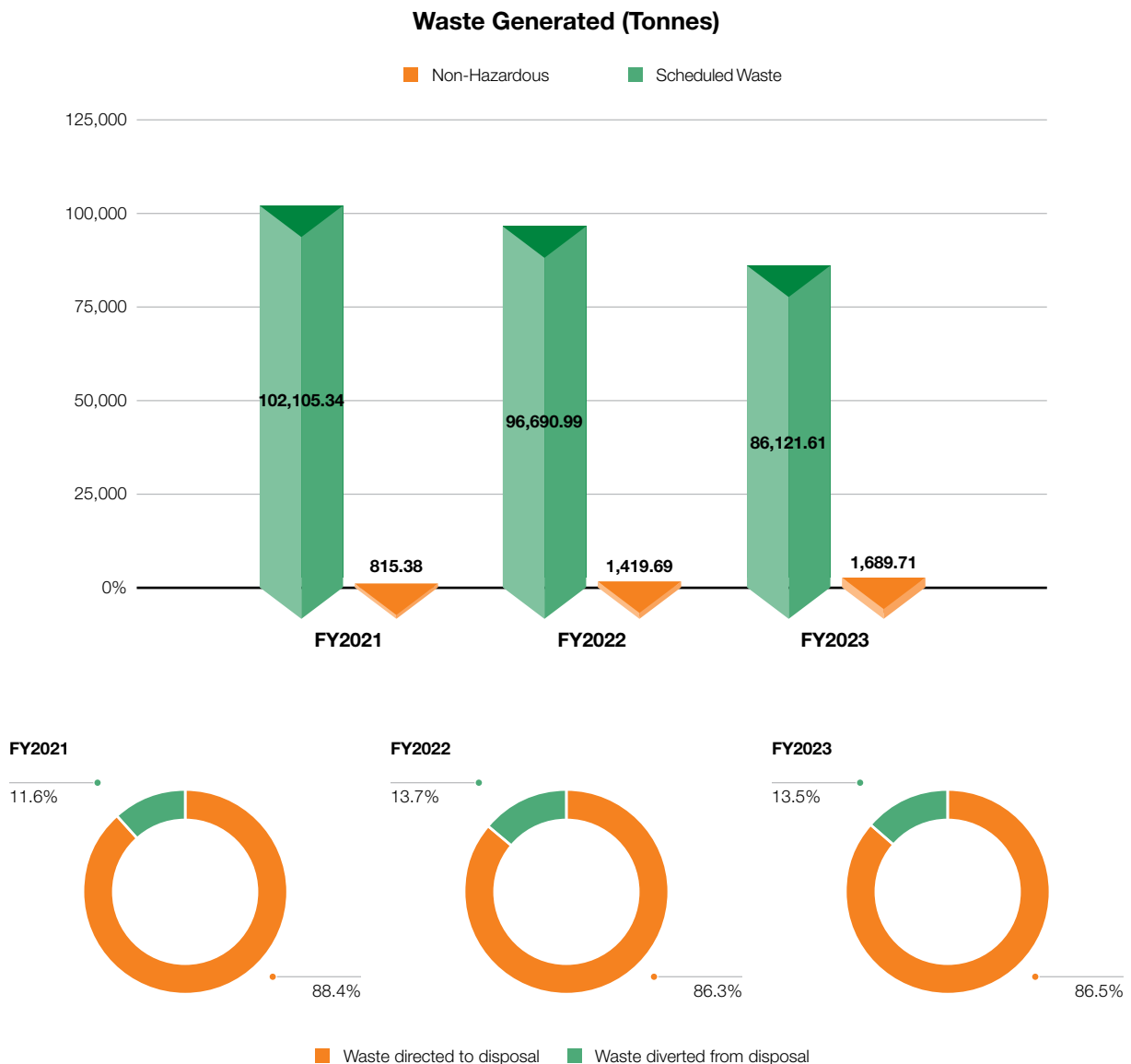
Recycling and Reusing

MHB is committed to environmental conservation through its efforts in recycling and reusing materials, aiming to minimise waste sent to landfills. Key initiatives include:

- Recycling Paper Trim Waste: The paper trim waste generated at the corrugating plant is repurposed internally within our mills, embodying the principles of a circular economy.
- Repurposing Ash Waste: Ash generated from coal usage in our operations is given a second life by our waste collectors, who repurpose it for use in cement for brick making, thereby reducing landfill waste.
- Transforming Waste Ink Water: Waste ink water undergoes treatment to be converted into glue.
- Converting Chemicals into Packaging: Chemicals, such as PE resin, are transformed into consumer packaging products, including paper bags, wrappers, and food containers, further supporting waste reduction and sustainability.

ENVIRONMENTAL TOPICS (CONT'D)**Recycling and Reusing (Cont'd)**

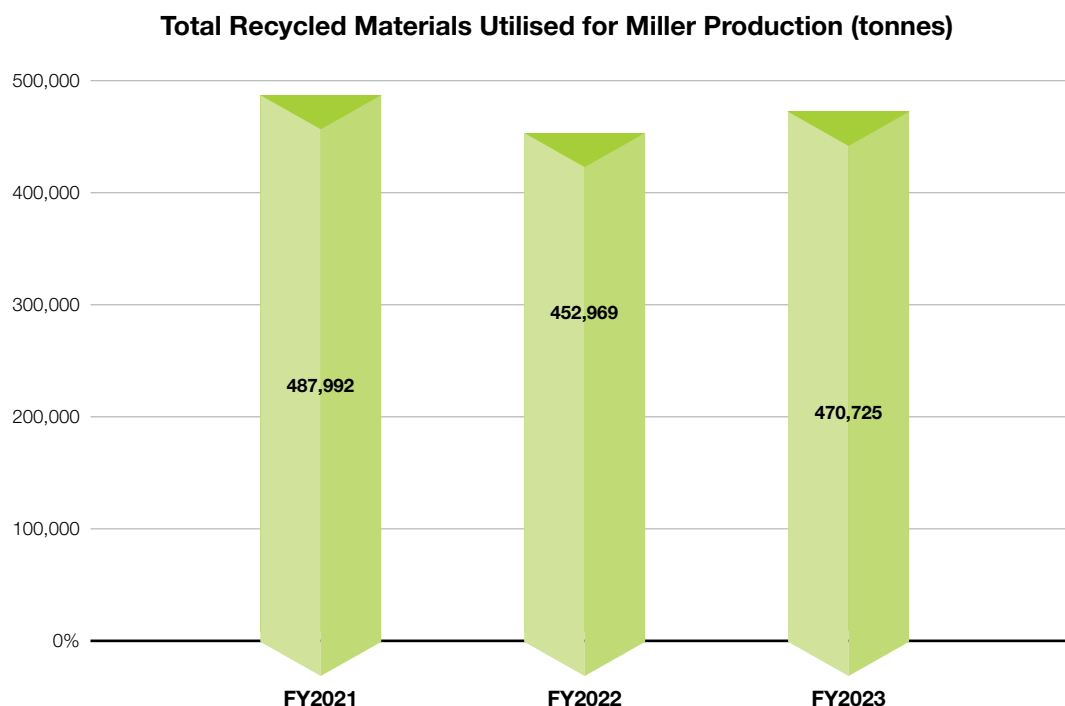
The following is the Group's waste data:



The corrugating division of MHB champions the use of renewable materials, employing not less than 85% recycled paper in its production processes, with the exception of kraft paper, which is produced using virgin pulp. Conversely, the milling division is dedicated to over 95% use of recycled waste paper for the production of industrial-grade paper, reinforcing MHB's focus on recycling and resource efficiency. Detailed data regarding the milling plant's practices and outcomes is provided below.

ENVIRONMENTAL TOPICS (CONT'D)

Recycling and Reusing (Cont'd)



Water Management

MHB recognises the indispensable value of water, not only as a critical component of its operational processes but also as a fundamental human right. The company understands that access to clean water is paramount for the sustainability of the business, the health and well-being of communities, and the preservation of ecosystems. With a deep-seated commitment to responsible water consumption and conservation, MHB is dedicated to protecting this vital resource for the benefit of current and future generations.

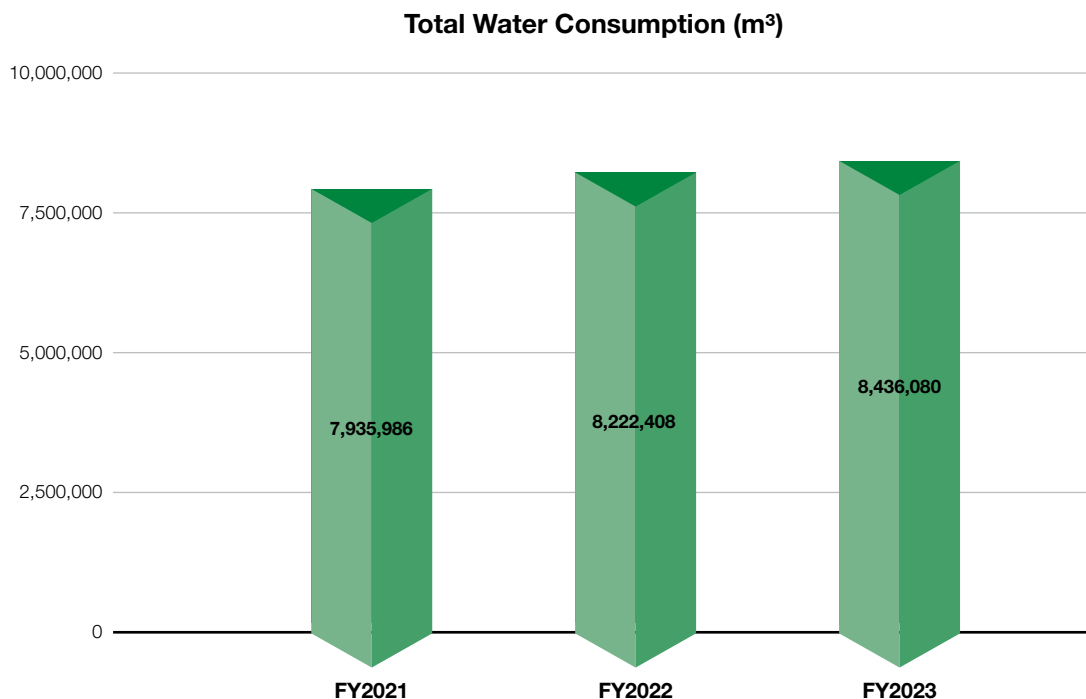
Our approach to water management is comprehensive, integrating considerations for local water use contexts and treating water as a shared community resource. This philosophy is reflected across all MHB subsidiaries, each of which implements strategies and practices specifically designed to meet their unique operational needs and to respect local water sources.

The majority of MHB and its subsidiaries source their water from municipal supplies, such as SYABAS, ensuring access to reliable and regulated water. This arrangement supports the vast spectrum of water-dependent activities within the company, from industrial processes to daily domestic needs.

Water is a key element in our manufacturing operations. For instance, in the corrugating process, water is crucial for preparing glue, which bonds the corrugating medium to the liner board. It is also integral to the operation of printing machines and for generating steam. In the milling plant, water is utilised in the production of paper. Beyond these specific industrial uses, water supports essential employee amenities and critical infrastructure, including restrooms, pantries, handwashing stations, and fire protection systems.

ENVIRONMENTAL TOPICS (CONT'D)**Water Management (Cont'd)**

For our milling operations, MHB adopts a distinct approach. Our milling entities actively utilise water from a nearby river, employing advanced technology for wastewater treatment to ensure its sustainable management. This process involves the extraction and treatment of river water to meet operational standards. Post-use, the water undergoes a rigorous purification process to comply with the environmental safety standards prescribed by the Department of Environment ("DOE") before it is responsibly returned to the natural ecosystem.

**Biodiversity**

MHB recognizes the importance of biodiversity in maintaining the health and functionality of the planet's ecosystems, fundamental to human well-being, economic stability, and a host of critical natural processes such as air purification and food production. The diversity of plant and animal life forms the backbone of these ecosystems, ensuring their resilience and ability to perform functions essential to human survival.

In its commitment to environmental stewardship, MHB rigorously follows both international and local environmental standards, such as ISO 14001 and the Environment Act of 1974, to mitigate its environmental impact and contribute to the preservation of biodiversity. This dedication is further highlighted by MHB's affiliation with the Forest Stewardship Council (FSC).

Additionally, MHB places a strong emphasis on the utilisation of recycled materials in its manufacturing processes, with at least 90% of its products being produced from recycled inputs. This approach not only reduces the demand for virgin resources but also underscores the company's commitment to sustainable production practices.

64 SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS

Management Approach

MHB recognises that the workforce is one of the key drivers in driving our businesses forward. The Group remains committed to upholding sound labour practices, promoting mutual respect and understanding and fostering a diverse and inclusive workplace.

We strategically harness the Group's financial, technical and human resources to not only attract but also retain top-tier talent. Our commitment translates into providing a safe and healthy working environment and offering opportunities for career growth, training and upskilling. This holistic approach reflects our dedication to crafting a workplace that values diversity, prioritises employee safety and wellbeing, and champions continuous growth and development.

Equal Opportunity, Diversity and Equality

The Group values and encourages diversity, defining it across various dimensions such as race, ethnicity, religion, gender, age, disability, sexual orientation and more. We advocate for equal opportunities for all, ensuring that every individual, regardless of background, has an equitable chance to thrive and contribute to the success of our organisation.

In promoting diversity and equality, we emphasise mutual respect and understanding as foundational principles within our workplace. We cultivate an environment where differences are not only acknowledged but celebrated, fostering a culture that values the richness that arises from a multitude of perspectives and experiences.

We also prioritise the inclusion of individuals with disabilities. We firmly believe in providing equal opportunities for all, recognising the unique strengths and contributions that disabled individuals bring to our company. The Group takes pride in our commitment to disability inclusion, evident in the representation of disabled individuals within our workforce.

Disability Status	FY2021	FY2022	FY2023
Number of Employees	3	3	3
Percentage of Workforce	0.1%	0.1%	0.1%

We create positive and lasting impacts on local communities by prioritising the hiring of local talents. Many embark on their careers within MHB, starting from Junior Executive or Executive levels. Our commitment to equal opportunities transcends race, ethnicity, religion and gender, ensuring that all employees enjoy an equal chance for promotion and career advancement.

The Group acknowledges our shared responsibility to ensure fairness in hiring and advancement without discrimination, going beyond compliance with employment laws worldwide.

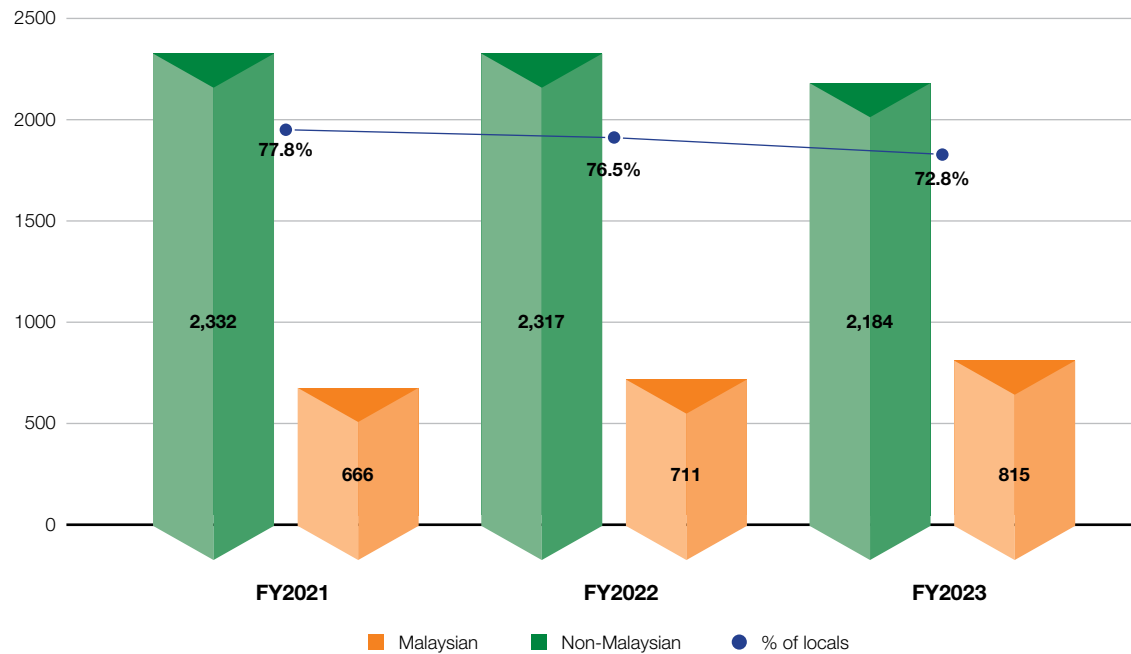
Total Workforce



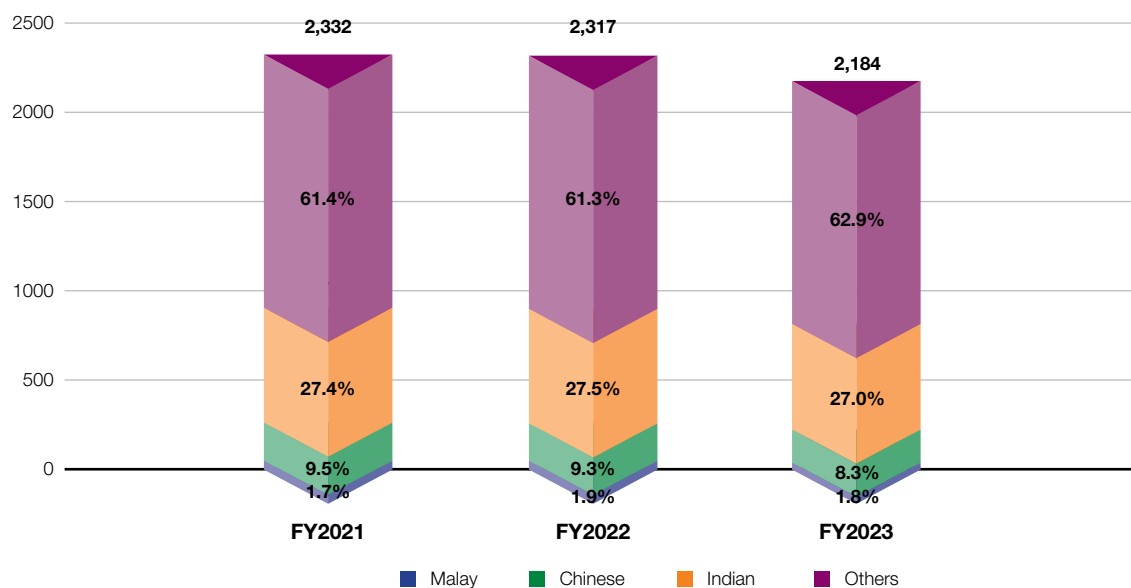
SOCIAL TOPICS (CONT'D)

Equal Opportunity, Diversity and Equality (Cont'd)

Workforce Nationality



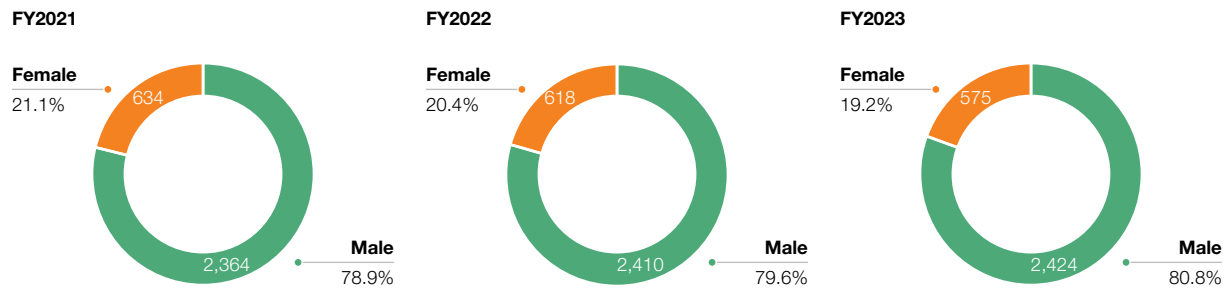
Local Workforce by Ethnicity



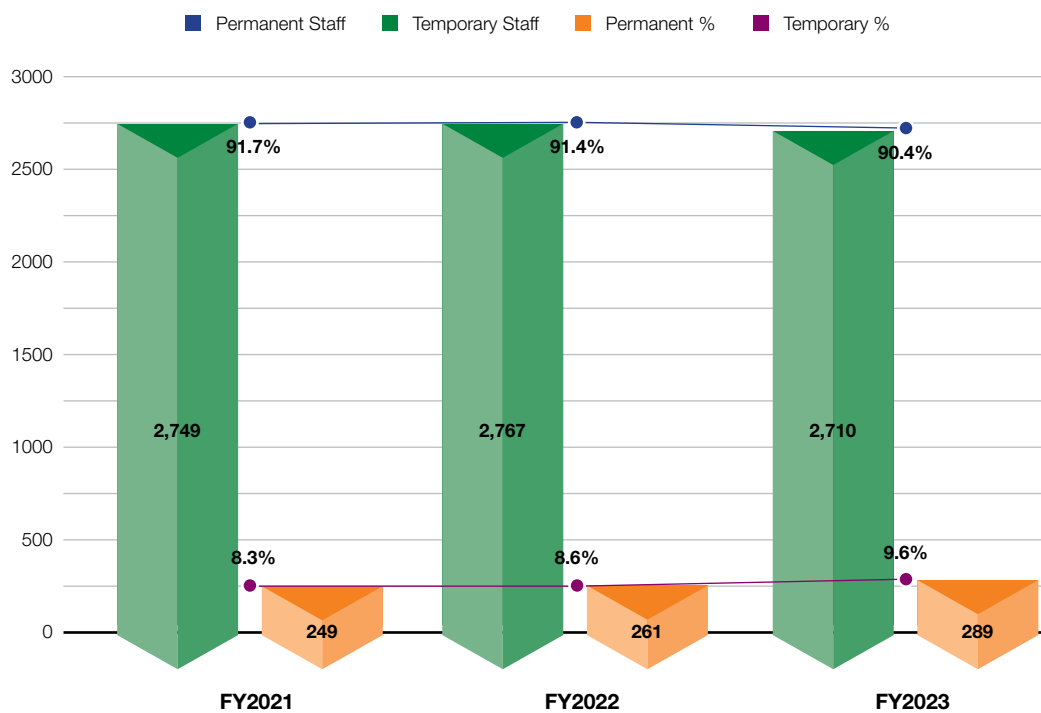
Note: In this graph, the term 'local' refers to Malaysian citizens. The ethnicities represented are those of the main Malaysian ethnic groups.

SOCIAL TOPICS (CONT'D)

Equal Opportunity, Diversity and Equality (Cont'd)



Permanent and Temporary Workforce



SUSTAINABILITY STATEMENT

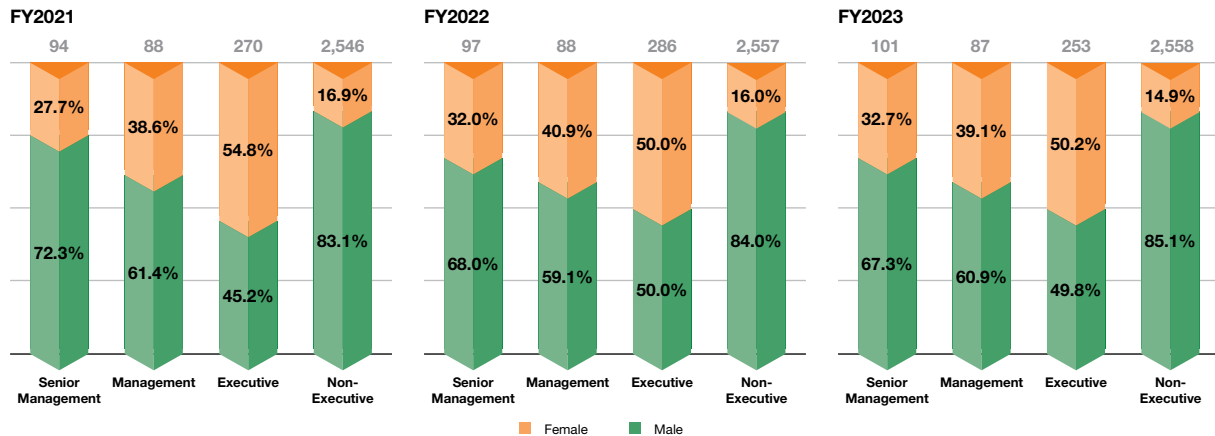
67

CONT'D

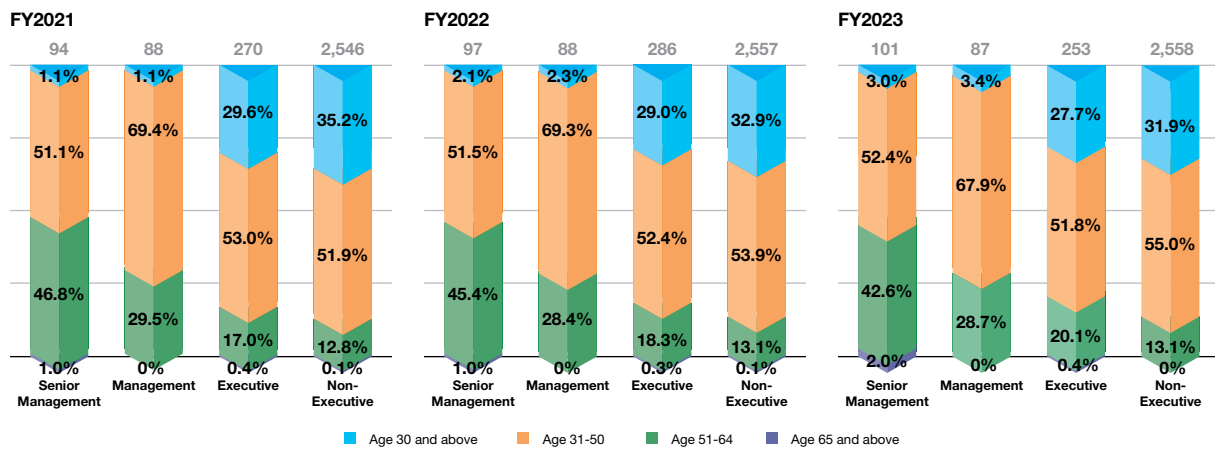
SOCIAL TOPICS (CONT'D)

Equal Opportunity, Diversity and Equality (Cont'd)

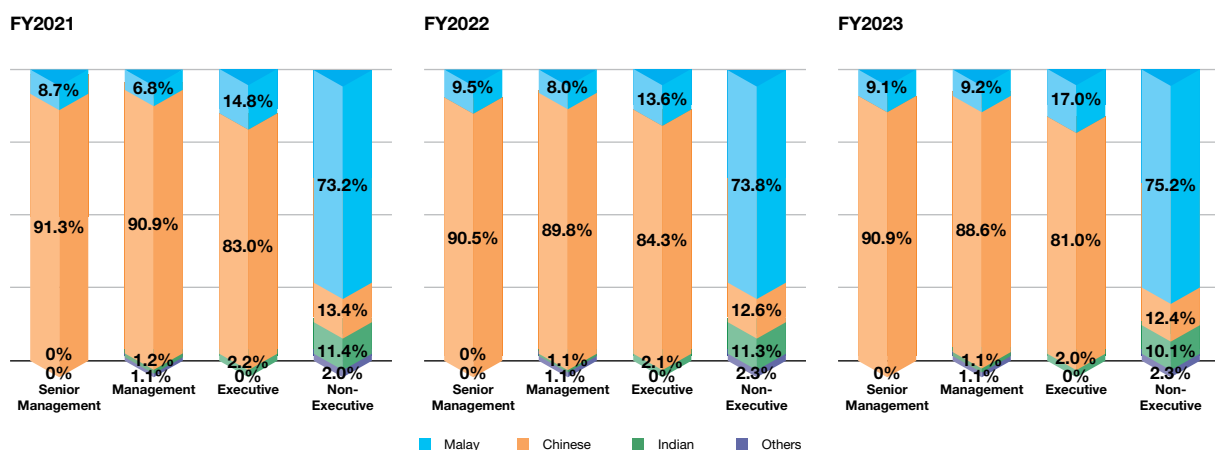
Gender Breakdown by Employee Category



Age Breakdown by Employee Category



Ethnicity Breakdown by Employee Category



Note: This graph includes only Malaysian employees. The ethnicities represented are those of the main Malaysian Ethnic Groups.

