GE-SHEN CORPORATION BERHAD

[Registration No : 200301031393 (633814-X)]

GROWING TOGETHER

ANNUAL REPORT 2022

Globally recognised engineering & manufacturing solutions provider

Table of Contents

At a Glance

Who We Are and What We Do

Leadership

Corporate Review

Sustainability

Governance

Risk Management and Internal Control

Management Committee Report

Additional Information

Statement of Directors' Responsibilities

Financial Statements

Stakeholder Information

OUR VISION

Globally recognised engineering and manufacturing solutions provider.

OUR PHILOSOPHY

We are a company that looks forward to and embraces change, redesigning ourselves to face tomorrow's big issues. Our core principals of Integrity, Transparency, Ownership, Respect and Speed continue to guide our growth and maintain our success.

We focus on bringing our customers' ideas to life. Facing a highly demanding environment, well-engineered manufacturing solutions are critical for the smooth delivery of products to the marketplace.

With our engineering expertise, Ge-Shen Corporation Berhad aims to deliver a hassle-free uncompromised experience, letting our customers focus on designing and selling their products.

Our vision is to be a global components manufacturer that provides the best customer experience.

OUR CULTURE

Integrity

Maintain high levels of personal and professional values in business interactions and decisions

Ownership

Being responsible and accountable for actions, products, services, decisions, and policies made

Respect

Respect for the individuals we interact with and the environment that we operate in (internally and externally) and committing to being responsible in all our actions

Transparency

Uphold honesty and openness without compromising the truth to enable better analysis and decision making

Speed

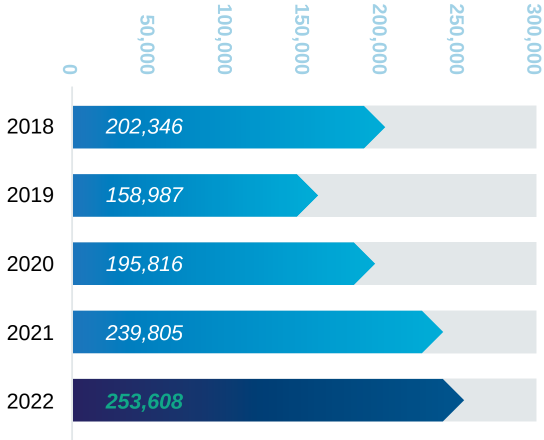
Accelerating value creation in fulfilling customers' requirements and business goals

FINANCIAL HIGHLIGHTS

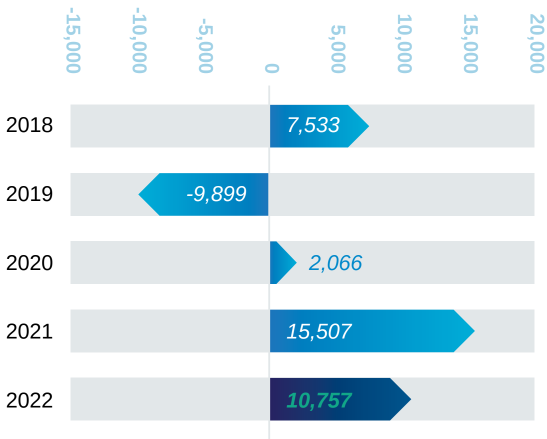
		2018	2019	2020	2021	2022
FINANCIAL PERFORMANCE (RM'000)						
(i)	Revenue	202,346	158,987	195,816	239,805	**253,608**
(ii)	Profit / (Loss) before tax	7,533	-9,899	2,066	15,507	**10,757**
(iii)	Earning Before Interest, Tax, Depreciation, Amortisation & Forex (EBITDAF)	21,554	6,089	19,423	27,056	**27,202**
(iii)	Profit / (Loss) attributable to Owners of the Company	4,501	-8,697	2,131	13,152	**10,160**
FINANCIAL POSITION (RM'000)						
ASSETS						
(i)	Total tangible assets	179,741	204,174	221,500	243,539	**244,062**
(ii)	Net assets	107,722	98,873	100,042	118,503	**128,620**
(iii)	Current assets	76,804	76,357	97,142	114,199	**110,708**
LIABILITIES AND SHAREHOLDERS' FUNDS						
(i)	Current liabilities	58,453	80,024	100,472	103,975	**95,082**
(ii)	Paid-up share capital	45,643	45,643	59,381	61,855	**61,855**
(iii)	Shareholders' funds	101,884	93,367	95,346	112,991	**123,674**
PER SHARE						
(i)	Basic earning / (loss) (sen)*					
	Continuing Operations	4.56	-12.59	1.88	12.03	**9.24**
(ii)	Diluted earning / (loss) (sen)**					
	Continuing Operations	4.34	-8.07	2.18	11.65	**9.08**
(iii)	Net assets (RM) *	1.32	1.21	0.97	1.03	**1.12**
	* Based on weighted average number of shares issued ('000)	76,927	76,927	98,132	109,341	**109,981**
	** Based on weighted average number of shares, assumption on conversion of the remaining Redeemable Convertible Preference Shares ("RCPS")	106,927	106,927	98,132	109,341	**109,981**
	*** Based on number of shares issued ('000)	80,019	80,019	110,019	110,019	**110,019**
FINANCIAL RATIOS						
(i)	Return on total tangible assets (%)	3%	-4%	1%	5%	**4%**
(ii)	Return on shareholders funds (%)	4.4%	-9.3%	2.2%	6%	**8.2%**
(iii)	Current ratio (times)	1.31	0.95	0.97	1.10	**1.16**
(iv)	Debt-to-equity ratio	0.51	0.86	0.82	0.79	**0.63**

FINANCIAL HIGHLIGHTS

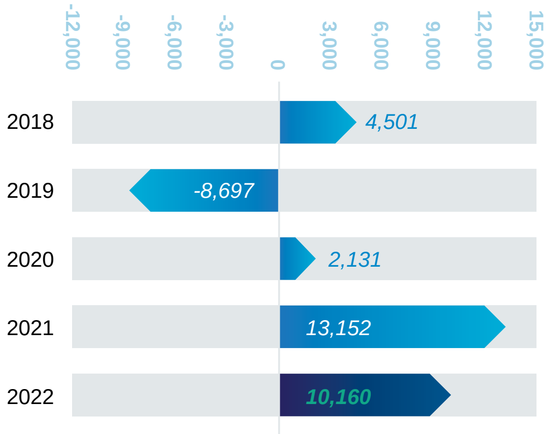
Revenue (RM'000)



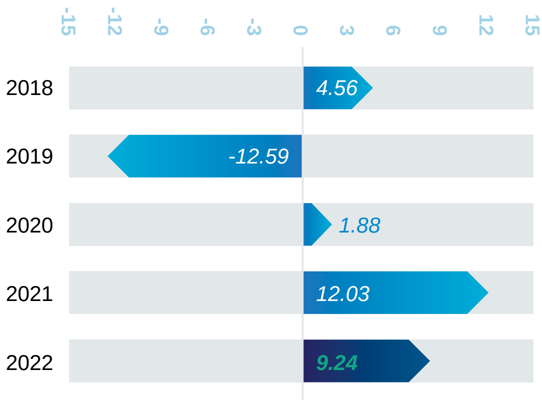
Profit/(Loss) Before Tax (RM'000)



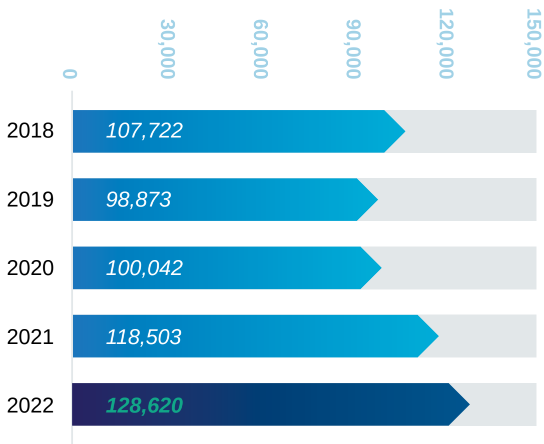
Profit/(Loss) Attributable to Owners of the Company (RM'000)



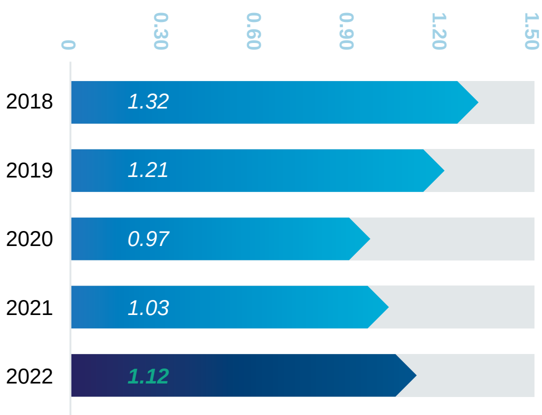
Overall Basic Earning (sen)*



Net Assets (RM'000)



Net Assets Per Share



CORPORATE INFORMATION

Board of Directors

Chew Hoy Ping

Independent Non-Executive Chairman

Chan Choong Kong

Joint Chief Executive Officer
** Re-designated as Joint Chief Executive Officer on 21 February 2023*

Louis Lau Puong Kiet

Joint Chief Executive Officer
** Appointed as Joint Chief Executive Officer on 21 February 2023*

Tee Boon Hin

Senior Independent Non-Executive Director
** Re-designated as Senior Independent Non-Executive Director on 24 February 2022*

Suresh A/L Thirugnanam

Independent Non-Executive Director

Noor Aieda binti Ahmad

Independent Non-Executive Director

Ooi Hooi Kiang

Independent Non-Executive Director
** Appointed on 17 November 2022*

Ian Chan Tze Liang

Alternate Director to Chan Choong Kong
** Appointed on 24 February 2022*

Company Secretaries

Chua Siew Chuan
MAICSA 0777689
SSM PC No. 201908002648

Ang Yen Pei
MAICSA 7068276
SSM PC No. 202108000376
** Appointed on 24 February 2022*

Yau Jye Yee
MAICSA 7059233
SSM PC No. 202008000733
** Resigned on 24 February 2022*

Auditors

Crowe Malaysia PLT (AF 1018)
201906000005 (LLP0018817-LCA)
Chartered Accountants
E-2-3 Pusat Komersial Bayu Tasek,
Persiaran Southkey 1,
Kota Southkey,
80150 Johor Bahru,
Johor Darul Takzim

Tel : +607-288 6627
Fax : +607-338 4627

Registered Office

Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan

Tel : +603-2084 9000
Fax : +603-2094 9940 / +603-2095 0292

Corporate Headquarters

Unit No. 13-05 & 13-07,
Level 13, Menara MBMR,
No. 1, Jalan Syed Putra Utara,
58000 Kuala Lumpur,
Wilayah Persekutuan

Share Registrar

Securities Services (Holdings) Sdn. Bhd.
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan

Tel : +603-2084 9000
Fax : +603-2094 9940 / +603-2095 0292

Principal Bankers

Affin Bank Berhad
Alliance Bank Berhad
CIMB Bank Berhad
Hong Leong Islamic Bank
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd

Corporate Website

www.gscorp.com.my

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

CORPORATE STRUCTURE

100%
Polyplas Sdn. Bhd. (1988)

- **100%**
  GS Assembly (PP) Sdn. Bhd. (2020)
  (Dormant)
  Formerly known as Senja Emas Sdn. Bhd.

100%
Ge-Shen Plastic (M) Sdn. Bhd. (1995)

100%
Ezec Technology (M) Sdn. Bhd. (2000)
(Dormant)

70%
Demand Options Sdn. Bhd. (1997)

- **100%**
  DOSB Technology Pte. Ltd. (2004)

100%
GS Engineering Solutions Pte. Ltd. (2022)

100%
Ge-Shen (Vietnam) Co. Ltd. (2006)

MAIN SUBSIDIARY COMPANIES DIRECTORY

POLYPLAS SDN. BHD.

No. 2056, Mukim 14,
Lorong IKS Bukit Minyak 5,
Taman IKS Bukit Minyak,
14100 Bukit Mertajam,
S.P.T Pulau Pinang,
Malaysia

GE-SHEN PLASTIC (M) SDN. BHD.

No. 68, Jalan Riang 21,
Taman Gembira,
81200 Johor Bahru,
Johor Darul Takzim,
Malaysia

DEMAND OPTIONS SDN. BHD.

No. 6 & 8, Jalan Mahir 5,
Kawasan Perindustrian
Desa Cemerlang,
81800 Ulu Tiram,
Johor Darul Takzim,
Malaysia

GE-SHEN (VIETNAM) CO. LTD.

Lot XN 42,
Dai An Industrial Zone,
Tu Minh Ward
Hai Duong City,
Hai Duong Province,
Vietnam.

OUR JOURNEY

1988
Polyplas Sdn. Bhd. was incorporated

1995
Ge-Shen Plastic (M) Sdn. Bhd. was incorporated

1997
Demand Options Sdn. Bhd. was incorporated

2000
Ezec Technology (M) Sdn. Bhd. was incorporated with 'Pioneer Status'

2003
Ge-Shen Corporation Berhad was incorporated

2004
Listed on Bursa Malaysia

2006
Ge-Shen (Vietnam) Co. Ltd. was incorporated

2015
Acquired Polyplas Sdn. Bhd.

2016
Acquired Demand Options Sdn. Bhd.

2022
Acquired GS Assembly (PP) Sdn. Bhd.
Formerly known as Senja Emas Sdn. Bhd.

2022
GS Engineering Solutions Pte. Ltd. was incorporated

OUR CAPABILITIES

Metal Fabrication

- Laser cut
- Turret punching
- NC press brake
- Insertion press
- TIG & MIG welding
- Spot welding
- Cold Metal Transfer (CMT) welding
- Ultrasonic welding
- Induction bonding

Injection Moulding

- Thermal cycling
- Multi-stage hydraulic core pull mould
- Overmoulding
- Control room moulding
- Class 100K clean room especially for medical, lifescience and dental industry
- High precision moulding
- High speed moulding
- Thin wall moulding
- 2K moulding

Tool Fabrication

- 2K injection mould
- Insert mould
- Outsert mould
- Overmould
- Unscrewing mould
- Mirror finish mould
- Multi-stage mould
- Prototype mould
- Low run mould
- Hot tip/Hot runner moulds

Prototype

- FDM 3D printing
- CNC machined parts

Metal Stamping

- Deep drawn progressive stamping
- Precision stamping

Liquid Silicone Rubber

- LSR over moulding with thermoplastic
- Cleanroom LSR moulding
- Medical LSR moulding
- Precision LSR moulding
- Fast cycle LSR moulding

OUR CAPABILITIES

Engineering

- Part design
- Tool and mould designs
- Feasibility studies
- Design for manufacturability
- Computer aided design
- Computer aided manufacturing
- Computer aided engineering

Supply Chain And Project Management

- Competitive sourcing
- Delivery solutions
- Multi-vendor management
- Supplier management
- Supplier chain auditing
- Project planning
- Vendor sourcing
- Production planning
- Material testing

Machining

- CNC milling
- CNC turning
- CNC drilling
- Electrical discharge machining
- Wire electric discharge machining
- Low volume part production
- Prototype part production

Surface Finishing

- Spray painting
  - Water
  - Solvent
  - 2 components
  - Conductive
  - Spindle
  - Robotic
- Powder coating
- Laser etching

Printing

- Silk screening
- Screen printing
- Pad printing
- Foil transfer printing
- Thermal transfer printing

Assembly

- Line based assembly process
- Cell based assembly process
- Vision system inspection
- Barcoding

GEOGRAPHICAL FOOTPRINTS

Malaysia

402 Employees

Penang, Malaysia
Plastic Moulding & Assembly services

15 Employees

Kuala Lumpur, Malaysia
Headquarters

629 Employees

Johor, Malaysia
Plastic Moulding and Sheet Metal
& Assembly services

Singapore

4 Employees

Singapore
Sales Office

Vietnam

232 Employees

Hanoi, Vietnam
Plastic Moulding & Assembly services

*As at 31 Dec 2022

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Ge-Shen Corporation Berhad ("GSCorp") for the financial year ended 31 December 2022 ("FYE 2022").

FINANCIAL PERFORMANCE

GSCorp reported a continuing Group revenue improvement from RM239.80 million for the financial year ended 31 December 2021 ("FYE 2021") to RM253.61 million in FYE 2022, representing an increase of 5.8% or RM13.81 million. The improvement in Group revenue was mainly attributed to the normalisation of global economies after the restrictions of the Covid-19 period. However, the two Johor facilities were facing revenue pressures as their end customers were demanding less goods mainly in the fourth quarter and were consequently outshone by better performances from the Penang and Vietnam plants.

Nevertheless, GSCorp's overall Profit Before Tax ("PBT") fell from RM15.51 million in the preceding financial year to RM10.76 million in the current FYE 2022 due to rises in costs which had been faster than the rise in sales revenue. Moreover, the negative operational margins of the two Johor plants had a rather disproportionate effect on the overall profit margin.

GSCorp's net assets per share stood at RM1.12 and Shareholders' Funds were RM123.67 million at the close of FYE 2022.

BUSINESS PLAN AND PROSPECTS

The next few months is likely to see a continuation of the Group's trading pattern of the previous quarter, that is we expect customer's orders will be generally lackluster for most of the facilities within the Group although the Board is hopeful that Penang's trading will maintain its relatively strong trend. The Board is unsure how long this uncertain period is going to last. However, there are flickers of optimism emerging for the Johor metal plant as well as the Vietnam facility as new customers that were onboarded over the past year are likely to increase their loading over the next twelve months. In the meantime, cost mitigation and customer engagement are key focus areas for management. The Board is cautiously expecting that these new businesses together with the general revival of demand in the Western economies will give a significant boost to sales and indeed profitability for 2023. The current over-stocked situation amongst retailers and global brands and the consequent lagged inventory run down cannot last forever and the Board is hopeful that with central banks starting to moderate on their interest rate rises, there will be the emergence of a new cycle with more orders coming through. The operational leverage of the Group is such that a return of volume will have significant impact on the bottom line once our overheads are covered. Nevertheless, we would be remiss not to acknowledge that there are still strong headwinds that the Group will have to contend with, in particular, the rising costs of labour and other manufacturing inputs like electricity, raw materials and other components.

There continues to be interest from customers trying to source away from China and the Group have benefited from some of these moves, but there has not been greater traction in this area as the strength of China's supply chain is quite formidable and customers need a long lead time to move out of their vendor relationships. However, in instances where the Group have been successful, it has had a positive impact on Group sales, so we remain steadfast in our efforts to seek out such customers.

The Group has built up significant manufacturing assets over the years and this means that spending in capex is likely to be moderated for the coming year. Spending is likely to be focused on smaller sized bolt-on capex where it helps us to reduce costs and improve operational performance with the aim of countering cost inflation; also, in adopting methods to replace manpower will continue to be stressed upon. There may be incremental capex depending on customer demand/ requirements, for example, specialized machinery which may be required to lock in customers to a higher volume or a longer-term relationship. Meanwhile the Board continues to explore synergistic opportunities that may help to further leverage the existing manufacturing platform into a wider footprint.

CORPORATE GOVERNANCE

GSCorp recognizes the significance of striving for high standards of corporate governance that is key to the creation of, and continuing growth in, shareholders' value. To this end, we have, and will persevere to ensure that management processes are strengthened and that the corporate structure remains responsive and transparent. We will continue to focus on enhancing the systems in place that provide for stringent risk management and internal control processes to ensure transparency, accountability and integrity are sustained in managing GSCorp's businesses.

EMBEDDING SUSTAINABILITY INTO BUSINESS PRINCIPLES

The Board of Directors and management persistently emphasise embedding sustainability into our business strategies and operations to achieve the goals of the Group. As a key highlight for FY2022, the Group has invested approximately RM3.10 million in solar panel systems to further reduce our carbon footprint. We will continue to take proactive actions to develop our sustainability practices. For more details on our sustainability journey, please refer to Sustainability Statement from pages 035 to 044.

APPRECIATION

I would announce the retirement of Mr Tee Boon Hin, our Senior Independent Non-Executive Director and Mr Suresh A/L Thirugnanam, our Independent Non-Executive Director after the upcoming 20th Annual General Meeting due to the conclusion of his independent service in compliance with the Bursa Malaysia Main Market Listing Requirements. On behalf of the board, I would like to express our heartfelt appreciation to Mr Tee Boon Hin and Mr Suresh A/L Thirugnanam for their outstanding support, advice and cooperation rendered during their tenure with the Board.

It is also with sincere pleasure that I welcome Ms Ooi Hooi Kiang to the Board of Directors of Ge-Shen Corporation Berhad. Her profile is summarized on page 022 of this Annual Report.

On behalf of the Board of Directors, I would use this opportunity to extend our sincerest thanks and appreciation to our valued shareholders, customers, business partners, government authorities and other stakeholders for their continued guidance and support.

I also wish to extend my heartfelt appreciation to all my partner Board members, the commendable management team and all staff in the Group for their hard work, commitment, contributions and trust towards the growth of GSCorp.

I am confident that GSCorp will continue to prosper and look forward to a successful year in 2023 and beyond, with the continued support from all our stakeholders.

DIRECTORS' PROFILE

Chew Hoy Ping

Independent Non-Executive Chairman

Age	Gender	Nationality
65	*Male*	*Malaysian*

Mr. Chew Hoy Ping ("**Mr. Chew**") was appointed to the Board on 28 June 2017. He is a member of the Audit and Risk Management Committee and the Chairman of the Employees Share Options Scheme Committee. He is a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA).

Mr. Chew had a professional career with Pricewaterhouse Coopers ("**PwC**") spanning 30 years, including 15 years as a partner of the firm. Whilst at PwC, he was involved in a diverse range of professional services including auditing, corporate finance and business recovery. He held several leadership roles in PwC including Asia Pacific Chairman of Financial Advisory Services, Risk Management & Independence Leader, Deputy Chairman of the Governance Board, and a member of the Country Management Team. He also served work experiences with PwC Houston, Texas (1982-1984) and Bank Negara Malaysia (1986-1988).

Mr. Chew is currently an Independent Non-Executive Director of Mulpha International Berhad, Mudajaya Group Berhad and Carlsberg Brewery Malaysia Berhad. He does not have any family relationships with any member of the Board or major shareholder of the Company. He does not have any conflict of interest with the Company and neither has he been convicted of any offence within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year under review.

Mr. Chew attended all five (5) Board Meetings held during the financial year ended 31 December 2022.

DIRECTORS' PROFILE

Chan Choon Kong

Joint Chief Executive Officer

Age	Gender	Nationality
60	*Male*	*Malaysian*

Mr. Chan Choong Kong ("**Mr. Chan**") was appointed to the Board on 23 April 2015 as an Executive Director. He held the office of Managing Director during the financial year under review and was subsequently re-designated as Joint Chief Executive Officer of the Company on 21 February 2023. He is a member of the Employees Share Options Scheme Committee.

Mr. Chan obtained his Bachelor of Arts in Economics from Trinity College, Cambridge University, England in 1984.

He started his career in the First National Bank of Boston, Hong Kong from 1984 to 1985 in the Shipping and International Banking division. Subsequently, he joined Wardley Investment Services (Hong Kong) Limited [presently known as HSBC Global Asset Management (Hong Kong) Limited] in 1985, and his last position when he left in 1992 was Director and Chief Regional Strategist (Asia ex Japan markets). In 1993, he established the Asian business of TCW Asia Limited, a U.S. based asset management company where he was responsible for introducing the Asian and Emerging markets capability to the U.S. pension funds.

In 1996, he left Hong Kong and returned to Malaysia to establish Gadek Asset Management where he built the company into a full fledge asset management company with multi asset class capabilities. Gadek Asset Management was later sold to Phileo Allied Bank and he continued to manage the business as Managing Director until 1999.

In 1999, he co-founded Pan Asia Capital Management Limited, a Pan Asia private equity firm that has offices in Kuala Lumpur, Hong Kong, Seoul and Bangkok. He was the Co-Principal and Director of the firm until 2006. At the same time in 2002, he co-founded Sakura Management Limited (based in Hong Kong), a private equity business that focused on Japanese real estates. He has since exited these businesses to concentrate on his Malaysian based activities. He founded Opus Asset Management Sdn. Bhd. in 2006.

Presently, Mr. Chan is the Non-Executive Chairman and principal shareholder of an asset management company in Malaysia that specialises in the management of fixed income assets; he is also an adviser to a Malaysian based private equity management company. Aside from these, he is also a Director of several other private companies and he does not hold directorships in other public companies and listed issuers.

Mr. Chan is the father of Mr. Ian Chan Tze Liang who was appointed as his Alternate Director on 24 February 2022. He is a major shareholder of the Company by virtue of his direct interest in Pelita Niagamas Sdn. Bhd., a major shareholder of the Company pursuant to Section 8 of the Companies Act 2016.

He has no conflict of interest with the Company and neither has he been convicted of any offence within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year under review.

Mr. Chan attended all five (5) Board Meetings held during the financial year ended 31 December 2022.

DIRECTORS' PROFILE

Tee Boon Hin

Senior Independent Non-Executive Director

Age	Gender	Nationality
61	*Male*	*Malaysian*

Mr. Tee Boon Hin ("**Mr. Tee**") was appointed to the Board on 20 April 2009 as an Independent Non- Executive Director and was re-designated as the Senior Independent Non-Executive Director on 24 February 2022. He was appointed as the Chairman of the Audit and Risk Management Committee on 31 May 2013. He is also a member of the Nomination and Remuneration Committee of the Company.

Mr. Tee is an Approved Tax Agent and Approved Company Auditor. He graduated with a Bachelor of Commerce Degree from the University of Canterbury, New Zealand in 1985. He was trained and qualified as a Chartered Accountant with the international firm, KMG Kendons in New Zealand where he received extensive experience in the audit of Trusts and the retail industry. He then continued his working experience in New Zealand with the international firm, BDO Hogg Young Cathie where he gained substantial exposure to the hospitality industry. He returned to Malaysia to join Pricewaterhouse Coopers (PwC) where he gained further experience in corporate advisory services in valuation and raising of finance (listing) and audits or securities, hospitality, manufacturing, fabrication and retail industries.

In 1993, he commenced public practice under the name of Tee & Partners providing audit, tax and corporate advisory services. He also specialises in financial modelling and managing tax risk for small and medium sized-enterprises in property development and construction, and the retail sectors. He is also actively involved in his local Parents Teachers Association where he helped raise funds for the construction of the multi-purpose hall of the primary school in 2015.

Mr. Tee is an Associate of the Chartered Accountants Australia and New Zealand, an Associate Governance New Zealand Incorporated, a Chartered Accountant of the Malaysian Institute of Accountants and a Fellow of the Chartered Tax Institute of Malaysia.

Mr. Tee sits on the Board of Directors of Paragon Globe Berhad as a Senior Independent Non-Executive Director. He was formerly an Independent Non-Executive Director of Eco World Development Group Berhad for 14 years and former Alternate Director of Al-Ikhsan Sports Sdn. Bhd.

He does not have any family relationships with any member of the Board or major shareholder of the Company. He does not have any conflict of interest with the Company and neither has he been convicted of any offence within the past five (5) years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year under review.

Mr. Tee attended all five (5) Board Meetings held during the financial year ended 31 December 2022.

Mr. Louis Lau Puong Kiet

Joint Chief Executive Officer

Age *37* | Gender *Male* | Nationality *Malaysian*

Mr. Louis Lau Puong Kiet (“**Mr. Louis**”) was appointed to the Board on 8 November 2018 as an Executive Director. On 21 February 2023, he was appointed as Joint Chief Executive Officer of the Company. He is a member of the Employees Share Options Scheme Committee.

Mr. Louis graduated with a Bachelor of Commerce from University of Western Australia in 2007. He joined CIMB Investment Bank Berhad in 2008 as a Management Trainee and was attached in CIMB Private Equity & Venture Capital from 2009 until 2012. He was with CMS Opus Private Equity from 2012 to 2015. He joined Ge-Shen Group in April 2015 as Head of Group Strategy & Monitoring team and currently sits on various subsidiary Board.

Mr. Louis does not hold directorships in other public companies and listed issuers. He does not have any family relationships with any member of the Board or major shareholder of the Company. He does not have any conflict of interest with the Company and neither has he been convicted of any offence within the past five (5) years (other than traffic offences, if any), nor any public section or penalty imposed by regulatory bodies during the financial year under review.

Mr. Louis attended all five (5) Board Meetings held during the financial year ended 31 December 2022.

DIRECTORS' PROFILE

Mr. Suresh A/L Thirugnanam

Independent Non-Executive Director

Age	Gender	Nationality
58	*Male*	*Malaysian*

Mr. Suresh A/L Thirugnanam ("**Mr. Suresh**") was appointed to the Board on 15 April 2021. He is a member of the Nomination and Remuneration Committee.

Mr. Suresh graduated with a Bachelor and Master of Science in Mechanical Engineering from Massachusetts Institute of Technology in 1989. He started his career in 1988 with Digital Equipment Corporation, Massachusetts and later on joined MaxOptix Corp, California in 1992. In 1993, he moved back to Malaysia to join Motorola Malaysia for a year before joining Maxis in 1994 to lead the network operations for Maxis mobile, data and fixed-line businesses. In 2000, he became the Chief Operating Officer ("COO") of JobStreet. In November 2014, SEEK acquired JobStreet and merged it with jobsDB to create SEEK Asia. He then joined SEEK Asia as the COO. In 2016, he became the Chief Executive Officer of SEEK Asia.

Mr. Suresh does not hold directorships in other public companies and listed issuers. He does not have any family relationships with any member of the Board or major shareholder of the Company. He does not have any conflict of interest with the Company and neither has he been convicted of any offence within the past five (5) years (other than traffic offences, if any), nor any public section or penalty imposed by regulatory bodies during the financial year under review.

Mr. Suresh attended all five (5) Board Meetings held during the financial year ended 31 December 2022.

Puan Noor Aieda binti Ahmad

Independent Non-Executive Director

Age	Gender	Nationality
61	*Female*	*Malaysian*

Puan Noor Aieda binti Ahmad ("**Puan Aieda**") was appointed to the Board on 11 August 2021. She was appointed as the Chairperson of the Nomination and Remuneration Committee on 24 February 2022. She is also a member of the Audit and Risk Management Committee of the Company.

Puan Aieda graduated with a Bachelor of International Business and Administration from Central Michigan University, USA in 1986 and Master of Business and Administration from Alliant University, San Diego, USA in 1987. She then pursued Masters of Sciences in Corporate Communication in 1989.

She started her career in 1989 with Utusan Melayu Berhad as a Credit Control Executive. She joined Malaysian Investment Development Authority ("**MIDA**") in 1992 and retired from MIDA in July 2021. During her 29 years tenure with MIDA, she served in various roles including Corporate Communications and Media, and Industrial Promotion Division, Deputy Director of E&E Industry Division, Logistic and Regional Operations Division, Information Technology Services Division, Research and Development and Business Services Division and was seconded as a Director to the MIDA office in Milan, Italy. Prior to her retirement from MIDA, she was the Director of the Post-Investment and Infrastructure Support Division in MIDA and assisted global Multinational Corporations with investments in Malaysia with their local requirements and challenges.

Puan Aieda does not hold directorships in other public companies and listed issuers. She does not have any family relationships with any member of the Board or major shareholder of the Company. She does not have any conflict of interest with the Company and neither has he been convicted of any offence within the past five (5) years (other than traffic offences, if any), nor any public section or penalty imposed by regulatory bodies during the financial year under review.

Puan Aieda attended all five (5) Board Meetings held during the financial year ended 31 December 2022.

DIRECTORS' PROFILE

Ms. Ooi Hooi Kiang

Independent Non-Executive Director
Appointed on 17 November 2022

Age **54** | Gender ***Female*** | Nationality ***Malaysian***

Ms. Ooi Hooi Kiang ("**Ms. Ooi**") was appointed to the Board on 17 November 2022. She does not sit on any Board Committee of the company.

Ms. Ooi is a seasoned senior financial officer with more than 26 years of experience. She is proficient in handling full spectrum of financial functions spam across areas covering implementation of effective internal controls and system automation, reporting budgeting and business planning, cash flow management, credit controls, funding planning, tax management, cross border arrangement, financial strategy in shareholder value creation, merger and acquisition and business restructuring.

She started her career in auditing with Coopers & Lybrand LLP (now known as PriicewaterhouseCoopers) in 1995. She joined KE-ZAN Securities Sdn. Bhd. as an Accountant in 1999 and left in 2000 to join Kuala Lumpur City Securities Sdn. Bhd. as Head of Operations of Alor Setar branch where she was subsequently promoted as the Head of Kangar branch in 2001. In 2002, she joined PM Securities Sdn. Bhd. as the Head of Operations and was subsequently promoted as Head of Branch in 2007.

