



**PETERLABS  
HOLDINGS  
BERHAD**

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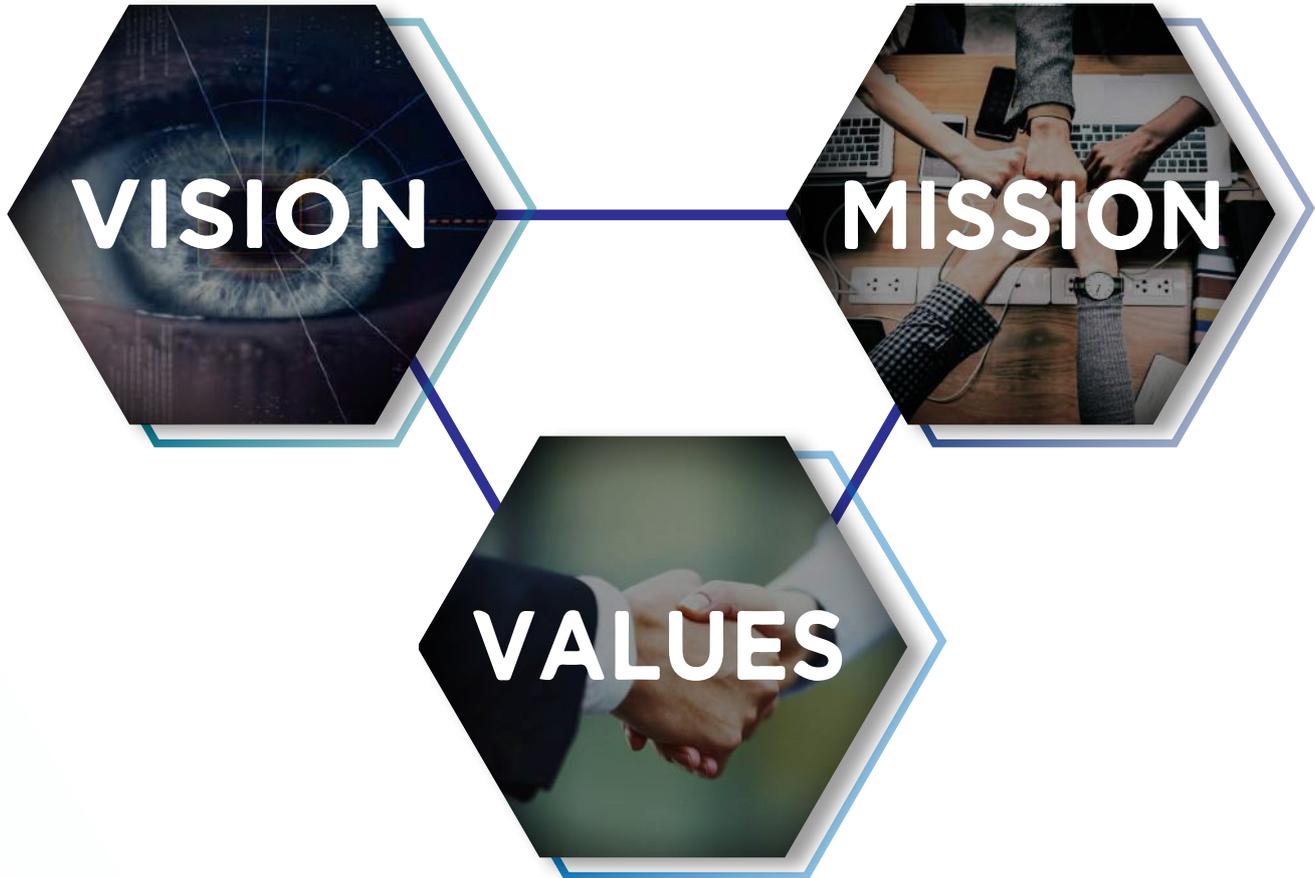


# ANNUAL REPORT 2023

**PETERLABS ALWAYS S.H.A.R.E**

- Customers are main priority
- Quality control at its best
- Safe and environmental friendly products

- Always strive to improve our products
- Always provide exceptionally good services to our customers by maintaining a personal relationship and dealing directly with the customers
- Always provide nutrition and veterinary pharmaceutical products to the satisfaction of our customers



***“PETERLABS ALWAYS SHARE...”***

### **Sustainability**

We recognize that sustainability has broad environmental, economic and social impacts, thus we are focusing our efforts on the long-term viability in building a business for today and tomorrow; working to minimize our impact on the environment; and securing a positive future for our Company, our people and the communities in which we live.

### **Honesty**

Our Company is committed to being honest and fair, and doing what is right for our associates and customers. Our Company conducts our business with adherence to the law. Our employees hold themselves to the highest standards of honesty, both internally and externally, when dealing with colleagues, clients or vendors.

### **Accountability**

The services provided by our Company are “customer-driven” and aim at providing convenience and various choices to our customers. We hope to improve the quality of our service at all time.

### **Responsibility**

We believe that our responsibility is to those who use our products and services. Everything we do is of high quality and benefits our customers.

### **Efficiency**

Our Company focuses on maximizing efficiency and producing the best solutions for our customers.



The background image shows a modern, multi-story office building with a white facade and blue accents. The building features several windows and a sign that reads "PeterLabs Holdings Berhad" with the company logo and registration number "20100022804 (107750-W)". Three flags are flying on poles in front of the building. The sky is overcast, and there are some trees with pink blossoms on the right side of the frame.

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# CORPORATE PROFILE

PeterLabs Holdings Berhad was incorporated in Malaysia on 28 July 2010 as a private limited company under the name of PeterLabs Holdings Sdn. Bhd. The Company subsequently converted into a public limited company and assumed our present name on 29 October 2010 to facilitate our listing on the ACE Market and the Company was successfully listed on the ACE Market of Bursa Malaysia Securities Berhad on 26 July 2011. Our Group's subsidiary namely PeterLabs Sdn. Bhd. and Osmosis Nutrition Sdn. Bhd. were incorporated in Malaysia on 4 October 2002.

Our Group is one of the leading specialists in manufacturing, distribution, export and trading of animal health and nutrition products. Our Group products include biosecurity and disinfectant, compound feed supplement, feed additives, nutritional premix, pharmaceutical and water soluble supplement.

Our Group's manufacturing plant in Nilai, Negeri Sembilan has been commercialised in July 2011. The premises boast of 3 acres land area, which houses the corporate office, production facilities, warehouse facilities, quality control facilities, physio-chemical and microbiology laboratory. The plant in Nilai is Good Manufacturing Practice ("GMP") compliant by National Pharmaceutical Regulatory Agency for our premises and manufacturing facilities. The Group will be able to provide assurance to customers that our products are manufactured in a hygienic manner and accordance to best practices in manufacturing.

In line with the expansion of our Group's manufacturing capacity, the Group has ventured into mass production and toll manufacturing. In year 2015, the Group had expanded and set up another Fat Granular Spray Plant in Klang with an approximate build up area of 28,320 sq. ft. The manufacturing plant is targeted as a manufacturing and storage for our in-house brand "OsmoFAT". The plant's operation has been commercialised in July 2016 and achieved ISO22000, HACCP Food Safety Management System and GMP+ B2 in year 2018. In quarter four 2017, our Group's subsidiary, Osmosis Nutrition Sdn. Bhd. had obtained Asia Halal Brand Awards 2017 – Regional Brands – Best Animal Nutrition Feed Product. Subsequently in early year of 2018, Financial Times and Statista awarded our Group FT1000 High-Growth Companies Asia-Pacific 2018.

In year 2019, our Group was awarded by World Confederation of Business – World Business Leader for being a successful leader who works in an innovative, knowledgeable and systematic manner. In the same year, our Group Managing Director, Mr. Lim Tong Seng ("Mr. Lim") was awarded by The Socrates Committee Oxford, UK being The Best Manager of the Year for high achievement and professionalism in the company management. Mr. Lim was also awarded as World Leader Businessperson by World Confederation of Business.

Our Group has years of experience to ensure the quality of product ingredients as well as packaging components. Products are produced in manufacturing processes governed by meticulous rules and industry standards. With the Company's production facilities, our Group is able to produce variance of animal health products to cater livestock industry needs.

On 1 January 2021, our Group has acquired 60% equity interest in Thye On Tong Trading Sdn. Bhd. ("TOT"). TOT was incorporated on 31 December 1979 in Malaysia as a private limited company under the Act and began its operations in the same year. It started out as a retailer in traditional Chinese Medical hall. TOT has grown the business from a small retailer to one of the leading distributors of fast-moving consumer goods in Malaysia. TOT has established some strong, famous and fast consumer brands such as Colgate-Palmolive Marketing Sdn. Bhd., Vinda Marketing (M) Sdn. Bhd., DKSH Malaysia Sdn. Bhd., Fonterra Brands Malaysia Sdn. Bhd., GoodMorning Global Sdn. Bhd., Wipro Unza (M) Sdn. Bhd., Indadi Utama (M) Sdn. Bhd., Delima Oil Product Sdn. Bhd. (FGV) and Rasaku Marketing Sdn. Bhd.

As part of the business expansion planning, the Group has acquired of a freehold industrial land at Sendayan TechValley, Seremban, Negeri Sembilan on 20 September 2022. The Group has further acquired of another freehold industrial land at the same area on 8 December 2023. The Group intends to build a warehouse/office for its own use.

# CORPORATE STRUCTURE



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Dato' Lim Tai Soon

Independent Non-Executive Chairman  
(Appointed on 1 June 2023)

### Lim Tong Seng

Group Managing Director

### Teo Chin Heng

Executive Director

### Yap Siaw Peng

Executive Director

### Datuk Loh Saw Foong

Executive Director

### Dato' Ng Boon Siong

Independent Non-Executive Director

### Loh Poh Im

Independent Non-Executive Director

### Ho Siew Li

Independent Non-Executive Director

### Ng Kau

Independent Non-Executive Director  
Alternate Director to Dato' Ng Boon Siong

### AUDIT AND RISK MANAGEMENT COMMITTEE

Loh Poh Im (Chairman)  
Ho Siew Li  
Dato' Ng Boon Siong

### NOMINATION COMMITTEE

Ho Siew Li (Chairman)  
Dato' Ng Boon Siong  
Loh Poh Im

### REMUNERATION COMMITTEE

Dato' Ng Boon Siong (Chairman)  
Loh Poh Im  
Ho Siew Li

### COMPANY SECRETARY

Wong Yuet Chyn (MAICSA 7047163)  
(SSM PC No. 202008002451)

### REGISTERED OFFICE

A3-3-8, Solaris Dutamas  
No. 1, Jalan Dutamas 1  
50480 Kuala Lumpur  
W.P. Kuala Lumpur  
Tel / Fax: (603) 6413 3271

### HEAD/MANAGEMENT OFFICE

Lot 16014 (PT No. 24341), Jalan Nilam 3  
Bandar Nilai Utama, 71800 Nilai  
Negeri Sembilan Darul Khusus  
Tel : (606) 7999 090  
Fax : (606) 7997 070  
Email : info@peterlabs.com.my

### STOCK EXCHANGE LISTING

ACE Market of  
Bursa Malaysia Securities Berhad  
Stock Name : PLABS  
Stock Code : 0171  
(Listed on 26 July 2011)

### CORPORATE WEBSITE

[www.peterlabs.com.my](http://www.peterlabs.com.my)

### SHARE REGISTRAR

ShareWorks Sdn. Bhd.  
No. 2-1, Jalan Sri Hartamas 8  
Sri Hartamas  
50480 Kuala Lumpur  
W.P. Kuala Lumpur  
Tel : (603) 6201 1120  
Fax : (603) 6201 3121

### AUDITORS

TGS TW PLT  
(202106000004 (LLP0026851-LCA)  
& AF002345  
Chartered Accountants  
Unit E-16-2B, Level 16  
Icon Tower (East), No 1 Jalan 1/68F  
Jalan Tun Razak  
50400 Kuala Lumpur  
Tel : (603) 9771 4326  
Fax : (603) 9771 4327

### PRINCIPAL BANKERS

Hong Leong Bank Berhad  
Alliance Bank Malaysia Berhad  
United Overseas Bank (Malaysia) Bhd  
Malayan Banking Berhad  
RHB Bank Berhad

# MILESTONES AND ACHIEVEMENTS

Our key achievements and milestones since inception are as follows:

## 2005

Special Recognition Award from CAB Cakaran Corporation Bhd (“CAB Cakaran”), a company listed on the Main Market of Bursa Securities

- In recognition of PeterLabs’ continuous technical support and supply of quality animal health and nutrition products to CAB Cakaran. CAB Cakaran is a leading integrated poultry producer with operations throughout Malaysia. PeterLabs has established a good business relationship with CAB Cakaran since 2002. We had conducted farmer forum and technical services for CAB Cakaran’s contracted farmers in the past.

## 2004 - 2009

Recognition Award from Zeus Biotech Limited, India (continuously from 2004 to 2009)

- In recognition of PeterLabs’ successful marketing of probiotics and enzymes feed additives in the Malaysian market and achieving good sales performance.

## 2010

PeterLabs collaborated with Novus Malaysia to conduct the 1st PigLIVE workshop: “Sustainable Sow Management Programme” at Genting Highlands in August 2010. The workshop was attended by approximately 140 participants from East and West Malaysia, mainly pig farm owners and technical support staff.

## 2013

Recognition Award for outstanding contribution made to the Livestock industry

- Outstanding Product Innovation: Animal Health Product.

## 2017

Asia Halal Brand Awards 2017 – Regional Brands

- Best Animal Nutrition Feed Product – Osmosis Nutrition Sdn. Bhd.

## 2007

PeterLabs collaborated with Novus International Inc, USA and introduced a series of eco-friendly animal feed additives, such as Activate DA and Mintrex. These ‘green products’ have been incorporated in our animal feed additive premix to enhance the Group’s product performance namely feed intake, growth rate and feed conversion ratio.

## 2009

PeterLabs collaborated with Hangzhou KingTechina Feed Co Ltd, China to launch and market a series of Microencapsulate feed additives. The process of microencapsulation will increase the product stability, palatability and bioavailability. The microencapsulated product has been incorporated into our animal feed additives to increase the therapeutic index. It has been proven to have a positive and synergistic effect with PeterLabs’s product.

Recognition Award from Novus International (M) Sdn. Bhd. (“Novus Malaysia”)

- In recognition of PeterLabs successfully introducing and creating a market in Malaysia for non-antibiotic animal feed additives under the brand name of Novus such as Activate DA and Mintrex.

Recognition Award from In Vivo NSA S.A, France

- In recognition of PeterLabs’ successful marketing of animal feed additive products under the brand name of Neovia in the local market.

## 2011

Awards and achievements in year 2011

- On 27 January 2011, the Company had received a letter from National Pharmaceutical Control Bureau of the Ministry of Health, Malaysia, which stated our plant is Good Manufacturing Practice (“GMP”) compliant.
- Malaysian Livestock Industry Awards 2011 - Outstanding Animal Health Provider.
- Best @ Show Awards – Most Popular Booth at Livestock Asia Expo & Forum 2011 Kuala Lumpur.
- Named to the International Business Times List of 2011 Top 1000 World’s Fastest Growing Companies.
- SME 100 Malaysia’s Fast Moving Companies 2011.

# MILESTONES AND ACHIEVEMENTS (CONT'D)

## 2018

Recognition Award from Financial Times and Statista  
- FT1000 High-Growth Companies Asia-Pacific 2018

Klang factory (Osmosis Nutrition Sdn. Bhd.) obtained certification from Lloyd's Register in:-

- GMP+ B2 : Production of Feed Ingredients
- ISO 22000 : 2005
- HACCP

## 2020

Recognition Award from Natural Remedies Private Limited, India

- Business Excellence Awards 2020 for PeterLabs Sdn. Bhd.

## 2019

- Award from The Socrates Committee Oxford, UK 2019
- Best Manager of the Year – Mr. Lim Tong Seng (Managing Director) – High achievement and professionalism in the company management
- Award from World Confederation of Business - The Bizz Awards (For being a successful leader who works in an innovative, knowledgeable and systematic manner)
  - i) World Business Leader
  - ii) World Leader Businessperson awarded to Mr. Lim Tong Seng

# DIRECTORS' PROFILE

## **DATO' LIM TAI SOON**

Malaysian, Aged 73, Male

*Independent Non-Executive Chairman*

Dato' Lim Tai Soon (Dato' Lim) was appointed as Independent Non-Executive Chairman on 1 June 2023. Dato' Lim is one of the pioneers of the Malaysian animal health industry. Dato' Lim is the Executive Chairman of the Lintrachem group of companies which Dato' Lim founded in 1983 to import and distribute animal health products and equipment for poultry and livestock. The group has since exited the animal health business and currently focuses on property development and investment.

After graduating from Cyma College, Kuala Lumpur in 1973 with a Diploma in Accounting, Economics and Commerce, Dato' Lim began his career working on the accounts of several large companies including one of the largest pig farms in the country at the time. From there, Dato' Lim realised the potential of the animal health industry and Dato' Lim soon established his own company to distribute vaccines and other animal health products throughout Malaysia.

Dato' Lim is the founding President for the Malaysia Animal Health and Nutrition Association (MAHNiA). As president, Dato' Lim represented and championed the interests of our local animal health and nutrition industry for 16 years; and Dato' Lim continues to contribute to this day as Honorary Life President of MAHNiA.

Dato' Lim also served the wider business community through the Associated Chinese Chambers of Commerce and Industry Malaysia (ACCCIM), where Dato' Lim was elected as Council Member and served as the Deputy Chairman of the Commerce Committee for 6 years. Dato' Lim is also active in the Kuala Lumpur and Selangor Chinese Chamber of Commerce and Industry (KLSCCCI) where Dato' Lim was elected as a Council Member from the year 2000 until the present. At KLSCCCI, Dato' Lim was the Chairman of the Education Committee for 6 years, the Deputy Chairman of the Agriculture Committee for 6 years and the Deputy Chairman for the Information Technology Committee for 3 years. Dato' Lim also served in the General Affairs Committee, Treasury Committee and Property Committee. Dato' Lim is currently Advisor to the KLSCCCI Education Committee as well as to the committee for the Malaysian Chinese Literature Award. Dato' Lim was also elected to serve as a Council Member of the Malaysia-China Chamber of Commerce for 12 years.

Since Dato' Lim appointment on 1 June 2023 as Director, he has attended all two (2) Board meetings held during the financial year 2023.

## **LIM TONG SENG**

Malaysian, Aged 64, Male

*Group Managing Director*

Mr. Lim Tong Seng (Mr. Lim) was appointed to the Board on 28 July 2010 as a Director and subsequently redesignated as the Group Managing Director of our Group on 1 September 2010. Mr. Lim completed his secondary school education in 1977 and has since accumulated over 40 years of experience in the livestock industry, mainly in the animal health and nutrition sector. Mr. Lim is also a committee member of the Malaysian Animal Health and Nutrition Industries Association.

Mr. Lim's career in the livestock industry began when Mr. Lim joined the feedmill division of Industrial Farm Pte. Ltd., a Singapore commercial pig farm in 1978 as a Feedmill Executive. In 1984, Mr. Lim assumed the position of Production Executive at Agrinuser (M) Sdn. Bhd., a feed additive premix manufacturing company. In 1989, Mr. Lim founded Benuser and spearheaded the company's operations in manufacturing various feed additives and premixes for the livestock industry. In 2002, Mr. Lim left Benuser and co-founded PeterLabs Sdn. Bhd., Osmosis Nutrition Sdn. Bhd. and PLON Synergy Group Sdn. Bhd. and in the same year Mr. Lim was appointed as the Executive Director of PeterLabs.

In 2019, Mr. Lim was awarded by The Socrates Committee, Oxford, UK being the Best Manager of the Year for high achievements and professionalism in the company management. Mr. Lim also awarded by the World Confederation of Business – The Bizz, being the World Leader Businessperson for being a successful leader who works in an innovative, knowledgeable and systematic manner.

Mr. Lim has attended all five (5) Board Meetings held during the financial year 2023.

# DIRECTORS' PROFILE (CONT'D)

## TEO CHIN HENG

Malaysian, Aged 71, Male  
*Executive Director*

Mr. Teo Chin Heng (Mr. Teo) was appointed to the Board on 1 September 2010 as an Executive Director and is currently heading the Supply Chain Department. Mr. Teo graduated from National Chengchi University in Taiwan with a Bachelor of Economics in 1978 and has since accumulated over 40 years of experience in the animal health and nutrition industry.

Mr. Teo began his career in his family's porcelain manufacturing business in 1979 and subsequently joined Wellchem (M) Sdn. Bhd. in 1981 as a Sales Executive in the veterinary division. In 1986, Mr. Teo co-founded Chern Tek, a company involved in trading of animal health and nutrition products. In 2002, Mr. Teo left Chern Tek and co-founded PeterLabs Sdn. Bhd., Osmosis Nutrition Sdn. Bhd. and PLON Synergy Group Sdn. Bhd.

Mr. Teo has attended all five (5) Board meetings held during the financial year 2023.

## YAP SIAW PENG

Malaysian, Aged 50, Female  
*Executive Director*

Ms. Yap Siaw Peng (Ms. Yap) was appointed as an Executive Director on 1 March 2016. Ms. Yap obtained her Bachelor Degree of Accounting with Honours and internship practices from The University of Hull in United Kingdom in 1998.

Ms. Yap began her career with few multinational companies in various industry. In 1998, Ms. Yap joined Digi Telecommunication Sdn. Bhd. as an Accounts Officer. From year 2000 to 2003, Ms. Yap served as a Senior Accounts Executive and Credit Controller in RS Components Sdn. Bhd. Prior to joining PeterLabs Sdn. Bhd., Ms. Yap worked for 7 years with an American Fortune 500 Company, Avery Dennison Materials Sdn. Bhd. as a Finance Manager to responsible on the day-to-day operations, Ms. Yap also participated in the South East Asia financial project and to oversee the operational activities at the distribution center in Johor Bahru.

Ms. Yap joined PeterLabs Sdn. Bhd. in 2010 as a Financial Controller to assist the Group in the Initial Public Offering exercise and was promoted to Group General Manager in 2012. Ms. Yap is currently responsible for the Group's corporate services function inter-alia, treasury, accounting, corporate planning, finance, human resources, information technology and day-to-day operations of the Group.

Ms. Yap was appointed as a Director of our subsidiary - Thye On Tong Trading Sdn. Bhd. on 1 January 2021. Ms. Yap will be involved in the overall strategic direction, overseeing the financial matters, day-to day operations and planning for the business of distribution of consumer goods of the Group. Ms. Yap was also appointed as Director to other subsidiary companies namely – PeterLabs Sdn. Bhd., Osmosis Nutrition Sdn. Bhd. and PLON Synergy Group Sdn. Bhd. on 1 April 2021.

Ms. Yap has attended all five (5) Board meetings held during the financial year 2023.

## DIRECTORS' PROFILE (CONT'D)

### DATUK LOH SAW FOONG

Malaysian, Aged 57, Male  
*Executive Director*

Datuk Loh Saw Foong (Datuk Loh) was appointed as an Executive Director on 5 January 2021. Datuk Loh finished his High School from St. Paul's Institution.

Datuk Loh is the General Manager of our subsidiary - Thye On Tong Trading Sdn. Bhd. (TOT), mainly responsible for the overall management and strategic directions of TOT. Datuk Loh has more than 30 years of experiences in the industry of distribution of consumer goods. Upon completion of his secondary education in 1984, Datuk Loh joined TOT as a retail assistant, which was then a traditional Chinese medical hall managed by his father and family, mainly supplying Chinese herbal medicine and groceries. Datuk Loh has consistently expanded the business of TOT to the distribution of consumer goods in 1994.

Datuk Loh has attended all five (5) Board Meetings held during the financial year 2023.

### DATO' NG BOON SIONG

Malaysian, aged 39, Male  
*Independent Non-Executive Director*

Dato' Ng Boon Siong (Dato' Ng) was appointed to the Board on 15 December 2020 as our Independent Non-Executive Director. Currently, Dato' Ng is the Chairman of Remuneration Committee, a member of Nomination Committee, Audit and Risk Management Committee. Dato' Ng is Rector's List student; Dato' Ng managed to rise to the top 1 overall ranking out of 513 students in the university's law faculty. Dato' Ng was also bestowed by the university with the award of Best Student in Company Law and Best Oralist in the university's law mooting competition. Such excellent academic records and advocacy skills have propelled him into a fulfilling career path as a former Federal Counsel in the Attorney-General's Chambers Malaysia from 2008 till 2010 and a former Prosecuting Officer in the Securities Commission Malaysia from 2010 till 2012.

Dato' Ng was called to the Malaysian Bar in 2010 and had been practising as an advocate and solicitor of the High Court of Malaya since 2012 till now. Dato' Ng is currently the Managing Partner of Messers Jason Ng & Partners which is a medium size boutique law firm in Kuala Lumpur city centre. Dato' Ng specialises in corporate advisory work, construction litigation and strategic mediator for dispute resolution.

Dato' Ng has previously served as an Independent Non-Executive Director on the board of Stone Master Corporation Berhad from the year of 2017 to 2019.

Dato' Ng is the co-author of the book entitled "Know Your Rights: Surviving the Legal Maze in Malaysia" which was published on 28 April 2012 and Dato' Ng has also written thesis on corporate governance in minority shareholder protection. Having vast experience in legal fraternity, Dato' Ng has also contributed numerous articles on various legal issues in the publication of INSPIRE, a business journal published by the Women's Institute of Management Malaysia.

Dato' Ng is the son of Mr. Ng Kau, an Alternate Director of the Company.