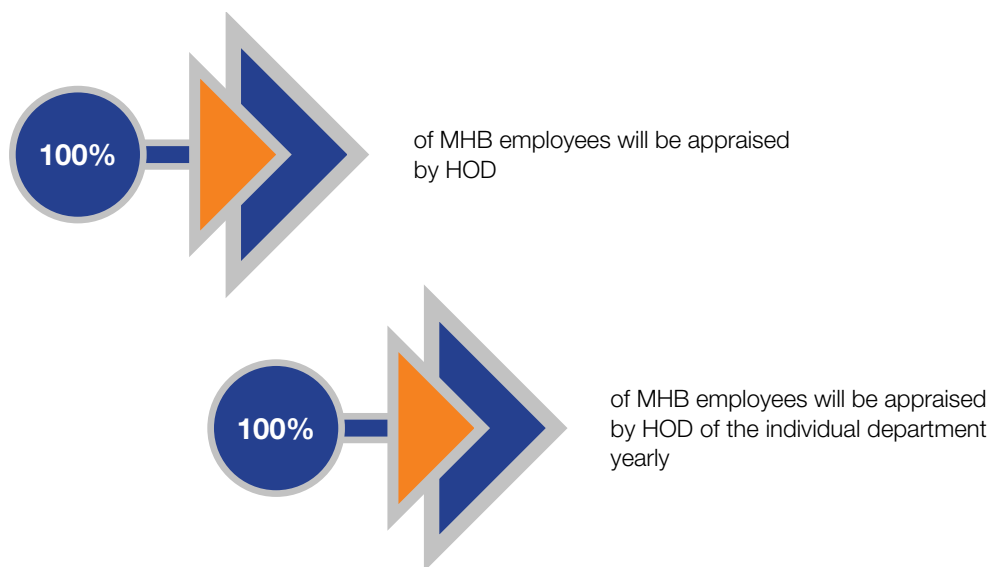
68 SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

Talent Management and Development

At MHB, we recognise the profound impact of effective talent management and development on the success and sustainability of our businesses. In addition to promoting diversity and equality, the Group places a premium on fair remuneration, annually assessed through performance appraisals that acknowledge and reward employees' valuable contributions. Our commitment extends to ensuring that every employee experiences a seamless and enriching journey working with MHB.

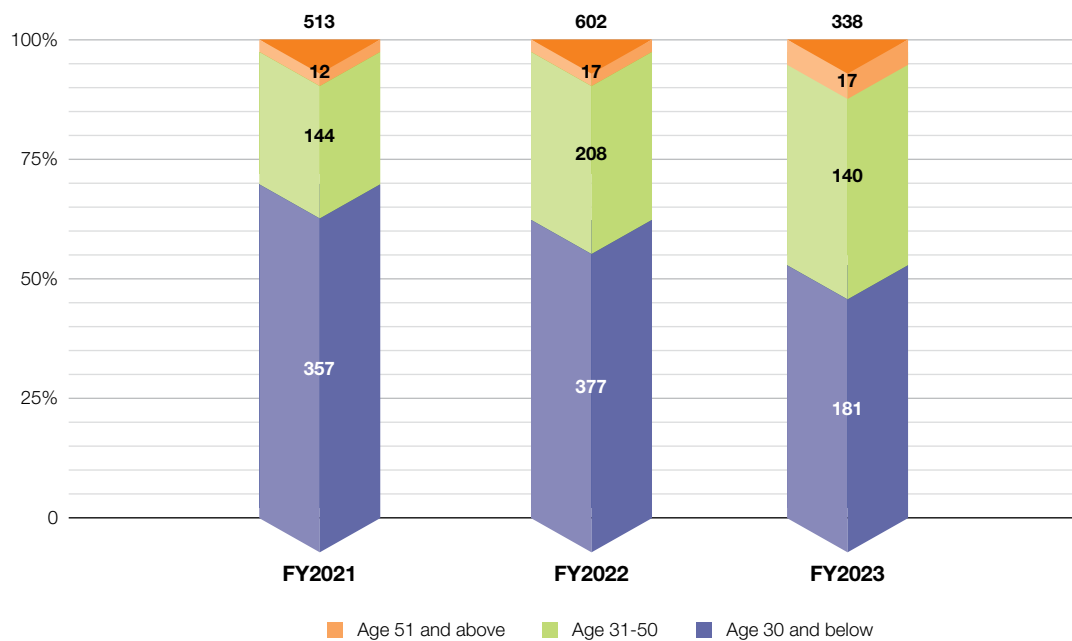


Hiring and Attrition

New employees across all divisions undergo an onboarding program tailored to their respective areas and the nature of their operations. For instance, for onsite employees, the programme covers essential aspects, including Safety, Health, Environment, and an in-depth exploration of the Group Code of Conduct. This induction programme ensures that each employee receives the necessary information relevant to their specific work environment, setting the stage for a well-informed and empowered workforce right from the start.

For employees choosing a different path, our exit process is designed with thoughtfulness and clarity. Upon resignation, employees receive an acceptance letter and are required to complete the 'Handover Job Check List'. This process ensures a smooth transition and preserves institutional knowledge.

MHB is dedicated to cultivating an organisational culture that supports both employee recruitment and retention. This is achieved by emphasising the appreciation of employees' achievements and motivating them to perform through rewards, including monthly productivity incentives. We also prioritise internal growth and development by providing existing employees with opportunities for internal promotions or filling vacancies, promoting a culture that values the talent and experience within our organisation.

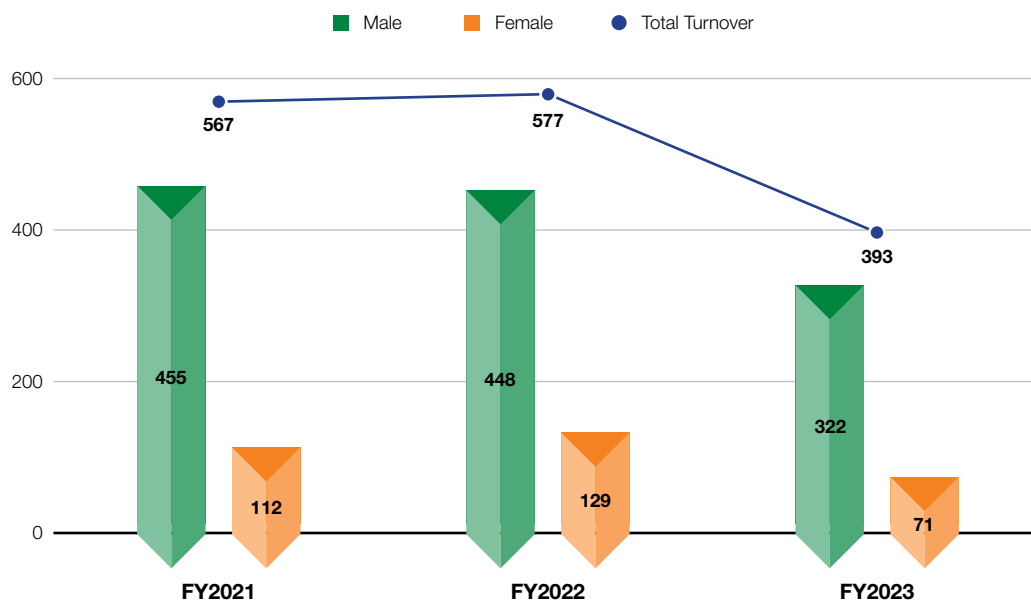
SOCIAL TOPICS (CONT'D)**Talent Management and Development (Cont'd)****Hiring and Attrition (Cont'd)****New Hires by Gender****New Hires by Age Group**

SOCIAL TOPICS (CONT'D)

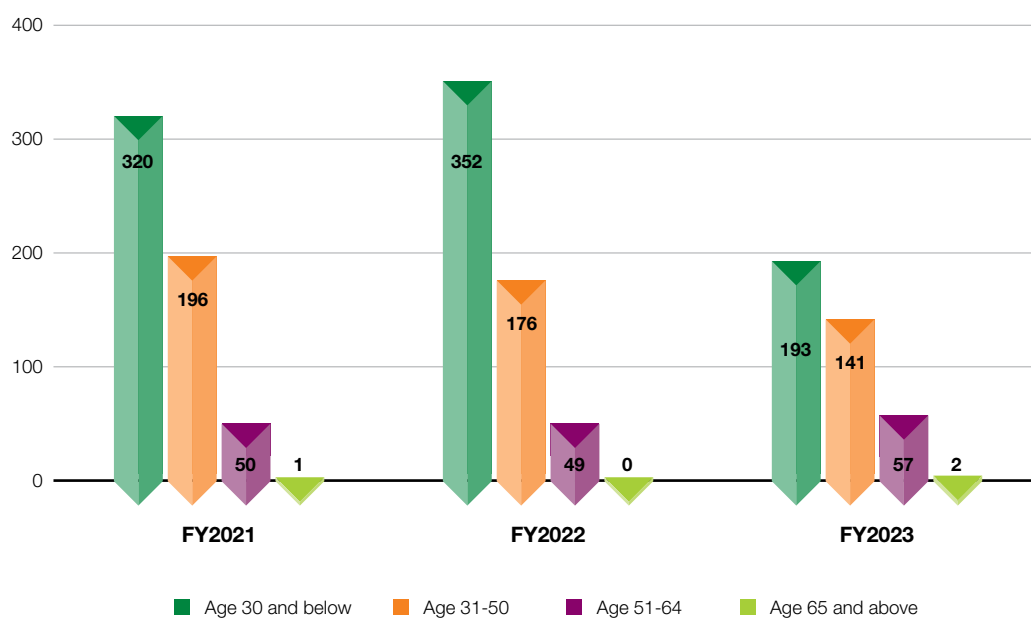
Talent Management and Development (Cont'd)

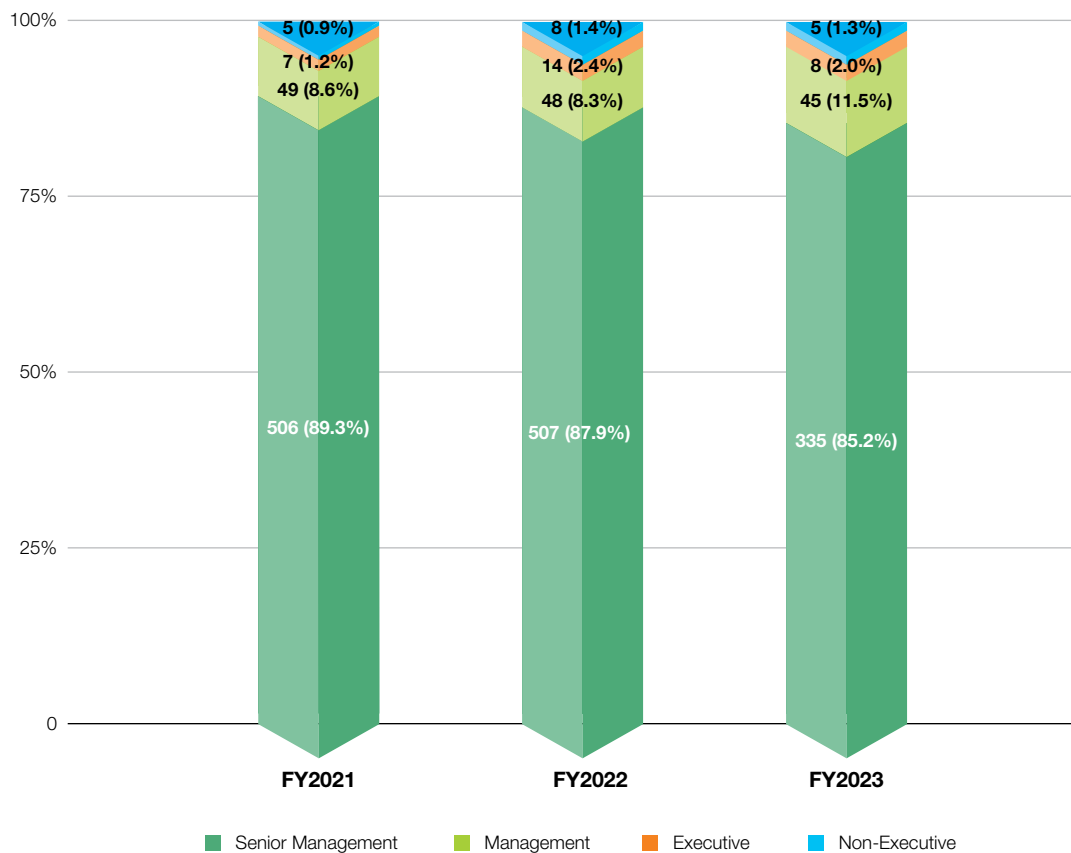
Hiring and Attrition (Cont'd)

Turnover by Gender



Turnover by Age Group



SOCIAL TOPICS (CONT'D)**Talent Management and Development (Cont'd)****Hiring and Attrition (Cont'd)****Turnover by Employee Category****Employee Benefits and Wellbeing**

Our commitment to employee wellbeing extends to offering a comprehensive range of benefits. This package includes medical and hospitalisation coverage, accident insurance, club subscriptions, allowances and car benefits. Recognition through long-service awards for employees with 10, 20, and 30 years and above further underscores our commitment to celebrating the dedication and loyalty of our workforce. Additionally, retirement benefits are integral to ensuring the welfare of our employees even beyond their active service.

The Group consistently evaluates its benefits and monetary compensation alongside industry best practices to ensure a fair and competitive remuneration package for its employees. The Group supports the right to minimum wage and provides as well as exceeds the minimum wage standards when it comes to its employee wages.

Our focus is on creating an environment where each individual is valued, empowered, and recognised for their unique contributions, fostering a culture of growth, fulfilment and sustained success.

72 SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

Talent Management and Development (Cont'd)

Employee Benefits and Wellbeing (Cont'd)

Employee Benefits and Remuneration

Disability Status	FY2021	FY2022	FY2023
Total payments made to employees in terms of salaries, bonuses and benefits (RM '000)*	154,230.25	164,080.39	166,838.12
Total statutory payments made for employees' retirement benefits (RM '000)*	12,700.23	13,093.43	12,669.40
Total payments in medical insurance for employees (RM '000)*	1,625.30	1,763.36	1,956.34

* The figures presented represent the amalgamated figures of the group of companies included in this report.

	FY2021	FY2022	FY2023
Employees Entitled to Maternity and Paternity Leave			
(a) Number	2,391	2,440	2,337
(b) Percentage	79.8%	80.6%	77.9%
Employees Who Took Paternity Leave			
(a) Number	57	71	46
(b) Percentage	2.4%	2.9%	2.0%
Employees Who Took Maternity Leave			
(a) Number	17	17	21
(b) Percentage	0.7%	0.7%	0.9%
Return to Work Rate*			
Male	88.9%	88.9%	100%
Female	62.5%	97.1%	100%
Retention Rate**			
Male	85.9%	82.7%	100%
Female	52.4%	94.3%	95.2%

* Return-to-work rate: Percentage of employees returning to work after parental leave out of the total employees scheduled to return after parental leave.

** Retention rate: Percentage of employees retained 12 months after returning to work post-parental leave out of the total employees returning from parental leave in the previous reporting period.

SOCIAL TOPICS (CONT'D)

Talent Management and Development (Cont'd)

Training and Education

The Group prioritises the provision of learning and development opportunities for our employees, aiming to facilitate personal growth and achieve excellence in performance within the workplace. We actively endorse and support growth and development programmes to keep our workforce responsive to changes in the work environment, enabling them to contribute optimally to the Group's success.

In training and education, the Group ensures that training needs and programmes are strategically designed to achieve, maintain and enhance our Group systems. The ultimate goal is to cultivate efficient employees and improve machine utilisation. Our training and education programmes are meticulously crafted to elevate employee performance, boost productivity, reduce turnover and enhance our organisational culture.

Certain subsidiaries have implemented a Training Policy, which plays a pivotal role in reviewing, revising, or formulating employee training schemes and programmes to ensure their effectiveness. The Group also follows the Competent/ Training Needs Analysis Flow Chart, a systematic approach to determine if a training need exists and, if so, what training is required to fill the identified gap.

The General Manager or respective Heads of Departments ("HODs"), in collaboration with the Human Resources and Administration Department, assumes the responsibility of deciding and approving the requisite training programs based on organisational needs. They play a crucial role in identifying employees' strengths and weaknesses and proposing suitable public or internal training to address skill gaps. Each subsidiary is responsible for tailoring and customising its training initiatives to address specific needs.

Some of the training programmes conducted in FY2023 include and are not limited to:

List of Training Programmes in FY2023
CePIETSO (PCP)
Safe Chemical Handling and Spill Control
Forklift Safety Training
Good Manufacturing Practice & HACCP
Fire Prevention & Drill
Occupational Safety & Health Awareness Training
CPS Management Material Module
Covid-19 Webinar: Post-Pandemic Workplace Measures and Way Forward
Paper Knowledge and Manufacturing Management
IETS Operation Training
Course for Certified Environmental Professional in Scheduled Waste Management
Corrugator Machine Training

In the upcoming financial year, the Group will continue prioritising Safety, Health, Environment, Motivational, and 5S Training, aiming to strengthen good housekeeping practices and implement department-specific professional and skills training initiatives, including ISO 45001:2018 Awareness and Training for Authorised Gas Tester/Entry Supervisor ("AGTES"). Plans also include conducting engaging webinars and workshops through a cloud-based online learning platform, as well as providing managerial staff exposure to relevant training conferences to enhance their management skills.

The Group employs a robust approach to evaluate the effectiveness of our Training and Development initiatives. The Training Effectiveness Feedback Form ("TEFF") serves as a key instrument in gauging the impact of our training programmes. After a month, the HR department distributes TEFF forms to the HODs, soliciting their valuable feedback on the training's outcomes. As we move forward, efforts are being made to implement the evaluation approach to all subsidiaries, ensuring consistency in evaluating the effectiveness of our training initiatives across the Group.

74 SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

Talent Management and Development (Cont'd)

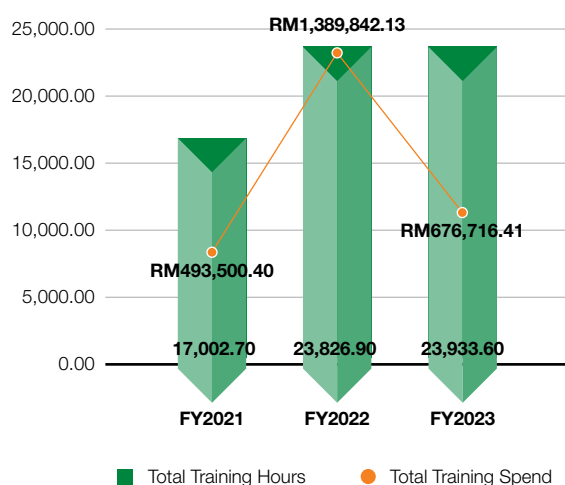
Training and Education (Cont'd)

The Group actively encourages personal development for employees seeking to upgrade themselves. This includes participation in courses, such as

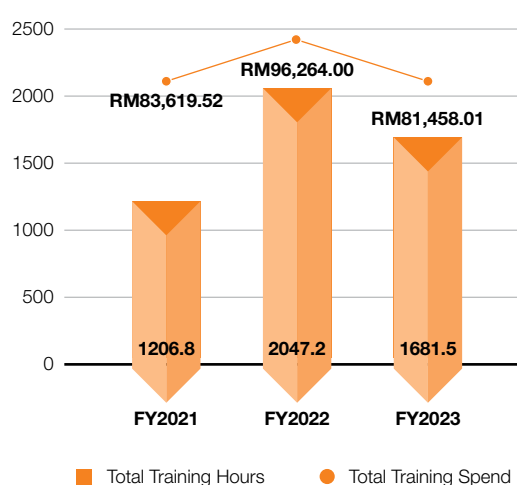
- Certified Environmental Professional In Scheduled Waste Management ("CePSWaM")
- Course For Certified Environmental Professional in the Operation of Industrial Effluent Treatment Systems (Physical Chemical Processes) ("CePIETSO (PCP)")
- OSH Coordinator Training

Employees at the Executive level and above are eligible for cash rewards upon achieving Group-recognised qualifications. Additionally, employees who are members of accredited bodies or associations can claim reimbursement for their annual membership fees, subject to management approval.

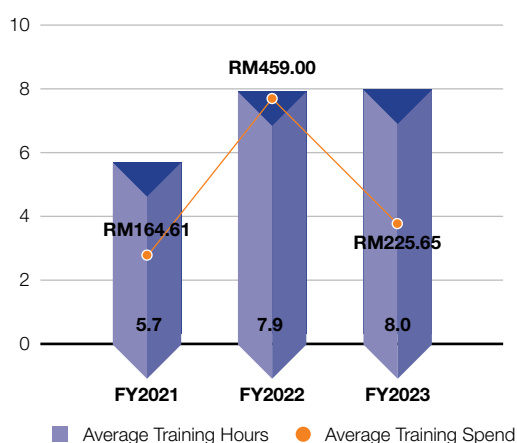
Total Training Hours & Spend (Company)



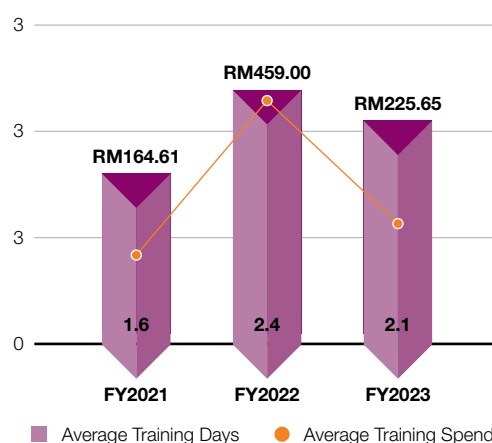
Total Training Hours & Spend (Per Division/Business Unit)



Average Training Hours & Spend per Employee



Average Training Days & Spend per Employee



SOCIAL TOPICS (CONT'D)

Talent Management and Development (Cont'd)

Training and Education (Cont'd)



76 SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

Talent Management and Development (Cont'd)

Labour and Human Rights

Our commitment to protect employee welfare extends to addressing any incidents of bullying or harassment promptly and effectively. All employees are empowered to report incidents of bullying or harassment through a robust reporting mechanism, allowing them to reach out to the Head of Department ("HOD") or the Human Resources Department. This ensures a responsive and supportive environment, with managers receiving specialised training on handling reports of bullying and harassment. This training includes guidance on Misconduct and Disciplinary Procedures and managing employment misconduct and claims at the Labour and Industrial Court.

The Group places paramount importance on recognising and respecting employee rights, taking a stringent stance against forced and child labour. The Group does not tolerate any form of forced labour within the operations and facilities. Our adherence to the Children and Young Persons (Employment) Act 1966, ensures the minimum age for full-time employment is 18 years, promoting a safe and ethical work environment.

With the workforce consisting of 27.2% foreign labour in FY2023, the Group upholds standard procedures and best practices for responsibly and sustainably managing their recruitment. These procedures ensure compliance with Malaysian laws and regulations, as well as in the countries of origin of foreign labour. The Group strictly enforces guidelines prohibiting recruitment fees charged by recruitment agencies to foreign labour, provides employment contracts in native languages to prevent exploitation, and ensures accommodations comply with housing regulations.

The Group has conducted six (6) Domestic Inquiry cases from FY2021 to FY2023 by the principles of natural justice, which include the right to be heard, the right to be informed of the allegations and the right to a fair and impartial hearing.

	FY2021	FY2022	FY2023
Number of substantiated complaints concerning human rights violations	0	0	0

Our commitment further extends to providing a work-life balance environment and safeguarding employee rights, including the right to collective bargaining and freedom to join any trade union or association of their choice. Notably, Collective Agreement bargaining between the management and union representatives is being carried out every three years.

Occupational Health and Safety

Ensuring a healthy and safe working environment across our businesses remains our top priority due to the potential far-reaching consequences associated with any incidents or events. These could range from operational disruptions and productivity losses to more severe consequences, like loss of life, damage to reputation and legal liabilities. Our efforts are directed towards cultivating a workplace that not only prioritises safety but also nurtures the well-being of our employees, with the ultimate goal of maintaining and preventing zero fatalities.