She then joined Tamouh Investment LLC. in Abu Dhabi, United Arab Emirates in 2008 as a Manager of Planning and Corporate Reporting. She returned to Malaysia in 2011 and joined Mercury Securities Sdn. Bhd. as Head of Operations, where she was the key liaison with regulatory bodies and other financial institutions.

In 2012, she joined Olympia Industries Berhad as a Senior Manager in the group finance department, in charge of implementing strategic initiatives to enhance the group's business operation, financial performance and efficiency. in 2013, she joined JWPK Sdn. Bhd. as their Chief Financial Officer ("**CFO**").

She then left in 2014 to join Anchor Resources Limited as a CFO, where she was the key liaison from planning till implementation of a merger and acquisition, corporate listing exercise and bank financing. She joined PG Automotive Holdings Pte. Ltd. in 2018 as a Group CFO.

In 2021, she founded WCoach Sdn. Bhd., which is involved in provision of advisory and consultancy services.

Mr. Ooi sits on the Board of Directors of Greatech Technology Berhad as an Independent Non-Executive Chairman and L&P Global Berhad as a Non-Independent Non-Executive Chairperson.

Ms. Ooi does not have any family relationships with any member of the Board or major shareholder of the Company. She does not have any conflict of interest with the Company and neither has he been convicted of any offence within the past five (5) years (other than traffic offences, if any), nor any public section or penalty imposed by regulatory bodies during the financial year under review.

Ms. Ooi had attended all one (1) Board Meeting held during her tenure of office since her appointment on 17 November 2022.

DIRECTORS' PROFILE

Ian Chan Tze Liang

Alternate Director to Mr. Chan Choong Kong
Appointed on 24 February 2022

Age	Gender	Nationality
32	*Male*	*Malaysian*

Mr. Ian Chan Tze Liang (“**Mr. Ian Chan**”) was appointed as the Alternate Director to Mr. Chan Choong Kong on 24 February 2022. He does not sit on any Board Committee of the Company.

Mr. Ian Chan graduated with Bachelor’s Degree (Hons) in Economics and Finance from University of Bristol, UK in 2012. He started his career as an Investment Manager at Student Cribs in the UK in 2012. Mr. Ian Chan then joined the Company in March 2015 and now assumes the role of Senior Vice President of Strategy and Monitoring of the Company, reporting directly to the Joint Chief Executive Officers on corporate strategy-related matters. Since September 2019, he is also part of the senior management team of Polyplas Sdn. Bhd. ("**Polyplas**”). Mr. Ian Chan also sits on the Board of Ezec Technology Sdn. Bhd., Polyplas and GS Assembly (PP) Sdn. Bhd. (formerly known as Senja Emas Sdn. Bhd.), the wholly-owned subsidiaries of the Company.

Mr. Ian Chan is the son of Mr. Chan Choong Kong, a major shareholder and Joint Chief Executive Officer of the Company. He does not have any conflict of interest with the Company and neither has he been convicted of any offence within the past five (5) years (other than traffic offences, if any), nor any public section or penalty imposed by regulatory bodies during the financial year under review.

Mr. Ian Chan who was appointed on 24 February 2022, did not attend any of the Board Meetings held during his tenure of office in his capacity as an Alternate Director. Regardless, he attended all four (4) Board Meetings held during his tenure of office since his appointment on 24 February 2022 as an invitee.

KEY MANAGEMENT TEAM

Chan Choon Kong

The profile of **Mr. Chan Choong Kong** is listed in the Directors' Profile on page 17 of this Annual Report.

Louis Lau Puong Kiet

The profile of **Mr. Louis Lau Puong Kiet** is listed in the Directors' Profile on page 19 of this Annual Report.

Ian Chan Tze Liang

The profile of **Mr. Ian Chan Tze Liang** is listed in the Directors' Profile on page 23 of this Annual Report.

Takeo Yamamoto

Age	Gender	Nationality
78	*Male*	*Japanese*

Date of Appointment:
1 September 2004

Academic / Professional Qualification(s):
Bachelor of Engineering in 1964 from Kyoto Institute of Technology

Present Directorship(s):
-

Listed issuers:
NIL

Other public companies:
NIL

Working Experience:
He worked in various plastic injection moulding companies for 39 years before he joined Ge-Shen Plastic (M) Sdn. Bhd. in 2004 as the Marketing Director.

Har Yeow Cheong

Age	Gender	Nationality
53	*Male*	*Malaysian*

Date of Appointment:
11 September 1997

Academic / Professional Qualification(s):
MBA in 2014 from Nottinghamshire of New University

Present Directorship(s):
-

Listed issuers:
NIL

Other public companies:
NIL

Working Experience:
He joined Stamping Industries Pte. Ltd. in 1988 and moved on to Stamping Technology Pte. Ltd. in 1989 to 1993. He joined GP Manufacturing Pte. Ltd. in 1993 until 1998. He founded Demand Options Sdn. Bhd. in 1997.

KEY MANAGEMENT TEAM

Mok Wai Sum

Age	Gender	Nationality
53	Male	Malaysian

Date of Appointment:
11 September 1997

Academic / Professional Qualification(s):
Institute of Technical Education Singapore in 1993

Present Directorship(s):
-

Listed issuers:
NIL

Other public companies:
NIL

Working Experience:
He joined Stamping Industries Pte. Ltd. in 1988 and moved on to Stamping Technology Pte. Ltd. in 1989 to 1993. He then continued his career in Case Engineering Pte. Ltd. in 1993 before leaving in 1998. He founded Demand Options Sdn. Bhd. in 1997.

Lim Ee Teow

Age	Gender	Nationality
66	Male	Singaporean

Date of Appointment:
11 September 1997

Academic / Professional Qualification(s):
Institute of Technical Education Singapore in 1993

Present Directorship(s):
-

Listed issuers:
NIL

Other public companies:
NIL

Working Experience:
He worked in various metal stamping and fabrication companies for 27 years. He founded Demand Options Sdn. Bhd. in 1997.

Notes:-

1. *Family Relationship with Director and/or Major Shareholder*

   Mr. Ian Chan Tze Liang is the son of Mr. Chan Choong Kong, a major shareholder and Joint Chief Executive Officer of Ge-Shen Corporation Berhad. Save as disclosed herein, none of the Key Management Team members have any family relationships with any other Director and/or major shareholder of Ge-Shen Corporation Berhad.

2. *Conflict of Interest*

   None of the Key Management Team members have any conflict of interest with Ge-Shen Corporation Berhad.

3. *Conviction of Offences*

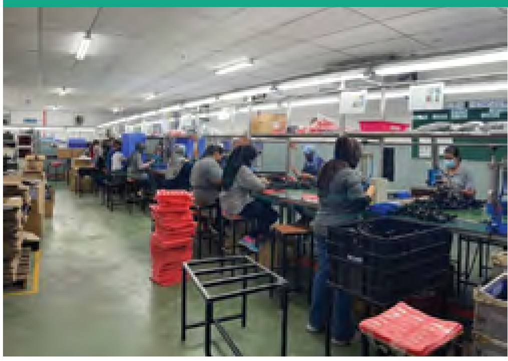
   None of the Key Management Team members have been convicted of any offences (excluding traffic offences, if any) within the past five (5) years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year under review.

MANAGEMENT DISCUSSION & ANALYSIS

PROLOGUE

The challenges that the manufacturing industry has been facing up to in recent years have been rather varied and unexpected and, in many ways, rather unprecedented as well. COVID-19 was a period that has really reset the whole operating environment for all aspects of manufacturing. However, no sooner that society have emerged out of COVID-19, the Russia/ Ukraine conflict came into the picture and dominated global headlines and then suddenly the global narrative shifted over to the threat of inflation and how to contain or suppress the negative effects of inflation. While it can be said that the Russia/ Ukraine did not pose too much of a direct impact on us, the resulting indirect impact through energy prices and also stability of supply of energy to the European countries created many uncertainties in the marketplace for manufactured good. Whether it was the vast amount of monetary simulation undertaken by the world's major central banks during the COVID-19 period that has created much upward inflationary pressures, or the effect of energy prices rise during the Russia/ Ukraine conflict, it does nevertheless necessitate a quick response from Central Banks. Global demand must be suppressed in an attempt to bring inflationary pressures under control, and this certainly affects demand for manufactured goods.

Locally cost inflation is also felt as the government raised minimum wages, overtime payment and also the cost of electricity. Moreover, a weaking Ringgit is also working to raise local currency input costs. Therefore, in terms of timing, it is most unfortunate that manufacturers in Malaysia have to face these increased costs at a time of slowing demand. Margins have been squeezed and with lower turnover, the overhead absorption is more challenging than ever before. The only positive factor that has grown in the favor of the Malaysian manufacturing community is the prevailing aversion of Western principals to sourcing from China. This is a theme that we have been discussing for quite a few years already but only now we are indeed seeing the latency of this growing interest turning increasingly real as projects discussions have been a bit more earnest recently and awards of projects have been picking up. This certainly augers well for the future of the manufacturing industry in Malaysia. Management remains very bullish on the prospects of the Group as we aim to take advantage of the opportunities to increase our project wins, to have better sales revenue and also upskill in terms of process capability.



FINANCIAL PERFORMANCE

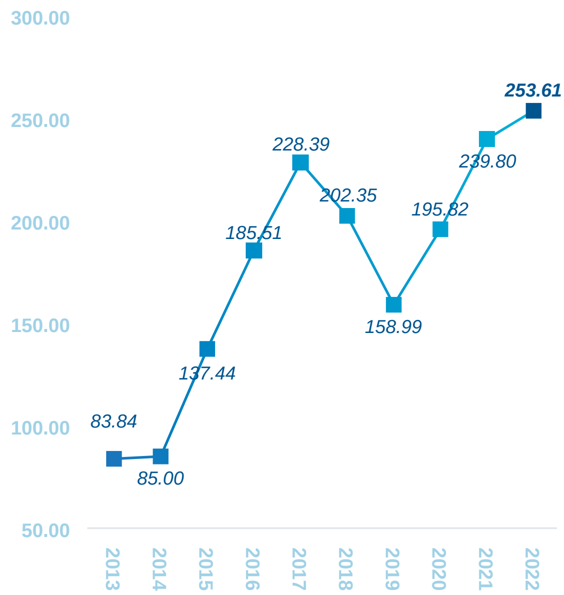
	2021 RM'000	2022 RM'000	Percentage %
Revenue	239,805	**253,608**	5.8%
Operating Profit	19,494	**15,791**	-19.0%
Depreciation	12,168	**11,766**	-3.3%
Finance Cost	4,441	**5,034**	13.4%
Profit Before Tax	15,507	**10,757**	-30.6%
Profit After Tax	13,968	**9,594**	-31.3%
Earnings Before Interest, Tax, Depreciation, Amortisation & Forex ("EBITDAF")	27,056	**27,202**	0.5%
Profit After Tax and Minority Interests	13,152	**10,160**	-22.8%

REVENUE

Despite the very challenging environment, the Group managed to record its highest ever revenue as annual revenue for the year 2022 came in at RM253.61 million an increase of 5.8% from the previous year. This increase is a testament of the senior management's close hands-on approach on the business in order seek and challenge the different facilities to grow the sales revenue. However, it was a very differentiated performance as the year-on-year comparison of revenue wasn't uniform across the various manufacturing sites. The Penang facility was the outperformer in 2022, as it recorded the largest percentage and absolute increase in sales of the Group. Sales were contributed by several new projects coming on stream and volume increase of our box-build customer. The challenges faced earlier by the inability to secure adequate supply of critical parts have been overcome by the middle of the year and this brought a greater stability of sales to the key customer the remainder of 2022 and then onto a greater visibility for 2023 sales as well. Moreover, several key projects that the Penang facility has been working on for quite some times have finally obtained approvals and will now be set for mass production as we move into 2023. The other outperformer was the Vietnam facility as we phased out of smaller quantity runs and concentrated on winning larger share of fewer customers. This has contributed to a smoother run rate, better on time delivery and fewer rejects. Furthermore, the approval from our box-build customer for mass production run in late 2022 augers well for revenues for the following year. On the other hand, the disappointments have been the two Johor facilities as both the metal and the plastic facilities have both seen setbacks in their sales revenues. The main cause was that their respective key customers adjusted their demand downwards from the fourth quarter of 2022 due to excessive stock inventories in their warehouses. Final customer demand did not materialize as much as forecasted in the wake of the normalization of the global economies post Covid-19. This created a situation where forecasts given by the customers earlier cannot be relied upon and the actual amounts invoiced ended up disappointing.

This phenomenon of global normalization following the end of the pandemic stage of Covid-19 did not have its desired effect on demand patterns as earlier expected as actual demand were not as strong as earlier forecasted. The problem was probably due to the artificially inflated demand during the height of Covid-19 as shortages due to component shortages and the lengthening of logistics lead time meant that the principals felt that there was a massive shortage when in fact it was primarily in one or two key components such as semiconductors or the lengthy shipping times and port congestions that accentuated the perception of shortages. So, in effect the over-ordering, which accounted for part of our good sales performance for the most part of 2022 came to a bit of a halt as demand fell off for the fourth quarter and possibly extending further into 2023 as well. This is however larger cyclical in nature and management is confident that the overstocking will be corrected soon, and demand patterns will normalize again.

Revenue (RM' million)



PROFIT AND LOSS

The profitability of the Group has faced numerous challenges over 2022 with both supply side and demand side facing numerous issues. There may have been cases of volatile raw material prices, but generally this has not had a great impact on the activities of the Group as most of the materials used or components used are rather standard with the exception of the Penang facility where the short supply of a particular type of semiconductor has been responsible for holding up production for its key customer especially in the second quarter of the 2022. Likewise for the steel facilities in Johor, certain grades of steel were difficult to source, and this affected production scheduling and delays in delivery to customers, but in the end these challenges were overcome with some lost sales but did not leave any permanent impact.

However, the most direct and the longest lasting impact from the supply side has been the increase in the cost of employment. The minimum wage for workers in Malaysia has been increased from RM1,200 per month to RM1,500 per month in Mid-2022 and that is a 25% increase in one fell swoop. This then sets off a corresponding round of increases for other workers, especially those that are in employment grades just directly above those that are on the minimum wage in order for some sort of wage parity to be maintained. There was also an increase in costs from the requirements to comply with higher work and living space standards. While not debating the merits of an increased minimum wage from the standpoint of society, this has a direct and immediate impact on the cost of production, and it must be absorbed either by our customers or by us, the manufacturers. It can be said that the market for manufacturing services is a globally competitive marketplace and the ability of any one company or country to raise its price is not unilateral and that over time there will be adjustment to demand patterns if this price rise is not matched by a sustained rise in productivity. The alternative is that the exchange rate may be the main adjustment mechanism for the adjustment to take place. We are now seeing a bit of both happening at the same time in the case of Malaysia.

PROFIT AND LOSS (CONT'D)

Meanwhile on the demand side the skewness in the demand pattern has also affected the profitability of the Group. While the Group have managed to record higher revenues on a consolidated basis, the loading for the different facilities has not been uniform. The Johor factories have been seeing lower sales, as their respective key customers have been reducing their order flow. This created a situation in which the plants that have lower run rate is facing a suboptimal absorption rate for their overheads while those plants running on a higher run rate have seen a higher costs of operations due to need for extra workers as well as running over time and extra days in order to fulfill customer's order. There is also the absence of group relief on taxation as the profits from the operations of the profitable subsidiaries cannot be utilized to offset the losses made elsewhere.

As a result of this, the net profits for the Group saw a setback compared to the previous year's number. In terms of operating margins, the operating margin dropped by two percentage points from 8.1% to 6.2% while the net margin dropped from 5.8% to 3.8%. This outcome cannot be considered favorable though it might be considered fair as the uncertainty in the global environment and the local environment have engendered a tough operating environment for the manufacturing industry in Malaysia. While it is useful to observe the operating margins, it is probably not the best measure of profitability as product mix does have a large impact on the profit margins achieved. For example, the production of a plastic part piece has higher operating margins than an assembled product, however there is a marked difference in the amount of capital utilized and the velocity of circulation of capital employed. The assembled product may have a lower profit margin but in terms of capital employed it may be considerably less and so the profit per dollar of capital employed may be more than the part piece production. Therefore, as an alternative, the return on equity employed may be a better measure of the profitability of a manufacturing concern. So, if we are to consider the performance of the Group from the aspect of return on equity then there is a return of 8.1% on equity employed. However, this can only be considered borderline fair given the risks that the Group has taken to achieve this return. In 2021 the Group managed to achieve a return of 13.4% on the capital employed. Therefore, there is still a bit more work that has to be done as management should be striving for a number that is closer to mid double-digit returns.

In absolute numbers wise, the net profit after tax for 2022 came in at RM9.59 million a drop of 31.3% as compared to the previous year. However, in terms of operating cash flow as measured by EBITDAF, this came in at RM27.20 million as complared to RM27.06 million, an improvement of 0.5%. In a fast-growing company that is driven by an expansion in its operational footprint it can be argued that EBITDAF is perhaps a more important matrix to focus on given that this is the measure of the cash generative capacity from operations. Cash generated from operations is what is needed to service bank debts, make new Capital Expenditure ("**CAPEX**") or even support dividends payments as returns to shareholders.

CAPEX

CAPEX in the past 10 years

CAPEX Spent: RM' million	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Land & building (including asset under construction)	1.23	0.31	0.10	11.83	6.66	6.85	15.00	0.06	2.95	7.72
Machinery	7.32	2.02	4.56	15.78	16.32	8.54	16.78	7.55	12.46	6.42
Merger & Acquisition ("M&A")	1.00	5.80	33.76	31.33	Nil	Nil	Nil	Nil	1.73	0.50
	9.55	**8.13**	**38.41**	**58.93**	**22.98**	**15.39**	**31.78**	**7.61**	**17.14**	**14.64**

The pace of CAPEX spending (excluding M&A) for Group has been moderating since peaking in 2019. The Group have been on an aggressive buildup of plant and capacity since the present management been in place for the past eight years. The total production space has increased by a factor of two times to approximately 565,000 square feet and the number of active machines has similarly been increased by a similar factor. The Group now owns most of its production space with very little production space being rented in. This allows the Group to benefit from the long-term asset improvement policy without being subjected to the demands of the cyclicality of the rental market. Of particular significance was the decision relocate the Vietnam facility in 2018 from a rental premises which is sub sized to one which is larger and self-owned which allows us to respond to the requirements of our customer requirements. Given the dramatic increase in popularity of Vietnam as a manufacturing destination, the decision to enter into a purchase agreement 7 years ago to purchase the factory premises have been well justified. Moreover, without the additional space, there would have not been any ability to engage with new customers on meeting their requirements such as the newly won box-build customer which is leading off to our ability to support them on even more active high selling models.

CAPEX (CONT'D)

Similarly for the Penang subsidiary we were able to purchase the factory next to our piece of vacant land last year and the management believes that it will be similarly well rewarded in the future years as this represents an ability to amalgamate and build on the adjoining vacant plot which adds to a substantially larger premises with efficiencies build in. Once again Penang have been emerging as a location of choice for a lot of factories looking to set up production facilities away from China. In manufacturing scale is very important and this scaling up augers well for the ability of the Penang facility to plan for future requirements. As a measure of the rental inflation, the landlord of the rented premises has demanded a premium of over 40% for the renewal of the tenancy agreement which will naturally erodes our profit margins, so it is really an easy choice to buy the plant next to our empty plot to directly move out of the rented premises and then to build it up to be an integrated facility.

Newly Acquisition of Land and Building in Penang

Note : - The factory is directly opposite our existing facility and beside our empty piece of land.

Solar Panel System Installed in Johor Plant

In terms of CAPEX spend for 2022, the amount of RM7.72 million was accounted for by the completion of the land and building in Penang as described in the earlier paragraph. This is the total cost of acquisition plus the stamp duties as well as some renovation of the factory to allow us to reposition it for our own use as a warehouse as well as the assembly area. As for the other CAPEX, a large portion of it amounting to RM2.14 million is accounted for the two solar photovoltaic systems in Johor, one for the plastic factory and the other in the metal facility. This is a long-term program to have a more environmentally friendly footprint as well as a cost mitigation exercise. The installation of the solar photovoltaic system ("PV") has proven to be a well taken decision as at the prevailing power rates then two years ago the payback period was 8 years (with all the allowances added in) and now with the increase in the power rates for Malaysia, the payback period has now been shortened to just about 5 years. It is worth noting that the Imbalance Cost Pass-Through ("ICPT") has been increased in 2023 resulting in an increase of almost 45% in electricity cost for all our sites in Malaysia. These are all the intangible assets that the management have embedded in the company's fixed assets in order for the Group and its subsidiaries to be a long-term sustainable manufacturer. All our 3 plants in Malaysia have been installed with PV panels with a total capacity of 1,275.18 kWp.

The balance of the CAPEX for 2022 relates to the normal replacement of older and obsolete machines as they go beyond their useful life. On a slightly forward-looking basis, it is not anticipated that there will be significant expenditure on CAPEX with the possible exception of the building of a new factory in Penang. Currently the Group's existing vacant land of approximately 40,000 square feet sits next to the newly purchased factory which is on 43,000 square feet of land area. These two plots are adjoined with each other across the road from the present main manufacturing site and the office area of the Penang facility. The plan is to maximize the efficiency of the land utilization by seeking to amalgamate the two plots into one plot and building one single larger manufacturing facility rather than two separate plants with a mandatory set back between the two plants. This single site would yield approximately in excess of 80,000 square feet of manufacturing space (subject to planning approval) and the intention is to shift all the injection moulding machines over to the new site leaving the old site to be repurposed for future use. Right now, there is no firm plans for the building of this facility as the demand have not warranted the CAPEX spend but it could nonetheless be part of a strategy to be offering modern manufacturing space for a strategic manufacturing partner as the world adjusts to the new reality of increased non-China manufacturing capacity.

Control Room in JB Facility

Clean Room at Penang Facility

CAPEX (CONT'D)

The build-up of the asset of the Group have been to achieve a certain physical in terms of manufacturing footprint size in order to be able to have economies of scale. The management believes that the physical sizing of the manufacturing space is currently about optimal for the current business requirements plus a bit more. Other than the possibility of building up the Penang facility, the emphasis shall be on the upskilling of the capabilities of the Group and being able to offer a wider portfolio of engineering capabilities to a wider set of customers. The shift will be to upskill the workers within the organization, and this entails a different challenge for the group going forward.

BUSINESS DEVELOPMENT

The headlines have not been lying and there is indeed a huge amount of interest from Western product owners looking to the risk its supply chain and in today's heavy use of coded messages of press releases it inevitably means that there is a desire to move its production or sourcing away from China or at the very least establish a viable China plus one strategy. Initially it was partially motivated by the hardline approach of the Chinese government to zero covid and the tariffs imposed during the Donald Trump Presidency but increasing the geopolitical considerations is providing the greater motivational factor. The speed and the effectiveness of the Western sanctions against Russian in the aftermath of the Russia/ Ukraine conflict demonstrates that there are increasingly companies are at a huge risk to a hardline approach that might be taken against China in the present geopolitical environment. If ever sanctions are imposed on China, it would be disastrous for those that are dependent on a China supply chain.

This is a global phenomenon as we are getting enquiries for our facilities in Malaysia as that in Vietnam as well and primarily lead by US principals but increasingly European as well. Interestingly enough, there are also certain Chinese contract manufacturers who have ODM ("Original Design Manufactures") capabilities and has established procurement linkages into the US market are also amongst those that are looking for capacity in Southeast Asia. Admittedly the interest was better for Vietnam than Malaysia but then the Group have more resources in Malaysia, so it is by no means indicative of any macro trend. In Malaysia we have won a few interesting projects such as medical devices, some single use devices and one new venture capital backed device manufacturer which is trying to create a new market niche. There were also other new projects from existing new customers as we win more of their trust after demonstrating our ability to problem solve and provide solutions. The Group is engaged in provision of total solutions with them from the design stage and not just on part pieces. In both of these cases, the Group have become the critical supplier and so in effect developed a sort of partnership with the product owners. While the Group is earning a greater share of their manufacturing spend, their volume throughput through us is vice versa becoming a larger part of our sales revenue as well and we are developing some kind of symbiotic relationship with these key customers. Interestingly these customers are niche players in their field and are also similarly sized in terms of profile like us. There is indeed a certain affinity within the Group for mid-sized brands and firms as there is the principal-to-principal relationship which helps to foster the deeper relationship and trust between the two companies.

In terms of process, there is a greater requirement for assembly solutions and not just part piece production. In the Johor metal facility, there is a project that will go live in second quarter 2023, and this will further deepen path of the assembly capability for the metal facility. The rebalancing of the portfolio of customers for the metal facility is important as older customers which are more price sensitive starts to drop off and newer ones with greater requirements on precision and process controls are coming into the picture. Of particular interest is the potential to serve as a support industry for the growing precision machine maker market in Singapore and this involves an upgrading of the facility and also an increasing emphasis on internal capability and process as well as vendor upgrading as well.

Nevertheless, against this growing rosiness of the secular long-term trend of increasing contract wins and better contact points with the final customer, the cyclical forces have an overriding influence on the month by month customer demand in the short term. This period of lower demand is perhaps a result of the ripples emanating out of the covid situation where production challenges as well as logistic challenges have resulted in a massive shortage of goods in 2020 and 2021 for the consuming countries like the United States and Western Europe. As a result of which the procurement departments have been tasked with over ordering in an attempt to have at least some products on the shelfs to be sold. The extrapolation of this hyperbolic demand patterns has resulted in larger orders from the procurement departments into manufacturers. Therefore, when the world emerges from the COVID-19 disruption and the production and logistics situation normalize, it quickly turns out that there was a massive amount of over ordering and warehouses are stocked full of products at a time when demand was turning down with the actions of the Central Banks working to suppress demand resulting to a sub-par start to 2023. The management believes that the turning point could be reached quite soon and as inventories got run down, the demand pattern will normalize and then the Group would be looking at better utilization rates as 2023 progresses on.

BALANCE SHEET AND GEARING

Due to the consistent cash flow generated from operation over the past two years, the gearing level of the Group has dropped appreciably. The Group started 2020 on a gearing of 0.98 times i.e., the amount of financial liabilities that the Group is carrying is about 100% of shareholders' funds and with the free cashflow from operations being used to repay debts, the Group's gearing ratio as at 31 December 2022 stands at 0.79 times. When one looks at the composition of debt as out of the RM101.78 million total debt, RM52.60 million is short term debt or working capital debt typically trade finance. Typically, the pattern of working capital cycle for production starts with purchases of raw materials which is then converted into work in progress and then finished goods before being shipped out to customers, upon shipment, this will be converted into account receivable. In the process, trade finance debt is taken on to fund the working capital requirements. Therefore, trade finance debt is short-term in nature is not considered structural debt as it is self-liquidating, in the sense that when the customer pays for the goods, then the working capital debt can be retired. In the case for the Group, as at 31 December 2022, there is a total of RM52.60 million of such short term trade financing debt out of the total debt of RM101.78 million. if we were to exclude the short-term debt then long-term debt is around RM49.18 million or a long-term debt ratio of 0.48 times.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total										
Financing (RM' million)	10.04	7.47	15.92	58.11	66.49	69.72	95.07	93.27	104.70	**101.78**
Long Term (RM' million)	2.41	1.06	7.66	34.60	39.85	41.21	53.90	49.34	48.79	**49.18**
Short Term (RM' million)	7.63	6.41	8.26	23.51	26.64	28.51	41.17	43.93	55.91	**52.60**
Total Cash (Rm' million)	15.33	18.60	20.08	14.19	13.19	15.13	10.59	11.68	10.86	**21.05**
Total Equity (RM' million)	43.64	46.56	88.24	90.74	102.60	107.72	98.87	100.04	118.50	**128.62**
Debt-to-Equity Ratio (times)	-0.12	-0.24	-0.05	0.48	0.52	0.51	0.85	0.82	0.79	**0.63**
Percentage of Long Term Financing	24%	14%	48%	60%	60%	59%	57%	53%	47%	**48%**
Percentage of Short Term Financing	76%	86%	52%	40%	40%	41%	43%	47%	53%	**52%**

In terms of debt service cover ratio, another measure of the sustainability of the debt burden, the ratio has been creeping upwards indicating a better ability to service the debt burden. Debt Service Cover Ratio ("DSCR") is the ration of free cash flow over the annual debt servicing requirement. The annual debt service requirement is calculated by adding up the annual interest charges as well as the principal repayments for that financial year. During the initial part of the asset build up program, this DSCR has been a bit tight with it being 0.94 times in 2020 but since it has been improved to 1.73 times for the current financial year. In other words, cashflow from operations is covering the interest payments plus principal repayment by a 173%. This improving debt position is also reflected in the gradual buildup of cash on the balance sheet. Free unencumbered cash as at the financial close of 2022 stands at RM11.45 million compared to RM6.52 million for 2021. The position of maximum gearing for the Group has probably passed and the balance sheet will continue to be geared unless there is an opportunity that is highly transformative, and the management feels that the risk reward ratio warrants another re-leveraging of the balance sheet. Rather the emphasis can be towards the resumption of dividend back to shareholders as a reward for their patience as the management started on this transformation drive.

LONG TERM CHALLENGES RELATED TO MANPOWER

The primary issue that emerged from the COVID-19 period was the uncertainty in the ability to operate the factory in a normal manner. In this case normality is defined as clear visibility to demand patterns and the ability to schedule production runs in a comprehensive manner such as ability of key supply side factors such as critical components as well as labour. Notwithstanding the continued prevalence of COVID-19 in the early part of 2022, many of the issues have been ironed out already especially those that pertain to governmental regulations for standard operating procedures for the operation of factories. However, one part that was extremely difficult for manufacturers in Malaysia to navigate through was the supply of workers.

It is natural that in times of uncertainty, the cohort of foreign workers would like to return to their home country, if only to reconnect with their families and friends. Unlike normal times, the spectra of workers returning to their home countries is not being balanced by a corresponding number coming in as replacement. Part of the issue is the reluctance of workers to come out to Malaysia due to fear of covid, but to a certain extent, uncertainty on the part of the government regulations also played a part in the slow trickle of workers coming in. This then created the situation of not having enough workers when the demand was high and when workers were finally able to come into Malaysia, global demand started to taper off. This created inefficacies in the operations of our various facilities and unnecessary costs were incurred. Employment costs were also increased through the increase in minimum wage. The ability to pass this increase in costs to our customers is not symmetrical and as a result the manufacturing margins are reduced correspondingly.

LONG TERM CHALLENGES RELATED TO MANPOWER (CONT'D)

The other issue that has a bearing on the long-term competitiveness of any country is the ability to scale up on the quality of engineering support and competency. The level of technical and vocational training in Malaysia have not been as comprehensive as many would have desired and this created a shortage of talent in the industry. In a rather perverted manner, the amount of foreign direct investment has been both a blessing and a curse for domestic manufacturers. In a sense, foreign direct investment is very often leading the charge to industrialize the country and they bring in leading manufacturing standards into Malaysia and leads the country in moving up the value curve. However, they are also reliant on having enough workers for their factories and often their attractive wages will ensure that better quality workers will gravitate to the factories of the multinationals companies ("MNCs"). This then creates a vacuum for the local manufacturers who then must go source their workers elsewhere usually further down the educational curve. Another challenge is to move people from a task related orientation to an outcome driven orientation i.e., to solve problems and achieve the desired outcome rather than just task oriented or determined. For example, the production department is just in charge of producing the required number of pieces and then the quality is left to the quality department to check. In advanced economies, the manufacturing process is perfected to achieve the desired outcome in terms of good parts with quality assured. Therefore, there is greater thought that is put into the production process that has quality imbedded into it thereby saving on wastage that arises from rejects. This is a constant headache that if not dealt with effectively can undermine the aspirations of the Malaysian manufacturing industry.

CONCLUSION

The changes facing the manufacturing industry is both evolutionary as well as revolutionary. The revolutionary global event is the rush to the risk the supply chain of many global companies and this has resulted in a dramatic shift out of China. This represents a once in a lifetime opportunity for Malaysian companies to be able to be a significant participant in this segment of the global manufacturing supply chain. The Group have already successfully engaged with a few international principals from their product development stage and the management believes that this auger well for the future path of the Group's journey into being a more complete manufacturer. The evolutionary process is the deepening of the internal manufacturing process and capabilities in order to have a more technical orientation and more precise manufacturing methods. In these instances, we have built up clean room facilities, more robotized machinery for the healthcare industry and complete assembly processes, which in time to come, will be a more significant component of the Group's turnover. A few strategic wins will set the Group further along the path of being a more meaningful manufacturer and with the capacity that the Group has built up, there can be significant growth in terms of volume and revenues in a multi-year time frame. However, equally possible is despite the new project wins, global growth stagnates, and revenue does not pick up significantly due to global slowdown and the move to higher value-added manufacturing is stuck in a state of suspended animation. In that scenario, operational margins will deteriorate and ravaged by the effects of cost inflation as industries will be saddled with a higher breakeven point.