Dato' Ng has attended four (4) out of five (5) Board Meetings held during the financial year 2023.

## DIRECTORS' PROFILE (CONT'D)

### LOH POH IM

Malaysian, Aged 58, Female  
*Independent Non-Executive Director*

Ms. Loh Poh Im (Ms. Loh) was appointed as Independent Non-Executive Director on 1 July 2022. Ms. Loh is the Chairman of Audit and Risk Management Committee, and a member of Nomination Committee and Remuneration Committee. Ms. Loh has a strong background in accounting and finance. Ms. Loh holds a Certificate in Investor Relations from the IR Society UK, is a Chartered Accountant certified by the Malaysia Institute of Accountancy, and holds a Bachelor of Accounting from the University of Malaya, among other qualifications.

With over three decades of experience, Ms. Loh is a highly accomplished finance professional who has held leadership roles in various industries. Ms. Loh has expertise in financial operations, compliance, and strategic planning. In addition to her role at PeterLabs, Ms. Loh currently serves as an Independent Non-Executive Director, Chairman of Remuneration Committee and Audit Committee, and a member of Nomination Committee of Ecobuilt Holdings Berhad.

Throughout her career, Ms. Loh has held leadership positions at several public listed companies, where Ms. Loh managed functions such as finance, administration, and internal controls. Her expertise also extends to taxation, banking, equity, and bond funding, making her a valuable asset with a strong network in the financial sector.

Ms. Loh has attended all five (5) Board meetings held during the financial year 2023.

### HO SIEW LI

Malaysian, Aged 34, Female  
*Independent Non-Executive Director*

Ms. Ho Siew Li (Ms. Ho) was appointed as Independent Non-Executive Director and Chairman of Nomination Committee on 1 July 2022. Ms. Ho is Member of Remuneration Committee, Audit and Risk Management Committee. Ms. Ho started her career with one of the Big Four Accounting Firms in Kuala Lumpur for 1 year and subsequently continued her career journey at Singapore. In total of 5 years spent in Singapore that exposed her to wide range of industries.

Ms. Ho returned to Malaysia end of 2017 and Ms. Ho joined the Restructuring Team in one of the renowned accounting firm in Kuala Lumpur, Malaysia. However, Ms. Ho decided to venture on her own business under Infinitus Management & Advisory Sdn. Bhd. in late 2018. Her serving mainly on SMEs market in corporate secretarial, accounting and advisory.

Ms. Ho is currently leading a team of 5 members. Her exposure on corporate governance and audit functions are accumulated from various accounting firms. Throughout her entrepreneurship journey, Ms. Ho led the accounting and business advisory arm, and practicing as a company secretary in SME companies. Ms. Ho had been exposed to a company that is on the journey to be listed in the LEAP market, which required a strengthened internal control and finance function to be in place.

Ms. Ho has attended four (4) out of five (5) Board meetings held during the financial year 2023.

## DIRECTORS' PROFILE (CONT'D)

### NG KAU

Malaysian, Aged 66, Male

Alternate Director to Dato' Ng Boon Siong

Mr. Ng Kau (Mr. Ng) was appointed to the Board on 15 December 2020 as Alternate Director to Dato' Ng Boon Siong. Mr. Ng was called to the Malaysian Bar in 1994 and is currently practising as an advocate and solicitor of the High Court of Malaya. Mr. Ng is the Senior Partner of Messrs Jason Ng & Partners which is a medium size boutique law firm situated in the city centre of Kuala Lumpur. Mr. Ng specialises in construction litigation, criminal defence, employment laws and general dispute resolution.

Mr. Ng has previously served as a Legal Adviser to various listed companies, housing developers, construction companies, construction of oil and gas platforms, ship building and repairs, interior fit out works and manufacturing plants.

Mr. Ng is the co-author of the book entitled "Know Your Rights: Surviving the Legal Maze in Malaysia" which was published on 28 April 2012. Having vast experience in the legal fraternity, Mr. Ng has also conducted various seminars and trainings on construction issues, employment laws and Anti-bribery and corruption laws. Mr. Ng has conducted various trials in the civil courts and criminal courts involving, amongst others, charges on share manipulation and giving false quarterly results to the Bursa Malaysia and the Securities Commission of Malaysia.

Mr. Ng is the father of Dato' Ng Boon Siong, an Independent Non-Executive Director of the Company.

### OTHER INFORMATION

a. None of the Directors have any family relationship with any Director and/or major shareholder of the Company.

b. Conflict of Interests

None of the Directors have any conflict of interest or potential conflict of interests; including any interest in any competing business with the Company and its subsidiaries.

c. Convictions for offences

None of the Directors have convicted any offence within the past five (5) years and have imposed of any penalty by the relevant regulatory bodies during the financial year 2023.

d. Directorship in other Public Listed Companies

Except for Ms. Loh, none of the Directors hold any directorship in the other public listed companies.

# SUSTAINABILITY STATEMENT

PeterLabs Holdings Berhad (“PLABS” or “the Company”) and its group of companies (“PLABS Group”) believes that sustainability development of the PLABS Group is one of the key pillars in the PLABS Group’s Strategy which is of paramount importance to its long-term success. The PLABS Group has been continuously refining the ways to manage its business in a sustainable and responsible manner.

The Board of Directors (“Board”) of the Company is pleased to present this Sustainability Statement which presents the management and performance of the economic, environmental, and social (“EES”) matters of the PLABS Group.

## ABOUT PLABS

PLABS Group is a dynamic and diversified company operating in two core business segments, each contributing to its strong market presence and continued growth.

### **Leading Specialist in Animal Health and Nutrition Products (Trading & Manufacturing Sector)**

PLABS, through its subsidiaries PeterLabs Sdn. Bhd. an Osmosis Nutrition Sdn. Bhd., is a leading specialist in the manufacturing, distribution, export, and trading of animal health and nutrition products. The comprehensive product range caters to the diverse needs of the animal health industry, including biosecurity and disinfectant solutions, compound feed supplements, feed additives, nutritional premixes, pharmaceuticals, and water-soluble supplements.

### **Distributors of Fast-Moving Consumer Goods (FMCG) in Malaysia (Trading Sector)**

PLABS, through its subsidiary Thye On Tong Trading Sdn. Bhd. (“TOT”), is a leading distributor of fast-moving consumer goods (“FMCG”) in Malaysia. TOT has established strong partnerships with renowned FMCG brands, enabling it to distribute a diverse portfolio of products to consumers nationwide. These include well-known brands such as Colgate Palmolive Marketing Sdn. Bhd., Vinda Marketing (M) Sdn. Bhd., Fonterra Brands Malaysia Sdn. Bhd., DKSH Malaysia Sdn. Bhd., GoodMorning Global Sdn. Bhd., Delima Oil Products Sdn. Bhd., Rasaku Marketing Sdn. Bhd. and Wipro Unza (M) Sdn. Bhd.

## ABOUT THIS STATEMENT

### **Scope and Basis of Scope**

This statement covers our sustainability performance of the financial year 2023, from 1 January 2023 to 31 December 2023 for PLABS Group.

### **Reporting Frameworks and Standards**

This Statement has been developed according to Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements, with reference to Bursa Securities Sustainability Reporting Guide (3rd Edition), Global Reporting Initiative Standards, Sustainability Accounting Standards Board Standards and the International Sustainability Standards Boards Standards.

We have not yet included climate-related disclosures that are aligned with the recommendations of Task Force on Climate-related Financial Disclosure in this Report, as we are still in the process of establishing our climate reporting framework, however our initiatives to enhance the energy use and efficiency, aimed at reducing carbon footprint, are elaborated in the energy management section.

### **Assurance and Review**

We have not sought external assurance on this Sustainability Statement but will consider doing so as our reporting matures over time. We have taken measures to ensure the accuracy and reliability of the data presented, using both quantitative and qualitative information to present a comprehensive view of our sustainability performance. In Financial Year Ended 31 December 2023 (“FY 2023”), we engaged internal auditors to conduct an internal review of the Group’s sustainability reporting process.

### **Feedback**

We welcome and encourage our stakeholders to provide feedback pertaining to this Statement and the issues covered to our Group Sustainability committee at [public.relation@peterlabs.com.my](mailto:public.relation@peterlabs.com.my).

## SUSTAINABILITY GOVERNANCE

The Group’s sustainability governance structure is integrated into corporate governance framework. As the Group looks to ensure sustainability is embedded across all aspects of our organisation, the responsibilities of our Board and its committees have been broadened to encompass sustainability elements.

The Board has overall responsibility for integrating sustainable EES initiatives into the PLABS Group’s business strategy. The Board has mandated the Audit and Risk Management Committee (“ARMC”) to review and recommend sustainability strategies and initiatives covering EES and incorporating sustainability practices into the PLABS Group’s business. ARMC is supported by a Group Sustainability Committee (“GSC”) headed by the Group Managing Director. Other members of the GSC include Group Financial Controller and key personnel from various operating units.

# SUSTAINABILITY STATEMENT (CONT'D)

<b>Board</b>	<ol style="list-style-type: none"> <li>1. Primarily responsible for the overall sustainable strategic planning of the PLABS Group</li> <li>2. Approves the sustainable development strategies and policies</li> <li>3. Access and review the PLABS Group's sustainability performance</li> </ol>
<b>ARMC</b>	<ol style="list-style-type: none"> <li>1. Reviews and monitors the PLABS Group's sustainability framework and processes</li> <li>2. Discusses the sustainability issues with management</li> <li>3. Reviews and recommends the sustainability statement to the Board</li> </ol>
<b>Group Sustainability Committee</b>	<ol style="list-style-type: none"> <li>1. Drives the sustainability efforts, including discussion and monitoring of sustainability issues and stakeholder engagement</li> <li>2. Develops and implements sustainability initiatives, including raising employees' awareness, maintaining sustainability standards and reviewing progress</li> </ol>

## STAKEHOLDERS ENGAGEMENT

At PLABS, we understand that stakeholder engagement is a continuous and essential process that is integral to the success of our business. We value the diverse perspectives and insights provided by our stakeholders, as they contribute to our decision-making processes and guide our sustainability priorities.

PLABS Group continues to communicate, consult and collaborate with their key stakeholders in an open, timely and proactive manner through various channels or platforms to address areas of mutual interest and concern. Summarised below is the engagement approach towards their stakeholders.

Key stakeholders	Engagement approaches
<b>Board of Directors</b>	<ol style="list-style-type: none"> <li>1. Quarterly Meetings (physical/ online)</li> <li>2. Ad Hoc Meetings (as needed)</li> </ol>
<b>Customers</b>	<ol style="list-style-type: none"> <li>1. Meetings and discussions (including online)</li> <li>2. Visits at customers' sites</li> <li>3. Complementary consulting and after sales services</li> </ol>
<b>Employees</b>	<ol style="list-style-type: none"> <li>1. Employees' Handbook and other company policy</li> <li>2. Annual performance appraisal</li> <li>3. Orientation and regular trainings</li> </ol>

Key stakeholders	Engagement approaches
<b>Suppliers</b>	<ol style="list-style-type: none"> <li>1. Meetings and discussions (including online)</li> <li>2. Products sampling</li> <li>3. Technical and product briefings</li> </ol>
<b>Shareholders, Financiers &amp; Investors</b>	<ol style="list-style-type: none"> <li>1. Corporate website</li> <li>2. Investor relations channel</li> <li>3. Announcements on Bursa Malaysia Berhad's website</li> <li>4. General meetings</li> </ol>
<b>Local Authorities &amp; Regulators</b>	<ol style="list-style-type: none"> <li>1. Reporting as per laws and regulations</li> <li>2. Meetings and discussions</li> </ol>

## MATERIAL MATTERS

At PLABS, we recognize that our material issues can significantly affect our ability to generate long-term value for our stakeholders, both directly and indirectly. These material matters shape our business strategy and guide our decisions on resource allocation for sustainability issues.

In FY 2023, we conducted a reassessment to identify the material sustainability matters most relevant to our business and stakeholders. The materiality in relation to the sustainability of our business has been determined from the analysis of the Group's internal and external factors arising from the rapidly changing environment, regulatory requirements. We also considered common sustainability matters that are deemed material for all listed issuers as per Bursa Securities Sustainability Reporting Guide (3rd Edition). The material matters identified are as follows:

- (1) Anti-Corruption
- (2) Community/ Society
- (3) Diversity
- (4) Energy Management
- (5) Health and Safety
- (6) Labour Practices and Standards
- (7) Supply Chain Management
- (8) Data Privacy and Security
- (9) Water
- (10) Waste Management

## MANAGEMENT APPROACH FOR MATERIAL MATTERS

### Anti-Corruption

#### Why is this important?

PLABS upholds high standards of business ethics and compliance across the Group as a reflection of our core values: Sustainability, Honesty, Accountability, Responsibility and Efficiency. This is crucial for us to protect the interests of both the

# SUSTAINABILITY STATEMENT (CONT'D)

business and stakeholders while building trust and reinforcing confidence of our stakeholders in us.

## Our approach

The Board and management remain committed to conducting business with integrity, guided by our Code of Conduct ("CoC"). The CoC communicates PLABS's fundamental principles and guidelines to all employees, including Directors in addressing ethical issues and carrying out their responsibilities. The Group's zero-tolerance stance against corruption is outlined in our Anti-Bribery and Corruption ("ABC") Policy, which is regularly reviewed to ensure alignment with the Malaysian Anti-Corruption Commission Act 2009.

All new joiners undergo an induction programme where they are required to familiarise themselves with the Group's CoC, ABC Policy, and other accompanying policies and procedures. Our suppliers are also subject to ethical conduct and anti-bribery and corruption guidelines as entailed within the CoC for Third Parties and ABC Policy. All suppliers will need to sign a declaration indicating their agreement to abide by the guidelines and policies set forth by PLABS in their business dealings.

PLABS has established a dedicated whistleblowing channel under the Whistleblowing Policy, which allows employees and external stakeholders to report improprieties confidentially through email, telephone, or mail. The Group has made our CoC, ABC Policy and Whistleblowing Policy available on our corporate website and company intranet to ensure they are accessible to all stakeholders.

## Our performance

In FY 2023, we conducted training sessions to enhance employees' awareness of anti-bribery and corruption. The table below summarizes the percentage of employees who received this training, categorized by employee type:

Employee Category	Percentage (%) Trained
Management	100%
Executive	100%
Non-Executive	100%

As of 31 December 2023, we recorded zero incidents of corruption across PLABS's business operations. We endeavor to maintain this track of record.

## **Community/ Society**

### Why is this important?

We firmly believe that fostering a positive relationship between businesses and communities promotes better social inclusion and creates tangible and favorable outcomes in the long run. At PLABS, we strive to be a responsible corporate citizen by giving

back to the surrounding communities in which we operate, through our community engagement and impact programmes, with a focus on social welfare. Additionally, we are convinced that our contributions towards the betterment of local communities through welfare-related initiatives will strengthen our relationship with them.

## Our approach

As a responsible corporate citizen, we understand that our actions have an impact beyond our business operations. Therefore, we strive beyond in our efforts to make a positive difference in the lives of people from all walks of life. Our efforts extend to serving various segments of the community, including governmental and non-governmental organisations ("NGO") students, non-profit organisations, children with special needs, and the elderly. We achieve this through a range of initiatives including donations, sponsorships, volunteerism programs and corporate social responsibility activities.

We adopt a holistic approach that involves collaboration and partnerships with key stakeholders such as governmental and non-governmental organisations, and subject matter experts to leverage their expertise and insights. Through these collaborations, we gain valuable knowledge about the specific needs and challenges faced by different communities. This knowledge enables us to develop tailored programmes and initiatives that address these challenges directly, leading to more meaningful and sustainable outcomes.

## Our performance

As of 31 December 2023, we contributed RM3,000 worth of monetary and non-monetary donations to charities, NGOs, and educational institutions in Malaysia. We endeavor to make a positive contribution to the local community and society continuously through meaningful engagement and effective programs.

## **Diversity**

### Why is this important?

Diversity and inclusivity at work give us a competitive edge through accumulation of, and ability to tap into a wide range of knowledge, perspectives, and ideas. In line with this, we strive to promote equal employment opportunities and non-discrimination, by actively encouraging diversity of gender, race, religion, age and nationality.

## Our approach

We achieve equity through policies and actions that are underpinned by both fairness and inclusiveness. We promote a culture that respects and values differences, advocates for equality, and encourages growth and development to help individuals reach their full potential. We are dedicated to

# SUSTAINABILITY STATEMENT (CONT'D)

maintaining fair employment practices, and consistently reviewing our recruitment process to ensure equality from the beginning, in alignment with our Employee Handbook and procedures. At PLABS, employees receive competitive wages that are free from any form of gender discrimination. All decisions regarding career advancement, recognition, and rewards are approached in a fair and unbiased manner, strictly based on employees' performance and merit.

## Our performance

A breakdown of the Board and employees, by gender and age groups, is as follows:

Category	Board of Directors	Employees
<b>By Gender</b>		
Male	62%	54%
Female	38%	46%
<b>By Age</b>		
Under 30 years old	-	28%
30 – 50 years old	25%	50%
Over 50 years old	75%	22%

We strongly advocate for equitable gender representation throughout our organization, including at the Board level, where we consistently achieved a minimum of 30% female representation since Financial Year Ended 31 December 2022. This commitment aligns with our belief in good corporate governance practices. At the employee level, we are proud to maintain a balanced gender representation, this equitable distribution underscores our commitment to creating a diverse and inclusive workplace.

## **Energy Management**

### Why is this important?

The Group acknowledges that our energy consumption and GHG emissions contribute to climate change impacts. We recognise that as a corporate citizen, it is our responsibility to reduce our carbon footprint while also embracing opportunities that unfold while making the transition to a low-carbon economy.

### Our approach

We aim to reduce our environmental footprints and establish operational resilience to deliver long-term value to our business, stakeholders and communities. Energy management involves the efficient use and conservation of energy resources. Sustainable energy management is important for reducing greenhouse gas emissions, promoting energy security, and reducing energy costs.

PLABS Group electricity is mainly consumed by operations of machineries at factory and office daily use. We continuously strive to improve our energy use and efficiency through the following initiatives:

- Proper production plans are in place to ensure efficient usage of machineries.
- Switching off lights and air-conditioning when not in use.
- We have started to replace traditional lighting with energy-saving LED lights and install new inverter-type air conditioners for our offices.
- We regularly conduct energy audits of our buildings and facilities which involve a detailed analysis of energy consumption patterns, identification of areas of energy waste, and recommendations for energy-saving measures.

## Our performance

The breakdown of the energy consumption for the Group in FY 2023 is as follows:

Energy Category	Total
Electricity consumed	1,103,558 KWH
Diesel consumed	61,748 litres
Fuel consumed	168,223 litres

As this is the first year we have collected and presented data on our energy consumption, it may not be meaningful or appropriate to set specific targets at this stage. We endeavor to establish a baseline for our energy management practices and are in the process of analyzing the data to identify trends and opportunities for improvement.

## **Health and Safety**

### Why is this important?

We prioritise the health and safety of our employees and contractors in our business operations and workplaces. By ensuring a healthy, safe and conducive workplace, we aim to prevent injuries and illnesses among those working within our premises, which ultimately leads to increased efficiency and output.

### Our approach

Our Group Safety and Health Policy outlines how our business operations are conducted in a safe manner, through the implementation of various measures and controls by all levels of our workforce. We have established the Group's Occupational Health and Safety Committee, which conforms to the Occupational Safety and Health Act 1994. This committee are present in all divisions and locations and quarterly meetings are conducted with representatives from the Board to ensure that performance and directions are discussed at all levels.

# SUSTAINABILITY STATEMENT (CONT'D)

The Hazard Identification, Risk Assessment, and Risk Control ("HIRARC") process is regularly reviewed and assessed to ensure that it remains relevant in identifying all potential hazards and providing effective mitigation measures. We foster a reporting culture where workers can report incidents without fear of reprisal. An incident reporting line has been established to communicate information for management's attention.

## Our performance

In FY 2023, we are pleased to report there were no serious injuries and incidents or fatalities within the Group. In addition, there were also no major legal action taken against the Group nor any fine or monetary sanction imposed related to occupational safety and health aspect. We endeavor to maintain this track record.

A summary of the Group's safety performance is presented as follows:

Number of Fatalities	0
Number of Lost Time Injuries	0
Lost Time Incident Rate	Not Applicable

In FY 2023, the number of employees trained on health and safety standards are as follows:

Number of employees trained on health and safety standards	15
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## **Labour Practices and Standard**

### Why is this important?

PLABS believes that employees are our most valuable assets and are the driving force for our success and growth. We are committed to recruiting, developing, and retaining high-performing employees while providing a work environment that is both conducive and empowering. On top of that, we invest significantly in development programmes to ensure our employees remain competitive, progressive and future ready.

### Our approach

PLABS complies with applicable labour laws, specifically the Employment Act, 1955 and the Minimum Wages Order 2020. We provide competitive employees' remuneration packages that are benchmarked against market industry standards.

Respecting the Universal Declaration of Human Rights, we strictly ensure that our operations are free from any form of exploitation, forced labour, child labour and slavery. The foreign workers that we employ are provided with essential necessities including living quarters. Each living quarter is equipped with access to potable water supplies, adequate sanitary facilities and electricity.

We are committed to upholding fair employment and equal treatment of all our employees, especially in our human resources process including recruitment, training, and promotion. It is our core belief that all employees shall be treated equally and not discriminated in any way based on gender, religion, disability, marital status, etc. Furthermore, any incidents which are discriminative in nature or in breach of fair employment principles can be reported via the PLABS Group's whistleblowing channel.

To address skill gaps and help our employees achieve their career development goals, we regularly assess employees' training needs, through a training needs analysis for each employee and review our existing training initiatives for continued relevance. In FY 2023, we remain committed to investing in training and development programmes, utilising both physical and online channels. Our training and development programmes include the following:

- (1) Corporate induction for management, executives and non-executives
- (2) Leadership development programmes for middle management levels
- (3) Upskilling programmes on technical courses related to job functions
- (4) Webinars from subject-matter experts and industry leaders
- (5) Capacity building via professional certification
- (6) Curated in-house programmes on IT.

At PLABS, we firmly hold onto our principles of being result-driven, accountable, collaborative, and shared success to drive individual and team performance. In promoting a high-performance culture, we have implemented a systematic performance review process and measurement system which includes employees' Key Performance Indicators (KPIs). At the beginning of each year, we ensure expectations setting conversations are initiated. We conduct a midyear and year-end performance review for all employees, providing them with the opportunity to self-assess, provide feedback, engage in competency discussions, and receive necessary coaching and support. We recognise and celebrate achievements when one has demonstrated exceptional performance within their peer group, deliver high quality results and display outstanding behaviour, through bonuses and promotions. We aim to create a motivating and encouraging environment by offering competitive benefits and compensation packages that attract and retain top talents.

### Our performance

PLABS is proud to have a highly engaged workforce, which is reflected in the longevity of our employees' tenure. On average, our employees stay with us for around years. The new hires and employee turnover in FY 2023 is 77 and 81 respectively.

# SUSTAINABILITY STATEMENT (CONT'D)

Employee Category	New Hires	Employee Turnover
Management	-	-
Executive	48%	21%
Non-Executive	52%	79%
Total	100%	100%

In FY 2023, we spent hours on training, investing RM17,843 in internal and external learning and development programmes. A summary of the Group's training performance is presented as follows:

Employee Category	Number of Training Hours
Management	35
Executive	288
Non-Executive	151
Total	474

In FY 2023, there were no reported complaints regarding human rights violations. We endeavor to maintain this track record.

## **Supply Chain Management**

### Why is this important?

PLABS is dedicated to promoting responsible procurement practices and enhancing our supply chain resilience by incorporating sustainability elements throughout our procurement lifecycle. We firmly believe in supporting local businesses and driving economic growth in the communities where we operate. To achieve this, we prioritise sourcing from local suppliers and providing business opportunities to small medium enterprises contractors, improving their livelihoods. We ensure that our sustainability expectations pertaining to procurement practices are extended to our suppliers, which include contractors, service providers, and consultants.

### Our approach

Responsible sourcing is one of the top materiality matters identified for PLABS. It is a key priority for us to ensure that our products are produced in a sustainable manner and to deliver the produced goods to our customers in adherence to all our commitments stated. Our business relies on a global supply chain, through which we source our raw materials. We establish and maintain a robust relationship with our carefully selected suppliers. We also hold distributorships which enables us to provide a diverse range of products and serve as a one-stop centre to cater for the needs of our customers. Every batch of raw materials from suppliers is required to be accompanied with certificate of analysis which matches our procurement specification. The Quality Control function also conducts sample testing on incoming materials to ensure their quality.

Our supply chain management process is aligned with sales and production, ensuring availability of supplies to meet production needs and timely delivery to customers based on agreed production schedule. In this regard, effective communication and internal processes are crucial to facilitate coordination among internal and external stakeholders, especially amidst heightened logistic and import-export challenges.

### Our performance

In FY 2023, 87% of our purchases were made from local suppliers. We endeavor to maintain this track record by continuing to make a positive contribution through purchases sourced from local businesses.

## **Data Privacy and Security**

### Why is this important?

In recent years, we have seen the acceleration of various trends revolving around remote working, e-commerce and automation, which has propelled the adoption of digital technologies and infrastructure. However, it has also made data more susceptible to cybersecurity risks. Consequently, we have a responsibility to manage the growing threat of cyber-attacks on PLABS, including protecting our customers' sensitive information, to prevent any leaks, threats or loss of customer information.

### Our approach

The Group continues to strengthen its cybersecurity measures through strict adherence to our Privacy Policy. Our policy is developed in accordance with the Personal Data Protection Act 2010. We maintain a robust cybersecurity framework that is embedded within our operations and processes, adhering to all regulatory requirements.