Our commitment is reflected in our strict adherence to relevant Occupational Safety and Health ("OSH") laws, regulations, and standards, including but not limited to the following:

- Occupational Health and Safety Act 1994
- Factories and Machinery Act 1967
- Industry Code of Practice for Safe Working in Confined Space 2010
- ISO 45001: 2018: Occupational Health and Safety Management Systems

At each operational site, our Safety and Health Policy aligned with ISO 45001 or the Occupational Safety and Health Act 1994 stands as a testament to our dedication. Endorsed by top management, it serves as a comprehensive framework covering the philosophy, values and goals of our OSH initiatives and programmes. Importantly, it applies to all individuals associated with our facilities, including employees, suppliers, contractors and visitors.

SOCIAL TOPICS (CONT'D)

Occupational Health and Safety (Cont'd)

Top Management holds overall responsibility, with their remuneration and KPIs intricately linked to the OSH performance. Executives, including senior management, heads of departments and section heads, actively champion safety across the Group. Supervisors contribute to day-to-day safety oversight, while a dedicated Safety and Health Officer provides legal advice and support, coordinating and managing safety efforts.

The Safety and Health Committee, with representation from both employers and employees, operate within relevant business divisions. This concerted effort addresses safety concerns at the local level, minimising health and safety risks in our operations. The committees work towards achieving zero rates of injury, organising OSH initiatives and conducting internal and external training. Quarterly meetings ensure timely updates, with employee representatives playing a crucial role in gathering feedback and concerns on health and safety matters.

To further improve Group-wide safety awareness among employees and to consistently reduce occupational hazards and accidents, we have:

Allocated financial budgets for safety equipment, training programmes, safety audits, workers' compensation insurance and hazard controls.

Engaged dedicated safety personnel (Safety and Health Officer, Authorised Gas Tester, Radiation Protection Officer) and trained workers.

Enhanced technological resources, such as safety sensors, alarms, mobile boom lifts, and interlocked barriers.

Improved the infrastructure at sites including better lighting, ergonomic workstations, and safety barriers

The Group prioritises OSH training as a fundamental aspect of our operations. Through a comprehensive Safety Induction Programme, new employees are equipped with essential knowledge of OSH standards and policies from the outset, instilling a culture of safety consciousness from day one.

Training sessions are conducted to ensure that our workforce remains abreast of evolving regulations and best practices. This includes health and safety training for relevant personnel at all levels of the organization, ensuring that the workforce is equipped with the necessary knowledge and skills to uphold our safety commitment.

	FY2021	FY2022	FY2023
Number of employees trained on health and safety standards	N/A	N/A	2,244

To further reinforce our safety messages, we utilise various communication channels such as strategically placed signage, prominent displays of safety policies, and easily accessible written guidelines. These resources serve as constant reminders of our dedication to OSH principles. In addition to formal training, we conduct regular first-aid guides and fire drills to prepare our employees for emergencies, enhancing their ability to respond effectively.

Instances of OSH-related non-compliance are addressed through meetings with the Safety and Health Committee, involving identification, investigation and formulation of corrective actions. Depending on severity and nature, actions may include re-training, process improvements, equipment upgrades and disciplinary actions.

78 SUSTAINABILITY STATEMENT

CONT'D

SOCIAL TOPICS (CONT'D)

Occupational Health and Safety (Cont'd)

The Emergency Response Procedure is applied to manage reported incidents and accidents, ensuring legal requirements are fulfilled. The internal Accident Form captures detailed information on injuries, root causes and preventive actions. A dedicated incident investigation team led by the Safety and Health Officer conducts thorough investigations. This process involves interviewing witnesses, reviewing records, inspecting the scene and documenting findings. Incident reports and proposed corrective actions are then presented to senior management and committee meetings. Immediate reporting and investigation of near misses or accidents following safety accident procedures, further strengthen our safety measures.

Monitoring of the Group's OSH performance is an ongoing process, aimed at identifying, quantifying and mitigating any potential risks that could adversely affect both the Group and our workforce. Continuous measurement using internal metrics, focusing on incident rate, Lost Time Injury ("LTI") frequency and workers' compensation claims data, ensures a proactive approach. Learnings from accidents/incidents inform updates to plans, policy documents and risk assessments.

Incident Rate Reduction Targets are also established to achieve a gradual reduction in workplace incidents annually, ultimately aiming for a zero-incident workplace. High HSE risks are assessed through Hazard Identification, Risk Assessment and Risk Control ("HIRARC") at operational locations, prioritising high-risk activities.

Our commitment is further reinforced through internal audits, quarterly safety audits and yearly audits by the Department of Environment and the Department of Occupational Safety and Health. Our OSH data compilation is submitted to the Department of Occupational Safety and Health annually, ensuring compliance with the Guidelines on Safety and Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004.

In conclusion, we are proud to present that in FY2023, we continue to maintain our commendable track record of zero work-related fatalities. This achievement stands as a testament to our dedicated approach to creating a secure and healthy working environment. Through continuous improvement, robust oversight, and proactive measures, we uphold the highest standards of safety and well-being for our employees. Moving forward, we remain dedicated to fostering a culture of safety, ensuring that every individual within our organisation feels valued, supported, and protected.

Year	Total manhours worked	No. of work-related fatalities		No. of work-related injuries	Injury Rate*	Fatality Rate*	Lost Time Incident ("LTI") Rate*
		Employee	Contractor				
FY2021	6,584,033.80	0	1	36	1.09	0.03	29.74
FY2022	6,425,708.87	0	0	41	1.28	0.00	34.95
FY2023	6,218,061.59	0	0	31	1.00	0.00	30.59

* Note: The injury rate, fatality rate, and lost time incident rate are calculated based on the number of work-related injuries, fatalities, and lost time incidents, respectively, per 200,000 hours worked by employees.

Community Development

In our commitment to community development, we actively contribute to the betterment of society through various initiatives.

In FY2023, the Group has allocated RM57,280 for corporate or group donations and community investments, demonstrating our dedication to social responsibility. Our contributions are specifically directed towards registered not-for-profit organisations, reflecting our commitment to supporting initiatives that have a positive impact on the community.



SOCIAL TOPICS (CONT'D)

Community Development (Cont'd)

The beneficiaries of our contributions encompass 23 distinct organisations, including Montfort Boys Town, Montfort Youth Centre, Yayasan Jantung Malaysia, Yayasan Amal Maaedicare, Majlis Kebangsaan Bagi Orang Buta Malaysia and others. Furthermore, CMP extends support by sponsoring schools within its operating region annually during festive seasons. By supporting these organisations, we aim to make a positive and lasting impact on the lives of individuals within these communities. Our commitment to community development remains steadfast as we strive to create meaningful and sustainable changes in society.

GOVERNANCE TOPICS

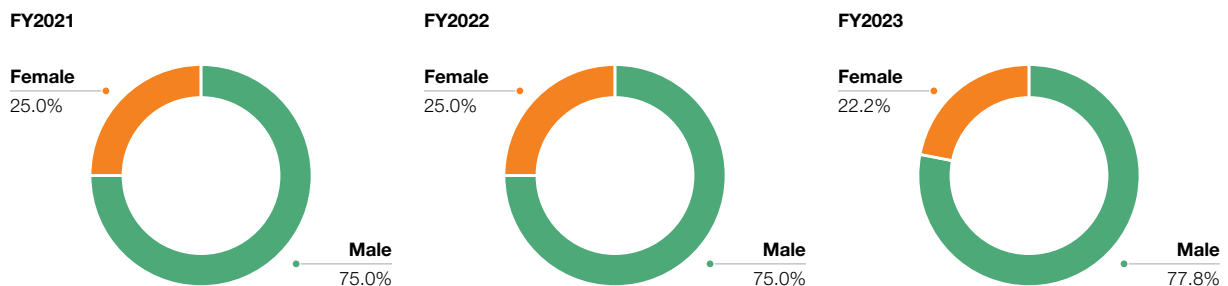
Corporate Governance

Our Board Of Directors

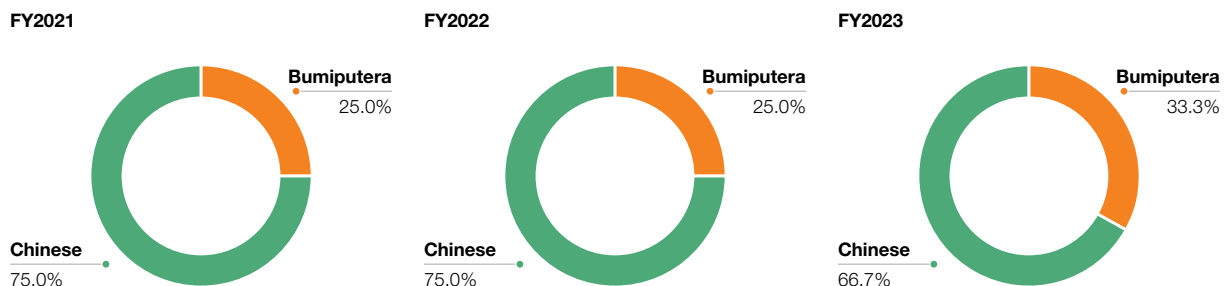
In FY2023, our Board comprises nine (9) Directors, consisting of two (2) executive members and seven (7) non-executive members, with three (3) of them holding independent positions. This aligns with the stipulations of Paragraph 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad, where Independent Non-Executive Directors constitute 33.3% of the Board.

Notably, the Board includes two (2) female Non-Independent Non-Executive Directors, reflecting our commitment to gender diversity at both the Board and senior management levels. The Board actively acknowledges the value of a diverse composition in fostering a rich tapestry of perspectives, ultimately leading to more informed and effective collective decisions. Beyond gender, our commitment extends to cultivating diversity in terms of skill sets, experience, ethnicity, age, background, and other distinctive attributes, aiming for a well-rounded and inclusive organisational culture.

Board of Directors Breakdown by Gender



Board of Directors Breakdown by Ethnicity



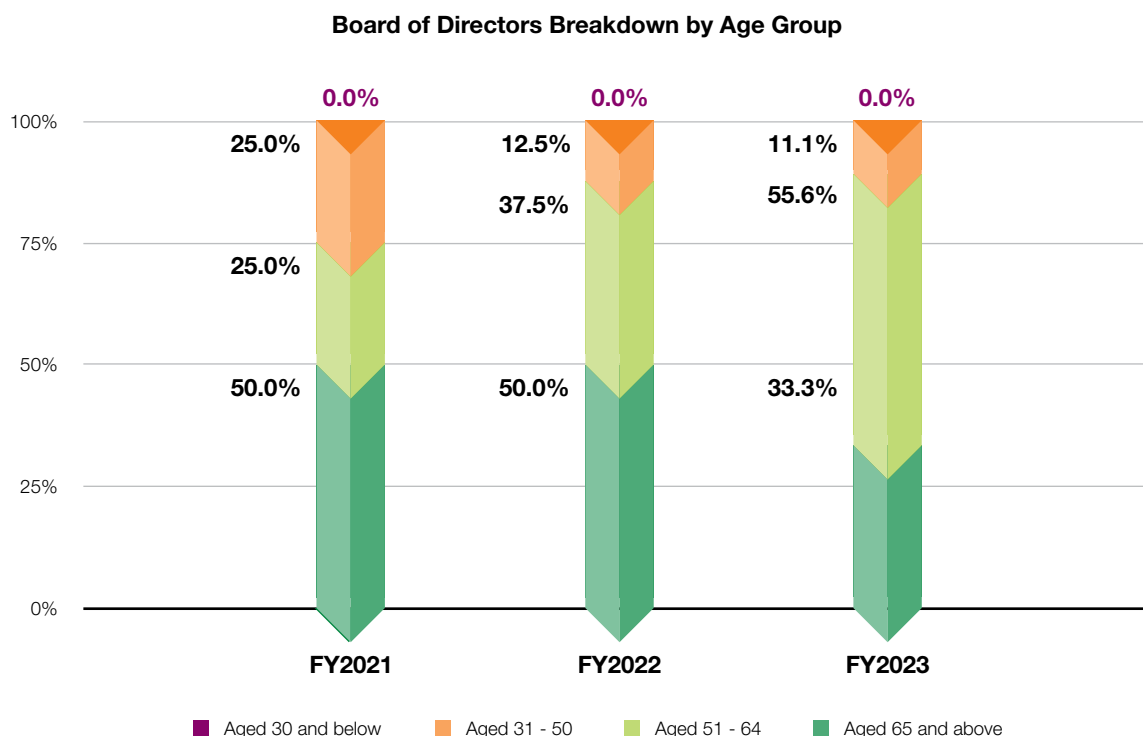
80 SUSTAINABILITY STATEMENT

CONT'D

GOVERNANCE TOPICS (CONT'D)

Corporate Governance (Cont'd)

Our Board Of Directors (Cont'd)

**Board Responsibilities**

The Board, as the guiding force of the Group, is collectively responsible for ensuring the Group's long-term success and delivering sustainable value to its stakeholders by acting in their best interests. This commitment includes dedicated efforts to represent and serve shareholders through strategic guidance, vigilant monitoring and transparent communication regarding the Group's policies and performance. The Board is actively setting, reviewing and monitoring the Group's value to sustain its strategic position and ensure enduring success. This holistic approach underscores the Board's dedication to governance excellence and effective oversight.

In support of its multifaceted responsibilities, the Board has instituted several standing committees, namely the Audit Committee ("AC"), Nomination Committee ("NC"), Remuneration Committee ("RC"), and Sustainability Committee ("SC"). These committees play pivotal roles in assisting the Board's oversight functions. Each committee operates with specific terms of reference, delineating its roles, responsibilities, composition, structure, membership requirements and operational procedures. Regular reviews of these terms of reference are conducted to ensure their continued relevance and effectiveness.

Notably, the composition of critical committees, such as the Audit Committee, Nomination Committee, and Remuneration Committee, comprises at least three (3) Non-Executive Directors, most of whom are independent. This composition guarantees an unbiased and objective perspective in committee deliberations.

This structured framework demonstrates the Board's dedication to governance excellence and effective oversight, aligning with the best interests of the Group and its stakeholders.

SUSTAINABILITY STATEMENT

81

CONT'D

GOVERNANCE TOPICS (CONT'D)

Corporate Governance (Cont'd)

Risk Management Framework

The Board oversees the entire risk management process, ensuring alignment with strategic objectives. The Board reaffirms its overarching responsibility to foster a "risk-aware" culture throughout the Group and to establish and supervise robust risk management practices. It also acknowledges the necessity to regularly review the risk management framework and emphasises that the system is intended not to eradicate risks entirely but rather to effectively manage them.

The Audit Committee ("AC") assists the Board in the oversight of an adequate, efficient and effective risk management and internal control function for the Group. Non-compliance, a critical facet, falls directly under the purview of senior management. This involves the identification, investigation, and formulation of corrective actions in case of any deviation.

MHB upholds globally recognised risk management standards, particularly those delineated by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO"). This commitment ensures that our risk management practices align with industry best practices, fostering consistency, effectiveness, and accountability throughout the organisation.

Demonstrating our commitment to governance integrity, MHB is dedicated to the regular rotation of auditors. This practice contributes to the independence and objectivity of the audit process, enhancing the reliability of financial reporting and risk management assessments.

Good Governance and Ethics

The Group is committed to upholding robust governance practices that align with the latest regulatory requirements and the best corporate governance principles. To achieve this, the Group implements several key policies, including the Code of Conduct, the Anti-Bribery and Anti-Corruption Policy ("ABC Policy"), Data Protection and Privacy, and the Whistleblowing Policy. These policies are effectively communicated to all employees through the employee handbook upon joining the Group.

Training on the ABC policy is also conducted for the relevant personnel.

Percentage of employees who have received training on anti-corruption policies and procedures	FY2021	FY2022	FY2023
Senior Management	100 %	100 %	100 %
Management	100 %	100 %	100 %
Executive	100 %	100 %	100 %

These policies are integral within the Group to guide the behaviours of our employees at every level by promoting business integrity, professionalism, and ethical conduct. The adoption of these policies safeguards and prevents potential adverse consequences due to non-compliance, including loss of income, higher costs, reputation risks, environmental hazards, and the possibility of censure and fines by authorities.

Code of Conduct

To maintain the highest standards of conduct within the Group, both the Board and employees adhere to the comprehensive guidelines outlined in the Code of Conduct. Specifically tailored sets have been established for the Board and employees, respectively. Upon joining, all recruits are mandated to formally acknowledge and signify their acceptance and understanding of these standards.

For transparency and accessibility, the Code of Conduct is readily available on the Group's website at www.muda.com.my, reaffirming our commitment to openness and accountability.

82 SUSTAINABILITY STATEMENT

CONT'D

GOVERNANCE TOPICS (CONT'D)

Corporate Governance (Cont'd)

Anti-Bribery and Anti-Corruption Policy ("ABC Policy")

In adherence to the Group's core values of upholding sound, responsible and fair business practices, the Board has established and oversees an Anti-Bribery and Anti-Corruption Policy in compliance with Section 17A of the Malaysian Anti-Corruption Commission Act, 2009. The policy reflects our commitment to fostering ethical business practices and professionalism.

The ABC Policy strictly prohibits any form of corruption, bribery, extortion, embezzlement or money laundering activities by our Directors, employees and associated third parties, which may include suppliers, contractors, agents, consultants, outsourced personnel, distributors, advisors, government and public bodies. While current ABC Policy compliance measures do not extend across the entire supply chain, the Group has strategic plans in place to incorporate these measures, ensuring comprehensive compliance.

The Anti-Bribery and Anti-Corruption Policy is available on the Group's website at www.muda.com.my. To ensure ongoing relevance and compliance, the policy undergoes a comprehensive review every three years or in response to changes in regulations and requirements.

As part of our continuous efforts to align with the Main Market Listing Requirements ("MMLR") of Bursa Malaysia, our subsidiary, Muda Paper Converting Sdn. Bhd. has initiated the assessment of operations for corruption-related risks in FY2023. Looking ahead, the Group aims to extend corruption risk assessments to encompass all subsidiaries.

There were no reported cases of bribery and corruption in FY2023.

	FY2021	FY2022	FY2023
Number of confirmed incidents of corruption and action taken	0	0	0
Total number of operations assessed for risks related to corruption	0	0	0
Percentage of operations assessed for risks related to corruption	0 %	0 %	0 %
Significant risks related to corruption identified through the risk assessment	-	-	-

Data Protection and Privacy

With the importance of information technology and its increasing integration into the workplace, MHB must manage the threats and risk of cyberattacks on the Group. MHB is committed to safeguarding the private information and personal data of our customers, suppliers, and employees.

Our cybersecurity measures and practices ensure that information is shared appropriately and lawfully and that data is handled with the utmost care, confidentiality and integrity. We comply with the Personal Data Protection Act 2010 and all information and personal data are secured using our integrated data protection and information security strategy.

Below are our key internal controls to protect data privacy:

- Protect our technology resources and assets with encryption, firewalls, antivirus or anti-malware software, automated patching and security vulnerability assessments;
- Use appropriate physical and organisational security measures to protect personal data;
- Provide training and awareness programmes on data security and proper handling of information; and
- Annual simulation on disaster recovery

GOVERNANCE TOPICS (CONT'D)**Corporate Governance (Cont'd)****Data Protection and Privacy**

With the internal controls in place, there were no reported cases related to the breaches of data and complaints received from stakeholders in FY2023.

	FY2021	FY2022	FY2023
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0

Whistleblowing Policy

The Group has implemented a Whistleblowing Policy that includes well-defined procedures for stakeholders to report any policy violations, suspected misconduct or breaches of law and regulations.

All incidents, whether involving directors or employees, are reported to the Whistleblowing Committee. The Whistleblowing Policy and Procedures are included in the Group's Employment Manual, and the policy is available on the Group's website at www.muda.com.my.

There were no reports of malpractices and misconduct during FY2023.

Regulatory Compliance

MHB operates strictly with statutory and regulatory standards and requirements, adhering to the laws of every jurisdiction within our operational purview. MHB aligns with international benchmarks such as ISO14001 for Environmental Management Systems and ISO9001 for Quality Management Systems. Regular checks are conducted to ensure all licences remain valid, supported by a comprehensive internal maintenance system for regulatory compliance.

The internal maintenance system adopts a dynamic and proactive strategy, extending beyond meeting current standards to anticipating and preparing for future changes. The Group employs qualified personnel dedicated to upholding full compliance across the operational spectrum. A comprehensive monitoring policy, protocol and committee have also been established to guarantee continued compliance and facilitate licence renewal.

Navigating the intricate regulatory landscape requires foresight and awareness. The Group prioritises continuous training initiatives to keep our workforce well-informed and up-to-date on evolving compliance requirements.

In FY2023, MHB presents a clean slate - no censure or fines were incurred for any environmental or socio-economic non-compliance.

Sustainable Supply Chain

Our supply chain management centres on the fundamental principle of regulatory compliance. By incorporating regulatory considerations across our operations, our goal is not only to meet legal requirements but also to ensure a resilient and compliant supply chain for MHB.

84 SUSTAINABILITY STATEMENT

CONT'D

GOVERNANCE TOPICS (CONT'D)

Sustainable Supply Chain (Cont'd)

Supplier Policy

MHB has established a supplier policy that emphasises ethical and sustainable practices. The Group's approach to evaluating potential suppliers is comprehensive, ensuring they adhere to strict criteria focused on environmental sustainability, labour rights compliance, and consistent quality standards. While some subsidiaries have already implemented screening processes for new suppliers based on environmental and social criteria, the Group is actively working towards extending these practices throughout our entire network of subsidiaries to maintain a consistent and high standard of regulatory compliance across our supply chain.

Central to MHB's supplier policy is compliance with Malaysian labour standards and regulations, which include strict adherence to environmental standards, labour rights, safety, health and human rights. The Group requires suppliers to meet international standards like ISO 14001, ISO 45001, and ISO 9001, reflecting their commitment to quality management, occupational health and safety, and environmental management, respectively.

In addition to these fundamental requirements, the group also prioritises suppliers with environmental accreditation from the Forest Stewardship Council ("FSC"). Social criteria are also integral to the evaluation process, with suppliers required to acknowledge the Group's Code of Conduct for Supplier, ensuring full compliance with labour rights and standards. Consideration is given to suppliers' adherence to Responsible Business Alliance ("RBA") requirements, reinforcing MHB's dedication to ethical and responsible business practices throughout its supply chain.

The following metrics underscore our commitment to evaluating our suppliers, ensuring they align with our ethical and sustainable principles, and contributing to a responsible and compliant supply chain. Moving forward, the Group remains dedicated to extending supplier screening and assessment efforts to encompass all suppliers.

	FY2021	FY2022	FY2023
Percentage of New Suppliers Screened Using Environmental Criteria (%)	10.7%	11.2%	11.9%
Percentage of New Suppliers Screened Using Social Criteria (%)	6.4%	6.9%	8.1%
Number of Suppliers Assessed for Environmental Impacts	77	85	85
Number of Suppliers Assessed for Social Impacts	46	12	91

APPENDIX

ESG Performance Data Table

Indicators	Unit	FY2021	FY2022	FY2023
Bursa C1(a): Percentage of employees who have received training on anti-corruption by employee category:				
• Senior Management	%	100	100	100
• Management	%	100	100	100
• Executive	%	100	100	100
• Non-Executive	%	0	0	0
Bursa C1(b): Percentage of operations assessed for corruption-related risks	%	0	0	0
Bursa C1(c): Confirmed incidents of corruption	Number	0	0	0
Bursa C2(a): Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	23,269	13,488	57,280
Bursa C2(b): Total number of beneficiaries of the investment in communities	Number	9	7	23
Bursa C3(a): Percentage of employees by gender and age group, for each employee category:				
Senior Management				
- Male	%	72.3	68.0	67.3
- Female	%	27.7	32.0	32.7
- Aged <30	%	1.1	2.1	3.0
- Aged 31-50	%	51.1	51.5	52.4
- Aged >51	%	47.8	46.4	44.6
Management				
- Male	%	61.4	59.1	60.9
- Female	%	38.6	40.9	39.1
- Aged <30	%	1.1	2.3	3.4
- Aged 31-50	%	69.4	69.3	67.9
- Aged >51	%	29.5	28.4	28.7

86 SUSTAINABILITY STATEMENT

CONT'D

APPENDIX (CONT'D)

ESG Performance Data Table (Cont'd)

Indicators	Unit	FY2021	FY2022	FY2023
Bursa C3(a): Percentage of employees by gender and age group, for each employee category:				
Executive				
- Male	%	45.2	50.0	49.8
- Female	%	54.8	50.0	50.2
- Aged <30	%	29.6	29.0	27.7
- Aged 31-50	%	53.0	52.4	51.8
- Aged >51	%	17.4	18.6	20.5
Non-Executive				
- Male	%	83.1	84.0	85.1
- Female	%	16.9	16.0	14.9
- Aged <30	%	35.2	32.9	31.9
- Aged 31-50	%	51.9	53.9	55.0
- Aged >51	%	12.9	13.2	13.1
Bursa C3(b): Percentage of directors by gender and age group:				
- Male	%	75.0	75.0	77.8
- Female	%	25.0	25.0	22.2
- Aged <30	%	0	0	0
- Aged 31-50	%	25.0	12.5	11.1
- Aged 51-65	%	25.0	37.5	55.6
- Aged >65	%	50.0	50.0	33.3
Bursa C4(a): Total energy consumption	GJ	3,767,041	4,240,050	4,707,886
Bursa C5(a): Number of work-related fatalities	Number	1	0	0
Bursa C5(b): Lost time incident rate	Rate	29.74	34.95	30.59
Bursa C5(c): Number of employees trained on health and safety standards	Number	NA	NA	2,244

SUSTAINABILITY STATEMENT

87

CONT'D

APPENDIX (CONT'D)

ESG Performance Data Table (Cont'd)

Indicators	Unit	FY2021	FY2022	FY2023
Bursa C6(a): Total hours of training by employee category:				
- Senior Management	Hour	1,020.5	1,083.4	1,339.5
- Management	Hour	1,018.3	1,457.3	1,546.0
- Executive	Hour	2,647.8	4,291.2	4,093.5
- Non-Executive	Hour	13,046.2	18,077.7	17,525.1
Bursa C6(b): Percentage of employees that are contractors or temporary staff	%	8.3	8.6	9.6
Bursa C6(c): Total number of employee turnover by employee category:				
- Senior Management	Number	5	8	5
- Management	Number	7	14	8
- Executive	Number	49	48	45
- Non-Executive	Number	506	507	335
Bursa C6(d): Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa C7(a): Proportion of spending on local suppliers	%	77.5	83.5	83.2
Bursa C8(a): Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa C9(a): Total volume of water used	Litre	7,935,986	8,222,408	8,436,080
Bursa C10(a): Total waste generated, and a breakdown of the following:	Tonnes	102,920.72	98,110.68	87,811.32
(i) total waste diverted from disposal	%	11.6	13.7	13.5
(ii) total waste directed to disposal	%	88.4	86.3	86.5
Bursa C11(a): Scope 1 emissions	tCO ₂ e	220,670.58	194,055.37	230,457.64
Bursa C11(b): Scope 2 emissions	tCO ₂ e	83,585.69	83,092.81	79,382.85

88 SUSTAINABILITY STATEMENT

CONT'D

APPENDIX (CONT'D)

ESG Performance Data Table (Cont'd)

Indicators	Unit	FY2021	FY2022	FY2023
Bursa C11(c): Scope 3 emissions:	tCO2e	1,433.09	1,520.13	1,679.50
- Employee Commuting	tCO2e	1,433.09	1,520.13	1,679.50
- Business Travel	tCO2e	N/A	N/A	N/A
Bursa S6(a): Percentage of new suppliers that were screened using environmental criteria	%	10.7	11.2	11.9
Bursa S6(b): Number of suppliers assessed for environmental impacts	Number	77	85	85
Bursa S7(a): Percentage of new suppliers that were screened using social criteria	%	6.4	6.9	8.1
Bursa S7(b): Number of suppliers assessed for social impacts	Number	46	12	91

SUSTAINABILITY STATEMENT

89

CONT'D

TCFD STATEMENT

TCFD Recommendations	Recommended Disclosures		Explanation
Governance <i>Disclose the organisation's governance around climate-related risks and opportunities.</i>	a)	Board Oversight	The Board, along with various committees, plays a key role in the strategic direction and implementation of sustainability initiatives. Specific committees, such as the Sustainability Committee and the Sustainability Reporting Working Group, are responsible for guiding and monitoring MHB's sustainability performance. These groups ensure that sustainability is integrated into decision-making processes at the highest level and that MHB remains committed to its sustainability goals across its diverse business portfolio. For more information, please refer to the Sustainability Governance Structure section in this AR2023.
	b)	Management's Role	The Management team at MHB assists the Board in the execution of ESG initiatives. They are tasked with the practical application of these initiatives across various business units and divisions within MHB. This involves ensuring that the strategies and directives established by the Board are effectively implemented at the operational level. Additionally, the Management team is responsible for monitoring and assessing the impact and effectiveness of these ESG initiatives. They achieve this by comparing the outcomes against specific, measurable indicators. This ongoing evaluation process is crucial as it allows the Management team to provide feedback and insights to the Board, facilitating informed decision-making and continuous improvement in MHB's ESG efforts. For more information, please refer to the Sustainability Governance Structure section in this AR2023.
Strategy <i>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.</i>	a)	Risks and Opportunities	MHB is keenly aware of the risks and opportunities associated with environmental, social, and governance (ESG) factors. In line with its strategic objectives, MHB has integrated ESG risks into its risk management framework, underscoring a strong commitment to addressing both the challenges and opportunities arising from these factors. A dedicated Audit Committee is responsible for comprehensive risk reporting and evaluation. This committee plays a critical role in identifying, investigating, and formulating corrective actions for any deviations, ensuring compliance. For more information, please refer to the Sustainability Governance Structure section in this AR2023.