The challenges of higher wages and quality of middle management must be embraced rather than challenged and the repurposing or re-training of the workforce is key for the future. Over and above anything else this is a challenge that all of us as managers, as promoters, as sponsors of the manufacturing sector in Malaysia must face up to. The global market is opening and the success or failure of Malaysia to claim its niche for us and for the future generations is entirely dependent on our ability to navigate these immediate few years. Governments are only providers of soft tools and the regulatory environment for industries to operate in and not should be taken as the taking the lead to ensure the survival of any industry nor company. Therefore, the real hard work still rests with the individuals, both singularly and also collectively, to work together to establish our niche in the global supply chain. It is on this challenge that management of companies will be judged on by future generations as to who shall be the victor or the vanquished.

AN EPILOGUE:

THOUGHTS ON EXPANSION, THE NEED FOR EXPANSION, HOW IT IS FUNDED AND THE EFFECT OF EXPANSION.

An interesting topical conversation piece concerning funding for expansion projects that might not have been looked at seriously enough is about how the funding is organized from the perspective of all stakeholder's interest and how is the best way to fund the expansion. Typically, in Malaysia, a lot of such expansion would have been through shareholder support in form of rights issues or private placement. In the case of a rights issue, the capital contribution is pari passu and so every shareholder has a chance to maintain their respective shareholding in the company by contributing to the rights issue. In the case of a private placement there is no capital contribution from existing shareholders but then there is the element of dilution of the existing shareholder's interest in the company. In the case of the Group, it was a conscious decision to build up the manufacturing capacity of the Group without the support of shareholders other than the RM18.00 million redeemable convertible preference shares ("RCPS") note that was supported by the major shareholder at the time of the management changeover. After the takeover by existing management, a total of RM206.26 million was spent on both M&A and expansion of plant and machinery. This was on shareholders' funds of RM46.56 million at the time of the takeover. However, in this case, we the management are of the view that this transformative change can be and should be debt funded in order for shareholder's return to be maximized. This was done with careful consideration and determined execution and at all times was there was careful consideration for the ability to service the debt and all aspects of compliance with all financial covenants imposed by banks have been fulfilled at all times.

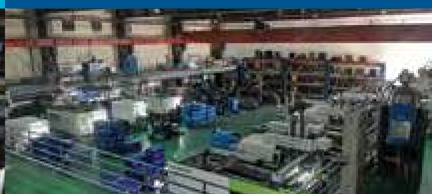
CAPEX is needed to scale the business up as the overhead costs of this business is increasing all the time and economies of scale dictate that we must have greater capacity in terms of volume increase as well as process capability in order for the Group to be a viable participant on the global scale. There must also be a larger manufacturing footprint in order to get the Group into the next level in terms of value add and further on to that is the ambition to getting us into the box-build business. Short of a transformative mergers and acquisition strategy, the other alternative is to have an organic and gradual buildup of capacity through "careful" reinvestment of profits and limiting the amount of debt funding in order to be conservative. Modernising and improving existing facilities was also vital to ensure long term sustainability in a highly competitive market where customers demanded a good operating environment which was clear, neat, organised, safe and technologically driven. Without this transformative change, the Group can only be a subcontractor of parts to the global contract manufacturers and can never really be looking to leapfrog into the higher value-added activities like part design and assembly. The management also believes that such CAPEX program should be funded by debt and that it must be within the cash generation ability of the enlarged Group's capacity to sustain the increased debt servicing requirement. This is where the alchemy of finance meets manufacturing and marketing and knowledge transformation. The higher debt burden focuses management on the importance of the need to fill up the extra capacity in order for revenues to rise and cashflow from operations to service the increased debt.


Ge-Shen Plastic 2015


Ge-Shen Plastic 2018


Ge-Shen Plastic 2023


Ge-Shen Vietnam 2014


Ge-Shen Vietnam 2018

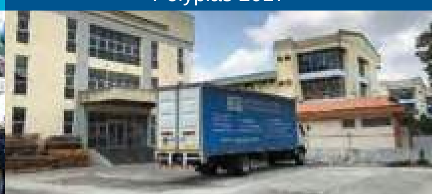

Ge-Shen Vietnam 2023


Polyplas 2015


Polyplas 2017


Polyplas 2023


Demand Options 2015


Demand Options 2018


Demand Options 2023

AN EPILOGUE (CONT'D):

THOUGHTS ON EXPANSION, THE NEED FOR EXPANSION, HOW IT IS FUNDED AND THE EFFECT OF EXPANSION.

On reflection, this has been a success for the Group as judged from a multitude of perspectives. From the most basic increase in shareholder's funds, the Group has grown from shareholder's fund of RM46.56 million to presently RM123.67 million an increase of more than 166% in the past 8 years or a compounded rate of return of approximately 13% per annum. In terms of share prices, it has increased from RM0.48 sen at the end of 2014 to RM1.50 at the time of writing of this report, a return of over 300% or a compounded rate of 15.3% per annum. From the increase in manufacturing space, it has increased from 89,888 square feet of manufacturing space to over 550,000 square feet presently. Revenue increased 198% from RM85.00 million to RM253.61 million or it increased at a rate of more than 14% per annum on a compounded basis. From the perspective of profit and loss, the company was just making RM2.53 million in profits to RM11.78 million profit averaged for the past two years, a return of over 400% or a compounded rate of more than 21% per annum.

From the perspective of the sustainability of the customer side of the business, the Group has grown from being highly dependent on a single relationship in the consumer electronics sector, to presently multiple key relationships with customers from several sectors from around the world. From totally dependent on consumer electronics and therefore subjected to the vagarities of the consumer electronics cycle, the Group have diversified into specialized security solutions, industrial segment, medical segment, measuring devices, semiconductor and storage device testers. From the perspective of process wise, plastic injection moulding was all that was done previously which is rapidly becoming commoditized. Presently, while the core competency is still the ability to do plastic but the orientation have shifted towards designs and solution, prototyping for medical devices for FDA accreditation, airplane parts, mechanical subassembly of metal parts and complete assembly of several specialized security devices.

The Group has moved from a small plastic part piece producer to an organization which is substantially larger in terms of sales revenue, manufacturing footprint as well as process capability. The Group is now positioned to be able to face new challenges and able to capitalize on future opportunities. With the current size and set up of the organization, the Group is poised to move upwards to be a manufacturer with the ability to engage with customers in a more comprehensive manner and climb up the value adding curve to being a one stop shop to the customer. The ability to engage with the customer at an early stage of the product design is key to being able to have better value adding and hence better pricing for our manufacturing solutions. Manufacturing solutions implies that we are to provide solutions and not just part pieces to the customer. This is a significant challenge for many manufacturers in Malaysia but there are also quite a few Malaysian manufacturers that has done very well out of their ability to change. The management believes that the Group is currently poised for this leap upwards, and the next few years is key.

It is sufficient to just leave these thoughts in the minds of shareholders for now. Each one can write their own epistle but this narrative is written by the present management to all shareholders as such.

Sustainability Reporting

GSCorp recognises the importance of sustainability as a key driver for long-term business sustainable growth of GSCorp and its subsidiaries ("the Group"). As such, the Group is pleased to present its Sustainability Reporting, covering the environmental, social and governance ("ESG") initiatives of the Group for the year ended 31 December 2022.

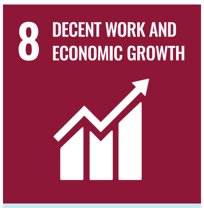
Sustainable Development Goals ("SDG")

GSCorp acknowledge that sustainability is a journey, and we are consistently taking proactive steps to improve our sustainability performance. We are committed to ensuring long-term sustainability of the Group's businesses by embedding various ESG measures in the Group's business operations.

GSCorp has adopted 6 Sustainable Development Goals ("SDGs") that are most relevant to our business operations. The SDGs are part of the 17 SDG's under the United Nation's 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals ("SDGs"), otherwise known as the Global Goals to achieve a better and more sustainable future for all.

The six (6) out of 17 SDGs that are relevant to our business operation are:-

We are committed to eliminate occupational health and safety issues through training, workshops, and drills.



We provide support, experience and training for employees and offer development opportunities so employees can grow their careers.

We promote diversity and are committed to equitable compensation practices regardless of race, sexual orientation, gender, and ethnicity.

We pay special attention to waste management via scheduled waste collectors, ensuring waste is disposed according to environmental law.

We have a policy in place to minimize waste generation through reduction, recycling, and reuse.

We have a whistleblowing policy providing reporting channels to disclose any misconduct, fraud, malpractices.

Stakeholder Engagement

One of the most important processes in our sustainability journey is engaging our stakeholders who are impacted or influenced by our business activities.

GSCorp is committed to maintain a meaningful stakeholder engagement, built on the foundations of trust, accountability, and transparency. We seek to strike the right balance in the expectations and regulations of all stakeholders, hence, bringing a positive development towards the long-term sustainability in the interests of all stakeholders.

SUSTAINABILITY REPORTING

Stakeholder Engagement (Cont'd)

We understand that stakeholder engagement is crucial for the success of our business. The following stakeholder groups has been tabulated according to their areas of interest, methods of engagement and frequency of engagement in the following table:-

Stakeholder Groups	Goals	Areas of Interests	Method of Engagement	Action
Employees	To provide a conducive working environment where employees can perform their tasks and develop a fulfilling career ensuring loyalty and continuity	• Career development and progression opportunities • Workplace conduciveness • Occupational Safety and Health	• Staff appraisal • Staff meetings • Staff training and workshops	• Annual review of remuneration package and benefits • Weekly meeting • Daily meetings • Staff engagement survey • Internal memo circulation
Local Communities	To ensure the welfare of the community we operate in is not neglected	• Social and business interaction • Employment opportunities for graduates	• Attend local community activities • Participation and contribution to industry associations (i.e. FMM) and professional bodies	• Activities that contribute to the society • Management trainee program and internship employment • Environmental protection and improvement activities and investments
Customers	To nurture strong relationships and continue growing with our customers	• Ensure good quality, reasonable pricing and on-time-delivery of goods • Knowledge sharing • Relationship management • Quality of products and services	• Meeting with customers • Customer feedback and complaints • Adherence to quality performance standards (ISO, OHSAS certification)	• Ensure that our management systems are strong, and KPIs regularly monitored for business improvement • Focus on production efficiencies, productivity and yields • Regular engagements with customers
Suppliers	To maintain partnership and continue growing with suppliers	• Product quality, supplier commitment • Quality of products and services • Supply chain management • Corporate governance and compliance	• Meeting with suppliers • Supplier audit and evaluation	• Supplier evaluation and assessment • Suppliers to sign on Anti-Bribery and Anti-Corruption Policy
Investors and Shareholders	To provide sustainable shareholder returns	• Group financial performance • Corporate governance and compliance • Transparent and timely disclosure of material information	• Annual General Meetings • Annual Reports • Timely and detailed Quarterly Announcement to Bursa Malaysia • Ad-hoc announcements	• Adopt best practices in corporate governance • Implement strategies to improve business efficiency and performance

SUSTAINABILITY REPORTING

Materiality Assessment

In sustainability terms, materiality takes into the account of our Group's economic, environment, social and governance ("EESG") impacts, assessments, and decisions of stakeholders. It is vital for our Group to put in place this process that will allow us to map out the sustainability matters, which will help us build a sound business strategy performance for the future.

The Group has identified key sustainability issues which are important to our business and various stakeholders. Some of our sustainability focus has been on the following:-

Economic

- Supply Chain Management
- Business Digitisation
- Manufacturing Automation

8 DECENT WORK AND ECONOMIC GROWTH

Environment

- Waste, Water and Energy Management
- Compliance

3 GOOD HEALTH AND WELL-BEING

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Social

- Workplace Practices & Diversity
- Supportive Procurement Practices
- Community Investment and Contribution

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

Governance

- Groupwide Policies
- Data Protection, Privacy and Security
- Transparency & Integrity
- Customer Satisfaction

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Economic

Supply Chain Management

In GSCorp, we move products and services through our supply chain, hence it is important to recognize our suppliers as strategic partners to build a long-lasting beneficial relationship. We have established and will continue to enhance the effectiveness of our Supply Chain Management system through review of procurement practices, in the pursuit of a sustainable supply chain ecosystem.

As part of our ongoing efforts to support the local economy, we have always emphasized on procuring locally and we have presented information on our initiatives in the Supportive Procurement Practices. As our operations are embedded in multiple countries, certain niche products will still be needed to be sourced internationally to achieve cost effectiveness, however, for products which are widely available, they would be awarded to local suppliers.

To ensure that our supply chain ecosystem adopts sustainable approach, we conduct annual evaluations of our suppliers to ensure that they adhere to our standard of sustainability management.

Business Digitisation

In today's connected world, access to the internet should be considered an essential service, like water or electricity. GScorp makes no exception of this opportunity to bring our organization to new heights. Technology today can no longer be ignored in everyday business practices, where it has now become the heart and soul of any businesses.

Our Group is exploring on using creative digital solutions and deploying a proper digitalization plan which could help in reinvent processes, improve quality, and promote consistency.

By digitalizing our business, it could unlock more competitive advantages by doing things better, faster, and cost effective compared to our peers. As we look to adopt today's digital technologies, we envision that our Top Management will have access to all the information they need all the time, from anywhere, and from any device they choose to make a sound business decision for the group.

Manufacturing Automation

Manufacturing Automation is a key technology for improving the quality and quantity of manufactured products. Over the years, it has assisted and transform multiple industries to compete globally, by achieving superior performance compared to manual labour.

As the advancement continues in developing robotics, big data, machine learning, artificial intelligence, and Internet of Things (IoT), the recent years have witnessed a considerable increase in the adoption of robots in manufacturing industries. The effects of the above leads to increase of efficiency in workplace, enhancing employee creativity by eliminating mundane work and ensuring the safety of employees through reduced work accidents.

The Group has embarked on this mission to automate the processes in our manufacturing plants. At the same time, we are also taking steps to address the fear of loss of jobs of our employees to robots by providing them necessary trainings and courses, to move them into knowledge pool, hence reducing the need to replace our workforce. GSCorp is excited on the future of automation, as these initiatives will help drive our manufacturing capabilities and qualities to the global level in the longer term.

Environment

GSCorp is committed to minimize the impact of daily operations by accessing its economic, environmental, and social impacts. As such, we are committed to:-

- Developing our business in a sustainable manner to create long-term for our stakeholders.
- Seek to continue enhancing our product and service quality, also including our environmental, health and safety performance and processes.
- Implementing an environmentally responsible practices to prevent and minimise environmental, health and safety impact of our activities.

Waste, Water and Energy Management

The Group acknowledges the need for environmental conservation and protection. Over the years, the Group has established environmental initiatives at workplace by encouraging our staff to adopt a paperless environment, recycling, and energy conservation practices.

Our factories are ISO 14001 certified and complies with environmental laws and regulations. During the year, our Johor plants have invested in a solar panel system to further strengthen our commitment in reducing our carbon footprint and increasing the use of green clean renewable energy.

The size of solar panel system installed is 1,000.86kWp for both plants in Johor which contributed to the total of 1,275.18 kWp for whole Group and can generate approximately 8,500 MWh solar energy yield and estimated 5,705 tonnes carbon dioxide avoidance over 25 years. Take advantage of net energy metering scheme introduced by the Government, the energy produced from the solar panel system will be consumed first, and any excess will be exported through the Supply System based on Average System Marginal Price mechanism.

Therefore, our Johor plants are expected to save approximately RM150,000 yearly based on estimated solar energy generated.

Demand Options and Ge-Shen Plastic invested approximately RM1,100,000 and RM1,300,000 for the solar panel system installation and able to benefit from Green Investment Tax Allowances as approved by the National Committee on Investment (“**NCI**”) of Malaysian Investment Development Authority (“**MIDA**”).

The Group reaffirmed our commitment to continually reduce the environmental footprint of our business activities to mitigate any adverse impact to the environment.

Solar Panel System Installed in Johor Plant

Compliance

We are committed in achieving ISO certifications in quality and environmental management systems. The ISO certifications for each subsidiary are summarized below:-

ISO Certifications	Ge-Shen Plastic (M) Sdn. Bhd.	Ge-Shen (Vietnam) Co. Ltd.	Polyplas Sdn. Bhd.	Demand Options Sdn. Bhd.
ISO 14001 – Environmental Management Systems	2015	2015	2015	2015
ISO 90001 – Quality Management Systems	2015	2015	2015	2015
ISO 14644-1 – Cleanrooms and Associated Controlled Environments	2015: Class 8		2015: Class 8	
IATF 16949 – Automotive Quality Management Systems			2016	2016
ISO 13485 – Quality Management System for Medical Devices	2016		2016	
ISO 45001 – Occupational Health & Safety Management System			2018	
ISO 22000 – Food Safety Management System	2018			
Good Manufacturing Practice ("GMP")	✓			
Hazard Analysis & Critical Control Point ("HACCP")	✓			
FDA Registered Facility			✓	

Social

Workplace Practices and Diversity

GSCorp believes in building teams that reflect the communities we serve.

We are guided by a Group Human Resource Policy to ensure effective manner of employing and retaining competent employees. All subsidiaries are required to comply to the policy, regardless of geographical location and operating environment.

- Human Rights: We are committed to uphold the human rights of workers, and to treat them with dignity and respect.
- Local Hiring: We believe in prioritising the hiring of local employees in the location we operate, to boost the local economic growth, create jobs for the local community whenever possible and develop the local employee's skillsets.
- Diversity and equal opportunity: We believe in diversity at the workplace including in race, colour, age, gender, sexual orientation, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, union membership, covered veteran status, protected genetic information or marital status in hiring. Equal opportunity shall be given to people of diverse background to join and to continue building a career in the Group.
- Freely Chosen Employment: We believe there shall be no force or involuntary labour, including the employment of minors or child labour.
- Humane Treatment: We believe that there is to be no harsh and inhumane treatment including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of workers; nor is there to be the threat of any such treatment.
- Health and Safety: We believe that health and safety standards, including safety gears shall be sufficient to protect the wellbeing of all workers. Safety training shall be organized to ensure that workers are competent and prepared for emergencies. The workplace shall be hygienic and workers shall have access to clean toilet facilities, sanitary water and eating facilities.
- Performance Management: We believe that each employee shall be given visibility on their performance and there shall be sufficient framework for employees to be accorded work targets that are linked to the overall Group vision.
- Career Development: Employees shall be given sufficient opportunities to attend training or develop their competencies and skillsets.
- Wages and Benefits: We believe that working hours, wages and benefits provided by the employer shall be reasonable and competitive.
- Employee Engagement: We believe that there shall be sufficient employee engagement programmes to ensure that employees have sufficient platform to reasonably voice grievances and make suggestions, while Management is able provide transparency and visibility to employees on the strategic directions, reward employees, and build Group culture.

Workplace Practices and Diversity (Cont'd)

Having a diverse workplace creates a conducive environment to work in, while providing equal opportunities to candidates, regardless of age, race, genders, nationality nor religion, to take part in the building of our Group to greater height.

The Group embraces inclusivity and diversity and treats all our employees with respect.

Besides, we adhere to the local Labour and Employment code, to ensure all employees interests are protected.


Hari Raya Celebration


Chinese New Year Lunch Buffet


Christmas Party


Yearly Temple Prayer

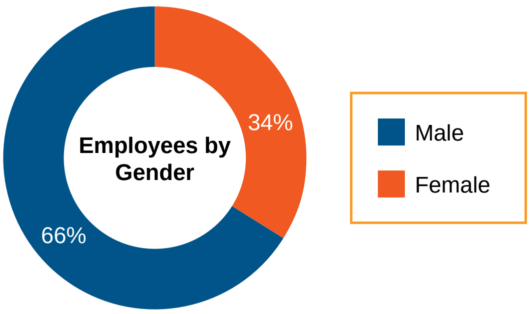

2022 Annual Dinner

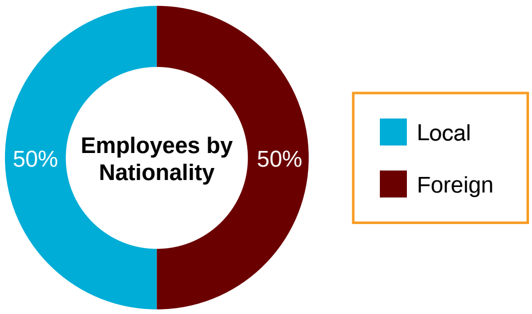

2022 Year End Celebration


Dinner for New Foreign Workers

GSCorp welcomes talented employees from different demographics, expertise, and skills as we believe workforce diversity is one of the attributes which will determine our organisation success.

Details below are the breakdown of our employees:-





Total Number of employees for FY2022: 1,282

SUSTAINABILITY REPORTING

Occupational Health and Safety Management

The Group is committed to ensure the health and safety at the workplace for our employees. Training on company policy and safety is provided to ensure adherence to best practices guidelines and workers' well-being. Furthermore, we have also conducted routinely preventive measures, such as safety briefing and emergency response training. This is to ensure our employees have the latest knowledge of best practices on health and safety and enable them to respond promptly in times of emergency. To that extent, we strictly adhere to the standard of ISO 45001 – Occupational Health and Safely Management certification.

While we strive to work towards zero accidents at our workplace, we acknowledge that there may be instances where accidents may occur for any number of reasons. We ensure that all incidents and accidents are recorded and reported accordingly for corrective action to be taken. As such, the total number of workplaces injuries in our group are as below:-

Year	2021	2022
Work accident	31 cases	**37 cases**
Work fatalities	0 case	**0 case**

Basic Occupational First Aid Training and Demonstration by Certified Trainer

First Aid Training

Medical Examination by Occupational Health Doctor

Firefighting Practice

Fire Drill Response Exercise

Fire Drill and Emergency Response Training

Labour Practices

The magnitude of growth for any companies relies on the capability of its workforce. Sourcing for the right people with the right skills are the foundation of a solid company. As we are automating our manufacturing processes, GSCorp are seeking new and skilled talents to join us, to contribute more to the Group's knowledge. In GSCorp, while we are continuing to find new talents to join us, we are also focused on enhancing the current workforce by bringing various training programs or workshops to enhance, sharpen and deepen the knowledge and skills of our workforce.

Besides, to ensure a Merit-based performance system in the Group, we conduct yearly performance appraisals to provide career development for the employees with outstanding contribution to the Group. The performance of all employees are review by their existing superior and feedback will be provided to employees should any gaps are identified, in their respective career development journey.

To support the growing number of fresh graduates, GSCorp welcome and hire interns and these fresh graduates to provide them with a platform as stepping stone into doing what they are passionate about in the future.

Job Fair

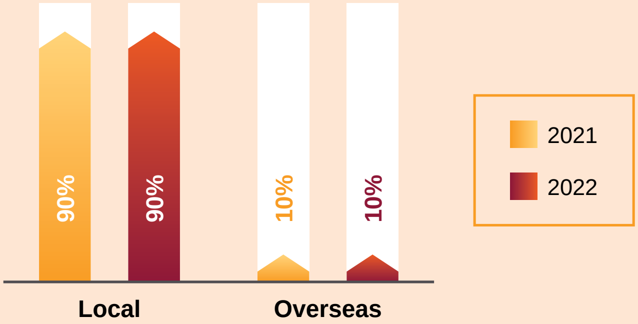
Corporate Social Responsibility ("CSR") Training

Forklift Safety Handling Training

Supportive Procurement Practices

GSCorp has consistently maintained out stand in supporting the local suppliers, with 90% of our contracts awarded to them in the year of 2022. Beside contributing to environmental footprint achieved by shorter supply chains, it is imperative that locals are provided with ample job opportunities, thus contributing to the growth of a developing country.

Percentage of Oversea and Local Suppliers



Blood Donation

Community Investment and Contribution

GSCorp believes in giving back to the local communities, by planning and executing Corporate Social Responsibility ("CSR") programme, either through monetary or non-monetary, to improve the likelihood of the communities that we operate in.

Therefore, GSCorp has taken some initiatives that are aimed to promote community engagement and providing needed care to the less privileged people in the society.

The initiatives taken by GSCorp include as follows:-

- Encourage our employees to participate for blood donations;
- Monetary donations to charitable organisations;
- Welfare visits and necessities contributions to charity organisations.

Governance

Groupwide Policies

GSCorp is committed to uphold the highest standard of Corporate Governance during the conduct of our business, by instilling good governance via processes, policies and have an effective board in compliance with Malaysian Code on Corporate Governance. We developed Code of Conduct and Business Ethics that provides a guideline to all our employees when dealing in the day-to-day business affair.

In recognising the importance of governance, we have the following in place:-

- Clear delineation of limits of authority for management decisions.
- Group financial and corporate policies and procedures
- Group Human Resource Policy
- Risk Management and Internal Audit

We ensure that all our businesses and subsidiaries have licenses to operate and have all the required regulatory approvals in our business operations.

The Group remains vigilant of the changes and updates made to regulations relating to the Group's business operations through investment in training and education for board members. This enhances board's knowledge in investments, accounting, regulation and legislation, helping the board in making sound decisions.

Further information of our Governance initiatives and compliance is described in the next section on our Corporate Governance Statement.

Data Protection, Privacy and Security

Protecting the privacy of our stakeholders is vital and is a part and parcel in our Business. Through the consistent security provided to protect the data, we can instil trust and form long-term partnerships with our stakeholders. To maintain the trust between the Group and our partners, we strongly emphasize and continue to enhance on the process of handling and safekeeping of all the confidential information collected during the business transactions.

In GSCorp, we adhere strictly to the privacy and data security legislation requirement of the Personal Data Protection Act 2010 ("**PDPA**") and has implemented a Personal Data Protection Statement this year, to fortify our effort in protecting our stakeholders. The statement forbids anyone to process personal data unless they have been given consent by the owner and the data can only be used for the intended purpose only. In complying with the PDPA, it is mandatory for any employees or individuals to sign the PDPA notice should they need to disclose their personal data.

We believe by upgrading our current data security protection system, it will help to prevent any unnecessary loss of personal data, coupled with our enhanced process. As the cyber risk is evolving every year, we will remain steadfast and adamant in improving our existing processes and systems, to provide maximum safety to our stakeholders' information.

Transparent and Integrity

In adhering to our philosophy of maintaining high degree of transparency and integrity, we have implemented strict anti-corruption policies within the Group. As and when there are instances of misconduct, we have whistleblowing policy to provide safe and confidential avenue for any employees, regardless of their position, to file reports without fear of reprisal. All of these goes to provide a secure place for employees to work in while ensuring the continuation of positive value held in the Group.

Customer Satisfaction

Customers are at the heart of any business and customer satisfaction is therefore crucial to the sustainability of the Group. In GSCorp, we maintain close relationship by monitoring the feedbacks received from our customers. The data are then collected and analysed to identify any gaps in services and to ensure customers receives corrective response from our Group.

Customer satisfaction is essential to the sustainability of our business. We keep track of the satisfaction levels of customers by continuously engaging with them.

We conduct customer satisfaction survey to ensure we are abreast with our customers' expectations on efficiency, communication, quality, and reliability. We value our customers' feedbacks and strive to resolve the complaints and issues raised in a timely manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of Ge-Shen Corporation Berhad ("**GSCorp**" or "**Company**") is committed to ensure a high standard of corporate governance practices as prescribed in the Malaysian Code on Corporate Governance ("**MCCG**") are implemented and maintained throughout the Company and its subsidiaries ("**the Group**") to protect and enhance shareholders' value and stakeholders' interests.

This Corporate Governance Overview Statement ("**CG Statement**") provides an overview of the application of the principles set out in the MCCG throughout the financial year ended 31 December 2022 ("**FYE 2022**").

This CG Statement serves as a compliance with Paragraph 15.25 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") and should be read together with the Corporate Governance Report of the Company for the FYE 2022 which is available on the Company's corporate website at www.gscorp.com.my and through the announcement published on the website of Bursa Malaysia Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board

The Group is led by an experienced Board comprising members with diverse background, skills and experience ranging from manufacturing, business management, finance and accounting. Together, they contribute their expertise and knowledge relevant to managing and directing the Group's businesses.

The Board is responsible for the overall performance of the Group and oversees the Group's goals, strategy, directions, achievements, performance, and standards of conduct and policies.

Board Charter

In discharging the functions and responsibilities of the Board, the Board is guided by the Board Charter which outlines the roles and responsibilities of the Board, Chairman, Managing Director and Board committees. The Board Charter shall be periodically reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.

The Board Charter is available on the Company's website at www.gscorp.com.my.

Code of Ethics and Conduct

The Directors are committed to observe and comply with the standards set out in the Company Code of Ethics established by the Companies Commission of Malaysia, the Code of Conduct and Ethics for Ge-Shen Group Employees and Group Financial and Corporate Policies and Procedures Manual to promote good business conduct and maintain a healthy corporate culture that engenders integrity, transparency and fairness.

The Code of Ethics for Company Directors and Code of Conduct and Ethics for Ge-Shen Group Employees are published in the Company's website at www.gscorp.com.my.

Whistleblowing Policy

The Company has adopted a Whistleblowing Policy which provides employees and third parties dealing with the Group with proper reporting channels and guidance to disclose any wrongdoing or improper conduct relating to malpractices, unlawful conducts, or any violation of established written policies.

The Whistleblowing Policy is also to ensure that fair treatment is provided to both the whistle-blower and the alleged wrongdoer when a disclosure of improper conduct is made. A disclosure of improper conduct can be made verbally or in writing.

The implementation of the policy enables better transparency and accessibility to our stakeholders to report any misconduct that may occur within the Group.

The Whistleblowing Policy is available on the Company's website at www.gscorp.com.my.

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

I. BOARD RESPONSIBILITIES (CONT'D)

Roles and Responsibilities of the Board

The Board shall collectively and individually exercise its fiduciary duties and use reasonable care, skill and diligence when exercising its duties.

The Board's principal focus is to:-

a. review and adopt an overall strategic plan of the Company;
b. overseeing that the Company is being properly managed and ensure sufficient policies and procedures are in place;
c. oversee performance of the Company;
d. ensure that principal risks are identified and appropriate mitigation deployed via risk management and internal control procedures;
e. monitor succession planning and human capital development to ensure continuity;
f. overseeing an effective communication policy;
g. reviewing the adequacy and integrity of the Company's internal controls; and
h. ensure that the Company has appropriate corporate governance structures and has a culture of corporate responsibility and promotes sustainability within the aspects of environment, social and governance.

Governance of Sustainability

The Board of Directors and Management of GSCorp are determined to embedding sustainability into our business principles and operations to achieve the objectives of the Group. Management manages and communicates sustainability related issues in weekly management meeting.

A Sustainability Committee has been established at Management level to assist the Senior Management in relation to:

a. driving the Group's sustainability strategy initiatives covering environmental, social and economic aspects; and
b. embedding sustainability practices into the Group's businesses.

The Nomination and Remuneration Committee and Board would assess the trainings attended by all Directors to ensure that the Directors are kept abreast of sustainability issues and climate-related risks and opportunities.

Roles of the Chairman and Managing Director ("MD")/Chief Executive Officer ("CEO")

The roles and responsibilities of the Chairman and MD/CEO are distinct and clearly defined as both positions are held by separate individuals to promote accountability and to ensure a balance of power and authority. Mr. Chew Hoy Ping is the Independent Non-Executive Chairman, while Mr. Chan Choong Kong and Mr. Louis Lau Puong Kiet are the Joint CEOs of GSCorp.

The Chairman is responsible for the orderly conduct and working of the Board whilst the Joint CEOs are responsible for overseeing the management of the Group's business operations and implementation of Board decisions.

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

I. BOARD RESPONSIBILITIES (CONT'D)

Roles of the Chairman and Managing Director ("MD")/Chief Executive Officer ("CEO") (Cont'd)

Role	Responsibilities
Chairman	The Chairman of the Board's primary roles are to lead the Board and preside over meetings of Directors, as well as to ensure the smooth functioning of the Board in the interest of good governance. The Chairman shall be responsible for:- i. Leadership of the Board and ensuring accurate, timely and clear information is provided to all the Directors; ii. Overseeing the effective discharge of the Board's key responsibilities, while encouraging active participation and promoting a culture of openness and constructive debate amongst Board members and between the Board and Senior Management; and iii. Acting as a spokesperson for the Board and representing the Company at shareholders' meetings and on other occasions when actions are taken or statements are made in the name of the Company.
MD/CEOs	The MD/CEOs assume the overall responsibilities for execution of the Group's strategies in line with the Board's direction, oversee the operations of the subsidiary companies and drive the Group's businesses and performance towards achieving its vision and goals. The key roles of the MD/CEOs include, among others:- i. Responsible for the strategic execution of the business, and setting of management plans and budgets and policies of the Company; ii. Ensuring that the Senior Management team's conduct is in accordance with all powers, discretion and limits of authority approved by the Board; and iii. Escalating material information to the attention of the Board in an accurate and timely manner.

The Board and the Management have a clear division of power and hence, the Board adopts the Limits of Authority to delegate certain authorities and discretion to the Management along with appropriate the Group Financial and Corporate Policies and Procedures Manual.