At PLABS, managing data and security is an integral part of our Risk Management and Internal Control Framework. We conduct regular reviews to ensure that our data privacy and security controls and processes are operating effectively. We take reasonable measures to ensure we collect data by lawful means, and that we are transparent about how data is gathered, used, and secured. User access and activities are regularly reviewed to prevent unauthorised access or misuse of authority.

Throughout 2023, we implemented a range of cybersecurity measures, including network penetration tests conducted by external specialists to identify and address any vulnerabilities in our systems and processes. Furthermore, we continue to educate our employees on data protection and privacy. Additionally, we regularly conduct phishing email simulation exercises to enhance their ability in identifying and responding to such emails.

# SUSTAINABILITY STATEMENT (CONT'D)

## Our performance

As of 31 December 2023, there were no reported complaints concerning breaches in customer privacy or data loss. We endeavor to maintain this track record.

## **Water Consumption**

### Why is this important?

The issue of water scarcity is becoming increasingly alarming due to several factors, such as climate change, poor water management, and contamination. As water cuts and scarcity are becoming more frequent, the Group is committed to mitigating the risk of water shortages through efficient water management across our operations.

### Our approach

As a Group, we are adopting a practical approach to water management, aiming to improve water efficiency and promote water conservation.

Our water consumption comes primarily from manufacturing activities such as for DI water usage equipment and machinery cleaning, as well as from our worker facilities, owned office buildings and warehouse. We are committed to implementing water conservation initiatives and raising employees' awareness on proper water management at all our premises. We will annually review our water management plans across all our operations to continually increase efficiency and ensure we are able to achieve our water consumption reduction targets.

### Our performance

In FY 2023, the Group consumed 7,355 megaliters of water. As this is the first year we have collected and presented data on our water consumption, it may not be meaningful or appropriate to set specific targets at this stage. We endeavor to establish a baseline for our water management practices and are in the process of analyzing the data to identify trends and opportunities for improvement.

## **Waste Management**

### Why is this important?

At PLABS, we prioritise proper waste management to reduce our environmental impact benefit the surrounding communities, especially in relation to our manufacturing business. We generate different types of waste, including hazardous waste categorised as scheduled waste, as well as non-hazardous such as domestic waste and recyclable waste. Improper waste management can have far-reaching consequences, including detrimental effects on air and water quality, soil contamination, and heightened risks of hazardous material exposure for both our employees and the surrounding communities in the areas where we operate. Recognising the severity of these potential impacts, it is

imperative that we implement proactive measures to ensure responsible waste management practices across all our operations.

### Our approach

Without proper treatment, waste and sewage discharges from our operations can be harmful to the environment. We understand the importance of managing our environmental impact by properly disposing of our waste and sewage discharges. The PLABS Group continues to enforce the efforts to comply with environmental laws as well as manage the wastage.

The PLABS Group ensures strict compliance with the environmental laws governing the operations and maintenance of the plants of the PLABS Group in areas relating to the environmental standards, emission standards, noise level management and treatment of the plants' effluents and wastewater. As part of the Sustainability agenda, the PLABS Group has measures in place to minimise the adverse impact of pollution on the environment and to achieve continuous improvement of the plants' environmental performance. The PLABS Group will also send other controlled waste substances (such as wastewater plant sludge, contaminated drums, electrical waste, used filters and contaminated rags) to the waste disposal units or specialist contractors licensed by the authorities.

A proper waste handling system was implemented to create a cleaner and better organized environment and appearance. This would help in reducing the costs and workplace hazards and also improving the health and safety at the workplace. Used materials such as papers, carton boxes, plastic drums are reused, where possible, or send to the recycling centre.

### Our performance

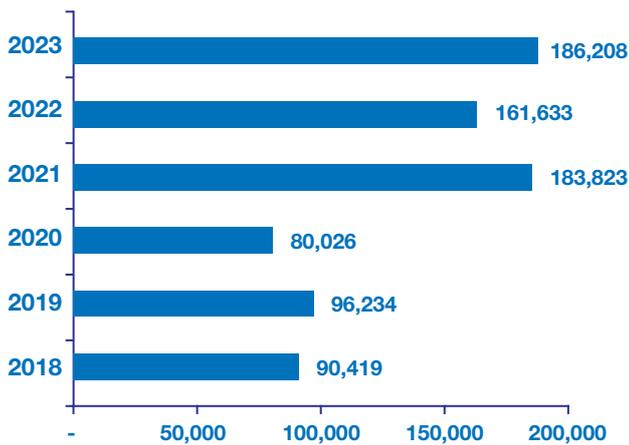
During the FY 2023, the PLABS Group have been penalised for RM2,000 related to environmental compliance by regulatory authorities due to malfunction of some equipment. Our target is to achieve full compliance with environmental laws and regulations governing waste management and disposal practices across all our operations. We endeavor to maintain zero penalties related to environmental compliance by regulatory authorities.

# FINANCIAL HIGHLIGHTS

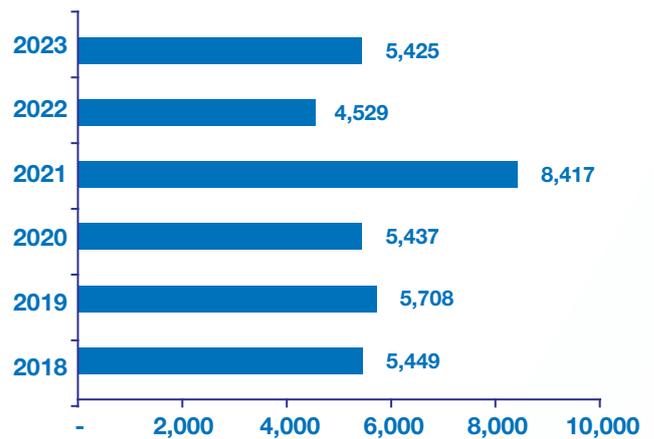
## Group Financial Highlights

	2018	2019	2020	2021	2022	2023
Revenue (RM'000)	90,419	96,234	80,026	183,823	161,633	186,208
Profit Before Taxation (RM'000)	5,449	5,708	5,437	8,417	4,529	5,425
Profit After Taxation (RM'000)	3,797	4,275	3,888	6,006	4,028	4,000
Shareholders' Equity (RM'000)	48,263	52,470	58,358	74,026	74,371	77,816
Total Assets (RM'000)	72,809	72,731	73,428	111,568	106,225	118,395
Earnings Per Share (Sen)	1.77	1.99	1.75	2.00	1.31	1.25
Net Assets Per Share (Sen)	22	24	25	26	27	29

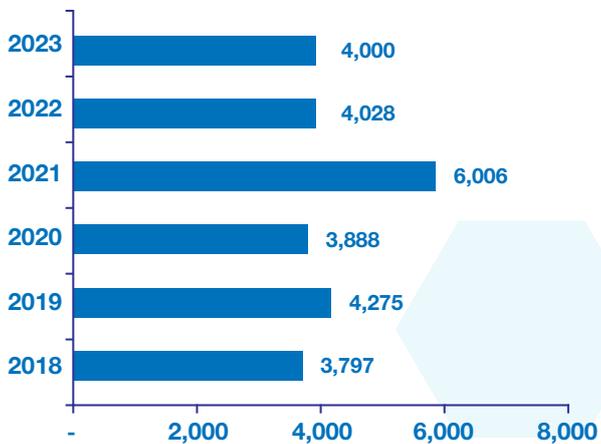
### Revenue (RM'000)



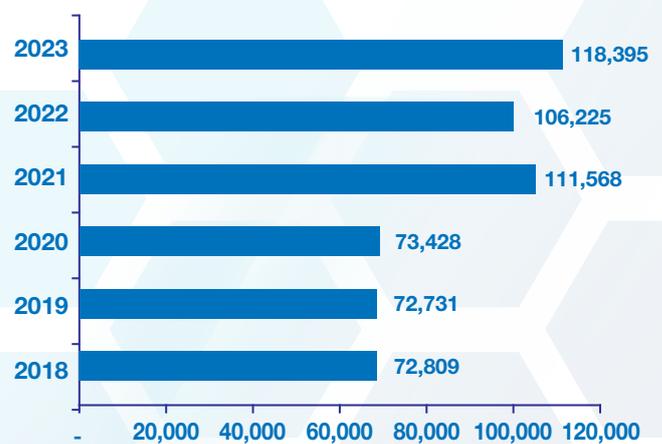
### Profit Before Taxation (RM'000)



### Profit After Taxation (RM'000)



### Total Assets (RM'000)



# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

## Business Operation

PeterLabs Holdings Berhad (“PLABS” or “the Company”) and its group of subsidiaries (“PLABS Group”) is one of the leading specialists in manufacturing, distribution and trading of animal health and nutrition products. The PLABS Group products include biosecurity and disinfectant, compound feed supplement, feed additives, nutritional premix, pharmaceutical and water-soluble supplement.

The manufacturing plant of the PLABS Group is located in Nilai, Negeri Sembilan and has been commercialised since July 2011. The plant was built on a 3-acre land area, which consists of corporate office, production facilities, warehouse facilities, quality control facilities, physio-chemical and microbiology laboratory. The PLABS Group is complying with the ‘Good Manufacturing Practice’ by the National Pharmaceutical Regulatory Agency on the manufacturing facilities within its plant. The PLABS Group provides assurance to its customers that its products are always manufacture in a hygienic manner and in accordance with the best practices of manufacturing. The PLABS Group produces various types of animal health and nutrition products to cater the livestock industry needs with the current production facilities.

In line with the expansion of manufacturing capacity, the PLABS Group has ventured into mass production and toll manufacturing. In year 2015, the PLABS Group expanded and set up another ‘Fat Granular Spray Plant’ in Klang, Selangor with an approximate build-up area of 28,320 square feet. The manufacturing plant is targeted as a manufacturing and storage for our very in-house brand “OsmoFAT”. The manufacturing plant in Klang was successfully commercialised its production since July 2016 and already achieved ISO22000/HACCP Food Safety Management System and GMP+ B2 during the year 2018. In the fourth quarter of 2017, Osmosis Nutrition Sdn. Bhd. (“Osmosis”), one of the subsidiaries of the Company, had won the ‘Asia Halal Brand Awards 2017 – Regional Brands – Best Animal Nutrition Feed Product’. Subsequently in early year of 2018, the PLABS Group was awarded the ‘FT1000 High-Growth Companies Asia-Pacific 2018’ by the Financial Times and Statista.

In December 2023, Osmosis has commenced construction an additional one block factory to cater for Osmofat production in Nilai.

With the completion of acquisition of 60% equity interest in Thye On Tong Trading Sdn. Bhd. (“TOT”) in January 2021, the PLABS Group result is consolidated with the result achieved by TOT. The Board of Directors of PLABS is pleased to announce that TOT is contributed positively to the PLABS Group’s result in term of revenue and profit after tax.

TOT is principally engaged in the distribution of consumer goods, including home care, oral care, baby care, feminine care products, infant and growing up milk powder, grain products and foods & beverage products. TOT has been involved in the business of distribution of consumer goods for approximately 36 years since 1987. As at to-date, TOT has 3 warehouses which located at Senawang, Negeri Sembilan and Balakong, Selangor.

TOT act as distributor and / or an appointed agent for the following 9 brand principals:

- (i) Fonterra Brands Malaysia Sdn. Bhd.;
- (ii) Colgate-Palmolive Marketing Sdn. Bhd.;
- (iii) Vinda Marketing (M) Sdn. Bhd.;
- (iv) DKSH Malaysia Sdn. Bhd.;
- (v) GoodMorning Global Sdn. Bhd.;
- (vi) Wipro Unza (Malaysia) Sdn. Bhd.;
- (vii) Delima Oil Products Sdn. Bhd.;
- (viii) Indadi Utama (M) Sdn. Bhd.; and
- (ix) Rasaku Marketing Sdn. Bhd.

TOT mainly distributes its products to retailers such as supermarkets, mini markets, sundry shops, convenience stores, pharmacies, petrol kiosks, Chinese medical halls and hardware stores, providing market access and coverage in Negeri Sembilan, Melaka, Northern Region of Johor, Southern Region of Selangor and Cheras. The existing major customers of TOT include Mr. D.I.Y. Trading Sdn. Bhd., The Store (Malaysia) Sdn. Bhd, NSK Group, and TF Value – Mart Sdn. Bhd.

PeterLabs Sdn. Bhd., a subsidiary of the Company, has on 20 September 2022 entered into a sale and purchase agreement with Menteri Besar Negeri Sembilan (Pemerbadanan) and BSS Development Sdn. Bhd. to acquire all that piece of freehold industrial lot in Sendayan TechValley held under HS(D) 224806 PT 12692 in Bandar Sri Sendayan, District of Seremban, State of Negeri Sembilan Darul Khusus having a total area of approximately 16,074 square meter for a purchase consideration of RM7,500,000.00 (Ringgit Malaysia Seven Million Five Hundred Thousand Only). The PLABS Group is currently renting a property, which is engaged in distributing consumer goods, including home care, oral care, baby care and feminine care products, infant and growing milk powder and grain products. The Board is of the opinion that the Acquisition represents a good opportunity to invest and own the Property for the long-term benefit and interest of the PLABS Group. The acquisition was fully completed since October 2023.

In addition to that, PeterLabs Sdn. Bhd., had on 8 December 2023 entered into a sale and purchase agreement with Lotus Vantage Sdn. Bhd. for the purchase of all piece of freehold vacant industrial land held on land H.S.(D) 224803 PT 12689, Bandar Sri Sendayan, Daerah Seremban, Negeri Sembilan

# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

known as Sendayan Techvalley, Seremban, Negeri Sembilan with a land area of approximately 7,882 square metre at a purchase consideration of Ringgit Malaysia Four Million Three Hundred Twenty Six Thousand Eight Hundred Ninety Eight and Cents Fourteen (RM4,326,898.14) only, under the terms and conditions as stipulated in the SPA. The Board is of the opinion that the Proposed Acquisition represents a good opportunity to invest and own the Property for the long term benefit and interest of the Group. This strategic land acquisition will facilitate a seamless expansion of our trading business in the near future.

## Business Objective

The PLABS Group provides end-to-end solutions to its customers, which included, but not limited to, the supply of products (consist of animal feed additives and nutrition and medication premixes), farm management, technical advisory services, raw material analysis and feed formulation. The animal feed additives by the PLABS Group are commonly use in the livestock industry, especially on the poultry, ruminant and swine farming segments. This is because the PLABS Group's products help to increase the farm yield by lowering the mortality rates. It's also can ensure that the animals will stay healthy and grow to marketable size.

## Financial Result

The table below highlights the key financial performance of the PLABS Group for the financial year 2023 ("FY 2023"):

	Financial Year Ended 31 December		Variance
	2023	2022	
	RM'000	RM'000	%
<b>Revenue</b>	<b>186,208</b>	<b>161,633</b>	<b>15.20</b>
<b>Cost Of Sales</b>	<b>163,416</b>	<b>141,048</b>	<b>15.86</b>
<b>Gross Profit</b>	<b>22,792</b>	<b>20,585</b>	<b>10.72</b>
<b>Profit Before Tax</b>	<b>5,425</b>	<b>4,529</b>	<b>19.78</b>
<b>Profit After Tax</b>	<b>4,000</b>	<b>4,028</b>	<b>(0.69)</b>
<b>Gross Profit Margin</b>	<b>12.24%</b>	<b>12.74%</b>	<b>(0.50)</b>

## Revenue

The PLABS Group's revenue for FY 2023 increased by RM24.57 million or 15.20% compared with the financial year 2022 ("FY 2022"). Trading segment remained a key driver, fuelled by resilient consumer demand.

However in general, the domestic economy is slowly bouncing back thanks to recovery in internal demand for foods. The business environment was also buoyed by uptick in labor market and household spending coupled with government intervention to ensure consistent supply of food for the country.

# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

## Gross Profit Margin

The gross profit margin for the FY 2023 was decreased by 0.5% compared to the FY 2022. This was mainly due to the unfavorable margin achieved on the sales for some products mainly due to stiff competition faced by the PLABS Group coupled with unfavorable of currency translation and commodity price fluctuations.

## Profit After Tax

The PLABS Group recorded a profit after tax ("PAT") of RM4.00 million for the FY 2023 compared to the PAT of RM4.03 million as recorded in the FY 2022. This representing a slight decrease of RM0.03 million or approximately 0.69%. The lower in the PAT for the current financial year under review arose from the lower gross profit margin achieved for the financial year under review despite of increase in revenue.

However, the export market was showed significant increase of 53.04% compared to FY 2022. This was mainly due to the competitive and favorable selling price obtained coupled with positive demand. The PLABS Group will continues strive its best to venture into the export market.

The table below highlights the Local Sales and Export Sales of the PLABS Group for the FY 2023 and FY 2022:

	Financial Year Ended 31 December				Variance	
	2023		2022			
	RM'000	%	RM'000	%	RM'000	%
Local Sales	181,297	97.36	158,424	98.01	22,873	14.44
Export Sales	4,911	2.64	3,209	1.99	1,702	53.04
<b>Total Sales</b>	<b>186,208</b>	<b>100.00</b>	<b>161,633</b>	<b>100.00</b>	<b>24,575</b>	<b>15.20</b>

## Other Income

	Financial Year Ended 31 December		Variance
	2023	2022	
	RM'000	RM'000	%
<b>Other Income</b>	<b>1,874</b>	<b>1,157</b>	<b>61.97</b>

The total other income of the PLABS Group was increased significantly by 61.97%. This was mainly due to one off sundry income recognized by the Group.

## Other Operating Expenses

	Financial Year Ended 31 December		Variance
	2023	2022	
	RM'000	RM'000	%
Selling and Distribution Expenses	6,411	5,115	25.34
Administration Expenses	11,165	11,264	(0.87)
Net Loss on Impairment of Financial Assets	358	207	72.95
Other Expenses	543	122	345.08
<b>Total</b>	<b>18,477</b>	<b>16,708</b>	<b>10.59</b>

# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

The other operating expenses of the PLABS Group was increased by 10.59% to RM18.48 million in the FY 2023 compared to RM16.71 million in the FY 2022. The increase in selling and distribution expenses was in tandem with revenue increase whereas significant increase in other expenses particularly from provision for slow moving stock which was increase from RM0.014 million to RM0.412 million.

## Trade Receivables

The trade receivables were decreased by RM2.17 million, primarily due to the effective collection effort for the FY 2023 and the net debtor turnover days had also reduced from 78 days in the FY 2022 to 64 days in FY 2023, which was improved 14 days ahead of the FY 2022. However, the Management of the PLABS Group will maintain and practise a good credit control policy with continuous monitoring collection before the approval for delivering the goods to the customers, who are financially distressed.

Moreover, a higher provision of expected credit losses, during the financial year under review, shows an increase of RM0.36 million as compared to the FY 2022. The PLABS Group will continue to monitor its collection in order to further reduction in the provision for the expected credit losses as stated in the credit control policy of the PLABS Group. In fact, the PLABS Group has not experienced any instances of material bad debts during the financial year ended 31 December 2023.

## Cash and Bank Balances

The bank balances of the PLABS Group had increased significantly by 56.36% to RM16.10 million from RM10.30 million in the FY 2022. The PLABS Group has been careful in ensuring that it has sufficient liquidity, especially during economic downturns. With a net cash position of about RM16 million as at the end of the financial year, the PLABS Group is comfortable that it has sufficient cash reserved to meet its operational and capital investments.

## Financial Conditions

Strong Financial Conditions with Healthy Cash Flows

	Financial Year Ended 31 December		Variance
	2023	2022	
	RM'000	RM'000	%
<b>Total Assets</b>	118,395	106,225	11.46
<b>Total Liabilities</b>	37,992	29,821	27.40
<b>Total Equity</b>	80,403	76,404	5.23
<b>Total Borrowings</b>	18,565	8,485	118.80
<b>Cash and Bank Balances</b>	16,101	10,298	56.36
<b>Issue and Fully Paid Capital (unit'000)</b>	275,214	275,214	-
<b>Net Asset Per Share (sen)</b>	28.27	27.02	4.63
<b>Basic Earnings Per Share (sen)</b>	1.25	1.31	(4.58)

At the end of year 2023, the PLABS Group recorded cash of RM16.10 million, total current assets of RM83.68 million and total current liabilities of RM34.65 million. This was resulted from a quick ratio of 1.77, whereby the PLABS Group has the ability to meet its short-term obligations with its most liquid assets.

The total borrowing of the PLABS Group stood at RM18.57 million, of which RM18.12 million of the borrowings was utilised, mainly, in financing the payments to the local and foreign suppliers.

# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

## Review of Operating Activities

	Trading		Manufacturing		Grand Total	
	Financial Year Ended 31 December					
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net Revenue	180,803	158,797	5,405	2,836	186,208	161,633
Profit Before Tax	4,566	4,295	859	234	5,425	4,529
Profit After Tax	3,339	3,920	661	108	4,000	4,028
% of Contribution (Net Revenue)	97.10	98.25	2.90	1.75	-	-
% of Contribution (PAT)	83.48	97.32	16.52	2.68	-	-

## Trading Segment

The trading segment remains as the core business of the PLABS Group and continues to be the key driver in both revenue and segmental operating profit for the PLABS Group. For the FY 2023, the trading, segment contributed 97.10% and 83.48% of the PLABS Group's revenue and PAT respectively.

The trading segment focuses on the distributing products that the PLABS Group currently not able to manufacture and TOT is principally engaged in distribution of consumer goods, including home care, oral care, baby care and feminine care products, infant and growing up milk powder, grain products and foods & beverage products. By doing so, the PLABS Group is able to offer a wider range of products to its customers in the animal health and nutrition industry whereas TOT mainly distributes its products to retailers such as supermarkets, mini markets, sundry shops, convenience stores, pharmacies, Chinese medical halls and hardware stores, providing market access and coverage in Negeri Sembilan, Melaka, Northern Region of Johor, Southern Region of Selangor and Cheras. The PLABS Group is also able to reach a wider customer by offering different products that the customers may specifically require. In addition to that, the trading segment is the marketing arm of the PLABS Group's own manufactured products.

## Manufacturing Segment

Currently, the PLABS Group's plant in Nilai which are catered for the different needs of livestock based on their growth stages. Ingredients and proportion can also be customised or adjusted depending on the needs of our customers' livestock. The plant manufactures various types of animal health additives, except for the OsmoFAT products.

The PLABS Group's plant in Klang is manufacturing the animal feed additives under the PLABS Group's in-house brand, namely OsmoFAT. The plant is mainly cater for the local demand and current export markets. The PLABS Group has more capacity to grow if more penetration and successful ventures made into the export markets.

We also continuously invest in research and development to innovate products to strengthen our products portfolio with sustainability in mind, such as products which help to improve digestibility and reduced wastage.

## Anticipated or Known Risks Relating to the Business and Industries

### (1) Epidemics

The threat of epidemics has always been one of the major problems faced by the livestock industry. As the demand for the animal health and nutrition products are wholly dependent on the growth of the livestock industry. Any widespread of the animal diseases would have severe impacts on the demand of the animal health and nutrition products, both domestically and internationally. As such, the recurrence of these or other new epidemics could have similar effects on livestock demand and supply as well as the demand for the animal health and nutrition products.

# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

To minimize the risk of epidemics, the PLABS Group has diversified its customers base to foreign countries such as Bangladesh, Egypt, China, Indonesia, Brunei, Thailand, Nepal, Belarus, Sri Lanka, Pakistan, Korea, Singapore, Taiwan and Philippines. By this way, the PLABS Group could reduce the risk of sales in the event of an epidemic in any particular location. However, there is no assurance that the outbreak of epidemics will be contained or eliminated the entirely and have no material effect on the business performance.

## (2) **Competitive rivalry**

The local animal health and nutrition market is highly competitive as it comprises more than 79 market players, which included the domestic product manufacturers, distributors and subsidiaries of international product manufacturers. Due to the relatively mature nature of the local livestock industry, particularly in the poultry and swine sub-industries, the market players are required to have good products, strong branding, critical supply quantity, economies of scale and competitive prices in order to stay one step ahead of their competitors.

The core competency of the PLABS Group lies in the ability to develop and manufacture its own animal health and nutrition products. The PLABS Group's resilience lies in its product development initiatives which are one of the competitive strengths of the PLABS Group.

## (3) **Supply of raw materials and products**

An uninterrupted and continuous supply of raw materials and products to the business cycle of the PLABS Group is crucial to its success. Any disruption to the supply chain will adversely affect the business operations of the PLABS Group due to the involvement in manufacturing and trading activities particularly as opposed to a business which provides advisory services which depends on human capital.

To mitigate the risk, the PLABS Group has sourced its supplies from a variety of suppliers. Further to that, the PLABS Group is of the view that holding several distributorships will mitigate the dependence on any single distributor. In the event that any of these distributorships been terminated by either party, there will not be any difficulties in sourcing similar products from any of the PLABS Group's existing distributors, or other suppliers in the market.

## (4) **Fluctuation in prices of raw materials and products**

One of the key issues encountered in the manufacturing industry is the fluctuation in the raw material prices. As the raw material cost contributes to a significant amount of the expenses, a slight hike in the raw material prices would significantly increase the cost of production of the PLABS Group.

Other prices increase could also be as a result of foreign exchange fluctuations which the PLABS Group has endeavored to negate by entering into the foreign exchange spot contracts to lock in the current exchange rate for the foreign purchases to be settled within three (3) market days.

## (5) **Absence of long-term contracts**

The PLABS Group does not have any long-term contracts with its customers as it is not a normal practice in the industry. As such, in the absence of long-term contracts can be an inherent risk to the business operations of the PLABS Group.