90 SUSTAINABILITY STATEMENT

CONT'D

TCFD STATEMENT (CONT'D)

TCFD Recommendations	Recommended Disclosures		Explanation
Strategy <i>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.</i>	b)	Impact on organisation	MHB understands the complex impacts of climate changes on our operations and strategic direction. As a prominent player in the paper milling and paper packaging industry, we face climate-related challenges, including regulatory shifts, resource limitations, and evolving market demands due to increased environmental consciousness. However, these challenges also present opportunities for leadership in sustainable practices. For more information, please refer to the Sustainability Governance Structure section in this AR2023.
	c)	Resilience of Strategy	MHB has been proactively enhancing its strategy to ensure business growth in the face of increasing climate awareness. A significant part of this strategy involves substantial investment in solar energy. This is evident in the notable reduction in the reliance on grid electricity across MHB's subsidiaries. For instance, one subsidiary reduced its grid electricity dependence from full dependency in FY2021 to 45% in FY2023. This transition highlights MHB's commitment to expanding and upgrading its sustainable energy segment, particularly solar energy, as a key component of its business resilience strategy in response to climate change. For more information, please refer to the Sustainability Governance Structure section in this AR2023.

SUSTAINABILITY STATEMENT

91

CONT'D

Indicator	Measurement Unit	2021	2022	2023
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Management	Percentage	100.00	100.00	100.00
Executive	Percentage	100.00	100.00	100.00
Non-executive/Technical Staff	Percentage	0.00	0.00	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	23,269.00	13,488.00	57,280.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	9	7	23
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Management Under 30	Percentage	1.10	2.20	3.20
Management Between 30-50	Percentage	59.90	60.00	59.60
Management Above 50	Percentage	39.00	37.80	37.20
Executive Under 30	Percentage	29.60	29.00	27.70
Executive Between 30-50	Percentage	53.00	52.40	51.80
Executive Above 50	Percentage	17.40	18.60	20.50
Non-executive/Technical Staff Under 30	Percentage	35.20	32.90	31.90
Non-executive/Technical Staff Between 30-50	Percentage	51.90	53.90	55.00
Non-executive/Technical Staff Above 50	Percentage	12.90	13.20	13.10
Gender Group by Employee Category				
Management Male	Percentage	67.00	63.80	64.40
Management Female	Percentage	33.00	36.20	35.60
Executive Male	Percentage	45.20	50.00	49.80
Executive Female	Percentage	54.80	50.00	50.20
Non-executive/Technical Staff Male	Percentage	83.10	84.00	85.10
Non-executive/Technical Staff Female	Percentage	16.90	16.00	14.90
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	75.00	75.00	77.80
Female	Percentage	25.00	25.00	22.20
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	25.00	12.50	11.10
Above 50	Percentage	75.00	87.50	88.90
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	3,767,041.00	4,240,050.00	4,707,886.00
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	1	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	29.74	34.95	30.59
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	-	2,244
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Management	Hours	2,039	2,541	2,886
Executive	Hours	2,648	4,291	4,094
Non-executive/Technical Staff	Hours	13,046	18,078	17,525
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	8.30	8.60	9.60
Bursa C6(c) Total number of employee turnover by employee category				
Management	Number	12	22	13
Executive	Number	49	48	45
Non-executive/Technical Staff	Number	506	507	335
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	77.50	83.50	83.20
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	7,935,986.00000	222,408.00000	8,436,080.00000

Internal assurance

External assurance

No assurance

(*)Restated

92 ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the following additional information are provided:

AUDIT/NON-AUDIT FEE

The amount of audit and non-audit fees incurred by the Group and Company for the financial year ended 31 December 2023 was as follows:-

Detail of fee	Group RM	Company RM
Statutory Audit fees	500,000	53,500
Non-audit fees *	199,000	61,600

* The non-audit fees for services provided by auditors and affiliates of auditors were mainly in relation to review of Statement on Risk Management and Internal Control and tax fee.

MATERIAL CONTRACTS

To the best of the Board's knowledge, there were no material contracts entered into by the Company and/or its subsidiaries with any of the major Shareholders or Directors in office as at 31 December 2023 except as disclose in the notes to the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

93

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

The Directors are required by the Companies Act 2016 ("the Act") to prepare financial statements for each financial year so as to give a true and fair view of the financial position of the Group and of the Company and the results and cash flows of the Group and of the Company as at end of the financial year.

During the preparation of the financial statements for the financial year ended 31 December 2023, the Directors have ensured that:

- the Group and the Company have adopted appropriate accounting policies and are consistently applied;
- judgements and estimates that are prudent and reasonable have been used;
- all applicable Malaysian Financial Reporting Standards and IFRS Accounting Standards have been complied with;
- the accounting and other records required by the Act are properly kept and disclosed with reasonable accuracy at any time, the financial position of the Group and of the Company which enable them to ensure the financial statements comply with the Act; and
- the financial statements have been prepared on the going concern basis.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities and material misstatements, as described more fully in the corporate governance section of this report. Such system, by their nature, can only provide reasonable and not absolute assurance against material misstatement, loss and fraud.

Financial Statements

THE FINANCIALS

95	Directors' Report
100	Statement by Directors
100	Statutory Declaration
101	Independent Auditors' Report
105	Statements of Financial Position
107	Statements of Profit or Loss and Other Comprehensive Income
109	Statements of Changes in Equity
112	Statements of Cash Flows
116	Notes to the Financial Statements

DIRECTORS' REPORT 95

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services to its subsidiaries. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements.

There were no significant changes in the nature of principal activities of the Company and its subsidiaries during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the financial year	(25,434)	11,861
Attributable to:-		
Owners of the Company	(30,776)	11,861
Non-controlling interests	5,342	—
	(25,434)	11,861

DIVIDENDS

The amount of dividends declared and paid since the end of the previous financial year were as follows:-

	RM'000
In respect of financial year ended 31 December 2022 and paid on 26 July 2023:-	
First and final single tier dividend of 4.0 sen per share	12,202

A first and final single tier dividend of 3.0 sen per ordinary share, amounting to RM9,151,525 was recommended by the Directors in respect of the financial year ended 31 December 2023.

This dividend is not reflected in the financial statements for the current financial year and will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2024.

RESERVES AND PROVISIONS

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

96 DIRECTORS' REPORT

CONT'D

SHARE CAPITAL AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no issuance of debentures during the financial year.

DIRECTORS OF THE COMPANY

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

Tan Sri Lim Guan Teik, PSM, JMN, DMPN, DJN (Non-Independent Non-Executive Chairman)*
Dato' Azaman Bin Abu Bakar, DIMP (Executive Deputy Chairman)*
Datuk Wira Lim Chiun Cheong, DCSM, DPSM (Managing Director)*
Datuk Nik Ibrahim Bin Nik Abdullah, PJN, JSM, AMN (Non-Independent Non-Executive Director)
Wong Choong Yee (Senior Independent Non-Executive Director)
Lim Siew Ling (Non-Independent Non-Executive Director)*
Lim Yen Wee (Non-Independent Non-Executive Director)*
Lee Khim Sin, KMN, PBK, CA(M), FCA, CPA(M) (Independent Non-Executive Director) (Resigned on 3 January 2023)
Dato' Tan Tian Meng, DBNS, ANS (Independent Non-Executive Director) (Appointed on 3 January 2023)
Dato' Hazli Bin Ibrahim, DIMP, FCCA, MBA (Independent Non-Executive Director) (Appointed on 6 April 2023)

* Directors of the Company and subsidiaries

LIST OF DIRECTORS OF SUBSIDIARIES

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

Chau Tien Dung
Chew Phai Cheng
Chua Hwee Hooi
Goh Ching Yee
Hayakawa Naohiko
Jason Hee
Kang Yiang Lip
Kok Lye Kheong
Lim Poh Beng
Lee Joo Keat
Lim Wah Kong
Loo Ee Fah
Tan Chaik Phoay
Tan Kuo Keng
Tan Tee Sea
Teoh Ewe Seng
Teoh Hai Thow
Wong Mun Chen
Wu Zhi Jing
Yamashita Masashi
Yu Shan Nee
Kok Boon Hong (Resigned on 31 October 2023)
Lau Saw Khim (Resigned on 31 October 2023)

DIRECTORS' REPORT

97

CONT'D

DIRECTORS' INTERESTS IN SHARES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 (the "Act"), the interests and deemed interests in the shares of the Company or its subsidiaries or related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including their spouses or children) are as follows:-

	At 1.1.2023	Number of ordinary shares		At 31.12.2023
		Bought	Sold	
<u>Interests in the Company</u>				
<u>Direct interest:</u>				
Tan Sri Lim Guan Teik	3,250,000	—	—	3,250,000
Dato' Azaman Bin Abu Bakar	100,000	—	—	100,000
Datuk Wira Lim Chiun Cheong	715,500	—	—	715,500
Lim Yen Wee	170,000	—	—	170,000
<u>Deemed interest:</u>				
Tan Sri Lim Guan Teik	126,093,113	—	—	126,093,113
Dato' Azaman Bin Abu Bakar	115,580,313	—	—	115,580,313
Datuk Wira Lim Chiun Cheong	128,627,613	—	—	128,627,613
Lim Siew Ling	118,437,013	—	—	118,437,013
Lim Yen Wee	119,284,813	—	—	119,284,813

By virtue of the direct and deemed interest of Tan Sri Lim Guan Teik, Dato' Azaman Bin Abu Bakar, Datuk Wira Lim Chiun Cheong, Lim Siew Ling and Lim Yen Wee in the Company, they are also deemed to have interest in shares of all the subsidiaries to the extent that the Company has an interest, under Section 8 of the Act.

Save for the above, none of the other Directors in office at the end of the financial year held any interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION AND BENEFITS

During the financial year, the emoluments received and receivable by the Directors of the Company were as follows:-

	Incurred by the Company RM'000	Incurred by the subsidiaries RM'000	Total/ Group RM'000
Directors' fees	525	1,015	1,540
Salaries, bonus and other emoluments	4,846	1,385	6,231
Benefits-in-kind	135	22	157
	5,506	2,422	7,928

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

98 DIRECTORS' REPORT

CONT'D

DIRECTORS' REMUNERATION AND BENEFITS (CONT'D)

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the Notes 29 and 34 to the financial statements of the Group or of the Company and of its related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:-

- (a) to ascertain that action had been taken in relation to writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

At the date of this report, there does not exist:-

- (a) any charge on assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

- (a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the current financial year in which this report is made.

INDEMNITY AND INSURANCE COST

The Directors and Officers of the Group and of the Company are covered by the Directors' and Officers' Liability Insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance premium paid during the financial year amounted to RM58,310.

There was no indemnity given to, or insurance effected for the Auditors of the Company during the financial year.

AUDITORS

The Auditors' remuneration is disclosed in Note 27 to the financial statements.

The Auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

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

DATO' AZAMAN BIN ABU BAKAR

Director

DATUK WIRA LIM CHIUN CHEONG

Director

4 April 2024

100 STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 105 to 177 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

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

DATO' AZAMAN BIN ABU BAKAR
4 April 2024

DATUK WIRA LIM CHIUN CHEONG

STATUTORY DECLARATION

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

I, Dato' Azaman Bin Abu Bakar, being the Director primarily responsible for the financial management of Muda Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 105 to 177, to the best of my knowledge and belief are correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory on)
4 April 2024)

DATO' AZAMAN BIN ABU BAKAR

Before me:

RAMATHILAGAM A/P T RAMASAMY (W671)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

101

TO THE MEMBERS OF MUDA HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)
REGISTRATION NO: 197101000036 (10427-A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Muda Holdings Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 105 to 177.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year.

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

Inventory valuation

The risk

Referring to Note 10 to the financial statements, the Group holds inventories that amounted to RM336.93 million as at the reporting date which is subject to a risk that the inventories become slow moving or obsolete and rendering it not saleable or can only be sold at selling prices that are less than the carrying value. There is inherent subjectivity and estimation involved by the management in determining the accuracy of inventories obsolescence and in making an assessment of its adequacy due to risks of inventories not stated at the lower of cost and net realisable value.

Our response

We tested the methodology for calculating the provisions, challenged the appropriateness and consistency of judgements and assumptions, and considered the nature and suitability of historical data used in estimating the provisions. In doing so, we obtained an understanding on the ageing profile of inventories, the process for identifying specific problem inventories, historical loss rates and the latest selling price of inventories.

102 INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUDA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA) REGISTRATION NO: 197101000036 (10427-A)

CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Impairment on doubtful receivables

The risk

Referring to Note 11 to the financial statements, the Group has significant trade receivables that amounted to RM238.03 million as at the reporting date and is subject to credit risk exposures. We focus on this area as deriving the expected credit losses of receivables involves management's judgement and estimates in determining the probability of default occurring by considering the ageing of receivables, historical loss experience and forward-looking information.

Our response

We have obtained an understanding of the Group's control over the trade receivables' collection process, how the Group identifies and assesses the loss allowance of trade receivables and how the Group makes the accounting estimates for loss allowance.

We have reviewed and challenged the management's assumptions in the application of the Group's policy for calculating the expected credit loss, considered the ageing of the trade receivables and testing the reliability thereon. In doing so, we have evaluated techniques and methodology applied for the expected credit loss approach and assessed the estimated future cash inflows by examining the historical collection records, historical loss rate of receivables, information regarding the current creditworthiness and any significant changes in credit quality of the debtors, evidence of subsequent settlements and other relevant information.

There are no key audit matters to be communicated in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

103

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MUDA HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)
REGISTRATION NO: 197101000036 (10427-A)**

CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

104 **INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MUDA HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA)
REGISTRATION NO: 197101000036 (10427-A)**

CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

Other Matter

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

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur
4 April 2024

ALEX KINGSLEY CHUA
(NO: 03629/12/2025 J)
CHARTERED ACCOUNTANT

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

105

	Note	Group 2023 RM'000	2022 RM'000	Company 2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	1,530,599	1,522,366	21,380	22,318
Investment properties	4	8,980	10,180	—	—
Investment in subsidiaries	5	—	—	264,887	264,887
Investment in associates	6	1,622	1,360	*	*
Other investment	7	—	21,154	—	—
Intangible assets	8	16,637	16,209	—	—
Deferred tax assets	9	714	817	—	—
Total non-current assets		1,558,552	1,572,086	286,267	287,205
Current assets					
Inventories	10	336,930	397,618	—	—
Trade receivables	11	238,026	260,385	—	—
Other receivables	12	35,145	28,033	360	359
Amount due from subsidiaries	5.3	—	—	14,631	16,660
Amount due from associates	6.2	1,422	1,351	871	870
Short term investment	13	5,495	5,315	5,495	5,315
Derivative financial instruments	24	4	—	—	—
Tax recoverable		11,043	13,948	589	673
Cash and bank balances, deposits and short-term placements	14	169,569	132,749	25,782	23,035
Total current assets		797,634	839,399	47,728	46,912
TOTAL ASSETS		2,356,186	2,411,485	333,995	334,117
EQUITY AND LIABILITIES					
Equity					
Equity attributable to owners of the Company					
Share capital	15	159,471	159,471	159,471	159,471
Reserves	16	442,757	446,154	17,261	17,523
Retained earnings	17	652,798	688,134	144,271	144,350
Total equity attributable to owners of the Company		1,255,026	1,293,759	321,003	321,344
Non-controlling interests		45,131	43,278	—	—
Total equity		1,300,157	1,337,037	321,003	321,344

* Less than RM1,000

106 STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

CONT'D

	Note	Group 2023 RM'000	2022 RM'000	Company 2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES (CONT'D)					
Non-current liabilities					
Borrowings	18	115,532	120,511	–	–
Lease liabilities	19	26,597	17,389	570	921
Provision for retirement benefit	20	62,428	61,778	9,751	9,170
Government grants	21	16,229	5,718	–	–
Deferred tax liabilities	9	95,404	122,440	–	180
Total non-current liabilities		316,190	327,836	10,321	10,271
Current liabilities					
Trade payables	22	56,725	55,783	–	–
Other payables	23	109,444	108,607	2,253	2,119
Amount due to subsidiaries	5.3	–	–	66	1
Derivative financial instruments	24	–	502	–	–
Borrowings	18	557,111	566,121	–	–
Lease liabilities	19	13,095	13,345	352	382
Government grants	21	1,905	584	–	–
Tax payable		1,559	1,670	–	–
Total current liabilities		739,839	746,612	2,671	2,502
TOTAL LIABILITIES		1,056,029	1,074,448	12,992	12,773
TOTAL EQUITY AND LIABILITIES		2,356,186	2,411,485	333,995	334,117

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

107

	Note	Group 2023 RM'000	2022 RM'000	Company 2023 RM'000	2022 RM'000
Revenue	25	1,505,427	1,769,494	22,497	25,355
Cost of sales		(1,339,951)	(1,546,129)	–	–
Gross profit		165,476	223,365	22,497	25,355
Other income		17,331	11,912	308	254
Distribution expenses		(114,226)	(129,084)	–	–
Administration expenses		(83,896)	(82,892)	(11,028)	(10,788)
Net (provision)/reversal of impairment loss on financial assets		(546)	1,622	–	–
Other expenses		(3,172)	(15,958)	(15)	(83)
Finance income		1,021	634	–	–
Finance costs	26	(31,434)	(24,731)	(44)	(48)
Share of results of associates		176	26	–	–
(Loss)/Profit before tax	27	(49,270)	(15,106)	11,718	14,690
Tax income	30	23,836	6,922	143	497
(Loss)/Profit for the financial year		(25,434)	(8,184)	11,861	15,187
Other comprehensive income/(loss), net of tax					
Items that will not be reclassified subsequently to profit or loss					
Net change in fair value of equity investment designated at fair value through other comprehensive income		(2,349)	5,918	–	–
		(2,349)	5,918	–	–
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		8,018	4,700	–	–
		8,018	4,700	–	–
Other comprehensive income for the financial year, net of tax		5,669	10,618	–	–
Total comprehensive (loss)/income for the financial year		(19,765)	2,434	11,861	15,187

108 STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

CONT'D

	Note	Group 2023 RM'000	2022 RM'000	Company 2023 RM'000	2022 RM'000
(Loss)/Profit attributable to:-					
Owners of the Company		(30,776)	(10,866)	11,861	15,187
Non-controlling interests		5,342	2,682	–	–
		(25,434)	(8,184)	11,861	15,187
Total comprehensive (loss)/ income attributable to:-					
Owners of the Company		(26,531)	(3,960)	11,861	15,187
Non-controlling interests		6,766	6,394	–	–
Total comprehensive (loss)/ income for the financial year		(19,765)	2,434	11,861	15,187
Loss per share attributable to owners of the Company					
Loss per share					
- basic (sen)	31	(10.09)	(3.56)		
- diluted (sen)	31	(10.09)	(3.56)		

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

STATEMENTS OF CHANGES IN EQUITY

109

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	Attributable to owners of the Company							Total equity RM'000
		Share capital RM'000	Other reserve RM'000	Non-Distributable Exchange fluctuation reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Non-controlling interests RM'000	
Balance at 1 January 2022		159,471	2,887	10,731	1,553	417,682	724,274	38,613	1,355,211
(Loss)/Profit for the financial year		-	-	-	-	-	(10,866)	2,682	(8,184)
Realisation of revaluation reserve upon depreciation of revalued assets		-	-	-	-	(4,164)	4,164	-	-
Other comprehensive income for the financial year		-	-	2,763	4,143	-	-	3,712	10,618
Total comprehensive (loss)/income for the financial year		-	-	2,763	4,143	(4,164)	(6,702)	6,394	2,434
Transfer of reserve		-	(2,887)	13,391	(466)	521	(14,172)	3,613	-
Transactions with owners:-									
Acquisition of non-controlling interest		-	-	-	-	-	(14)	(2,861)	(2,875)
First and final single tier dividend of 5.0 sen per share	32	-	-	-	-	-	(15,252)	-	(15,252)
Dividend paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	(2,481)	(2,481)
Total transactions with owners of the Company		-	-	-	-	-	(15,266)	(5,342)	(20,608)
Balance at 31 December 2022		159,471	-	26,885	5,230	414,039	688,134	43,278	1,337,037

110 STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

CONT'D

Note	Attributable to owners of the Company						
	Non-Distributable			Distributable			
	Share capital RM'000	Exchange fluctuation reserve RM'000	Fair value reserve RM'000	Revaluation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000
Group (cont'd)							
Balance at 1 January 2023	159,471	26,885	5,230	414,039	688,134	1,298,759	43,278
(Loss)/Profit for the financial year	-	-	-	-	(30,776)	(30,776)	5,342
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	-	(4,055)	4,055	-	-
Other comprehensive income for the financial year	-	5,888	(5,230)	-	3,587	4,245	1,424
Total comprehensive (loss)/income for the financial year	-	5,888	(5,230)	(4,055)	(23,134)	(26,531)	6,766
Transactions with owners:-							
First and final single tier dividend of 4.0 sen per share	-	-	-	-	(12,202)	(12,202)	-
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	(4,913)
Total transactions with owners of the Company	-	-	-	-	(12,202)	(12,202)	(4,913)
Balance at 31 December 2023	159,471	32,773	-	409,984	652,798	1,255,026	45,131
							1,300,157

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

111

CONT'D

		← Attributable to owners of the Company →			
	Note	← Non-distributable → Share capital RM'000	Revaluation reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
Company					
Balance at 1 January 2022		159,471	17,785	144,153	321,409
Profit for the financial year		–	–	15,187	15,187
Realisation of revaluation reserve upon depreciation of revalued assets		–	(262)	262	–
Total comprehensive income for the financial year		–	(262)	15,449	15,187
Transaction with owners:–					
First and final single tier dividend of 5.0 sen per share	32	–	–	(15,252)	(15,252)
Balance at 31 December 2022		159,471	17,523	144,350	321,344
Profit for the financial year		–	–	11,861	11,861
Realisation of revaluation reserve upon depreciation of revalued assets		–	(262)	262	–
Total comprehensive income for the financial year		–	(262)	12,123	11,861
Transaction with owners:–					
First and final single tier dividend of 4.0 sen per share	32	–	–	(12,202)	(12,202)
Balance at 31 December 2023		159,471	17,261	144,271	321,003