Roles of Company Secretaries

Every Director has independent and unrestricted access to the advice and the services of the suitably qualified and competent Company Secretaries in ensuring the effective functioning of the Board.

The Company Secretaries play a vital role in ensuring each Director is made aware of the Company's Constitution, Board policies and procedures, new statutory and regulatory requirements, codes or guidance and legislations. The Company Secretaries ensure that all Board meetings are properly convened and that proper and accurate records of proceedings, deliberations are minuted and resolutions passed are documented and statutory registers are properly maintained at the registered office of the Company.

The Company Secretaries help to enhance the skills of the Directors by continuously encouraging the Directors to attend training and education programmes. This can also contribute to the Directors' active participation in Board deliberations. They are also responsible for ensuring the Group's compliance with the relevant statutory and regulatory requirements.

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

I. BOARD RESPONSIBILITIES (CONT'D)

Dissemination of Information

The Board, in order to discharge their duties and responsibilities effectively, has unrestricted and timely access to information pertaining to the business and corporate affairs of the Group and the advice and services of the Company Secretaries and, if deemed necessary, other independent professionals at the expense of the Company in the discharge of their duties. The Board is supplied with all relevant information and reports on financial, operational, corporate, regulatory, business development, and audit matters by way of Board papers or upon specific request for informed decision making. Prior to Board meetings, notices of Board meetings and Board papers are circulated to the Directors in advance via email to allow sufficient time for the Directors to review, consider and deliberate on matters so that meaningful deliberation and sound decisions could be made at Board meetings.

The regular agendas for Board meetings are the briefings by the Audit and Risk Management Committee ("**ARMC**") Chairman on the outcome of ARMC meeting(s), review of quarterly financial results, briefing by the Group Financial Controller on the business aspects, notation of Directors' resolutions passed, announcements made to Bursa Malaysia Securities and dealings in securities by Directors and Principal Officers, if any.

Senior Management staff are invited to attend Board meetings to furnish additional details or clarification on matters tabled for the Board's consideration and approval.

II. BOARD COMPOSITION

Board Composition

The Board comprises seven (7) members and one (1) Alternate Director as at 24 March 2023, being the latest practicable date for this Annual Report ("**LPD**"). The seven (7) Board members are made up of two (2) Executive Directors and five (5) Independent Non-Executive Directors. This is in compliance with the MCCG for the need for at least half of the Board to comprise Independent Directors and also complied with Paragraph 15.02 of the MMLR. The presence of Independent Non-Executive Directors on the Board provides independent and unbiased view to safeguard the interests of shareholders. The profile of each Board member is set out in this Annual Report.

The Board Charter specifies that the composition of the Board shall reflect a wide range of business, commercial, operational and financial expertise in order to provide a diversity of experiences and professionalism to the Company.

Non-Executive Directors and/or Independent Directors should be persons of calibre, credible and have the necessary skillsets to bring independent judgement, experience and objectivity into the Board decision-making process.

Board Meetings

To ensure that the Group is managed effectively, the Board will have at least five (5) scheduled meetings annually with additional meetings being convened as and when necessary. Notice and Board papers are circulated to the Board in a timely manner prior to Board meetings. This is to ensure that Directors are given sufficient time to read the Board papers and discuss the issues to be raised at Board meetings more effectively.

The number of meetings of the Board and Board Committees held during the financial year under review were as follows:-

- Board of Directors – five (5) meetings
- ARMC – five (5) meetings
- Nomination and Remuneration Committee ("**NRC**") – three (3) meetings

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

II. BOARD COMPOSITION (CONT'D)

Board Meetings (Cont'd)

The details of the Board Meetings attendance of each Director in FYE 2022 were tabled below:-

Name of Directors	Designation	Number of Board meetings attended / held during the tenure of office
Chew Hoy Ping	Chairman, Independent Non-Executive Director	5/5
Chan Choong Kong	Joint CEO * *Re-designated from MD to Joint CEO on 21* February 2023	5/5
Tee Boon Hin	Senior Independent Non-Executive Director * *Re-designated as Senior Independent Non-Executive Director on 24 February 2022*	5/5
Louis Lau Puong Kiet	Joint CEO **Appointed as Joint CEO on 21 February 2023*	5/5
Suresh a/l Thirugnanam	Independent Non-Executive Director	5/5
Noor Aieda binti Ahmad	Independent Non-Executive Director	5/5
Ooi Hooi Kiang	Independent Non-Executive Director * *Appointed on 17 November 2022*	1/1
Ian Chan Tze Liang	Alternate Director to Chan Choong Kong * *Appointed on 24 February 2022*	- #

Mr. Ian Chan who was appointed on 24 February 2022, did not attend any of the Board Meetings held during his tenure of office in the FYE 2022 in his capacity as an Alternate Director. Regardless, he attended all four (4) Board Meetings held during his tenure of office since his appointment on 24 February 2022 as an invitee.

Overall Effectiveness of the Board

In respect of FYE 2022, the Board has through the NRC conducted the following annual assessments to evaluate the performance of the Board, Board Committees and individual Directors:-

1) Evaluation on the effectiveness of the Board as a whole and Board Committees;
2) Size and composition of the Board and Board Committees;
3) Evaluation on each individual Director;
4) Review of length of service of Independent Directors and their independence; and
5) Review the terms of office and performance of the ARMC and each of its members.

The annual assessments are facilitated by the Company Secretaries, where the members of NRC and/or Directors are required to complete a set of evaluation forms individually, and the results are compiled by the Company Secretaries on a confidential basis. At the NRC meeting, the NRC would review the compiled results and discuss on the areas for improvement or actions required. Thereafter, the NRC would report the same to the Board and recommend necessary actions to be taken, if required.

The NRC annual appraisal concluded that the Board has the right mix of skills, expertise and experience for effective discussion and decision making and that the performance of the Board, Board Committees and all the Directors have been satisfactory.

Board Committees

The Board established the following Board Committees with specific terms of reference that outline the functions, duties and responsibilities of the Board Committees in line with the Board's objective in pursuing good governance practice:-

(i) ARMC;
(ii) NRC; and
(iii) Employees' Share Options Scheme ("**Scheme**") Committee ("**ESOSC**").

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

II. BOARD COMPOSITION (CONT'D)

Board Committees (Cont'd)

Board Committee	Role
ARMC *Chairman:* *Tee Boon Hin*	The ARMC was established in line with the MMLR for a public listed company. The main objectives of the ARMC are:- i. to assist the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices for the Group; ii. to maintain, through regularly scheduled meetings, a direct line of communication between the Board and the External Auditors as well as the Group Internal Auditors; iii. to avail to the External and Group Internal Auditors a private and confidential audience at any time they desire and to request such audience through the Chairman of the ARMC, with or without the prior knowledge of Management; iv. to act upon the Board's request to investigate and report on any issue or concern with regard to the Management of the Group; v. to provide direction, oversight and advice to the risk management process; vi. to review the risk management structure or framework, risk management process and support where appropriate recommend changes to cope with the changing environments; and vii. to advise the Board on risk related issues and recommend strategies, policies and risk tolerance for Board information and approval as appropriate.
NRC *Chairperson:* *Noor Aieda binti Ahmad* * *Appointed on 24 February 2022*	The main duties of the NRC are:- i. to assist the Board in overseeing the selection of Directors and MD/CEOs, matters relating to succession planning, boardroom diversity, training courses for Directors and other requisite qualities of Directors, as well as the annual assessment of the effectiveness of the Board as a whole, its Committees and the contribution of each individual Director; and ii. to establish a formal and transparent remuneration policy and annually review the remuneration packages of the MD/CEO.
ESOSC *Chairman:* *Chew Hoy Ping*	The duties and responsibilities of the ESOSC are:- i. to be the administer of the Scheme in such manner as it shall in its discretion deem fit and with such powers and duties as are conferred upon it, subject only to its By-Laws as may be amended from time to time. ii. do all acts and things and enter into any transactions, agreements, deeds, documents or arrangements, and waive or make additional rules, regulations or impose terms and conditions or delegate part of its power relating to the Scheme, which the ESOSC may in its discretion consider to be necessary or desirable for giving full effect to the Scheme. iii. to conduct enquiries and obtain independent legal or other professional advice if it considers necessary in the event of any dispute with any eligible persons with regard to any decision made by the ESOSC pertaining to the Scheme.

The Board is also cognisant of the recommendation of the MCCG for the Chairman of the Board shall not sit in the Audit, Nomination and Remuneration Committees. Taking into consideration of the size of the Company, the Board is of the view that independence can still be exercised effectively without any compromise on the objectivity of the Chairman of the ARMC, Mr. Tee Boon Hin and the Board.

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

II. BOARD COMPOSITION (CONT'D)

Board Committees (Cont'd)

The Board is fully aware of having the same person assuming the positions of Chairman of the Board and NRC would give rise to the risk of self-review and may impair the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the NRC. As such, the Chairman of the Board, Mr. Chew Hoy Ping has ceased to be the chairman and member of the NRC on 24 February 2022. He was succeeded by Pn. Noor Aieda binti Ahmad who had on 24 February 2022 appointed as the Chairperson and member of NRC. During Mr. Chew Hoy Ping's tenure as the Chairman of the NRC, he has observed a high level of governance and abstained from all deliberations and voting for matters he has an interest in, to ensure that there is a proper check and balance as well as objective review by the Board.

Summary of Activities of the NRC

As at LPD, the composition of the NRC is as follows:-

<u>Chairperson</u>

1. Pn. Noor Aieda binti Ahmad (Chairperson, Independent Non-Executive Director)
   * *Appointed on 24 February 2022*

<u>Members</u>

2. Mr. Tee Boon Hin (Member, Senior Independent Non-Executive Director)
   * *Re-designated as Senior Independent Non-Executive Director on 24 February 2022*
3. Mr. Suresh a/l Thirunagnam (Member, Independent Non-Executive Director)

During FYE 2022, the NRC had met three (3) times and performed the following activities in the discharge of its duties:-

1) Evaluated the performance of the Board, Board Committees and each individual Director;
2) Reviewed of the length of service of Independent Directors and their independence;
3) Reviewed the terms of office and performance of the ARMC and each of its members;
4) Reviewed the salary and bonus for the Executive Directors;
5) Reviewed the terms of the employment contract of the Executive Directors;
6) Reviewed and recommended the payment of Directors' fees and benefits;
7) Reviewed and recommended the re-election of the Directors who are to retire by rotation at the Nineteenth Annual General Meeting ("**AGM**");
8) Reviewed and recommended the appointments of new Independent Non-Executive Director and Alternate Director to the Board;
9) Discussed on succession planning and implications on the Board and Board Committees composition taking into account the revisions to the MCCG and MMLR;
10) Reviewed and recommended the revisions to terms of reference of NRC and the policy on remuneration of Directors and Senior Management; and
11) Reviewed the size and composition of the Board and Board Committees.

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

II. BOARD COMPOSITION (CONT'D)

Gender, Ethnicity and Age Group Diversity Policies

The Company is supportive of diversity in any form, whether based on age, gender, race or religion, throughout the Company.

The Company had on 7 April 2022 adopted the Gender Diversity Policy to formalise the practice on gender diversity. The Board practices no discrimination in terms of appointment of Directors, as well as hiring employees wherein the Directors and Senior Management are recruited based on their merit, skills and experiences and not driven by age, cultural background and gender.

As at FYE 2022, the diversity in the race/ethnicity and gender of the existing Directors is as follows:-

	Race/Ethnicity					Gender		
Diversity	Malay	Chinese	Indian	Japanese	Total	Male	Female	Total
Number of Directors	1	6	1	-	**8**	6	2	**8**
Number of Senior Management personnel *	-	6	-	1	**7**	7	-	**7**

The existing Directors' age distribution falling within the respective age group is as follows:-

Age Group (Years)	31 - 40	41 - 50	51 - 60	61 - 70	Total
Number of Directors	2	-	3	3	**8**
Number of Senior Management personnel *	2	-	3	2	**7**

** The number of Senior Management personnel includes the two (2) Executive Directors.*

The Board is cognisant of Practice 5.8 of the MCCG that the Board should comprise at least 30% women Directors. With the appointment of Ms Ooi Hooi Kiang during the financial year under review, the Company has two (2) women Directors on Board, which represents 28.57%. The Board would strive to achieve the target of 30% as recommended by MCCG.

The Company will continue to identify suitable candidates for appointment to the Board as and when vacancies arise. Such candidates will be considered based on competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company and with due regard for the benefits of diversity on the Board.

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

II. BOARD COMPOSITION (CONT'D)

Directors' Training

All the Directors have attended and successfully completed the Mandatory Accreditation Programme as specified by Bursa Malaysia Securities.

During the financial year under review, all Directors had attended at least one (1) training programme. The Directors had attended the following seminars and briefings conducted by regulatory bodies or professional organisations:-

Name of Directors	Seminars and briefing attended
Chew Hoy Ping	- Tax governance: It's time to embrace it - TCFD Climate Disclosure Training Programme 101: Getting started with climate-related financial reporting - TCFD Climate Disclosure Training Programme 102: Building experience in climate-related financial reporting - Digital awareness and upskilling for Board - 2022 Board and Audit Committee priorities - Digital signature - Understanding its principles and applications - Conversations on climate governance #3: Climate change: Directors' Duties and Governance - Part I - Sustainability management and reporting - Complying with international labour standards - Conversations on climate governance #4: Climate change: Directors' Duties and Governance - Part 2 - Navigating through the evolution of Corporate Governance with the introduction of Tax Corporate Governance Framework - Environmental Social and Governance Disclosure at a Glance: Key developments and future trends - Advocacy session for Directors and Senior Management of Main Market Listed Issuers - Risk Management Conference 2022 - The Effective Board - Integral components required for Board effectiveness - Audit Committee: Megatrends and priorities for Boards - Audit Oversight Board's Conversation with Audit Committees - Anti-Bribery management system for ISO 37001: Refresher briefing for Directors
Chan Choong Kong	- Training on Malaysia Budget 2023
Tee Boon Hin	- Transfer pricing: Documentation and compliance - Understanding tax deductibility of expenses - TCFD Climate Disclosure Training Programme 101: Getting started with climate-related financial reporting - TCFD Climate Disclosure Training Programme 102: Building experience in climate-related financial reporting - Malaysian Code on Corporate Governance 2021, Updates on Main Market Listing Requirements and Sustainability Management - National Tax Conference 2022 - Advocacy session for Directors and Senior Management of Main Market Listed Issuers - Transitioning from International Standard on Quality Control 1 to International Standard on Quality Management ("**ISQM**") 1 and ISQM 2 - Including first time implementation requirements - Malaysian Financial Reporting Standards 16: Lease modifications and recent issues
Louis Lau Puong Kiet	- Mindset Change Program - Training on Malaysia Budget 2023 - K-Fair 2022 for plastics and rubber industry
Suresh A/L Thirugnanam	- Antler insights: The New Internet, Web 4 - Asgari Stephen's investing lessons and experiences webinar - "Operations and Meet the Angel Investor" session (as a speaker) - Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers - Entrepreneurs Summit III - BFM Enterprise Breakaway (as a speaker)

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

II. BOARD COMPOSITION (CONT'D)

Directors' Training (Cont'd)

Name of Directors	Seminars and briefing attended
Noor Aieda Binti Ahmad	- Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers - Corporate Governance Advocacy Programme: Bursa Malaysia Immersive Experience: The Board "Agender"
Ooi Hooi Kiang	- Environmental Social and Governance Series for Accountants and Financial Professionals - Business for Human Rights and Environment - MIA International Accountants Conference 2022
Ian Chan Tze Liang	- Mandatory Accreditation Programme

The Board will continue to strive to ensure that all its Directors are equipped with adequate knowledge, skill and experience through structured and unstructured training in order for them to carry out their duties and responsibilities assigned to them diligently and professionally.

The Company has adopted an induction programme for newly appointed Directors. The induction programme aims at communicating to any newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company, corporate strategy, and expectations of the Company concerning input from Directors. The induction briefing is conducted by the Executive Directors.

Appointment to the Board

The appointment of Director(s) to the Board is conducted formally and transparently through assessment by the NRC.

In evaluating the suitability of candidates, the NRC considers, inter-alia, the competency, experience, commitment (including time commitment), contribution and integrity of the candidates, including where appropriate, the criteria on assessing the independence of candidates' appointment as Independent Non-Executive Director(s). Prior to the appointment of a Director, the proposed appointee is required to disclose any other business interests that may result in a conflict in relation to the Group, and shall be required to report any future business interests which may develop post-appointment, that could result in a conflict of interest. The proposed appointee is also required to provide a declaration of fit and proper confirming their probity, personal integrity and reputation, as well as financial integrity in accordance with the Company's Fit and Proper Policy.

For the appointment of a Chairman, the proposed Chairman's expected time commitment and other significant commitments should be disclosed to the Board before the appointment, and any changes thereto should be reported to the Board.

The Board recognises the need for gender diversity among its Directors. The Board through its NRC will take steps to ensure that women candidates are sought as part of its recruitment exercise.

The Company Secretaries have the responsibility of ensuring that all relevant procedures relating to the appointment and re-election of Directors are properly executed and minuted.

The Board acknowledges the importance of not solely relying on recommendations from existing Board members, Management or major shareholders in identifying candidates for appointment of Directors.

Re-election of Directors

In accordance with the Company's Constitution, at least one-third (1/3) of the Directors shall retire from office at each AGM, subject to the retirement of all Directors, at least once in every three (3) years. Retiring Directors could offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the AGM following their appointment.

The NRC reviews and assesses annually the proposed re-appointment and re-election of existing Directors who are seeking re-appointment and re-election at the AGM of the Company. The NRC also obtains a declaration of fit and proper from the Retiring Directors confirming their probity, personal integrity and reputation, as well as financial integrity.

The NRC will conduct performance and contribution assessments, as well as fit and proper assessment of the candidates, if satisfactory, submit its recommendation to the Board for approval before tabling such proposals to the shareholders for approval at the AGM.

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

II. BOARD COMPOSITION (CONT'D)

Annual Assessment of Independence

The Board via the NRC undertakes an annual assessment of independence of its Independent Non-Executive Directors based on criteria established by the NRC. The NRC considers events that would affect the ability of Independent Non-Executive Directors to bring independent and objective judgment for Board deliberations and apply these criteria upon admission, annually and when any new interest or relations develops. The Board will ensure that the independent views of the Independent Non-Executive Directors are not compromised by any close relationships with other Board members.

The NRC obtains an annual declaration of independence from the Independent Directors confirming that they have and will continue maintain their status of independence pursuant to the MMLR. The NRC, having assessed the independence of the Independent Non-Executive Directors, concluded that their independence has not been impaired and is satisfied with the current level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interests of the Company.

The Board will consider to engage a professional and independent party to lend greater objectivity to the assessments as and when required.

Tenure of Independent Directors

The Board takes cognisant that Practice 5.3 of the MCCG recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve the Board subject to his re-designation as a Non-Independent Director. In the event such Director is to be retained as an Independent Director, the Board must first justify and seek annual shareholders' approval through a two-tier voting process to retain the said Director as an Independent Director.

The Board sought shareholders' approval for retention of Mr. Tee Boon Hin who has served the Board as Independent Non-Executive Director for a cumulative term of thirteen (13) years and one (1) month (as at 20 May 2022) at the Nineteenth AGM of the Company held in 2022.

The NRC and Board have assessed the independence of Mr. Tee Boon Hin as an Independent Non-Executive Director and recommended Mr. Tee Boon Hin to the shareholders to approve the retention of Mr. Tee Boon Hin as an Independent Non-Executive Director for the ensuing year. The Board believes that Mr. Tee Boon Hin continues to meet the following criteria and has the integrity and ability to discharge his responsibilities as an Independent Non-Executive Director and bring valuable insight to the Company's business gained over the years with the Company:-

- he fulfilled the criteria under the definition of Independent Director pursuant to the MMLR;
- he was able to exercise independent judgement and act in the best interests of the Company;
- there was no potential conflict of interest that Mr. Tee Boon Hin could have with the Company, as he had not entered into any contract or transaction with the Company and/or its subsidiaries within the scope set out under Paragraph 5 of the Practice Note 13 of the MMLR; and
- he had not developed, established or maintained any significant personal or social relationship, whether direct or indirect, with the MD/CEO, major shareholders or management of the Company (including their family members) other than normal engagements and interactions on a professional level consistent with his duties and expected of him to carry out his duties as an Independent Non-Executive Director.

Mr. Tee Boon Hin who is due to retire pursuant to the Company's Constitution at the forthcoming Twentieth AGM, had indicated his intention not to seek for re-election as a Director of the Company and he will retire at the conclusion of the forthcoming Twentieth AGM of the Company to be held on 18 May 2023 pursuant to the amendment to the definition of Independent Director in the MMLR to limit the tenure of Independent Directors up to twelve (12) years effective from 1 June 2023.

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

II. BOARD COMPOSITION (CONT'D)

Time commitment

The Board is appeased with the current level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the meeting attendance of the Directors at Board meetings. There was a total five (5) Board Meetings held in the FYE 2022. All Directors attended all of the Board Meetings held during their tenure in FYE 2022. The NRC also reviews the directorships held by the Board members on annual basis.

Directors are expected to possess relevant expertise to contribute positively to the Group's performance and to commit sufficient time and attention to execute their responsibilities to the Group. The Board shall obtain this commitment from its new members at the time of appointment.

III. REMUNERATION

Level and Make-up of Remuneration

The Board believes that competitive remuneration is important to attract, retain and motivate Directors of necessary calibre, expertise and experience to lead the Group. The procedure to determine the remuneration of Directors and Senior Management is guided by the Policy on Remuneration of Directors and Senior Management, a copy of the same is available on the Company's website at www.gscorp.com.my.

The remuneration for the Executive Directors is structured to link rewards to the Company and individual performances. The remuneration packages of Non-Executive Directors are based on experience and the responsibilities shouldered by the respective Directors.

The remuneration of the Executive Directors is made up of basic salaries, monetary incentives and fringe benefits; and is linked to the achievement of corporate performance targets. The remuneration of Non-Executive Directors is made up of Directors' fees, meeting allowances and other benefits. The emoluments of Directors are reviewed by the NRC annually.

Directors' remuneration

The breakdown of the remuneration of each individual director is as follows:-

	Fee RM	Allowance RM	Salary RM	Bonus RM	Benefits-in-kind* RM	Other Emoluments** RM	Total RM
The Group							
Independent Non-Executive Directors							
Chew Hoy Ping	60,000	8.750	-	-	-	-	68,750
Tee Boon Hin	60,000	8,000	-	-	-	-	68,000
Suresh A/L Thirugnanam	60,000	3,750	-	-	-	-	63,750
Noor Aieda binti Ahmad	60,000	6,000	-	-	-	-	66,000
Ooi Hooi Kiang	7,692	1,000	-	-	-	-	8,692
Executive Directors							
Chan Choong Kong	-	-	485,300	150,000	-	*80,736	716,036
Louis Lau Puong Kiet	-	-	429,229	255,400	-	81,963	766,592
Ian Chan Tze Liang (Alternate Director of Mr. Chan Choong Kong)	-	-	176,500	64,000	-	32,002	272,502
	247,692	27,500	1,091,029	469,400	-	194,701	2,030,322

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

III. REMUNERATION (CONT'D)

Directors' remuneration (Cont'd)

	Fee RM	Allowance RM	Salary RM	Bonus RM	Benefits-in-kind* RM	Other Emoluments** RM	Total RM
The Company							
Independent Non-Executive Directors							
Chew Hoy Ping	60,000	8.750	-	-	-	-	68,750
Tee Boon Hin	60,000	8,000	-	-	-	-	68,000
Suresh A/L Thirugnanam	60,000	3,750	-	-	-	-	63,750
Noor Aieda binti Ahmad	60,000	6,000	-	-	-	-	66,000
Ooi Hooi Kiang	7,692	1,000	-	-	-	-	8,692
Executive Directors							
Chan Choong Kong	-	-	240,000	32,000	-	33,573	305,572
Louis Lau Puong Kiet	-	-	216,000	40,000	-	31,722	287,722
Ian Chan Tze Liang (Alternate Director of Mr. Chan Choong Kong)	-	-	11,500	15,000	-	3,257	29,757
	247,692	27,500	467,500	87,000	-	68,552	898,243

* *Benefits-in-kind include ex-gratia.*

** *Other emoluments include EPF, SOCSO and EIS.*

The remuneration of the top five (5) key senior management in band of RM50,000 are as follows:-

	Number of Senior Management 2022	2021
RM350,001 - RM400,000	-	1
RM400,001 - RM450,000	1	-
RM450,001 - RM500,000	-	1
RM500,001 - RM550,000	2	3
RM550,001 – RM600,000	-	-
RM600,001 – RM650,000	-	-
RM650,001 – RM700,000	-	-
RM700,001 – RM750,000	1	-
RM750,001 – RM800,000	1	-

* Note: *The remuneration of the top (5) key senior management denotes the full-year remuneration including remuneration prior to the completion of the acquisition of the remaining 60% equity interest in DOSB Technology Pte. Ltd. by Demand Options Sdn. Bhd., a subsidiary of the Company in December 2021.*

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

As at LPD, the composition of the ARMC is as follows:-

Chairman
1. Mr. Tee Boon Hin (Chairman, Senior Independent Non-Executive Director)
   ** Re-designated as Senior Independent Non-Executive Director on 24 February 2022*

Members
2. Mr. Chew Hoy Ping (Member, Independent Non-Executive Director)
3. Pn. Noor Aieda binti Ahmad (Member, Independent Non-Executive Director)

The ARMC is chaired by Mr. Tee Boon Hin, while the Board Chairman is Mr. Chew Hoy Ping. The Chair of the ARMC and the Board is held by different persons.

Financial Reporting

The Board aims to provide and present a balanced, clear and comprehensive assessment of the Group's financial performance and prospects, primarily through the quarterly announcement of results to Bursa Malaysia Securities, annual audited financial statements as well as the review of operations in the Annual Report.

The Board is assisted by the ARMC to ensure that the financial statements are drafted in accordance with the Malaysian Financial Reporting Standards, the relevant accounting policies have been used, consistently applied and supported by reasonable judgements and estimates.

All members of the ARMC are financially literate and are able to understand matters under the purview of the ARMC, including the financial reporting process.

The Directors are satisfied that in preparing the financial statements of the Group for the FYE 2022, appropriate accounting policies have been adopted, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also consider that all the relevant approved accounting standards have been followed in the preparation of these statements.

Relationship with Auditors

The Board, through the ARMC, has maintained a formal and transparent relationship with External Auditors and Group Internal Auditors in seeking advice and ensuring compliance with regulations and approved accounting standards in Malaysia. It is the policy of the ARMC to meet the Auditors to discuss their audit plan, audit findings and financial statements. The ARMC also had the opportunity to consult the Auditors without presence of the Executive Directors and Management before arriving at its independent findings and recommendations. The Auditors are free from relationships or conflicts of interest, which could impair their independence and objectivity.

The ARMC has a policy embedded in its Terms of Reference which restricts former key audit partner of the Company's External Auditors for appointment as a member of the ARMC, unless the said former key audit partner has observed a cooling-off period of at least three (3) years.

Assessment of suitability and independence of External Auditors

The ARMC undertakes an annual assessment of the suitability and independence of the External Auditors. The Board and ARMC had considered Messrs. Crowe Malaysia PLT's profile, resources, skills and knowledge, experience, fee and engagement proposal and recommended the re-appointment of Messrs. Crowe Malaysia PLT as External Auditors of the Company.

The ARMC meets with the External Auditors at least twice a year to discuss audit plan, Annual Financial Statements and audit findings. At least two (2) of these meetings are held without the presence of the Executive Directors and the Management staff, encouraging free and honest views and opinions. The External Auditors are invited to attend the AGM of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and contents of their audit report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Risk Management and Internal Control

The Board acknowledges risk management as an integral component in managing an organisation. The Board sets policies and procedures for internal control and oversees that the implementations of internal control system have been properly carried out by the Senior Management.

The Group Internal Audit Function is considered an essential part of the assurance framework and the mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

The Group Internal Audit department reports directly to the ARMC on its activities based on the approved annual Internal Audit Plan and adopts a risk-based approach towards the planning and conduct of audits, consistent with the Group's framework in designing, implementing and monitoring its internal control system. An Internal Audit Plan setting out the internal audit work expected to be carried out is tabled to the ARMC.

The Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group is set out in this Annual Report.

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

I. COMMUNICATION WITH STAKEHOLDERS

Dialogue between Company and Stakeholders

The Board recognises the need for transparency to the Company's shareholders as well as regular communication with its shareholders, stakeholders and investors on all material business matters affecting the Company. In addition to various announcements made during the year, the timely release of financial results on a quarterly basis and annual reports to Bursa Malaysia Securities are the key channels used to disseminate information on the Group's business activities and financial performance.

The Board has implemented a Policy on Corporate Communication which serves as a guide to ensure proactive engagement and broad dissemination of information in a comprehensive, accurate and timely manner to key stakeholders of the Company.

The Company's website at www.gscorp.com.my contains information concerning the Group which is updated on a regular basis.

In addition, the Company was one of the participants of the investor relations and public relations incentive programme organised by Bursa Malaysia Securities to engage in more active investor relations ("**IR**") engagements on the Company's financial performance, business plans and strategies.

A summary of IR activities conducted as at the date of this Annual Report are listed below:-

Date	Topic of IR activities	Type of IR activities
24 February 2022	Ge-Shen finishes 2021 on a strong note	Press release
28 February 2022	Quarter four (4) of FYE 2021 results	Analyst briefing
20 May 2022	Ge-Shen reports steady Q1 FYE 2022 results	Press release

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II. CONDUCT OF GENERAL MEETINGS

Annual General Meeting

The AGM is the principal forum for dialogue with individual shareholders and investors. It is an useful opportunity for the Directors to promote and encourage communications with its shareholders. The Company provides information in the Notice of AGM, which was sent to shareholders at least 28 days prior to the meeting. Shareholders have direct access to the Directors and are provided with sufficient opportunity and time to participate through questions on the prospect, performance of the Group and other matters of concern. All Directors, Chair of every Board Committees and External Auditors participated the AGM and provided meaningful feedbacks, answers and clarifications to the questions raised from the shareholders during the general meetings. For this purpose, the Board has identified the following person, to whom queries or concerns regarding the Group may be conveyed. The contact details are as follows:-

Name : Mr. Chew Hoy Ping
Position : Chairman of Board
Email : Chairman@gscorp.com.my

The Nineteenth AGM of the Company in year 2022 was conducted on virtual basis vide the online meeting platform hosted on Securities Services e-Portal which allows remote shareholders' participation and voting in absentia. All members, proxies and/or corporate representatives are able to communicate with the main venue of the AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Nineteenth AGM as the primary mode of communication.

The Board supports the use of information technology for the effective dissemination of information. The Company has established a website at www.gscorp.com.my which has served as a useful reference source of information to the shareholders, investors and other stakeholders.

A copy of the Minutes of the Nineteenth AGM was published in the Company's website at www.gscorp.com.my.

Poll Voting

All resolutions put forward to a General Meeting for voting are to be decided on a poll. The outcome of all resolutions proposed in General Meeting will be announced.

III. CORPORATE GOVERNANCE REPORT

This CG Statement shall be read together with the Corporate Governance Report which was published in the Company's website at www.gscorp.com.my.

This CG Statement is made in accordance with the resolution passed by the Board of Directors on 5 April 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Malaysian Code on Corporate Governance (“**the Code**”) requires listed companies to maintain a sound risk management framework and internal control system in the Company and its subsidiaries (“**Group**”). The Board of Directors (“**Board**”) is pleased to present the Statement on Risk Management and Internal Control which has been prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and guided by the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“**Guidelines**”).

Board Responsibilities

The Board affirms its overall responsibility in establishing and maintaining a sound and effective risk management framework and internal control system within the Group to safeguard shareholders’ investment and the Group’s assets.

The Board reviews the adequacy and effectiveness of the Group’s system of internal control and provides reasonable assurance that risks are maintained within tolerable ranges and ensures the implementation of appropriate control measures to manage risks.

The review covers financial, operational and compliance controls of the Group. In view of the limitations of the system of internal control, the system could only manage rather than eliminate all the possible risks of failure to achieve the Group’s business objectives. Therefore, it can only provide reasonable but not absolute assurance against material misstatement of management and financial information, financial losses, breaches of laws and regulations and fraud.

Audit and Risk Management Committee

The Audit and Risk Management Committee (“**ARMC**”) reviews the adequacy and effectiveness of the Group’s system of internal control and integrity of management reporting system via the review of reports received from Group Internal Auditor ("**GIA**"), External Auditors and the Management.

The ARMC reports to the Board on significant matters under their review. The Board then takes the necessary actions and mandate changes where necessary.