Hence, the PLABS Group is dependent on its major customers and could, to a certain extent, be impacted by any loss in the sales to the major customers. Although, there cannot be assurance that the major customers will continue to purchase the PLABS Group's products, the PLABS Group seeks to mitigate the risk by establishing good business relationships with the major customers. Further, the PLABS Group has been able to keep in touch with its customers regularly through the provision of after-sales services as well as through various farmers' seminars and forums that organised by the PLABS Group from time to time. The PLABS Group's commitment in providing continuous supply of quality products and services has been a vital factor towards the customer satisfactions as well as a major reason for the repeat purchases.

# MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT (CONT'D)

## (6) Threat of Substitutes

Each product in the animal health and nutrition market has its own characteristics and functions. As different products are tailored to different farm animals and different farm environments, these products are not easily replaced or substituted due to their distinctive features and functions. However, within the animal health and nutrition market, the antibiotic related to animal feed additives are most vulnerable to be substituted due to the increasing in awareness of health and environmental hazards as well as the impending regulations related to the antibiotic products.

There is an increasing trend, whereby farmers are switching to non-antibiotic animal feed additives on the basis of a greater environmental sustainability and long-run profitability. The PLABS Group is currently manufactured and trade in both antibiotic and non-antibiotic animal feed additives. This reflects the current preferences and demand of the livestock farmers in Malaysia. As the livestock farmers gradually shift towards greater non-antibiotic feed additives usage, the PLABS Group is easily shift its production and trading patterns to the favour of the non-antibiotic feed additives. The PLABS Group will continue dealing with both types in proportions with the market demand. In this regard, the PLABS Group's exposure to the threat of substitutes is minimised in the event of a major change in the consumers' preferences. Nevertheless, there is no assurance that the performances of the PLABS Group will not be affected in the event there is a new product innovation.

## (7) Dependency on our executive directors, key management and key technical personnel

Human capital is one of the key factors in the success of the PLABS Group. Over the years, the PLABS Group has built up a strong operations team comprising of its directors, managers and technical personnel who have a vast experience in the livestock industry and have over the years accumulated vast and valuable knowledge of the PLABS Group's operations and the industry. As such, any loss of the key personnel of the PLABS Group may have an adverse impact on the PLABS Group as well as to the day-to-day operations. To retain the key management and key technical personnel, the PLABS Group offers a competitive remuneration package for their contribution towards the PLABS Group's success. Good working relationships have also been fostered amongst the employees of the PLABS Group as well as providing a healthy working environment, practice good workplace culture and uphold good work ethics to create a sense of belonging amongst the employees. Although most of the key employees have good working relationships, there is no assurance that they would not leave the PLABS Group.

## Forward-looking Statement

The Group is closely monitoring the evolving global economic landscape, interest rate risk and will adapt its business strategy to mitigate any adverse impact to the Group's performance.

The prospects of stable or lower rates in the current year could provide some buffer to consumers' containerised consumption.

Regardless of the market environment, we are resolute in our long-term strategies focused on delivering cost efficiency and identifying new market opportunities.

Barring any unforeseen circumstances, the PLABS Group is committed to the fulfillment of its obligations to steer through these tough times.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board” or “the Directors”) of PeterLabs Holdings Berhad (“PLABS” or “the Company”) recognises the importance of good corporate governance and is committed to practice high standards of corporate governance throughout the Company and its group of subsidiaries (“PLABS Group”). Such commitment is based on the belief that a strong culture of good corporate governance practices is fundamental towards enhancing long-term shareholders’ value, increasing investors’ confidence and protecting stakeholders’ interests.

The Board is pleased to present this statement on the overview of the corporate governance practices of the Company during the financial year ended 31 December 2023 (“FY 2023”).

This statement is to be read together with the Corporate Governance Report of the Company which is available on the Company’s website at <https://www.peterlabs.com.my>.

## **PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS**

### **i. Board Responsibilities**

The PLABS Group recognises the important role played by its Board in the stewardship of the PLABS Group’s direction and operations, and ultimately, the enhancement of long-term shareholders’ value. To fulfill this role, the Board is responsible for the overall corporate governance of the PLABS Group, including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

The Board has set the approved authority limit for the Directors and Management on annual basis, which clearly delineates relevant matters and applicable limits, including those reserved for the Board’s approval, and those which the Board may delegate to the Group Managing Director and Management. The last reviewed on the approved authority limit was on 28 November 2023.

The Board members, whether as a board or in their individual capacity, have full and unrestricted access to all information within the PLABS Group and direct access to the advice and services of the Company Secretary who is responsible for ensuring that the procedures of the Board meetings are properly conducted and that applicable rules and regulations are complied. At each Board meeting, the Company Secretary appraises the Board on the PLABS Group’s compliance obligations and highlights non-compliances with legal, regulatory and statutory rules and guidelines, if any, in addition to the administrative matters.

The Board is also regularly updated and advised on new regulations, guidelines or directive issued by Bursa Malaysia Securities Berhad (“Bursa Securities”), SC and other relevant regulatory authorities.

The Board also avails itself of independent professional advice as and when necessary in furtherance of their duties at the Company’s expense. Additionally, the Board invites the senior management to brief the Board from time to time on matters being deliberated as they are able to help bring insight into these matters.

The notices and agendas for the Board meetings and the relevant reports and information for the Board’s review and approval are forwarded to all Board members at least seven (7) days prior to the meetings.

The Board recognises that it is imperative that Directors devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes. The Directors were encouraged to attend relevant training programmes or seminars to further enhance their skills and knowledge in the latest statutory requirements as well as to keep abreast with the business development to assist them in carrying out their functions and duties as Director.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Details of the Directors' attendance of training programs or seminars during the FY 2023 were as follows:

Subjects	Date	Attendee(s)
<b>A. Corporate Governance</b>		
CG Advocacy Programme: Bursa Malaysia Immersive Experience: The Board "Agender"	1 March 2023	Ms. Loh Poh Im
Mandatory Accreditation Programme for Directors of Public Listed Company	31 May 2023 - 2 June 2023	Dato' Lim Tai Soon
<b>B. Board Leadership</b>		
Exporting to the Mena Region: United Arab Emirates, Kingdom of Saudi, Arabia & Egypt	15 March 2023	Ms. Yap Siaw Peng
GMP+ FSA: Feed Safety Management System Awareness Training	18 April 2023	Mr. Lim Tong Seng Mr. Teo Chin Heng Ms. Yap Siaw Peng
Making Finance a Better Strategic Partner to Business	14 June 2023	Ms. Loh Poh Im
Transforming the Finance Function for Increased Agility & Sustainability	3 August 2023	Ms. Loh Poh Im
FUEL Your Business - Principal's SME & Corporate Seminar	9 August 2023	Ms. Loh Poh Im
Accelerating Malaysia's Export to the Middle East Region	10 August 2023	Ms. Yap Siaw Peng
Management of Cyber Risk Programme	3 October 2023	Ms. Ho Siew Li
Mycoplasmas in Poultry Industry	24 October 2023	Mr. Lim Tong Seng Mr. Teo Chin Heng
Anti Bribery & Anti Corruption Training	27 December 2023	Mr. Lim Tong Seng Mr. Teo Chin Heng Ms. Yap Siaw Peng Dato' Lim Tai Soon Dato' Ng Boon Siong Datuk Loh Saw Foong

The Board is satisfied with the performance and support rendered by the Company Secretary to the Board in carrying out their functions and duties. The Company Secretary ensures that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory records of the Company. The Company Secretary also keeps abreast of the evolving capital market environment, regulatory changes and developments in the corporate governance through continuous training.

The Board Charter would act as a source reference and primary induction literature, provide insights to the prospective Board members as well as assist the Board in the assessment of its own performance and that of its individual Directors. The Board Charter will be reviewed periodically and updated in accordance with the needs of the PLABS Group and any new regulations. The Board Charter is available on the Company's website at <https://www.peterlabs.com.my>.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The PLABS Group has adopted a set of Whistleblowing Policy ("Policy") and procedure as the Board believes that the implementation of the Policy will strengthen and support good management and at the same time, demonstrates accountability, good risk management and sound corporate governance practices. The Policy is to encourage reporting of any major concerns over any wrongdoings within the PLABS Group. The Policy also outlines the procedures such as when, how and to whom a concern may be properly raised about genuinely suspected instances of any wrongdoing within the PLABS Group. The identity of the whistleblower will be kept confidential and protection is accorded to the whistleblower against any form of victimisation, retribution or retaliation. The Policy is available on the Company's website at <https://www.peterlabs.com.my>.

Additionally, the PLABS Group has also undertaken the assessment of bribery and corruption risks as part of adequate procedures required in connection with the Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) that has come into force on 1 June 2020. The PLABS Group has implemented an Anti-Bribery and Anti-Corruption Policy and Guidelines ("ABAC Policy & Guidelines") to reinforce the PLABS Group's utmost commitment and practice in conducting its affairs in a highest standard of integrity and ethics in line with the intent and spirit of Malaysian Anti-Corruption Commission Act 2009 [Act 694] and Malaysian Anti-Corruption Commission (Amendment) Act 2018 and all applicable laws and regulations involving bribery and corruption. The ABAC Policy & Guidelines is available on the Company's website at <https://www.peterlabs.com.my>.

## ii. Board Composition

The Board composition influences the ability of the Board to fulfill its oversight responsibilities. An effective board should include the right group of people, with an appropriate mix of skills, knowledge, experience and independent elements that fit the PLABS Group's objectives and strategic goals. The right board composition will ensure sufficient diversity and independence to avert 'groupthink' or 'blind spots' in the decision-making process. It also enables the board to be better equipped to respond to challenges that may arise and deliver value.

The Board believes in a right composition of Board members with balance of qualifications, skills, experiences and diversity among its Board members.

As defined as one of the functions of the Nomination Committee ("NC") of the Company, the NC is periodically reviewing and making recommendation to the Board on the Board composition matters which includes identification and selection of high caliber candidates who will be able to meet the present and future needs of the PLABS Group.

The Board, through its NC, conducts an annual assessment of its size and composition, to determine if the Board has the right size and sufficient diversity with independence elements that fit the Company's objectives and strategic goals. For the year under review, the Board is satisfied with its current mix of qualification, skills, experiences, expertise and strength, in discharging its duties effectively.

In accordance with Rule 15.02 of the ACE Market Listing Requirements ("AMLR") of Bursa Securities, at least 2 directors or 1/3 of the board of directors of a listed corporation, whichever is higher, are independent directors. If the number of directors of the listed corporation is not 3 or multiple of 3, then the number nearest 1/3 must be used.

The Constitution of the Company provides that an election of Directors shall take place each year. At the annual general meeting ("AGM") of the Company where one-third (1/3) of the Directors for the time being or if the number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) shall retire from office provided always that all directors, including a Managing Director or Deputy Managing Director, shall retire from office once at least in each three (3) years but shall be eligible for re-election. Any Director appointed, either to fill a casual vacancy or as an additional to the Board, shall hold office until the next AGM and shall then be eligible for re-election.

As at 31 December 2023, the Board's size is maintained at eight (8) members.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

At the forthcoming AGM, the Directors namely Ms. Yap Siaw Peng and Dato' Ng Boon Siong, who are eligible for re-election, will be retired by rotation pursuant to the provision of the Constitution of the Company. In addition, Dato' Lim Tai Soon, who was appointed to the Board on 1 June 2023 and is eligible for re-election, will be retired pursuant to the provision of the Constitution of the Company.

All the retiring Directors have given their consent for seeking re-election.

The Board (with exception of the retiring Director who abstained) supported Ms. Yap to seek for re-election as she is the Executive Director who has deep understanding on the Company and its group of companies and vast experiences on the industry. Her contributions will bring benefits and opportunities to the Company and its group of companies.

The Board (with exception of the retiring Directors who abstained) was further satisfied that Dato' Ng and Dato' Lim have complied with the criteria of independence based on the AMLR and remain their independent in exercising their judgement and carry out their roles as Independent Directors.

The term of reference ("TOR") for the NC was revised and updated on 28 February 2024 and is available on the Company's website at <https://www.peterlabs.com.my>.

The Board acknowledge the importance of boardroom diversity and workforce gender diversity policy. The Board currently has three female directors on the board. The PLABS Group is an equal opportunity employer and does not practice discrimination of any form, whether based on age, gender, race and religion, within the PLABS Group.

### iii. Tenure of Independent Directors

The Board has also adopted the recommendation of the Code that the tenure of an Independent Director of the Company should not exceed a cumulative term of nine (9) years, with the view to enable the Board's continuous refreshment and to maintain its effectiveness. If the tenure of the Independent Directors has exceeded a cumulative term of nine (9) years, the Board will justify and seek the shareholders' approval at the AGM. In addition, if the Board continues to retain the Independent Directors after the ninth (9th) year, the Board will seek the shareholders' approval at the AGM for the retention of the Independent Directors to continue in the office as Independent Directors through a two-tier process.

The Board, through the NC, will ensure that the tenure of Independent Director be limited to a maximum of twelve (12) years. Upon the completion of the twelve (12) years, all long-served Independent Director(s) of more than twelve (12) years shall either resign or re-designate to Non-Independent Director.

The Independent Directors play a crucial role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all the stakeholders.

### iv. Remuneration

Directors' remuneration, which is well structured, clearly linked to the strategic objectives of a company, and which rewards contribution to the long-term success of the company is important in promoting business stability and growth. However, the pay policies which do not appropriately link directors' remuneration to the company's strategy and performance which can diminish the shareholders' returns, weaken corporate governance and reduce public confidence in business.

The Board has established a Remuneration Committee ("RC") which consists of all Independent Non-Executive Directors and the members of the RC are as follows:

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Name	Designation	Directorship
Dato' Ng Boon Siong	Chairman	Independent Non-Executive Director
Ms. Loh Poh Im	Member	Independent Non-Executive Director
Ms. Ho Siew Li	Member	Independent Non-Executive Director

The RC is responsible to formulate and review the remuneration packages for the Board and Board Committees to ensure the same remain competitive, appropriate, and in alignment with the prevalent market practices. The remuneration of the Executive Directors is structured and the rewards are based to the performances of the PLABS Group and individual. In the case of Non-Executive Directors, the level of remuneration reflects by the experience, expertise and level of responsibility undertaken by the respective Non-Executive Director. The Board, as a whole, determines the remuneration of Non-Executive Directors and each individual Director will be abstained from the Board's decision on his own remuneration.

The TOR of the RC was revised and updated on 28 February 2024 and is available on the Company's website at <https://www.peterlabs.com.my>.

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

### i. Audit and Risk Management Committee

An effective Audit and Risk Management Committee ("ARMC") can bring transparency, focus and independent judgment needed to oversee the financial reporting process couple with overseeing audit activities by the internal and external auditors, compliance with laws and regulations, and the adequacy of the Group's control environment. The ARMC also oversees matters pertaining to the Group's risk management, including reviewing the key risks of the Group and their management.

The ARMC plays a key role in a company's governance structure. An independent ARMC is better positioned to rigorously challenge and ask probing questions on the company's financial reporting process, internal controls, risk management and governance.

The appropriate level of knowledge, skills, experience and commitment of its members is critical to the ARMC's ability to discharge its responsibilities effectively. A strong understanding of financial reporting process complemented with a wide range of diverse perspectives can significantly strengthen the quality of the ARMC deliberations.

The ARMC of the Company comprises three (3) Independent Non-Executive Directors and is chaired by an Independent Non-Executive Director, namely Ms. Loh Poh Im. The Chairman of the ARMC is not the Chairman of the Board as recommended by the MCCG. In addition, none of the ARMC members were former audit partners who are required to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.

Annually, the composition of the ARMC will be reviewed and recommended by the NC to the Board for approval. With the view to maintain an independent and effectiveness of the ARMC, the NC ensures that only an Independent Non-Executive Director who is financially literate, possess the appropriate level of expertise and experience and has the strong understanding of the Company's business would be considered for the membership on the ARMC.

The Board has established a transparent relationship with the external auditors through the ARMC, which has been accorded the authority to communicate directly with the external auditors. The external auditors are responsible to highlight the matters requiring the attention of the Board effectively to the ARMC, especially in terms of compliance with the necessary accounting standards and other related regulatory requirements.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

The Board has its policy on suitability and independence of external auditors. In accordance to the policy, the ARMC will review the qualification, audit performance and execution, provision of non-audit service and tenure of service of the external auditors. Annually, the ARMC will also review the appointment/re-appointment, performance and remuneration of the external auditors before recommending the matters to the Board and subsequently, to the shareholders for the appointment/re-appointment of the external auditors at the AGM.

Details of the ARMC Report are set out on pages 35 to 38 of this Annual Report.

## ii Risk Management and Internal Control Framework

The Board has overall responsibility for maintaining a system of internal controls, which provides reasonable assessments of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as internal procedures and guidelines.

The ARMC assists the Board on the Group's risk management matters, including overseeing the overall effectiveness of the risk management framework, the adequacy and effectiveness of internal controls, and reviewing the Group's risks including in the areas of cybersecurity, anti-corruption, and business contingency planning matters. Management implements risk management strategies based on the risk appetite approved by the Board and reports regularly to the ARMC.

Details of the Statement on Risk Management and Internal Control are set out on pages 39 to 42 of this Annual Report.

### Internal Audit Function

The Board acknowledge the responsibility of maintaining a good system of internal controls, including risk assessments, and the need to review its effectiveness regularly in order to safeguard the PLABS Group's assets and therefore shareholders' investments in the PLABS Group. The system, by its nature, can however only provide reasonable but not absolute assurance against misstatement, fraud or loss.

The Board is of the view that the current system of internal controls in place throughout the PLABS Group is sufficient to safeguard the PLABS Group's interests.

The Internal Audit function has a number of critical roles to the success of PLABS Group, which include the identification of risks (and recommendation of appropriate means of mitigating or managing these risks), the communication of risks (to individual managers and to the ARMC), and the identification and communication of appropriate means to mitigate, or resolve the risk situation.

Details of the Company's internal audit function are set out in the Statement on Risk Management and Internal Control on pages 39 to 42 of this Annual Report.

The Internal Auditors of the Company has adopted the Committee of Sponsoring Organisations of the Treadway Commission ("COSO"), which controls the framework throughout their audit implementation as a basic for assessing the adequacy and effectiveness of the Company's risk management and internal control.

The COSO framework included:

- a. Control Environment
  - Demonstrates to integrity and ethical values
  - Exercise oversight responsibility
  - Establishes structure, authority and responsibility
  - Demonstrates commitment to competence
  - Enforces accountability

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

- b. Risk Assessment
  - Specifies suitable objectives
  - Identifies and analyses risks
  - Assesses fraud risk
  - Identifies and analyses significant change
- c. Control Activities
  - Selects and develops control activities
  - Selects and develops general controls over technology
  - Deploys through policies and procedures
- d. Information & Communication
  - Uses relevant information
  - Communication internally
  - Communication externally
- e. Monitoring
  - Conducts ongoing and/or separate evaluations
  - Evaluates and communicates deficiencies

The functions, duties and responsibilities of the ARMC are set out in the TOR of the ARMC. The TOR of the ARMC was revised and updated on 28 February 2024 and is available on the Company's website at <https://www.peterlabs.com.my>.

The PLABS Group has outsourced its internal audit function to a professional audit firm. The internal auditors from the audit firm are report directly to the ARMC on a quarterly basis by presenting its internal audit reports at the ARMC meetings, whereby relevant issues identified in the internal audit reports will be discussed together with the presence of the Management, if necessary. Rectification works, if any, will be performed and follow-up will be carried out by the internal auditors for the purpose of reporting the updates to the ARMC.

During the FY 2023, the internal auditors reviewed the adequacy and integrity of the PLABS Group's system of internal control covering both financial as well as non-financial matters. The audits focused on key controls to manage risks, safeguard assets, secure the accuracy and reliability of records, comply with policies, procedures, laws and regulations and promote efficiency of operations. For the year 2023, the cost incurred for internal audit function was RM45,000.

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

### **i. Communication with Stakeholders**

PLABS Group ensures there is effective, transparent and regular communication with its shareholders and stakeholders. Ongoing engagement and communication with stakeholders are to build the trust and better understanding between the PLABS Group and its stakeholders. It provides the stakeholders a better appreciation of the PLABS Group's objectives and the quality of its management.

This in turn will assist the stakeholders in evaluating the PLABS Group and facilitate the shareholders to determine how their votes should be exercised. From the PLABS Group's perspective, it provides an avenue for invaluable feedback that can be used to understand the stakeholders' expectations and to develop the business strategies.

The Board strives to comply with the corporate disclosure requirements as required by Bursa Securities and the PLABS Group has adopted the following forms of information disclosure:

- a. Continuous disclosure – the core disclosure obligation and primary method of informing the market and shareholders.
- b. Periodical disclosure – quarterly reporting of financial results, annual audited accounts and annual report.
- c. Specific information disclosure – as and when required, of administrative and corporate developments, usually in the form of announcements release through Bursa Securities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

All information to Bursa Securities is immediately available to the shareholders, stakeholders and the public and is available on the Investor Relations section of the Company's website at <https://www.peterlabs.com.my>.

## **Leverage on Information Technology**

The Board continues to leverage the use of information technology to disseminate information to its shareholders. The PLABS Group's website was developed and maintained by an IT professional to ensure the website is up-to-date and secured. The website has a dedicated section to provide information such as the Board Charter, share price announcements made to Bursa Securities and copies of the annual report.

## **ii. Conduct of General Meetings**

General meetings are important platforms for the Board and senior management to engage with the shareholders and to facilitate greater understanding of the PLABS Group's business, governance and performance. This allows the shareholders in exercising their rights and expressing their views to the Board and senior management on any areas of concerns.

The AGM is the principal forum for dialogue between the Board and the shareholders. The shareholders will be notified of the meeting and provided with a copy of the Company's annual report at least twenty-eight (28) days before the meeting. All shareholders are encouraged to participate in the discussions with the Board on matters relating to the PLABS Group's operations and performance at the AGM of the Company. To further encourage the engagement between the PLABS Group and its shareholders, the shareholders are invited to send questions in relation to the agenda items of the AGM before and during the Questions and Answers session at the AGM.

There were no substantive resolutions put forth for the shareholders' approval at the previous AGM held on 30 May 2023. As such, all resolutions tabled for the shareholders' approval were voted by way of poll.

The PLABS Group recognizes the importance of keeping the shareholders informed of the business and corporate developments of the PLABS Group. The information is disseminated through the PLABS Group's annual reports, quarterly financial results and announcements released to Bursa Securities from time to time. The information is also available on the Company's website at <https://www.peterlabs.com.my>.

## **COMPLIANCE WITH THE CODE**

The Board considers that the PLABS Group has substantially complied with the best practices as stipulated in the Principles and Recommendations of the Code throughout the FY 2023.

This statement was approved by the Board on 27 March 2024.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board of Directors (“the Board”) of PeterLabs Holdings Berhad (“PLABS” or “the Company”) is pleased to present the following Audit and Risk Management Committee Report and its summary of works for the financial year ended 31 December 2023 (“FY 2023”).

## **MEMBERS OF AUDIT AND RISK MANAGEMENT COMMITTEE**

The members of the Audit and Risk Management Committee (“ARMC”) of PLABS is comprised wholly of Independent Non-Executive Directors, as follows:

<b>Ms. Loh Poh Im</b> Chairman Independent Non-Executive Director	<b>Ms. Ho Siew Li</b> Member Independent Non-Executive Director	<b>Dato’ Ng Boon Siong</b> Member Independent Non-Executive Director
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Ms. Loh Poh Im meets the requirement of Rule 15.09(1)(c)(i) of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) whereby she is a Chartered Accountant and a member of the Malaysian Institute of Accountants. She is the Chairman of the ARMC who is not the Chairman of the Board as recommended by the Malaysian Code on Corporate Governance (“MCCG”).

## **TERMS OF REFERENCE**

The ARMC has discharged its function and carried out its duties as set out in the Terms of Reference (“TOR”).

The TOR of the ARMC outlining the composition, duties and functions, authority and procedures of the ARMC is available on the Company’s website at <https://www.peterlabs.com.my>.

## **MEETINGS AND MINUTES**

### **Attendance at Meetings**

The record of attendance of the members of the ARMC for meetings held during the FY 2023 are as follows:

	NO. OF THE ARMC MEETINGS HELD DURING MEMBER’S TENURE IN OFFICE	NO. OF THE ARMC MEETINGS ATTENDED BY MEMBER
Ms. Loh Poh Im	5	5/5
Ms. Ho Siew Li	5	4/5
Dato’ Ng Boon Siong	5	5/5

### **Meetings**

The quorum of the ARMC meeting shall be at least two (2) of the members and majority of whom shall be Independent Non-Executive Directors.

The ARMC shall meet at least four (4) times a year or more frequently as circumstances dictate and the ARMC encouraged at least twice (2) in a year to meet with the external auditors without the presence of the executive Board members and Management. During FY 2023, ARMC meets 5 times i.e. on 27 February 2023, 24 March 2023, 30 May 2023, 29 August 2023 and 28 November 2023. The ARMC meetings are pre-scheduled and are timed just before the Board meetings. The agendas carry matters that need to be deliberated, reviewed or decided on and reported to the Board. The notices and the ARMC papers are circulated to all the ARMC members at least seven (7) days prior to the meeting with sufficient time allocated for the ARMC members to prepare themselves for deliberation on the matters being raised.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

The ARMC may request other Board members, members of other Board Committees, key management, counsels and consultants when applicable and necessary to participate in the ARMC meetings, to assist in carrying out the ARMC's responsibilities.