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

112 STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Note	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
OPERATING ACTIVITIES				
(Loss)/Profit before tax	(49,270)	(15,106)	11,718	14,690
Adjustments for:-				
Bad debts written off	35	75	—	—
Depreciation of property, plant and equipment	74,243	72,051	521	529
Depreciation of right-of-use assets	10,267	11,352	426	413
Fair value (gain)/loss on derivative financial instruments	(506)	469	—	—
Fair value (gain)/loss on financial asset at fair value through profit or loss	(59)	56	(59)	56
Gain on disposal of financial asset at fair value through other comprehensive income	(3,203)	—	—	—
Impairment loss on doubtful trade receivables				
- current	1,600	1,422	—	—
- no longer required	(1,054)	(3,044)	—	—
Interest expenses	31,434	24,731	44	48
Inventories written off	1,512	410	—	—
Inventories written down	129	7,580	—	—
Property, plant and equipment written off	841	4,968	2	4
Provision for retirement benefit	6,397	6,379	581	737
Dividend income	(1,003)	(720)	(14,359)	(16,957)
Fair value adjustments on investment properties	400	—	—	—
(Gain)/Loss on disposal of property, plant and equipment	(400)	(2,406)	—	13
Gain on disposal of investment properties	(150)	—	—	—
Interest income	(1,021)	(634)	—	—
Amortisation of government grants	(1,383)	(484)	—	—
Reversal of inventories written down	(4,452)	(691)	—	—
Share of results of associates	(176)	(26)	—	—
Gain on early termination of lease contract	(7)	—	—	—
Unrealised (gain)/loss on foreign exchange	(1,026)	1,281	—	—
Operating profit/(loss) before working capital changes	63,148	107,663	(1,126)	(467)
Changes in working capital:-				
Inventories	65,667	(36,020)	—	—
Receivables	17,235	89,773	(1)	(96)
Payables	174	(30,396)	132	(291)
Trade financing facilities	(8,988)	6,814	—	—
Subsidiaries	—	—	(188)	147
Associates	—	—	(1)	—
Cash generated from/(used in) operations	137,236	137,834	(1,184)	(707)
Retirement benefit paid	(5,747)	(4,219)	—	—
Interest paid	(14,057)	(10,983)	—	—
Interest received	1,021	634	—	—
Net tax (paid)/refunded	(452)	(12,883)	47	(58)
Net cash from/(used in) operating activities	118,001	110,383	(1,137)	(765)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

113

CONT'D

	Note	Group 2023 RM'000	2022 RM'000	Company 2023 RM'000	2022 RM'000
INVESTING ACTIVITIES					
Proceeds from disposal of property, plant and equipment		942	3,856	–	326
Proceeds from disposal of investment properties		950	–	–	–
Purchase of property, plant and equipment	A	(70,617)	(161,868)	(11)	(137)
Acquisition of non-controlling interest	5.1.1	–	(2,861)	–	–
Repayment received from associates		–	3	–	–
Proceeds from disposal of short term investment		–	2,590	–	2,590
Proceeds from disposal of financial asset at fair value through other comprehensive income		22,775	–	–	–
Addition in short term investment		–	(2,503)	–	(2,503)
Dividend received		882	606	16,522	19,107
Receipts of government grants		13,215	6,786	–	–
Net cash (used in)/from investing activities		(31,853)	(153,391)	16,511	19,383
FINANCING ACTIVITIES					
Dividend paid to owners of the Company		(12,202)	(15,252)	(12,202)	(15,252)
Dividends paid to non-controlling interests		(4,913)	(2,481)	–	–
Interest paid		(18,920)	(14,181)	(44)	(48)
Drawdown of borrowings		289,014	332,605	–	–
Repayments of borrowings		(295,245)	(242,805)	–	–
Repayment of lease liabilities		(11,437)	(25,470)	(381)	(677)
Withdrawal of fixed deposit pledged		9,165	1,625	–	–
Net cash (used in)/from financing activities		(44,538)	34,041	(12,627)	(15,977)
CASH AND CASH EQUIVALENTS					
Net changes		41,610	(8,967)	2,747	2,641
Effect of exchange rate changes		3,292	2,307	–	–
Brought forward		105,855	112,515	23,035	20,394
Carried forward	C	150,757	105,855	25,782	23,035

114 STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

CONT'D

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Total additions	92,481	170,189	11	917
Purchase through lease arrangements	(20,321)	(7,888)	–	(780)
Interest capitalised	(1,543)	(433)	–	–
Cash payment	70,617	161,868	11	137

B. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Payment relating to short-term leases	6,185	6,177	216	216
Payment relating to leases of low-value assets	343	370	–	–
Interest paid in relation to lease liabilities	2,014	1,935	44	48
Payment of lease liabilities	11,437	25,470	381	677
Total cash outflows for leases	19,979	33,952	641	941

C. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:-

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	117,401	85,494	708	1,042
Fixed deposits with licensed banks	19,263	14,279	–	–
Short-term placements with financial institutions	32,905	32,976	25,074	21,993
Bank overdrafts	(17,334)	(16,251)	–	–
	152,235	116,498	25,782	23,035
Less: Fixed deposits pledged	(1,478)	(10,643)	–	–
	150,757	105,855	25,782	23,035

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

115

CONT'D

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities RM'000	Revolving credit RM'000	Term loans RM'000	Other borrowings RM'000
Group				
Balance at 1 January 2022	48,225	119,822	102,306	14,566
Additions	7,888	—	—	—
<u>Cash flows:-</u>				
Net (repayments)/drawdowns	(25,470)	42,628	35,209	11,963
<u>Non-cash changes</u>				
Early termination	(20)	—	—	—
Translation difference	111	—	172	—
Balance at 31 December 2022	30,734	162,450	137,687	26,529
Additions	20,321	—	—	—
<u>Cash flows:-</u>				
Net (repayments)/drawdowns	(11,437)	1,348	(4,716)	(2,863)
<u>Non-cash changes</u>				
Early termination	(177)	—	—	—
Translation difference	251	—	147	—
Balance at 31 December 2023	39,692	163,798	133,118	23,666
Company				
Balance at 1 January 2022	1,200	—	—	—
Additions	780	—	—	—
<u>Cash flows:-</u>				
Net repayments	(677)	—	—	—
Balance at 31 December 2022	1,303	—	—	—
<u>Cash flows:-</u>				
Repayments	(381)	—	—	—
Balance at 31 December 2023	922	—	—	—

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

116 NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. It is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company are located at Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates. The financial statements of the Company as at and for the financial year ended 31 December 2023 do not include any other entities.

The Company is principally engaged in investment holding and provision of management services to its subsidiaries. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements. There were no significant changes in the nature of principal activities of the Company and its subsidiaries during the financial year.

The financial statements of the Group and of the Company for the financial year ended 31 December 2023 were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 4 April 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company have been prepared under historical cost convention, unless otherwise indicated. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and its measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group and the Company.

The fair value of an asset or a liability is measured on the assumptions that market participants would act in their economic best interest when pricing the asset or liability. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

117

CONT'D

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.2 Basis of measurement (cont'd)**

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

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

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

The management oversees all the significant fair value measurements and regularly reviews the significant unobservable inputs and valuation adjustments.

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

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all financial information is presented in RM and has been rounded to the nearest thousand unless otherwise stated. Financial statements of foreign subsidiaries with functional currencies other than RM are translated into RM when preparing the financial statements of the Group.

2.4 MFRSs**2.4.1 Adoption of new or revised MFRSs**

The Group and the Company have applied the following amendments to published standards approved by Malaysian Accounting Standards Board ("MASB") for the first time for the financial year beginning on 1 January 2023:

- MFRS 17 – *Insurance Contracts*
- Amendments to MFRS 17 – *Insurance Contracts*
- Amendments to MFRS 101 – *Presentation of Financial Statements*
- Amendments to MFRS 108 – *Accounting Policies, Changes in Accounting Estimates and Errors*
- Amendments to MFRS 112 – *Income Taxes*

118

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

CONT'D

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.4 MFRSs (cont'd)

2.4.1 Adoption of new or revised MFRSs (cont'd)

The adoption of the above amendments to published standards did not have any material impact on the current and prior year financial statements other than as disclosed below:-

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

The amendments change the requirements in MFRS 101 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant' with 'material'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in MFRS 101 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The MASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in MFRS Practice Statement 2.

The amendments have had an impact on the Group's and the Company's disclosures of accounting policies but not on the measurement, recognition or presentation of any items in the Group's and the Company's financial statements.

2.4.2 Standards issued but not yet effective

The following are MFRSs and Amendments to MFRSs with effective dates on or after 1 January 2024 issued by MASB and they have not been early adopted by the Group and the Company. The Group and the Company intend to adopt these amendments to the published standards, if applicable, when they become effective.

(a) MFRS and amendments effective for financial year beginning on or after 1 January 2024

- Amendments to MFRS 7 – *Financial Instruments Disclosures*
- Amendments to MFRS 16 – *Leases*
- Amendments to MFRS 101 – *Presentation of Financial Statements*
- Amendments to MFRS 107 – *Statement of Cash Flows*

(b) MFRS and amendments effective for financial year beginning on or after 1 January 2025

- Amendments to MFRS 121 – *The Effects of Changes in Foreign Exchange Rates*

(c) Amendments effective for a date yet to be confirmed

- Amendments to MFRS 10 – *Consolidated Financial Statements*
- Amendments to MFRS 128 – *Investments in Associates and Joint Ventures*

The initial application of the MFRS and amendments to the published standards is not expected to have any material impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

119

CONT'D

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.5 Significant accounting estimates and judgements**

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements except for the following:-

2.5.1 Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their useful life. However, significant judgement is involved in estimating the useful life and residual value of property, plant and equipment which are subject to technological development and level of usage. Therefore, residual values of these assets and future depreciation charges may vary.

2.5.2 Valuation of property, plant and equipment and investment properties

The Group and the Company measure their land and buildings (under property, plant and equipment) and investment properties at revalued amount with changes in fair value being recognised in other comprehensive income and in profit or loss respectively. The Group and the Company engaged independent valuation specialists to determine fair values with sufficient regularity to ensure that the carrying amount or closing balance does not differ materially from the fair value of the land and buildings and investment properties at the reporting date.

The carrying amount or closing balance of the land and buildings and investment properties at the end of the reporting period, the relevant revaluation bases and information regarding the valuation techniques and inputs used in determining the fair value are disclosed in Notes 3, 4 and 36 to the financial statements.

2.5.3 Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present values of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors. These estimates are most relevant to goodwill recognised by the Group.

Further details of the carrying values, key assumptions applied in the impairment assessment of goodwill are disclosed in Note 8 to the financial statements.

120 NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

CONT'D

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

2.5.4 Provision for expected credit losses ("ECLs") for trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for grouping of various customer segments that have similar loss patterns such as customer type and rating and other forms of credit insurance.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. On each quarterly reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customers' actual default rate in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 11 to the financial statements.

2.5.5 Fair value measurement of financial instruments

Significant judgement is involved in determining the appropriate valuation techniques and inputs for fair value measurements where active market quotes are not available.

In estimating the fair value of financial asset or financial liability, the Group and the Company use market-observable data to the extent it is available. The management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in measuring the financial assets and financial liabilities. Where Level 1 inputs are not available, the management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting date.

Information about the valuation techniques and inputs used in determining the fair value of various financial assets and financial liabilities are disclosed in the Note 36 to the financial statements.

2.5.6 Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2.5.7 Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed business losses, unabsorbed capital allowances and unabsorbed reinvestment allowances to the extent that it is probable that taxable profit will be available against which they can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

121

CONT'D

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)**2.5 Significant accounting estimates and judgements (cont'd)****2.5.8 Inventories**

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, the management considers the most reliable evidence available at the time the estimates are made. The realisation of these inventories may be affected by market-driven changes that may occur in the future.

2.5.9 Defined benefit plan

The defined benefit liability is determined based on an actuarial valuation. An actuarial valuation involves making various assumptions regarding the discount rate, future salary growth and attrition rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit liability is highly sensitive to changes in these assumptions. Further details of the assumptions used are disclosed in Note 20 to the financial statements.

2.5.10 Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.

2.5.11 Determining the lease term of contracts with renewal options

The Group determines the lease term with any periods covered by an option to extend the lease if it is reasonably certain to be exercised. The Group has lease contracts that include extension options. The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew. The Group includes the renewal period as part of the lease term for such leases.

The Group typically exercises its option to renew for leases with renewal option.

122 NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

CONT'D

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Equipment, tools, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and others RM'000	Capital work-in-progress RM'000	Total RM'000
Cost or valuation								
At 1.1.2022								
- cost	40,407	7,375	57,166	1,275,586	52,691	48,047	71,257	1,552,529
- valuation	305,732	189,300	324,125	-	-	-	-	819,157
Additions	346,139	196,675	381,291	1,275,586	52,691	48,047	71,257	2,371,686
Reclassification	39,959	542	16,868	17,556	6,227	2,511	86,526	170,189
Disposals	760	6,950	5,217	44,326	-	228	(57,481)	-
Written off	-	-	-	(9,662)	(3,008)	(108)	-	(12,778)
Early termination and expiration of lease contracts	-	-	(52)	(19,898)	(1,111)	(937)	-	(21,998)
Translation difference	-	(423)	(75)	(132)	(1,397)	-	-	(1,604)
	-	-	(211)	(355)	(34)	481	-	(542)
At 31.12.2022	386,858	203,744	403,038	1,307,421	53,368	50,222	100,302	2,504,953

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

123

CONT'D

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Equipment, tools, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and others RM'000	Capital work-in-progress RM'000	Total RM'000
Cost or valuation								
At 1.1.2023								
- cost	81,126	14,444	78,960	1,307,421	53,368	50,222	100,302	1,685,843
- valuation	305,732	189,300	324,078	-	-	-	-	819,110
	386,858	203,744	403,038	1,307,421	53,368	50,222	100,302	2,504,953
Additions	5,441	-	12,753	9,819	5,048	2,870	56,550	92,481
Reclassification	854	-	10,340	43,977	-	2,460	(57,631)	-
Disposals	-	-	-	(9,945)	(1,645)	(165)	-	(11,755)
Written off	-	-	*	(7,492)	(637)	(3,511)	-	(11,640)
Early termination and expiration of lease contracts	-	-	(5,869)	-	(1,365)	-	-	(7,234)
Translation difference	-	251	1,502	733	87	647	-	3,220
At 31.12.2023	393,153	203,995	421,764	1,344,513	54,856	52,523	99,221	2,570,025
Representing								
- cost	87,421	14,695	97,686	1,344,513	54,856	52,523	99,221	1,750,915
- valuation	305,732	189,300	324,078	-	-	-	-	819,110
At 31.12.2023	393,153	203,995	421,764	1,344,513	54,856	52,523	99,221	2,570,025

* Less than RM1,000

124 NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

CONT'D

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Equipment, tools, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and others RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation								
At 1.1.2022	-	865	3,291	836,790	37,876	34,255	-	913,077
Charge for the financial year	-	4,325	12,403	56,902	6,391	3,382	-	83,403
Reclassification	-	-	-	(262)	-	262	-	-
Disposals	-	-	-	(8,801)	(2,421)	(106)	-	(11,328)
Written off	-	-	(46)	(14,997)	(1,058)	(929)	-	(17,030)
Early termination and expiration of lease contracts	-	-	(75)	(112)	(1,397)	-	-	(1,584)
Translation difference	-	(22)	168	(407)	(52)	355	-	42
At 31.12.2022	-	5,168	15,741	869,113	39,339	37,219	-	966,580
Charge for the financial year	-	4,500	12,777	57,800	5,933	3,500	-	84,510
Disposals	-	-	-	(9,549)	(1,499)	(165)	-	(11,213)
Written off	-	-	*	(6,776)	(556)	(3,467)	-	(10,799)
Early termination and expiration of lease contracts	-	-	(5,830)	-	(1,234)	-	-	(7,064)
Translation difference	-	15	213	625	45	507	-	1,405
At 31.12.2023	-	9,683	22,901	911,213	42,028	37,594	-	1,023,419
Accumulated impairment loss								
At 1.1.2022/31.12.2022/31.12.2023	-	-	-	404	-	-	15,603	16,007
Net carrying amount								
At 31.12.2022	386,858	198,576	387,297	437,904	14,029	13,003	84,699	1,522,366
At 31.12.2023	393,153	194,312	398,863	432,896	12,828	14,929	83,618	1,530,599

* Less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

125

CONT'D

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold land RM'000	Buildings RM'000	Equipment, tools, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and others RM'000	Total RM'000
Cost or valuation						
At 1.1.2022						
- cost	–	–	329	2,025	1,005	3,359
- valuation	17,720	3,370	–	–	–	21,090
	17,720	3,370	329	2,025	1,005	24,449
Additions	–	–	–	865	52	917
Disposal	–	–	–	(601)	–	(601)
Written off	–	–	–	–	(203)	(203)
At 31.12.2022	17,720	3,370	329	2,289	854	24,562
Cost or valuation						
At 1.1.2023						
- cost	–	–	329	2,289	854	3,472
- valuation	17,720	3,370	–	–	–	21,090
	17,720	3,370	329	2,289	854	24,562
Additions	–	–	–	–	11	11
Written off	–	–	–	–	(57)	(57)
At 31.12.2023	17,720	3,370	329	2,289	808	24,516
Representing						
- cost	–	–	329	2,289	808	3,426
- valuation	17,720	3,370	–	–	–	21,090
At 31.12.2023	17,720	3,370	329	2,289	808	24,516
Accumulated depreciation						
At 1.1.2022	87	21	285	669	701	1,763
Charge for the financial year	347	84	7	436	68	942
Disposal	–	–	–	(262)	–	(262)
Written off	–	–	–	–	(199)	(199)
At 31.12.2022	434	105	292	843	570	2,244
Charge for the financial year	348	84	5	449	61	947
Written off	–	–	–	–	(55)	(55)
At 31.12.2023	782	189	297	1,292	576	3,136
Net carrying amount						
At 31.12.2022	17,286	3,265	37	1,446	284	22,318
At 31.12.2023	16,938	3,181	32	997	232	21,380

126 NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

CONT'D

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group's and the Company's land and buildings are measured at revalued amounts, being fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's and of the Company's land and buildings were performed by independent professional valuers with appropriate recognised professional qualifications and recent experience in the location and category of property valued in the financial year 2021. The fair value of land was determined based on the comparison approach and fair value of buildings was determined using the depreciated replacement cost and comparison approach. There is no change to the valuation technique.

The Group's buildings with net carrying amount of RM19,582,000 (2022: RM18,822,000) have been pledged by a foreign subsidiary as security for banking facilities.

Included in the property, plant and equipment is interest capitalised amounted to RM1,543,000 (2022: RM433,000) with interest rate at 5.6% (2022: 7.3%) per annum.

Included in the net carrying amount of property, plant and equipment is capital work-in-progress as follows:-

	Group	
	2023 RM'000	2022 RM'000
Land and buildings	2,776	8,909
Plant, machinery and others	80,842	75,790
	83,618	84,699

Included in the net carrying amount of property, plant and equipment is right-of-use assets as follows:-

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Leasehold land	26	53	—	—
Buildings	12,979	4,580	—	—
Equipment, tools, plant and machinery	27,654	47,068	—	—
Motor vehicles	9,095	8,867	941	1,367
Furniture, fittings and others	226	434	—	—
	49,980	61,002	941	1,367

Additions to the right-of-use assets of the Group and of the Company during the financial year amounted to RM19,504,000 (2022: RM8,337,000) and Nil (2022: RM856,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

127

CONT'D

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation charge of right-of-use assets are as follows:-

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Leasehold land	27	26	—	—
Buildings	3,022	2,643	—	—
Equipment, tools, plant and machinery	3,363	4,563	—	—
Motor vehicles	3,647	3,912	426	413
Furniture, fittings and others	208	208	—	—
	10,267	11,352	426	413

Material accounting policy information**(a) Recognition and measurement**Property, plant and equipment

All property, plant and equipment, except for land and buildings, are measured at cost less accumulated depreciation and less any impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefit associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment loss recognised after the date of the revaluation. Valuations are performed with sufficient regularity (i.e., every 4 years and at shorter intervals), to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal is recognised in other comprehensive income and credited to the 'revaluation reserve' in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in the equity on disposal of the asset is transferred to other comprehensive income.

Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying assets is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

128 NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

CONT'D

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**Material accounting policy information (cont'd)****(b) Depreciation**

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction or capital work-in-progress are not depreciated until the assets are ready for their intended use. Right-of-use assets are depreciated on a straight-line basis over the earlier of their estimated useful lives or the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Property, plant and equipment

Leasehold land	Over the term of lease ranging from 31 to 870 years
Buildings	24 to 58 years
Equipment, tools, plant and machinery	2 to 20 years
Motor vehicles	5 to 7 years
Furniture, fittings and others	5 to 10 years

Right-of-use assets

Leasehold land	3 years
Buildings	2 to 6 years
Equipment, tools, plant and machinery	3 to 13 years
Motor vehicles	3 to 7 years
Furniture, fittings and others	5 years

4. INVESTMENT PROPERTIES

	2023 RM'000	Group 2022 RM'000
Fair value:-		
At 1.1	10,180	10,180
Fair value adjustments	(400)	—
Disposal	(800)	—
At 31.12	8,980	10,180

Investment properties comprise of freehold commercial property, leasehold land and buildings leased to third parties.

The fair value of investment properties are determined by external independent professional valuers with recent experience in the location and category of property being valued. The fair value of the investment properties are determined once a year based on the comparison approach and depreciated replacement cost approach.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

129

CONT'D

4. INVESTMENT PROPERTIES (CONT'D)

Fair value of investment properties consists of:-

	2023 RM'000	Group 2022 RM'000
Buildings	3,130	3,040
Land	5,850	7,140
	8,980	10,180

The following are recognised in profit or loss in respect of investment properties:-

	2023 RM'000	Group 2022 RM'000
Rental income from operating leases	615	614
Direct operating expenses		
- income generating investment properties	(103)	(37)
- non-income generating investment properties	(2)	(2)
Fair value adjustments recognised in other expenses	(400)	-

The investment properties are leased to tenants under operating leases with rentals receivable monthly.

Minimum lease payments receivable on leases of investment properties are as follows:-

	2023 RM'000	Group 2022 RM'000
Within 1 year	293	555
Between 1 to 2 years	100	70
	393	625

Material accounting policy information

Investment properties are measured subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise.

130 NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

CONT'D

5. SUBSIDIARIES

Investment in subsidiaries:-

	Company	
	2023	2022
	RM'000	RM'000
Unquoted shares		
- at cost	239,535	239,535
- at valuation	55,633	55,633
	295,168	295,168
Less: Allowance for impairment loss	(30,281)	(30,281)
	264,887	264,887

Details of subsidiaries are as follows:-

Name of subsidiaries	Principal activities	Principal place of business	Proportion of effective ownership interest and voting power held by the Group	
			2023 %	2022 %
Central Malaya Paper Sdn. Bhd.	Trading of waste paper and investment holding	Malaysia	100	100
CMP Resources Sdn. Bhd.	Property holding	Malaysia	100	100
Federal Packages Sdn. Bhd.	Manufacture and sale of paper cartons and paper related products	Malaysia	100	100
Intra-Muda Holdings Sdn. Bhd.	Investment holding and commission agent	Malaysia	100	100
Intrapac Trading (M) Sdn. Bhd.	Trading of paper products and acting as commission agent	Malaysia	100	100
K F Paper Products (Melaka) Sdn. Bhd.	Manufacture and sale of board sheets and paper related products	Malaysia	100	100
Kajang Paper Mills Sdn. Bhd.	Investment holding	Malaysia	100	100
Kotak Malaysia Holdings Sdn. Bhd.	Dormant	Malaysia	100	100
Kotak Malaysia (KOM) Sdn. Bhd.	Manufacture and sale of corrugated cartons and boards and related packaging products	Malaysia	100	100
MC Pack (Malaysia) Sdn. Bhd.	Manufacture and sale of paper packaging products	Malaysia	65	65

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

131

CONT'D

5. SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows (cont'd):-

Name of subsidiaries	Principal activities	Principal place of business	Proportion of effective ownership interest and voting power held by the Group	
			2023 %	2022 %
Muda Global Engineering Sdn. Bhd.	Engineering and fabrication services	Malaysia	100	100
Muda Land Development Sdn. Bhd.	Property holding	Malaysia	100	100
Muda Management Services Sdn. Bhd.	Management consultancy and general insurance agency	Malaysia	100	100
Muda Packaging Industries Sdn. Bhd.	Manufacture and sale of corrugated cartons and boards and related packaging products	Malaysia	100	100
Muda Paper Converting Sdn. Bhd.	Converting and sale of paper stationery and paper based food packaging products	Malaysia	100	100
Muda Paper Mills Sdn. Bhd.	Manufacture and sale of paper and paper related products	Malaysia	100	100
Muda Pasifik Sdn. Bhd.	Manufacture and sale of corrugated cartons and boards and related packaging products	Malaysia	100	100
Quantum Total Packages Sdn. Bhd.	Manufacture and trading of printing materials	Malaysia	60	60
RJ & R Holdings Sdn. Bhd.	Property holding	Malaysia	100	100
Sea Paper Industries Sdn. Bhd.	Manufacture and sale of corrugated paper cartons	Malaysia	100	100
Intrapac (Singapore) Pte. Ltd.* ("Intra SG")	Trading in paper products, commission agent and investment holding	Singapore	70	70
Ee Sin Paper Products Pte. Ltd.* ("ESPP SG")	Trading in school books, uniforms and stationery	Singapore	67	67
ESPP Sdn. Bhd. ("ESPP MY")	Trading in school books, uniforms and stationery	Malaysia	67	67
Pacific Bookstores Pte. Ltd.*	Operator of schools and online bookstores	Singapore	67	67

132 NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

CONT'D

5. SUBSIDIARIES (CONT'D)

Details of subsidiaries are as follows (cont'd):-

Name of subsidiaries	Principal activities	Principal place of business	Proportion of effective ownership interest and voting power held by the Group	
			2023 %	2022 %
Lonsing Packaging Industries Pte. Ltd.*	Manufacture of packaging materials for food industry	Singapore	60	60
Wenfang Private Limited*	Import and distribution of stationery	Singapore	70	70
ESPP Viet Nam Company Limited #	Trading of paper and stationery	Vietnam	47	47
Intrapac (Australia) Pty. Ltd.*	Trading of paper and paper related products	Australia	100	100
Intrapac Investment Ltd.*	Investment holding	Hong Kong	100	100
Muda Packaging Industries (Qingyuan) Ltd.*	Manufacture and sale of corrugated cartons and paper related products	The People's Republic of China	100	100

* Subsidiaries not audited by Grant Thornton Malaysia PLT.

Subsidiary audited by affiliate of Grant Thornton Malaysia PLT.

Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

5.1 Acquisition of subsidiaries

5.1.1 Previous financial year

In previous financial year, the Group completed the following acquisitions which qualified as business combination:

- On 1 April 2022, the 70% owned subsidiary, Intra SG increased its equity interest in ESPP SG by 15% from 80% to 95% for a cash consideration of RM2,826,000.