Risk Management Framework

The Board regards risk management as an integral part in managing the Group’s business operations to achieve its business objective and adopted a Risk Management Framework to address this. The Risk Management Framework helps to identify, evaluate, monitor and manage significant risks faced by the Group throughout the financial year under review:-

(i) The key risk register is updated systematically by each business unit or subsidiary and is monitored and discussed periodically by the Risk Management Team. Significant findings are communicated to the ARMC and Board on a periodic basis.

(ii) The ARMC is entrusted by the Board with the task of advising the Senior Management team, which include the Joint Chief Executive Officers (“**Joint CEOs**”), on the appropriate action plans to mitigate high priority significant risks and the Senior Management team provides updates to the ARMC on a periodic basis.

(iii) The ARMC has direct responsibility over the internal audit function and directs the GIA to conduct test of compliance on areas of significant risks to test the adequacy and integrity of the Group’s system of internal control and perform updates on agreed Management action plans where controls and/or compliance is identified as unsatisfactory.

Risk Management Framework (Cont'd)

<table>
<tr><th colspan="4">Ge-Shen Corporation Berhad Risk Management and Internal Controls Framework & Policy</th></tr>
<tr><td>Governance & Responsibility</td><td colspan="3">Board of Directors and ARMC
• Approves Risk Management & Internal Controls Framework and Policy
• Review the adequacy and effectiveness of the Framework and Policy
• Monitor and manage key risks</td></tr>
<tr><td>Decision Makers</td><td colspan="3">Senior Management Team
• Drives action plan via the Senior Management Risk Forum and implements internal controls
• Assesses the risk profile of the Group
• Ensure that the risk management activities are coordinated and aligned to the Group's objectives</td></tr>
<tr><td>Operational</td><td>Risk Management Team
• Risk Identification: Consolidated risk profiles
• Risk Evaluation: Analyse risks
• Risk Responses and Mitigation: Promote best practices
• Risk Monitoring: Support and monitor risk owners
• Risk Escalation: Coordinate and report at the Risk Management Forum</td><td>Risk Owners
• Identify: Identify risks which exists in each area of specifications
• Manage: Manage risks and gaps by identifying action plans
• Develop: Develop capabilities, processes and controls to ensure that risks are mitigated
• Monitor: Monitor performance
• Escalate: Escalate and report significant risks</td><td>Internal Audit
• Assesses the risk management process
• Evaluates adequacy and effectiveness of internal controls, guided by the Internal Audit Activity Charter</td></tr>
</table>

The ARMC reviews the Risk Register and Risk Action Plans to ensure that the identified risks are within the risk appetite. During the financial year under review, the Risk Register for its subsidiaries have been continuously reviewed and updated by the risk owners, and that the Risk Registers with risk residual ratings exceeding certain thresholds were tabled to the ARMC for notification.

Group Internal Audit Function

The Board has entrusted the ARMC to review the effectiveness of the Group's system of internal control and integrity of management reporting system on behalf of the Board. The internal audit function undertakes independent, regular and systematic reviews of the Group's systems of internal control, integrity of management reporting system and risk management activities. Internal audits are executed in accordance with a structured internal audit plan approved by the ARMC. The GIA provides the ARMC information, appraisals, recommendations and counsel regarding the activities assessed and other significant issues. The reports of the GIA are submitted and reviewed by the ARMC. The identified risks and control issues are deliberated and discussed during the ARMC meetings.

During the financial year under review, the GIA have conducted seven (7) reviews of the Group's key operational areas. The Internal Audit Report, save for those which were more operational in nature, were tabled to the ARMC for discussion and action plans were agreed in response to the GIA's recommendations. The GIA also conduct periodical follow-up(s) to ensure all the agreed action plans are being implemented accordingly.

The internal audit reviews conducted during the financial year under review did not reveal any significant weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

Whistleblowing

The Whistleblowing Policy is in place and is designated to provide:-

(a) proper reporting channels and guidance to disclose any misconduct, wrongdoing, corruption, fraud, malpractices, waste of Company's resources and any violation of established written policies, rules and regulations within the Group; and

(b) guidelines within the Group or any action that is or could be detrimental to the reputation of the Group and/or compromise the interests of all stakeholders and the public without fear of reprisal or victimisation and/or subsequent discrimination.

Should the whistle-blower believe that the Group is better served if the report was addressed to the levels that is higher than the Management, the policy allows for any complaint or report to be directly submitted to the Chairman of the ARMC.

The Whistleblowing Policy provides an assurance to the whistle-blower who has acted in good faith that he or she would be protected against any unfair practices not limited to retaliation, threat, termination of service, refusal of promotion or any direct or indirect use of authority to obstruct the whistle-blower from continuing making his or her disclosure.

Elements of Internal Control

The following are the key elements of the Group's system of internal controls adopted:-

I. Control Environment

(a) Documented policies and procedures

Documented policies and procedures for Corporate Financial Policies and Procedures are in place on a group wide basis, while at each facility, documented and detailed Quality Management Systems, Human Resources policies and handbooks govern the operational policies and procedures. The Management regularly reviews and updates documented policies and procedures to reflect changing operating environment and risks and ensure proper identification of accountabilities and compliance with internal control.

(b) Others

The Joint CEOs, Senior Management and Managers ("**the Management**"), adopts a hands-on approach in managing the Group's operations. The Management monitors the day-to-day affairs of the Group through review of performance and operation reports and resolves issues at Management and Operational meetings. Any significant issues are immediately brought to the attention of the Joint CEOs.

Established controls for day-to-day operation activities are in place on a group-wide basis and are also monitored on a centralised basis. Certain functions such as accounting, treasury, information technology, internal audit and legal matters are oversee by the Group Strategy & Monitoring team on a group-wide basis from the head office. Daily operational matters are managed by the various management team at each of the facilities.

The Group has also put in place adequate procedures and Standard Operating Procedures to minimise risks relating to Section 17(A) of the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Elements of Internal Control (Cont'd)

II. Control Processes

Apart from the risk management and internal audit functions, the Board has established the following key processes to strengthen the risk management and internal control systems:-

- Quarterly financial reports are reviewed by the ARMC and approved by the Board;
- An organisational structure that formally defines lines of responsibilities and delegation of authority is in place;
- The financial level of delegated table has been drawn to specify the authorities to financial matters and authorisation requirements;
- Management of subsidiaries involved in the daily operations reports periodically to the Group Strategy & Monitoring team and Joint CEOs. Operational issues are brought to scheduled Management meetings for timely resolution. Key results and operational highlights of subsidiaries are presented to the ARMC and the Board on a quarterly basis;
- The Finance department headed by the Vice President, Group Financial Controller reviews and monitors each business unit's performance monthly. Significant issues are promptly reported to the Joint CEOs;
- Quarterly internal reviews and annual external audit are conducted to ensure compliance and continuous improvement of accredited certifications;
- Key Performances Indicators (KPIs) parameters have been implemented;
- Adequate insurance coverage and physical safeguards on major assets are in place to ensure that the assets of the Group are sufficiently covered against pertinent perils that may result in material losses to the Group; and
- Specific Management meetings are held by risk owners to address and follow-up on internal audit issues raised by the GIA.

Assurance Provided by the Joint CEOs

In line with the Guidelines, the Joint CEOs have provided assurance to the Board that the Group's risk management and internal control system has continued to operate adequately and effectively in all material aspects to meet the Group's objectives during the financial year under review.

Review of the Statement by External Auditors

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this statement for inclusion in the Annual Report for the financial year ended 31 December 2022, and reported to the Board that nothing has come to their attention that cause them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control within the Group.

Conclusion

The Board remains committed towards operating a sound system of internal control and will continuously review the adequacy and effectiveness of the risk management framework. This statement is made in accordance with a Board resolution dated on 5 April 2023.

REPORT OF AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee ("**ARMC**") is pleased to present the ARMC Report for the financial year ended 31 December 2022 ("**FYE 2022**").

Composition

As at 24 March 2023, being the latest practicable date for this report, the ARMC comprises the following members:-

Chairman

1. Mr. Tee Boon Hin (Chairman, Senior Independent Non-Executive Director)
   ** Re-designated as Senior Independent Non-Executive Director on 24 February 2022*

Members

2. Mr. Chew Hoy Ping (Member, Independent Non-Executive Director)
3. Pn. Noor Aieda binti Ahmad (Member, Independent Non-Executive Director)

The composition of the ARMC is in compliance with Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia Securities**") and the Malaysian Code on Corporate Governance ("**MCCG**") where all the members are Independent Non-Executive Directors. None of the ARMC members are Alternate Directors.

The ARMC meets the requisite qualifications under Paragraph 15.09(1)(c) of the MMLR with Mr. Tee Boon Hin, the Chairman of the ARMC and Mr. Chew Hoy Ping, a member of the ARMC being members of Malaysian Institute of Accountants ("**MIA**").

Meetings

During the financial year under review, the ARMC held five (5) meetings. The Joint Chief Executive Officers ("**Joint CEOs**"), Management, representatives of the External Auditors and Group Internal Auditor ("**GIA**") were invited to attend the ARMC meetings when required in order to facilitate direct communications in respect on matters of significant concern or interest. The minutes of the ARMC meetings were circulated to all members of the Board of Directors ("**Board**") for their notation.

The details of attendance of the members of the ARMC are as follows:-

Name of the ARMC Members	Attendance of Meetings
Mr. Tee Boon Hin	5/5
Mr. Chew Hoy Ping	5/5
Pn. Noor Aieda binti Ahmad	5/5

Terms of Reference ("TOR")

The TOR of the ARMC was reviewed and updated when necessary to reflect the requirement of the applicable practices and guidance of the MCCG and MMLR. The TOR of the ARMC was last reviewed and updated on 7 April 2022. The latest TOR of the ARMC is made available at the Company's corporate website at www.gscorp.com.my.

Summary of the Work of the ARMC for the FYE 2022

The ARMC carried out its duties in accordance with its TOR and the work undertaken by the ARMC to meet its responsibilities for the FYE 2022 was as follows:-

A. Statement on Risk Management and Internal Control

The ARMC reviewed the Statement on Risk Management and Internal Control ("**Statement**") together with the Internal Auditors and External Auditors. The Statement has taken into account the Guidelines for Directors of Listed Issuers ("**Guidelines**") on the issuance of the Statement in accordance with Paragraph 15.26(b) of the MMLR.

The ARMC received assurance from the Joint CEOs that the Company and its subsidiaries' ("**Group**") risk management and internal control systems are operating adequately and effectively in all material aspects before recommending the Statement to the Board of Directors for approval.

The ARMC has also reviewed the ARMC Report for the financial year ended 31 December 2021 ("**FYE 2021**") for inclusion in the Annual Report 2021 and has recommended its adoption by the Board.

B. Financial Reporting

In overseeing and discharging its responsibilities in respect of financial reporting, the ARMC:-

i. Reviewed the financial performance of the Group on quarterly basis;

ii. Reviewed the quarterly unaudited financial statements of the Group prior to making the recommendations to the Board for consideration and approval as follows:-

Date of Meeting	Review of Unaudited Quarterly Financial Statements
24 February 2022	Unaudited fourth quarter results for the financial period ended 31 December 2021
20 May 2022	Unaudited first quarter results for the financial period ended 31 March 2022
11 August 2022	Unaudited second quarter results for the financial period ended 30 June 2022
17 November 2022	Unaudited third quarter results for the financial period ended 30 September 2022

The ARMC carried out the review of unaudited quarterly financial statements to ensure that they were prepared in accordance with the applicable Malaysian Financial Reporting Standards ("**MFRSs**") and International Accounting Standards, as well as applicable disclosure provisions of the MMLR;

iii. Reviewed the Audited Financial Statements and the External Auditors' findings and recommendations for the FYE 2021 together with Management's responses to the findings of the External Auditors and ensured where appropriate, that necessary corrective actions had been taken by Management;

iv. Reviewed the Annual Budget of the Group for FYE 2022 and its underlying assumptions and recommended the same to the Board for approval; and

v. Reviewed the integrity of the financial information with assurances from the Joint CEOs, that:-

- Appropriate accounting policies had been adopted and applied consistently;
- The going concern basis applied in the Annual Consolidated Financial Statements was appropriate;
- Prudent judgements and reasonable estimates had been made in accordance with the requirements set out in the MFRSs;
- Adequate controls and processes were in place for effective and efficient financial reporting and relevant disclosures under MFRSs and the MMLR; and
- The Annual Consolidated Financial Statements and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.

Summary of the Work of the ARMC for the FYE 2022 (Cont'd)

C. Internal Audit Function

The Board has entrusted the ARMC to review the effectiveness of the Group's system of internal control and integrity of management reporting system on behalf of the Board. The internal audit function undertakes independent, regular and systematic reviews of the Group's systems of internal control, integrity of the management reporting system and risk management activities. Internal audits are executed in accordance with a structured internal audit plan approved by the ARMC. The in-house Group Internal Audit was set up to assist the ARMC and Board in providing independent assessments on the adequacy, efficiency and effectiveness of the Group governance, risk management and internal control processes. The GIA provides the ARMC information, appraisals, recommendations and counsel regarding the activities assessed and other significant issues. The reports from the GIA are submitted and reviewed by the ARMC. The identified risks and control issues are deliberated and discussed during the ARMC meetings.

During the financial year under review, the GIA had conducted seven (7) reviews of the Group's key operational areas. The findings of Internal Audit Reports, save for those which were more operational in nature, were tabled to the ARMC for discussion and action plans were agreed in response to the GIA's recommendations. The GIA also conducts periodical follow-up(s) to ensure all the agreed action plans are being implemented accordingly.

The internal audit reviews conducted during the financial year under review did not reveal any significant weaknesses which would result in material losses, contingencies or uncertainties that would require disclosure in the Annual Report.

The ARMC conducted an assessment on the adequacy of the scope, competency and resources of the internal audit function for the FYE 2021 and the result of the assessment was tabled to the ARMC for discussion. Having reviewed the performance of the GIA for the FYE 2021, the ARMC was satisfactory with the performance of the GIA. The ARMC was of view that the scope of internal audit function is 'adequate' and has added value to the Group by providing further assurance relating to risk management and fraud control.

D. External Audit

The ARMC has in ensuring the credibility and reliability of the Company's financial statements, carried out the following work:-

a) Reviewed the External Auditors' Audit Review Memorandum for the FYE 2021 covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by the Malaysian Accounting Standards Board;

b) Reviewed the Audit Planning Memorandum which had summarised the significant audit matters pertaining to the statutory audit of the Group for FYE 2022, including the expected key audit matters and Management's responses to the internal control matters to be highlighted by the External Auditors in the course of their statutory audit;

c) Reviewed the audit engagement letter on the audit scope, timelines and how key risks (e.g. fraud risk) were factored into their plan including written assurance of independence and objectivity to give assurance that the financial statements are free of material misstatement, whether caused by fraud or error;

d) Reviewed the audit fee for the External Auditors in respect of FYE 2021 and recommended the same to the Board for approval;

e) Held two (2) private sessions with the External Auditors without the presence of the Executive Directors and the Management staff;

f) Conducted an annual assessment of the performance, suitability, objectivity and independence of the External Auditors and was satisfied with their performance, quality of communication, sufficiency and allocation of resources, competency, as well as timelines in completing the audit and recommended the re-appointment of the External Auditors to the Board for approval by its shareholders at the Annual General Meeting in year 2022; and

g) Reviewed the Policies and Procedures to Assess the Suitability, Objectivity and Independence of the External Auditors and recommended the same to the Board for approval.

Summary of the Work of the ARMC for the FYE 2022 (Cont'd)

E. Risk Management

The ARMC has:-

a) Reviewed and recommended the Statement on Risk Management and Internal Control for Board approval; and

b) Reviewed quarterly status reports on internal audit focusing on key risks reporting, post mortem of risk events and the Management's responses.

F. Related Party Transactions

a) Reviewed the quarterly report on recurrent related party transactions and procedures taking note of any possible conflict of interest transactions, ensuring all related party transactions were undertaken on an arm's length basis and in accordance with the Company's normal commercial terms and consistent with the Company's procedures; and

b) Reviewed the estimated recurrent related party transaction mandate for the year and recommended to the Board to seek renewal of shareholders' mandate at the Annual General Meeting in year 2022.

G. Verification of Allocation of Employees' Share Options Scheme ("ESOS")

a) Verified the allocation of options pursuant to ESOS for FYE 2022 pursuant to Paragraph 8.17(2) of Main LR.

Summary of Work of Group Internal Audit Function

As part of the Corporate Governance Framework, the Group maintains and supports an independent and transparent internal audit function which reports directly to the ARMC. The purpose, authority and responsibility of the internal audit function are articulated in an Internal Audit Charter approved by the ARMC and the Board.

The Group Internal Audit Function has organised its work in accordance with the principles of the internal auditing standards covering the conduct of the audit planning, execution, documentation, communication of findings and consultation with key stakeholders on audit concerns. The GIA's primary responsibility is to conduct regular and systematic audits of the significant operations of the Group based on assessed risks so as to provide reasonable and independent assurance to the ARMC of the adequacy and effectiveness of the systems of internal control within the Group.

Before the commencement of the internal audit reviews, an internal audit plan is produced and presented to the ARMC for approval. Upon approval by the ARMC, internal audit reviews would be carried in accordance with the approved internal audit plan. These internal audit reviews are presented to the ARMC on a quarterly basis. Prior to the presentation of reports and findings to the ARMC, comments from the Management were obtained and incorporated into the internal audit findings and reports. The internal audit reports also covered the follow-up by the GIA on the implementation of recommendations in their earlier reports. Following the presentation of the Group Internal Audit Reports, the ARMC also reviews with the GIA, the progress and coverage of the Internal Audit Plan to ensure that the audit direction remains relevant and is in line with the ARMC's expectations.

For FYE 2022, the following reports were table to ARMC as per details below:-

Audit Area/ Function	Tabling of Internal Audit Reports
• Inventory Management	February 2022 /August 2022
• Capital Expenditure	August 2022
• Sub-contractor	
• Business overview	November 2022

The total cost incurred for the Group Internal Audit Function for FYE 2022 amounted to RM168,102/- (2021: RM220,001/-).

This ARMC Report is made in accordance with a resolution passed by the Board on 5 April 2023.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

The Company did not raise funds through any corporate proposal during the financial year under review.

Recurrent Related Party Transaction ("RRPTs")

The Related Party Transactions Policy was put in place to ensure that the Company and its subsidiaries ("**Ge-Shen Group**") meets its obligations under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**MMLR**") relating to related party transactions. All related party transactions, if any, will be presented to the Audit and Risk Management Committee for review on a quarterly basis and later escalated to the Board of Directors for notation.

At the Nineteenth Annual General Meeting of the Company held on 20 May 2022, the Company obtained a mandate from its shareholders for RRPTs of a revenue or trading in nature with related parties.

In compliance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the MMLR, the details of RRPTs conducted during the financial year ended 31 December 2022 pursuant to the shareholders' mandate are set out below:-

Name of Related Party(ies)	Provider	Recipient	Nature of Transactions	Aggregate value of Transactions from 1 January 2022 to 31 December 2022 (RM'000)
• Har Yeow Cheong ("**HYC**")* • Mok Wai Sum ("**MWS**")* • Lim Ee Teow ("**LET**")*	DOSB Technology Pte. Ltd. ("**DTPL**")*	Demand Options Sdn. Bhd.	Sale of goods	1,275*
			Purchase of goods	34*
• HYC • MWS	DP Powder Manufacturing Sdn. Bhd.	Demand Options Sdn. Bhd.	Purchase of Raw Materials	1,083
• Tan Bee Kiang, spouse of HYC • Leong Hoi Ying, spouse of MWS	HYC's spouse and MWS's spouse	Demand Options Sdn. Bhd.	Hostel Rental (Hostel located at Desa Cemerlang and rental is on monthly basis)	-

Remark:-

* *DTPL has become an indirect subsidiary of the Company, through Demand Options Sdn. Bhd. w.e.f. 16 December 2021, subsequent to the acquisition of the remaining 60% equity interest in DTPL from HYC, MWS and LET.*

Despite the completion of acquisition of 16 December 2021, HYC, MWS and LET were still deemed to be a related party of Ge-Shen Group until 15 June 2022, pursuant to Paragraphs 10.02(c) and 10.02(f) of the MMLR.

Hence, the disclosure of the aggregate value of these RRPTs was for the period from 1 January 2022 up till 15 June 2022 only.

Material Contracts Involving Directors and Major Shareholders

There were no material contracts entered by the Ge-Shen Group involving the interest of Directors, chief executive who is not a Director or major shareholders during the financial year under review.

Audit and Non-Audit Fees

The amount of audit and non-audit fees paid and payable to Messrs. Crowe Malaysia PLT and their associated firms for the financial year are as follows:-

	Group RM	Company RM
Audit Fees	172,000	38,000
Non-Audit Fees	59,200	11,000
- Tax Fee	54,200	6,000
- Review of Statement of Risk Management and Internal Control	5,000	5,000

ADDITIONAL COMPLIANCE INFORMATION

Employees Share Option Scheme ("ESOS")

The Company implemented an ESOS, which is in force for a period of five (5) years until 20 September 2021 and was extended for another five (5) years to 21 September 2026.

The number of ESOS options of the Company during the financial year are as follow:-

	Number of options over ordinary shares ('000)		
	Directors	Employees	Total
Total options allotted/granted	3,273	7,717	10,990
Total options accepted	3,273	4,815	8,088
Total options exercised	-	19	19
Total options outstanding	3,273	4,796	8,069

Granted to Directors

Details	Number of options
Aggregate options or shares granted during the year	3,273,000
Aggregate options exercised or shares vested	-
Aggregate options or shares outstanding	3,273,000

Granted to Directors and Senior Management

Details	During the financial year	Since commencement of ESOS
Aggregate maximum allocation in percentage	50%	50%
Actual percentage granted	-	35%

* *Mr. Ian Chan Tze Liang was part of Senior Management until his appointment as the Alternate Director to Mr. Chan Choong Kong on 24 February 2022. His interest in ESOS during the financial year under review was excluded under 'Senior Management' and included under 'Directors'.*

There was no ESOS options offered to and exercised by, or shares granted to and vested in Non-Executive Directors pursuant to ESOS during the financial year ended 31 December 2022.

The maximum number of ordinary shares in the capital of the Company ("**Shares**") that may be offered under the ESOS (excluding treasury shares), shall not exceed 10% of the total issued share capital of the Company at any point of time during the existence of the ESOS.

In addition, not more than 10% of the Shares available under the ESOS shall be allocated to any individual eligible participant, who, either singly or collectively through persons connected with him/her holds 20% or more of the issued share capital of the Company (excluding treasury shares).

In addition and subject always to the By-Laws of the ESOS, the number of new Shares that may be offered and allotted to any selected employees under the ESOS shall be at the absolute discretion of the ESOS Committee after taking into consideration the performance, targets, position, annual appraised performance, seniority and length of service of the selected employees in the Ge-Shen Group.

Not more than 50% of the new Shares available under the ESOS shall be allocated in aggregate to the Executive Directors and Senior Management of Ge-Shen Group, which are not dormant.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The Board of Directors ("**Board**") is required by the Companies Act 2016 ("**CA 2016**") and the applicable approved accounting standards to prepare financial statements which give a true and fair view of the state of affairs of the Company and its subsidiaries ("**Group**") as at the end of the financial year and of the results and cash flow of the Group for the financial year.

The Board considers that in preparing the financial statements:-

- the Group has used appropriate accounting policies which are consistently applied;
- reasonable and prudent judgments and estimates were made; and
- all applicable approved accounting standards in Malaysia have been followed.

The Board is responsible for ensuring that the Group maintains accounting records that disclose with reasonable accuracy, the financial position of the Group, and which enable them to ensure that the financial statements comply with the CA 2016.

The Board has general responsibilities for taking such steps that the appropriate systems are reasonably available to them to safeguard the assets of the Group, to prevent and detect fraud and other irregularities and material misstatements. Such systems, by their nature, could only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

This Statement of Directors' Responsibility in preparing the financial statements was approved by the Board on 5 April 2023.

TABLE OF CONTENTS

Financial Statements

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. There have been no significant changes in the nature of these activities during the financial year. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	9,594	7,188
Attribute to:		
Owners of the Company	10,160	7,188
Non-controlling interests	(566)	-
	9,594	7,188

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company purchase 172,600 of its issued ordinary share from the open market at a price of RM0.92 per share. The total consideration paid for the purchase was RM158,986 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016 and are presented as a deduction from equity.

At the end of the financial year, the Company held as treasury shares a total of 172,600 of its 110,019,000 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM158,986. The details of the treasury shares are disclosed in Note 16 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's Employee Share Option Scheme below.

EMPLOYEE SHARE OPTION SCHEME

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 12 May 2016. The ESOS is to be in force for a period of 5 years effective from 21 September 2016 and has been extended for a further period of 5 years.

The details of the ESOS are disclosed in Note 17(b) to the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

(a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities 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.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances 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.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Chan Choong Kong
Louis Lau Puong Kiet
Chew Hoy Ping
Tee Boon Hin
Suresh A/L Thirugnanam
Ian Chan Tze Liang (Alternate to Chan Choong Kong)
Noor Aieda Binti Ahmad
Ooi Hooi Kiang (Appointed on 17.11.2022)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Har Yeow Cheong
Mok Wai Sum
Lim Ee Teow
Gea Ban Peng
Lim Song Hooi (Resigned on 15.6.2022)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares and options over unissued shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares			
	At 1.1.2022	Bought	Sold	At 31.12.2022
The Company				
Direct Interests				
Chan Choong Kong	5,000,000	-	-	5,000,000
Louis Lau Puong Kiet	2,135,000	-	-	2,135,000
Suresh A/L Thirugnanam	2,999,800	-	-	2,999,800
Ian Chan Tze Liang	200,000	-	-	200,000
Indirect Interests				
Chan Choong Kong #	69,825,888	-	-	69,825,888
Louis Lau Puong Kiet ^	1,736,000	-	-	1,736,000

\# Deemed interested by virtue of his direct substantial shareholding in Pelita Niagamas Sdn. Bhd. and interest through his son's direct shareholding in the Company.

^ Deemed interested by virtue of his direct substantial shareholding in Townhouse Infinity Holdings Sdn. Bhd.

	Number of Options under ESOS			
	At 1.1.2022	Granted	Exercised	At 31.12.2022
The Company				
Chan Choong Kong	870,400	-	-	870,400
Louis Lau Puong Kiet	2,227,600	-	-	2,227,600
Ian Chan Tze Liang	175,000	-	-	175,000

DIRECTORS' INTERESTS (CONT'D)

	Number of Ordinary Shares			
	At 1.1.2022	Bought	Sold	At 31.12.2022
Holding Company				
Pelita Niagamas Sdn. Bhd.				
Chan Choong Kong	1,000	-	-	1,000

By virtue of his substantial shareholding in the holding company, Chan Choong Kong is deemed to have interests in shares in the Company and its related corporations during the financial year to the extent of the holding company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares and options over unissued shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 36(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the share options granted to certain directors pursuant to the ESOS of the Company.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	The Group RM'000	The Company RM'000
Fees	248	248
Salaries, bonuses and other benefits	1,533	500
Defined contribution benefits	158	56
	1,939	804

INDEMNITY AND INSURANCE COST

The Company maintains a Directors' and Officers' Liability Insurance Policy. During the financial year, the amount of insurance premium paid for the directors and certain officers of the Company was RM12,174.

There was no indemnity given to or professional indemnity insurance effected for the auditors of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

HOLDING COMPANY

The holding company is Pelita Niagamas Sdn. Bhd., a private company incorporated in Malaysia, which is also the ultimate holding company.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	The Group RM'000	The Company RM'000
Audit fees	227	35
Non-audit fees	5	5
	232	40

Signed in accordance with a resolution of the directors dated 5 April 2023.

Chan Choong Kong **Louis Lau Puong Kiet**

STATEMENT BY DIRECTORS

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

We, Chan Choong Kong and Louis Lau Puong Kiet, being two of the directors of Ge-Shen Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on pages 82 to 158 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 5 April 2023.

Chan Choong Kong **Louis Lau Puong Kiet**

STATUTORY DECLARATION

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

I, Nurezza Binti Mohd Zaini, MIA Membership Number: 36598, being the officer primarily responsible for the financial management of Ge-Shen Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 82 to 158 are, to the best of my knowledge and belief, 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 abovementioned
Nurezza Binti Mohd Zaini
at Johor Bahru
in the State of Johor
on this 5 April 2023

Before me **Nurezza Binti Mohd Zaini**

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GE-SHEN CORPORATION BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ge-Shen Corporation Berhad, which comprise the statements of financial position as at 31 December 2022 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 a summary of significant accounting policies, as set out on pages 82 to 158.

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 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment Assessment of Goodwill on Consolidation ("Goodwill") Refer to Notes 5.1(b) and 9 to the financial statements	
Key Audit Matter	How our audit addressed the key audit matter
We focused on this area due to:- • The carrying value of RM31.195 million relating to Goodwill which arose from the acquisition of subsidiaries by the Group in previous financial years; • The Group performs annual impairment review of Goodwill by estimating the recoverable amount of its cash-generating units ("CGU") relating to the Goodwill based on value in use ("VIU"). Estimating the VIU of the CGU includes estimating the future cash flows of the relevant CGU and discounting them at an appropriate rate; and • Due to the significance of the Goodwill and the subjectivity involved in estimating the VIU, we considered this impairment review to be a Key Audit Matter.	Our procedures include obtaining the future cash flow projections and the assumptions used by the management for the purpose of these projections together with the calculations for deriving the VIU of the relevant CGU and:- • Evaluating the key assumptions applied such as revenue growth, gross profit margins, operating overheads and terminal value; and • Assessing whether the discount rate used to determine the present value of the future cash flows reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile comparable to those that the entity expects to derive.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GE-SHEN CORPORATION BERHAD

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial 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 6 to the financial statements.