During its scheduled quarterly meetings, the AMRC shall review the risk management and internal control processes, the Interim and Year-end Financial Report, the Internal and External Audit Plans and Reports, Related Party Transactions ("RRPTs")/Recurrent Related Party Transactions ("RRPTs"), and all other areas within the scope of responsibilities of the ARMC under its TOR.

## Minutes

The Company Secretary shall act as secretary of the ARMC which shall provide the necessary administrative and secretarial services for the effective functioning of the ARMC. The minutes of the meetings are circulated to the ARMC members and also to the Board members who are not the ARMC members.

## OBJECTIVES AND AUTHORITY

### Objectives

The purpose of the ARMC is to assist the Board in fulfilling its fiduciary duties as well as oversight objectives on the activities of the PLABS and its subsidiaries ("PLABS Group") in respect of the following:

- i. assist the Board in meetings its responsibilities relating to accounting and reporting practices of the PLABS Group;
- ii. oversee the financial reporting;
- iii. assess the risks and control environment;
- iv. evaluate the internal and external audit systems, processes and outcomes;
- v. reviews conflict of interest situations and related party transactions; and
- vi. undertakes any such other functions as may be determined by the Board from time to time.

### Powers and Authority

The ARMC is authorised by the Board, within the scope of its duties and responsibilities set out in the TOR, to:

- i. investigate any activity or matter within its TOR;
- ii. have full and unrestricted access to information, records, properties and personnel within the PLABS Group;
- iii. obtain relevant internal and external independent professional to assist in the proper discharge of its roles and responsibilities, advice, as it deems necessary;
- iv. maintain direct communication with the external auditors and internal auditors and the key management of the PLABS Group; and
- v. convene meetings with the external auditors, internal auditors without the presence of other Board members and management of the PLABS Group, whenever deemed necessary.

## SUMMARY OF ACTIVITIES

In respect of the FY 2023, the ARMC, in discharging its duties and functions, carried out the activities which are summarised broadly as follows:

### a) Internal Audit

The ARMC is aware of the fact that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the internal control system.

The Company engaged Messrs. Wensen Consulting Asia (M) Sdn. Bhd. ("WCA") as the outsourced internal auditors to carry out the internal audit function of the PLABS Group for the FY 2023.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

The internal auditors are report directly to the ARMC. ARMC reviewed and approved the internal audit plan and the internal auditor's scope of work. On a quarterly basis the internal auditor present its internal audit reports at the ARMC meetings, whereby relevant issues identified in the internal audit reports will be reviewed and discussed together with the Management in the meeting. For all significant matters raised by the internal auditors, corrective actions will be performed by the management and follow-up will be carried out by internal auditors to ensure the effectiveness of corrective actions.

During FY 2023, NBS Smart Focus Sdn. Bhd., the previous internal auditors of the Company tabled the follow-up audit examination of PLABS for the financial year ended 31 December 2022 and provided a summary of findings during the previous audit visits and the status of the corrective measures taken by the respective departments to the ARMC.

Following the change of internal auditors, WCA tabled the following review to the ARMC:

- i. Internal audit report which focused on the area of the audit covers the sales order, invoicing and collection management processes of the PeterLabs Sdn. Bhd. and Thye On Tong Trading Sdn. Bhd. WCA's examination mainly highlighted on control weaknesses and high-risk areas.
- ii. Risk Management Framework and Reporting Management of the Company primarily highlighting control weaknesses and high-risk areas.
- iii. Enhanced Sustainability Reporting Management and an overview of the internal audit activities carried out by PLABS in FY 2023.

For the year 2023, the cost incurred for the internal audit functions was RM45,000.

Upon assessed the competency and adequacy of resources of the internal audit team, the ARMC is pleased to inform that PLABS Group had continue to appoint WCA as the internal auditors to perform the internal audit function for the year 2024. Their service term will be reviewed and assessed based on year-by-year basis.

## **b) Financial Reporting and Compliance**

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

- i. reviewed the unaudited quarterly financial reports and announcements for the respective financial quarters prior to the submission to the Board for consideration and approval;
- ii. ensured that the unaudited quarterly reports and Audited Financial Statements ("AFS") were prepared in compliance with the Malaysian Financial Reporting Standard ("MFRS"), International Financial Reporting Standards, and the requirements of the Companies Act 2016 of Malaysia while the quarterly reports took into consideration of Rule 9.22, including the Appendix 9B, of the AMLR of Bursa Securities;
- iii. reviewed the reports on the internal audit review and internal audit follow-up review by the internal auditors;
- iv. reviewed the Audit Planning Memorandum ("APM") for the FY 2023 presented by the external auditors, which covered the engagement and reporting requirements (including statutory responsibilities, auditors' independence, communication of audit matters with those charged with governance, matters to communicate, and the auditor's responsibility to consider fraud in an audit of financial statements), audit plan (including client acceptance and independence, deep business understanding, relevant risks, engagement team and communication plan), audit approach (group reporting, liaison with internal auditors, coordination with tax agents and risk management framework), audit materiality, key audit areas, key audit matters, adoption of new MFRSs, compliance with laws and regulations and fraud related matters as well as the proposed audit fees for the FY 2023;
- v. reviewed the audit findings and recommendations by the external auditors and the AFS for the FY 2023;
- vi. reviewed on a quarterly basis the RPTs/RRPTs, if any, entered between the PLABS Group and the Directors of the Company at the ARMC meetings;

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

- vii. evaluated the performance of the external auditors, reviewed the independence of the external auditors and recommended to the Board for the re-appointment of the external auditors for the ensuing year;
- viii. ensured the integrity of the financial information, received an assurance from the Executive Director and the financial team of the PLABS Group, 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 AMLR; and
  - the consolidated AFS and the Quarterly Condensed Consolidated Financial Statements did not contain material misstatements and gave a true and fair view of the financial position.
- ix. reviewed the ARMC Report, Corporate Governance (“CG”) Overview Statement, CG Report and Statement on Risk Management and Internal Control for publication in the 2023 Annual Report; and
- x. reviewed the SORMIC together with the Internal Auditors and External Auditors and received an assurance from the Executive Director and the financial team of the PLABS Group, that the PLABS Group’s risk management and internal control systems are operating adequately and effectively in all material aspects before recommended the SORMIC to the Board for approval.

## c) External Auditors

Messrs. TGS TW PLT (“TGS”) is the external auditors of the PLABS Group. TGS led by their engagement partner presented their APM for the FY 2023 and had declared and confirmed that they were independent and would be independent through their audit engagement.

There were no areas of major concern raised by TGS that warranted escalation to the Board. The external auditors were also informed by the ARMC that should there be any significant incidents or matters detected in the course of their audits or reviews which warrant their knowledge or intervention, it shall be reported to the ARMC accordingly.

The non-audit fees payable to the external auditors amounting to RM3,000 for the FY 2023. The non-audit fees were in respect of annual review of the SORMIC.

The ARMC carried out an assessment of the performance and suitability of TGS based on the quality of services and relationship with the PLABS Group and also the internal auditors. The ARMC has been generally satisfied with the independence, performance and suitability of TGS based on the assessment and are recommended to the Board and shareholders for approvals for the re-appointment of TGS as the external auditors of the PLABS Group for the FY 2024.

## CG PRACTICES

Apart from discharging its duties with respect to the internal audit, financial reporting and external audit, the ARMC also reviewed the disclosures made in respect of the financial results and Annual Report of the Company in line with the principles and spirit set out in the Malaysian Code on CG, other applicable laws, rules, directives and guidelines.

The ARMC discussed and reviewed the CG Overview Statement and CG Report for the FY 2023.

This statement was approved by the Board on 27 March 2024.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

This Statement on Risk Management and Internal Control is made pursuant to Rule 15.26(b) of the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) as well as the practice principles set out under the Code. The Board of Directors (“the Board”) of PeterLabs Holdings Berhad (“PLABS” or “the Company”) is pleased to present the Statement on Risk Management and Internal Control of PLABS and its subsidiaries (“PLABS Group”) for the financial year ended 31 December 2023 (“FY 2023”).

## BOARD RESPONSIBILITY

The Board is committed to ensure the existence of an appropriate risk management and sound, efficient and effective system of internal control to safeguard shareholders’ investment and PLABS Group’s assets. The system is designed to provide reasonable assurance of effective operations and compliance with laws and regulations. The Board ensures the effectiveness of the system through periodic reviews. As there are limitations inherent in any system of internal control, this system is designed to manage rather than eliminate risks that may impede the achievement of PLABS Group’s business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, financial, operational and compliance controls and risk management procedures.

## CONTROL ENVIRONMENT

PLABS Group has an organisation structure that is aligned to business requirements. The internal control mechanism is embedded in the various work processes at appropriate levels in PLABS Group. The Board is accountable for ensuring the existence and effectiveness of internal control and provides leadership and direction to senior management on the manner PLABS Group controls its businesses, the state of internal control and its activities. In developing the internal control systems, consideration is given to the overall control environment of PLABS Group, assessment of financial, operational, compliance and information technology risks and an effective monitoring mechanism.

## INTERNAL AUDIT

The Board is fully aware of the importance of the internal audit function and is committed to articulating, implementing and reviewing the Group’s system of internal control. The internal audit function has been outsourced to an independent professional firm to provide independent assurance to the Board and Audit and Risk Management Committee (“ARMC”) in providing an independent assessment on the adequacy, efficiency and effectiveness of the PLABS Group’s internal control system.

The internal audit firm adopts a risk-based approach and prepares its audit plan based on the risk profiles from the risk assessment of the business units of PLABS Group. Scheduled internal audits are carried out based on the annual audit plan approved by the ARMC. On a quarterly basis the internal audit firm presents to the ARMC with the internal audit reports. The internal audit provides an assessment of the adequacy, efficiency and effectiveness of the Group’s system of internal controls.

During the year under review, internal audit reviews were carried out by the Internal Audit team to address the related internal control weaknesses. Significant weaknesses identified during the reviews together with the improvement measures to strengthen the internal controls were reported accordingly.

The main elements in the system of internal control framework included:

- An organisational structure in PLABS Group with formally defined lines of responsibility and delegation of authority;
- Documentation of written policies and procedures for certain key operational areas;
- Quarterly review of financial results by the ARMC and the Board;
- Active participation and involvement by the Group Managing Director and the Executive Directors in the day-to-day running of the major businesses and regular discussions with the key management of smaller business units on operational issues;
- Review of internal audit reports and findings by the ARMC;
- Monthly review of PLABS Group’s management accounts by Group Managing Director, Executive Directors and key management;
- Corporate and regulatory matters are controlled centrally at Group level; and
- The ARMC is comprised entirely Independent Directors either full unrestricted access to both internal and external auditors.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

On quarterly basis, the internal auditors also report on the activities performed, key strategic and control issues observed to the ARMC in order to preserve its independence. The ARMC reviews and approves the internal audit plan and adequacy of the resources of the internal audit team. to ensure an adequate number of internal auditors with sufficient knowledge, skills and experience.

The internal audit is conducted in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors and the Internal Control Framework developed by The Committee of Sponsoring Organizations of the Treadway Commission.

The programmes carried out are prioritised based on the PLABS Group's key risks and core or priority areas. Input from various sources inclusive of the risk management, business plan, past audit issues, external auditors, management and Board are gathered, assessed and prioritised to derive the annual audit plan.

In 2023, the internal audit review were conducted in the Group's business operations in the following processes:

- i. sales process, the billings and collection process (PeterLabs Sdn. Bhd. and Thye On Tong Trading Sdn. Bhd.);
- ii. risk management framework and risk reporting management (PLABS); and
- iii. sustainability reporting management (PLABS).

The Internal auditors conducted interview or communication session with the Management and the respective line managers during the field visit to perform necessary groundwork.

All reports from the internal audit reviews carried out were submitted and presented to the ARMC with the feedback and agreed corrective actions to be undertaken by the Management. The internal audit firm is committed to equip the internal auditors with sufficient knowledge, skills and competencies to discharge their duties and responsibilities.

## QUALITY ASSURANCE

The internal audit will continue to provide to reports from all audits performed. The quality and content of the reporting will change and improve to focus on the significant areas identified and on communication of an assessment of the effectiveness of the internal control environment in the area audited. Internal audit will also perform a series of planned reviews that have been identified using risk-based planning process. A comprehensive approach is taken to all reviews.

## INFORMATION AND COMMUNICATION

While the management has full responsibility in ensuring the effectiveness of internal control, which it establishes, the Board has the authority to assess the state of internal control as it deems necessary. In doing so, the Board has the right to enquire information and clarification from management as well as to seek inputs from the ARMC, external and internal auditors, and other experts at the expense of the PLABS Group.

## RISK MANAGEMENT

PLABS Group is committed to managing risk in order to benefit the business and manage the costs of risk. To meet this commitment:

1. Risk is to be every employee's business. All employees are required to be responsible and accountable for managing risk in so far as is reasonably practicable within their area of responsibility.
2. Sound risk management principles and practices must become part of the normal management strategy for all business units, divisional and department within PLABS Group.
3. The management of risk is to be integrated into PLABS Group's existing planning and operational processes and is to be fully recognised in the reporting processes.

In undertaking the functions and duties of the Board with regards to the risk management and internal controls of PLABS Group, the Board is supported by the ARMC.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

The ARMC has been tasked by the Board with, amongst others, the duty of reviewing and monitoring the adequacy and effectiveness of PLABS Group's risk management and internal controls. The day-to-day implementation of risk awareness and management as well as compliance under PLABS Group's internal control processes and procedures are part of the responsibilities of the management team of PLABS Group. PLABS Group has an organisational structure with clearly defined lines of accountability and responsibility as well as delegation of authority and reporting structure.

A Risk Management and Internal Control Framework has been established to help PLABS Group identify, assess, mitigate and monitor risk, as well as to ensure the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with laws and regulations.

Under the Group Risk Management And Internal Control Framework, an Audit Risk Working Group ("ARWG") has been established to assist in identifying, evaluating and managing the major risks of PLABS. The major risks are reported to the ARMC and Board on yearly basis. The following are major risks identified by ARWG:

- i) Loss of Good Reputation Risk
- ii) Financial Risk
- iii) Loss of Key Customer Risk
- iv) Deliveries Risk
- v) Stock Management Risk
- vi) New Product Risk
- vii) Production Management Risk
- viii) Credit Risk
- ix) Liquidity Risk
- x) Information Technology Risk
- xi) Safety Risk

Based on the Evaluation and implementation of control measures identified by ARWG, the rating of the major risk become moderate.

The risks are monitored by the risks owners and report to the management on any changes in the risk profile, risk register and control action plans. The Board also appointed an outsourced independent internal auditors to assist in formulating risk management framework and risk reporting.

In addition, PLABS Group has undertaken a yearly assessment of bribery and corruption risks as part of adequate procedures required in connection with the Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) that has come into force on 1 June 2020. PLABS Group has implemented an Anti-Bribery and Anti-Corruption Policy and Guidelines ("ABAC Policy & Guidelines") to reinforce PLABS Group's utmost commitment and practice in conducting its affairs in a highest standard of integrity and ethics in line with the intent and spirit of Malaysian Anti-Corruption Commission Act 2009 [Act 694] and Malaysian Anti-Corruption Commission (Amendment) Act 2018 and all applicable laws and regulations involving bribery and corruption.

## ASSURANCE FROM THE MANAGEMENT

As evidenced from the various activities mentioned above, the Board has obtained reasonable assurance from the Group Managing Director and Group Financial Controller, on the internal control system that are operating adequately and effectively, in all material aspects.

## CONCLUSION

Pursuant to Rule 15.23 of the AMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of PLABS Group for FY 2023 and reported to the Board that nothing has come to their attention that causes 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

The Board is pleased to report that there were no major internal control weaknesses identified during the year, nor have any of the reported weaknesses resulted in material losses or contingencies requiring disclosure in PLABS Group's Annual Report. The Board is of the view that the existing system of the internal control is adequate. Nevertheless, the management continues to take measures to strengthen the control environment. This statement is based on the consideration of the audit work performed by both the external auditors and the internal auditors on financial and non-financial matters.

This Statement on Risk Management and Internal Control has been approved by the Board on 27 March 2024.

# STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year which have been made out in accordance with the applicable Malaysian Accounting Standards Board approved accounting standards in Malaysia and to give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flow of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have taken the necessary steps and actions as follows:

- (a) selected suitable accounting policies and applied them consistently;
- (b) ensured that all applicable accounting standards have been followed;
- (c) made judgements and estimates that are reasonable and prudent; and
- (d) prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made the necessary enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

The Directors have the responsibility in ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company and which enable them to ensure that the financial statements is in compliance with the Companies Act 2016, the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the ACE Market Listing Requirements.

The Directors have the overall responsibilities for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

# ADDITIONAL COMPLIANCE INFORMATION

The following additional compliance information is provided in accordance with Rule 9.25 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad :

## 1. Material Contracts

There were no material contracts entered into by the PeterLabs Holdings Berhad (“PLABS” or “the Company”) and its subsidiaries involving Directors’ and major shareholders’ interests still subsisting at the end of the financial year or entered into since the end of the previous financial year.

## 2. Contract Relating To Loan

There were no contracts relating to loan by the Company and its subsidiaries in respect of the preceding item.

## 3. Audit and Non-audit Fees

The audit fees payable to the external auditors by the Company and its group of subsidiaries (“PLABS Group”) for the financial year ended 31 December 2023 were amounted to RM102,000.

The non-audit fees of RM3,000 payable to the external auditors by the PLABS Group is for the annual review of the Statement on Risk Management and Internal Control.

## 4. Utilisation of Proceeds Raised from Corporate Proposal

There were no corporate proposals implemented during the financial year ended 31 December 2023.

# REPORTS AND FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

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

## PRINCIPAL ACTIVITIES

The principal activity of the Company is engaged in investment holding activities. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

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

## FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	4,000,030	980,308
Attributable to:-		
Owners of the Company	3,445,114	980,308
Non-controlling interests	554,916	-
	4,000,030	980,308

## RESERVES AND PROVISIONS

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

## DIVIDENDS

On 6 March 2024, the Company had declared a single tier interim dividend of RM0.004 per ordinary share amounting to RM1,100,855 and payable on 29 March 2024. This dividend is not reflected in the financial statements for the current financial year and will be accounted for as appropriation of retained earnings in the financial year ending 31 December 2024.

# DIRECTORS' REPORT (CONT'D)

## ISSUE OF SHARES AND DEBENTURES

There was no issuance of shares or debentures during the financial year.

## OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

## DIRECTORS

The Directors in office during the financial year until the date of this report are:

Lim Tong Seng (Group Managing Director)\*

Teo Chin Heng (Executive Director)\*

Yap Siaw Peng (Executive Director)\*

Datuk Loh Saw Foong (Executive Director)\*

Dato' Ng Boon Siong (Independent Non-Executive Director)

Ng Kau (Independent Non-Executive Director, Alternate Director to Dato' Ng Boon Siong)

Loh Poh Im (Independent Non-Executive Director)

Ho Siew Li (Independent Non-Executive Director)

Dato' Lim Tai Soon (Independent Non-Executive Chairman) (Appointment on 1 June 2023)

Dato' Hon Choon Kim (Independent Non-Executive Chairman) (Retired on 30 May 2023)

\* *Directors of the Company and certain subsidiaries*

The Directors who held office in the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year up to the date of this report are:

Kho Siaw Sua

Lau Yeng Khuan

Datin Lin Ching Yein

The information required to be disclosed pursuant to Section 253 of the Companies Act 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

# DIRECTORS' REPORT (CONT'D)

## DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	← At 1.1.2023	Number of ordinary shares		At 31.12.2023 →
		Bought	Sold	
<b>Interest in the Company</b>				
<b>Direct interest</b>				
Lim Tong Seng	12,943,238	100,000	-	13,043,238
Teo Chin Heng	21,270,109	-	-	21,270,109
Yap Siaw Peng	1,800,058	6,269,886	-	8,069,944
Datuk Loh Saw Foong	12,750,000	3,565,057	-	16,315,057
<b>Indirect interest</b>				
Datuk Loh Saw Foong (#*)	26,250,000	-	9,934,943	16,315,057
<b>Interest in the subsidiary</b>				
<b>Thye On Tong Trading Sdn. Bhd.</b>				
<b>Direct interest</b>				
Datuk Loh Saw Foong	180,000	-	-	180,000
<b>Indirect interest</b>				
Datuk Loh Saw Foong (#)	220,000	-	-	220,000

(#) deemed interest by virtue of shares held by spouse/child

(\*) deemed interest by virtue of the shares held by Pacific Trustee Berhad

Other than as disclosed above, none of the other Directors in office at the end of the financial year have any interest in shares in the Company or its related corporations during the financial year.

# DIRECTORS' REPORT (CONT'D)

## DIRECTORS' BENEFITS

Since the end of previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown below) 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. The Directors' remuneration of the Group and of the Company are as below:

	<b>Group RM</b>	<b>Company RM</b>
Fees	155,100	119,100
Salaries and other emoluments	2,639,000	8,000
Defined contribution plans	5,690	-
Social security contributions	201,974	-
	<u>3,001,764</u>	<u>127,100</u>

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was 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.

## INDEMNITY AND INSURANCE COSTS

The amount of indemnity coverage and insurance premium paid for Directors and Officers of the Group and the Company during the financial year are amounted to RM10,000,000 and RM19,294 respectively.

## OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

# DIRECTORS' REPORT (CONT'D)

## OTHER STATUTORY INFORMATION (CONT'D)

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) 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; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## SUBSIDIARIES

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

# DIRECTORS' REPORT (CONT'D)

## AUDITORS

The Auditors, TGS TW PLT (202106000004 (LLP0026851-LCA) & AF002345), have expressed their willingness to continue in office.

Auditors' remuneration for the Group and the Company as set out in Note 20 to the financial statements are RM102,000 and RM25,000 respectively.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 March 2024.

.....  
LIM TONG SENG

Kuala Lumpur

.....  
YAP SIAW PENG

# STATEMENT BY DIRECTORS

## STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 58 to 106 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 at 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 27 March 2024.

.....  
LIM TONG SENG

.....  
YAP SIAW PENG

Kuala Lumpur



# STATUTORY DECLARATION

## STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, Lee Huey Fen, being the Officer primarily responsible for the financial management of PeterLabs Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 58 to 106 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by )  
the abovenamed at Kuala Lumpur in )  
the Federal Territory on 27 March 2024 )  
)

.....  
LEE HUEY FEN  
(MIA NO. 40269)

Before me,

.....  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of PeterLabs Holdings Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 58 to 106.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and of 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.

### Independent 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.

#### Key audit matters

##### ***Inventories valuation***

Refer to Note 9 to the financial statements. The Group holds significant amount of inventories that amounted to RM22,356,124 which are subjected to a risk that the inventories become slow-moving or obsolete and rendering it not saleable or can only be sold for selling prices that are less than their carrying value. There is inherent subjectivity and estimation involved in determining the accuracy of inventories obsolescence provision and in making an assessment of its adequacy due to risk of inventories not stated at the lower of cost and net realisable value.

#### How we addressed the key audit matters

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

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

### Key Audit Matters (Cont'd)

#### Key audit matters

##### *Goodwill on consolidation*

The Group holds goodwill on consolidation of RM9,956,837 as detailed in Note 7 to the financial statements.

Goodwill on consolidation is subject to impairment review annually by comparing the carrying amount with its recoverable amount. The Group estimated the recoverable amount based on value in use method. Estimating the value in use involves judgement as small changes in the assumptions made, notably in respect of the future performance of the business and the discount rate applied to future cash flow projections can result in material different outcomes.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

#### How we addressed the key audit matters

We evaluated the Directors' future cash flow projections and the process of which there were drawn up, including testing the underlying calculations. We validated the Directors' key assumptions for long term growth rates applied in the projections by comparing them to the historical results as well as economic and industry forecasts, and the discount rate used by assessing the cost of capital for the Group.