The carrying amount of ESPP SG's net assets in the Group's financial statements on the date of acquisition was RM18,958,000. The Group recognised a decrease in non-controlling interest of RM2,861,000 and decrease in retained earnings of RM14,000.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

133

CONT'D

5. SUBSIDIARIES (CONT'D)**5.1 Acquisition of subsidiaries (cont'd)****5.1.1 Previous financial year (cont'd)**

In previous financial year, the Group completed the following acquisitions which qualified as business combination (cont'd):

- a) The following summaries the effect of changes in the equity interest in ESPP SG that is attributable to owners of the Company:-

	RM'000
Equity interest at 1 January 2022	18,958
Effect of decrease in Group's ownership interest	(14)
Equity interest at 31 December 2022	18,944

- b) On 26 August 2022, the 67% indirect owned subsidiary, ESPP SG incorporated a 100% owned subsidiary ESPP MY for a cash consideration of RM300,000.

5.2 Details of non-wholly owned subsidiaries with material NCI

Non-wholly owned subsidiaries of the Group with material NCI are shown below:-

Intrapac (Singapore) Pte. Ltd. and its subsidiaries

	2023 RM'000	2022 RM'000
NCI percentage of ownership interest and voting interest	30%	30%
Profit allocated to NCI	3,892	2,172
Carrying amount of NCI	33,046	32,159

134 NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

CONT'D

5. SUBSIDIARIES (CONT'D)

5.2 Details of non-wholly owned subsidiaries with material NCI (cont'd)

Summarised financial information in respect of the above subsidiary with material NCI is set out below. The summarised financial information below is before intra-group eliminations.

	2023 RM'000	2022 RM'000
<u>Financial Position</u>		
Non-current assets	21,613	34,472
Current assets	121,390	99,991
Total assets	143,003	134,463
Non-current liabilities	(6,567)	(2,216)
Current liabilities	(34,501)	(31,893)
Total liabilities	(41,068)	(34,109)
Total equity	101,935	100,354
Equity attributable to owners of the Company	97,414	96,424
NCI	4,521	3,930
	101,935	100,354
<u>Profit or Loss/Total comprehensive income</u>		
Revenue	178,331	172,425
Profit for the financial year	11,596	6,579
Profit attributable to:		
Owners of the Company	11,006	6,296
NCI	590	283
	11,596	6,579
Total comprehensive income attributable to:		
Owners of the Company	8,657	12,214
NCI	591	283
	9,248	12,497
Dividends paid to NCI	(254)	(391)

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

135

CONT'D

5. SUBSIDIARIES (CONT'D)**5.2 Details of non-wholly owned subsidiaries with material NCI (cont'd)**

Summarised financial information in respect of the above subsidiary with material NCI is set out below. The summarised financial information below is before intra-group eliminations (cont'd).

	2023 RM'000	2022 RM'000
<u>Cash flows</u>		
Net cash inflows from operating activities	7,896	10,915
Net cash inflows/(outflows) from investing activities	18,322	(9,881)
Net cash outflows from financing activities	(16,882)	(3,605)
Net increase/(decrease) in cash and cash equivalents	9,336	(2,571)

Material accounting policy informationAcquisition of subsidiary with non-controlling interests

The Group elects to measure the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

5.3 Amounts due from/(to) subsidiaries

Amounts due from/(to) subsidiaries are non-trade in nature, bear no interest, unsecured and repayable on demand.

6. ASSOCIATES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares, at cost	718	718	88	88
Share of post-acquisition reserves	745	569	—	—
Translation difference	159	73	—	—
	1,622	1,360	88	88
Less: Allowance for impairment loss At 1.1/31.12	—	—	(88)	(88)
	1,622	1,360	*	*

* Less than RM1,000

136

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

CONT'D

6. ASSOCIATES (CONT'D)

6.1 Details of associates

Details of associates at the end of the reporting period are as follows:-

Name of associates	Principal activities	Principal place of business	Proportion of effective ownership interest and voting power held by the Group	
			2023 %	2022 %
Choice Impact Sdn. Bhd.	Property holding	Malaysia	49	49
Timly Enterprise Company LDA *	Trading in stationeries	Democratic Republic of Timor-Leste	27	27

* Associates not audited by Grant Thornton Malaysia PLT.

The summarised financial information for the associates has not been presented as the associates are immaterial to the Group.

Material accounting policy information

Investment in associates are measured in the Company's statement of financial position at cost less any impairment losses.

6.2 Amounts due from associates

Amounts due from associates of the Group and of the Company are non-trade in nature, unsecured, bear no interest and repayable on demand.

7. OTHER INVESTMENT

	Group	
	2023 RM'000	2022 RM'000
At FVTOCI:-		
At 1.1	21,154	14,230
Fair value adjustments	(2,349)	5,918
Disposal	(19,572)	—
Translation difference	767	1,006
At 31.12	—	21,154

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

137

CONT'D

7. OTHER INVESTMENT (CONT'D)

The other investment represents unquoted shares in Singapore.

On 17 July 2023, Intrapac (Singapore) Pte. Ltd., a 70% owned subsidiary of the Company has disposed of the remaining 16.88% of the equity interest of KL Resources Pte Ltd for a cash consideration of SGD6,712,826 (equivalent to RM22,775,000). The disposal has been completed on 19 July 2023.

Material accounting policy information**(a) Equity investment not held for trading**

At initial recognition, the Group irrevocably elected to present subsequent changes in the fair value of the investments in other comprehensive income. This election was made on an investment-by-investment basis.

8. INTANGIBLE ASSETS

Group	Goodwill RM'000	Intangible assets with finite life RM'000	Total RM'000
Cost			
At 1.1.2022	15,823	710	16,533
Translation difference	386	42	428
At 31.12.2022	16,209	752	16,961
Translation difference	428	47	475
At 31.12.2023	16,637	799	17,436
Accumulated amortisation			
At 1.1.2022	–	710	710
Translation difference	–	42	42
At 31.12.2022	–	752	752
Translation difference	–	47	47
At 31.12.2023	–	799	799
Net carrying amount			
At 31.12.2022	16,209	–	16,209
At 31.12.2023	16,637	–	16,637

138

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

CONT'D

8. INTANGIBLE ASSETS (CONT'D)

The aggregate carrying amounts of goodwill allocated to each unit are as follows:-

	2023 RM'000	2022 RM'000
Manufacturing	11,954	10,059
Trading	4,683	6,150
	16,637	16,209

The recoverable amount of goodwill arising from acquisition of the subsidiaries are determined based on a value-in-use calculation using profit projections approved by management covering a five-year period, revenue was projected at anticipated annual revenue growth of approximately 1.49% to 5.95% (2022: 1.50% to 4.18%) per annum and applying before tax discount rates ranging from 5.70% to 6.50% (2022: at 6.40%). The other key assumption on which management has based its profit projections to undertake impairment testing is that the subsidiaries will be able to maintain its gross margins recorded during the current year under review as it will be able to pass on cost increases in products.

Material accounting policy information

(a) Recognition and measurement

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

9. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax assets and liabilities were offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting are shown on the statements of financial position.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets	714	817	–	–
Deferred tax liabilities	(95,404)	(122,440)	–	(180)
	(94,690)	(121,623)	–	(180)

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

139

CONT'D

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

The movement in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the financial year is as follow:

	Property, plant and equipment RM'000	Investment properties RM'000	Provision for retirement benefit RM'000	Unabsorbed business losses RM'000	Unabsorbed capital allowances RM'000	Unabsorbed reinvestment allowances RM'000	Others RM'000	Total RM'000
Group								
At 1.1.2022	(166,767)	(455)	12,575	1,709	8,636	11,868	2,275	(130,159)
(Charged)/Credited to profit or loss (Note 30)	(2,851)	(345)	530	98	10,532	1,780	(1,218)	8,526
Translation difference	12	-	-	-	-	-	(2)	10
At 31.12.2022	(169,606)	(800)	13,105	1,807	19,168	13,648	1,055	(121,623)
(Charged)/Credited to profit or loss (Note 30)	(4,334)	320	919	8,217	16,640	3,439	1,826	27,027
Translation difference	(106)	-	-	-	-	-	12	(94)
At 31.12.2023	(174,046)	(480)	14,024	10,024	35,808	17,087	2,893	(94,690)
Company								
At 1.1.2022	(4,185)	-	2,024	845	559	-	38	(719)
(Charged)/Credited to profit or loss (Note 30)	104	-	177	-	258	-	-	539
At 31.12.2022	(4,081)	-	2,201	845	817	-	38	(180)
(Charged)/Credited to profit or loss (Note 30)	100	-	139	102	(162)	-	1	180
At 31.12.2023	(3,981)	-	2,340	947	655	-	39	-

140

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

CONT'D

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross) for the Company and certain subsidiaries due to uncertainty of future taxable income of the subsidiaries. They are available for offset against future taxable profits of the Company and respective subsidiaries.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unabsorbed business losses	10,424	10,155	–	–
Unabsorbed capital allowances	691	12,999	691	–
Unabsorbed reinvestment allowances	32,822	31,079	–	–
Provision for retirement benefit	–	3,443	–	–
Others	–	64	–	–
	43,937	57,740	691	–

Details of the unabsorbed business losses for subsidiaries are as follows:-

	2023 RM'000	2023 VND'000	Expiring year	2022 RM'000	2022 VND'000	Expiring year
Vietnam	839	4,019,612	2024 to 2028	578	2,942,984	2024 to 2027
Malaysia	9,585	–	2024 to 2028	9,577	–	2024 to 2028

The unabsorbed reinvestment allowances will be expiring within financial years between 2025 and 2032 under Malaysian tax legislation.

The unabsorbed capital allowances do not expire under Malaysian tax legislation.

Material accounting policy information

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying values at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the asset and liabilities, using tax rates enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

141

CONT'D

10. INVENTORIES

	2023 RM'000	Group 2022 RM'000
Raw materials	131,548	178,080
Consumables	42,596	41,813
Work-in-progress	5,612	8,412
Finished goods	155,039	168,210
Goods-in-transit	2,135	1,103
	336,930	397,618

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,339,951,000 (2022: RM1,546,129,000).

Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

11. TRADE RECEIVABLES

	2023 RM'000	Group 2022 RM'000
Trade receivables	241,921	263,946
Less: Allowances for impairment loss	(3,895)	(3,561)
	238,026	260,385

11.1 Normal trade credit terms granted to customers range from cash term to 120 days (2022: cash term to 120 days). Trade receivables are recognised at invoice amounts and they are non-interest bearing.

Included in trade receivables is an amount of RM364,214 (2022: RM322,452) due from subsidiaries of Asia File Corporation Bhd., a major shareholder of the Company. The said amount is unsecured, bear no interest and subject to normal trade term.

11.2 Currency exposure profile of trade receivables other than functional currencies are as follows:-

	2023 RM'000	Group 2022 RM'000
United States Dollar	31,776	25,660
Singapore Dollar	6,032	5,982
Australia Dollar	3,447	4,131

142 NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

CONT'D

11. TRADE RECEIVABLES (CONT'D)

11.3 An impairment analysis performed at each reporting date using a provision of matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating, and other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

The following table provides information about the credit risk exposure on the Group's trade receivables using a provision matrix:-

	Days past due					
	Current RM'000	1 to 30 days RM'000	31 to 60 days RM'000	61 to 90 days RM'000	More than 90 days RM'000	Total RM'000
2023						
Expected credit loss rate	0% - 3.3%	0% - 6.7%	0.3% - 11.3%	0% - 11.9%	0% - 79.4%	
Gross carrying amount	177,118	45,067	10,484	3,275	5,977	241,921
Expected credit loss	942	400	502	59	1,992	3,895
2022						
Expected credit loss rate	0.2% - 2.6%	0.1% - 2.9%	0.1% - 16.7%	0.1% - 14.8%	0.4% - 100%	
Gross carrying amount	206,996	41,404	10,107	2,275	3,164	263,946
Expected credit loss	811	252	370	65	2,063	3,561

11.4 The movements in the allowance for impairment in respect of trade receivables are as follows:-

	Group	
	2023 RM'000	2022 RM'000
At 1.1	3,561	5,192
Charge for the financial year	1,600	1,422
Reversal of impairment losses	(1,054)	(3,044)
Written off	(222)	-
Translation difference	10	(9)
At 31.12	3,895	3,561

11.5 Information on financial risk of trade receivables are disclosed in Note 35 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

143

CONT'D

12. OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits	22,553	15,109	70	70
Less: Allowances for impairment loss	(61)	(61)	–	–
	22,492	15,048	70	70
Non-trade receivables	2,549	3,784	92	108
Prepayments	9,953	9,040	198	181
Goods and Services Tax recoverable	151	161	–	–
	35,145	28,033	360	359

12.1 Impairment

The movement in the allowance in respect for impairment of other receivables are as follows:-

	Group	
	2023 RM'000	2022 RM'000
At 31.12	61	61

12.2 Currency exposure profile of other receivables other than functional currencies are as follows:-

	Group	
	2023 RM'000	2022 RM'000
United States Dollar	1,651	1,923
Singapore Dollar	24	23

13. SHORT TERM INVESTMENT

	Group and Company	
	2023 RM'000	2022 RM'000
At FVTPL:-		
Quoted investment in Malaysia	5,495	5,315

144 NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

CONT'D

14. CASH AND BANK BALANCES, DEPOSITS AND SHORT-TERM PLACEMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	117,401	85,494	708	1,042
Fixed deposits with licensed banks	19,263	14,279	–	–
Short-term placements with financial institutions	32,905	32,976	25,074	21,993
	169,569	132,749	25,782	23,035

Fixed deposits with licensed banks amounting to RM1,478,000 (2022: RM10,643,000) of certain subsidiaries are pledged as security for banking facilities, and hence are not available for general use.

Fixed deposits with licensed banks earned interest ranging from 1.85% to 2.0% (2022: 1.6% to 1.85%) per annum.

Currency exposure profile of cash and bank balances, deposits and short-term placements other than functional currencies are as follows:-

	Group	
	2023 RM'000	2022 RM'000
United States Dollar	13,306	5,413
Australia Dollar	2,253	4,556
Singapore Dollar	1,530	2,661

15. SHARE CAPITAL

	2023 Number of ordinary shares ('000)	Group and Company 2022 2023	2022
		RM'000	RM'000
Issued and fully paid-up with no par value	305,051	305,051	159,471

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. An ordinary share carries one vote per share without restrictions and ranks equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

145

CONT'D

16. RESERVES

- (a) Revaluation reserve consists of surplus from revaluation of properties.
- (b) Exchange fluctuation reserve represents exchange differences arising from translation of financial statements of foreign operations whose functional currencies differ from the Group's presentation currency.
- (c) Fair value reserve represents the cumulative fair value changes of financial assets designated at fair value through other comprehensive income until they are disposed or impaired.
- (d) Other reserve consists of retained earnings capitalised as bonus shares by a subsidiary.

The above reserves are not available for distribution as dividends.

17. RETAINED EARNINGS

The entire retained earnings of the Company is available for distribution as dividends to its shareholders under the single tier system.

18. BORROWINGS

	Group	
	2023 RM'000	2022 RM'000
Current		
Unsecured:-		
Trade financing facilities	334,727	343,715
Revolving credit	142,070	141,290
Term loans	39,314	38,336
Bank overdrafts	17,334	16,251
Other borrowings	23,666	26,529
	557,111	566,121
Non-current		
Unsecured:-		
Term loans	93,804	99,351
Revolving credit	21,728	21,160
	115,532	120,511
Total borrowings	672,643	686,632

Unsecured borrowings of other subsidiaries in the Group were obtained by way of negative pledge over the assets of the respective subsidiaries and corporate guarantee from the Company.

Interest on borrowings is charged at rates ranging from 3.2% to 8.45% (2022: 0.8% to 8.2%) per annum.

Term loans are repayable on monthly and quarterly basis.

146 NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

CONT'D

19. LEASE LIABILITIES

19.1 Lease liabilities are presented in the statements of financial position as follows:-

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Lease liabilities				
Current	13,095	13,345	352	382
Non-current	26,597	17,389	570	921
Net present values	39,692	30,734	922	1,303

19.2 Future minimum lease payments at year end are as follows:-

Group	← Minimum lease payments due →			Total RM'000
	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	
<u>2023</u>				
Lease payments	14,963	28,614	4	43,581
Finance charges	(1,868)	(2,021)	*	(3,889)
Net present values	13,095	26,593	4	39,692
<u>2022</u>				
Lease payments	14,692	18,665	91	33,448
Finance charges	(1,347)	(1,366)	(1)	(2,714)
Net present values	13,345	17,299	90	30,734

* Less than RM1,000

Company	← Minimum lease payments due →		Total RM'000
	Within 1 year RM'000	1 to 5 years RM'000	
<u>2023</u>			
Lease payments	381	596	977
Finance charges	(29)	(26)	(55)
Net present values	352	570	922
<u>2022</u>			
Lease payments	426	976	1,402
Finance charges	(44)	(55)	(99)
Net present values	382	921	1,303

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

147

CONT'D

19. LEASE LIABILITIES (CONT'D)

19.3 Lease payments not recognised as a liability

The expenses relating to payments not included in the measurement of the lease liabilities are as follows:-

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term leases				
- Cost of sales	5,800	5,662	-	-
- Administrative expenses	385	515	216	216
Leases of low value assets	343	370	-	-
	6,528	6,547	216	216

Material accounting policy information**(a) Lease and non-lease components**

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group and the Company is a lessee, they have elected not to separate non-lease components and will instead account for the lease and non-lease components and will instead account for the lease and non-lease components as a single lease component.

(b) Recognition exemption

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

20. PROVISION FOR RETIREMENT BENEFIT

The defined benefit plan, provided by the Group and the Company to all eligible Malaysian Directors and employees, pays a lump sum benefit which are defined by salary and period of service to qualified Directors and employees upon their retirement. The defined benefit plan is unfunded, benefits are paid directly by the Group and the Company and all the participants are active participants.

The plan exposes the Group and the Company to actuarial risks such as interest rate risk and inflation risk as explained below:-

20.1 Interest rate risk

The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the defined benefit liability. A decrease in market yield on high quality corporate bonds will increase the Group's and the Company's defined benefit liability.

148 NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

CONT'D

20. PROVISION FOR RETIREMENT BENEFIT (CONT'D)

The plan exposes the Group and the Company to actuarial risks such as interest rate risk and inflation risk as explained below (cont'd):-

20.2 Inflation risk

A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's and the Company's liability.

20.3 Movement in defined benefit plan

The following is the reconciliation of the Group's and of the Company's defined benefit liability presented in the statements of financial position for each reporting period:-

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1.1	61,778	59,618	9,170	8,433
Current service costs	3,326	3,209	221	282
Net interests	3,071	3,170	360	455
Benefit paid	(5,747)	(4,219)	–	–
At 31.12	62,428	61,778	9,751	9,170

20.4 Actuarial assumptions

Significant actuarial assumptions for the determination of the defined benefit liability are discount rate and future salary growth.

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while all other assumptions remained constant.

Group	Core assumption %	Sensitivity analysis	Effect on defined benefit liability (decrease)/ increase RM'000	Effect on defined benefit liability (decrease)/ increase %
<u>2023</u>				
Discount rate	5.5%	1.0% increase	(4,270)	(6.8%)
Future salary growth	6.3%	1.0% increase	6,334	10.1%
<u>2022</u>				
Discount rate	5.5%	1.0% increase	(4,265)	(6.8%)
Future salary growth	6.3%	1.0% increase	5,767	9.2%

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

149

CONT'D

20. PROVISION FOR RETIREMENT BENEFIT (CONT'D)

The plan exposes the Group and the Company to actuarial risks such as interest rate risk and inflation risk as explained below (cont'd):-

20.4 Actuarial assumptions (cont'd)

Company	Core assumption %	Sensitivity analysis	Effect on defined benefit liability (decrease)/ increase RM'000	Effect on defined benefit liability (decrease)/ increase %
<u>2023</u>				
Discount rate	5.5%	1.0% increase	(116)	(1.2%)
Future salary growth	6.3%	1.0% increase	242	2.5%
<u>2022</u>				
Discount rate	5.5%	1.0% increase	(165)	(1.8%)
Future salary growth	6.3%	1.0% increase	303	3.3%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit liability because it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. In presenting the above sensitivity analysis, the present value of the defined benefit liability has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit liability recognised in the statements of financial position.

20.5 Defined benefit plan expenses

Amount recognised in profit or loss is as follows:-

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current service costs	3,326	3,209	221	282
Net interests	3,071	3,170	360	455
Total expenses recognised in profit or loss	6,397	6,379	581	737

20.6 Other information on the defined benefit plan

The weighted average duration of the defined benefit liability of the Group and of the Company is 8.18 years and 2.65 years (2022: 7.7 years and 2.1 years) respectively. The Group and the Company are expected to make benefit payment of RM4,661,000 and RM354,000 respectively in 2024 (2022: RM9,826,000 and RM4,604,000 respectively in 2023).

150 NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

CONT'D

21. GOVERNMENT GRANTS

	Group	
	2023 RM'000	2022 RM'000
At 1.1	6,302	–
Granted during the financial year	13,215	6,786
Amortised during the financial year	(1,383)	(484)
At 31.12	18,134	6,302
Analysed as:-		
Non-current	16,229	5,718
Later than one year but not later than two years	1,905	583
Later than two years but not later than five years	5,715	1,750
Later than five years	8,609	3,385
Current	1,905	584
At 31.12	18,134	6,302

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

Material accounting policy information

Government grants are not recognised until there is reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

Government grants relating to costs are recognised in profit or loss over the periods to match the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

22. TRADE PAYABLES

Currency exposure profile of trade payables other than functional currencies are as follows:-

	Group	
	2023 RM'000	2022 RM'000
United States Dollar	1,958	3,441
Singapore Dollar	58	1

Normal trade credit terms granted by suppliers range from cash term to 90 days (2022: cash term to 90 days).

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

151

CONT'D

23. OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-trade payables	45,959	42,981	–	–
Deposits received	221	427	69	69
Accruals	59,440	60,716	2,184	2,050
Goods and Services Tax payable	1,983	2,024	–	–
Sales Tax payable	1,841	2,459	–	–
	109,444	108,607	2,253	2,119

Currency exposure profile of other payables other than functional currencies are as follows:-

	Group	
	2023 RM'000	2022 RM'000
United States Dollar	2,000	3,181
Singapore Dollar	8	35

24. DERIVATIVE FINANCIAL INSTRUMENTS

Group	Contract/ Notional amount RM'000	Positive fair value RM'000	Negative fair value RM'000
Current			
Forward currency contracts			
2023	1,163	4	–
2022	10,689	–	502

The Group uses forward currency contracts to manage transaction exposure and they have maturity period of less than 12 months.

These contracts are not designated as cash flow hedge or fair value hedge as they are not qualified for hedge accounting. The contract period is consistent with the currency transaction exposure and fair value changes exposure.

152 NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

CONT'D

25. REVENUE

Revenue comprises the following:-

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contract with customers	1,504,424	1,768,774	–	–
Revenue from other sources				
- Dividend income from subsidiaries	–	–	13,356	16,237
- Dividend income from quoted investment in Malaysia	1,003	720	1,003	720
- Management fees from subsidiaries	–	–	8,138	8,398
	1,505,427	1,769,494	22,497	25,355

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by primary geographical market, major products and timing of revenue recognition in the following table:-

	Group	
	2023 RM'000	2022 RM'000
Major products/service lines		
Manufacturing and sale of industrial paper and paper related products	1,314,683	1,574,037
Trading of school books, uniforms and stationery	156,427	140,869
Trading of paper related products and agency commission earned	33,314	53,845
Others	–	23
	1,504,424	1,768,774
Timing of revenue recognition		
Products and services transferred at a point in time	1,504,424	1,768,774

- (a) Revenue from manufacturing and sale of industrial paper and paper related products, trading of school books, uniforms and stationery, paper related products and agency commission earned are recognised at a point in time upon the acceptance of those products by the customers.
- (b) The payment terms for billings arising from revenue are disclosed in Note 11 to the financial statements.
- (c) The revenue of the Group and of the Company contain no elements of variable consideration, obligations for returns or refund or warranties.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

153

CONT'D

26. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expenses on:-				
Bank overdrafts	1,341	1,279	*	*
Trade financing facilities	14,058	10,983	—	—
Lease liabilities	2,014	1,935	44	48
Revolving credit	7,793	5,131	—	—
Term loans	5,323	4,876	—	—
Other borrowings	905	527	—	—
Recognised in profit or loss	31,434	24,731	44	48
Capitalised on qualifying assets:-				
- Property, plant and equipment (Note 3)	1,543	433	—	—
	32,977	25,164	44	48

* Less than RM1,000

27. (LOSS)/PROFIT BEFORE TAX

The following amounts have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
After charging:-				
Auditors' remuneration related to:				
Statutory audits				
- Grant Thornton Malaysia PLT ("GT")	500	460	53	49
- Other member firm of GT	17	14	—	—
- Other auditors	356	272	—	—
Assurance-related services:				
- GT	14	14	14	14
Non-assurance-related services:				
- GT	—	12	—	—
Other services:				
- Tax compliance fee	145	145	8	8
- Facilitation of review by other auditors	40	38	40	38
Bad debts written off	35	75	—	—
Fair value adjustments on investment properties	400	—	—	—
Fair value loss on derivative financial instruments	—	469	—	—
Fair value loss on financial assets at fair value through profit or loss	—	56	—	56
Impairment loss on trade receivables	1,600	1,422	—	—
Inventories written down	129	7,580	—	—
Inventories written off	1,512	410	—	—
Loss on foreign exchange				
- unrealised	—	1,281	—	—
Property, plant and equipment written off	841	4,968	2	4
Loss on disposal of property, plant and equipment	—	—	—	13

154 NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

CONT'D

27. (LOSS)/PROFIT BEFORE TAX (CONT'D)

The following amounts have been included in arriving at (loss)/profit before tax (cont'd):

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
After crediting:-				
Amortisation of government grants	(1,383)	(484)	—	—
Bad debts recovered	(75)	(9)	—	—
Fair value gain on financial assets at fair value through profit or loss	(59)	—	(59)	—
Gain on disposal of financial asset at fair value through other comprehensive income	(3,203)	—	—	—
Fair value gain on derivative financial instruments	(506)	—	—	—
Gain on disposal of property, plant and equipment	(400)	(2,406)	—	—
Gain on foreign exchange				
- realised	(357)	(4,119)	—	—
- unrealised	(1,026)	—	—	—
Interest income	(1,021)	(634)	—	—
Rental income				
- third parties	(1,333)	(1,347)	(235)	(252)
Reversal of inventories written down	(4,452)	(691)	—	—
Reversal of impairment loss on trade receivables	(1,054)	(3,044)	—	—
Gain on early termination of lease contract	(7)	—	—	—
Gain on disposal of investment properties	(150)	—	—	—

28. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salary, wages and other allowances	194,717	213,914	6,142	5,846
Defined contribution plan	15,617	16,506	365	355
Defined benefit plan	5,718	6,379	581	737
	216,052	236,799	7,088	6,938

The Group has elected to present government grants by reducing the employee benefits expenses. The Group had committed to spend the wages subsidy on employees' payroll expenses and does not reduce any employee headcount for a specified period of time. The Group does not have any unfulfilled obligations relating to the wage subsidy programmes.