OTHER MATTERS

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

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Wong Tak Mun
01793/09/2024 J
Chartered Accountant

Johor Bahru

5 April 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000 (Restated)
ASSETS					
NON-CURRENT ASSESTS					
Investments in subsidiaries	6	**-**	-	**107,125**	107,082
Property, plant and equipment	7	**120,388**	119,726	**391**	583
Right-of-use assets	8	**12,966**	9,614	**274**	401
Goodwill	9	**31,195**	31,195	**-**	-
		164,549	160,535	**107,790**	108,066
CURRENT ASSESTS					
Inventories	10	**38,438**	48,143	**11**	17
Trade receivables	11	**44,927**	48,429	**-**	-
Other receivables, deposits and prepayments	12	**4,642**	5,051	**562**	509
Amount owing by subsidiaries	13	**-**	-	**7,389**	8,644
Current tax assets		**1,649**	1,712	**-**	38
Fixed deposits with licensed banks	14	**9,604**	4,341	**2,500**	-
Cash and bank balances		**11,448**	6,523	**1,549**	2,352
		110,708	114,199	**12,011**	11,560
TOTAL ASSETS		**275,257**	274,734	**119,801**	119,626

The annexed notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000 (Restated)
EQUITY AND LIABILITIES					
EQUITY					
Share capital	15	**61,855**	61,855	**61,855**	61,855
Treasury shares	16	**(159)**	-	**(159)**	-
Reserves	17	**61,978**	51,136	**46,892**	39,609
Equity attributable to owners of the Company		**123,674**	112,991	**108,588**	101,464
Non-controlling interests	6	**4,946**	5,512	**-**	-
TOTAL EQUITY		**128,620**	118,503	**108,588**	101,464
NON-CURRENT LIABILITIES					
Long-term borrowings	18	**49,181**	48,785	**293**	417
Deferred tax liabilities	19	**2,374**	3,471	**30**	30
		51,555	52,256	**323**	447
CURRENT LIABILITIES					
Trade payables	20	**25,672**	25,678	**-**	-
Other payables and accruals	21	**16,229**	22,181	**653**	605
Amount owing to subsidiaries	13	**-**	-	**6,823**	13,206
Short-term borrowings	22	**38,837**	45,717	**3,338**	3,904
Bank overdrafts	26	**13,763**	10,190	**-**	-
Current tax liabilities		**581**	209	**76**	-
		95,082	103,975	**10,890**	17,715
TOTAL LIABILITIES		**146,637**	156,231	**11,213**	18,162
TOTAL EQUITY AND LIABILITIES		**275,257**	274,734	**119,801**	119,626

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
REVENUE	27	**253,608**	239,805	**10,859**	4,294
OTHER INCOME		**4,044**	5,131	**1,109**	2,505
SHARE OF PROFIT OF EQUITY ACCOUNTED ASSOCIATE		**-**	454	**-**	-
CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		**(1,447)**	2,626	**(35)**	(6)
RAW MATERIALS AND CONSUMABLES USED		**(146,735)**	(139,690)	**-**	-
EMPLOYEE BENEFITS	28	**(54,436)**	(50,717)	**(2,326)**	(2,212)
DEPRECIATION AND AMORTISATION		**(11,766)**	(12,168)	**(348)**	(491)
OTHER OPERATING EXPENSES		**(27,340)**	(25,493)	**(1,401)**	(688)
FINANCE COSTS		**(5,034)**	(4,441)	**(319)**	(211)
NET IMPAIRMENT LOSS ON FINANCIAL ASSET	29	**(137)**	-	**-**	-
PROFIT BEFORE TAXATION	30	**10,757**	15,507	**7,539**	3,191
TAX EXPENSES	31	**(1,163)**	(1,539)	**(351)**	(2)
PROFIT AFTER TAXATION		**9,594**	13,968	**7,188**	3,189
OTHER COMPREHENSIVE INCOME					
Items that Will be Reclassified Subsequently to Profit or Loss					
Foreign currency translation differences		**587**	176	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**10,181**	14,144	**7,188**	3,189

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

AS AT 31 DECEMBER 2022

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		**10,160**	13,152	**7,188**	3,189
Non-controlling interests		**(566)**	816	**-**	-
		9,594	13,968	**7,188**	3,189
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		**10,747**	13,328	**7,188**	3,189
Non-controlling interests		**(566)**	816	**-**	-
		10,181	14,144	**7,188**	3,189
EARNINGS PER SHARE (SEN)					
Basic	32	**9.24**	12.03		
Diluted	32	**9.08**	11.65		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	← Non-Distributable			→	Distributable			
	Share Capital (Note 15) RM'000	Treasury Shares (Note 16) RM'000	Foreign Exhcange Translation Reserve (Note 17(a)) RM'000	Employee Share Option Reserve (Note 17(b)) RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling interests RM'000	Total Equity RM'000
The Group								
Balance at 1.1.2021	59,381	(1,843)	1,830	2,450	33,528	95,346	4,696	100,042
Profit after taxation for the financial year	-	-	-	-	13,152	13,152	816	13,968
Other comprehensive income for the financial year:								
- Foreign currency translation differences	-	-	176	-	-	176	-	176
Total comprehensive income for the financial year	-	-	176	-	13,152	13,328	816	14,144
Contributions by and distributions to owners of the Company:								
- Resale of treasury shares	2,474	1,843	-	-	-	4,317	-	4,317
Balance at 31.12.2021	61,855	-	2,006	2,450	46,680	112,991	5,512	118,503

The annexed notes from an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	← Non-Distributable			→	Distributable			
	Share Capital (Note 15) RM'000	Treasury Shares (Note 16) RM'000	Foreign Exhcange Translation Reserve (Note 17(a)) RM'000	Employee Share Option Reserve (Note 17(b)) RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling interests RM'000	Total Equity RM'000
The Group								
Balance at 1.1.2022	61,855	-	2,006	2,450	46,680	112,991	5,512	118,503
Profit after taxation for the financial year	-	-	-	-	10,160	10,160	(566)	9,594
Other comprehensive income for the financial year:								
- Foreign currency translation differences	-	-	587	-	-	587	-	587
Total comprehensive income for the financial year	-	-	587	-	10,160	10,747	(566)	10,181
Contributions by and distributions to owners of the Company:								
- Share options to employees	-	-	-	95	-	95	-	95
- Purchase of treasury shares	-	(159)	-	-	-	(159)	-	(159)
	-	(159)	-	95	-	(64)	-	(64)
Balance at 31.12.2022	61,855	(159)	2,593	2,545	56,840	123,674	4,946	128,620

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Share Capital (Note 15) RM'000	Treasury Shares (Note 16) RM'000	Employee Share Option Reserve (Note 17(b)) RM'000	Retained Profits RM'000	Total Equity RM'000
The Company					
Balance at 1.1.2021	59,381	(1,843)	2,450	33,970	93,958
Profit after taxation for the financial year/Total comprehensive income for the financial year	-	-	-	3,189	3,189
Contributions by and distributions to owners of the Copmany:					
- Resales treasury shares	2,474	1,843	-	-	4,317
Balance 31.12.2021/1.1.2022	61,855	-	2,450	37,159	101,464
Profit after taxation/Total comprehensive income for the financial year	-	-	-	7,188	7,188
Contributions by and distributions to owners of the Company:					
- Share options to employees	-	-	95	-	95
- Purchase of treasury shares	-	(159)	-	-	(159)
Balance at 31.12.2022	61,855	(159)	2,545	44,347	108,588

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	The Group		The Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES				
Profit before taxation	**10,757**	15,507	**7,539**	3,191
Adjustments for:-				
Depreciation of property, plant and equipment	**11,305**	11,779	**221**	364
Depreciation of right-of-use assets	**461**	389	**127**	127
Impairment loss:				
- trade receivable	**91**	-	**-**	-
- other receivable	**46**	-	**-**	-
Interest expense on lease liabilities	**34**	36	**24**	32
Inventories written down	**446**	395	**-**	-
Other interest expense	**5,000**	4,405	**295**	179
Share options expenses	**95**	-	**52**	-
Share of net profit of equity accounted associate	**-**	(454)	**-**	-
Property, plant and equipment written off	**19**	-	**-**	-
Bargain purchase	**-**	(734)	**-**	-
(Gain)/Loss on foreign exchange - unrealised	**(366)**	(1,160)	**454**	(204)
Gain on disposal of property, plant and equipment	**(110)**	(219)	**-**	-
Gain on reclassifying foreign exchange reserve upon acquisition of subsidiary	**-**	(85)	**-**	-
Waiver of RCPS dividend	**-**	(2,266)	**-**	(2,266)
Loss on re-measurement to fair value of an associate	**-**	338	**-**	-
Interest income	**(147)**	(67)	**(225)**	(1)
Reversal of inventories previously written down	**(429)**	(808)	**-**	-
Operating profit before working capital changes	**27,202**	27,056	**8,487**	1,422
Decrease/(Increase) in inventories	**9,689**	(8,800)	**6**	8
Decrease/(Increase) in trade and other receivables	**3,139**	(4,644)	**(53)**	43
Increase in amount owing by subsidiaries	**-**	-	**(1,611)**	(1)
(Decrease)/Increase in trade and other payables	**(7,801)**	(10,375)	**47**	(136)
CASH FROM OPERATIONS	**32,229**	3,237	**6,876**	1,336
Income tax paid	**(1,934)**	(863)	**(236)**	-
Income tax refunded	**97**	-	**-**	-
NET CASH FROM OPERATING ACTIVITIES	**30,392**	2,374	**6,640**	1,336

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000 (Restated)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Repayment from subsidiary		**-**	-	**2,420**	1,435
Deposit paid for purchase of property, plant and equipment		**(57)**	(577)	**-**	-
Interest received		**147**	67	**27**	1
Proceeds from disposal of property, plant and equipment		**116**	373	**-**	-
Purchase of property, plant and equipment	34(a)	**(4,574)**	(4,212)	**(29)**	(8)
Acquisition of a subsidiary, net of cash and bank balances acquired	33	**(100)**	622	**-**	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		**(4,468)**	(3,727)	**2,418**	1,428
CASH FLOWS FOR FINANCING ACTIVITIES					
Increase in pledged fixed deposits with licensed banks		**(2,763)**	(1,507)	**-**	-
Repayment to subsidiaries	34(b)	**-**	-	**(6,510)**	(1,319)
Drawdown of bankers' acceptance	34(b)	**42,001**	47,715	**-**	-
Drawdown of term loans	34(b)	**1,864**	-	**145**	-
Interest paid	34(b)	**(5,034)**	(4,441)	**(192)**	(211)
Net (repayment)/drawdown of multi currency trade loan	34(b)	**(3,268)**	4,292	**-**	-
Net (repayment)/drawdown of invoice financing	34(b)	**(613)**	463	**-**	-
Net (repayment)/drawdown of revolving credit	34(b)	**(2,454)**	4,207	**(748)**	(1,687)
Repayment of bankers' acceptance	34(b)	**(43,565)**	(42,286)	**-**	-
Repayment of lease liabilities	34(b)	**(219)**	(165)	**(129)**	(137)
Repayment of hire purchase payables	34(b)	**(4,427)**	(4,974)	**(16)**	(99)
Repayment of term loans	34(b)	**(4,412)**	(11,863)	**(91)**	(1,526)
Proceeds from resale of treasury shares		**-**	4,317	**-**	4,317
Purchase of treasury shares		**(159)**	-	**(159)**	-
NET CASH FOR FINANCING ACTIVITIES		**(23,049)**	(4,242)	**(7,700)**	(662)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000 (Restated)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**2,875**	(5,595)	**1,358**	2,102
EFFECT OF FOREIGN EXCHANGE TRANSLATION		**977**	477	**339**	12
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**(3,667)**	1,451	**2,352**	238
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34(d)	**185**	(3,667)	**4,049**	2,352

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Level 7, Menara Milenium Jalan Damanlela, Pusat Bandar Damansara Damansara Heights 50490 Kuala Lumpur
Principal place of business	:	Unit No. 13-05 & 13-07 Menara MBMR No. 1, Jalan Syed Putra Utara 58000 Kuala Lumpur

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 5 April 2023.

2. HOLDING COMPANY

The holding company is Pelita Niagamas Sdn. Bhd., a private company incorporated in Malaysia, which is also the ultimate holding company.

3. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. There have been no significant changes in the nature of these activities during the financial year. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

4. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

4.1 During the current financial year, the Group and the Company have adopted the following new accounting standards (including the consequential amendments, if any):-

MFRSs (Including The Consequential Amendments)
Amendments to MFRS 3: Reference to the Conceptual Framework
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 – 2020

The adoption of the above accounting standards (including the consequential amendments, if any) did not have any material impact on the Group's and the Company's financial statements.

4. BASIS OF PREPARATION (CONT'D)

4.2 The Group and the Company have not applied in advance the following accounting standards (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs (Including The Consequential Amendments)	Effective Date
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

The adoption of the above accounting standards (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment and right-of-use assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(c) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determines whether its property, plant and equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates.

(d) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(e) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables.

(f) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

5.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 BASIS OF CONSOLIDATION (CONT'D)

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statements of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

5.4 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

In the consolidated financial statements, when the settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

(ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value (excluding interest expense) of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

(i) Ordinary Shares

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments (Cont'd)

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

5.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries including the capitalisation of inter-company loans at inception date and the share options granted to employees of the subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2% - 2.56%
Motor vehicles	20%
Equipment, furniture and fittings	10% - 20%
Plant and machinery	10%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

5.8 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 LEASES (CONT'D)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

5.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Raw material cost is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

5.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances and fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

5.11 IMPAIRMENT

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or at fair value through other comprehensive income and trade receivables, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 IMPAIRMENT (CONT'D)

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

5.12 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

5.13 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to employee share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 EMPLOYEE BENEFITS (CONT'D)

(c) Share-based Payment Transactions (Cont'd)

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the employee share option reserve.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital if new ordinary shares are issued.

5.14 INCOME TAXES

(a) Current Tax

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

5.15 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.16 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

5.17 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

5.18 FAIR VALUE MEASUREMENTS

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, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement 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. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1 : Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2 : Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 : Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

5.19 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following overtime criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.19 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(a) Sale of Goods

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) Management Fee

Management fee is recognised on an accrual basis.

(c) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

5.20 OTHER OPERATING INCOME

(a) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(b) Lease Income

Lease income is accounted for on a straight-line method over the lease term.

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6. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost		
At 1 January	**113,383**	113,383
Add: Share options granted to employees of subsidiaries	**43**	-
	113,426	113,383
At 31 December		
Accumulated impairment losses:-		
At 1 January/31 December	**(6,301)**	(6,301)
	107,125	107,082

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2022 %	2021 %	Principal Activities
Subsidiaries of the Company				
Ge-Shen Plastic (M) Sdn. Bhd.	Malaysia	**100**	100	Manufacture and trading of all kinds of plastic moulded products and any type of components, tools and die, any related products and assembly services
Ezec Technology (M) Sdn. Bhd.	Malaysia	**100**	100	Dormant
Ge-Shen (Vietnam) Co., Ltd. ^	Vietnam	**100**	100	Manufacture of plastic moulded products and components
Polyplas Sdn. Bhd.	Malaysia	**100**	100	Manufacture and trading of all kinds of plastic moulded products and any type of components, tools and die, any related products and assembly services
Demand Options Sdn. Bhd.	Malaysia	**70**	70	Manufacture of fabricated metal products
GS Engineering Solutions Pte. Ltd.	Singapore	**100**	-	Dormant
Subsidiary of Demand Options Sdn. Bhd.				
DOSB Technology Pte. Ltd. #	Singapore	**100**	100	Manufacture of fabricated metal products
Subsidiary of Polyplas Sdn. Bhd.				
GS Assembly (PP) Sdn. Bhd. (formerly known as Senja Emas Sdn. Bhd.)	Malaysia	**100**	-	Investment holding

^ This subsidiary is audited by a member firm of Crowe Global of which Crowe Malaysia PLT is a member.

This subsidiary was audited by other firm of chartered accountants.

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(a) During the current financial year, Polyplas Sdn. Bhd. has acquired 100% equity interests in GS Assembly (PP) Sdn. Bhd. and became a wholly-owned subsidiary of Polyplas Sdn. Bhd. The details of the acquisition are disclosed in Note 33(a) to the financial statements.

(b) During the current financial year, the Company subscribed 1 new ordinary share in GS Engineering Solutions Pte. Ltd. for a total cash consideration of RM4.

(c) In the previous financial year, Demand Options Sdn. Bhd. has acquired an additional 60% equity interest in DOSB Technology Pte. Ltd. Following the completion of the acquisition, DOSB Technology Pte. Ltd. became a wholly-owned subsidiary of Demand Options Sdn. Bhd. The details of the acquisition are disclosed in Note 33(b) to the financial statements.

(d) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2022 %	2021 %	2022 RM'000	2021 RM'000
Demand Options Sdn. Bhd.	**30**	30	**4,946**	5,512

(e) The summarised financial information (before intra-group elimination) for a subsidiary that has non-controlling interests that are material to the Group is as follows:-

	Demand Options Sdn. Bhd	
	2022 RM'000	2021 RM'000
At 31 December		
Non-current assets	**28,278**	28,720
Current assets	**18,465**	27,184
Non-current liabilities	**(13,040)**	(14,436)
Current liabilities	**(17,506)**	(23,538)
Net assets	**16,197**	17,930
Financial Year Ended 31 December		
Revenue	**41,618**	47,670
(Loss)/Profit after taxation	**(1,890)**	2,265
Other comprehensive income/(expenses)	**144**	(42)
Total comprehensive (expenses)/income	**(1,746)**	2,223
Total comprehensive (expenses)/income attributable to non-controlling interests	**(524)**	667
Net cash flows from/(for) operating activities	**5,335**	(847)
Net cash flows (for)/from investing activities	**(256)**	436
Net cash flows (for)/from financing activities	**(3,807)**	988

7. PROPERTY, PLANT AND EQUIPMENT

	At 1.1.2022 RM'000	Additions (Note 34(a)) RM'000	Disposals RM'000	Acquisition of a subsidiary (Note 33) RM'000	Written Off RM'000	Exchange Differences RM'000	Depreciation Charges (Note 30) RM'000	Reclassification RM'000	At 31.12.2022 RM'000
The Group									
2022									
Carrying Amount									
Freehold land	26,560	-	-	-	-	-	-	-	26,560
Buildings	35,163	2,897	-	500	-	452	(700)	-	38,312
Motor vehicles	434	608	-	-	-	4	(233)	-	813
Equipment, furniture and fittings	7,039	1,289	-	-	(19)	25	(1,670)	49	6,713
Plant and machinery	50,509	4,518	(6)	-	-	483	(8,702)	(49)	46,753
Assets under construction	21	1,215	-	-	-	1	-	-	1,237
	119,726	10,527	(6)	500	(19)	965	(11,305)	-	120,388

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

	At 1.1.2021 RM'000	Additions (Note 34(a)) RM'000	Disposals RM'000	Acquisition of a subsidiary (Note 33) RM'000	Exchange Differences RM'000	Depreciation Charges (Note 30) RM'000	Reclassification RM'000	At 31.12.2021 RM'000
The Group								
2021 (Restated)								
Carrying Amount								
Freehold land	23,614	2,946	-	-	-	-	-	26,560
Buildings	35,789	16	-	-	302	(1,030)	86	35,163
Motor vehicles	511	297	(145)	16	2	(258)	11	434
Equipment, furniture and fittings	7,624	1,328	-	15	19	(1,947)	-	7,039
Plant and machinery	46,133	12,460	(9)	-	367	(8,544)	102	50,509
Assets under construction	46	172	-	-	2	-	(199)	21
	113,717	17,219	(154)	31	692	(11,779)	-	119,726

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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

	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
The Group			
2022			
Freehold land	**26,560**	**-**	**26,560**
Buildings	**46,597**	**(8,285)**	**38,312**
Motor vehicles	**4,368**	**(3,555)**	**813**
Equipment, furniture and fittings	**27,090**	**(20,377)**	**6,713**
Plant and marchinery	**157,852**	**(111,099)**	**46,753**
Assets under construction	**1,237**	**-**	**1,237**
	263,704	**(143,316)**	**120,388**
2021 (Restated)			
Freehold land	26,560	-	26,560
Buildings	42,677	(7,514)	35,163
Motor vehicles	3,897	(3,463)	434
Equipment, furniture and fittings	26,016	(18,977)	7,039
Plant and machinery	153,494	(102,985)	50,509
Assets under construction	21	-	21
	252,665	(132,939)	119,726

	At 1.1.2022 RM'000	Additions (Note 34(a)) RM'000	Reclassification RM'000	Depreciation Charges (Note 30) RM'000	At 31.12.2022 RM'000
The Company					
2022					
Carrying Amount					
Equipment, furniture and fittings	**463**	**29**	**49**	**(187)**	**354**
Motor vehicles	**38**	**-**	**-**	**(25)**	**13**
Plant and machinery	**82**	**-**	**(49)**	**(9)**	**24**
	583	**29**	**-**	**(221)**	**391**

	At 1.1.2021 RM'000	Additions (Note 34(a)) RM'000	Depreciation Charges (Note 30) RM'000	At 31.12.2021 RM'000
The Company				
2021 (Restated)				
Carrying Amount				
Equipment, furniture and fittings	774	8	(319)	463
Motor vehicles	64	-	(26)	38
Plant and machinery	101	-	(19)	82
	939	8	(364)	583

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

	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
The Company			
2022			
Equipment, furniture and fittings	**2,175**	**(1,821)**	**354**
Motor vehicles	**127**	**(114)**	**13**
Plant and machinery	**66**	**(42)**	**24**
	2,368	**(1,977)**	**391**
2021 (Restated)			
Equipment, furniture and fittings	2,034	(1,571)	463
Motor vehicles	127	(89)	38
Plant and machinery	178	(96)	82
	2,339	(1,756)	583

(a) The following assets at carrying amount have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 22, 25 and 26 to the financial statements:-

	The Group	
	2022 RM'000	2021 RM'000
Freehold land	**26,461**	26,461
Buildings	**38,121**	34,968
Plant and machinery	**365**	1,292
	64,947	62,721

(b) Included in the property, plant and equipment of the Group and of the Company were motor vehicles and plant and machinery with a total carrying amount of RM12,662,000 (2021 – RM14,826,000) and RM13,000 (2021 – RM38,000) held under hire purchase agreements respectively. These assets have been pledged as security for the hire purchase payable of the Group and of the Company as disclosed in Note 23 to the financial statements.

8. RIGHT-OF-USE ASSETS

	At 1.1.2022 RM'000	Additions (Note 34(a)) RM'000	Exchange Differences RM'000	Depreciation Charges (Note 30) RM'000	At 31.12.2022 RM'000
The Group					
2022					
Carrying Amount					
Leasehold land	**8,974**	**3,609**	**192**	**(239)**	**12,536**
Office spaces	**640**	**-**	**12**	**(222)**	**430**
	9,614	**3,609**	**204**	**(461)**	**12,966**

8. RIGHT-OF-USE ASSETS (CONT'D)

	At 1.1.2021 RM'000	Additions (Note 34(a)) RM'000	Exchange Differences RM'000	Depreciation Charges (Note 30) RM'000	At 31.12.2021 RM'000
The Group					
2021 (Restated)					
Carrying Amount					
Leasehold land	9,075	-	131	(232)	8,974
Office spaces	528	272	(3)	(157)	640
	9,603	272	128	(389)	9,614

	At 1.1.2022 RM'000	Depreciation Charges (Note 30) RM'000	At 31.12.2022 RM'000
The Company			
2022			
Carrying Amount			
Office spaces	**401**	**(127)**	**274**

	At 1.1.2021 RM'000	Depreciation Charges (Note 30) RM'000	At 31.12.2021 RM'000
The Company			
2021 (Restated)			
Carrying Amount			
Office spaces	528	(127)	401

(a) The Group leases leasehold land and office spaces of which the leasing activities are summarised below:-

(i) Leasehold land — The Group has 4 (2021 – 3) non-cancellable lease agreements for the use of land. The leases are for a period of 34, 35, 38 and 60 (2021 – 35, 38 and 60) years respectively, with no renewal or purchase option included in the agreements.

(ii) Office spaces — The Group has leased two offices for 3 (2021 – 3) years, with an option to renew the lease after that date.

(b) The leasehold land has been pledged to licensed banks as security for banking facilities granted to subsidiaries of the Group as disclosed in Notes 22, 25 and 26 to the financial statements.

9. GOODWILL

	The Group	
	2022 RM'000	2021 RM'000
Cost:-		
At 1 January/31 December	**31,195**	31,195

9.1 The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	The Group	
	2022 RM'000	2021 RM'000
Polyplas Sdn. Bhd.	**28,726**	28,726
Demand Options Sdn. Bhd.	**2,469**	2,469
	31,195	31,195

9.2 The Group has assessed the recoverable amounts of goodwill allocated and determined that no impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Revenue Growth Rate		Discount Rate	
	2022	2021	2022	2021
Polyplas Sdn. Bhd.	**5.0%**	5.1%	**10.13%**	8.5%
Demand Options Sdn. Bhd.	**5.0%**	7.0%	**10.13%**	8.5%

(a) Polyplas Sdn. Bhd.

(i) Revenue growth rate — Based on expected sales growth to customers.

(ii) Discount rate (pre-tax) — Reflects risks relating to the relevant cash-generating unit.

(b) Demand Options Sdn. Bhd.

(i) Revenue growth rate — Based on expected sales growth to customers.

(ii) Discount rate (pre-tax) — Reflects risks relating to the relevant cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

9.3 The Group has assessed its recoverable amount which is determined using the value in use approach. Cash flow projections are based on 5 years of financial budgets approved by management. Cash flows beyond the 5th year are extrapolated to 50 years using a terminal growth rate of 5%.

9.4 The directors believe that there is no reasonable possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

10. INVENTORIES

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Raw materials	**18,363**	24,944	**-**	-
Work-in-progress	**5,010**	6,675	**-**	-
Finished goods	**8,918**	8,309	**-**	-
Toolings	**3,817**	3,548	**-**	-
Tools and supplies	**629**	514	**-**	-
Trading goods	**11**	17	**11**	17
Goods-in-transit	**1,690**	4,136	**-**	-
	38,438	48,143	**11**	17
Recognised in profit or loss:-				
Inventories recognised as cost of sales	**213,580**	200,168	**35**	6
Inventories written down (Note 30)	**446**	395	**-**	-
Reversal of inventories previously written down (Note 30)	**(429)**	(808)	**-**	-

11. TRADE RECEIVABLES

	The Group	
	2022 RM'000	2021 RM'000
Trade receivables - third parties	**45,018**	48,429
Allowance for impairment losses	**(91)**	-
	44,927	48,429
Allowance for impairment losses:-		
At 1 January	**-**	-
Addition during the financial year (Note 29)	**91**	-
At 31 December	**91**	-

The Group's normal trade credit terms range from 30 to 90 (2021 – 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

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12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other receivables - third parties	**1,162**	1,358	**11**	4
Deposits	**2,051**	1,928	**287**	287
Prepayments	**1,551**	1,841	**264**	218
	4,764	5,127	**562**	509
Allowance for impairment losses	**(122)**	(76)	**-**	-
	4,642	5,051	**562**	509
Allowance for impairment losses:-				
At 1 January	**76**	76	**-**	-
Addition during the financial year (Note 29)	**46**	-	**-**	-
At 31 December	**122**	76	**-**	-

Included in deposits of the Group at the end of the financial year is an amount of RM56,654 (2021 – RM576,975) which represents downpayment paid for property, plant and equipment.

13. AMOUNT OWING BY/(TO) SUBSIDIARIES

	The Company	
	2022 RM'000	2021 RM'000
Amount Owing by Subsidiaries		
Current		
Trade balances	**1,824**	213
Non-trade balances	**16,530**	19,396
	18,354	19,609
Allowance for impairment losses:		
- non-trade balances	**(10,965)**	(10,965)
	7,389	8,644
Amount Owing to Subsidiaries		
Current		
Non-trade balances	**(6,823)**	(13,206)

(a) The trade balances are subject to the normal credit terms ranging from 30 to 60 (2021 – 30 to 60) days. The amounts owing are to be settled in cash.

(b) The non-trade balance represents unsecured advances and payments made on behalf and bears an interest ranging from 1.74% to 2.28% per annum. The amount owing is repayable on demand and is to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. FIXED DEPOSITS WITH LICENSED BANKS

	The Group		The Company	
	2022	2021	2022	2021
Interest rate range (% per annum)	**1.75 - 3.21**	1.75 - 2.42	**2.30**	-
Maturity periods (days)	**30 - 365**	365	**30 - 40**	-
Amounts pledged to banks as security for banking facilities (RM'000)	**7,104**	4,341	**-**	-

15. SHARE CAPITAL

	The Group/The Company			
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
	Number of Shares			
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January	**110,019**	110,019	**61,855**	59,381
Resale of treasury shares	**-**	-	**-**	2,474
At 31 December	**110,019**	110,019	**61,855**	61,855

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

16. TREASURY SHARES

During the financial year, the Company purchased 172,600 (2021 – Nil) of its issued ordinary share from the open market at a price of RM0.92 (2021 – RM Nil) per share. The total consideration paid for the purchase was RM158,986 (2021 – RM Nil) including transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

Of the total 110,019,000 (2021 – 110,019,000) issued and fully paid-up ordinary shares at the end of the reporting period, 172,600 (2021 – Nil) ordinary shares are held as treasury shares by the Company. None (2021 – 3,092,000) of the treasury shares were resold during the financial year.

17. RESERVES

(a) Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary whose functional currencies are different from the Group’s presentation currency.

(b) Employee Share Option Reserve

The employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The Employee Share Option Scheme of the Company (“ESOS”) is governed by the ESOS By-Laws and was approved by shareholders on 12 May 2016. The ESOS is to be in force for a period of 5 years effective from 21 September 2016 and has been extended for a further period of 5 years.

17. RESERVES (CONT'D)

(b) Employee Share Option Reserve (Cont'd)

The main features of the ESOS are as follows:-

(a) Eligible persons are employees and/or directors of the Group, save for companies which are acquired, and becomes a subsidiary of the Company upon such acquisition during the duration of the ESOS, who have been confirmed in the employment of the Group and have served for at least 2 years before the date of the offer.

(b) The maximum number of new ordinary shares of the Company, which may be available under the scheme (excluding treasury shares), shall not exceed in aggregate 10%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESOS.

(c) The option price shall be determined by the ESOS Committee based on the 5-day weighted average market price of ordinary shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10%.

(d) The option may be exercised by the grantee by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS.

(e) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

The option prices and the details in the movement of the options granted are as follows:-

			← Number of Options over Ordinary Shares →				
Date of Offer	Exercise Price	Exercise Period	At 1.1.2022 '000	Granted and Accepted '000	Exercised '000	Lapsed '000	At 31.12.2022 '000
23.2.2017	RM1.80	30.6.2017	**889**	**-**	**-**	**(29)**	**860**
23.2.2017	RM1.80	30.6.2018	**1,214**	**-**	**-**	**(38)**	**1,176**
23.2.2017	RM1.80	30.6.2019	**910**	**-**	**-**	**(28)**	**882**
17.7.2020	RM0.70	18.7.2022	**1,374**	**150**	**-**	**(236)**	**1,288**
17.7.2020	RM0.80	18.7.2024	**1,924**	**210**	**-**	**(331)**	**1,803**
17.7.2020	RM0.90	18.7.2026	**2,198**	**240**	**-**	**(378)**	**2,060**
			8,509	**600**	**-**	**(1,040)**	**8,069**

The options which lapsed during the financial year were due to the resignation of employees.

			← Number of Options over Ordinary Shares →			
Date of Offer	Exercise Price	Exercise Period	At 1.1.2021 '000	Granted and Accepted '000	Exercised '000	At 31.12.2021 '000
23.2.2017	RM1.80	30.6.2017	797	92	-	889
23.2.2017	RM1.80	30.6.2018	1,088	126	-	1,214
23.2.2017	RM1.80	30.6.2019	816	94	-	910
17.7.2020	RM0.70	18.7.2022	-	1,374	-	1,374
17.7.2020	RM0.80	18.7.2024	-	1,924	-	1,924
17.7.2020	RM0.90	18.7.2026	-	2,198	-	2,198
			2,701	5,808	-	8,509

17. RESERVES (CONT'D)

(b) Employee Share Option Reserve (Cont'd)

The number of options exercisable as at 31 December 2022 was 4,206,000 (2021 – 3,013,000) and have an exercise price in the range of RM0.70 to RM1.80 (2021 – RM1.80) and contractual life of 4 (2021 – 5) years.

In the previous financial year, the Company offered a total of 7,930,000 share options at an exercise price in the range of RM0.70 to RM0.90 per ordinary share to the Eligible Person of the Group in accordance with the By-Laws of the ESOS out of which 5,496,000 share options were granted and accepted by the Eligible Persons in the previous financial year.

These options expire on 21 September 2026 and are exercisable if the employee remains in service in the Group.

The fair values of the share options granted were estimated using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The fair values of the share options measured at grant date and the assumptions used are as follows:-

	2021 The Group/The Company		
Fair values of share options at the grant date (RM)	0.0480	0.0143	0.0002
Weighted average ordinary share price (RM)			
Exercise price of share option (RM)	0.45	0.45	0.45
Expected volatility (%)	0.70	0.80	0.90
Expected life (years)	25.30	25.30	25.30
Risk free rate (%)	5	3	1
	1.75	1.75	1.75

18. LONG-TERM BORROWINGS

	The Group		The Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000 (Restated)
Lease liabilities (Note 24)	**239**	463	**171**	308
Hire purchase payables (Note 23)	**3,864**	6,935	**38**	55
Term loans (Note 25)	**45,078**	41,387	**84**	54
	49,181	48,785	**293**	417

19. DEFERRED TAX LIABILITIES

	At 1.1.2022 RM'000	Recognised in Profit or Loss (Note 31) RM'000	At 31.12.2022 RM'000
The Group			
2022			
Deferred Tax Liability			
Property, plant and equipment	**4,575**	**268**	**4,843**
	4,575	**268**	**4,843**
Deferred Tax Assets			
Unused tax incentives	**(866)**	**(648)**	**(1,514)**
Others	**(238)**	**(717)**	**(955)**
	(1,104)	**(1,365)**	**(2,469)**
	3,471	**(1,097)**	**2,374**

	At 1.1.2021 RM'000	Recognised in Profit or Loss (Note 31) RM'000	At 31.12.2021 RM'000
The Group			
2021			
Deferred Tax Liability			
Property, plant and equipment	3,763	812	4,575
	3,763	812	4,575
Deferred Tax Assets			
Unused tax incentives	(282)	(584)	(866)
Others	(643)	405	(238)
	(925)	(179)	(1,104)
	2,838	633	3,471

19. DEFERRED TAX LIABILITIES (CONT'D)

	At 1.1.2022 RM'000	Recognised in Profit or Loss (Note 31) RM'000	At 31.12.2022 RM'000
The Company			
2022			
Deferred Tax Liability			
Property, plant and equipment	**30**	**-**	**30**

	At 1.1.2021 RM'000	Recognised in Profit or Loss (Note 31) RM'000	At 31.12.2021 RM'000
The Company			
2021			
Deferred Tax Liability			
Property, plant and equipment	28	2	30

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	The Group	
	2022 RM'000	2021 RM'000
Unused tax losses:		
- expires year of assessment 2021	**-**	979
- expires year of assessment 2022	**2,162**	2,410
- expires year of assessment 2023	**3,725**	3,509
- expires year of assessment 2024	**1,636**	1,541
- expires year of assessment 2025	**1,523**	1,435
- expires year of assessment 2028	**527**	527
- expires year of assessment 2032	**745**	-
	10,318	10,401

20. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 90 (2021 – 30 to 90) days.