### 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 the 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 the 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 and the Company or to cease operations, or have no realistic alternative but to do so.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS (CONT'D)

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

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

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

### Other Matter

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

TGS TW PLT  
202106000004 (LLP0026851-LCA) & AF002345  
Chartered Accountants

OOI POH LIM  
03087/10/2025 J  
Chartered Accountant

Kuala Lumpur  
27 March 2024

# STATEMENTS OF FINANCIAL POSITION

## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	23,320,806	16,971,240	-	-
Investment properties	5	976,307	986,919	-	-
Investment in subsidiaries	6	-	-	39,405,900	39,405,900
Goodwill on consolidation	7	9,956,837	9,956,837	-	-
Deferred tax assets	8	457,800	441,100	-	-
		<u>34,711,750</u>	<u>28,356,096</u>	<u>39,405,900</u>	<u>39,405,900</u>
<b>Current assets</b>					
Inventories	9	22,356,124	23,207,283	-	-
Trade receivables	10	32,538,110	34,711,725	-	-
Other receivables	11	11,955,092	8,959,458	12,255	12,256
Amount due from a subsidiary	6	-	-	1,505,032	-
Tax recoverable		732,705	692,772	371	-
Fixed deposits and cash and bank balances	12	<u>16,101,635</u>	<u>10,297,522</u>	<u>1,444,613</u>	<u>1,853,386</u>
		<u>83,683,666</u>	<u>77,868,760</u>	<u>2,962,271</u>	<u>1,865,642</u>
<b>TOTAL ASSETS</b>		<u>118,395,416</u>	<u>106,224,856</u>	<u>42,368,171</u>	<u>41,271,542</u>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	13	40,400,959	40,400,959	40,400,959	40,400,959
Retained earnings		<u>37,414,883</u>	<u>33,969,769</u>	<u>1,281,243</u>	<u>300,935</u>
<b>Equity attributable to owners of the Company</b>		<u>77,815,842</u>	<u>74,370,728</u>	<u>41,682,202</u>	<u>40,701,894</u>
Non-controlling interests ("NCI")	6	<u>2,587,706</u>	<u>2,032,790</u>	-	-
<b>TOTAL EQUITY</b>		<u>80,403,548</u>	<u>76,403,518</u>	<u>41,682,202</u>	<u>40,701,894</u>

# STATEMENTS OF FINANCIAL POSITION (CONT'D)

## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (CONT'D)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>EQUITY AND LIABILITIES (CONT'D)</b>					
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Lease liabilities	14	2,039,826	2,824,249	-	-
Borrowings	15	234,058	1,009,080	-	-
Deferred tax liabilities	8	1,070,000	1,043,000	-	-
		<u>3,343,884</u>	<u>4,876,329</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade payables	16	10,412,468	11,036,173	-	-
Other payables	17	4,746,474	5,367,721	685,969	567,847
Lease liabilities	14	1,098,161	1,062,998	-	-
Borrowings	15	18,330,938	7,476,316	-	-
Tax payable		59,943	1,801	-	1,801
		<u>34,647,984</u>	<u>24,945,009</u>	<u>685,969</u>	<u>569,648</u>
<b>TOTAL LIABILITIES</b>		<u>37,991,868</u>	<u>29,821,338</u>	<u>685,969</u>	<u>569,648</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>118,395,416</u>	<u>106,224,856</u>	<u>42,368,171</u>	<u>41,271,542</u>

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	18	186,208,455	161,632,817	-	2,107,768
Cost of sales		(163,416,223)	(141,048,297)	-	-
Gross profit		22,792,232	20,584,520	-	2,107,768
Other income		1,874,268	1,157,152	1,337,064	108,705
Selling and distribution expenses		(6,410,752)	(5,115,214)	-	-
Administrative expenses		(11,165,450)	(11,264,315)	(341,775)	(337,142)
Net loss on impairment of financial assets		(358,282)	(206,709)	-	-
Other expenses		(542,763)	(121,914)	-	-
<b>Profit from operation</b>		6,189,253	5,033,520	995,289	1,879,331
Finance costs	19	(764,036)	(504,285)	-	-
<b>Profit before tax</b>	20	5,425,217	4,529,235	995,289	1,879,331
Taxation	21	(1,425,187)	(500,870)	(14,981)	(22,688)
<b>Profit for the financial year, representing total comprehensive income for the financial year</b>		4,000,030	4,028,365	980,308	1,856,643
<b>Profit/Total comprehensive income for the financial year attributable to:</b>					
Owners of the Company		3,445,114	3,603,206	980,308	1,856,643
NCI		554,916	425,159	-	-
		4,000,030	4,028,365	980,308	1,856,643
<b>Earnings per share:</b>					
Basic (sen)	22	1.25	1.31		
Diluted (sen)	22	1.25	1.31		

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

# STATEMENTS OF CHANGES IN EQUITY

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

	← Attributable to owners of the Company →		<u>Total</u> RM	<u>NCI</u> RM	<u>Total equity</u> RM
	<u>Non-Distributable</u>	<u>Distributable</u>			
<u>Note</u>	<u>Share capital</u> RM	<u>Retained earnings</u> RM			
<b>Group</b>					
<b>At 1 January 2022</b>	40,400,959	32,017,935	72,418,894	1,607,631	74,026,525
Profit for the financial year, representing total comprehensive income for the financial year	-	3,603,206	3,603,206	425,159	4,028,365
<b>Transaction with owners:</b>					
Dividends	23	(1,651,372)	(1,651,372)	-	(1,651,372)
<b>At 31 December 2022</b>	<u>40,400,959</u>	<u>33,969,769</u>	<u>74,370,728</u>	<u>2,032,790</u>	<u>76,403,518</u>
<b>At 1 January 2023</b>	40,400,959	33,969,769	74,370,728	2,032,790	76,403,518
Profit for the financial year, representing total comprehensive income for the financial year	-	3,445,114	3,445,114	554,916	4,000,030
<b>At 31 December 2023</b>	<u>40,400,959</u>	<u>37,414,883</u>	<u>77,815,842</u>	<u>2,587,706</u>	<u>80,403,548</u>

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

## STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

	<u>Note</u>	<u>Share capital</u> RM	<u>Retained earnings</u> RM	<u>Total equity</u> RM
<b>Company</b>				
<b>At 1 January 2022</b>		40,400,959	95,664	40,496,623
Profit for the financial year, representing total comprehensive income for the financial year		-	1,856,643	1,856,643
<b>Transaction with owners:</b>				
Dividends	23	-	(1,651,372)	(1,651,372)
<b>At 31 December 2022</b>		<u>40,400,959</u>	<u>300,935</u>	<u>40,701,894</u>
<b>At 1 January 2023</b>		40,400,959	300,935	40,701,894
Profit for the financial year, representing total comprehensive income for the financial year		-	980,308	980,308
<b>At 31 December 2023</b>		<u>40,400,959</u>	<u>1,281,243</u>	<u>41,682,202</u>

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

# STATEMENTS OF CASH FLOWS

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

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		5,425,217	4,529,235	995,289	1,879,331
<b>Adjustments for:</b>					
Allowance of expected credit losses on trade receivables		358,282	232,707	-	-
Depreciation of investment properties		10,612	10,612	-	-
Depreciation of property, plant and equipment		2,131,648	2,057,445	-	-
Gain on disposal of property, plant and equipment		(45,082)	(194,500)	-	-
Gain on early termination of lease contracts		(699)	(19,195)	-	-
Interest expenses		764,036	504,285	-	-
Interest income		(260,470)	(172,564)	(62,987)	(27,705)
Inventories written down		411,740	13,985	-	-
Reversal of allowance of expected credit losses on trade receivables		-	(25,998)	-	-
Reversal of inventories written down		(21,806)	(190,381)	-	-
Unrealised loss on foreign exchange		10,457	94,427	-	-
Operating profit before working capital changes		8,783,935	6,840,058	932,302	1,851,626
Changes in working capital:					
Inventories		461,225	(1,007,614)	-	-
Receivables		(1,185,094)	2,792,201	1	(537)
Payables		(1,250,616)	(407,231)	118,122	(166,523)
		(1,974,485)	1,377,356	118,123	(167,060)
Cash generated from operations		6,809,450	8,217,414	1,050,425	1,684,566
Tax paid		(1,537,572)	(1,830,996)	(17,153)	(21,515)
Tax refunded		140,894	1,232	-	900
Interest received		3,432	2,732	-	-
Net cash from operating activities		5,416,204	6,390,382	1,033,272	1,663,951

# STATEMENTS OF CASH FLOWS (CONT'D)

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received		257,038	169,832	62,987	27,705
Purchase of property, plant and equipment	A	(8,113,953)	(253,774)	-	-
Proceeds from disposal of property, plant and equipment		48,700	194,500	-	-
Net cash (used in)/from investing activities		(7,808,215)	110,558	62,987	27,705
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividend paid		-	(1,651,372)	-	(1,651,372)
Interest paid		(764,036)	(504,285)	-	-
Repayment of revolving credits	B	-	(648,708)	-	-
Repayment of bankers' acceptances	B	(48,267,000)	(40,726,851)	-	-
Drawdown of bankers' acceptances	B	59,181,000	34,597,851	-	-
(Advances to)/Repayment from a subsidiary		-	-	(1,505,032)	1,500
Repayment of lease liabilities	B/C	(1,119,440)	(1,017,867)	-	-
Repayment of term loans	B	(834,400)	(257,517)	-	-
Net cash from/(used in) financing activities		8,196,124	(10,208,749)	(1,505,032)	(1,649,872)
<b>Net cash increase/(decrease) in cash and cash equivalents</b>		5,804,113	(3,707,809)	(408,773)	41,784
<b>Effect of exchange translation differences</b>		-	(145,218)	-	-
<b>Cash and cash equivalents at the beginning of the financial year</b>		10,297,522	14,150,549	1,853,386	1,811,602
<b>Cash and cash equivalents at the end of the financial year</b>		16,101,635	10,297,522	1,444,613	1,853,386
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR COMPRISES:</b>					
Cash and bank balances		16,095,067	10,291,057	1,444,613	1,853,386
Fixed deposits with licensed banks		6,568	6,465	-	-
		16,101,635	10,297,522	1,444,613	1,853,386

# STATEMENTS OF CASH FLOWS (CONT'D)

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (CONT'D)

### NOTES TO STATEMENTS OF CASH FLOWS

#### A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group	
	<u>2023</u> RM	<u>2022</u> RM
Total additions	8,527,351	1,618,610
Less: Purchase by means of lease liabilities	<u>(413,398)</u>	<u>(1,364,836)</u>
Total cash payment	<u>8,113,953</u>	<u>253,774</u>

#### B. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	<u>Lease liabilities</u> RM	<u>Revolving credit</u> RM	<u>Term loans</u> RM	<u>Bankers' acceptances</u> RM	<u>Total</u> RM
<b>Group</b>					
Balance at 1 January 2022	3,887,709	648,708	1,535,913	13,336,000	19,408,330
Drawdown	1,364,836	-	-	34,597,851	35,962,687
Early termination	(347,431)	-	-	-	(347,431)
Repayment	<u>(1,017,867)</u>	<u>(648,708)</u>	<u>(257,517)</u>	<u>(40,726,851)</u>	<u>(42,650,943)</u>
Balance at 31 December 2022	3,887,247	-	1,278,396	7,207,000	12,372,643
Drawdown	413,398	-	-	59,181,000	59,594,398
Early termination	(43,218)	-	-	-	(43,218)
Repayment	<u>(1,119,440)</u>	<u>-</u>	<u>(834,400)</u>	<u>(48,267,000)</u>	<u>(50,220,840)</u>
Balance at 31 December 2023	<u>3,137,987</u>	<u>-</u>	<u>443,996</u>	<u>18,121,000</u>	<u>21,702,983</u>

#### C. CASH OUTFLOWS FOR LEASES AS A LESSEE

	Group	
	<u>2023</u> RM	<u>2022</u> RM
Included in net cash from/(used in) financing activities		
Payment of lease liabilities	1,119,440	1,017,867
Payment on interest of lease liabilities	<u>150,637</u>	<u>152,127</u>
	<u>1,270,077</u>	<u>1,169,994</u>

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 1. CORPORATE INFORMATION

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

The registered office of the Company is located at A3-3-8, Solaris Dutamas, No. 1, Jalan Dutamas 1, 50480 Kuala Lumpur, W.P. Kuala Lumpur.

The principal place of business of the Company is located at Lot 16014 (PT No. 24341), Jalan Nilam 3, Bandar Nilai Utama, 71800 Nilai, Negeri Sembilan Darul Khusus.

The principal activity of the Company is engaged in investment holding activities. The principal activities of its subsidiaries are disclosed in Note 6 to the financial statements.

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

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the material accounting policies below.

#### Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year.

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 Comparative Information
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform - Pillar Two Model Rules

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company, except for the followings:

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### (a) Statement of compliance (Cont'd)

##### Adoption of new and amended standards (Cont'd)

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

The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The amendments did not result in any changes to the Group’s accounting policies, it impacted the accounting policy information disclosed in the financial statements.

##### Standard issued but not yet effective

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		<u>Effective dates for financial periods beginning on or after</u>
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
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 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial applications of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### (b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to nearest RM except when otherwise stated.

#### (c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### Judgements

The following are the judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amount recognised in the financial statements:

#### Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

#### Determining the lease term of contracts with renewal and termination options - Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if they are reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if they are reasonably certain not to be exercised.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

##### Judgements (Cont'd)

##### Determining the lease term of contracts with renewal and termination options - Group as lessee (Cont'd)

The Group applies judgement in evaluating whether they are reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it consider all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of factory, hostel and motor vehicles with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

##### **Key sources of estimation uncertainty**

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

##### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised deferred tax assets are disclosed in Note 8 to the financial statements.

##### Useful lives of depreciable assets

The Group regularly reviews the estimated useful lives of depreciable assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of depreciable assets would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties. The carrying amount at the reporting date for property, plant and equipment and investment properties are disclosed in Notes 4 and 5 to the financial statements.

##### Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use amount requires the Group 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. The key assumptions used to determine the value in use is disclosed in Note 7 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

##### Key sources of estimation uncertainty (Cont'd)

###### Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's and to the Trust's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustments to market risk and the appropriate adjustment to asset-specific risk factors.

###### Provision for expected credit loss of financial assets

The Group reviews the recoverability of their receivables, include trade and other receivables, and amount due from a subsidiary at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The Group and the Company use a provision matrix to calculate expected credit loss for trade and other receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credits loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit loss is a significant estimate.

###### Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

###### Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 9 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 2. BASIS OF PREPARATION (CONT'D)

#### (c) Significant accounting judgements, estimates and assumptions (Cont'd)

##### Key sources of estimation uncertainty (Cont'd)

###### Determination of transaction prices

The Group and the Company are required to determine the transaction price in respect of each of their contract with customers. In making such judgement the Group and the Company assess the impact of any variable consideration in the contract due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no significant financing as the period between the transfer of control of good or service to a customer and the payment date is always less than one year, and no non-cash consideration noted in the contracts with customers.

###### Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### 3. MATERIAL ACCOUNTING POLICIES

The Group and the Company apply the material accounting policies, as summarised below, consistently throughout all years presented in the financial statements unless otherwise stated.

#### (a) Basis of consolidation

##### (i) Investments in subsidiary company

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

##### (ii) Goodwill on consolidation

The excess of the aggregate of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (i.e., a bargain purchase), the gain is recognised in profit or loss.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of consolidation (Cont'd)

##### (iii) Non-controlling interest

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

#### (b) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and less accumulated impairment losses.

##### (i) Recognition and measurement

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

##### (ii) Depreciation

Depreciation is recognised on straight-line method in order to write off the cost of each asset to its residual value over its estimated useful life. Freehold land with indefinite useful lives is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Freehold buildings	50 years
Motor vehicles	5 years
Plant and machinery	10 years
Office equipment	10 years
Computer equipment	5 to 10 years
Furniture and fittings	10 years
Renovation	5 to 20 years
Laboratory	10 years
Factory	4 to 6 years
Hostels	2 years

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (c) Investment properties

Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

Investment properties are depreciated on a straight-line method to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold land and building	67 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

#### (d) Leases

##### (i) Recognition and measurement

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

##### (ii) Recognition exemption

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

##### (iii) Depreciation

The ROU asset under cost model is amortised using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Factory	4 to 6 years
Hostels	2 years
Motor vehicles	5 years

#### (e) Inventories

Inventories are measured at the lower of cost and net realisable value. Raw materials are determined on a weighted average basis while finished goods and trading goods are stated on a first-in-first-out basis.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (f) Revenue recognition

##### (i) Revenue from contracts with customers

Revenue is recognised when the Group and the Company satisfied a performance obligation (“PO”) by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from sales of goods.

All revenue is recognised at a point in time, which is typically on delivery of the goods. Goods are sold when the customer obtains control of the asset. All the contracts are discounts and taxes. The Group shall disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors as disclosed in the financial statements.

##### (ii) Interest income

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

##### (iii) Dividend income

Dividend income from investment is recognised in profit or loss on the date that the Company’s right to receive payment is established which is in the case of quoted securities is the ex-dividend date.

##### (iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### (g) Financial instruments

At the reporting date, the Group and the Company carry only financial assets at amortised cost on their statements of financial position. The Group’s financial assets at amortised cost include trade and other receivables, amount due from a subsidiary, fixed deposits and cash and bank balances. The Company’s financial assets at amortised cost include other receivables, amount due from a subsidiary, cash and bank balances.

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost on their statements of financial position. The Group’s financial liabilities at amortised cost include trade and other payables, borrowings and lease liabilities. The Company’s financial liabilities at amortised cost include other payables.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Freehold Buildings RM	Motor vehicles RM	Plant and machinery RM	Office equipment RM	Computer equipment RM	Furniture and fittings RM	Renovation RM	Laboratory RM	Capital work in-progress RM	Right-of-use assets			Total RM
											Factory RM	Hostels RM	Motor vehicles RM	
Cost														
At 1 January 2022	1,467,419	10,717,988	1,390,438	8,503,529	239,135	260,919	616,941	627,496	596,443	-	3,664,794	87,047	1,710,136	29,882,285
Additions	-	-	-	45,700	10,290	46,389	49,001	13,569	-	-	809,799	85,037	558,825	1,618,610
Disposals	-	-	(658,824)	-	-	-	-	-	-	-	-	-	-	(658,824)
Written off	-	-	-	-	-	-	(1,905)	-	-	-	-	-	-	(1,905)
Early termination of lease contracts	-	-	-	-	-	-	-	-	-	-	(636,684)	(49,207)	-	(685,891)
At 31 December 2022	1,467,419	10,717,988	731,614	8,549,229	249,425	307,308	664,037	641,065	596,443	-	3,837,909	122,877	2,268,961	30,154,275
Additions	7,802,800	-	-	114,300	2,229	42,185	14,830	-	-	45,445	-	106,398	399,164	8,527,351
Reclassification	-	-	938,929	-	-	-	-	-	-	-	-	-	(938,929)	-
Disposals	-	-	(75,549)	-	-	-	-	-	-	-	-	-	-	(75,549)
Early termination of lease contracts	-	-	-	-	-	-	-	-	-	-	-	(85,037)	-	(85,037)
At 31 December 2023	9,270,219	10,717,988	1,594,994	8,663,529	251,654	349,493	678,867	641,065	596,443	45,445	3,837,909	144,238	1,729,196	38,521,040
<b>Accumulated depreciation</b>														
At 1 January 2022	-	1,782,454	1,219,662	5,996,561	158,261	167,505	449,695	280,944	547,824	-	529,907	42,516	968,645	12,143,974
Charge for the financial year	-	214,360	48,272	484,139	20,511	22,213	34,428	81,662	17,855	-	691,392	42,291	400,322	2,057,445
Disposals	-	-	(658,824)	-	-	-	-	-	-	-	-	-	-	(658,824)
Written off	-	-	-	-	-	-	(1,905)	-	-	-	-	-	-	(1,905)
Early termination of lease contracts	-	-	-	-	-	-	-	-	-	-	(331,606)	(26,049)	-	(357,655)
At 31 December 2022	-	1,996,814	609,110	6,480,700	178,772	189,718	482,218	362,606	565,679	-	889,693	58,758	1,368,967	13,183,035
Charge for the financial year	-	214,359	95,949	492,854	15,309	24,995	29,467	83,926	7,048	-	774,618	47,284	345,839	2,131,648
Reclassification	-	-	881,884	-	-	-	-	-	-	-	-	-	(881,884)	-
Disposals	-	-	(71,931)	-	-	-	-	-	-	-	-	-	-	(71,931)
Early termination of lease contracts	-	-	-	-	-	-	-	-	-	-	-	(42,518)	-	(42,518)
At 31 December 2023	-	2,211,173	1,515,012	6,973,554	194,081	214,713	511,685	446,532	572,727	-	1,664,311	63,524	832,922	15,200,234
<b>Carrying amount</b>														
At 31 December 2023	9,270,219	8,506,815	79,982	1,689,975	57,573	134,780	167,182	194,533	23,716	45,445	2,173,598	80,714	896,274	23,320,806
At 31 December 2022	1,467,419	8,721,174	122,504	2,068,529	70,653	117,590	181,819	278,459	30,764	-	2,948,216	64,119	899,994	16,971,240

The net carrying amount of motor vehicle amounted to RM319,330 (2022: RMNil) is registered in the name of a Director and is held in trust on behalf of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

#### Assets pledged as securities to financial institutions

The carrying amount of property, plant and equipment of the Group pledged as securities for bank borrowings as disclosed in Note 15 to the financial statements are:

	<u>2023</u> RM	Group	<u>2022</u> RM
Freehold land	1,467,419		1,467,419
Freehold buildings	-		4,229,738
	<u>1,467,419</u>		<u>5,697,157</u>

### 5. INVESTMENT PROPERTIES

#### Leasehold land and building

##### At cost

At 1 January/31 December

<u>2023</u> RM	Group	<u>2022</u> RM
1,108,000		1,108,000

##### Accumulated depreciation

At 1 January

121,081		110,469
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Charge for the financial year

10,612		10,612
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At 31 December

<u>131,693</u>		<u>121,081</u>
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##### Carrying amount

At 31 December

<u>976,307</u>		<u>986,919</u>
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##### Fair value of investment properties

At 31 December

<u>1,350,000</u>		<u>1,250,000</u>
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# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 5. INVESTMENT PROPERTIES (CONT'D)

#### (a) Income and expenses recognised in profit or loss

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

	Group	
	<u>2023</u> RM	<u>2022</u> RM
Rental income	69,000	69,000
Direct operating expenses:		
- Income generating investment properties	<u>1,675</u>	<u>2,990</u>

#### (b) Fair value of investment properties

The fair value of the investment properties of the Group were estimated by the Directors based on the recent transacted prices in the market of property with similar conditions and location. If the Group's investment properties carried at fair value, it will classify as at Level 3 fair value item for the purpose of fair value hierarchy disclosure.

The Directors of the Group are with the opinion that it would not be possible to segregate the costs of the leasehold land and building separately as they were acquired in a lump sum amount. Hence, depreciation was charged on the aggregate amount of the leasehold land and building.

- (c) The carrying amount of the investment properties of the Group amounted to RMNil (2022: RM986,919) was pledged as securities for bank borrowings as disclosed in Note 15 to the financial statements.

### 6. SUBSIDIARIES

#### (a) Investment in subsidiaries

	Company	
	<u>2023</u> RM	<u>2022</u> RM
<b>At cost</b>		
Unquoted shares in Malaysia	<u>39,405,900</u>	<u>39,405,900</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 6. SUBSIDIARIES (CONT'D)

#### (a) Investment in subsidiaries (Cont'd)

Details of the subsidiaries are as follows:

Name of companies	Place of business/ Country of incorporation	Effective interest (%)		Principal activities
		2023	2022	
1. Plon Synergy Group Sdn. Bhd.	Malaysia	100	100	Investment holding company and trading and distribution of foods
2. PeterLabs Sdn. Bhd.	Malaysia	81	81	Trading of animal health and nutrition products
3. Thye On Tong Trading Sdn. Bhd.	Malaysia	60	60	Distribution of consumer goods
<b>Held by Plon Synergy Group Sdn. Bhd.</b>				
1. PeterLabs Sdn. Bhd.	Malaysia	19	19	Trading of animal health and nutrition products
2. Osmosis Nutrition Sdn. Bhd.	Malaysia	21	21	Manufacturing and distribution of animal health and nutrition products
<b>Held by PeterLabs Sdn. Bhd.</b>				
1. Osmosis Nutrition Sdn. Bhd.	Malaysia	79	79	Manufacturing and distribution of animal health and nutrition products

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 6. SUBSIDIARIES (CONT'D)

#### (b) Non-controlling interests in a subsidiary

The Group's subsidiary that has material non-controlling interests ("NCI") is as follows:

	<b>Thye On Tong Trading Sdn. Bhd.</b>	
	<u>2023</u>	<u>2022</u>
Percentage of ownership interest (%)	40	40
Carrying amount of NCI (RM)	2,587,706	2,032,790
Profit allocated to NCI (RM)	<u>554,916</u>	<u>425,159</u>

Summarised financial information of TOT that has material non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

	<u>2023</u> RM	<u>2022</u> RM
<b>Summary of financial position</b>		
Non-current assets	3,167,529	3,671,380
Current assets	46,888,531	37,824,401
Non-current liabilities	(1,079,327)	(2,426,115)
Current liabilities	<u>(42,507,468)</u>	<u>(33,987,690)</u>
Net assets	<u>6,469,265</u>	<u>5,081,976</u>
<b>Summary of financial performance</b>		
Revenue	131,296,740	96,834,031
Profit/Total comprehensive income for the financial year	<u>1,387,289</u>	<u>1,062,898</u>
<b>Summary of cash flows</b>		
Net cash outflows used in operating activities	(2,772,037)	(3,247,083)
Net cash outflows used in investing activities	(73,015)	(57,487)
Net cash inflows from financing activities	<u>5,622,545</u>	<u>1,679,319</u>
Net cash inflows/(outflows)	<u>2,777,493</u>	<u>(1,625,251)</u>

#### (c) Amount due from a subsidiary

Amount due from a subsidiary is unsecured, non-trade related, bearing interest from 3.90% to 3.95% (2022: Nil%) per annum and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 7. GOODWILL ON CONSOLIDATION

	<u>2023</u> RM	Group <u>2022</u> RM
At January/31 December	<u>9,956,837</u>	<u>9,956,837</u>

Goodwill has been allocated to the Group's cash generating unit ("CGU"), TOT. The Group undertakes an annual test for impairment evaluation. No impairment loss was required for the goodwill on consolidation as its recoverable amount was in excess of its carrying value.

#### Impairment test for goodwill

The recoverable amount of CGU is determined based on the value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five years period. The values assigned to key assumptions is in respect of management's assessment of future trends in the industry.

The key assumptions used for value-in-use calculations are as follows:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year. The average gross margin applied was 10% (2022: 10%).

(ii) Growth rate

The weighted average growth rates used are consistent with the long-term average growth rate anticipated for the entities based on its past performance and industry demand. The average growth rate applied was 1.5% (2022: 1.5%) per annum.

(iii) Discount rate

The discount rate used are pre-tax and reflect management's estimate of the risk specific to the CGU at the date of assessment. The average discount rate applied was 8.9% (2022: 9.5%) per annum.