Included in employee benefits expenses are the Directors' emoluments disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

155

CONT'D

29. DIRECTORS' REMUNERATION

Remuneration of Directors are as follows:-

	Fees RM'000	Salary RM'000	Bonus RM'000	Other emoluments RM'000	Benefits- in-kind RM'000	Total RM'000
Group						
<u>2023</u>						
Executive Directors	804	3,096	600	448	105	5,053
Non-Executive Directors	736	947	84	1,056	52	2,875
	1,540	4,043	684	1,504	157	7,928
<u>2022</u>						
Executive Directors	437	2,928	640	440	113	4,558
Non-Executive Directors	587	-	-	1,986	52	2,625
	1,024	2,928	640	2,426	165	7,183
Company						
<u>2023</u>						
Executive Directors	120	3,096	600	318	105	4,239
Non-Executive Directors	405	-	-	832	30	1,267
	525	3,096	600	1,150	135	5,506
<u>2022</u>						
Executive Directors	120	2,928	640	318	113	4,119
Non-Executive Directors	360	-	-	751	30	1,141
	480	2,928	640	1,069	143	5,260

The estimated monetary value of benefits provided to Directors of the Group and of the Company during the financial year by way of usage of the Company's and subsidiaries' assets and other benefits amounted to RM157,000 (2022: RM165,000) and RM135,000 (2022: RM143,000) respectively.

156 NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

CONT'D

30. TAX INCOME

Tax recognised in profit or loss

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax expense				
Current year	3,732	4,876	38	40
Real property gains tax	38	—	—	—
(Over)/Under provision in prior years	(579)	(3,272)	(1)	2
Total current tax recognised in profit or loss	3,191	1,604	37	42
Deferred tax income				
Origination and reversal of temporary differences	(17,340)	(5,296)	(123)	(219)
(Over)/Under provision in prior years	(8,397)	(2,002)	26	(238)
Realisation of deferred tax upon depreciation of revalued assets	(1,290)	(1,228)	(83)	(82)
Total deferred tax recognised in profit or loss	(27,027)	(8,526)	(180)	(539)
Total tax income	(23,836)	(6,922)	(143)	(497)

Reconciliation of tax income applicable to (loss)/profit before tax at statutory tax rate to tax income at the effective tax rate is as follows:-

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(Loss)/Profit before tax	(49,270)	(15,106)	11,718	14,690
Tax at Malaysian statutory tax rate of 24%	(11,825)	(3,625)	2,812	3,526
Tax effects in respect of:-				
Expenses not deductible for tax purposes	12,943	11,443	382	364
Income not subject to tax	(7,486)	(6,628)	(3,445)	(4,069)
Realisation of deferred tax upon depreciation of revalued assets	(1,290)	(1,228)	(83)	(82)
Movement on deferred tax assets not recognised	(3,313)	(697)	166	—
Utilisation of reinvestment allowances	(3,029)	(371)	—	—
Effect of different tax rate for fair value in investment properties	20	(4)	—	—
Different tax rates of foreign subsidiaries	(918)	(538)	—	—
(Over)/Under provision in prior years				
- Current tax	(579)	(3,272)	(1)	2
- Deferred tax	(8,397)	(2,002)	26	(238)
Real property gains tax	38	—	—	—
	(23,836)	(6,922)	(143)	(497)

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

157

CONT'D

31. LOSS PER SHARE**Basic and diluted**

Loss per share is calculated based on the Group's loss for the financial year attributable to owners of the Company of RM30,776,000 (2022: RM10,866,000) and weighted average number of ordinary shares in issue during the financial year of 305,050,835 (2022: 305,050,835).

Diluted loss per share equals basic loss per share as there were no dilutive potential equity instruments in issue that gave diluted effect to the loss per share.

32. DIVIDENDS

	Group and Company RM'000
Recognised in the year	
<u>2023</u>	
First and final single tier dividend for financial year 2022:- 4.0 sen per share	12,202
<u>2022</u>	
First and final single tier dividend for financial year 2021:- 5.0 sen per share	15,252

A first and final single tier dividend of 3.0 sen per ordinary share, amounting to RM9,151,525 was recommended by the Directors in respect of the financial year ended 31 December 2023.

This dividend is not reflected in the financial statements for the current financial year and will be accounted for as an appropriation of retained earnings in the financial year ending 31 December 2024.

33. CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements is as follows:-

	2023 RM'000	Group 2022 RM'000
Contracted but not provided for:-		
Land and buildings	2,809	3,090
Plant and machinery	21,793	34,786
Computer system and others	220	269
	24,822	38,145

158 NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

CONT'D

34. RELATED PARTIES

For the purpose of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities. Related parties also include key management personnel.

The Group has related party relationship with its substantial shareholders, subsidiaries and associates, Directors and key management personnel.

The outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 5, 6 and 11 to the financial statements.

Related party transactions have been entered into the normal course of business under normal trade terms. Related party transactions of the Group and of the Company are as follows:-

34.1 Transactions with subsidiaries

	Company	
	2023	2022
	RM'000	RM'000
Lease rental charged by	216	216
Secretarial and statutory records maintenance fee charged by	128	128
Office administration fee charged by	516	510
Share registration fee charged by	147	147
Dividend income	13,356	16,237
Management fee charged to	8,138	8,398

34.2 Transactions with associates

	Group	
	2023	2022
	RM'000	RM'000
Sales of goods	574	469

34.3 Related party transactions with a major shareholder, Asia File Corporation Bhd. and its subsidiaries

	Group	
	2023	2022
	RM'000	RM'000
Sale of goods	1,548	1,445

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

159

CONT'D

34. RELATED PARTIES (CONT'D)

Related party transactions have been entered into the normal course of business under normal trade terms. Related party transactions of the Group and of the Company are as follows (cont'd):-

34.4 Transaction with Tri-yen Enterprise Sdn. Bhd., a company in which Directors have interest

	2023 RM'000	Group 2022 RM'000
Lease rental charged by	144	144

Tri-yen Enterprise Sdn. Bhd. is a company in which certain Directors namely, Tan Sri Lim Guan Teik and Datuk Wira Lim Chiun Cheong have or are deemed to have substantial interest.

34.5 Compensation of key management personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel consist of Executive Directors of the Company and foreign subsidiaries.

The remunerations of key management personnel of the Group other than non-executive Directors are as follows:-

	2023 RM'000	Group 2022 RM'000
Fees, salaries, bonus and other emoluments	7,273	6,430
Benefit-in-kind	105	113
	7,378	6,543

160

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

CONT'D

35. FINANCIAL INSTRUMENTS

35.1 Classification of financial instruments

Financial assets and financial liabilities are measured either at fair value through profit or loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") or at amortised cost.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:-

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial assets:-				
<u>FVTOCI</u>				
Other investment	–	21,154	–	–
<u>FVTPL</u>				
Short term investment	5,495	5,315	5,495	5,315
Derivative financial instruments	4	–	–	–
<u>Amortised cost</u>				
Trade receivables	238,026	260,385	–	–
Other receivables	25,041	18,832	162	178
Amount due from subsidiaries	–	–	14,631	16,660
Amount due from associates	1,422	1,351	871	870
Cash and bank balances, deposits and short-term placements	169,569	132,749	25,782	23,035
Total financial assets	439,557	439,786	46,941	46,058
Financial liabilities:-				
<u>FVTPL</u>				
Derivative financial instruments	–	502	–	–
<u>Amortised cost</u>				
Borrowings	672,643	686,632	–	–
Lease liabilities	39,692	30,734	922	1,303
Trade payables	56,725	55,783	–	–
Other payables	105,620	104,124	2,253	2,119
Amount due to subsidiaries	–	–	66	1
Total financial liabilities	874,680	877,775	3,241	3,423

35.2 Risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The Group and the Company have established policies and procedures to ensure effective management of credit risk, liquidity risk, interest rate risk, foreign currency risk and other price risk.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

161

CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)**35.2 Risk management objectives and policies (cont'd)**

The following sections explain key risks faced by the Group and the Company.

35.2.1 Credit risk

Credit risk refers to the risk that a counterparty will default in its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company adopt the policy of dealing with its customers of appropriate standing to mitigate credit risk and those customers who wish to trade on credit terms are subject to credit evaluation. Receivables are monitored on an ongoing basis to mitigate risk of bad debts.

For other financial assets, the Group and the Company adopt the policy of dealing with the reputable institutions. The Group's and the Company's exposure to credit risk arising from cash and cash equivalents, trade and other receivables and derivative financial instruments is limited because the counterparties are banks and financial institutions with high credit ratings and have no history of default.

In respect of trade and other receivables, the Group and the Company are not subject to any significant credit risk exposure to a single counterparty or a group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas.

An impairment analysis is performed at each reporting date using a provision of matrix to measure expected credit losses ("ECLs"). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance).

Information regarding the Group's exposure to credit risk and ECLs for trade receivables is disclosed in Note 11 to the financial statements.

35.2.1.1 Exposure to credit risk

Maximum exposure of the Group and of the Company to credit risk is represented by the carrying amounts of financial assets recognised in the statements of financial position.

The Group and the Company continuously monitor credit standing of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk control. External credit ratings and/or reports on customers and other counterparties may also be used for credit assessment purposes.

The Company provides secured financial guarantees to financial institutions in respect of credit facilities granted to certain subsidiaries. The maximum exposure to credit risk is as described in Note 35.2.2.1 as at the reporting date. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. As at the end of the reporting period, there was no indication that the subsidiaries would default in payment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

162 NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)

35.2 Risk management objectives and policies (cont'd)

35.2.2 Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting the obligations as and when they fall due. The Group and the Company are exposed to liquidity risk arising from payables, lease liabilities, borrowings and they maintain certain levels of cash and cash equivalents and bank credit facilities deemed adequate to ensure there is sufficient liquidity to meet the obligations as and when they fall due.

35.2.2.1 Analysis of financial liabilities by remaining contractual maturity period

The following is a summary of the financial liabilities of the Group and of the Company according to maturity period:-

Group	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
<u>2023</u>				
Borrowings	561,416	116,253	5,942	683,611
Lease liabilities	14,963	28,614	4	43,581
Trade payables	56,725	–	–	56,725
Other payables	105,620	–	–	105,620
Total undiscounted financial liabilities	738,724	144,867	5,946	889,537
<u>2022</u>				
Borrowings	571,281	119,797	11,687	702,765
Lease liabilities	14,692	18,665	91	33,448
Trade payables	55,783	–	–	55,783
Other payables	104,124	–	–	104,124
Derivative financial instruments	502	–	–	502
Total undiscounted financial liabilities	746,382	138,462	11,778	896,622

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

163

CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)**35.2 Risk management objectives and policies (cont'd)****35.2.2 Liquidity risk (cont'd)****35.2.2.1 Analysis of financial liabilities by remaining contractual maturity period (cont'd)**

The following is a summary of the financial liabilities of the Group and of the Company according to maturity period (cont'd):-

Company	Within 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
<u>2023</u>				
Lease liabilities	381	596	–	977
Other payables	2,253	–	–	2,253
Amount due to subsidiaries	66	–	–	66
Total undiscounted financial liabilities	2,700	596	–	3,296
Financial guarantee*	1,335,740	–	–	1,335,740
<u>2022</u>				
Lease liabilities	426	976	–	1,402
Other payables	2,119	–	–	2,119
Amount due to subsidiaries	1	–	–	1
Total undiscounted financial liabilities	2,546	976	–	3,522
Financial guarantee*	1,310,137	–	–	1,310,137

*This exposure is included in liquidity risk for illustration only. No financial guarantee was called upon by the holders as at the end of the reporting period.

The above amounts reflected the contractual undiscounted cash flows of the financial liabilities, which may differ from carrying values of the liabilities at the end of the financial year.

35.2.3 Interest rate risk

Interest rate risk is caused by changes in market interest rate resulting in fluctuation in fair value or future cash flows of financial instruments of the Group and of the Company. The Group's and the Company's interest rate management objective is to manage the interest expenses to be consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

The Group's and the Company's borrowings at variable interest rates are exposed to the risk of change in cash flows due to changes in interest rate. Investment in equity securities, short-term receivables and payables are not significantly exposed to any interest rate risk.

164 NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)**35.2 Risk management objectives and policies (cont'd)****35.2.3 Interest rate risk (cont'd)****35.2.3.1 Interest rate sensitivity analysis**

The Group and the Company are exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The following is interest rate profile of the significant interest-bearing financial instruments, based on carrying amounts as at the reporting date:-

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed rate instruments				
<u>Financial asset</u>				
Fixed deposits with licensed banks	19,263	14,279	—	—
Short-term placements with financial institutions	5,000	2,500	—	—
<u>Financial liability</u>				
Lease liabilities	(39,692)	(30,734)	(922)	(1,303)
Net financial liabilities	(15,429)	(13,955)	(922)	(1,303)
Floating rate instruments				
<u>Financial liabilities</u>				
Trade financing facilities	(334,727)	(343,715)	—	—
Revolving credit	(163,798)	(162,450)	—	—
Term loans	(133,118)	(137,687)	—	—
Other borrowings	(23,666)	(26,529)	—	—
Bank overdrafts	(17,334)	(16,251)	—	—
Net financial liabilities	(672,643)	(686,632)	—	—

The following illustrates the sensitivity of profit or loss/equity to a reasonably possible change in interest rates of +/-25 (2022: +/-25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

165

CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)**35.2 Risk management objectives and policies (cont'd)****35.2.3 Interest rate risk (cont'd)****35.2.3.1 Interest rate sensitivity analysis (cont'd)**

	Group		Company	
	Effect on profit or loss /equity for the financial year 25bp increase RM'000	Effect on profit or loss /equity for the financial year 25bp decrease RM'000	Effect on profit or loss /equity for the financial year 25bp increase RM'000	Effect on profit or loss /equity for the financial year 25bp decrease RM'000
2023	(1,278)	1,278	–	–
2022	(1,305)	1,305	–	–

35.2.4 Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases transactions denominated in currency other than functional currencies of the Group's respective entities. The material currencies giving rise to this risk are primarily United States Dollar (USD), Australia Dollar (AUD) and Singapore Dollar (SGD).

The Group uses forward exchange contracts to hedge its foreign currency risk and the contract period is less than one year.

Carrying amounts of the exposure to foreign currency risk are as follows:-

Group	USD RM'000	AUD RM'000	SGD RM'000
<u>2023</u>			
Trade and other receivables	33,427	3,447	6,056
Cash and bank balances, deposits and short-term placements	13,306	2,253	1,530
Trade and other payables	(3,958)	–	(66)
Net exposure	42,775	5,700	7,520
<u>2022</u>			
Trade and other receivables	27,583	4,131	6,005
Cash and bank balances, deposits and short-term placements	5,413	4,556	2,661
Trade and other payables	(6,622)	–	(36)
Net exposure	26,374	8,687	8,630

166 NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

CONT'D

35. FINANCIAL INSTRUMENTS (CONT'D)**35.2 Risk management objectives and policies (cont'd)****35.2.4 Foreign currency risk (cont'd)****35.2.4.1 Foreign currency sensitivity analysis**

The following table illustrates the sensitivity of profit or loss/equity with regards to the Group's financial assets and financial liabilities and the RM/USD exchange rate, RM/AUD exchange rate and RM/SGD exchange rate assuming all other things being equal.

A +/-5% (2022: +/-5%) change in the RM/USD, RM/AUD and RM/SGD exchange rates at the reporting period is deemed possible. Both of these percentages have been determined based on average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the RM had strengthened against the USD, AUD and SGD, then the impact would be as follows:-

Group	← Effect on profit or loss/equity → for the financial year		
	USD RM'000	AUD RM'000	SGD RM'000
2023	(1,625)	(217)	(286)
2022	(1,002)	(330)	(328)

If the RM had weakened against the USD, AUD and SGD, then the impact on profit/equity for the financial year would be strengthened.

Exposures to foreign exchange rates vary during the financial year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

35.2.5 Other price risk sensitivity analysis

The Group and the Company are exposed to equity price risk due to fluctuation in prices of quoted securities under financial assets at FVTPL (Note 13). The movements in quoted price of these securities are monitored continuously.

An increase or a decrease of 1% (2022: 1%) in the prices of the quoted securities would result in an increase or a decrease of RM42,000 (2022: RM40,000) to the profit or loss of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

167

CONT'D

36. FAIR VALUE MEASUREMENT**36.1 Fair value measurement of financial instruments**

The carrying amounts of financial instruments of the Group and of the Company at reporting date approximate their fair values because they are floating rate instruments which are re-priced to market rates on or near reporting date or they have a short maturity period.

The following table summarises the methods used in determining the fair value of financial assets and financial liabilities on a recurring basis as follows:-

Group

Financial assets/ financial liabilities	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs
	2023 RM'000	2022 RM'000		
1) Foreign currency forward contracts	Assets 4	Liabilities 502	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
2) Financial assets at FVTPL	Assets 5,495	Assets 5,315	Level 1	Quoted bid prices in an active market.
3) Financial assets at FVTOCI	Assets -	Assets 21,154	Level 3	Estimated based on unobserved input from profit projection approved by management.

Company

Financial assets	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs
	2023 RM'000	2022 RM'000		
Financial assets at FVTPL	5,495	5,315	Level 1	Quoted bid prices in an active market.

There was no transfer between the Level in financial year 2023 and 2022.

168

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

CONT'D

36. FAIR VALUE MEASUREMENT (CONT'D)

36.2 Fair value measurement of non-financial assets

The following table summarises the methods used in determining the fair value of non-financial assets on a recurring basis as follows:-

Group

Non-financial assets	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2023 RM'000	2022 RM'000				
1) Property, plant and equipment	Land 545,822	Land 549,342	Level 3	Comparison approach which reflects recent market transactions for similar properties.	Adjustment for factors such as plot size, location, encumbrances and current use.	The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as starting point for valuation.
	Buildings 357,294	Buildings 364,849		Depreciated replacement cost and comparison approach reflecting the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.	Adjustment for factors such as physical deterioration, functional and economic obsolescence.	Depreciation is deducted to reflect the current condition of the buildings and structures.
2) Investment properties	Land 5,850	Land 7,140	Level 3	Comparison approach which reflects recent market transactions for similar properties.	Adjustment for factors such as plot size, location, encumbrances and current use.	The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as starting point for valuation.
	Buildings 3,130	Buildings 3,040		Depreciated replacement cost and comparison approach reflecting the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.	Adjustment for factors such as physical deterioration, functional and economic obsolescence.	Depreciation is deducted to reflect the current condition of the buildings and structures.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

169

CONT'D

36. FAIR VALUE MEASUREMENT (CONT'D)

36.2 Fair value measurement of non-financial assets (cont'd)

Group (cont'd)

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:-

	Property, plant and equipment			Investment properties		
	Land	Buildings	Land	Buildings	Land	Buildings
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.1	549,342	553,854	364,849	374,014	7,140	3,040
Disposal	-	-	-	-	(800)	-
Expenses recognised in profit or loss:-						
- Increase/(Decrease) in fair value of land and building	-	-	-	-	(490)	90
- Depreciation	(3,755)	(4,111)	(8,603)	(8,668)	-	-
Translation difference	235	(401)	1,048	(497)	-	-
At 31.12	545,822	549,342	357,294	364,849	5,850	3,130
					7,140	3,040

170

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

CONT'D

36. FAIR VALUE MEASUREMENT (CONT'D)

36.2 Fair value measurement of non-financial assets (cont'd)

The following table summarises the methods used in determining the fair value of non-financial assets on a recurring basis as follows:-

Company

Non-financial assets	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	2023 RM'000	2022 RM'000				
Property, plant and equipment	Land 16,938	Land 17,286	Level 3	Comparison approach which reflects recent market transactions for similar properties.	Adjustment for factors such as plot size, location, encumbrances and current use.	The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as starting point for valuation.
	Buildings 3,181	Buildings 3,265				
				Depreciated replacement cost and comparison approach reflecting the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.	Adjustment for factors such as physical deterioration, functional and economic obsolescence.	Depreciation is deducted to reflect the current condition of the buildings and structures.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

171

CONT'D

36. FAIR VALUE MEASUREMENT (CONT'D)**36.2 Fair value measurement of non-financial assets (cont'd)**

The reconciliation of the carrying amounts of non-financial assets classified within Level 3 is as follows:-

	Property, plant and equipment			
	Land		Buildings	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1.1	17,286	17,633	3,265	3,349
Expenses recognised in profit or loss:-				
- Depreciation	(348)	(347)	(84)	(84)
At 31.12	16,938	17,286	3,181	3,265

37. CAPITAL MANAGEMENT

The primary capital management objective of the Group and of the Company is to achieve sustainable growth and maximise return to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

No changes were made in the objectives, policies or processes for managing capital during the financial year 2023 and 2022.

The Group manages the mixture of equity and borrowings to ensure that gearing ratio of the Group does not exceed 1.5 and consolidated shareholders' equity is not less than RM400,000,000 to comply with the covenants of certain loan and credit facilities taken by certain subsidiaries. Shareholders' equity and gearing ratio at the end of financial year 2023 and 2022 are reported below:-

	2023 RM'000	Group 2022 RM'000
Borrowings (including lease liabilities and bank overdrafts)	712,335	717,366
Total equity	1,300,157	1,337,037
Debt-to-equity ratio	0.55	0.54

172 NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2023

CONT'D

38. OPERATING SEGMENTS – GROUP

The management identifies the Group's manufacturing and trading operations as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. The following summary describes the operations in each of the Group's reportable segments:-

Manufacturing segment : Manufacture of various types of industrial paper, corrugated cartons, paper bags, paper stationery and paper based food packaging products.

Trading segment : Trading in paper, recovered paper and stationery products.

Other non-reportable segments comprise of operations related to investment holding, property holding, management consultancy, general insurance agency services and engineering and fabrication services.

Transfer prices between operating segments are on negotiated basis.

Performance is measured based on segment (loss)/profit before tax, interest, depreciation and amortisation, as included in the internal management reports. Segment profit is used to measure performance as the management believes that such information is most relevant in evaluating the results of certain segments relative to other entities that operates within these industries.

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

173

CONT'D

38. OPERATING SEGMENTS – GROUP (CONT'D)

Analysis of the Group's revenue, results, assets, liabilities and other information by operating segment are shown below:-

	Manufacturing		Trading		Others		Eliminations		Note	Consolidated	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000		2023 RM'000	2022 RM'000
Revenue											
External revenue	1,314,683	1,574,037	189,741	194,714	1,003	743	-	-		1,505,427	1,769,494
Intersegment revenue	14,482	31,797	212,803	295,783	10,341	14,181	(237,626)	(341,761)	A	-	-
Total revenue	1,329,165	1,605,834	402,544	490,497	11,344	14,924	(237,626)	(341,761)		1,505,427	1,769,494
Results											
Segment (loss)/profit	(27,073)	(5,878)	12,606	12,611	23,642	22,485	(28,208)	(20,253)	B	(19,033)	8,965
Interest income	319	314	651	347	109	40	(58)	(67)		1,021	634
Finance cost	(31,620)	(25,104)	(667)	(517)	(99)	(124)	952	1,014		(31,434)	(24,731)
Depreciation and amortisation	(78,947)	(78,000)	(4,081)	(3,924)	(1,482)	(1,479)	-	-		(84,510)	(83,403)
Share of results of associates	-	-	176	26	-	-	-	-		176	26
Other non-cash income/(expenses)	4,159	(10,319)	3,350	756	57	(73)	-	-	C	7,566	(9,636)

174 NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

CONT'D

38. OPERATING SEGMENTS – GROUP (CONT'D)

Analysis of the Group's revenue, results, assets, liabilities and other information by operating segment are shown below (cont'd):-

	Manufacturing		Trading		Others		Eliminations		Note	Consolidated	
	2023	2022	2023	2022	2023	2022	2023	2022		2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		RM'000	RM'000
Assets											
Segment assets	2,061,798	2,111,774	184,241	190,004	80,131	77,373	-	-	D	2,326,170	2,379,151
Investment in associates	-	-	1,622	1,360	-	-	-	-		1,622	1,360
Additions to non-current assets other than financial instruments and deferred tax assets	83,552	167,724	8,918	1,548	11	917	-	-	E	92,481	170,189
Segment liabilities	189,117	179,406	44,762	41,124	12,852	12,442	-	-	F	246,731	232,972

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

175

CONT'D

38. OPERATING SEGMENTS – GROUP (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

- A. Intersegment revenue is eliminated on consolidation.
- B. The following items are added to/(deducted from) segment profit to arrive at "loss before tax" presented in the profit or loss:-

	2023 RM'000	2022 RM'000
Segment (loss)/profit	(19,033)	8,965
Interest income	1,021	634
Finance costs	(31,434)	(24,731)
Share of results of associates	176	26
Loss before tax	(49,270)	(15,106)

- C. Other major non-cash (expenses)/income consist of the following items as presented in the respective notes to the financial statements:-

	2023 RM'000	2022 RM'000
Impairment loss on doubtful trade receivables	(1,600)	(1,422)
Bad debts written off	(35)	(75)
Fair value gain/(loss) on derivative financial instruments	506	(469)
Fair value gain/(loss) on financial assets at FVTPL	59	(56)
Property, plant and equipment written off	(841)	(4,968)
Inventories written down	(129)	(7,580)
Inventories written off	(1,512)	(410)
Fair value adjustments on investment properties	(400)	–
Amortisation of government grants	1,383	484
Impairment loss on doubtful trade receivables no longer required	1,054	3,044
Reversal of inventories written down	4,452	691
Gain on disposal of property, plant and equipment	400	2,406
Gain on disposal of financial asset at FVTOCI	3,203	–
Unrealised gain/(loss) on foreign exchange	1,026	(1,281)
	7,566	(9,636)

176 NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

CONT'D

38. OPERATING SEGMENTS – GROUP (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd).

- D. The following items are added to segment assets to arrive at total assets reported in the statements of financial position:-

	2023 RM'000	2022 RM'000
Segment assets	2,326,170	2,379,151
Intangible assets	16,637	16,209
Investment in associates	1,622	1,360
Deferred tax assets	714	817
Tax recoverable	11,043	13,948
Total assets	2,356,186	2,411,485

- E. Additions to non-current assets other than financial instruments and deferred tax assets consist of:-

	2023 RM'000	2022 RM'000
Property, plant and equipment	92,481	170,189

- F. The following items are added to segment liabilities to arrive at total liabilities reported in the statements of financial position:-

	2023 RM'000	2022 RM'000
Segment liabilities	246,731	232,972
Lease liabilities	39,692	30,734
Borrowings	672,643	686,632
Tax payable	1,559	1,670
Deferred tax liabilities	95,404	122,440
Total liabilities	1,056,029	1,074,448

NOTES TO THE FINANCIAL STATEMENTS
- 31 DECEMBER 2023

177

CONT'D

38. OPERATING SEGMENTS – GROUP (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd).

Geographical information

The Group's revenue and non-current assets information based on geographical location are as follows:-

	Revenue		Non-current assets	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysia*	1,308,894	1,572,148	1,499,681	1,500,325
Singapore	178,324	172,418	20,056	12,034
Australia	6,402	9,817	19,686	18,924
The People's Republic of China	11,807	15,111	16,793	17,472
	1,505,427	1,769,494	1,556,216	1,548,755

* Company's home country

Non-current assets information presented above consist of the following items as presented in the statements of financial position:-

	2023	2022
	RM'000	RM'000
Property, plant and equipment	1,530,599	1,522,366
Investment properties	8,980	10,180
Intangible assets	16,637	16,209
	1,556,216	1,548,755

Major customers

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue.