21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables	**9,957**	15,286	**194**	168
Accrued expenses	**6,272**	6,895	**459**	437
	16,229	22,181	**653**	605

22. SHORT-TERM BORROWINGS

	The Group		The Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000 (Restated)
Lease liabilities (Note 24)	**234**	216	**137**	129
Hire purchase payables (Note 23)	**3,483**	4,370	**17**	16
Bankers' acceptance	**12,574**	14,138	**-**	-
Invoice financing	**3,264**	3,877	**-**	-
Revolving credits	**7,623**	9,604	**3,084**	3,683
Multi currency trade loan	**4,432**	7,700	**-**	-
Term loans (Note 25)	**7,227**	5,812	**100**	76
	38,837	45,717	**3,338**	3,904

(a) Bankers' acceptance are drawn for a period of up to 120 (2021 – 120) days and carry interest ranging from 3.26% to 7.42% (2021 – 2.50% to 3.37%) per annum and are secured by:-

(i) legal charges over certain landed properties of the Group as disclosed in Note 7 to the financial statements;

(ii) pledged of fixed deposits as disclosed in Note 14 to the financial statements; and

(iii) corporate guarantee from the Company.

(b) Invoice financing are drawn for a period of up to 142 (2021 – 90) days and carry interest ranging from 4.42% to 6.97% (2021 – 3.35% to 3.48%) per annum and are secured by:-

(i) legal charges over a landed property of the Group as disclosed in Note 7 to the financial statements; and

(ii) corporate guarantee from the Company.

(c) Revolving credits are drawn for a period ranging from 92 to 180 (2021 – 95 to 180) days which is renewable on maturity and the Group and the Company carry interest ranging from 4.17% to 7.48% (2021 – 2.19% to 7.00%) and 4.17% to 7.48% (2021 – 3.06% to 3.10%) per annum respectively.

(d) Multi currency trade loan at the end of the reporting period carry floating interest rate of 3.80% to 6.90% (2021 – 1.72% to 3.59%) per annum and was drawn for a period of up to 119 (2021 – 119) days and is secured by:-

(i) legal charges over certain landed properties of the Group as disclosed in Notes 7 and 8 to the financial statements;

(ii) pledge of fixed deposits of the Group as disclosed in Note 14 to the financial statements; and

(iii) corporate guarantee from the Company.

23. HIRE PURCHASE PAYABLES

	The Group		The Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000 (Restated)
Minimum hire purchase payments:				
- not later than 1 year	**3,821**	4,926	**19**	19
- later than 1 year and not later than 5 years	**4,053**	7,443	**40**	59
- later than 5 years	**51**	-	**-**	-
	7,925	12,369	**59**	78
Less: Future finance charges	**(578)**	(1,064)	**(4)**	(7)
Present value of hire purchase payables	**7,347**	11,305	**55**	71
Analysed by:-				
Current liabilities (Note 22)	**3,483**	4,370	**17**	16
Non-current liabilities (Note 18)	**3,864**	6,935	**38**	55
	7,347	11,305	**55**	71

The hire purchases of the Group and of the Company are secured by certain assets as disclosed in Note 7(b) to the financial statements with terms of 3 to 7 (2021 – 3 to 7) and 7 (2021 – 7) years respectively. The hire purchase payables of the Group and of the Company carry effective interest rates ranging from 3.82% to 7.65% (2021 – 3.82% to 7.65%) and 4.66% (2021 – 4.66%) per annum respectively.

24. LEASE LIABILITIES

	The Group		The Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000 (Restated)
At 1 January	**679**	574	**437**	574
Additions (Note 34(b))	**-**	272	**-**	-
Interest expense recognised in profit or loss (Note 30)	**34**	36	**24**	32
Repayment of principal	**(219)**	(165)	**(129)**	(137)
Repayment of interest expense	**(34)**	(36)	**(24)**	(32)
Exchange difference	**13**	(2)	**-**	-
At 31 December	**473**	679	**308**	437
Analysed by:-				
Current liabilities (Note 22)	**234**	216	**137**	129
Non-current liabilities (Note 18)	**239**	463	**171**	308
	473	679	**308**	437

25. TERM LOANS (SECURED)

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current liabilities (Note 22)	**7,227**	5,812	**100**	76
Non-current liabilities (Note 18)	**45,078**	41,387	**84**	54
	52,305	47,199	**184**	130

(a) The term loans are secured by:-

(i) legal charges over certain landed properties and plant and machinery of the Group as disclosed in Notes 7 and 8 to the financial statements; and

(ii) corporate guarantee from the Company.

(b) Interests on all the Group's and the Company's term loans are based on floating rate terms and the effective rates during the financial year range from 3.47% to 9.50% (2021 – 3.27% to 6.81%) and 6.62% to 6.70% (2021 – 6.62%) per annum respectively.

26. BANK OVERDRAFTS (SECURED)

(a) The bank overdrafts of the Group are secured in the same manner as the short-term borrowings as disclosed in Note 22 to the financial statements.

(b) The bank overdrafts of the Group at the end of the reporting period carry floating interest rates ranging from 6.41% to 8.22% (2021 – 5.97% to 7.22%) per annum.

27. REVENUE

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Sale of goods	**253,608**	239,805	**38**	6
Management fee income	**-**	-	**3,821**	3,588
Dividend income	**-**	-	**7,000**	700
	253,608	239,805	**10,859**	4,294

28. EMPLOYEE BENEFITS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term employee benefits	**51,938**	48,286	**2,152**	1,988
Contributions to defined contribution plans	**2,498**	2,431	**174**	224
	54,436	50,717	**2,326**	2,212

29. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group	
	2022 RM'000	**2021 RM'000**
Impairment losses:		
- trade receivable (Note 11)	**91**	-
- other receivable (Note 12)	**46**	-
	137	-

30. PROFIT BEFORE TAXATION

	The Group		The Company	
	2022 RM'000	**2021 RM'000 (Restated)**	**2022 RM'000**	**2021 RM'000 (Restated)**
Profit before taxation is arrived at:				
After Charging				
Auditors' remuneration:				
- audit fees:				
- current year	**227**	210	**35**	35
- overprovision in the previous financial year	**-**	(3)	**-**	-
- non-audit fee:				
- auditors of the Company	**5**	5	**5**	5
Depreciation:				
- property, plant and equipment (Note 7)	**11,305**	11,779	**221**	364
- right-of-use assets (Note 8)	**461**	389	**127**	127
Inventories written down (Note 10)	**446**	395	**-**	-
Interest expense on lease liabilities (Note 24)	**34**	36	**24**	32
Lease expenses:				
- short-term leases	**1,717**	729	**-**	-
- low-value assets	**5**	4	**-**	-
Loss on re-measurement to fair value of an associate	**-**	338	**-**	-
Loss on foreign exchange:				
- realised	**438**	486	**-**	-
- unrealised	**598**	60	**454**	-
Property, plant and equipment written off (Note 7)	**19**	-	**-**	-
Share option expense	**95**	-	**52**	-
Total interest expenses on financial liabilities that are not at fair value through profit or loss	**5,000**	4,405	**295**	179

30. PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000 (Restated)
Profit before taxation is arrived (Cont'd):				
After Crediting				
Bargain purchase (Note 33(b))	-	734	-	-
Gain on disposal of property, plant and equipment	**110**	219	-	-
Gain on foreign exchange:				
- realised	**1,418**	53	**860**	28
- unrealised	**964**	1,220	-	204
Lease income	**2**	2	-	-
Reversal of inventories previously written down (Note 10)	**429**	808	-	-
Total interest income on financial assets measured at amortised cost	**147**	67	**225**	1
Waiver of RCPS dividend	-	2,266	-	2,266

31. TAX EXPENSES

Tax expenses recognised in profit or loss

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Income tax:				
- current financial year	**2,344**	889	**224**	-
- (over)/underprovision in the previous financial year	**(84)**	17	**127**	-
	2,260	906	**351**	-
Deferred tax (Note 19):				
- origination and reversal of temporary differences	**(888)**	675	-	2
- overprovision in the previous financial year	**(209)**	(42)	-	-
	(1,097)	633	-	2
	1,163	1,539	**351**	2

31. TAX EXPENSES (CONT'D)

Tax expenses recognised in profit or loss (Cont'd)

A reconciliation of tax expense applicable to the profit before taxation at the statutory tax rate to tax expenses at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation	**10,757**	15,507	**7,539**	3,191
Tax expense at the statutory tax rate of 24% (2021 – 24%)	**2,582**	3,722	**1,809**	766
Tax effects of:-				
Non-taxable income	**43**	(841)	**(1,637)**	(832)
Non-deductible expenses	**419**	431	**62**	67
Tax incentive	**(898)**	(1,362)	**-**	-
Deferred tax assets not recognised during the financial year	**234**	63	**56**	63
Utilisation of deferred tax assets previously not recognised	**(747)**	(511)	**(66)**	(62)
Differential in tax rate of foreign subsidiaries	**(131)**	62	**-**	-
Tax exemption	**(46)**	-	**-**	-
(Over)/Underprovision of income tax in the previous financial year	**(84)**	17	**127**	-
Overprovision of deferred tax in the previous financial year	**(209)**	(42)	**-**	-
Tax expense for the financial year	**1,163**	1,539	**351**	2

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021 – 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

32. EARNINGS PER SHARE

	The Group	
	2022 RM'000	2021 RM'000
Profit attributable to owners of the Company - RM'000	**10,160**	13,152
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 January - ('000)	**110,019**	110,019
Effect of treasury shares held - ('000)	**(38)**	(3,092)
Effect of treasury shares resold - ('000)	**-**	2,414
Weighted average number of ordinary shares at 31 December ('000)	**109,981**	109,341
Basic earnings per share - (Sen)	**9.24**	12.03

32. EARNINGS PER SHARE (CONT'D)

	The Group	
	2022 RM'000	2021 RM'000
Profit attributable to owners of the Company for diluted earnings per share computation - (RM'000)	**10,160**	13,152
Weighted average number of ordinary shares for basic earnings per share - ('000)	**109,981**	109,341
Weighted average number of shares deemed to be issued for no consideration:		
- ESOS offered in 2020 - ('000)	**1,946**	3,592
Weighted average number of ordinary shares for diluted earnings per share computation - ('000)	**111,927**	112,933
Diluted earnings per share - (Sen)	**9.08**	11.65

33. ACQUISITION OF SUBSIDIARIES

(a) During the financial year, the Group's subsidiary – Polyplas Sdn. Bhd. acquired 100% equity interests in GS Assembly (PP) Sdn. Bhd. The acquisition of this subsidiary is to enable the Group to rent the property for its business operations.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2022 RM'000
Property, plant and equipment (Note 7)	**500**
Other receivables, deposits and prepayments	**1,300**
Cash and bank balances	**400**
Other payables and accruals	**(1,700)**
Net identifiable assets acquired	**500**
Total purchase consideration, to be settled by cash	**500**
Less: Cash and bank balances of subsidiary acquired	**(400)**
Net cash outflow from the acqusition of a subsidiary	**100**

The subsidiary has contributed profit after taxation of RM4,858 to the Group since the date of acquisition.

If the acquisition was effective at the beginning of the current financial year, the Group's profit after taxation for the current financial year would have been RM9.53 million.

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33. ACQUISITION OF SUBSIDIARIES (CONT'D)

(b) In the previous financial year, the Group's 70%-owned subsidiary – Demand Options Sdn. Bhd. acquired 60% equity interests in DOSB Technology Pte. Ltd. The acquisition of this subsidiary is to enable the Group to:-

(i) Further expand its oversea presence; and
(ii) Further diversify the Group's customer base and expand its marketing reach to include customers from Singapore.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2021 RM'000
Property, plant and equipment (Note 7)	31
Inventories	103
Trade and other receivables	2,633
Cash and bank balances	1,314
Trade and other payables	(307)
Current tax liabilities	(158)
Net identifiable assets acquired	3,616
Less: Previously held interest in associate	(1,153)
Less: Bargain purchase (Note 30)	(734)
Total purchase consideration, to be settled by cash	1,729
Less: Cash and bank balances of subsidiary acquired	(1,314)
Less: Amount owing to vendors	(1,037)
Net cash inflow from the acqusition of a subsidiary	(622)

The subsidiary had contributed revenue of RM681,809 and loss after taxation of RM87,673 to the Group since the date of acquisition.

If the acquisition was effective in the beginning of the previous financial year, the Group's revenue and profit after taxation for the current financial year would have been RM247.76 million and RM14.88 million respectively.

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34. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
Property, plant and equipment				
Cost of property, plant and equipment purchased (Note 7)	**10,527**	17,219	**29**	8
Less: Deposit made in previous financial year	**(650)**	-	**-**	-
Less: Amount financed through term loans (Note (b) below)	**(4,047)**	(7,745)	**-**	-
Less: Acquired through hire purchase arrangement (Note (b) below)	**(463)**	(2,563)	**-**	-
Less: Other payables - amount not yet due for payment	**(793)**	(2,699)	**-**	-
	4,574	4,212	**29**	8
Right-of-use assets				
Cost of right-of-use assets acquired (Note 8)	**3,609**	272	**-**	-
Less: Additions of new lease liabilities (Note (b) below)	**-**	(272)	**-**	-
Less: Amount financed through term loans (Note (b) below)	**(3,609)**	-	**-**	-
	-	-	**-**	-

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34. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

	Bankers' Acceptance RM'000	Invoice Financing RM'000	Bank Overdrafts RM'000	Lease Liabilities RM'000	Hire Purchase Payables RM'000	Revolving Credits RM'000	Multi Currency Trade Loan RM'000	Term Loans RM'000	Total RM'000
The Group									
2022									
At 1 January	14,138	3,877	-	679	11,305	9,604	7,700	47,199	94,502
Changes in Financing Cash Flows									
Proceeds from drawdown	42,001	14,102	*	-	-	10,757	26,547	1,864	95,271
Repayment of principal	(43,565)	(14,715)	*	(219)	(4,427)	(13,211)	(29,815)	(4,412)	(110,364)
Repayment of interests	(480)	(165)	(890)	(34)	(589)	(360)	(214)	(2,302)	(5,034)
	(2,044)	(778)	(890)	(253)	(5,016)	(2,814)	(3,482)	(4,850)	(20,127)
Other Changes									
New term loans (Note (a) above)	-	-	-	-	-	-	-	7,656	7,656
New hire purchase (Note (a) above)	-	-	-	-	463	-	-	-	463
Foreign exchange adjustments	-	-	-	13	6	473	-	(2)	490
Interest expense recognised in profit or loss (Note 30)	480	165	890	34	589	360	214	2,302	5,034
	480	165	890	47	1,058	833	214	9,956	13,643
At 31 December	12,574	3,264	-	473	7,347	7,623	4,432	52,305	88,018

34. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Bankers' Acceptance RM'000	Invoice Financing RM'000	Bank Overdrafts RM'000	Lease Liabilities RM'000	Hire Purchase Payables RM'000	Revolving Credits RM'000	Multi Currency Trade Loan RM'000	Term Loans RM'000	Total RM'000
The Group									
2021 (Restated)									
At 1 January	8,709	3,414	-	574	13,233	5,220	3,408	51,317	85,875
Changes in Financing Cash Flows									
Proceeds from drawdown	47,715	12,192	*	-	-	9,941	32,391	-	102,239
Repayment of principal	(42,286)	(11,729)	*	(165)	(4,974)	(5,734)	(28,099)	(11,863)	(104,850)
Repayment of interests	(393)	(103)	(753)	(36)	(761)	(310)	(169)	(1,916)	(4,441)
	5,036	360	(753)	(201)	(5,735)	3,897	4,123	(13,779)	(7,052)
Other Changes									
Addition of new leases (Notes 24 and (a) above)	-	-	-	272	-	-	-	-	272
New term loans (Note (a) above)	-	-	-	-	-	-	-	7,745	7,745
New hire purchase (Note (a) above)	-	-	-	-	2,563	-	-	-	2,563
New hire purchase for assets purchased in year 2020	-	-	-	-	484	-	-	-	484
Foreign exchange adjustments	-	-	-	(2)	(1)	177	-	-	174
Interest expense recognised in profit or loss (Note 30)	393	103	753	36	761	310	169	1,916	4,441
	393	103	753	306	3,807	487	169	9,661	15,679
At 31 December	14,138	3,877	-	679	11,305	9,604	7,700	47,199	94,502

34. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to Subsidiaries RM'000	Term Loans RM'000	Hire Purchase Payables RM'000	Total RM'000
The Company						
2022						
At 1 January	437	3,683	13,206	130	71	17,527
Changes in Financing Cash Flows						
Proceeds from drawdown	-	-	-	145	-	145
Repayment of principal	(129)	(748)	(6,510)	(91)	(16)	(7,494)
Repayment of interests	(24)	(156)	-	(9)	(3)	(192)
	(153)	(904)	(6,510)	45	(19)	(7,541)
Other Changes						
Foreign exchange adjustments	-	149	-	-	-	149
Interest expense recognised in profit or loss (Note 30)	24	156	127	9	3	319
	24	305	127	9	3	468
At 31 December	308	3,084	6,823	184	55	10,454

34. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

	Lease Liabilities RM'000	Revolving Credits RM'000	Amount Owing to Subsidiaries RM'000	Term Loans RM'000	Hire Purchase Payables RM'000	Total RM'000
The Company						
2021 (Restated)						
At 1 January	574	5,220	14,525	1,656	170	22,145
Changes in Financing Cash Flows						
Repayment of principal	(137)	(1,687)	(1,319)	(1,526)	(99)	(4,768)
Repayment of interests	(32)	(122)	-	(51)	(6)	(211)
	(169)	(1,809)	(1,319)	(1,577)	(105)	(4,979)
Other Changes						
Foreign exchange adjustments	-	150	-	-	-	150
Interest expense recognised in profit or loss (Note 30)	32	122	-	51	6	211
	32	272	-	51	6	361
At 31 December	437	3,683	13,206	130	71	17,527

* Bank overdrafts has formed part of the cash and cash equivalents, therefore, no movement for principal amount is presented.

34. CASH FLOW INFORMATION (CONT'D)

(c) The total cash outflows for leases as a lessee are as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000 (Restated)
Payment of short-term leases	**1,717**	729	**-**	-
Payment of low-value assets	**5**	4	**-**	-
Interest paid on lease liabilities	**34**	36	**24**	32
Payment of lease liabilities	**219**	165	**129**	137
	1,975	934	**153**	169

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed deposits with licensed banks (Note 14)	**9,604**	4,341	**2,500**	-
Cash and bank balances	**11,448**	6,523	**1,549**	2,352
Bank overdrafts (Note 26)	**(13,763)**	(10,190)	**-**	-
	7,289	674	**4,049**	2,352
Less: Fixed deposits pledged to licensed banks (Note 14(b))	**(7,104)**	(4,341)	**-**	-
	185	(3,667)	**4,049**	2,352

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35. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(a) Directors				
Directors of the Company				
Short-term employee benefits:				
- fees	**248**	211	**248**	211
- salaries, bonuses and other benefits	**1,533**	1,254	**500**	556
	1,781	1,465	**748**	767
Defined contribution benefits	**158**	104	**56**	55
	1,939	1,569	**804**	822
Directors of the Subsidiaries				
Short-term employee benefits:				
- fees	**1**	-	**-**	-
- salaries, bonuses and other benefits	**1,156**	1,010	**-**	139
	1,157	1,010	**-**	139
Defined contribution benefits	**171**	159	**-**	17
	1,328	1,169	**-**	156
Total directors' remuneration	**3,267**	2,738	**804**	978
(b) Other Key Management Personnel				
Short-term employee benefits	**310**	323	**-**	-

36. RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

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.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, holding company, associate, key management personnel and entities within the same group of companies.

36. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group	
	2022 RM'000	2021 RM'000
Associate		
Sales of goods	-	3,475
Purchases of goods	-	548
Research and development costs paid/payable	-	73
Company in which a director has substantial interest		
Rental expenses paid/payable	**156**	168
Company in which certain directors of a subsidiary have substantial interests		
Sub-contract charges paid/payable	**1,083**	1,990

	The Company	
	2022 RM'000	2021 RM'000
Management fee income from subsidiaries	**3,821**	3,588
Rental expenses paid/payable to a company in which a director has substantial interest	**156**	168

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Managing Director as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their geographical regions.

The Group is organised into the 2 main geographical segments as follows:-

- Malaysia and Singapore - manufacture of plastic moulded products, components, tools and die, fabricated metal products
- Vietnam - manufacture of plastic moulded products and components

37. OPERATING SEGMENTS (CONT'D)

(a) The Managing Director assesses the performance of the reportable segments based on their profit before interest expense and tax. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.

(b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment other than tax-related assets.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. Transfer prices between geographical segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

37.1 GEOGRAPHICAL SEGMENTS

	Malaysia and Singapore RM'000	Vietnam RM'000	Group RM'000
2022			
Revenue			
External revenue	**221,940**	**31,668**	**253,608**
Inter-segment revenue	**340**	**-**	**340**
	222,280	**31,668**	**253,948**
Consolidation adjustments			**(340)**
Consolidated revenue			**253,608**
Results			
Segment profit	**13,665**	**3,065**	**16,730**
Finance costs			**(5,034)**
Unallocated expenses			**(599)**
Consolidation adjustments			**(340)**
Consolidated profit before taxation			**10,757**

37. OPERATING SEGMENTS (CONT'D)

37.1 GEOGRAPHICAL SEGMENTS (CONT'D)

	Malaysia and Singapore RM'000	Vietnam RM'000	Group RM'000
2022			
Results (Cont'd)			
Segment profit includes the followings:-			
Depreciation of property, plant and equipment	(8,794)	(2,511)	(11,305)
Depreciation of right-of-use assets	(340)	(121)	(461)
Gain on foreign exchange:			
- realised	1,418	-	1,418
- unrealised	964	-	964
Interest expenses	(4,810)	(224)	(5,034)
Interest income	147	*	147
Inventories written down	(193)	(253)	(446)
Gain on disposal of property, plant and equipment	95	15	110
Loss on foreign exchange:			
- realised	(405)	(33)	(438)
- unrealised	(577)	(21)	(598)
Property, plant and equipment written off	(19)	-	(19)
Lease expense	(1,722)	-	(1,722)
Reversal of inventories previously written down	429	-	429

* Denotes amount less than RM500.

37. OPERATING SEGMENTS (CONT'D)

37.1 GEOGRAPHICAL SEGMENTS (CONT'D)

	Malaysia and Singapore RM'000	Vietnam RM'000	Group RM'000
2022			
Assets			
Segment assets	**222,854**	**29,702**	**252,556**
Unallocated assets:			
- fixed deposits with licensed banks			**9,604**
- cash and bank balances			**11,448**
- current tax assets			**1,649**
Consolidated total assets			**275,257**
Additions to non-current assets other than financial instruments			
Property, plant and equipment	**9,356**	**1,171**	**10,527**
Right-of-use assets	**3,609**	**-**	**3,609**
Liabilities			
Segment liabilities	**37,649**	**4,252**	**41,901**
Unallocated liabilities:			
- deferred tax liabilities			**2,374**
- short-term borrowings			**38,837**
- long-term borrowings			**49,181**
- bank overdrafts			**13,763**
- current tax liabilities			**581**
Consolidated total liabilities			**146,637**

37. OPERATING SEGMENTS (CONT'D)

37.1 GEOGRAPHICAL SEGMENTS (CONT'D)

	Malaysia and Singapore RM'000	Vietnam RM'000	Group RM'000
2021 (Restated)			
Revenue			
External revenue	212,860	26,945	239,805
Inter-segment revenue	57	-	57
	212,917	26,945	239,862
Consolidation adjustments			(57)
Consolidated revenue			239,805
Segment profit	20,814	1,638	22,452
Finance costs			(4,441)
Share of results in an associate			454
Unallocated expenses			(2,901)
Consolidation adjustments			(57)
Consolidated profit before taxation			15,507
Segment profit includes the followings:-			
Depreciation of property, plant and equipment	(9,363)	(2,416)	(11,779)
Depreciation of right-of-use assets	(275)	(114)	(389)
Gain on foreign exchange:			
- realised	53	-	53
- unrealised	1,220	-	1,220
Interest expenses	(4,254)	(187)	(4,441)
Interest income	67	*	67
Inventories written down	(395)	-	(395)
Gain on disposal of property, plant and equipment	219	-	219
Loss on foreign exchange:			
- realised	(485)	(1)	(486)
- unrealised	(48)	(12)	(60)
Lease expense	(733)	-	(733)
Reversal of inventories previously written down	745	63	808
Share of results in an associate	454	-	454

* Denotes amount less than RM500.

37. OPERATING SEGMENTS (CONT'D)

37.1 GEOGRAPHICAL SEGMENTS (CONT'D)

	Malaysia and Singapore RM'000	Vietnam RM'000	Group RM'000
2021 (Restated)			
Assets			
Segment assets	232,074	30,084	262,158
Unallocated assets:			
- fixed deposits with licensed banks			4,341
- cash and bank balances			6,523
- current tax assets			1,712
Consolidated total assets			274,734
Additions to non-current assets other than financial instruments			
Property, plant and equipment	16,897	322	17,219
Right-of-use assets	272	-	272
Liabilities			
Segment liabilities	35,749	12,319	48,068
Unallocated liabilities:			
- deferred tax liabilities			3,471
- short-term borrowings			45,717
- long-term borrowings			48,785
- bank overdrafts			10,190
Consolidated total liabilities			156,231

37.2 BUSINESS SEGMENTS

	Revenue		Non-current Assets	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
The Group				
Injection moulding	**211,990**	192,135	**136,271**	131,815
Metal stamping	**41,618**	47,670	**28,278**	28,720
	253,608	239,805	**164,549**	160,535

37.3 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:-

	Revenue		Segment
	2022 RM'000	2021 RM'000	
Customer #1	**72,889**	53,443	Malaysia and Singapore
Customer #2	**-**	19,749	Malaysia and Singapore

38. CAPITAL COMMITMENTS

	The Group	
	2022 RM'000	2021 RM'000
Purchase of property, plant and equipment	**885**	3,858

39. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

39.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily, Vietnam Dong ("VND"), United States Dollar ("USD") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currencies for workings capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currencies of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	VND RM'000	USD RM'000	SGD RM'000
The Group			
2022			
Financial Assets			
Trade receivables	**263**	**27,967**	**346**
Other receivables	**-**	**911**	**31**
Cash and bank balances	**46**	**5,817**	**469**
	309	**34,695**	**846**
Financial Liabilities			
Trade payables	**(532)**	**(12,768)**	**(511)**
Other payables and accruals	**-**	**(6)**	**(222)**
Lease liability	**-**	**-**	**(164)**
Multi currency trade loan	**-**	**(1,566)**	**-**
Invoice financing	**-**	**(469)**	**-**
Revolving credits	**(477)**	**(3,084)**	**-**
	(1,009)	**(17,893)**	**(897)**
Currency Exposure	**(700)**	**16,802**	**(51)**

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	VND RM'000	USD RM'000	SGD RM'000
The Group			
2021			
Financial Assets			
Trade receivables	202	24,885	100
Other receivables	-	926	7
Cash and bank balances	19	2,505	351
	221	28,316	458
Financial Liabilities			
Trade payables	(885)	(10,151)	(546)
Other payables and accruals	-	(1,570)	(229)
Lease liability	-	-	(241)
Multi currency trade loan	-	(5,129)	-
Revolving credits	(691)	(3,683)	-
	(1,576)	(20,533)	(1,016)
Currency Exposure	(1,355)	7,783	(558)

	The Company	
	2022 RM'000	2021 RM'000
USD		
Financial Assets		
Amount owing by subsidiaries	**5,805**	8,456
Cash and bank balances	**1,321**	2,085
	7,126	10,541
Financial Liability		
Revolving credits	**(3,084)**	(3,683)
Currency Exposure	**4,042**	6,858

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of reporting period, with all other variables held constant:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Effects on Profit After Taxation				
VND/RM - strengthened by 9%				
(2021 – 7%)	**(48)**	(72)	**-**	-
- weakened by 9%				
(2021 – 7%)	**48**	72	**-**	-
USD/RM - strengthened by 14%				
(2021 – 6%)	**1,785**	354	**430**	313
- weakened by 14%				
(2021 – 6%)	**(1,785)**	(354)	**(430)**	(313)
SGD/RM - strengthened by 10%				
(2021 – 3%)	**(1)**	(14)	**-**	-
- weakened by 10%				
(2021 – 3%)	**1**	14	**-**	-

	The Group	
	2022 RM'000	2021 RM'000
Effect on Equity		
USD/RM		
- strengthened by 14% (2021 – 6%)	**2,792**	971
- weakened by 14% (2021 – 6%)	**(2,792)**	(971)

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings and fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 22, 25 and 26 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Effects on Profit After Taxation				
Increase of 100 (2021 – 25) basis point	**(664)**	(161)	**(41)**	(9)
Decrease of 100 (2021 – 25) basis point	**664**	161	**41**	9

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by transacting with the established and multinational companies. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (2021 – 2) customers which constituted approximately 32% (2021 – 29%) of its trade receivables (including related parties) at the end of the reporting period.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile (Cont'd)

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties) at the end of the reporting period is as follows:-

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Malaysia	**18,898**	28,447	**1,482**	188
USA	**15,727**	8,360	**-**	-
Vietnam	**3,098**	3,482	**241**	25
Singapore	**3,013**	5,114	**101**	-
Thailand	**1,389**	-	**-**	-
Europe	**1,741**	1,522	**-**	-
China	**287**	757	**-**	-
Others	**774**	747	**-**	-
	44,927	48,429	**1,824**	213

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 6 months past due.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables (including related parties) have been grouped based on shared credit risk characteristics and the days past due.

The Group and the Company measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 36 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group and the Company was identified the unemployment rate as the key macroeconomic factor of the forward-looking information.

Allowance for Impairment Losses

	Gross Amount RM'000	Individual/ Collective Impairment RM'000	Carrying Amount RM'000
The Group			
2022			
Current (not past due)	**31,888**	**-**	**31,888**
1 to 30 days past due	**5,829**	**-**	**5,829**
31 to 60 days past due	**6,264**	**-**	**6,264**
61 to 90 days past due	**672**	**-**	**672**
91 to 120 days past due	**79**	**-**	**79**
121 to 150 days past due	**137**	**-**	**137**
Credit impaired	**149**	**(91)**	**58**
	45,018	**(91)**	**44,927**

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

Allowance for Impairment Losses (Cont'd)

	Gross Amount RM'000	Individual/ Collective Impairment RM'000	Carrying Amount RM'000
The Group			
2021			
Current (not past due)	37,217	-	37,217
1 to 30 days past due	8,753	-	8,753
31 to 60 days past due	1,606	-	1,606
61 to 90 days past due	651	-	651
91 to 120 days past due	19	-	19
121 to 150 days past due	5	-	5
Credit impaired	178	-	178
	48,429	-	48,429

The movements in the loss allowances in respect of trade receivables are disclosed in Note 11 to the financial statements.

The Company

The Company believes that no impairment allowance is necessary in respect of its trade receivables because they are subsidiaries with a positive financial position.

Other Receivables

Other receivables are also subject to the impairment requirements of MFRS 9. The movements in the loss allowances in respect of other receivables is disclosed in Note 12 to the financial statements.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing by Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the amount owing would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Company considers the subsidiaries past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the subsidiaries to settle its debts.