#### Sensitivity to changes in assumptions

With regard to the assessment of the value-in-use of the CGU, management believes that any changes to the key assumptions above would not result in the carrying values of the CGU to materially exceed their recoverable amount.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 8. DEFERRED TAX ASSETS / (LIABILITIES)

	Group	
	<u>2023</u> RM	<u>2022</u> RM
At 1 January	(601,900)	(1,049,000)
Recognised in profit or loss	<u>(10,300)</u>	<u>447,100</u>
At 31 December	<u>(612,200)</u>	<u>(601,900)</u>

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	<u>2023</u> RM	<u>2022</u> RM
Deferred tax assets	457,800	441,100
Deferred tax liabilities	<u>(1,070,000)</u>	<u>(1,043,000)</u>
	<u>(612,200)</u>	<u>(601,900)</u>

The components and movement of deferred tax assets and liabilities at the end of the reporting period prior to offsetting are as follows:

#### Deferred tax assets

	<u>Provision</u> RM	<u>Property, plant and equipment</u> RM	<u>Total</u> RM
<b>Group</b>			
At 1 January 2022	-	-	-
Offsetting	-	(114,000)	(114,000)
Recognised in profit or loss	<u>583,900</u>	<u>(28,800)</u>	<u>555,100</u>
At 31 December 2022	583,900	(142,800)	441,100
Recognised in profit or loss	<u>383,500</u>	<u>(366,800)</u>	<u>16,700</u>
At 31 December 2023	<u>967,400</u>	<u>(509,600)</u>	<u>457,800</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 8. DEFERRED TAX ASSETS / (LIABILITIES) (CONT'D)

The components and movement of deferred tax assets and liabilities at the end of the reporting period prior to offsetting are as follows: (Cont'd)

#### Deferred tax liabilities

	<u>Unutilised reinvestment allowances</u> RM	<u>Provision</u> RM	<u>Property, plant and equipment</u> RM	<u>Total</u> RM
<b>Group</b>				
At 1 January 2022	118,000	39,000	(1,206,000)	(1,049,000)
Offsetting	-	-	114,000	114,000
Recognised in profit or loss	(27,000)	(39,000)	(42,000)	(108,000)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022	91,000	-	(1,134,000)	(1,043,000)
Recognised in profit or loss	(91,000)	10,000	54,000	(27,000)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2023	-	10,000	(1,080,000)	(1,070,000)

### 9. INVENTORIES

	<b>Group</b>	
	<u>2023</u> RM	<u>2022</u> RM
Raw materials	2,064,226	3,258,205
Trading goods	17,980,683	17,356,105
Finished goods	2,311,215	2,592,973
	<hr/>	<hr/>
	22,356,124	23,207,283
	<hr/>	<hr/>
<b>Recognised in profit or loss</b>		
Inventories recognised as cost of sales	161,921,594	140,032,352
Inventories written down	411,740	13,985
Reversal of inventories written down	(21,806)	(190,381)
	<hr/>	<hr/>

The inventories written down is made when the related inventories become obsolete.

The reversal of inventories written down is made when the related inventories are sold above the carrying amount.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 10. TRADE RECEIVABLES

	Group	
	<u>2023</u> RM	<u>2022</u> RM
Trade receivables	33,386,656	35,201,989
Less: Allowance for expected credit losses ("ECLs")	(848,546)	(490,264)
	<u>32,538,110</u>	<u>34,711,725</u>

Trade receivables are non-interest bearing and the credit term is 30 to 90 days (2022: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The foreign currency exposure profile of trade receivables are as follows:

	Group	
	<u>2023</u> RM	<u>2022</u> RM
United States Dollar ("USD")	<u>159,672</u>	<u>-</u>

The following table provide information about the exposure to credit risk and allowance for ECLs for trade receivables:

	<u>Gross amount</u> RM	<u>ECLs</u> RM	<u>Net amount</u> RM
<b>Group</b>			
<b>2023</b>			
Not past due	12,520,447	(129,245)	12,391,202
Past due:			
Less than 30 days	8,803,584	(26,973)	8,776,611
30 to 60 days	4,975,110	(17,715)	4,957,395
60 to 90 days	2,278,856	(9,939)	2,268,917
More than 90 days	4,808,659	(664,674)	4,143,985
	<u>33,386,656</u>	<u>(848,546)</u>	<u>32,538,110</u>
<b>2022</b>	16,420,694	(134,228)	16,286,466
Not past due			
Past due:			
Less than 30 days	8,036,260	(39,768)	7,996,492
30 to 60 days	4,363,495	(26,078)	4,337,417
60 to 90 days	2,350,337	(13,585)	2,336,752
More than 90 days	4,031,203	(276,605)	3,754,598
	<u>35,201,989</u>	<u>(490,264)</u>	<u>34,711,725</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 10. TRADE RECEIVABLES (CONT'D)

The movement in allowance for ECLs of trade receivables during the financial year is as follows:

	Group	
	<u>2023</u> RM	<u>2022</u> RM
At 1 January	490,264	283,555
Allowance for ECLs	358,282	232,707
Reversal of allowance for ECLs	-	(25,998)
	<u>848,546</u>	<u>490,264</u>
At 31 December	<u>848,546</u>	<u>490,264</u>

### 11. OTHER RECEIVABLES

	Group		Company	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
Non-trade receivables	10,449,437	7,165,116	-	-
Advances to suppliers	289,175	336,091	-	-
Refundable deposits	425,468	434,058	1,000	1,000
Non-refundable deposits	432,690	750,000	-	-
Prepayments	358,322	274,193	11,255	11,256
	<u>11,955,092</u>	<u>8,959,458</u>	<u>12,255</u>	<u>12,256</u>

Included in the deposits of the Group is an amount of RM62,500 (2022: RM62,500), represent rental deposit paid to a company in which one of the Director has an interest for leases of factory building.

Included in the non-refundable deposits of the Group is an amount of RM432,690 (2022: RM750,000), represent deposit paid for acquisition of freehold land.

The foreign currency exposure profile of other receivables is as follows:

	Group	
	<u>2023</u> RM	<u>2022</u> RM
Chinese Yuan ("CNY")	419	125,855
EURO Dollar ("EUR")	58,761	3,204
USD	194,405	248,276
	<u>194,405</u>	<u>248,276</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 12. FIXED DEPOSITS AND CASH AND BANK BALANCES

	Group		Company	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
Cash and bank balances	16,095,067	10,291,057	1,444,613	1,853,386
Fixed deposits with licensed banks	<u>6,568</u>	<u>6,465</u>	<u>-</u>	<u>-</u>
	<u>16,101,635</u>	<u>10,297,522</u>	<u>1,444,613</u>	<u>1,853,386</u>

The foreign currency exposure profile of bank balances are as follows:

	Group	
	<u>2023</u> RM	<u>2022</u> RM
CNY	28,067	61,323
USD	<u>732,295</u>	<u>165,072</u>

The interest rate of deposits with licensed banks of the Group ranged from 1.60% (2022: 1.50% to 2.35%) per annum. The maturity period of fixed deposits of the Group at 12 months (2022: 12 months).

### 13. SHARE CAPITAL

	Group and Company	
	<u>Number of ordinary shares Units</u>	<u>Amount RM</u>
<b>Issued and fully paid:</b>		
Brought forward/Carried forward	<u>275,213,890</u>	<u>40,400,959</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 14. LEASE LIABILITIES

	<b>2023</b> <b>RM</b>	<b>Group</b> <b>2022</b> <b>RM</b>
Non-current	2,039,826	2,824,249
Current	1,098,161	1,062,998
	<u>3,137,987</u>	<u>3,887,247</u>

The maturity analysis of lease liabilities at the end of the reporting period:

	<b>2023</b> <b>RM</b>	<b>Group</b> <b>2022</b> <b>RM</b>
Within 1 year	1,206,910	1,201,749
Between 1 - 5 years	2,139,805	3,006,182
	<u>3,346,715</u>	<u>4,207,931</u>
Less: Future finance charges	(208,728)	(320,684)
Present value of lease liabilities	<u>3,137,987</u>	<u>3,887,247</u>

The Group leases factory, hostels and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

### 15. BORROWINGS

	<b>2023</b> <b>RM</b>	<b>Group</b> <b>2022</b> <b>RM</b>
<b>Secured</b>		
Term loans	443,996	1,278,396
Banker's acceptances	18,121,000	7,207,000
	<u>18,564,996</u>	<u>8,485,396</u>
<b>Non-current</b>		
Term loans	234,058	1,009,080
<b>Current</b>		
Term loans	209,938	269,316
Banker's acceptances	18,121,000	7,207,000
	<u>18,330,938</u>	<u>7,476,316</u>
	<u>18,564,996</u>	<u>8,485,396</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 15. BORROWINGS (CONT'D)

The borrowings are secured by the following:

- (i) A legal charge over the Group's freehold land and buildings and leasehold land and building as disclosed in Notes 4 and 5 to the financial statements;
- (ii) Joint and several guarantee by a Director of the Company and a Director of a subsidiary;
- (iii) Corporate guarantee by Syarikat Jaminan Pembiayaan Perniagaan Berhad; and
- (iv) Corporate guarantee from the Company.

The repayment terms of the borrowings are as follows:

- (i) Term loans are repayable by 60 (2022: 60 to 240) monthly instalments.
- (ii) Revolving credit is repayable on demand.
- (iii) Banker's acceptances is repayable within 120 (2022: 120) days.

The average effective interest rates per annum of the borrowings are as follows:

	Group	
	<u>2023</u>	<u>2022</u>
	%	%
Term loans	3.50	3.12 - 3.50
Bankers' acceptances	3.45 - 3.85	2.41 - 3.83
Revolving credit	-	2.98 - 3.27
	<u>-</u>	<u>2.98 - 3.27</u>

### 16. TRADE PAYABLES

The normal trade credit terms granted to the Group ranged from 30 to 90 days (2022: 30 to 90 days) depending on the term of the contracts.

The foreign currency profile of trade payables are as follows:

	Group	
	<u>2023</u>	<u>2022</u>
	RM	RM
EUR	227,700	214,300
CNY	266,852	-
Thai Baht ("THB")	79,004	16,860
USD	458,218	763,656
	<u>458,218</u>	<u>763,656</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 17. OTHER PAYABLES

	Group		Company	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
Non-trade payables	337,117	507,533	-	5,760
Accruals of expenses	3,871,833	4,218,393	685,969	562,087
Commission payable	517,824	624,595	-	-
Deposit received	19,700	17,200	-	-
	<u>4,746,474</u>	<u>5,367,721</u>	<u>685,969</u>	<u>567,847</u>

### 18. REVENUE

#### Group

The Group's revenue disaggregated by primary geographical markets is as follows:

	Manufacturing RM	Trading RM	Total RM
<b><u>2023</u></b>			
Malaysia	629,754	180,667,639	181,297,393
Others #	4,775,756	135,306	4,911,062
	<u>5,405,510</u>	<u>180,802,945</u>	<u>186,208,455</u>
<b><u>2022</u></b>			
Malaysia	607,216	157,816,359	158,423,575
Others #	2,228,604	980,638	3,209,242
	<u>2,835,820</u>	<u>158,796,997</u>	<u>161,632,817</u>

# Less than 5% for each individual country.

All the revenue from sales of goods is recognised at a point in time.

#### Company

Revenue represents dividend income received and receivable from its subsidiaries.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 19. FINANCE COSTS

	Group	
	<u>2023</u> RM	<u>2022</u> RM
<b>Interest expenses</b>		
Bankers' acceptances	571,903	292,825
Lease liabilities	150,637	152,127
Term loans	41,496	48,921
Revolving credits	-	10,412
	<u>764,036</u>	<u>504,285</u>

### 20. PROFIT BEFORE TAX

Profit before tax is determined after charging/(crediting), amongst others, the following items:

	Group		Company	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
Auditors' remuneration				
- Audit fee	102,000	97,000	25,000	25,000
- Non-audit fee	3,000	3,000	3,000	3,000
Bad debts recovered	-	(1,200)	-	-
Allowance of expected credit losses				
on trade receivables	358,282	232,707	-	-
Depreciation of investment properties	10,612	10,612	-	-
Depreciation of property, plant and equipment	2,131,648	2,057,445	-	-
Directors' fee				
- Executive Directors	36,000	72,000	-	-
- Non-executive Directors	119,100	125,300	119,100	125,300
Gain on disposal of property, plant and equipment	(45,082)	(194,500)	-	-
Gain on early termination of lease contracts	(699)	(19,195)	-	-
Interest income				
- Bank	(3,432)	(2,732)	-	-
- Investment	(257,038)	(169,832)	(31,495)	(27,705)
- A subsidiary	-	-	(31,492)	-
Inventories written down	411,740	13,985	-	-
Realised loss/(gain) on foreign exchange	108,041	(71,564)	-	-
Rental income	(69,000)	(69,000)	-	-
Reversal of inventories written down	(21,806)	(190,381)	-	-
Reversal of allowance of expected credit losses on trade receivables	-	(25,998)	-	-
Sales of shares income	(1,273,977)	-	(1,273,977)	-
Unrealised loss/(gain) on foreign exchange	10,457	94,427	-	-
Wages subsidy (a)	(5,340)	(33,450)	-	-

(a) The Group was entitled to a hiring incentive programme introduced by the government of Malaysia during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 21. TAX EXPENSE

	Group		Company	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
<b>Tax expenses recognised in profit or loss</b>				
<b>Current tax</b>				
Current financial year provision	1,378,778	959,513	15,117	26,089
Under/(Over) provision in prior financial year	36,109	(11,543)	(136)	(3,401)
	<u>1,414,887</u>	<u>947,970</u>	<u>14,981</u>	<u>22,688</u>
<b>Deferred tax</b>				
Origination and reversal of temporary differences	(3,500)	353,300	-	-
Under/(Over) provision in prior financial year	13,800	(800,400)	-	-
	<u>10,300</u>	<u>(447,100)</u>	<u>-</u>	<u>-</u>
Total tax expense	<u>1,425,187</u>	<u>500,870</u>	<u>14,981</u>	<u>22,688</u>

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	Group		Company	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
Profit before tax	<u>5,425,217</u>	<u>4,529,235</u>	<u>995,289</u>	<u>1,879,331</u>
At Malaysian statutory tax rate of 24% (2022: 24%)	1,302,052	1,087,016	238,869	451,039
Expenses not deductible for tax purposes	502,519	333,445	82,002	80,914
Income not subject to tax	(429,293)	(107,648)	(305,754)	(505,864)
Under/(Over) provision of current tax in prior financial year	36,109	(11,543)	(136)	(3,401)
Under/(Over) provision of deferred tax in prior financial year	13,800	(800,400)	-	-
	<u>1,425,187</u>	<u>500,870</u>	<u>14,981</u>	<u>22,688</u>

The Group has unutilised reinvestment allowance of approximately RMNil (2022: RM380,715) available for carried forward to offset against future taxable profit. The amount is subject to approval by the tax authorities.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 22. EARNINGS PER SHARE

#### (a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Group	
	<u>2023</u> RM	<u>2022</u> RM
Profit for the year attributable to owners of the Company	<u>3,445,114</u>	<u>3,603,206</u>
Weighted average number of ordinary shares in issue as at 31 December (unit)	<u>275,213,890</u>	<u>275,213,890</u>
Basic earnings per ordinary shares (sen)	<u>1.25</u>	<u>1.31</u>

#### (b) Diluted earnings per share

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the reporting date.

### 23. DIVIDENDS

	Group and Company	
	<u>2023</u> RM	<u>2022</u> RM
Dividend recognised as distribution to owners of the Company:		
An interim single-tier dividend of RM0.006 per ordinary share in respect of the financial year ended 31 December 2022, paid on 22 July 2022	<u>-</u>	<u>1,651,372</u>

On 6 March 2024, the Company had declared a single tier interim dividend of RM0.004 per ordinary share amounting to RM1,100,855 and payable on 29 March 2024. This dividend is not reflected in the financial statements for the current financial year and will be accounted for as appropriation of retained earnings in the financial year ending 31 December 2024.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 24. STAFF COSTS

	Group		Company	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
Fees	155,100	125,300	119,100	125,300
Salaries, wages and other emoluments	12,251,737	9,915,751	8,000	5,100
Social security contributions	106,886	100,449	-	-
Defined contribution plan	1,001,565	977,132	-	-
	<u>13,515,288</u>	<u>11,118,632</u>	<u>127,100</u>	<u>130,400</u>

Included in staff costs is aggregate amount of remuneration received and receivable by the Directors of the Group and of the Company during the financial year as below:

	Group		Company	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
<b>Executive Directors:</b>				
Fees	36,000	-	-	-
Salaries and other emoluments	2,631,000	2,653,496	-	-
Social security contributions	5,690	3,706	-	-
Defined contribution plan	201,974	187,996	-	-
	<u>2,874,664</u>	<u>2,845,198</u>	<u>-</u>	<u>-</u>
<b>Non-Executive Directors:</b>				
Fees	119,100	125,300	119,100	125,300
Allowance	8,000	5,100	8,000	5,100
	<u>127,100</u>	<u>130,400</u>	<u>127,100</u>	<u>130,400</u>
	<u>3,001,764</u>	<u>2,975,598</u>	<u>127,100</u>	<u>130,400</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 25. RELATED PARTY DISCLOSURES

#### (a) Identifying related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group and of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly or indirectly.

#### (b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
<b>Transaction with subsidiaries</b>				
- Dividend received	-	-	-	2,107,768
- Interest income	-	-	31,492	-
<b>Transactions with companies in which Directors have interest</b>				
- Professional fee charged	41,000	40,200	41,000	40,200
- Lease rental paid	300,000	300,000	-	-

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

The remuneration of key management personnel is same with Directors' remuneration as disclosed in the Notes 20 and 24 to the financial statements respectively. The Group and the Company have no other members of key management personnel apart from the Board of Directors.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 26. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services, and has three reportable segments as follows:

- (i) Manufacturing      Manufacturing and distribution of animal health and nutrition products.
- (ii) Trading            Trading and distribution of animal health, nutrition products and consumer goods.
- (iii) Others            Providing investment holding services.

No operation segments have been aggregated to form the above reportable operating segments.

Performance is measured based on segment profit before tax, interest, depreciation, as included in the internal management reports. Segment profit is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments related to other entities that operates within these industries.

Transfer prices between operating segments are on the arms' length basis in a similar manner to transactions with third parties.

	Note	Manufacturing RM	Trading RM	Others RM	Total segments RM	Adjustments and eliminations RM	Consolidated RM
<b>2023</b>							
<b>Revenue</b>							
External revenue		5,405,510	180,802,945	-	186,208,455	-	186,208,455
Inter-segment revenue	<b>A</b>	17,432,315	3,131,458	-	20,563,773	(20,563,773)	-
Total revenue		22,837,825	183,934,403	-	206,772,228	(20,563,773)	186,208,455
<b>Results</b>							
Interest income		31,410	829,724	62,987	924,121	(663,651)	260,470
Finance costs		(66,369)	(1,361,318)	-	(1,427,687)	663,651	(764,036)
Depreciation		(1,021,651)	(1,120,609)	-	(2,142,260)	-	(2,142,260)
Other non-cash items	<b>B</b>	(48,519)	(664,373)	-	(712,892)	-	(712,892)
Tax expense		(198,431)	(1,211,775)	(14,981)	(1,425,187)	-	(1,425,187)
Segment profit	<b>C</b>	695,765	2,885,795	917,321	4,498,881	4,715	4,503,596
<b>Assets</b>							
Capital expenditure	<b>D</b>	165,095	8,362,256	-	8,527,351	-	8,527,351
Segment assets	<b>E</b>	20,362,693	85,464,704	11,413,705	117,241,102	(36,191)	117,204,911
<b>Liabilities</b>							
Segment liabilities	<b>F</b>	877,684	13,595,289	685,969	15,158,942	-	15,158,942

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 26. SEGMENT INFORMATION (CONT'D)

	Note	Manufacturing RM	Trading RM	Others RM	Total segments RM	Adjustments and eliminations RM	Consolidated RM
<b>2022</b>							
<b>Revenue</b>							
External revenue		2,835,820	158,796,997	-	161,632,817	-	161,632,817
Inter-segment revenue	<b>A</b>	19,809,860	3,122,965	-	22,932,825	(22,932,825)	-
Total revenue		22,645,680	161,919,962	-	184,565,642	(22,932,825)	161,632,817
<b>Results</b>							
Interest income		17,894	585,383	28,898	632,175	(459,611)	172,564
Finance costs		(88,831)	(875,065)	-	(963,896)	459,611	(504,285)
Depreciation		(1,047,667)	(1,020,390)	-	(2,068,057)	-	(2,068,057)
Other non-cash items	<b>B</b>	14,150	74,805	-	88,955	-	88,955
Tax expense		(126,808)	(351,088)	(22,974)	(500,870)	-	(500,870)
Segment profit/(loss)	<b>C</b>	178,579	4,513,497	(330,115)	4,361,961	(1,875)	4,360,086
<b>Assets</b>							
Capital expenditure	<b>D</b>	71,135	1,547,475	-	1,618,610	-	1,618,610
Segment assets	<b>E</b>	21,507,356	71,586,736	12,037,798	105,131,890	(40,906)	105,090,984
<b>Liabilities</b>							
Segment liabilities	<b>F</b>	1,907,605	13,924,343	571,946	16,403,894	-	16,403,894

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

- A. Inter-segment revenues are eliminated on consolidation.
- B. Other material non-cash (expenses)/income consist of the following items as presented in the respective notes to the financial statements:

	2023 RM	2022 RM
Allowance for ECLs on trade receivables	(358,282)	(232,707)
Gain on disposal of property, plant and equipment	45,082	194,500
Gain on early termination of lease contracts	699	19,195
Inventories written down	(411,740)	(13,985)
Reversal of allowance for ECLs on trade receivables	-	25,998
Reversal of inventories written down	21,806	190,381
Unrealised loss on foreign exchange	(10,457)	(94,427)
	<u>(712,892)</u>	<u>88,955</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 26. SEGMENT INFORMATION (CONT'D)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:  
(Cont'd)

C. The following items are added to/(deducted from) segment profit to arrive at "profit after tax" presented in the consolidated statements of profit or loss and other comprehensive income:

	<u>2023</u> RM	<u>2022</u> RM
Segment profit	4,503,596	4,360,086
Interest income	260,470	172,564
Finance costs	<u>(764,036)</u>	<u>(504,285)</u>
Profit after tax	<u>4,000,030</u>	<u>4,028,365</u>

D. Additions to non-current assets other than financial instruments consist of:

	<u>2023</u> RM	<u>2022</u> RM
Property, plant and equipment	<u>8,527,351</u>	<u>1,618,610</u>

E. The following items are added to segment assets to arrive at total assets reported in the consolidated statements of financial position.

	<u>2023</u> RM	<u>2022</u> RM
Segment assets	117,204,911	105,090,984
Deferred tax assets	457,800	441,100
Tax recoverable	<u>732,705</u>	<u>692,772</u>
Total assets	<u>118,395,416</u>	<u>106,224,856</u>

F. The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position.

	<u>2023</u> RM	<u>2022</u> RM
Segment liabilities	15,158,942	16,403,894
Deferred tax liabilities	1,070,000	1,043,000
Lease liabilities	3,137,987	3,887,247
Borrowings	18,564,996	8,485,396
Tax payable	<u>59,943</u>	<u>1,801</u>
Total liabilities	<u>37,991,868</u>	<u>29,821,338</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 26. SEGMENT INFORMATION (CONT'D)

#### Geographical information

Non-current assets information based on the geographical location of the assets are as follows:

	<u>2023</u> RM	<u>2022</u> RM
<u>Non-current assets</u>		
Malaysia	<u>34,711,750</u>	<u>28,356,096</u>

Non-current assets information presented above consists of the following items as presented in the consolidated statements of financial position:

	<u>2023</u> RM	<u>2022</u> RM
Property, plant and equipment	23,320,806	16,971,240
Investment properties	976,307	986,919
Goodwill on consolidation	9,956,837	9,956,837
Deferred tax assets	<u>457,800</u>	<u>441,100</u>
Total non-current assets	<u>34,711,750</u>	<u>28,356,096</u>

Revenue information based on the geographical location of customers are disclosed in Note 18 to the financial statements.

#### Major customer

There is no major customer which more than 10% of the Group's revenue.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 27. FINANCIAL INSTRUMENTS

#### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Group		Company	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	RM	RM	RM	RM
<b>At amortised cost</b>				
<b>Financial assets</b>				
Trade receivables	32,538,110	34,711,725	-	-
Other receivables	10,874,905	7,599,174	1,000	1,000
Amount due from a subsidiary	-	-	1,505,032	-
Fixed deposits and cash and bank balances	16,101,635	10,297,522	1,444,613	1,853,386
	<u>59,514,650</u>	<u>52,608,421</u>	<u>2,950,645</u>	<u>1,854,386</u>
<b>At amortised cost</b>				
<b>Financial liabilities</b>				
Trade payables	10,412,468	11,036,173	-	-
Other payables	4,746,474	5,367,721	685,969	567,847
Borrowings	18,564,996	8,485,396	-	-
	<u>33,723,938</u>	<u>24,889,290</u>	<u>685,969</u>	<u>567,847</u>

#### (b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operation whilst managing their credit, liquidity and market risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies, and processes for the management of these risks.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 27. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (i) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from the individual characteristics of each customer and cash and bank balances. The Group's exposure to credit risk arises principally from the trade receivables, other receivables and cash and bank balances. The Company's exposure to credit risk arises principally from the other receivables, amount due from a subsidiary and cash and bank balances. There are no significant changes as compared to prior periods.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Group and the Company provide financial guarantees to third parties and financial institutions as disclosed in Note 29 to the financial statements. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

At each reporting date, the Group and the Company assess whether any of the receivables are credit impaired.