178 PROPERTIES OWNED BY THE GROUP

31 DECEMBER 2023

Location	Description of property	Land area (Sq metre)	Existing Use	Net carrying amount RM'000	Age of building (Approx. years)	Date of (A) acquisition / (B) revaluation / (C) fair value
Lot 11207, 1 1/2 Miles Off Jalan Sungai Chua 43000 Kajang, Selangor Darul Ehsan 99 Years Lease Expiring 2070	Industrial Building	87,499	Office, Factory & Warehouse	123,790	6 - 53	(B) 09-09-21
Lot 153, 156, 157, 160, 161, 162, 163 & 164 Jalan Tasek, 14120 Simpang Ampat Seberang Perai Selatan Penang Freehold	Industrial Building	113,147	Office, Factory, Warehouse & Water Treatment Plant	107,876	1 - 58	(B) 09-09-21
Lot 86818 1 1/2 Miles, Off Jalan Sungai Chua 43000 Kajang, Selangor Darul Ehsan Freehold	Industrial Building	48,363	Office & Factory	84,501	8 - 46	(B) 09-09-21
Lot 415, Jalan Tasek 14120 Simpang Ampat Daerah Seberang Perai Selatan Penang Freehold	Industrial Building	73,370	Office, Factory & Warehouse	51,163	1 - 30	(B) 09-09-21
Lot 5744, Taman Perindustrian Kidamai 43000 Kajang Selangor Darul Ehsan Freehold	Industrial Land	43,934	Open Storage Yard	40,200	–	(B) 09-09-21
No. 136, Jalan Usaha 4 Kawasan Perindustrian Air Keroh 75450 Melaka 99 Years Lease Expiring 2070	Industrial Building	21,600	Office, Factory & Warehouse	34,986	4	(B) 09-09-21
Lot 8869 & 8871, 1 1/2 Miles Off Jalan Sungai Chua 43000 Kajang, Selangor Darul Ehsan Freehold	Industrial Building	22,063	Warehouse	33,738	7 - 23	(B) 09-09-21

PROPERTIES OWNED BY THE GROUP

179

CONT'D

Location	Description of property	Land area (Sq metre)	Existing Use	Net carrying amount RM'000	Age of building (Approx. years)	Date of (A) acquisition / (B) revaluation / (C) fair value
No. 9, Jalan Persiaran Teknologi Taman Teknologi Johor 81400 Senai Johor Darul Takzim 60 Years Lease Expiring 2063	Industrial Building	38,360	Office & Factory	31,852	20	(B) 09-09-21
Lot 5235, Taman Perindustrian Kidamai 43000 Kajang Selangor Darul Ehsan Freehold	Industrial Building	21,271	Office, Factory & Open Storage Yard	30,662	6 - 12	(B) 09-09-21
Lot 775, 824, 10216, 10217, 10279, & 10286 Jalan Seberang Tasek 14120 Simpang Ampat Seberang Perai Selatan Penang Freehold	Industrial Building	47,904	Factory & Water Treatment Plant	27,935	4 - 8	(B) 09-09-21

180 ANALYSIS OF SHAREHOLDINGS

AS AT 22 MARCH 2024

No. of Issued Shares 305,050,835
Class of Shares Ordinary Shares
Voting Rights One vote per ordinary share

Range of Shareholdings	No. of Shareholders	No. of Issued Shares	% of Issued Shares
Less than 100	475	17,088	0.01
100 to 1,000	821	537,123	0.17
1,001 to 10,000	2,913	11,545,153	3.79
10,001 to 100,000	609	16,353,151	5.36
100,001 to less than 5% of issued shares	82	100,383,020	32.90
5% and above of issued shares	4	176,215,300	57.77
Total	4,904	305,050,835	100.00

Directors' Direct and Deemed Interest in the Company and its Related Corporations

Other than as disclosed below, there are no other Directors of the Company who has an interest, direct or deemed, in shares of the Company and its related corporations.

Name	Direct Interest		Deemed Interest	
	No of Shares	%	No of Shares	%
Tan Sri Lim Guan Teik	3,250,000	1.07	126,093,113 *	41.34
Dato' Azaman Bin Abu Bakar	100,000	0.03	115,580,313 *	37.89
Datuk Wira Lim Chiun Cheong	715,500	0.23	128,627,613 *	42.17
Lim Siew Ling	—	—	118,437,013 *	38.83
Lim Yen Wee	170,000	0.06	119,264,813 *	39.09

By virtue of their interests in shares of Muda Holdings Berhad ("Muda"), Tan Sri Lim Guan Teik, Dato' Azaman Bin Abu Bakar, Datuk Wira Lim Chiun Cheong, Lim Siew Ling and Lim Yen Wee are also deemed interested in shares of all subsidiaries of Muda to the extent that Muda has an interest.

Substantial Shareholders (as shown in the Register of Substantial Shareholders)

Name	Direct Interest		Deemed Interest	
	No of Shares	%	No of Shares	%
Tan Sri Lim Guan Teik	3,250,000	1.07	126,093,113 *	41.34
Dato' Azaman Bin Abu Bakar	100,000	0.03	115,580,313 *	37.89
Datuk Wira Lim Chiun Cheong	715,500	0.23	128,627,613 *	42.17
Lim Siew Ling	—	—	118,437,013 *	38.83
Lim Yen Wee	170,000	0.06	119,264,813 *	39.09

ANALYSIS OF SHAREHOLDINGS
AS AT 22 MARCH 2024

181

CONT'D

Substantial Shareholders (as shown in the Register of Substantial Shareholders) (cont'd)

Name	Direct Interest		Deemed Interest	
	No of Shares	%	No of Shares	%
Hartaban Holdings Sdn Bhd	20,300,000	6.65	94,569,313 ^	31.00
Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Hartaban Holdings Sdn Bhd	83,650,000	27.42	—	—
Puan Sri Teow Sook Inn @ Teo Ah Kiang	2,236,900	0.73	127,106,213 *	41.67
Sin Poay Sim	2,677,700	0.88	115,759,313 *	37.95
Datin Cheong Koon Hooi	4,000,000	1.31	114,869,313 *	37.66
Asia File Corporation Bhd	17,439,200	5.72	54,826,100 ^	17.97
Lim & Khoo Sdn Bhd	54,826,100	17.97	—	—
Dato' Lim Soon Huat	9,666,900	3.17	72,265,300 ^	23.69
Prestige Elegance (M) Sdn Bhd	—	—	72,265,300 ^	23.69
Datin Khoo Saw Sim	—	—	72,265,300 ^	23.69

Notes:

* Deemed to have interest in shares of Muda held by persons deemed to be connected with the Directors as defined under Section 197 of the Companies Act, 2016 and by other corporations by virtue of Section 8(4) of the Companies Act, 2016.

^ Deemed to have interest in shares of Muda held by other corporations by virtue of Section 8(4) of the Companies Act, 2016.

30 Largest Shareholders as per Record of Depositors as at 22 March 2024

No.	Name	No. of Shares	%
1	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account For Hartaban Holdings Sdn. Bhd. (01-00794-000)	83,650,000	27.42
2	Lim & Khoo Sdn Bhd	54,826,100	17.97
3	Hartaban Holdings Sdn Bhd	20,300,000	6.65
4	Asia File Corporation Bhd	17,439,200	5.72
5	Styme Sdn Bhd	10,919,313	3.58
6	Beh Phaik Hooi	9,756,700	3.20
7	Dato' Lim Soon Huat	9,666,900	3.17
8	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB For Lim Siew Lee (PB)	9,150,000	3.00

182 ANALYSIS OF SHAREHOLDINGS AS AT 22 MARCH 2024

CONT'D

30 Largest Shareholders as per Record of Depositors as at 22 March 2024

No.	Name	No. of Shares	%
9	Lim Guan Teik Holdings Sdn Bhd	7,381,400	2.42
10	Teoh Chin Chia	6,287,200	2.06
11	Lim Siew Lee	6,061,400	1.99
12	Lim Siew Lee	4,107,800	1.35
13	Datin Cheong Koon Hooi	4,000,000	1.31
14	Tan Sri Lim Guan Teik	3,250,000	1.07
15	Sin Poay Sim	2,677,700	0.88
16	Teo Kwee Hock	2,384,500	0.78
17	Puan Sri Teow Sook Inn @ Teo Ah Kiang	2,236,900	0.73
18	Wong Yoke Fong @ Wong Nyok Fing	2,061,700	0.68
19	Lucy Khoo	1,108,700	0.36
20	MSM International Adjusters (Malaysia) Sdn Bhd	999,800	0.33
21	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai	906,300	0.30
22	Tri-Yen Enterprise Sdn Bhd	890,000	0.29
23	Datuk Wira Lim Chiun Cheong	715,500	0.23
24	Wong Yoke Fong @ Wong Nyok Fing	703,100	0.23
25	Golden Fresh Sdn Bhd	680,000	0.22
26	Ooi Chin Hock	659,900	0.22
27	Kenanga Nominees (Tempatan) Sdn Bhd Exempt An For Philip Securities Pte Ltd (Client Account)	654,400	0.21
28	Wong Yoke Fong @ Wong Nyok Fing	626,100	0.21
29	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Azaman Bin Abu Bakar	611,000	0.20
30	Au Yong Mun Yue	550,000	0.18
Total		265,261,613	86.96

NOTICE OF ANNUAL GENERAL MEETING 183

NOTICE IS HEREBY GIVEN THAT the 53rd Annual General Meeting ("53rd AGM") of Muda Holdings Berhad ("the Company") will be held on a fully virtual basis through live streaming and online remote voting via online meeting platform at <https://muda-agm.digerati.com.my> on Thursday, 27 June 2024 at 11.00 a.m. for the following purposes:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors' and Auditors' thereon. **(Note 2)**
2. To approve the payment of a single tier final dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 December 2023. **Ordinary Resolution 1**
3. To approve the payment of Directors' fees of RM525,000.00 to Directors of the Company in respect of financial year ended 31 December 2023. **Ordinary Resolution 2**
4. To approve the payment of benefits to Non-Executive Directors of the Company of up to an amount of RM1,650,000.00 from this Annual General Meeting until the next Annual General Meeting of the Company. **Ordinary Resolution 3**
5. To re-elect the following Directors retiring pursuant to Article 81 of the Company's Constitution as Directors of the Company:
 - (a) Dato' Azaman Bin Abu Bakar **Ordinary Resolution 4**
 - (b) Ms Lim Yen Wee **Ordinary Resolution 5**
7. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

Special Business

To consider and if deemed fit, to pass the following Ordinary Resolution:

8. **Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016** **Ordinary Resolution 7**

"That pursuant to Section 75 and 76 of the Companies Act, 2016 and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, PROVIDED ALWAYS that the number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of issuance and such authority under this resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company AND THAT the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."
9. To consider any other business of which due notice has been given in accordance with the Companies Act, 2016 and the Company's Constitution.

184 NOTICE OF ANNUAL GENERAL MEETING

CONT'D

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the single tier final dividend of 3.0 sen per ordinary share in respect of financial year ended 31 December 2023, if approved at the 53rd AGM, will be paid on **Wednesday, 24 July 2024** to depositors and members listed in the Record of Depositors and Register of Members on 1 July 2024.

A Depositor shall qualify for entitlement to the dividend only in respect of: -

- a. shares transferred to depositor's securities account before 4.30 p.m. on 1 July 2024 in respect of ordinary transfers; and
- b. shares bought on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

Goh Ching Yee (MAICSA 0760803) (SSM PC No. 202008002492)
Secretary

Petaling Jaya
30 April 2024

Notes:-**1. Participation at 53rd AGM**

- 1.1 The 53rd AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via online meeting platform at <https://muda-agm.digerati.com.my>. Members are advised to refer to the Administrative Guide for the 53rd AGM available on the Company's website at www.muda.com.my for the procedures to register, participate and vote remotely via the Remote Participation and Voting ("RPV") facilities.
- 1.2 The Securities Commission Malaysia had on 16 July 2021 revised the Guidance Note and Frequently Asked Questions ("FAQ") on the conduct of General Meetings for Listed Issuers ("the Revised Guidance Note and FAQ") to require all meeting participants of a fully virtual general meeting including the Chairperson of the meeting, board members, senior management and shareholders to participate in the meeting online. According to the Revised Guidance Note and FAQ, an online platform can be recognized as the meeting venue or place under Section 327(2) of the Companies Act, 2016 provided that the online platform is located in Malaysia.

Members Entitled to Attend the 53rd AGM

- 1.3 For the purpose of determining a member who shall be entitled to attend the 53rd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting **Record of Depositors** as at **19 June 2024** in accordance with the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991. Only a depositor whose name appears on the **Record of Depositors** as at **19 June 2024** shall be entitled to attend the said AGM or appoint proxies to participate on his/her behalf in the said AGM via RPV.

Appointment of Proxy

- 1.4 A member entitled to participate in the 53rd AGM may appoint more than one (1) proxy (but not more than two (2)) to participate in his/her stead. Where a member appoints more than one (1) proxy, the member shall specify the proportion of the member's shareholding to be represented by each proxy.
- 1.5 A member who has appointed a proxy or attorney or authorised representative to participate at this 53rd AGM via RPV must request his/her proxy to register himself/herself for the RPV at <https://muda-agm.digerati.com.my>. Please follow the procedures for RPV in the Administrative Guide for the 53rd AGM.

NOTICE OF ANNUAL GENERAL MEETING

185

CONT'D

Notes:- (cont'd)**1. Participation at 53rd AGM (cont'd)**

- 1.6 Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each Omnibus Account it holds. Where an exempt authorized nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the Form of Proxy. An exempt authorized nominee with more than one (1) securities account must submit a separate Form of Proxy for each securities account.
- 1.7 The Form of Proxy can be submitted through either one of the following avenues no later than Tuesday, 25 June 2024 at 11.00 a.m. or in the event of any adjournment, no later than 48 hours before the time appointed for the adjourned meeting:
- Lodgment of Form of Proxy in hard copy
To be deposited at the Registered Office at Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan; OR
 - Electronic lodgment of Form of Proxy
The Form of Proxy can be lodged electronically via <https://muda-agm.digerati.com.my>. Kindly refer to the Administrative Guide for the 53rd AGM on the procedures for electronic lodgment of Form of Proxy via <https://muda-agm.digerati.com.my>.
- 1.8 Please ensure that ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.
- 1.9 For a corporate member who has appointed a representative, please deposit the ORIGINAL/DULY CERTIFIED certificate of appointment at the Registered Office at Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan no later than 48 hours before the time appointed for holding the 53rd AGM or adjourned general meeting. The certificate of appointment should be executed in the following manner:
- (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member;
 - (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (i) At least two (2) authorized officers, of whom one shall be a director; or
 - (ii) Any director and/or authorized officers in accordance with the laws of the country under which the corporate member is incorporated.
- 1.10 Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this notice will be put to vote by way of poll.

2. Agenda 1**Audited Financial Statements for the Financial Year Ended 31 December 2023**

The audited financial statements for the financial year ended 31 December 2023 are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only. They do not require shareholders' approval and hence will not be put forward for voting.

186 NOTICE OF ANNUAL GENERAL MEETING

CONT'D

Notes:- (cont'd)

3. Ordinary Resolution 1 Single Tier Final Dividend

Pursuant to Section 131 of the Companies Act, 2016, a company may only make distribution to the shareholders out of profits of the company available if the company is solvent. The Board of Directors has on 28 February 2024 considered the amount of dividend and decided to recommend the same for shareholders' approval.

The Directors are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within 12 months immediately after the distribution is made on **24 July 2024** in accordance with the requirements under Section 132(2) and (3) of the Companies Act, 2016.

4. Ordinary Resolution 2 and 3 Payment of Directors' Fees and Benefits to Non-Executive Directors

Section 230(1) of the Companies Act, 2016 provides, inter alia, that "the fees" of the directors and "any benefits" payable to directors of a listed company and its subsidiaries shall be approved at a general meeting. The Company is seeking shareholders' approval for:

- (a) Payment of Directors' fees of RM525,000.00 to Directors of the Company pursuant to Ordinary Resolution 2; and
- (b) Benefits payable to Non-Executive Directors of the Company of up to an amount of RM1,650,000.00 from this Annual General Meeting until the next Annual General Meeting of the Company pursuant to Ordinary Resolution 3.

5. Ordinary Resolution 4 & 5 Re-election of Directors who retire under Article 81 of the Company's Constitution

Article 81 of the Company's Constitution provides that at each Annual General Meeting, one-third of the Directors for the time being or if their number is not three or a multiple of three, then the number nearest one-third shall retire from office so that all Directors shall retire from office at least once in every 3 years but shall be eligible for re-election. Pursuant to this, Dato' Azaman Bin Abu Bakar, Datuk Nik Ibrahim Bin Nik Abdullah and Ms Lim Yen Wee are due to retire by rotation.

Dato' Azaman Bin Abu Bakar and Ms Lim Yen Wee have offered themselves for re-election at the 53rd AGM.

Datuk Nik Ibrahim Bin Nik Abdullah who is due to retire at the 53rd AGM has decided not to stand for re-election as Director at the 53rd AGM.

6. Ordinary Resolution 6 Re-appointment of Auditors

The Audit Committee has undertaken an annual evaluation of the effectiveness of the external audit process and performance, suitability and independence of the external auditors, Grant Thornton Malaysia PLT.

The Audit Committee was satisfied with the suitability of Grant Thornton Malaysia PLT based on the quality of audit, performance, competency, and sufficiency of resources the external audit team provided to the Company and its subsidiaries ("the Group"). The Audit Committee was satisfied in its review of the provision of non-audit services by Grant Thornton Malaysia PLT to the Group for the financial year ended 31 December 2023 did not in any way impair their objectivity and independence as external auditors of the Company.

Notes:- (cont'd)**7. Ordinary Resolution 7
Proposed Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act, 2016**

The proposed Ordinary Resolution 7 is for the purpose of renewing the general mandate for issuance of shares by the Company under Section 75 and Section 76 of the Companies Act 2016. The Ordinary Resolution 7, if passed, will give Directors of the Company authority to allot and issue shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company. As at the date of this notice, no shares had been allotted and issued since the general mandate granted to the Directors at the last AGM held on 28 June 2023 and this authority shall lapse at the conclusion of the 53rd AGM of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

The profiles of the Directors who are standing for re-election at the 53rd AGM are set out in the Profile of Directors in the Annual Report. Their shareholdings in the Company are set out in the section entitled "Analysis of Shareholdings" in the Annual Report.

No individual other than the retiring Directors are seeking election as Directors at the 53rd AGM.

This page has been intentionally left blank

FORM OF PROXY**Muda Holdings Berhad**
[Registration No. 197101000036 (10427-A)]

I / We

*NRIC/Registration No. CDS Account No.

of

being a member/members of **MUDA HOLDINGS BERHAD**, hereby appoint:-

Full Name (in Block):	NRIC No. /Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			
Full Name (in Block):	NRIC No. /Passport No.:	Proportion of Shareholdings	
		No. of Shares	%
Address:			

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to participate and vote for me/us on my/our behalf at the 53rd Annual General Meeting of the Company to be held virtually through live streaming and online remote voting via online meeting platform at <https://muda-agm.digerati.com.my> on Thursday, 27 June 2024 at 11.00 a.m. and at any adjournment thereof.

The proxy is to vote on the Resolutions set out in the Notice of Meeting as indicated with an "X" in the appropriate space below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

No.	RESOLUTIONS	FOR	AGAINST
1	To approve the payment of a single tier final dividend of 3.0 sen per share.		
2	To approve the payment of Directors' fees of RM525,000.00 to the Directors for financial year ended 31 December 2023.		
3	To approve the payment of benefits to Non-Executive Directors of the Company of up to an amount of RM1,650,000.00 from this Annual General Meeting until the next Annual General Meeting of the Company.		
4	To re-elect Dato' Azaman Bin Abu Bakar as a Director in accordance with Article 81 of the Company's Constitution.		
5	To re-elect Ms Lim Yen Wee as a Director in accordance with Article 81 of the Company's Constitution.		
6	To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company and to authorize the Directors to fix their remuneration.		
7	To authorise Directors to issue shares pursuant to Section 75 and 76 of the Companies Act, 2016.		

* Signature/Common Seal of Shareholder

No. of Shares

Mobile No

Dated this day of, 2024

Shareholder's Email

Notes:-**1. Participation at 53rd AGM**

- 1.1 The 53rd AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via online meeting platform at <https://muda-agm.digerati.com.my>. Members are advised to refer to the Administrative Guide for the 53rd AGM available on the Company's website at www.muda.com.my for the procedures to register, participate and vote remotely via the Remote Participation and Voting ("RPV") facilities.
- 1.2 The Securities Commission Malaysia had on 16 July 2021 revised the Guidance Note and Frequently Asked Questions ("FAQ") on the conduct of General Meetings for Listed Issuers ("the Revised Guidance Note and FAQ") to require all meeting participants of a fully virtual general meeting including the Chairperson of the meeting, board members, senior management and shareholders to participate in the meeting online. According to the Revised Guidance Note and FAQ, an online platform can be recognized as the meeting venue or place under Section 327(2) of the Companies Act, 2016 provided that the online platform is located in Malaysia.

Members Entitled to Attend the 53rd AGM

- 1.3 For the purpose of determining a member who shall be entitled to attend the 53rd AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting **Record of Depositors** as at **19 June 2024** in accordance with the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991. Only a depositor whose name appears on the **Record of Depositors** as at **19 June 2024** shall be entitled to attend the said AGM or appoint proxies to participate on his/her behalf in the said AGM via RPV.

Appointment of Proxy

- 1.4 A member entitled to participate in the 53rd AGM may appoint more than one (1) proxy (but not more than two (2)) to participate in his/her stead. Where a member appoints more than one (1) proxy, the member shall specify the proportion of the member's shareholding to be represented by each proxy.



Notes:- (cont'd)

1. Participation at 53rd AGM (cont'd)

- 1.5 A member who has appointed a proxy or attorney or authorized representative to participate at this 53rd AGM via RPV must request his/her proxy to register himself/herself for the RPV at <https://muda-agm.digerati.com.my>. Please follow the procedures for RPV in the Administrative Guide for the 53rd AGM.
- 1.6 Where a member of the Company is an Exempt Authorized Nominee as defined under the Securities Industry (Central Depository) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each Omnibus Account it holds. Where an exempt authorized nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the Form of Proxy. An exempt authorized nominee with more than one (1) securities account must submit a separate Form of Proxy for each securities account.
- 1.7 The Form of Proxy can be submitted through either one of the following avenues no later than Tuesday, 25 June 2024 at 11.00 a.m. or in the event of any adjournment, no later than 48 hours before the time appointed for the adjourned meeting:
- Lodgment of Form of Proxy in hard copy
To be deposited at the Registered Office at Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan; OR
 - Electronic lodgment of Form of Proxy
The Form of Proxy can be lodged electronically via <https://muda-agm.digerati.com.my>. Kindly refer to the Administrative Guide for the 53rd AGM on the procedures for electronic lodgment of Form of Proxy via <https://muda-agm.digerati.com.my>.
- 1.8 Please ensure that ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.
- 1.9 For a corporate member who has appointed a representative, please deposit the ORIGINAL/DULY CERTIFIED certificate of appointment at the Registered Office at Lot 7, Jalan 51A/241, 46100 Petaling Jaya, Selangor Darul Ehsan no later than 48 hours before the time appointed for holding the 53rd AGM or adjourned general meeting. The certificate of appointment should be executed in the following manner:
- (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member;
 - (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (i) At least two (2) authorized officers, of whom one shall be a director; or
 - (ii) Any director and/or authorized officers in accordance with the laws of the country under which the corporate member is incorporated.
- 1.10 Pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this notice will be put to vote by way of poll.

1st Fold Here

AFFIX
STAMP

THE COMPANY SECRETARY
MUDA HOLDINGS BERHAD
LOT 7, JALAN 51A/241
46100 PETALING JAYA
SELANGOR DARUL EHSAN

2nd Fold Here

Fold This Flap For Sealing

Muda Holdings Berhad

Company No. 197101000036 (10427-A)

Lot 7, Jalan 51A/241. 46100 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

T: +(603) 7875 9549 **F:** +(603) 7873 8435, 7875 1519

www.muda.com.my