Allowance for Impairment Losses

At the end of the reporting period, there was no indication that the amount owing is not recoverable other than those which had already impaired in the previous financial year, as disclosed in Note 13 to the financial statements.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
The Group						
2022						
Non-derivative Financial Liabilities						
Trade payables	-	25,672	25,672	25,672	-	-
Other payables and accruals	-	16,229	16,229	16,229	-	-
Bankers' acceptance	3.26 - 7.42	12,574	12,574	12,574	-	-
Hire purchase payables	3.82 - 7.65	7,347	7,925	3,821	4,053	51
Invoice financing	4.42 - 6.97	3,264	3,264	3,264	-	-
Lease liabilities	5.25 - 6.25	473	502	255	247	-
Revolving credits	4.17 - 7.48	7,623	7,623	7,623	-	-
Multi currency trade loan	3.80 - 6.90	4,432	4,432	4,432	-	-
Term loans	3.47 - 9.50	52,305	66,774	9,354	30,318	27,102
Bank overdrafts	6.41 - 8.22	13,763	13,763	13,763	-	-
		143,682	158,758	96,987	34,618	27,153

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
The Group						
2021 (Restated)						
Non-derivative Financial Liabilities						
Trade payables	-	25,678	25,678	25,678	-	-
Other payables and accruals	-	22,181	22,181	22,181	-	-
Bankers' acceptance	2.50 - 3.37	14,138	14,138	14,138	-	-
Hire purchase payables	3.82 - 7.65	11,305	12,369	4,926	7,443	-
Invoice financing	3.35 - 3.48	3,877	3,877	3,877	-	-
Lease liabilities	5.25 - 6.25	679	743	250	493	-
Revolving credits	2.19 - 7.00	9,604	9,604	9,604	-	-
Multi currency trade loan	1.72 - 3.59	7,700	7,700	7,700	-	-
Term loans	3.27 - 6.81	47,199	60,739	7,828	27,210	25,701
Bank overdrafts	5.97 - 7.22	10,190	10,190	10,190	-	-
		152,551	167,219	106,372	35,146	25,701

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000
The Company					
2022					
Non-derivative Financial Liabilities					
Other payables and accruals	-	653	653	653	-
Amount owing to subsidiaries	1.74 - 2.28	6,823	6,823	6,823	-
Hire purchase payables	4.66	55	59	19	40
Lease liabilities	6.25	308	330	152	178
Term loans	6.62 - 6.70	184	197	108	89
Revolving credits	4.17 - 7.48	3,084	3,084	3,084	-
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries*	-	-	93,017	93,017	-
		11,107	104,163	103,856	307

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39. FINANCIAL INSTRUMENTS (CONT'D)

39.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000
The Company					
2021 (Restated)					
Non-derivative Financial Liabilities					
Other payables and accruals	-	605	605	605	-
Amount owing to subsidiaries	-	13,206	13,206	13,206	-
Hire purchase payables	4.66	71	78	19	59
Lease liabilities	6.25	437	483	153	330
Term loan	6.62	130	137	82	55
Revolving credit	3.06 - 3.10	3,683	3,683	3,683	-
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries*	-	-	101,766	101,766	-
		18,132	119,958	119,514	444

* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

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39. FINANCIAL INSTRUMENTS (CONT'D)

39.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2022 RM'000	2021 RM'000 (Restated)
Lease liabilities (Note 24)	**473**	679
Term loans (Note 25)	**52,305**	47,199
Bankers' acceptance (Note 22)	**12,574**	14,138
Hire purchase payables (Note 23)	**7,347**	11,305
Invoice financing (Note 22)	**3,264**	3,877
Revolving credits (Note 22)	**7,623**	9,604
Multi currency trade loan (Note 22)	**4,432**	7,700
Bank overdrafts (Note 26)	**13,763**	10,190
	101,781	104,692
Less: Fixed deposits with licensed banks (Note 14)	**(9,604)**	(4,341)
Less: Cash and bank balances	**(11,448)**	(6,523)
Net debt	**80,729**	93,828
Total equity	**128,620**	118,503
Debt-to-equity ratio	**63%**	79%

There was no change in the Group's approach to capital management during the financial year.

The Group is also required to comply with certain loan covenants, failing which the banks may call an event of default. The Group has complied with these requirements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

39. FINANCIAL INSTRUMENTS (CONT'D)

39.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2022		2021 (Restated)	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Financial Assets				
Amortised Cost				
Trade receivables (Note 11)	**44,927**	**-**	48,429	-
Other receivables (Note 12)	**1,040**	**11**	1,282	4
Amount owing by subsidiaries (Note 13)	**-**	**7,389**	-	8,644
Fixed deposits with licensed banks (Note 14)	**9,604**	**2,500**	4,341	-
Cash and bank balances	**11,448**	**1,549**	6,523	2,352
	67,019	**11,449**	60,575	11,000
Financial Liabilities				
Amortised Cost				
Trade payables (Note 20)	**25,672**	**-**	25,678	-
Other payables and accruals (Note 21)	**16,229**	**653**	22,181	605
Amount owing to subsidiaries (Note 13)	**-**	**6,823**	-	13,206
Bankers' acceptance (Note 22)	**12,574**	**-**	14,138	-
Hire purchase payables (Note 23)	**7,347**	**55**	11,305	71
Invoice financing (Note 22)	**3,264**	**-**	3,877	-
Revolving credits (Note 22)	**7,623**	**3,084**	9,604	3,683
Multi currency trade loan (Note 22)	**4,432**	**-**	7,700	-
Term loans (Note 25)	**52,305**	**184**	47,199	130
Lease liabilities (Note 24)	**473**	**308**	679	437
Bank overdrafts (Note 26)	**13,763**	**-**	10,190	-
	143,682	**11,107**	152,551	18,132

39. FINANCIAL INSTRUMENTS (CONT'D)

39.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2022		2021 Restated	
	The Group RM'000	The Company RM'000	The Group RM'000	The Company RM'000
Financial Assets				
Amortised Cost				
Net gains recognised in profit or loss	**10**	**225**	67	1
Financial Liabilities				
Amortised Cost				
Net losses recognised in profit or loss	**(5,034)**	**(319)**	(4,441)	(211)

39.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

As the Group and the Company do not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments not Carried at Fair Value				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
The Group					
2022					
Financial Liability					
Term loans	**-**	**52,305**	**-**	**52,305**	**52,305**
2021					
Financial Liability					
Term loans	-	47,199	-	47,199	47,199

39. FINANCIAL INSTRUMENTS (CONT'D)

39.5 FAIR VALUE INFORMATION (CONT'D)

As the Group and the Company do not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period (Cont'd):-

	Fair Value of Financial Instruments not Carried At Fair Value				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
The Company					
2022					
Financial Liability					
Term loans	**-**	**184**	**-**	**184**	**184**
2021					
Financial Liability					
Term loans	-	130	-	130	130

Fair Value of Financial Instruments Not Carried at Fair Value

The fair value of the Group's and the Company's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

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40. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year which reclassified assets under hire purchase financing from right-of-use assets to property, plant and equipment:-

	As Previously Reported RM	As Restated RM
The Group		
Statement of Financial Position (Extract):-		
Property, plant and equipment	103,143	119,726
Right-of-use assets	26,197	9,614
Statement of Cash Flow (Extract):-		
Depreciation of property, plant and equipment	9,107	11,779
Depreciation of right-of-use assets	3,061	389
Interest expense on lease liabilities	797	36
Other interest expenses	3,644	4,405
Gain on disposal of property, plant and equipments	(156)	(219)
Gain on disposal of right-of-use assets	(63)	-
Proceeds from disposal of property, plant and equipments	165	373
Proceeds from disposal of right-of-use assets	208	-
Purchase of property, plant and equipments	(3,803)	(4,212)
Purchase of right-of-use assets	(409)	-
Repayment on lease liabilities	(5,139)	(165)
Repayment on hire purchase payables	-	(4,974)
The Company		
Statement of Financial Position (Extract):-		
Property, plant and equipment	544	583
Right-of-use assets	440	401
Statement of Cash Flow (Extract):-		
Depreciation of property, plant and equipment	291	364
Depreciation of right-of-use assets	200	127
Interest expense on lease liabilities	38	32
Other interest expenses	173	179
Repayment on lease liabilities	(236)	(137)
Repayment on hire purchase payables	-	(99)

LIST OF PROPERTIES

Registered Owner	Title / Location / Address	Description/ existing use	Tenure	Age of building (years)	Total land area (Sq. ft)	Total built up area (Sq. ft)	NBV @ 31.12.2022 (RM'000)	Year of acquisition
Ge-Shen Plastic (M) Sdn. Bhd.	HSD 6133, Lot 3926, Mukim of Tebrau, 7, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru.	Office, Warehouse & Factory	Freehold	26	24,778	30,313	1,545	2003
Ge-Shen Plastic (M) Sdn. Bhd.	HSD 458044, Lot 3925, Mukim of Tebrau, 5, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru.	Industrial Land (Vacant)	Freehold	N/A	19,773	N/A	475	2009
Ge-Shen Plastic (M) Sdn. Bhd.	HSD 420021, PTD 137632, Lot 3916 & 3917, Mukim of Tebrau, 68, Jalan Riang 21, Taman Gembira, 81200 Johor Bahru.	Office, Warehouse & Factory	Freehold	23	52,287	50,830	9,116	2016
Ge-Shen Plastic (M) Sdn. Bhd.	HSD 197314, Lot 3927, Mukim of Tebrau, 9, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru.	Office, Warehouse & Factory	Freehold	28	29,439	20,654	1,799	2002
Ge-Shen Plastic (M) Sdn. Bhd.	HSD 197314, Lot 3928, Mukim of Tebrau, 11, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru.	Warehouse	Freehold	29	33,425	27,820	1,993	1997
Ge-Shen Plastic (M) Sdn. Bhd.	HSD 6374, Lot 4174, Mukim of Tebrau, 58, Jalan Riang 22/4, Taman Gembira, 81200 Johor Bahru.	Warehouse	Freehold	35	53,906	35,311	1,875	2005
Ge-Shen Plastic (M) Sdn. Bhd.	HSD 6136, Lot 3929, 15, Jalan Riang 23, Taman Gembira, 81200 Johor Bahru.	Warehouse & Factory	Freehold	28	41,227	42,411	6,378	2019
Ge-Shen Plastic (M) Sdn. Bhd.	HSD 6126, Lot 3919, 72, Jalan Riang 21, Taman Gembira, 81200 Johor Bahru	Empty Land	Freehold	N/A	33,210	N/A	2,946	2021

LIST OF PROPERTIES

Registered Owner	Title / Location / Address	Description/ existing use	Tenure	Age of building (years)	Total land area (Sq. ft)	Total built up area (Sq. ft)	NBV @ 31.12.2022 (RM'000)	Year of acquisition
Polyplas Sdn. Bhd.	HSD 25133, Lot 7718, 2056 Mukim 14, Lorong IKS Bukit Minyak 5, Taman IKS Bukit Minyak, 14100 Bukit Minyak, APT P.Pinang.	Office, Warehouse & Factory	Leasehold - 10 Jan 2056	27	66,531	56,482	7,044	2001
Polyplas Sdn. Bhd.	HSD 9220, Lot 31258, 3 Lorong Bukit Minyak 3, Taman IKS Bukit Minyak, 14100 Bukit Minyak, P.Pinang Mukim 14, District of Seberang Perai Tengah P.Pinang.	Warehouse & Factory	Freehold	7	19,719	8,800	2,389	2014
Polyplas Sdn. Bhd.	Lot 7721, Mukim 14, Lorong IKS Bukit Minyak 2, Taman IKS Bukit Minyak, 14000 Seberang Perai Tengah, P.Pinang.	Empty Land	Leasehold - 10 Jan 2056	N/A	40,106	N/A	2,571	2018
GS Assembly Sdn. Bhd.	Lot No. 7722 Title No. PN 10438-Lorong IKS Bukit Minyak 2, 14000 Bukit Minyak Industrial Park, Seberang Perai Tengah, P.Pinang.	Factory	Leasehold - 10 Jan 2056	2	43,368	23,055	6,897	2022
Demand Options Sdn. Bhd.	HSD 285042 Lot 112228 Mukim Plentong, Negeri Johor Darul Takzim, 6 & 8, Jalan Mahir 5, Taman Perindustrian, Desa Cemerlang, 81800 Ulu Tiram, Johor.	Office, Warehouse & Factory	Freehold	30	110,233	89,924	9,819	2006
Demand Options Sdn. Bhd.	HSD 190473 Lot 58834, Mukim Plentong, 11, Jalan Saga 3, Taman Desa Cemerlang, 81800 Ulu Tiram, Johor.	Workers Hostel	Freehold	29	1,765	1,156	122	2012

LIST OF PROPERTIES

Registered Owner	Title / Location / Address	Description/ existing use	Tenure	Age of building (years)	Total land area (Sq. ft)	Total built up area (Sq. ft)	NBV @ 31.12.2022 (RM'000)	Year of acquisition
Demand Options Sdn. Bhd.	HSD 190761, Lot 59235, Mukim Plentong, 67, Jalan Saga 14, Taman Desa Cemerlang, 81800 Ulu Tiram, Johor.	Workers Hostel	Freehold	26	1,765	1,177	167	2012
Demand Options Sdn. Bhd.	Lot 111372, Mukim Plentong Daerah Johor Bahru, Johor, 17, Jalan Gemilang 3, Taman Perindustrian Cemerlang, 81800, Ulu Tiram, Johor Darul Takzim.	Warehouse & Factory	Freehold	16	14,402	13,172	2,766	2018
Demand Options Sdn. Bhd.	HSD 169007, PTD 91805, Mukim Plentong, Daerah Johor Bahru, 12, Jalan Mahir 5, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor Darul Takzim.	Warehouse & Factory	Freehold	28	52,843	22,492	7,423	2019
Ge-Shen (Vietnam) Co., Ltd	Lot XN 42, Dai An Industrial Zone, KM 51, Highway No. 5, Tu Minh Ward, Hai Duong City, Hai Duong Province, Vietnam.	Office, Warehouse & Factory	Leasehold - 01 Jan 2052	5	172,308	107,935	12,011	2016

ANALYSIS OF SHAREHOLDINGS

As at 24 March 2023

ORDINARY SHARES

Total number of issued shares	:	110,019,000 ordinary shares (including 172,600 treasury shares)
Voting rights	:	One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%*	No. of Ordinary Shares	%*
Less than 100	13	0.93	336	0.00
100 - 1,000	453	32.50	379,894	0.35
1,001 - 10,000	623	44.69	3,027,300	2.76
10,001 - 100,000	248	17.79	9,333,200	8.50
100,001 to 5,492,319**	54	3.87	32,929,782	29.98
5,492,320 and above***	3	0.22	64,175,888	58.42
TOTAL	**1,394**	**100.00**	**109,846,400**	**100.00**

Notes:-

* *Percentage was calculated based on adjusted share capital after excluding treasury shares of 172,600.*

** *Less than 5% of issued holdings*

*** *5% and above of issued holdings*

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 24 MARCH 2023

No.	Shareholders	Number of Ordinary Shares	%*
1.	CimSec Nominees (Tempatan) Sdn. Bhd. CIMB for Pelita Niagamas Sdn. Bhd.	28,175,888	25.65
2.	Cartaban Nominees (Tempatan) Sdn. Bhd. Exempt AN for Standard Chartered Bank Singapore Branch	25,000,000	22.76
3.	ABB Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Pelita Niagamas Sdn. Bhd.	11,000,000	10.01
4.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Pelita Niagamas Sdn. Bhd.	5,450,000	4.96
5.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chan Choong Kong	5,000,000	4.55
6.	Suresh A/L Thirugnanam	2,999,800	2.73
7.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Townhouse Infinity Holdings Sdn. Bhd.	1,736,000	1.58
8.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Boon Wy	1,183,600	1.08
9.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teo Chin Swee	1,070,282	0.97
10.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Louis Lau Puong Kiet	1,000,000	0.91
11.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Boon Wy	938,000	0.85
12.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Louis Lau Puong Kiet	932,000	0.85
13.	Alliancegroup Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Arunachalam A/L Nagappan	852,100	0.78
14.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Say Zheng Zhee	785,200	0.71
15.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Boon Wy	783,600	0.71

ANALYSIS OF SHAREHOLDINGS

As at 24 March 2023

THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS AT 24 MARCH 2023 (CONT'D)

No.	Shareholders	Number of Ordinary Shares	%*
16.	Lee Kok Hin	692,100	0.63
17.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for Credit Suisse	625,000	0.57
18.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ong Hang Ping	584,000	0.53
19.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Private Wealth Management for Tan Boon Wy	565,400	0.51
20.	Shum Thin Soon	500,000	0.46
21.	See Eng Siang	494,800	0.45
22.	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Yin Siew Peng	400,000	0.36
23.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kong Li Then	390,600	0.36
24.	M & A Nominee (Tempatan) Sdn. Bhd. Pledged Securities Account for Chiau Beng Soo	368,600	0.34
25.	Chuah Xin Hui	328,100	0.30
26.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Kean Leng	305,200	0.28
27.	Maybank Nominees (Tempatan) Sdn. Bhd. Cheng Ai Leng	304,300	0.28
28.	Tan Boon Wy	245,000	0.22
29.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Louis Lau Puong Kiet	203,000	0.18
30.	Goh Chee Hoh	200,000	0.18
	TOTAL	**93,112,570**	**84.77**

Note:-

* *Percentage was calculated based on adjusted share capital after excluding treasury shares of 172,600.*

DIRECTORS' SHAREHOLDINGS in the Company or in a related corporation (including number and percentage) based on the Register of Directors' Shareholdings

Name of Directors	Direct Interest		Indirect Interest	
	No. of ordinary shares	%*	No. of ordinary shares	%*
Chan Choong Kong	5,000,000	4.55	69,625,888**	63.38
Louis Lau Puong Kiet	2,135,000	1.94	1,736,000***	1.58
Suresh A/L Thirugnanam	2,999,800	2.73	-	-
Ian Chan Tze Liang *(Alternate Director to Chan Choong Kong)* ** Appointed on 24 February 2022*	200,000	0.18	-	-

Notes:-

* *Percentage was calculated based on adjusted share capital after excluding treasury shares of 172,600.*

** *Deemed interested by virtue of his direct interest in Pelita Niagamas Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("CA 2016").*

*** *Deemed interested by virtue of his interest in Townhouse Infinity Holdings Sdn. Bhd. pursuant to Section 8 of the CA 2016.*

ANALYSIS OF SHAREHOLDINGS

As at 24 March 2023

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name of Directors	Direct Interest No. of ordinary shares	%*	Indirect Interest No. of ordinary shares	%*
Pelita Niagamas Sdn. Bhd.	69,625,888	63.38	-	-
Chan Choong Kong	5,000,000	4.55	69,825,888**	63.57

Notes:-

* *Percentage was calculated based on adjusted share capital after excluding treasury shares of 172,600.*

** *Deemed interested by virtue of his direct interest in Pelita Niagamas Sdn. Bhd. pursuant to Section 8 of the CA 2016 and shares held by his son, Mr. Ian Chan Tze Liang pursuant to Section 221 of the CA 2016*

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting of the Company will be held on a **virtual basis** vide the online meeting platform hosted on Securities Services e-Portal at https://sshsb.net.my/ provided by SS E Solutions Sdn. Bhd. at the broadcast venue, which is the main meeting venue at the Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Thursday, 18 May 2023, at 10:00 a.m. for the transaction of the following business:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon. (Note A)
2. To approve the payment of Directors' fees and Directors' benefits comprising meeting allowance up to an amount of RM400,000/-, for the period from 18 May 2023 until the next Annual General Meeting of the Company in year 2024. (Resolution 1)
3. To re-elect Ms. Ooi Hooi Kiang, who is due to retire pursuant to Clause 116 of the Company's Constitution, and being eligible, has offered herself for re-election. (Resolution 2)
4. To re-appoint Crowe 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. (Resolution 3)

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

5. **ORDINARY RESOLUTION** (Resolution 4)
   - **AUTHORITY TO ISSUE SHARES PURSUANT TO THE COMPANIES ACT 2016 AND WAIVER OF PRE-EMPTIVE RIGHTS**

   "**THAT** subject always to the Companies Act 2016 ("**the Act**"), the Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and subject to the approvals of the relevant governmental and/or regulatory authorities, where necessary, the Directors of the Company be and are hereby authorised and empowered pursuant to the Act, to issue and allot shares in capital of the Company, at any time, at such price, to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being (excluding treasury shares) pursuant to Paragraph 6.03(1) of the Main Market Listing Requirements of Bursa Securities;

   THAT pursuant to Section 85 of the Act to be read together with Clause 14 of the Company's Constitution, approval be and is hereby given for the waiver of the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act;

   AND THAT the Directors of the Company, be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

   AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

6. **ORDINARY RESOLUTION** (Resolution 5)
   - **WAIVER OF PRE-EMPTIVE RIGHTS FOR THE ALLOTMENT OF NEW ORDINARY SHARES ("SHARES") UNDER EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS")**

   "**THAT** further to the approval obtained from the shareholders via the Extraordinary General Meeting held on 12 May 2016 for the establishment of ESOS and pursuant to Section 85 of the Companies Act 2016 be read together with Clause 14 of the Company's Constitution, approval be and is hereby given for the waiver of the statutory pre-emptive rights of the shareholders of the Company over all new ordinary shares to be issued pursuant to the exercise of options pursuant to the ESOS of the Company by and/or the vesting of such grants in the eligible participants, including Executive Directors and employees of the Company and all its subsidiaries (excluding subsidiaries which are dormant), where such new ordinary shares, when issued, to rank pari passu with the existing ordinary shares."

7. ORDINARY RESOLUTION (Resolution 6)
- PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"**THAT** subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiaries ("**the Group**") be and are hereby authorised to enter into and give effect to the Recurrent Related Party Transactions of a revenue or trading nature with the related party as set out in Section 2.4 of the Circular/ Statement to Shareholders dated 18 April 2023 ("**the Related Party**") provided that such transactions are:-

(a) necessary for the day-to-day operations;
(b) undertaken in the ordinary course of business at arm's length basis and on normal commercial terms and transaction prices which are not more favourable to the Related Party than those generally available to the public; and
(c) are not prejudicial to the minority shareholders of the Company.

("**Renewed Shareholders' Mandate**")

AND THAT the authority conferred such mandate shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next AGM of the Company after that date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("**the Act**") [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or

(c) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Renewed Shareholders' Mandate."

8. ORDINARY RESOLUTION (Resolution 7)
- PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")

"**THAT** subject to Section 127 of the Companies Act 2016 ("**the Act**"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and expedient in the interest of the Company, provided that:-

(i) the aggregate number of ordinary shares to be purchased and/or held by the Company does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase.

8. ORDINARY RESOLUTION (Resolution 7)
- PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY") (CONT'D)

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:-

(i) cancel all the shares so purchased; and/or

(ii) retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa Securities and/or transfer under an employees' share scheme (if any) and/or transfer as purchase consideration; and/or

(iii) retain part thereof as treasury shares and cancel the remainder; and/or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or

(c) revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;

whichever occurs first.

AND THAT the Directors of the Company be authorised to do all acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Share Buy-Back Authority with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as they may deem fit and expedient in the best interest of the Company."

9. To transact any other ordinary business of which due notice has been given.

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689 & SSM PC NO. 201908002648)
ANG YEN PEI (MAICSA 7068276 & SSM PC NO. 202108000376)
Company Secretaries

Kuala Lumpur
18 April 2023

Explanatory Notes:-

1. Mr. Tee Boon Hin who retires in accordance with Clause 117 of the Company's Constitution has expressed his intention not to seek for re-election. Hence, he will retire at the conclusion of the Twentieth Annual General Meeting of the Company ("**AGM**").

2. Mr. Suresh A/L Thirugnanam who retires in accordance with Clause 117 of the Company's Constitution has expressed his intention not to seek for re-election. Hence, he will retire at the conclusion of the Twentieth AGM.

3. Resolution 1

   Pursuant to Section 230(1) of the Companies Act 2016 ("**the Act**") provides amongst others that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting.

   In this respect, the proposed Resolution 1, if approved, will authorise the Company to pay Directors' fees and any benefits to the Directors with effect from 18 May 2023 until the next AGM of the Company in year 2024 and to be payable on a monthly basis in arrears after each month of completed service of the Directors.

   The total estimated amount of Directors' benefits payable is calculated based on the estimated number of Board and Board Committee meetings from 18 May 2023 until the next AGM in year 2024.

   The payment of meeting allowance to the Directors will be made by the Company as and when incurred. The Board is of the view that it is fair and equitable for the Directors to be paid the meeting allowance, given that they have fully discharged their responsibilities and provided their services to the Company for the said period.

4. Resolution 2

   In determining the eligibility of the Director to stand for re-election at the Twentieth AGM, the Nomination and Remuneration Committee ("**NRC**") having considered the requirements under Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the Fit and Proper Policy of the Group, recommended for the re-election of Ms. Ooi Hooi Kiang who is retiring pursuant to Clause 116 of the Constitution of the Company ("**Retiring Director**").

   The Board, through the NRC, had conducted separate assessments and being satisfied with the performance/ contribution and independence of the Retiring Director who is Independent Non-Executive Director. Therefore, the Board would like to recommend the same be tabled to the shareholders for approval at the Twentieth AGM under Resolution 2.

   The profile of the Retiring Director can be found in the Annual Report 2022.

   The Retiring Director has consented to her re-election and abstained from deliberations and voting in relation to her re-election at the Board of Directors' Meeting.

5. Resolution 4

   The Company wishes to renew the mandate on the authority to issue shares pursuant to the Act ("**General Mandate**") obtained from its shareholders at the Nineteenth AGM of the Company held on 20 May 2022 (hereinafter referred to as the "**Previous Mandate**") and waiver of pre-emptive rights under Section 85 of the Companies Act 2016 read together with Clause 14 of the Company's Constitution (**"Waiver**").

   The Previous Mandate granted by the shareholders had not been utilised and hence, no proceed was raised therefrom.

   The General Mandate will provide flexibility to the Company for allotment of shares for any possible fundraising activities for the purpose of funding investment(s), working capital and/or acquisitions(s), while the Waiver would allow the Directors to issue new ordinary shares to any person under the General Mandate without having to offer the new ordinary shares to be issued equally to all existing shareholders of the Company prior to allotment.

6. Resolution 5

   Following the shareholders' approval being obtained at the Extraordinary General Meeting held on 12 May 2016, the Company now seeks for the waiver of statutory pre-emptive rights of the shareholders pursuant to Section 85 of the Companies Act 2016 and Clause 14 of the Company's Constitution over all new ordinary shares to be issued pursuant to the exercise of options under the ESOS by the eligible participants.

   The proposed Resolution 5, if passed, will allow the Directors to issue new ordinary shares to the eligible participants of the ESOS arising from exercise of options under the ESOS, without having to offer the new ordinary shares to be issued equally to all existing shareholders of the Company prior to allotment.

Explanatory Notes (Cont'd):-

7. Resolution 6

   The proposed adoption of Resolution 6 is to renew the shareholders' mandate granted by the shareholders of the Company at the Nineteenth AGM of the Company held on 20 May 2022 ("**Renewal of Shareholders' Mandate**"). The Renewal of Shareholders' Mandate will enable the Company and its subsidiaries ("**the Group**") to enter into the Recurrent Related Party Transactions which are necessary for the Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

   Please refer to the Circular/ Statement to Shareholders dated 18 April 2023 for further information.

8. Resolution 7

   The proposed adoption of Resolution 7 is intended to allow the Company to purchase its own shares up to ten percent (10%) of the total number of issued shares in the ordinary share capital of the Company at any time within the time period stipulated in the MMLR.

   Please refer to the Circular/ Statement to Shareholders dated 18 April 2023 for further information.

Notes:

A. This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval from the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

B. The Twentieth AGM will be conducted on a virtual basis by way of live streaming and online remote voting via the Remote Participation and Voting ("**RPV**") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal's platform at https://sshsb.net.my/. Please read carefully and follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the RPV facilities.

C. The Broadcast Venue, which is the main venue of the Twentieth AGM, is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 79 of the Company's Constitution, which require the Chairman to be present at the main venue of the Twentieth AGM. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the Twentieth AGM.

   With the RPV facilities, the members, proxies and/or corporate representatives are strongly encouraged to exercise their rights to participate (including to pose questions to the Chairman, Board of Directors or Management) and vote at the Twentieth AGM.

   As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the Twentieth AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Twentieth AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to eservices@sshsb.com.my during the Twentieth AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be responded via broadcast by the Chairman, Board of Directors and/or Management during the Meeting.

D. In respect of deposited securities, only members whose names appear in the Record of Depositors on 11 May 2023 ("**General Meeting Record of Depositors**") shall be eligible to attend, speak and vote at the Meeting.

E. A member entitled to attend and vote at this meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy to attend and vote at the meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.

F. A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the members to attend, participate, speak and vote at the Meeting and upon appointment, a proxy shall be deemed to confer authority to demand or join in demanding a poll.

G. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Notes (Cont'd):

H. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

I. The instrument appointing a proxy shall be in writing under the hand of the member or his attorney duly authorised in writing or, if the member is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

J. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notary certified copy of that power or authority, shall be deposited not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, through either one of the following avenues, and in default, the instrument of proxy shall not be treated as valid:-

(a)	In Hardcopy Form of Proxy	(i)	To be deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan; or
(b)	By Electronic Form of Proxy	(i)	To be submitted electronically via Securities Services e-Portal at https://sshsb.net.my/ (please refer to the Administrative Notes for further details); or
		(ii)	To be submitted via fax at +603 2094 9940 or +603 2095 0292 or emailed to eservices@sshsb.com.my.

K. The lodging of the Form of Proxy does not preclude a member from attending and voting remotely at the Twentieth AGM should be subsequently decides to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited at the office of the Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than forty-eight (48) hours before the time stipulated for holding the Twentieth AGM or any adjournment thereof, and you shall register for RPV as guided in the Administrative Guide. Please contact the poll administrator, SS E Solutions Sdn. Bhd., at 03-2084 9000 for further assistance.

PROXY FORM

GE-SHEN
CORPORATION BERHAD
[Registration No : 200301031393 (633814-X)]

Number of Ordinary Shares Held	CDS Account No.

Contact No.	Email Address

I/We, ...
(FULL NAME AND NRIC / PASSPORT NO. / REGISTRATION NO.)

of ....
(FULL ADDRESS)

being a member of **GE-SHEN CORPORATION BERHAD** hereby appoint:-

First Proxy "A"

Full Name (in Block):-	NRIC/ Passport No.:-	Proportion of Shareholdings Represented	
		No. of Shares	%
Email:-	Contact No:-		

*and

***Second Proxy "B"**

Full Name (in Block):-	NRIC/ Passport No.:-	Proportion of Shareholdings Represented	
		No. of Shares	%
Email:-	Contact No:-		
			100%

or failing him/her, the Chairman of the meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Twentieth Annual General Meeting of the Company to be held on a virtual basis vide the online meeting platform hosted on Securities Services e-Portal at https://sshsb.net.my/ provided by SS E Solutions Sdn. Bhd. at the broadcast venue, which is the main meeting venue, at the Meeting Room of Securities Services (Holdings) Sdn. Bhd., Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan on Thursday, 18 May 2023 at 10:00 a.m. or any adjournment thereof.

Mark either box if you wish to direct the proxy how to vote. If no mark is made, the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two (2) proxies and wish them to vote differently this should be specified.

*My/our *proxy/proxies *is/are to vote as indicated below:

No.	ORDINARY RESOLUTIONS	FOR	AGAINST
	As Ordinary Business		
1.	To approve the payment of Directors' fees and Directors' benefits comprising meeting allowance up to an amount of RM400,000/-, for the period from 18 May 2023 until the next Annual General Meeting of the Company in year 2024.		
2.	To re-elect the Director, Ms. Ooi Hooi Kiang, who is due to retire pursuant to Clause 116 of the Company's Constitution.		
3.	To re-appoint Crowe 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.		
	As Special Business		
4.	Authority to issue shares pursuant to the Companies Act 2016 and waiver of pre-emptive rights.		
5.	Waiver of pre-emptive rights for the allotment of new ordinary shares under Employees' Share Options Scheme.		
6.	Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.		
7.	Proposed Renewal of Authority for the Company to Purchase its Own Shares.		

* Strike out whichever not applicable

Signed this .... day of 2023

....
Signature of Member / Common Seal

Notes:

A. *The Twentieth AGM will be conducted on a virtual basis by way of live streaming and online remote voting via the Remote Participation and Voting ("**RPV**") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal's platform at https://sshsb.net.my/. Please read carefully and follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the RPV facilities.*
B. *The Broadcast Venue, which is the main venue of the Twentieth AGM, is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 79 of the Company's Constitution, which require the Chairman to be present at the main venue of the Twentieth AGM. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the Twentieth AGM.*
With the RPV facilities, the members, proxies and/or corporate representatives are strongly encouraged to exercise their rights to participate (including to pose questions to the Chairman, Board of Directors or Management) and vote at the Twentieth AGM.
As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the Twentieth AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the Twentieth AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to eservices@sshsb.com.my during the Twentieth AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be responded via broadcast by the Chairman, Board of Directors and/or Management during the Meeting.
C. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 11 May 2023 ("**General Meeting Record of Depositors**") shall be eligible to attend, speak and vote at the Meeting.*
D. *A member entitled to attend and vote at this meeting is entitled to appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy to attend and vote at the meeting, the member shall specify the proportion of his shareholdings to be represented by each proxy, failing which the appointment shall be invalid.*
E. *A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the members to attend, participate, speak and vote at the Meeting and upon appointment, a proxy shall be deemed to confer authority to demand or join in demanding a poll.*
F. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
G. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account"**), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
H. *The instrument appointing a proxy shall be in writing under the hand of the member or his attorney duly authorised in writing or, if the member is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
I. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notary certified copy of that power or authority, shall be deposited not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, as the case may be, through either one of the following avenues, and in default, the instrument of proxy shall not be treated as valid:-*

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STAMP
HERE

THE SHARE REGISTRAR
GE-SHEN CORPORATION BERHAD
(Registration No.: 200301031393 (633814-X))
Level 7, Menara Milenium,
Jalan Damanlela,
Pusat Bandar Damansara,
Damansara Heights,
50490 Kuala Lumpur,
Wilayah Persekutuan.

GE-SHEN CORPORATION BERHAD
[Registration No : 200301031393 (633814-X)]

Unit No. 13-05 & 13-07,
Level 13, Menara MBMR,
No. 1 Jalan Syed Putra Utara,
58000 Kuala Lumpur.

www.gscorp.com.my