The gross carrying amounts of credit impaired receivables are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, receivables that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities.

The Company's maximum exposure in this respect is RM17,959,996 (2022: RM8,485,396), representing the outstanding banking facilities to the subsidiaries as at the end of the reporting period. There was no indication that any subsidiaries would default on repayment as at end of the reporting period.

There are no significant changes as compared to previous financial year.

In respect of trade and other receivables, the Group and the Company are not subjected to credit risk exposure to a single counterparty.

##### (ii) Liquidity risk

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 27. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (ii) Liquidity risk (Cont'd)

The Group's and the Company's funding requirement and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	<u>On demand within 1 year</u> RM	<u>1 to 5 years</u> RM	<u>More than 5 years</u> RM	<u>Total contractual cash flows</u> RM	<u>Total carrying amount</u> RM
<b>Group</b>					
<b>2023</b>					
<b>Non-derivative financial liabilities</b>					
Borrowings	18,343,156	238,768	-	18,581,924	18,564,996
Lease liabilities	1,206,910	2,139,805	-	3,346,715	3,137,987
Trade payables	10,412,468	-	-	10,412,468	10,412,468
Other payables	4,746,474	-	-	4,746,474	4,746,474
	<u>34,709,008</u>	<u>2,378,573</u>	<u>-</u>	<u>37,087,581</u>	<u>36,861,925</u>
Financial guarantee *	2,216,000	-	-	2,216,000	-
<b>2022</b>					
<b>Non-derivative financial liabilities</b>					
Borrowings	7,517,644	815,392	281,482	8,614,518	8,485,396
Lease liabilities	1,201,749	3,006,182	-	4,207,931	3,887,247
Trade payables	11,036,173	-	-	11,036,173	11,036,173
Other payables	5,367,721	-	-	5,367,721	5,367,721
	<u>25,123,287</u>	<u>3,821,574</u>	<u>281,482</u>	<u>29,226,343</u>	<u>28,776,537</u>
Financial guarantee *	2,216,000	-	-	2,216,000	-

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 27. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (ii) Liquidity risk (Cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (Cont'd)

	<u>On demand within 1 year</u> RM	<u>1 to 5 years</u> RM	<u>More than 5 years</u> RM	<u>Total contractual cash flows</u> RM	<u>Total carrying amount</u> RM
<b>Company</b>					
<b>2023</b>					
<b>Non-derivative financial liabilities</b>					
Other payables	685,969	-	-	685,969	685,969
Financial guarantee *	18,564,996	-	-	18,564,996	-
<b>2022</b>					
<b>Non-derivative financial liability</b>					
Other payables	567,847	-	-	567,847	567,847
Financial guarantee *	8,485,395	-	-	8,485,395	-

\* Based on the maximum amount that could be called for under the financial guarantee.

The Company provides financial guarantee to banks in respect of credit facilities granted to certain subsidiaries and monitors on an ongoing basis the performance of the subsidiaries. At end of the financial year, there was no indication that the subsidiaries would default on repayment.

Financial guarantee has not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiaries defaulting on their credit facilities is remote.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 27. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risk

##### (a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the functional currency of the Group. The currencies giving rise to this risk are United States Dollar ("USD"), EURO Dollar ("EUR"), Thai Baht ("THB") and Chinese Yuan ("CNY").

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	<b>Denominated in</b>			
	<b>USD</b>	<b>EUR</b>	<b>THB</b>	<b>CNY</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Group</b>				
<b>2023</b>				
Financial assets	1,086,372	58,761	-	28,486
Financial liabilities	(458,218)	(227,700)	(79,004)	(266,852)
	<u>628,154</u>	<u>(168,939)</u>	<u>(79,004)</u>	<u>(238,366)</u>
<b>2022</b>				
Financial assets	413,358	3,204	-	187,178
Financial liabilities	(763,656)	(214,300)	(16,860)	-
	<u>(350,298)</u>	<u>(211,096)</u>	<u>(16,860)</u>	<u>187,178</u>

#### Foreign currency sensitivity analysis

The following table demonstrates the sensitivity of the Group's profit before tax for the financial year to a reasonably possible change in the USD, EUR, THB and CNY exchange rates against the functional currency of the Group, with all other variables held constant.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 27. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risk (Cont'd)

##### (a) Foreign currency risk (Cont'd)

	Change in currency rate	Effect on profit before tax	
		2023 RM	2022 RM
USD	Strengthened 1% (2022: 1%)	6,282	(3,503)
	Weakened 1% (2022: 1%)	(6,282)	3,503
EUR	Strengthened 1% (2022: 1%)	(1,689)	(2,111)
	Weakened 1% (2022: 1%)	1,689	2,111
THB	Strengthened 1% (2022: 1%)	(790)	(169)
	Weakened 1% (2022: 1%)	790	169
CNY	Strengthened 1% (2022: 1%)	(2,384)	1,872
	Weakened 1% (2022: 1%)	2,384	(1,872)

As at the reporting date, the contracted underlying principal amount of currency forward contract of the Group is RMNil (2022: RM1,043,594).

The forward foreign currency contracts have not been recognised since the fair value on initial recognition was not material.

##### (b) Interest rate risk

The Group's and the Company's borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group and the Company manage the interest rate risk by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 27. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risk (Cont'd)

##### (b) Interest rate risk (Cont'd)

The interest rate profile of the Group's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	<u>2023</u> RM	Group	<u>2022</u> RM
<b>Fixed rate instruments</b>			
<u>Financial asset</u>			
Fixed deposits with licensed banks	6,568		6,465
<u>Financial liabilities</u>			
Bankers' acceptances	(18,121,000)		(7,207,000)
Term loans	(443,996)		(647,230)
Lease liabilities	(3,137,987)		(3,887,247)
	<u>(21,702,983)</u>		<u>(11,741,477)</u>
Net financial liabilities	<u>(21,696,415)</u>		<u>(11,735,012)</u>
<b>Floating rate instruments</b>			
<u>Financial liabilities</u>			
Term loans	-		(631,166)

#### Interest rate risk sensitivity analysis

##### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

##### Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's profit before tax by RMNil (2022: RM6,312), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 27. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Fair value of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and insignificant impact of discounting.

The Group enters into forward exchange contracts to manage its exposure to sales and purchases transactions and local operating expenditure that are denominated in USD. The fair value of the foreign currency forward contract has not been recognised in the financial statements as it is immaterial as at the end of the reporting date. The notional value of foreign currency forward contracts as at the end of the reporting year is as follows:-

	<u>2023</u> RM	Group <u>2022</u> RM
<b>Foreign currency hedging contracts</b>		
Novation value of contracts*	-	1,043,594

\* Equivalent to Nil (2022: USD236,739)

### 28. CAPITAL COMMITMENTS

	<u>2023</u> RM	Group <u>2022</u> RM
Contracted but not provided for:		
- Acquisition of a freehold land	3,894,208	6,750,000
- Acquisition of computer equipment	-	5,000
- Construction of factory building	1,720,000	-
	<u>5,614,208</u>	<u>6,755,000</u>

### 29. FINANCIAL GUARANTEE

	Group		Company	
	<u>2023</u> RM	<u>2022</u> RM	<u>2023</u> RM	<u>2022</u> RM
<b>Secured</b>				
Bank guarantee issued to third parties for supply of goods	2,216,000	2,216,000	-	-
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries	-	-	18,564,996	8,485,395
	<u>2,216,000</u>	<u>2,216,000</u>	<u>18,564,996</u>	<u>8,485,395</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023 (CONT'D)

### 30. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and financially prudent capital ratios in order to support its current business as well as future expansion so as to maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions including the interest rate movements. To maintain and adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders, issue new shares or adjust bank borrowings level. No changes were made in the objectives, policies or processes during the financial year.

The Group monitors capital using a gearing ratio, which are the total interest-bearing borrowings over owners' equity. The Group policy is to keep the Group gearing ratio below 0.75. The gearing is however allowed to move up when the Company incurs major capital expenditure and long-term borrowing is available to finance the capital investment. Under such circumstance, the cash flow to be generated from the capital expenditure will be used to repay the borrowing over a longer period of time, thus, justifying the higher gearing ratio.

The borrowings include lease liabilities, term loans, revolving credit and bankers' acceptance while owners' equity refers to the equity attributable to the owners of the Group.

	<b>2023</b>	<b>Group</b>	<b>2022</b>
	<b>RM</b>		<b>RM</b>
Interest-bearing borrowings			
- Lease liabilities	3,137,987		3,887,247
- Bankers' acceptances	18,121,000		7,207,000
- Term loans	443,996		1,278,396
	<u>21,702,983</u>		<u>12,372,643</u>
Total interest-bearing borrowings			
	<u>21,702,983</u>		<u>12,372,643</u>
Owners' equity	77,815,842		74,370,728
Gearing ratio	<u>0.28</u>		<u>0.17</u>

There were no changes in Group's approach to capital management during the financial year.

### 31. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 March 2024.

# ANALYSIS OF SHAREHOLDINGS

## ANALYSIS OF SHAREHOLDINGS AS AT 29 MARCH 2024

### SHARE CAPITAL

Issued and Fully Paid-up Capital	:	275,213,890
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

### SHAREHOLDING DISTRIBUTION SCHEDULE (AS PER THE RECORD OF DEPOSITORS)

No. of Shareholders	Size of Shareholdings	No. of Shares Held	% of Shares
16	Less than 100	646	*
153	100 to 1,000	92,800	0.03
518	1,001 to 10,000	3,643,900	1.32
947	10,001 to 100,000	38,909,200	14.14
234	100,001 to less than 5 % of issued shares	159,561,721	57.98
4	5% and above of the issued shares	73,005,623	26.53
<b>1,872</b>	<b>TOTAL</b>	<b>275,213,890</b>	<b>100.00</b>

\* Less than 0.01%

### LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS)

Name of Shareholders	No. of Shares Held	Percentage (%)
1. Teo Chin Heng	21,270,109	7.73
2. CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Bu Yaw Seng (MY3086)</i>	19,105,400	6.94
3. Lin Ching Yein	16,315,057	5.93
4. Loh Saw Foong	16,315,057	5.93
5. Lim Tong Seng	13,043,238	4.74
6. TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Yee Foong</i>	10,003,000	3.63
7. GL Equity Partners Limited	9,567,800	3.48
8. Yap Siaw Peng	8,069,944	2.93
9. Lau Yeng Khuan	7,170,645	2.61
10. Teo Kooi Cheng	5,754,200	2.09
11. Kho Siaw Sua	5,500,000	2.00
12. Ng Chew Kee	4,437,000	1.61
13. Ong Kee	4,200,190	1.53
14. Tan Ching Ling	3,569,500	1.30
15. Lim Seng Yew	3,320,000	1.21
16. Lee Joo Hian	3,220,500	1.17
17. Lau Kim Pou	3,128,538	1.14
18. Chieng Yi San	2,690,000	0.98
19. RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Hee Yuen Sang</i>	2,000,000	0.73
20. Gan Chin Chooi	1,800,100	0.65

# ANALYSIS OF SHAREHOLDINGS (CONT'D)

## LIST OF 30 LARGEST SECURITIES ACCOUNT HOLDERS (AS PER THE RECORD OF DEPOSITORS) (CONT'D)

Name of Shareholders	No. of Shares Held	Percentage (%)
21. Kong Hieng Hung	1,440,000	0.52
22. Hii Lay Yieng	1,410,100	0.51
23. Ah Han Yang	1,380,000	0.50
24. Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Hii Lay Yieng (E-PLT)</i>	1,258,000	0.46
25. Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chieng Tiong Ann (E-PLT)</i>	1,208,000	0.44
26. Chan Bee Chuan	1,200,000	0.44
27. Loh Sin Chin	1,180,000	0.43
28. Chieng Yew Mang	1,119,000	0.41
29. Ong Poh Jaik	1,050,000	0.38
30. Heu Bee Yen	1,015,800	0.37
<b>TOTAL</b>	<b>172,741,178</b>	<b>62.77</b>

## SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

NAME OF SHAREHOLDERS	NO. OF SHARES HELD			
	DIRECT	%	INDIRECT	%
1. Teo Chin Heng	21,270,109	7.73	-	-
2. Datuk Loh Saw Foong	16,315,057	5.93	#16,315,057	5.93
3. Datin Lin Ching Yein	16,315,057	5.93	#16,315,057	5.93
4. Bu Yaw Seng	19,105,400	6.94	-	-

## DIRECTORS' SHAREHOLDINGS (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

NAME OF DIRECTORS	NO. OF SHARES HELD			
	DIRECT	%	INDIRECT	%
1. Dato' Lim Tai Soon	-	-	-	-
2. Lim Tong Seng	13,043,238	4.74	-	-
3. Teo Chin Heng	21,270,109	7.73	-	-
4. Datuk Loh Saw Foong	16,315,057	5.93	#16,315,057	5.93
5. Yap Siaw Peng	8,069,944	2.93	-	-
6. Dato' Ng Boon Siong	-	-	-	-
7. Loh Poh Im	-	-	-	-
8. Ho Siew Li	-	-	-	-
9. Ng Kau (Alternate to Dato' Ng Boon Siong)	-	-	-	-

Notes:

# Deemed interested by virtue of the shares held by his/her spouse.

# LIST OF PROPERTIES AS AT 31 DECEMBER 2023

Title No. / Location	GRN 212756 / Lot 16014 (PT No. 24341), Jalan Nilam 3 Bandar Nilai Utama, 71800 Nilai Negeri Sembilan	HSD151557/ No. 38, Lorong Sungai Puloh 1A/KU6, Kawasan Perindustrian Sungai Puloh, 42100 Klang, Selangor	PN 50113 / No. 27, Bandar Prima Senawang 3 Off Jalan Persiaran, 70450, Negeri Sembilan	HSD224806 / PT 12692 Bandar Sri Sendayan Daerah Seremban Negeri Sembilan
Tenure	Freehold	Freehold	Leasehold	Freehold
Land Area/ Build-Up Area (Sq. Ft.)	141,276 / 52,474	21,858 / 14,160	1,539 / 3,079	173,019
Description	Industrial land erected upon with building which consist of 1 storey factory/ warehouse and attached with 3 storey office area which houses the Group's manufacturing plant and office.	3-Storey Semi Detached Office Block Cum Factory	2 Storey Shop Office ( 22 x 70 )	Industrial Land
Approximate Age Of Building	13 years	10 years	9 years	1 year
Net Book Value (RM'000)	5,841	4,133	976	7,802
Date of acquisition	22 April 2008	20 June 2016	16 May 2014	22 Sep 2022

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the 14th Annual General Meeting (“AGM”) of **PETERLABS HOLDINGS BERHAD** will be held at **Springs I, Nilai Springs Resort Hotel, PT4770, Nilai Springs, 71800 Putra Nilai, Negeri Sembilan Darul Khusus** on **Wednesday, 29 May 2024 at 1.30 p.m.** or at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions with or without any modifications:

## AGENDA

### ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. **(See Explanatory Note 9)**
- To approve the payment of Directors’ fees of up to RM119,100 for the financial year ended 31 December 2023. **(Ordinary Resolution 1)**
- To re-elect the following Directors who retire pursuant to Clause 134 of the Company’s Constitution:
  - Ms. Yap Siaw Peng **(Ordinary Resolution 2)**
  - Dato’ Ng Boon Siong **(Ordinary Resolution 3)****(See Explanatory Note 10)**
- To re-elect Dato’ Lim Tai Soon as Director who retires pursuant to Clause 119 of the Company’s Constitution. **(Ordinary Resolution 4)**  
**(See Explanatory Note 10)**
- To re-appoint Messrs. TGS TW PLT as Auditors of the Company for the financial year ending 31 December 2024 at such remuneration to be determined by the Directors. **(Ordinary Resolution 5)**

### SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolution, with or without modifications:

- Authority to Allot and Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 (“CA 2016”) (“Proposed General Mandate”)** **(Ordinary Resolution 6)**  
**(See Explanatory Note 11)**

**“THAT** subject always to Sections 75 and 76 of the CA 2016, the Constitution, the ACE Market Listing Requirements (“AMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approval of any governmental and/or regulatory authorities, the Directors be and are hereby authorised to allot and issue shares in the Company at any time 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 10% of the total number of issued shares (excluding treasury share, if any) of the Company at the time of issuance and such authority under this resolution shall continue in force until the conclusion of the 15th AGM or when it is required by law to be held, whichever is earlier, **AND THAT** the Directors be and are empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities.

**THAT** the existing shareholders of the Company hereby waive their pre-emptive rights to be offered new shares ranking equally to the existing issued shares in the Company pursuant to Section 85 of the CA 2016 read together with Clause 65 of the Constitution of the Company arising from any issuance of new shares of the Company pursuant to Sections 75 and 76 of the CA 2016.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

**AND THAT** the Directors of the Company be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate.”

7. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution or CA 2016.

By Order of the Board

**PETERLABS HOLDINGS BERHAD**

**WONG YUET CHYN**

**(MAICSA 7047163) (SSM PC No. 202008002451)**

Company Secretary

Kuala Lumpur

30 April 2024

## Notes:

1. A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
2. A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
3. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
4. Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Share Registrar of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, W.P. Kuala Lumpur or fax to 03-6201 3121 or email to ir@shareworks.com.my not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned meeting as the case may be, and in default the instrument of proxy shall not be treated as valid.
6. An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
7. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 May 2024, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
8. Pursuant to Rule 8.31A(1) of the AMLR of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.

## Explanatory Note on Ordinary Business

9. **Audited Financial Statements for financial year ended 31 December 2023**

The audited financial statements are laid in accordance with Section 340(1)(a) of the CA 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

# NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

## 10. **Re-election of Directors**

The Proposed Ordinary Resolutions 2, 3 and 4, if passed, will allow Ms. Yap Siaw Peng (“Ms. Yap”), Dato’ Ng Boon Siong (“Dato’ Ng”) and Dato’ Lim Tai Soon (“Dato’ Lim”) to be re-elected and continued acting as Directors of the Company. Ms. Yap, Dato’ Ng and Dato’ Lim being eligible, have offered themselves for re-election at this AGM pursuant to Clause 134 and Clause 119 of the Constitution respectively. The profiles of Ms. Yap, Dato’ Ng and Dato’ Lim are set out in the Directors’ Profile section of the Annual Report 2023.

The Board (with exception of the retiring Director who abstained) supported Ms. Yap to seek for re-election as she is the Executive Director who has deep understanding on the Company and its group of companies and vast experiences on the industry. Her contributions will bring benefits and opportunities to the Company and its group of companies.

The Board (with exception of the retiring Directors who abstained) was further satisfied that Dato’ Ng and Dato’ Lim have complied with the criteria of independence based on the AMLR and remain their independent in exercising their judgement and carry out their roles as Independent Directors.

## **Explanatory Notes on Special Business**

### 11. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the CA 2016**

The Proposed Ordinary Resolution 6 is proposed for the purpose of renewing the general mandate for issuance of shares by the Company under Sections 75 and 76 of the CA 2016. The Proposed Ordinary Resolution 6, if passed, will give the Directors of the Company authority to allot and issue shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the total number of issued shares of the Company.

The Proposed General Mandate will provide flexibility to the Company to raise additional funds expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to funding future investment project(s), working capital and/or acquisitions.

By approving the allotment and issue of the Company’s shares pursuant to the Proposed General Mandate which will rank the equally with the existing issued shares in the Company, the shareholders of the Company are deemed to have waived their pre-emptive rights pursuant to Section 85 of the CA 2016 and Clause 65 of the Constitution of the Company to be first offered the Company’s Shares which will result in a dilution to their shareholdings percentage in the Company.

As at the date of this notice, no shares had been allotted and issued since the General Mandate granted to the Directors at the last AGM held on 30 May 2023 and this authority will lapse as the conclusion of the 14th AGM of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the Proposed General Mandate is in the best interests of the Company and its shareholders.

### 12. **Personal Data Privacy**

By registering for the meeting via remote participation and electronic voting and/or submitting an instrument appointing proxy(ies) and/or representatives to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company: (i) consents to the processing of the member’s personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the AGM; (b) for preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereof); and (c) for the Company’s (or its agents) compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively the Purpose); (ii) warrants that he/she has obtained such proxy(ies) and/or representative(s) prior consent for the Company’s (or its agents’) processing of such proxy(ies) and/or representative(s) personal data for the Purposes; and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

Note: The term “processing” and “personal data” shall have the meaning as defined in the Personal Data Protection Act, 2010.



**PETERLABS HOLDINGS BERHAD**  
201001025806 (909720-W)  
(Incorporated in Malaysia)

CDS ACCOUNT NO.																				
NO. OF SHARES HELD																				

**FORM OF PROXY**

I/We.....  
(FULL NAME IN BLOCK LETTERS)

(NRIC No./Passport No./Company Registration No.: .....)

of.....  
(FULL ADDRESS)

Email Address: ..... Contact No.: .....  
being a member/members of **PETERLABS HOLDINGS BERHAD**, hereby appoint

<b>Name of Proxy</b>	<b>NRIC No./Passport No.</b>	<b>% of Shareholding to be Represented</b>
<b>Address</b>		
<b>Email Address</b>	<b>Contact Number</b>	

and/or failing him/her

<b>Name of Proxy</b>	<b>NRIC No./Passport No.</b>	<b>% of Shareholding to be Represented</b>
<b>Address</b>		
<b>Email Address</b>	<b>Contact Number</b>	

or failing him, the **CHAIRMAN OF THE MEETING** as my/our proxy to vote for me/us on my/our behalf at the 14th Annual General Meeting ("AGM") of the Company will be held at **Springs I, Nilai Springs Resort Hotel, PT4770, Nilai Springs, 71800 Putra Nilai, Negeri Sembilan Darul Khusus** on **Wednesday, 29 May 2024** at **1.30 p.m.** or at any adjournment thereof.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	Payment of Directors' Fees		
2.	Re-election of Ms. Yap Siaw Peng		
3.	Re-election of Dato' Ng Boon Siong		
4.	Re-election of Dato' Lim Tai Soon		
5.	Re-appointment of Auditors		
6.	Authority to Allot and Issue shares under Sections 75 and 76 of the Companies Act 2016		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this ..... day of ..... 2024  
Signature(s) of member(s)

**Notes:**

- A member of the Company entitled to attend and vote is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote in his stead.
- A member of the Company may appoint not more than two (2) proxies to attend the meeting, provided that the member specifies the proportion of the members shareholdings to be represented by each proxy, failing which, the appointments shall be invalid.
- A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.
- Where a member is an Authorised nominee as defined under The Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account) there shall be no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, shall be deposited at the Share Registrar of the Company situated at No. 2-1, Jalan Sri Hartamas 8, Sri Hartamas, 50480 Kuala Lumpur, W.P. Kuala Lumpur or fax to 03-6201 3121 or email to ir@shareworks.com.my not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned meeting as the case may be, and in default the instrument of proxy shall not be treated as valid.
- An instrument appointing a proxy shall in the case of an individual, be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporation, be either under its common seal or signed by its attorney or in accordance with the provision of its constitution or by an officer duly authorised on behalf of the corporation.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 May 2024, shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.
- Pursuant to Rule 8.31A(1) of the AMLR of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.

**Personal Data Privacy**

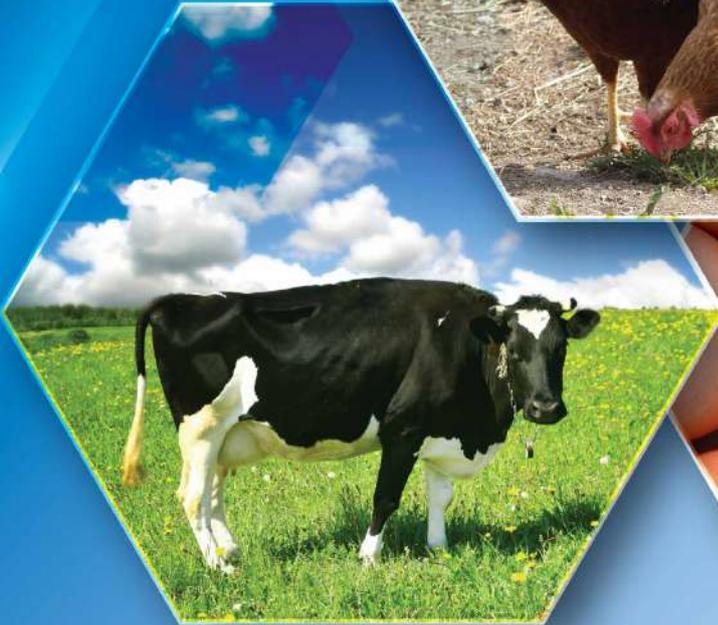
By submitting an instrument appointing proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 30 April 2024.

FOLD HERE

Affix  
Stamp

The Share Registrar  
PeterLabs Holdings Berhad  
Registration No. 201001025806 (909720-W)  
No. 2-1, Jalan Sri Hartamas  
Sri Hartamas  
50480 Kuala Lumpur  
W.P. Kuala Lumpur

Fold this flap for sealing



**PETERLABS  
HOLDINGS  
BERHAD**

201001025806  
(909720-W)

Lot 16014 (PT No. 24341), Jalan Nilam 3, Bandar Nilai Utama,  
71800 Nilai, Negeri Sembilan Darul Khusus

Tel: +606 7999 090 | Fax: +606 7997 070  
Email: [info@peterlabs.com.my](mailto:info@peterlabs.com.my) | Website: [www.peterlabs.com.my](http://www.peterlabs.com.my)

